

# Standard Summary Project Fiche for the Transition Facility

## 1. Basic Information

**1.1. CRIS number:** 2005/017-494-03-02

**Twinning Contract:** LT/2005/IB/AG/02

**1.2. Title:** Further Strengthening Administration and Control of Intervention Measures in Agriculture

**1.3. Sector:** Agriculture

**1.4. Location:** Ministry of Agriculture and related institutions

## 2. Objectives

### 2.1. Overall Objective:

The overall objective of **0.833 MEUR** project, of which **0.136 MEUR** are provided as national co-financing, is strengthening the administrative capacity of the institutions (the Ministry of Agriculture (MoA), the Lithuanian Agricultural and Food Products Market Regulation Agency (MRA), the State Seed and Grain Service under the Ministry of Agriculture (SSGS) and other related institutions) to administrate and control Intervention measures, paying the special attention to the grain quality sector.

### 2.2. Project Purposes:

Strengthening the administrative capacity of the Lithuanian institutions in order to administrate Intervention measures focusing special attention to training of inspectors and administrators in order to ensure effective functioning of the control, accounting system and internal audit.

### 2.3 Justification

The *Comprehensive monitoring report on Lithuania's preparations for membership* notes, that the proper application of the binding rules and their effective enforcement by an efficient public administration are essential for the functioning of the common agricultural policy. The acceding countries must be ready to be integrated into the common market organisations for a range of agricultural products, including arable crops, fruits and vegetables, and meat.

The Market Regulation Agency will be responsible for intervention measures and the National Paying Agency will be responsible for inspection and authorisation of payments for arable crops. The establishment of the actual structures, including storage premises and intervention centres, needs to be accelerated.

Legislation concerning sugar has been partly transposed. Further rules are necessary for full harmonisation. The administrative structures for the management of the sugar Common Market Organisation (CMO) have been clearly designated but capacity may need to be reinforced in order to ensure proper management. A system of sugar quotas is already in place but needs to be fully harmonised.

The responsibility of quality policy rests with the Ministry of Agriculture, which will need to be further strengthened in terms of staffing and training.

### **3. Description**

#### **3.1. Background and Justification**

The pre-accession period was very intensive for Lithuanian institutions and a lot of tasks in relation with the Common Agricultural Policy, particularly Common Organisation of the agricultural markets are already in place and working. But taking into account the size and the complexity of the system there are some specific fields where the further strengthening is necessary in order to ensure the effective functioning of the system in practice after the date of accession:

1. Intervention buy-in and sale of cereals,
2. Intervention buy-in and sale of butter,
3. Intervention buy-in and sale of skimmed milk powder,
4. Intervention buy-in and sale of beef meat,
5. Intervention buying-in and sale of sugar,
6. Private storage of butter,
7. Private storage of skimmed milk powder,
8. Private storage of cheese,
9. Private storage of beef meat,
10. Private storage of pig meat,
11. Private storage of sheep and goat meat,
12. Production refund for skimmed milk used in casein and caseinates,
13. Production refund for skimmed milk powder used for animal feed,
14. Production refund for butter, concentrated butter and cream,
15. Aid for consumption of milk and milk products in educational establishments,
16. Aid for purchase of butter by non-profit institutions and organizations,
17. Supply of food from intervention stocks for the benefit of the most deprived persons in the Community,
18. Aid for concentrated butter intended for direct consumption,
19. Production refund on certain sugar products used in the chemical industry,
20. Denaturing of sugar for animal feed,
21. Production refunds in the cereals and rice sectors respectively (using starch),
22. Withdrawal compensation for fresh fruit and vegetables withdrawn from the market,
23. Aid scheme for products processed from fruit and vegetables,
24. Information and promotion actions for agricultural products on the internal market,
25. Measures to provide information on, and to promote, agricultural products in third countries.

In accordance with Regulation (EC) No 1663/95 each Member State designates the Competent Authority, which issues and withdraws accreditation for the Paying Agency. Therefore, Government of the Republic of Lithuania Resolution No. 135 of 6 February 2004 was adopted. It states that the Ministry of Agriculture (MoA) is a Competent Institution responsible for the EAGGF Guarantee Section whereas the National Paying Agency administers the measures of the EAGGF Guarantee Section and is also responsible for paying and control functions. Moreover, by this Resolution of the Government of the Republic of Lithuania designates some institutions responsible for the implementation of these measures. The Ministry of Agriculture together with the other institutions such as the Lithuanian Agricultural and Food Products Market Regulation Agency and the National Paying Agency under MoA has to ensure effective administration and control of CMO measures. Owing to the lack of experience in the field of the administration system of intervention measures and the finance/accounting system, the assistance of experts of the old Member States is needed.

