

2009 Project Fiche 10 Kosovo – IPA centralised programmes

1. Basic information

- 1.1 CRIS Number:** 2009/021-145
1.2 Title: Further Support to the Agricultural Sector
1.3 ELARG Statistical code: 02.11
1.4 Location: Kosovo (UNSCR 1244)

Implementing arrangements:

- 1.5 Contracting Authority (EC):** European Commission Liaison Office in Kosovo
1.6 Implementing Agency: N/A
1.7 Beneficiary (including details of project manager):

Project activity/component	Beneficiary institution	Contact point responsible for project/activity coordination
Rural Development Grants	The Ministry of Agriculture, Forestry and Rural Development	Mr. Shefki Zeqiri – Acting Permanent Secretary Tel. (038) / 200 38 404 or 211 118 Email: shefki.zeqiri@ks-gov.net
Further support to sustainable forestry management	The Ministry of Agriculture, Forestry and Rural Development, Kosovo Forestry Agency <u>Sub-beneficiary</u> The Ministry of Environment and Spatial Planning	Mr. Muzafer Luma – Chief Executive, Tel. (038) / 212 401 Email: Muzafer.Luma@ks-gov.net

Financing:

- 1.8 Overall cost (VAT excluded)¹:** EUR 9.17 million
- 1.9 EU contribution:** EUR 7.7 million
- 1.10. Final date for contracting:**
Three years after the signature of the financing agreement between the European Commission and the Kosovo authorities
- 1.11 Final date for execution of contracts:**
Two years after the final date for contracting
- 1.12 Final date for disbursements:**
One year after the final date for the execution of contracts

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated (see Section 7.6)

2. Overall Objective and Project Purpose

2.1. Overall Objective:

To increase the contribution of the forestry and agricultural sector to rural development and in particular to increase diversification activities and employment opportunities in rural areas

2.2. Project purpose:

To increase competitiveness of the agricultural sector and sustainability of forest and game management in Kosovo

2.3. Link with AP/NPAA / EP/ SAA:

The project makes a specific reference to the priorities identified in the *European Partnership* including:

- Design and start implementing a rural development policy.
- Develop a sound forest management structure, particularly in combating illegal logging of forests and fighting against forest fires.

Kosovo Progress Report 2008 states that: "A start has been made on implementing aspects of the **Agricultural and Rural Development Plan (ARDP)** for 2007-2013, which was adopted in 2007, in particular concerning land consolidation. An updated ARDP action plan is due to be approved later this year, which will include concrete and detailed measures for a number of agricultural sub-sectors. The updated plan needs to be brought gradually into line with the EU approach towards rural development in potential candidate countries. However, financial resources for the implementation of the plan are limited. The legal framework for the implementation of the ARDP and the establishment of the implementing institutions of the ARDP are still at a very preliminary stage. Without the legal basis, even the current limited financial resources cannot be spent. With assistance from an EU-funded project the first Local Action Groups were established and their Local Development Strategies based on the LEADER+ approach were developed for five municipalities (Klina/Klinë, Štimlje/Shtime, Suva Reka/Suharekë, Srbica/Skënderaj and Gnjilane/Gjilan). However, illegal logging, hunting and construction on agricultural land are continuing. Despite the decentralisation of the Kosovo Forest Agency to Regional Forestry Directorates, there is no sustainable forest management system. Overall, there has been some legislative progress in the areas of agriculture, veterinary and phytosanitary matters, although further efforts are required to implement and enforce this, particularly in veterinary and phytosanitary matters."

2.4. Link with MIPD:

The following priorities as stated in the MIPD, Axis 2 which are addressed with the current Project in particular the focus on wider socio-economic issues, including fiscal and financial management, auditing and accounting procedures, improvement of the investment climate, trade opportunities, and development of the energy, environment, transport, agriculture and rural development, education and employment sectors.

2.5. Link with National Development Plan - This program proposal is in line with the Medium Term Expenditure Framework 2009-2011 and its specific mission and its main goals for agriculture specifically actions related to sustainable use of agricultural land through protection against unplanned building, increase farm productivity and competitiveness, creating employment

opportunities in rural areas, especially by way of diversification of rural activities and aligning Kosovo agriculture with EU and improvement of forest structures.

This project is relevant to Kosovo's priorities as identified in the on-going national forest policy and strategy process and the former forest policy document already prepared (FAO 2002). The project covers the 3 pillars of the Kosovo development strategy (building good governance, private sector development and human resource development). The project is in line with the EU Forest Strategy and underpins the multi-functional role of forests.

2.6. Link with national/ sectoral investment plans

Further to the Medium Term Expenditure Framework 2009-2011, the total KCB budget for the agricultural sector has been increased and in 2008 has reached EUR 8.6 million, which is about 32% higher than in 2007. Most of the increase in spending for this sector is in capital outlays due to inclusion of new projects identified in Rural and Agricultural Development Plan 2007-13.

