

## **AGRICULTURE**

### *Summary Project Fiche*

**Project n°:** LI9803.01

**Title:** Agricultural Modernisation

**Location:** Throughout Lithuania

**Objectives:**

To assist in the ongoing modernisation of the agricultural sector and to address the short and medium term priorities defined in the accession partnership, namely:

- to reinforce phytosanitary and veterinary administration, especially as regards effective controls at border inspection points;
- to complete land registration and consolidate land structure;
- to ensure the establishment of a functioning land market; and
- to develop CAP-like administrative measures.

**Description:** The overall project will consist of two sub-project activities:

***Veterinary and phytosanitary control (LI9803.01.01)***

A current framework contract project financed from the 1997 programme will develop a plan for the restructuring and upgrading of border control points. It is anticipated that the number of border points will be reduced and will be linked together by a computer network to regulate border flows of sensitive products. This project will provide equipment requirements for this upgrading, together with training and consultancy to supervise the installation of the new systems as well as possible twinning arrangements. The precise design of the project will depend on the outcomes of the preceding assessment needs project (to be finished by September, 1998). The approach will be consistent with the outputs of the Phare Multi-Country Veterinary Control Programme.

***Land market development and agricultural information systems (LI9803.01.02)***

The project represents a continuation of previous extensive Phare support to the development of the land registration system. The emphasis of this continuation, however, will be on the development of an integrated farm register, which also links to the land cadastre, land register and farm account data. The project will also develop appropriate legal structures to support this system and ensure the enforcement of the legislation.

**Institutional framework**

The sub-programme will be co-ordinated by the Ministry of Agriculture, European Integration Department, Ms Dalia Miniataite, which is the Implementing Authority and will support key elements of the current agricultural policy framework. Each of the projects will have defined project beneficiaries as follows:

***Veterinary and phytosanitary control***

The project beneficiaries will be the State Veterinary Service (SVS) and the State Phytosanitary Service. The SVS is also assisted by other projects, including the Phare National Food Control Systems project (1997-1999) and a resident Danish bilateral adviser.

### *Land market development and agricultural information systems*

The project will be jointly co-ordinated by the Land Management Department under the Ministry of Agriculture and Forestry and the State Land Cadaster and Register Enterprise. The latter organisation has a good absorptive capacity for donor assistance, having effectively utilised funding from Phare and bilateral donors for several years.

All projects will co-ordinate their activities with non-governmental farmers organisations and the Lithuanian Agricultural Advisory Service whose support will be vital to the agricultural modernisation process.

### **Budget:**

	Investment	Institution Building	<b>Total Phare (=I+IB)</b>	Recipient	IFI	<b>TOTAL</b>
Veterinary & phytosanitary control	1.00	0.70	1.70	0.6	none	~2.30
Land market & farm information system	0.20	0.50	0.70	~5.5	none	~6.20
<b>TOTAL</b>	1.20	1.20	2.40	~6.1		~8.5

### **Implementation arrangements**

The CFCU will be the Implementation Unit, but responsibility for the preparation of ToRs and the technical implementation of the project will rest with the Ministry of Agriculture.

### **Implementation schedule**

*Start of tendering*  
September 1998

*Start of project activity*  
November 1998

*Completion*  
December 1999 &  
June 2000 \*

\* for the service element

### **Equal Opportunities**

The traditional agriculture sector in Lithuania is a family business, including both genders. The trend towards larger farms may reduce the female component, however, this will be offsetting in food processing sector and the various laboratory services where there would be equal opportunities for both genders.

### **Environment**

The following environmental impacts could be anticipated in respect of the two sub-projects:

#### *Veterinary and phytosanitary control*

An assessment of the environmental impact of the project will be made during the preparation of the ToR as part of the current assessment needs project which should be completed by the summer 1998. There are expected to be both positive and negative environmental aspects.

#### *Land market development and agricultural information systems*

Development of the land market and the start of the process of land consolidation will have environmental impacts on farm use. An assessment of these will be made at the time of preparation of detailed ToR.

**Rates of return**

The calculation of rates of return for investment in Government services is almost impossible to calculate. However, improving the administrative and technical capacity of the services will generate tax revenue and reduce state costs by the reduction in food-related diseases.

**Investment criteria**

Investment in border control is a necessity as a precondition for enlargement of the European Union. Costs of implementation will be shared by the Lithuanian government and Phare.

Investment in the development of the land market is expected to have substantial positive economic benefits beyond the immediate scope of the project, particularly in development of more economical family units.

They do provide an element of additionality as they build on existing projects and are as such sustainable. They are catalytic in that they are designed to stimulate the sub-sectors into being prepared for accession and they are ready for implementation as soon as the funds come available and the conditionalities are met. As this is investment in state institution and human resources, competition is encouraged through Phare tender procedures.

**Conditionality and sequencing**

Conditionality will be applied to each sub-project as follows:

*Veterinary and phytosanitary control*

Co-financing should be agreed prior to investment and the environmental analysis should be accomplished by the summer 1998. A revised new framework Food Law should be a precondition for launch and the needs assessment should be finished by September 1998. The project is also conditional on the successful completion of the current Phare project, which is due to be completed in October 1998.