The Lithuanian Agricultural and Food Products Market Regulation Agency administers intervention measures according to the Order of the Minister of Agriculture No 3D-656 of December 2004 (listed-above). The Agency organizes briefings and is in charge to advertise Lithuanian society, companies and farmers for intervention measures. For the purpose of successful work with intervention measures, data and information is collected in these domains: request for support and data about the applicant, amount

and structure of support, data from the support records, data from support realization control support is needed. Another field of this Agency is to control the way aid receivers comply with the criteria applicable to the intervention measures. The Control unit of the Lithuanian Agricultural and Food Products Market Regulation Agency is responsible for the implementation of this task. Regular training of inspectors and administrators in this field is extremely important in order to ensure effective functioning of the control system.

Absorption of experience from old Member States and training of newly hired inspectors and administrators is essential for reduction of the risk possible mistakes. The main purpose of the project is to strengthen the internal administration of intervention measures in the Lithuanian Agricultural and Food Products Market Regulation Agency. For that purpose, the present institutional base should be reinforced.

Special attention is paid to **the control of grain quality** in all the EU countries. Lithuania had to establish the system of quality evaluation and control of interventional grain in line with European standards and rules before accession to the EU. The State Seed and Grain Service under the Ministry of Agriculture is delegated to implement state supervision of quality evaluation of interventional grain and its storage. In order to implement provisions of Council regulations, it is essential to develop the grain quality control system and to put into action the methods of grain quality tests according to the requirements of Regulation (EC) No 824/2000, to train the specialists of the service (inspectors), to keep quality and accounting control of grain stored in interventional storehouses and to supply the specialists with adequate sampling equipment (Regulation (EC) No 824/2000, Regulation (EC) No 2148/96). In order to implement the proper and correct application of grain quality test methods, it is necessary to modernize the laboratory, to get it ready for accreditation according to the requirements of LST EN ISO/IEC 17025 and to train the laboratory staff. For this purpose the State Seed and Grain Service under the Ministry of Agriculture needs investment assistance to modernize the laboratory and to prepare laboratory for accreditation (the counselling of the experts and training of laboratory specialists). With this project the grain quality-testing laboratory of the Service will be modernized and prepared for accreditation, adequate methods will be applied for interventional grain. In addition, preparation will be made to keep quality and accounting control of the grain stored in interventional storehouses according to the requirements of Council regulations. In this way the execution of Community legislation will be ensured, administrative and control capacities of the service will be strengthened, which will enable successful integration not only into the procurement system, but also into the common grain market of the EU.

The Grain Quality Analysis Laboratory of the State Seed and Grain Service under the Ministry of Agriculture assimilated all the analysis methods indicated in the Regulation (EC) No. 824/2000 necessary to determine the quality of grain and their products. However, part of the available equipments is already out of date. Moreover, in the laboratory during preparation of samples for analysis a lot of work is done manually, many analyses are not automated and consequently the human resources are not used effectively. If additional equipments for sample preparation (automatic sample divider, laboratory grain cleaner), automated equipments for pest detection were acquired and the equipments that are used very intensively and consequently wear out very quickly were updated, replacing them by the modern ones (automated equipment for protein analysis), better and more accurate determination of grain quality parameters, more effective usage of human resources would be achieved.

Regulation (EC) No.824/2000 does not exactly indicate that a grain quality analysis laboratory ought to be accredited before accession of Lithuania to the EU; though, there is set a requirement of ensuring exact and correct evaluation of quality parameters. However, on the basis of the experience of laboratories of other Member States of EU and in the attempt to avoid misunderstandings regarding the quality of interventionally purchased grain both when selling them within the Community and when exporting them, it is purposeful to implement quality insurance system in the laboratory and to accredit

it. Preparation for this was started before accession to the EU, however, due to the lack of allocations this work was temporally stopped. During preparation for laboratory accreditation part of the modern laboratory equipments are already obtained; however, for full insurance of requirements set for accreditation and of due accuracy of quality analysis some above-mentioned methods should be modernized.