3. Description of project

3.1 Background and justification:

From the total area of Kosovo of 1.1 million hectares, 53% is agricultural land and 41% is forested land. Kosovo's agriculture is characterized by small farms, low productivity and a lack of sufficiently effective advisory services. Agriculture is an important economic sector which generates a considerable level of output and employment. This sector's contribution to Kosovo's GDP is around 25%, and employs between 25% and 30% of total employment, mainly in the informal sector. Also, it makes up some 15% of total exports. Kosovo in recent years has lost markets for agricultural products. After the war, a liberal economic regime was developed (with lower external tariffs), creating strong competition from imports in Kosovo. As a result, Kosovo has a need for investments in the development and modernization of the agricultural sector. In order to survive, farms have to grow in size, adopt modern technologies and improve their ability to compete in domestic and international markets. At the same time, there are other restrictions that generally apply to the rural sector, being the lack of rural infrastructure, limited access to irrigation systems, unfavourable credit conditions, lack of foreign and domestic investment and the lack of budget support for agriculture and rural development.

Rural development grants

In early 2007 the government approved the agricultural and rural development plan 2007- 2013 (ARDP), which contained sub-sectoral strategies. An ad hoc unit co-ordinating the implementation of the ARDP was established within the Ministry of agriculture, forestry and rural development (MAFRD). Currently the Ministry of Agriculture, Forestry and Rural Development is implementing a grant scheme with national funds.

The scope of the current project is simple and clear and will involve a limited number of well targeted measures as components of the grant scheme in order to ensure successful implementation and results. Financial contribution from the private partners - farmers, processing industry (between 10- 15%) will be requested for the purpose of the grants provision.

In order to manage the grant scheme, the institutional capacities of MAFRD will have to be adjusted for the purpose and strengthened. The IPA 2008 twinning project will be implemented throughout 2010, aiming at developing an appropriate institutional framework and budgetary procedure framework to enable a smooth transition towards the application of IPARD principles. This will enable the MAFRD to actively participate in the implementation of well targeted measures

in priority sub-sectors of agriculture. The IPA 2008 twinning project will be complementary to the grant scheme and will aid in choosing targeted measures for implementation selected based on an ex-ante analysis of the sector's needs and a strategy for priority measures. The IPA 2008 twinning project will provide support for implementation of the current IPA project by strengthening capacities of MAFRD in financial forecasting and budgeting, setting quantifiable targets, implementation and monitoring arrangements, project selection and approval procedures and the designation of the partnership involved on the ground.

Further support to sustainable forestry management

Further development of the sustainable management of Kosovo's forests and wildlife will require prioritised investment in a number of key areas to address critical problems, identified shortcomings and to build on progress to date. Alongside these investments and to ensure optimal outcomes, some structural changes are required. These investments and changes need to be based on sound and transparent technical analysis, stakeholder consultation and participation and detailed economic cost benefit analyses.

There is also an urgent need to further develop the capacity to manage hunting and game resources within the national institutions (KFA and MAFRD), the municipalities and the Hunter's Federation and implementing Associations/entities.

Moves for private owners to form associations to provide management support and improved marketing are in their infancy and there is extremely limited support and extension advice provided by the government.

Kosovo has great potential to provide woody biomass from its forests and wood industry and at the same time its energy infrastructure will be undergoing major upgrades in the coming years. This means there's a great window of opportunity for supplying the national grid with renewable electricity based on wind and biomass combined heat and power. However the potential supply and demand are little understood and there is a lack of overall policy towards wood and biomass energy supply.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

The project is expected to deliver a significant impact in rural areas in respect to improvement of physical infrastructure in primary production and the processing sector, upgrade of the product quality and diversification of rural activities.

The funding projects (grants) which support the specific opportunities for economic regeneration in the rural areas and there is a greater chance to achieve sustainable impact in terms of jobs and increase in income of farmers.

Further more the project will assist in creating and maintaining market structures based on firm relations of land ownership which are favourable for the development of efficient agriculture.

3.3 Results and measurable indicators:

1. Rural development grants

Expected results:

- Strengthened and further developed capacities of the MAFRD to select, implement and monitor a range of priority measures in support of rural development.
- Improved farm competitiveness on the domestic market via successful implementation of priority measures identified in the ARDP.

- Grants are disbursed for priority measures.

Measurable indicators:

- an institutional framework enabling a smooth transition towards the application of IPARD created;
- National Development Programme/Strategy prepared and agreed;
- Agricultural Rural Development Plan updated
- At least two priority sub-sectors are identified and agreed by MAFRD
- Priority measures selected and pilot projects launched for funding
- Number of vocational training at farms conducted
- Number of jobs created via the schemes supported.

2. Further support to sustainable forestry management

Expected results:

- Capacity of the state forestry and game management institutions enhanced
- Investment plans prepared
- National Wood/Biomass Energy policy developed

Measurable indicators:

- Forest roads Master Plan, Illegal logging survey, forest nursery development plan, forest fire action plan, including cost benefit analysis prepared and approved
- National level wildlife management plan prepared and accepted
- Improved regulation, supervision extension and monitoring system for private forest owners and hunting associations set up and running
- Potential supply of woody biomass for generation of electricity/heat identified and quantified

3.4 Activities:

Activity 1- (Contract 1.1 and Contract 1.2)

The project will be implemented via grant scheme. Based on the input of the IPA 2008 twinning project, aiming at developing an appropriate institutional framework and budgetary procedure for managing agricultural funds, the MAFRD will be ready to participate in the implementation of well targeted measures in priority sub-sectors of agriculture. With the assistance of the twinning project and MAFRD, the components and guidelines of the calls for proposals will be prepared. Therefore, MAFRD, with overall coordination and supervision from ECLO, the assistance from TAIEX and with support of the IPA 2008 twinning project will engage in operating, monitoring and evaluation of the grant scheme. Visibility and public awareness campaigns will be also conducted.