The specialists (inspectors) of the State Seed and Grain Service implement all control functions by using available equipments and devices implement all control functions concerned with grain intervention devices. However, due to the lack of allocations for the acquirement of modern portable sample taking and grain mass temperature tester equipments specialists implementing grain quality evaluation and other assigned control means in the interventional storehouses have to devote a lot of work time that they lack during intensive grain delivery into interventional storehouses. That kind of work is not productive enough, time pressure might stipulate preconditions for mistakes, when making representative samples.

All the above-mentioned functions are closely related to the Common Market Organisation means of Lithuanian Agricultural and Food products Market Regulation Agency and are part of it.

### **3.2. Linked activities:**

The following projects are linked to the project:

- PHARE LI9909.02 “Modernisation of Rural Administrative System” *implementation period:* 12/99 – 10/02; *total budget:* 1 000 000 EUR; *main beneficiaries:* Ministry of Agriculture, Agri-food European Integration Department under the MoA, Regional Agricultural Offices, Rural Business Development and Information Centre, Lithuanian Agricultural Advisory Service, Lithuanian Agricultural Food Market and Regulation Agency, National Paying Agency, Lithuanian Agricultural Chamber, Lithuanian Veterinary Academy. *main results:* the development of a Market Information System (MIS) has started. As well the attention to other fields were paid in the framework of the PHARE project: improving decision making, administrative and monitoring capacities of MoA top management and staff for EU accession preparation; establishing the national and regional network for administration, monitoring and control of CAP market intervention and EU policy measures; establishing of Land Parcel Information System (IACS Parcel Register) and IACS controls; setting-up a function for carcass classification (for beef and sheep meat).
- PHARE LT0004-01 “Strengthening the Capacity of the Ministry of Agriculture and Related Institutions to Manage and administer the EU Acquis for Agriculture (CAP) and Rural Development”; *implementation period:* 12/00 – 09/03; *total budget:* 2.000 000 EUR; *main beneficiaries:* Ministry of Agriculture, Agri-food European Integration Department under the MoA, Regional Agricultural Offices, Rural Business Development and Information Centre, Lithuanian Agricultural and Food Product Market Regulation Agency, National Paying Agency, Lithuanian Agricultural Chamber, Lithuanian Agrarian Economic Institute; *main results:* the project continued the activities of the previous projects. The fundamental management mechanisms and administrative structures to monitor the agricultural markets and implement CAP and Rural Development measures developed. Particularly assistance focused on CAP measures as direct payments, intervention, milk quotas, trade mechanisms (export/import), creation of LPIS database, IACS system design, Market Information System database development and reporting system, FADN data collection and conversion.
- PHARE LT 2002/000.601.01.01 “Strengthening the Capacity to Implement EU Acquis for Agriculture”; *implementation period:* 10/03 – 12/04; *total budget:* 7 490 000 EUR; *main beneficiaries:* Ministry of Agriculture, Agri-food Eurointegration Department under MoA, National Paying Agency, Market Regulation Agency for Agriculture and Food Products, Institute of Information Technologies, the State Plant Protection Service, the State Food and Veterinary

Service, the Lithuanian Institute of Horticulture, the Lithuanian Association of Commercial Enterprises “Fruit and Vegetables”, the Lithuanian Associations of Fruit and Vegetable Growers, the Lithuanian Veterinary Academy, the State enterprise „Agriculture animal milk recording control”, the Lithuanian Institute of Agrarian Economics, the Lithuanian Agricultural Advisory Service; *main results*: the assistance was focused to enhance effectiveness of the Ministry of Agriculture and related institutions in relations with EU, to improve pace and coherence of *acquis* implementation and policy development.

- TF 2005 (in preparation) “Administration of Import / Export, Market Information System, effective use of Farm Accountancy Data Network (FADN) and Organic Agriculture”; *implementation period*: 1Q/2006 – 1Q/2007; *total budget*: 1 128 000 EUR; *main beneficiaries*: the Ministry of Agriculture (direct beneficiary) in cooperation with the related institutions such as: National Paying Agency, Lithuanian Institute of Agrarian Economics, Lithuanian Agricultural Advisory Service, Agri-Information and Rural Business Centre, Certification Body „Ekoagros”; *the main aim*: to strengthen the administrative capacity of the institutions to administrate and control measures of Common Agricultural Policy (CAP), particularly related to the Market Information System, Organic Farming, administration of import (export) licences for agricultural and food products, import quota and export refunds, effective using of Farm Accountancy Data Network.

### 3.3. Results:

- Improved administration of intervention measures for agricultural and food products according product groups, including the accounting and internal audit;
- Improved management of intervention measures, aid schemes and consumption stimulation and effective cooperation of the Ministry of Agriculture, the National Paying Agency under the MoA and Lithuanian Market Regulation Agency for Agriculture and Food Products;
- Inspectors and administrators properly trained, experience increased;
- Quality of evaluating and monitoring public intervention stocks improved;
- Quality of administration and control improved;
- Staff of the Ministry of Agriculture trained to ensure the effective internal audit;
- IT systems for administration of intervention measures modernized, functionality of application administration, accountancy and reporting modules developed;
- Grain quality testing laboratory modernized and prepared for accreditation;
- Laboratory staff trained, skills and experience increased.

### 3.4. Key inputs:

The project will be implemented through:

- **Twinning arrangement** - the Ministry of Agriculture (direct beneficiary) in cooperation with the related institutions such as: Lithuanian Market Regulation Agency for Agriculture and Food Products, State Seed and Grain Service under the MoA, Grain Quality Testing Laboratory, National Paying Agency under the MoA, State Food and Veterinary Service;
- **Investment component (service contracts)** where direct beneficiaries are Ministry of Agriculture, Lithuanian Market Regulation Agency for Agriculture and Food Products, State Seeds and Grain Service under MoA, Grain Quality Testing Laboratory, National Paying Agency under MoA;
- **Investment component - Supply Tender** - where direct beneficiaries are the Ministry of Agriculture and State Seed and Grain Service under the MoA, Grain Quality Testing Laboratory.

Under the following components of this project: Twinning, Investment (service), Investment (supply) it is foreseen to strengthen the administrative capacities of the Lithuanian institutions in order to

administrative Intervention measures focusing special attention to training of inspectors and administrators in order to ensure effective functioning of the control, accounting system and internal audit. The detailed information on components and the covered activities are provided below.

### **3.4.1. Twinning component**

#### Twining activities

- Training of specialists of MoA, MRA, NPA, SSGS (30 persons) in the administration of intervention measures and aid schemes for agricultural and food products: administration, inspections and spot control, evaluation and monitoring, financial/accounting issues, reporting, internal audit; exchanging of experience, workshops, studying of cases in order to reduce risk of irregularities;
- Training of inspectors and administrators in a Member State which practically implements intervention measures and are experienced in administration, inspections and spot control (2 study trips for 10 persons: specialists of MoA, MRA, NPA, SSGS);
- Training of inspectors, administrators and staff of laboratory in practical implementing of intervention purchases;
- Training of the inspectors, administrators and staff of laboratory via 3 study trips:
  - Study trip for 6 persons from the Grain Quality Testing Laboratory of the State Seed and Grain Service to Member State, which practically implements intervention purchases;
  - Study trip for 8 specialists/inspectors from the State Seed and Grain Service to the Member State in which the interventional grain are stored in over ground storehouses (flat type);
  - Study trip for 8 specialists/inspectors from the State Seed and Grain Service to the Member State in which interventional storehouses are elevator type (Ferro concrete silo bin complex).
- Training of specialists of the Ministry of Agriculture in order to ensure the implementation of internal audit according to EU requirements (15 persons): exchanging of experience, preparation of written guidelines, workshops.

#### Required Inputs

Resident Twinning Adviser (RTA) 12 month consecutive - providing general management and institutional support to the MoA and related institutions, as well as consultations on various levels (improvement of staff qualification, legal adjustments, administrative procedures), supervision of overall project.

#### General profile of the RTA

- A senior civil servant from an EU Member State Government institution with significant experience in working with the practical implementation of Common Agricultural Policy measures in key sectors of agriculture;
- Familiarity with main components of CAP, specifically Common Market Organisation systems and their inter-linkage;
- Ability to give practical and theoretical advice in market regulation measures;
- Familiarity with Member State associated bodies' structures and procedures;
- Good communication and management skills;
- Fluency in English (written and spoken).