The Project aims at both increasing the economic livelihood in rural areas and to strengthen the capacity of MAFRD to be ready to deal with IPARD funds once available.

Activity 2 – (Contract 2.1)

This Project will include preparation of a number of strategy, policy papers and action plans inter alia illegal logging action plan, forest nursery development plan, national park management plan and forest fire action plan. Input will be provided for the elaboration of National Wood/Biomass Energy policy.

An important part of the project will assist in the development of hunting management policy and programme at national, municipal and hunting area levels, support game management capacity including development of information system.

Further the project will support the development of an advanced system for tracking and recording costs and benefits of core and public goods functions, and improvement of marketing, pricing, trading capacities for maximizing revenue generation from selling of forest products. In parallel support to private forests owners and capacity building to the Kosovo Forestry Agency and Department of Forestry within MAFRD will be also provided.

Contracting arrangements

Activity 1: Contract 1.1- The Project will be implemented via a Grant scheme. The Grant scheme will run for 2 years.

Parallel co-financing (Contract 1.2) will be provided by the Kosovo Consolidated Budget to the project. The government of Kosovo has allocated EUR 1.1 for rural development project from 2008 budget. Through this project will be provided additional grants for the farmers and rural enterprises for acceptable investment in key sectors identified in agriculture and rural development plan 2007-13 (ARDP), of MAFRD. With the assistance given through grants, the private sector will be stimulated and the competitive ability will be increases. The maximum grant for any investment will be 20% from the total value of the project, with maximum grant up to EUR 10.000. The acceptable measures, identified and summarized by ARDP 2007-13 are: Green houses, Orchard and viticulture, Storage for the preservation of fruits/vegetables, Livestock/ production of milk, meat etc, Mechanism/ agriculture equipment, Rural diversification (helico-culture, mushroom, rural tourism, etc).

Activity 2: Contract 2.1 – A Twinning project is envisaged for exchange of experience and know-how with a member state administration for a period of 24 months. The project will include a member state project leader who continues to work in his/her member state administration but who devotes some of his/her time to conceiving, supervising and coordinating the overall implementation of the project. He/She will be assisted by at least one full-time expert known as a Resident Twinning Adviser from a member state who will work on a day-to-day basis with the beneficiary. The contracts 2.2 and 2.3 will be service contracts.

RTA profile:

- Work experience in implementation of EU forestry legislation and management;
- Language proficiency: Fluency in English;
- Education: Relevant education in the area of forestry is required

Parallel co-financing (Contract 2.2 and Contract 2.3) will be provided by the Kosovo Consolidated Budget to the project. Main goals of these projects are the improvement of forests management constructing capacity for the modern plans of forests, based on necessary information of the main groups of users and application of the standards and of the international limitations and the grown-up the surfaces of qualitative forests which have the highest yields which shall affect in the increase of the incomes.

3.5 Conditionality and sequencing:

The project includes the following conditionality:

- Availability of staff at MAFRD
- Availability of national financing for the implementation of a pilot RD scheme
- Availability of MAFRD budgetary provisions
- Availability of co-financing
- Strong political will to implement the project
- Timely preparation of legislation

- Good cooperation among the different stakeholders concerned in the implementation of the action
- Respect of responsibilities and obligations of the parties concerned.
- Endorsement by all key stakeholders of the Calls for Proposals and Terms of Reference,
- Participation by the beneficiary in the tender process as per EU regulations.

In the event that conditionalities are not met, the EC Liaison Office to Kosovo reserves the right to suspend or cancel the Project.

3.6 Linked activities:

Since 1999 over EUR 62 million of EC assistance (including investment, training, management support and technical assistance, and institutional support) has been provided for the development of agricultural sector in Kosovo. The table below summarises the past EC assistance relevant to this project:

Name of project (Amount EUR million)	Start End	Activities/Results
KS 08 IB AG 01	January 2009 – July 2010	It will consist of conducting a gap analysis of the general organisation, functions and activity of the MAFRD and existing agricultural and forestry support mechanisms. Furthermore the twinning project will assist the MAFRD in the defining of programme of sectoral alignment and conduct of policy formulation and appraisal. A respective needs assessment in terms of MAFRD readiness for implementation of legislation and the corresponding human resource needs will be also prepared. Additional assistance will be provided to MAFRD through the project by the preparation of an Action Plan for setting up the ground for gradual establishment of the implementing institutions and instruments of the future IPARD Component and the ARDP 2007-2013. This will be realised through working groups sessions, study visit and in-country training sessions. A grant scheme of rural development measures to be implemented under the IPA 2009 project and measures available under ARDP 2007-2013 will be used as a pilot exercise to be implemented by the newly developed and strengthened designated implementing institutions.
Local Development Strategies (LDS).	May 2007 – May 2009	The project started in, to support communities at municipality level in preparing and implementing local development strategies including: (i) supporting all 30 municipalities in the preparation of local community development strategies and the formation of Local Action Groups (LAGs); (ii) implementation of sustainable market linkages programmes identified in the local community development strategy with an aim to improving the quality of rural life, support by TA given to farmers and farmers' groups by MAFRD Rural Advisory Support Service (RASS); and (iv) better land use management and monitoring in all municipalities
Institutional Support to Ministry of Agriculture Forestry and Rural Development (ISMAFRD)	February 2007 – January 2009	to provide further strengthening to MAFRD by: (i) supporting the EU integration process and law of approximation and harmonisation; (ii) making MAFRD more efficient through human resources development and training; (iii) supporting agricultural policy, and development of agricultural statistics and the farm accounting data network (FADN) and; (iv) developing budget management skills to faceplate access to IPA financial resources
Support to the Kosovo Centre for Livestock Breeding (KCLB)	December 2006- January 2009	to improve the quality and productivity of the livestock sector through capacity building and development/implementation of livestock policy. The project specifically is to; (i) support and strengthen the institutional, legal and management framework of the KCLB; (ii) develop a livestock pedigree database (herd book) from information generated by previous EAR supported projects i.e. KVFA & SPUVESEK 3 and MAFRD; (iii) organise through MAFRD/Rural Development Advisory Services (RDAS) department the dissemination of selected livestock performance, analysis results and breeding advice to livestock breeders and; (iv) support KCLB and Standing Commission for Livestock Breeding in providing background

		information for policy advice to the MAFRD/Policy Unit
Marketing Support Project (MSP)	December 2005 – December 2007	project is aided at strengthening market information services and improving market access for local producers by: (i) developing a market information service (MIS); (ii) encouraging investment into and development of wholesale/farmer/retail markets, post harvest and added value activities, farmer marketing and enterprise groups and improved linkages between farmers, traders and processors; (iii) enabling greater uptake of quality assurance programmes particularly relating to quality and safety of locally produced food products; (iv) to encourage agri-trade across the Balkans and with the EU including schemes for improved promotion of Kosovo regional brands and; (v) deliver training and study tour programmes on agri-food marketing, and to contribute to the development and implementation of effective agri-marketing policies and strengthen MAFRD capacity in this area.
The Rural Advisory Service (RAS)	December 2005- December 2006	The project provided further support to the Rural Advisory Support Services (RASS) within MAFRD enabling full operation of the agreed rural advisory and support services strategy, as developed under SASS I and implemented throughout Kosovo. This was to ensure that advisory service providers have the technical and organisational capacity to serve commercial and semi-commercial farmers and facilitate the delivery of advice to smaller farmers by using farmers' groups as conduits for information and advice. It also supported the delivery of advice by strengthening and commercialising demonstration plots and facilities, ensuring the provision of high-quality extension material, widening the dissemination of advice through mass media and the internet, and gradually widening the technical scope of advisory services so that they incorporate rural development agendas other than agricultural productivity.
Agricultural Master Plan for Kosovo (AMPK)	November 2004- 2006	(i) to strengthen the institutional capacity of MAFRD and related bodies to develop and implement overall macroeconomic, trade and sub-sector agricultural policy; programming and budgeting within the Ministry; (ii) assist MAFRD in preparation for the <i>acquis communautaire</i> in agriculture during the pre-EU accession period; (iii) develop a coherent Kosovo rural development strategy that will facilitate continued progress towards harmonisation with the EU, through development of a realistic Rural Development Plan and; (iv) assist MAFRD in developing a dialogue with rural developments in Kosovo, particularly in facilitating contacts and exchanges of information amongst rural development instigators (from the public and private sectors) in Kosovo, and at regional and international levels
The Strengthening of Agricultural Support Services (SASS 1 & 2).	November 2004 – March 2006	The projects provided institutional capacity building support to the Rural Advisory Support Services (RASS) with MAFRD SASS 1 provided extensive training to advisory services personnel primarily from municipalities for field advisors and operating in partnership with the MAFRD and its own regional advisers. SASS 1 was also oriented towards capacity building and management of the service and training of personnel within the services. This project provided the operational link between trained advisers and the rural community. The main function of SASS 2 was the training of farmers and publications of SASS 1 / RASS information materials such as handbooks, technical publications and general literature, etc.

3.7 Lessons learned

Although impact realised through the previous assistance overall is quite satisfactory, a number of challenges remain:

- *Legal Reform in the sector*: The timelines for the adoption of legal instruments are, not respected, leading to delays in implementation and causing difficulties in project implementation.
- *Enforcement*: There has been large focus on establishing the legal frameworks in Kosovo. The capacity to enforce the law, however, has received insufficient attention. While legal

reform has been advanced, law enforcement and implementation has not followed due to lack of resources. This creates a widening gap between the formal legal situation and ‘on-the-ground’ practice. Additional constraint is the lack of cooperation among different competent institutions to coordinate responsibilities, enforcement of legislation and efforts in the fields.

- *Conditionalities*: Often project implementation is hampered by either insufficient qualified staff and resources allocated to (newly established) institutions or insufficient operational funds available in the government budget to allow for appropriate implementation of the mandate of the concerned department.
- *Coordination within the government*: Further improvements – in line with the spirit of EU accession– could be realised in a stronger government leadership in the coordination efforts among the ministries and departments and a stronger focus on operational coordination and harmonisation of policies.