#### Short-term experts (STE):

An extensive series of short- term expert inputs are required (11 p/m):

- STEs should be skilled in intervention measures for agricultural and food products;

- STEs should have at least 3 years' practical administrative experience and be familiar with the current EU legislation in the field of intervention measures in force;
- STEs should be skilled in implementation of internal audit;
- STEs should be skilled in organising training programmes for staff.

#### **3.4.2. Investment component (service);**

2 service tenders will be organised:

1. service tender to modernize IT system for the administration of Intervention Measures (it is foreseen to improve functionality of application administration, accountancy and reporting IS modules, the prototype is created under PHARE programme project LT 2002/000.601.01.01);

2. service tender to modernize the Grain Quality Testing Laboratory to get accreditation: technical consultations of experts are necessary regarding general questions of the implementation of the quality system and preparation for the accreditation of the laboratory; preparation of a quality system documentation, preparation of quality manual; implementation of the system of computerized sample registration and transmission of analysis results. (The system should include all the stages of the sample tested from receipt and registration, relevant analysis to presentation of the results in the report. To achieve this goal, software for document registration, accumulation and transmission has to be established. Following the practice of the accredited laboratories in the other countries, experts must see into peculiarity of the work in laboratory in order to give thorough technical help.)

#### **3.4.3. Investment component (supply)**

It is foreseen to provide the necessary equipment to direct beneficiaries implementing the supply tender:

- In order to modernize the Grain Quality Testing Laboratory and to get accreditation, it is foreseen to equip it with laboratory equipment for sample preparation, automate equipment (automatically laboratory sample divider and laboratory grain cleaner) for protein analysis (fully automatic digestion and nitrogen determination system), equipment for measurement of radioactivity levels in grain, chromatography (gas and liquid) equipment for mycotoxins, equipment (moisture tester and pest catcher) for pest control and a set of test sieves for impurity determination, 8 sets of equipment (vacuum pump) for sample taking in order to assure the implementation of grain condition quality control in underground warehouses, equipment (portable moisture and temperature tester) for grain moisture and temperature spear.

### **3.5. Lessons learned**

After the implementation of PHARE project LT 2002/000.601.01.01 "Strengthening the Capacity to Implement EU Acquis for Agriculture" the experts conclusions on project activities and recommendations were analysed. Short term experts missions reports and final report of this project clearly defined that the further strengthening of the institutional capacity is needed: „Considerable challenge still lie ahead. The achievements made have to be consolidated. Based on the experience to be gained, further development and improvement after end of project will take place in all sectors. This includes further development of IT systems and the implementation of risk management. Staff increase is still necessary to cope with the amount of work in many sectors, and new staff has to be trained. The EU legislation is dynamic, in constant development, and the administration has to adapt to these changes. EU CAP reform is to be implemented also in the new member states. Continued exchange of experience between member states will facilitate this development."

Final Interim Evaluation Report No. IER/LT/AGR/04.01.23 prepared by Public Policy and Management Institute notes, that the sustainability of project purposes and objectives depends on many

external factors to the project. The shortage of government funding and shortcomings of the institutional structure are the most important domestic factors constraining the process of strengthening administrative capacities to implement measures of the CAP. The level of funding to the future administration of the CAP is still insufficient, despite the allocation of additional resources in the 2003 and 2004 budget. Despite the establishment of a basic legal and institutional framework, some legal and institutional decisions are missing.”

These experts’ conclusions and recommendations helped to identify the shortages in the system and motivated to draft the project for the Transition Facility assistance with the aim to strengthen the administrative capacity of the institutions to administrate Intervention measures focusing the special attention to training of inspectors and administrators, to ensure effective functioning of the control, accounting system and internal audit.

#### 4. Beneficiary institutions:

The Ministry of Agriculture (direct beneficiary) in cooperation with the related institutions such as: State Enterprise Lithuanian Agricultural and Food Products Market Regulation Agency, National Paying Agency under the MoA, State Seed and Grain Service, Grain Quality Testing Laboratory, State Food and Veterinary Service.

The Ministry of Agriculture will become the owner of delivered equipment after project completion.