4. Indicative Budget (amounts in EUR million)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1			6.1	5.0	82	1.1	18	1.1				
Contract 1.1 (Grants)	X		5.0	5.0	100							–
Contract 1.2 (Grants)	X		1.1			1.1	100	1.1				
Activity 2			3.07	2.7	88	0.37	12	0.37				
Contract 2.1 (Twinning)	X		2.7	2.7	100							–
Contract 2.2 (Service)	X		0.21			0.21	100	0.21				
Contract 2.3 (Service)	X		0.16			0.16	100	0.16				
TOTAL IB			9.17	7.7	84	1.47	16	1.47				
TOTAL INV												
TOTAL PROJECT			9.17	7.7	84	1.47	16	1.47				

Note:

Amounts net of VAT

- (1) In the Activity row "X" is used to identify whether IB or INV
- (2) Expressed in % of the **Total** Expenditure (column (a))

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1	Q2 2010	Q4 2010	Q4 2012
Contract 1.2	Q1 2010	Q4 2010	Q4 2012
Contract 2.1	Q1 2010	Q4 2010	Q4 2012
Contract 2.2	Q1 2010	Q4 2010	Q4 2012
Contract 2.3	Q1 2010	Q4 2010	Q4 2012

All projects should in principle be ready for tendering in the 1ST Quarter following the signature of the FA

6. Cross cutting issues

6.1 Equal Opportunity

Civil society (including employers' organisations, trade unions, professional organisations as well as non-governmental organisations, etc) plays a major role in transition societies. Ensuring those groups' concerns are taken into account in the European development agenda and enhancing their policy dialogue with the administration and Kosovo's institutions will be aspects mainstreamed within the assistance programmes.

6.2 Environment

Environmental considerations will be duly reflected in all IPA financed activities, in addition to specific actions dedicated to environment, in particular as concerns environmental impact assessments. This is particularly relevant where there is potentially a high environmental impact, such as co-financing of investments, new legislation, etc.

6.3 Minorities

Equal opportunities and non discrimination of women, minority and vulnerable groups (including children, disabled and elderly people) will find considerations in all aspects of EC funded activities, particularly in relation to public services, legislative matters and socio-economic support programmes.

6.4. Good governance

Good governance will be fostered through the introduction of monitoring, evaluation and control mechanisms, through awareness campaigns involving wider public as a way to contribute to the fight against corruption and to enhance civic responsibility in respect of payment for public services.

ANNEXES

- 1- **Log frame in Standard Format**
- 2- **Amounts contracted and Disbursed per Quarter over the full duration of Programme**
- 3- **Description of Institutional Framework**
- 4 - **Reference to laws, regulations and strategic documents:**
 - Reference list of relevant laws and regulations**
 - Reference to AP /NPAA / EP / SAA**
 - Reference to MIPD**
 - Reference to National Development Plan**
 - Reference to national / sectoral investment plans**
- 5- **Details per EU funded contract (*) where applicable:**
 - For *TA contracts*: account of tasks expected from the contractor**
 - For *twinning covenants*: account of tasks expected from the team leader, resident twinning advisor and short term experts**
 - For *grants schemes*: account of components of the schemes**
 - For *investment contracts*: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (**)**
 - For *works contracts*: reference list of feasibility study for the *constructing works* part of the contract as well as a section on investment criteria (**); account of services to be carried out for the *service part* of the contract**

(*) non standard aspects (in case of derogation to PRAG) also to be specified

(**) section on investment criteria (applicable to all infrastructure contracts and constructing works):

- **Rate of return**
- **Co financing**
- **compliance with state aids provisions**
- **Ownership of assets (current and after project completion)**

ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Programme name and number IPA 2009 : Further Support to the Agriculture Sector	
Further support to the agricultural sector in Kosovo		Contracting period expires three years after the date of conclusion of the Financing Agreement between the European Commission and the Kosovo Authorities	Disbursement period expires one year after the final date for the execution of contracts
		Total budget : EUR 9.17 million	IPA budget: EUR 7.7 million
Overall objective	Objectively verifiable indicators	Sources of Verification	
To increase the contribution of the forestry and agricultural sector to rural development and in particular to increase diversification activities and employment opportunities in rural areas	Agricultural production and export statistics National statistics of GDP for rural municipalities	National statistical data Final implementation evaluation of ARDP Import/Export statistics	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
To increase competitiveness of the agricultural sector and sustainability of forest and game management in Kosovo.	ARDP updated and approved by MAFRD Visibility of the grant scheme Administrative instructions issued Area of forest increasing Legal production levels increasing Hunting areas established and under management. Area of forest increasing Legal production levels increasing Hunting areas established and under management	Peer review mission reports Satellite imagery KFA reports Reports from private forest owners	General agreement on the necessity of managing bottom up and top down approaches together Necessary legislation is put in place
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
1. Rural development grants - Strengthened and further developed capacities of the MAFRD to select, implement	National Development Programme/Strategy prepared and agreed Pilot projects launched and amount of funds	Mid term and final evaluations Reports from MAFRD Quarterly reports Minutes of Steering Committee meetings	Local and national stakeholders understand and fully cooperate in the implementation of a long-term strategy; Stakeholders understand the long-term

<p>and monitor a range of priority measures in support of rural development.</p> <ul style="list-style-type: none"> - Improved farm competitiveness on the domestic market via successful implementation of priority measures identified in the ARDP. - Grants are disbursed for priority measures. <p><u>2. Further support to sustainable forestry management</u></p> <ul style="list-style-type: none"> - Capacity of the state forestry and game management institutions enhanced - Investment plans prepared - National Wood/Biomass Energy policy developed 	<p>and co-financing used</p> <p>Forest roads Master Plan, Illegal logging survey, forest nursery development plan, forest fire action plan, including cost benefit analysis prepared and approved</p> <p>National level wildlife management plan prepared and accepted</p> <p>Improved regulation, supervision extension and monitoring system for private forest owners and hunting associations set up and running</p> <p>Potential supply of woody biomass for generation of electricity/heat identified and quantified</p>	<p>(DG AGRI will act as an observer)</p> <p>Visibility events</p> <p>A biomass strategy group comprising Min of Energy, KFA, MAFRD, KEK, wood processors and private owners formed</p> <p>Number of approved Private Forest Management plans and area included in GIS based database of privately owned forest</p>	<p>perspective</p> <p>MAFRD staff trained and capable of monitoring the use of and accounting for available grant funds</p>
<p>Activities</p>	<p>Means</p>	<p>Costs</p>	<p>Assumptions</p>
<p><u>Activity 1. Rural Development grants</u></p> <p>1.1) Preparation of calls for proposals, evaluation and selection of projects submitted, 1.2) Conduct of monitoring and control activities</p>	<p>Grants</p>	<p>EUR 5.0 million – EU contribution EUR 1.1 million – National co-financing</p>	<p>A preliminary detailed training needs analysis is conducted</p> <p>Trainees are carefully selected</p> <p>Training results are monitored and checked on the spot</p> <p>All partners fully understand the purpose and</p>

<p>1.3) Visibility and public awareness campaigns carried out</p> <p><u>Activity 2. Further support to sustainable forestry management</u></p> <p>2.1) Forest roads master-plan, road construction best practice guidelines and investment plan including cost benefit analysis prepared</p> <p>2.2) Preparation of illegal logging action plan, forest nursery development plan, national park management plan and forest fire action plan</p> <p>2.3.) Development of hunting management policy and programme at national, municipal and hunting area levels, support game management capacity including development of information system</p> <p>2.4) Support for private forest owners developed</p> <p>2.5) National Wood/Biomass Energy policy developed,</p> <p>2.6) Capacity building within KFA and DoF</p>	<p>Technical Assistance/Twinning</p>	<p>EUR 2.7 million – EU contribution EUR 0.37 million– National co-financing</p>	<p>functioning of a network and fully cooperate</p> <p>The implementing institutions have the basic understanding of implementation of a scheme base on the assistance provided by the previous twinning project</p> <p>Cross cutting issues are identified and addressed through the involvement of partners such as Ministries, Agencies, University, professional bodies etc</p> <p>MAFRD staff is available and identified</p> <p>Political will for adoption of plans and policies Sufficient potential within key agencies to learn new technologies and approaches</p> <p>Sufficient capacity and will within municipalities and private forest owners</p>
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Pre-conditions:

- Strong political will to implement the project;
- the Law on rural development is adopted by the Kosovo parliament
- the necessary HQ resources and financial means are put at the disposal of the MAFRD to retain the staff trained and to make the implementing institutions functional.
- MoU between KEK, Ministry of Energy and MAFRD to work on the national wood/biomass energy policy

ANNEX 2: amounts (in EUR million) Contracted and disbursed by quarter for the project

Contracted	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4
Contract 1.1				5.0								
Contract 2.1				2.7								
Cumulated				7.7								
Disbursed												
Contract 1.1						1.5		2.0				1.5
Contract 2.1					1.7				0.8		0.2	
Cumulated					1.7	3.2		5.2	6.0		6.2	7.7

Annex 3: Description of Institutional Framework

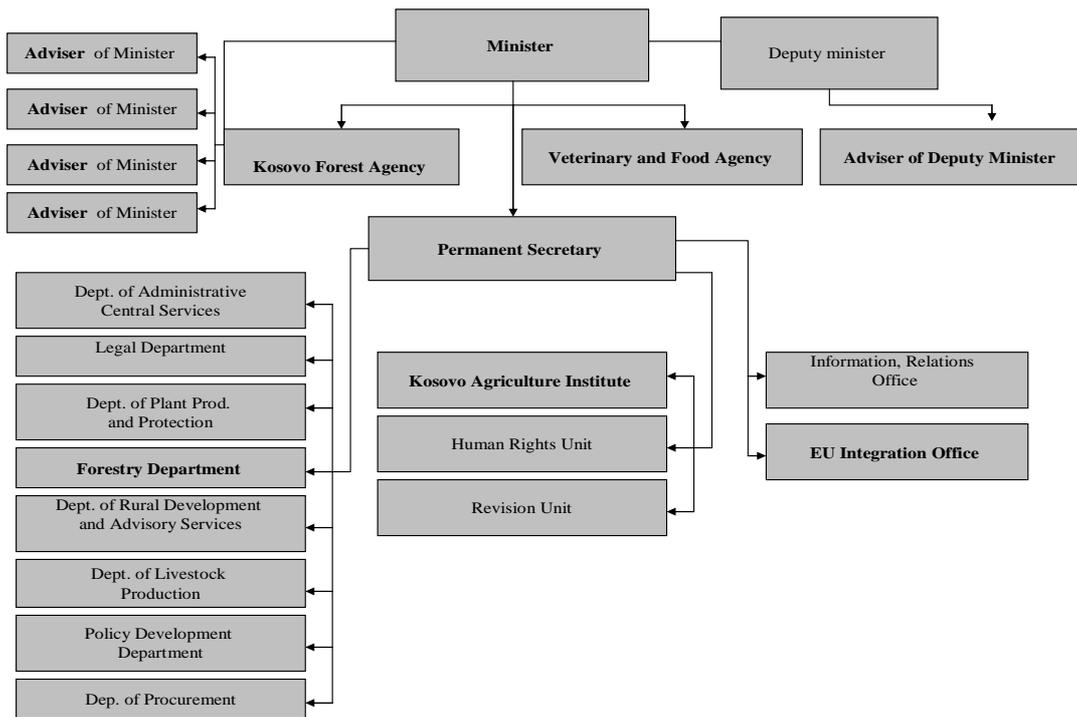
Ministry of Agriculture, Forestry and Rural Development is established on 17 April 2000 with UNMIK Regulation No. 2000/27 on the establishment of Administrative Department of Agriculture and Rural development (ADAFRD).