#### 5. Detailed Budget (MEUR):

€M	Transition Facility Support			Co-financing			Total Cost (TF plus Co-financing)
	Investment Support	Institution Building	Total Transition Facility (=I+IB)	National Public Funds (*)	Other Sources (**)	Total co-financing of the project	
<b>Twinning</b>	-	0.4	0.4	-	-	-	<b>0.4</b>
<b>Investment (Service)</b>	0.147	-	0.147	0.086	-	0.086	<b>0.233</b>
<b>Investment (Supply)</b>	0.150	-	0.150	0.050	-	0.050	<b>0.200</b>
<b>Total</b>	<b>0.297</b>	<b>0.4</b>	<b>0.697</b>	<b>0.136</b>	-	<b>0.136</b>	<b>0.833</b>

(\*) all the co-financing is joint co-financing and will be provided from the state budget. The requested sum will be earmarked for the Ministry of Agriculture in its budgetary appropriations for the year 2006-2007. In the case where the final overall cost is lower than foreseen in the project fiche, the National Public and Transition Facility Co-financing are reduced proportionally so as to maintain the agreed rate of co-financing.

(\*\*) private funds, FIs loans to private entities.

#### 6. Implementation Arrangements

##### 6.1. Implementing Agency

The CPMA will be the Implementing Agency responsible for tendering, contracting, and accounting.

PAO: Mr. A. Vitkauskas, CPMA Director

J. Tumo- Vaizganto 8A/2- 2600 Vilnius- Lithuania

Tel: +370/5/214 400, Fax: + 370 5 214401, e- mail: info@cpma.lt

The following officers will be responsible for technical preparation and control under the overall policy guidance by/under the Ministry of Agriculture:

Mr. Laimonas Čiakas, Director, EU Affairs and International Relations Department, Ministry of Agriculture, tel. + 370 5 2391097, e-mail: laimon@zum.lt;

Mr. Germanas Lamsodis, General Director, Market Regulation Agency for Agriculture and Food Products, tel.+ 370 5 2685051, e-mail: g.lamsodis@litfood.lt;



## 6.2. Implementation of Twinning

The RTA and Twinning Team will be located at the State Enterprise Lithuanian Agricultural and Food Products Market Regulation Agency.

## 6.3. Contracts

Value of Twinning Component:	0.4 MEUR
Value of Investment component (Service Contracts):	0.233 MEUR of which 0.086 MEUR is of national co-financing
Value of Investment component (Supply tender):	0.200 MEUR of which 0.050 MEUR is of national co-financing

## 6.4 Non-standard aspects

None. The project will be implemented following EDIS rules.

## 7. Implementation Schedule

Component	Start of Tendering	Start of Project Activity	Completion of Project
<b>Twinning</b>	3Q/05	1Q/06	1Q/07
<b>Investment (Service)</b>	4Q/05	1Q/06	1Q/07
<b>Investment (Supply)</b>	1Q/06	3Q/06	2Q/07

## 8. Equal Opportunity

The Constitution of the Republic of Lithuania, the Law on Equal Opportunities between Men and Women and other legislation explicitly forbid the discrimination on the basis of sex, nationality, and religion. A Controller on equal opportunities between men and women is appointed by the Seimas (Parliament). The beneficiaries will also ensure equal access of men and women to the project activities and results. An inter-institutional steering group to be created for the implementation of this project shall also ensure equal opportunities for both genders.

## 9. Environment

All equipment supplies shall respect the relevant environmental standards of the European Union.

## 10. Rates of Return

The investment elements of the project refer to institutional development activities for which rates of return are not calculated.

<b>10. Investment Criteria</b>	
<b>10.1. Catalytic effect:</b>	The project will finance activities that will help the beneficiary institution to comply with EU standards and other international requirements by the end of the last date set for the for the implementation of all CAP reform requirements. With Project support, full compliance will be achieved much more fluid and quicker. The project is also catalytic, that is, it will strengthen administrative capacities and facilitate adjustment to CAP reform processes in the agricultural sector.
<b>10.2. Co-financing:</b>	Lithuanian government institutions will contribute <b>0.136 MEUR</b> of the investment component of the project.
<b>10.3. Additionally:</b>	No other financiers will be displaced by the Transition Facility intervention.
<b>10.4. Project readiness and size:</b>	The necessary strategic studies have been completed. Preparation for Transition Facility tendering and contracting can commence immediately.
<b>10.5. Sustainability:</b>	Relevant government policies ensure sustainability. Beneficiary institutions are in a position to operate the project and the procured equipment and created IT systems effectively in the long run. Funds for the operation will be provided by the budget of the Ministry of Agriculture.
<b>10.6. Compliance with state aids provisions:</b>	The state aid provisions of the Europe Agreement will be respected.
<b>10.7. Contribution to National Development Plan:</b>	Not applicable

## 11. Conditionality and sequencing

The project is conditional to the availability of national co-financing.