In conformity with UNMIK regulation No. 2001/19 annex 10 is amended on the authority of the Interim Administration of Kosovo, Ministry of Agriculture, Forestry and Rural Development

Mandate of Ministry of Agriculture, Forestry and Rural Development

- Develop polices and implement laws for development of agriculture including also the cattle and production of plant, rural development and setting of standards for maintenance.
- Facilities development of credit scheme for the support of agriculture, forestry and activities for rural development in private sector;
- Develop policy for assisting the administration and management of forestry sector including protection, activities of reforestation, self-support, fighting form the fire, prevention of fire, disinfection form the insects and different diseases, license for felling of tree and control of hunting and fishing;
- Regulate activities of hunting and fishing;
- Supervise the approach of veterinary services, including among the others prevention of animal diseases, zoonese and the improvement of herds qualities and herds of poultries;
- Develop polices in the field of watering including also the projects for the planning of irrigation;
- Develop polices and implement laws particularly the utilization of land with the purpose of its protection;
- In cooperation with Ministry of Health, Environmental and Spatial Planning surveys control of food quality and agriculture inputs with the purpose of consumers;
- Supervise activities that aim disappearance of insects, parasites, plants diseases or harmful causers;
- Take part in the activities of protection of the environmental that have to do with forestry, hunting, fishing and management of resources of the water and
- Provide assistance in the issues that are linked with veterinary, does the phytosanitary control and of the quality of animals and animal's products that are passed transit through the administrative cross boundaries and state too of the food and the agriculture, plants and plants products.

Structure of the Ministry of Agriculture, Forestry and Rural Development



Annex 4: Reference to laws, regulations and strategic documents:

Reference list of relevant laws and regulations

- Agriculture and Rural Development Plan 2007-13
- Draft Law on Agriculture and rural development

Reference to AP /NPAA / EP / SAA

The *European Partnership* 2008 includes the following for agriculture:

Agriculture and fisheries (short and medium term priorities)

- Determine clear responsibilities within the different services in the agricultural sector (including the veterinary and phytosanitary administration) and their relations with the Ministry of Agriculture, Forestry and Rural Development, local governments and municipal level.
- Adopt the law on food and the consequent implementing legislation, and establish the relevant agency to implement and enforce the law.
- Ensure the operational character of the system for identification of animals and registration of their movements.
- Draw up a plan to upgrade agri-food establishments.
- Develop a policy and a regulatory framework to support viable land reform. Support the protection of agricultural land against unplanned urban development.
- Assess the compliance of agri-food establishments with EU requirements and prepare a programme for upgrading those establishments.
- Start action for efficient control of domestic plant production, in particular for products with EU-specific requirements.
- Develop a sound forest management structure, particularly in combating illegal logging of forests and fighting against forest fires.

Reference to MIPD

"2.2.2 Strategic Choices for IPA Assistance over the Period 2009-2011

For 2009 – 2011, the strategic choices are reflected in the following three Axes:

Axis 2: Economic Criteria

Sustainable stability can only be achieved if Kosovo's economy develops and offers opportunities to all communities. Support to economic growth should be another key objective for EC assistance. Major infrastructure investment needs persist, which need to be matched with enhanced corporate governance of public utilities to ensure the sound and efficient administration of taxpayers' moneys. Investment should go hand-in-hand with a rigorous reform agenda that ensures fiscal discipline and macro-economic stability.

The focus under this Axis should be on wider socio-economic issues, including fiscal and financial management, auditing and accounting procedures, improvement of the investment climate, trade opportunities, and development of the energy, environment, transport, agriculture and rural development, education and employment sectors.

Despite its potential, Kosovo's agriculture remains under-exploited and key challenges such as poor infrastructure, unresolved property rights, small farm size,

lack of farm competitiveness, and poor access to commercial credit, inefficient quality control mechanisms, failure to prepare and enforce environmental and local development plans and low levels of education need to be tackled. A medium-term and integrated *agriculture and rural development plan for 2007-13* is being developed by the Ministry for Agriculture, Forestry and Rural Development. It follows EC Guidelines, and is aligning Kosovo with the current EU agriculture and rural development strategy.

On the basis the above, the following priorities, which were set for the MIPD 2009-2011, have been maintained for Axis 2:

- Promoting **agriculture and rural development** through support to the rural economy and the livelihood of the rural population, in line with priority measures identified in Kosovo's Agriculture and Rural Development Plan 2007-13, gradually aligned with measures established for EU pre-accession assistance to agriculture and rural development."

Reference to National Development Plan

Specific reference to the agricultural sector in the MTEF 2009-2011 is made under Part Four "Sector and subsector spending strategy", namely 4.2.6:

"To provide productive employment opportunities to large numbers of Kosovars who live in rural areas. To raise the productivity levels associated with rural employment, so that it may translate into growing incomes. In this way, to make a balanced contribution to the economy, environment, society and cultural welfare, through an effective partnership between private sector, central/local government, and local communities within the European context. Sustainable rural development will be important for improving the quality of life through promotion of farming, and other rural economic activities, particularly through rural diversification.

From the total area of Kosovo of 1.1 million hectares, 53% is agricultural land and 41% is forested land. . Kosovo's agriculture is characterized by small farms, low productivity and a lack of consulting services Agriculture is an important economic sector which generates a considerable level of output and employment .This sector's contribution to Kosovo's GDP is around 25%, and employs between 25% and 30% of total employment, mainly in the informal sector. Also, it makes up some 15% of total exports. Kosovo in recent years has lost markets for agricultural products. After the war, a liberal economic regime was developed (with lower external tariffs), creating strong competition from imports in Kosovo. As a result, Kosovo has a need for investments in the development and modernization of the sector. In order to survive, farms have to grow in size, adopt modern technologies and improve their ability to compete in domestic and international markets. For commercial farms to develop there needs to be an effective market for land. Agricultural land values in Kosovo are inexpensive relative to the price of land for other uses. Despite the existence of the Law on Agricultural Land, its implementation in practice is insufficient. In many cases, this has meant that agricultural land has been diverted into other uses, especially for building. A priority is therefore to start the lengthy process of investing in land registration and consolidation. At the same time, there are other restrictions that generally apply to the rural sector, being the lack of rural infrastructure, limited access to irrigation systems, unfavourable credit conditions, lack of foreign and domestic investment and the lack of budget support for agriculture and rural development.

Main goals of agriculture sector are:

- I. Sustainable use of agricultural land;
- II. Increase farm productivity and competitiveness;
- III. Food safety;
- IV. Improve forest structure.

Goal I: *Sustainable use of agricultural land* – will be achieved through these objectives:

1. Protection of agricultural land from un-planned buildings:
 - a) Enforcement of the law and other secondary acts for agricultural land.
2. Farm restructuring:
 - a) Land consolidation.

Goal II: *Increase farm productivity and competitiveness* – will be achieved through these objectives:

1. Increasing farm productivity and therefore incomes in rural areas:
 - a) Irrigation system
 - b) Consulting services.
2. Improvement of competitiveness and increasing exports of agricultural products:
 - a) Supporting rural development.
3. Creating employment opportunities in rural areas, especially by way of diversification of rural activities and aligning Kosovo agriculture with EU:
 - a) Diversification;
 - b) Implementation of local strategies;
 - c) Development of eco-tourism.

Goal III: *Food Safety* – will be achieved through:

1. Protection of public health:
 - a) Food Quality Assurance;
 - b) Monitoring medical residues.
2. Protection of animal health:
 - a) Vaccinations;
 - b) Diagnosis research against contagious diseases;
 - c) Animal movement control.

Goal IV: *Improve forest structure*-will be achieved through:

1. Forestation:
 - a) Re-forestation of once forested areas, expanding forest areas and transformation of deteriorated areas into productive forests;
 - b) New forestation, protection from denudation in general and protection of environment in particular;
 - c) Drafting management plans."

Reference to national / sectoral investment plans

In addition in the MTEF 2009 – 2011 it is stated that "the total KCB budget for the agricultural sector has been increased and in 2008 has reached EUR 8.6 million, which is about 32% higher than in 2007. Most of the increase in spending for this sector is in capital outlays due to inclusion of new projects identified in Rural and Agricultural Development Plan 2007-13."

ANNEX 5: Details per EU funded contract (*) where applicable:

For *TA contracts*: account of tasks expected from the contractor

- **Activity 1 (Grant scheme)**

Guidelines for grant applicants will be drafted by IPA 2008 twinning project in close cooperation with the MAFRD. The size of the grants will be determined at this particular stage, following careful consideration of the type of projects eligible and the management resources.

Grant applicants will have to follow rules and regulations of the European Commission during the application process. Upon approval of the proposals, Mid-term TAIEX support will be mobilised as a complementary action ensuring successful project implementation and monitoring and capacity building.

- **Activity 2 (Service Contract)**

Tasks included in this activity to be performed by the Contractor are:

- Preparation of forest road construction best practice guidelines, Investment plan including cost benefit analysis
- Preparation of illegal logging action plan, forest nursery development plan, national park management plan and forest fire action plan
- Development of hunting management programme at national, municipal and hunting area levels
- Preparation of a draft of a National Wood/Biomass Energy policy
- Development of hunting and Wildlife Management monitoring system
- Conduct of Capacity building exercise within KFA and DoF, MESP