The project shall also be closely coordinated with any other related projects.

The project will be sequenced as shown in the schedule provided in Annex 2.

Any special preparatory work for the twinning component is needed until the stage of selection of the Twinning partner. The institutions (beneficiaries listed in the table) are ready to implement the project.

The key milestones in the project are:

- The appointment of Twinning Member State;
- Commencement of Twinning;
- Tender documentation for service and supply components prepared and approved;
- Tenders launched and contracts signed in time.

## **Annexes to the Project Fiche**

1. Logframe Matrix.
2. Detailed Implementation Chart.
3. Cumulative Contracting and Disbursement Schedule for the Project (MEUR).

## Annex 1

<b>Logframe Planning Matrix for Project Further Strengthening Administration and Control Intervention Measures in Agriculture</b>		Programme name:	2005 Transition Facility
		Contracting period expires: 4Q/07	Disbursement period expires: 4Q/08
		<b>Total Budget:</b> 0.833 MEUR	<b>Transitional Facility Budget:</b> 0.697 MEUR
<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	
Strengthening the administrative capacity of the institutions (the Ministry of Agriculture (MoA), the Lithuanian Agricultural and Food Products Market Regulation Agency (MRA), the State Seed and Grain Service under the Ministry of Agriculture (SSGS) and other related institutions) to administrate and control Intervention measures, paying the special attention to the grain quality sector.	By the end of the project institutions for management, control and verification operate following EC best practice.	EU Commission: Official Journal. Records of MoA and other relevant institutions. Implementation Status Report for JMC.	
<b>Project purposes</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
Strengthening the administrative capacity of the Lithuanian institutions in order to administrate Intervention measures focusing special attention to training of inspectors and administrators in order to ensure effective functioning of the control, accounting system and internal audit.	By the end of the project exist efficient control system for intervention measures for agricultural and food products.	Records of MoA and other relevant institutions; Annual assessments by independent evaluators and Ministry of Agriculture; Regular project reports and STA's reports; New or amended national laws and Resolutions; Implementation Status Report for JMC; Monitoring Reports for SMSC	Adequate Government resources allocated to the project according to the defined project time-scale.  Full co-operation between staff in Ministry and it's associated bodies as well experts carrying out the project.
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<ul style="list-style-type: none"> <li>Improved administration of intervention measures for agricultural and food products according product groups, including the accounting and internal audit;</li> <li>Improved management of intervention measures, aid schemes and consumption stimulation and effective cooperation of the Ministry of Agriculture, the National Paying Agency under the MoA and Lithuanian Market Regulation Agency for Agriculture and Food Products;</li> <li>Inspectors and administrators properly trained, experience increased;</li> <li>Quality of evaluating and monitoring public intervention stocks improved;</li> <li>Quality of administration and control improved;</li> <li>Staff of the Ministry of Agriculture trained to ensure the effective internal audit;</li> <li>IT systems for administration of intervention measures modernized, functionality of application administration, accountancy and reporting modules developed;</li> <li>Grain quality testing laboratory modernized and prepared for</li> </ul>	<ul style="list-style-type: none"> <li>Specialists trained (30 persons) of the Ministry of Agriculture, National Paying Agency under the MoA, Market Regulation Agency for Agriculture and Food Products, State Seed and Grain Service, Grain Quality Testing Laboratory to administrate intervention measures, accounting, internal audit via seminars in Lithuania and other EU Member State countries;</li> <li>IT systems extend: increased the capacity of IT, improved functionality of application administration, developed accountancy system, IS reporting modules, the system is properly functioning, ensured the data reliability and transferring to the relevant institutions;</li> <li>Specialists of the Grain Quality Testing Laboratory trained (8 persons) and are ready to carry out tests with the new laboratory equipment, to carry out the registration, presentation of the results in the report, transmit to the relevant institutions;</li> <li>The quality manuals for specialists of the Grain Quality Testing Laboratory provided;</li> </ul>	Annual Commission report and Government NPAA progress report. Project reports and independent assessments. Implementation Status Report for JMC; Monitoring Reports for SMSC; Manuals for the specialists of different fields; Curricula.	Sufficient absorption capacity in the beneficiary institutions to effectively utilise project resources.  Sufficient budget funds for staffing and operational costs.  The trained staff will stay at the related institutions.

<ul style="list-style-type: none"> <li>accreditation;</li> <li>Laboratory staff trained, skills and experience increased.</li> </ul>	<ul style="list-style-type: none"> <li>Laboratory equipped with the equipment for sample preparation, automate equipment for protein analysis, equipment for measurement of radioactivity levels in grain, chromatography equipment for mycotoxins, equipment for pest control and a set of test sieves for impurity determination;</li> <li>Portable sets of equipment for inspectors purchased (8 sets of equipments for sample taking)</li> <li>System of computerized sample registration and transition of analysis results established;</li> <li>Staff of MoA trained in order to ensure effective internal audit (10-15 persons).</li> </ul>		
<b>Activities</b>	<b>Means</b>	<b>Assumptions</b>	
<ul style="list-style-type: none"> <li>Training of specialists of MoA, MRA, NPA, SSGS (30 persons) in the administration of intervention measures and aid schemes for agricultural and food products: administration, inspections and spot control, evaluation and monitoring, financial/accounting issues, reporting, internal audit; exchanging of experience, workshops, studying of cases in order to reduce risk of irregularities;</li> <li>Training of inspectors and administrators in a Member State which practically implements intervention measures and are experienced in administration, inspections and spot control (2 study trips for 10 persons: specialists of MoA, MRA, NPA, SSGS);</li> <li>Training of inspectors, administrators and staff of laboratory in practical implementing of intervention purchases;</li> <li>Training of inspectors, administrators and staff of laboratory via 3 study trips: <ul style="list-style-type: none"> <li>- Study trip for 6 persons from the Grain Quality Testing Laboratory of the State Seed and Grain Service to Member State, which practically implements intervention purchases;</li> <li>- Study trip for 8 specialists/inspectors from the State Seed and Grain Service to the Member State in which the interventional grain are stored in over ground storehouses (flat type);</li> <li>- Study trip for 8 specialists/inspectors from the State Seed and Grain Service to the Member State in which interventional storehouses are elevator type (Ferro concrete silo bin complex).</li> </ul> </li> <li>Training of specialists of the Ministry of Agriculture in order to ensure the implementation of internal audit according to EU requirements (15 persons): exchanging of experience, preparation of written guidelines, workshops.</li> </ul>	<ul style="list-style-type: none"> <li>Twinning package: RTA (12 months consecutive) and scope of STE (11 p/m) to exchange experience in administration and controlling Intervention measures for agricultural and food products, Aid, paying the special attention to the grain quality sector.</li> <li>Investment component (service) (2 tenders);</li> <li>Investment component (supply tender).</li> </ul>	<p>Smooth process of tendering and project implementation.</p> <p>Sufficient budget funds for staffing and operational costs</p>	
			<b>Preconditions</b> National co-financing available

### Detailed Implementation Chart for the Project

Strengthening the capacity of the institutions in order to administrate and control Intervention measures after the date of accession to the EU

Year	2005						2006												2007									
Month	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10
Twinning																												
Investment component (Service)																												
Investment component (Supply)																												

	<b>Design</b>
	<b>Tendering</b>
	<b>Implementation</b>

### Cumulative Contracting and Disbursement Schedule (Transition Facility Contribution only 0.697–MEUR)

Strengthening the capacity of the institutions in order to administrate and control Intervention measures after the date of accession to the EU

	Date											
	2005				2006				2007			
	31/03	30/06	30/09	31/12	31/03	30/06	30/09	31/12	31/03	30/06	30/09	31/12
<b>Contracting</b>												
• Twinning					0.4							
• Investment (Service)					0.147							
• Investment (Supply)							0.150					
<b>Total contracting (cumulative)</b>					<b>0.547</b>		<b>0.697</b>					
<b>Disbursement</b>												
• Twinning					0.32	0.32	0.32	0.32	0.4			
• Investment (Service)					0.029	0.029	0.029	0.029	0.147			
• Investment (Supply)							0.03	0.03	0.150			
<b>Total disbursement (cumulative)</b>					<b>0.349</b>	<b>0.349</b>	<b>0.379</b>	<b>0.379</b>	<b>0.697</b>			