*Land market development and agricultural information systems*

Equipment will not be procured until the system is specified. The agricultural information system will be one of the building blocks of the absorptive system for the receipt of pre-accession funds.

The land market project is the logical development of the privatisation and registration of agriculture land. Government this year approved final land registration conditions, which must be endorsed by the Seimas. Further legislation will be required to consolidate the land market and proposals will be drafted during the course of the project.

<b>Annex 1</b>			Programme name: and number: LI9803	Date of drafting:
<b>LOGFRAME PLANNING MATRIX FOR AGRICULTURAL MODERNISATION</b>			Contracting period expires: 2000	Disbursement period expires: 2001
<i>Project Number LI9803.01</i>			Total Budget: 8.5 Mecu	Phare contribution: 2.4 Mecu
<b>Wider Objective</b>	<b>Indicators of Achievement</b>	<b>How, When and By Whom Indicators Will Be Measured</b>	<b>Assumptions and Risks</b>	
<i>To assist in the ongoing modernisation of the agricultural sector to address the short-term priorities defined in the accession partnership.</i>	Positive annual review at the end of 1999 of Lithuania's accession process in the agricultural sector.	By the European Commission in December 1999 as part of its annual review of accession progress.	Assumed that government resources are allocated to the project according to the defined project time-scale.	
<b>Immediate Objectives</b>	<b>Indicators of Achievement</b>	<b>How, When and By Whom Indicators Will Be Measured</b>	<b>Assumptions and Risks</b>	
<ul style="list-style-type: none"> <li>to reinforce phytosanitary and veterinary administration, especially as regards effective controls at border inspection points;</li> <li>to complete land registration and consolidate land structure;</li> <li>to ensure the establishment of a functioning land market.</li> </ul>	<p>The number of cases of harmful diseases entering the country;</p> <p>The percentage of land registered and with full legal title;</p> <p>The total value of land transactions as a percentage of the total land value.</p>	<p>Continuous monitoring by the national veterinary and phytosanitary services. Periodic assessments by international bodies.</p> <p>Quarterly data from the national cadastre enterprise.</p> <p>Annual assessments of land value from independent private surveyors.</p>	<p>Assumed that the veterinary and phytosanitary service co-operate constructively to achieve the defined project objectives.</p> <p>Risk that continual organisational change surrounding the land reform process could delay project implementation.</p>	
<b>Outputs</b>	<b>Indicators of Achievement</b>	<b>How, When and By Whom Indicators Will Be Measured</b>	<b>Assumptions and Risks</b>	
<p>An integrated veterinary and phytosanitary border control system with written operational manuals and trained staff.</p> <p>An integrated national farm register, cadastre, land register and farm account data, with written development plan and trained staff.</p>	<p>Physical existence of the system operating in accordance with the defined procedures.</p> <p>Physical existence of the system operating in accordance with the defined procedures.</p>	<p>Annual government report on the progress of Lithuanian in relation to implementation of the NPAA.</p> <p>Project reports, supported by independent assessments by OMAS or the Phare evaluation unit.</p>	<p>Assumed that sufficient absorptive capacity exists in the beneficiary services to effectively utilise substantial project resources from this and parallel Phare projects.</p> <p>Assumed that pre-feasibility study confirms the solution to establish an integrated agricultural information system.</p>	
<b>Inputs</b>	<b>Indicators of Achievement*</b>	<b>How, When and By Whom Indicators Will Be Measured</b>	<b>Assumptions and Risks</b>	

Technical assistance & training	1.2 Mecu	Evidence of the delivery of the specified inputs.	Project reports, time-sheets and statements of equipment transfer.	Assumed project tendering and contracting proceeds smoothly.
Equipment	1.2 Mecu			

## Annex 2

### Detailed Cost Breakdown

#### Agricultural Modernisation

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#### Veterinary and phytosanitary control

	1999			2000			Total
Component	Budget	Phare	Other	Budget	Phare	Other	
<i>Institution Building</i>							
A. Study tours	0	150,000	0	0	0	0	150,000
B. Training	0	150,000	0	0	0	0	150,000
C. Consultancy	0	300,000	0	0	100,000	0	400,000
<i>Investment</i>							
A. Laboratories	0	400,000	0	0	0	0	400,000
B. Computers	0	150,000	0	0	0	0	150,000
C. Specialist equipment	0	450,000	0	0	0	0	450,000
D. Infrastructure	600,000	0	0	0	0	0	600,000
<b>Total</b>	<b>600,000</b>	<b>1,600,000</b>	<b>0</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>1,700,000</b>

#### Land market development & agricultural information system

	1999			2000			Total
Component	Budget	Phare	Other	Budget	Phare	Other	
<i>Institution Building</i>							
A. Study tours	0	100,000	0	0	0	0	100,000
B. Training	0	100,000	0	0	0	0	100,000
C. Consultancy	0	300,000	0	0	0	0	300,000
<i>Investment</i>							
A. Computer equipment	0	200,000	0	0	0	0	200,000
<b>Total</b>	<b>5,500,000</b>	<b>700,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>700,000</b>

## TIME IMPLEMENTATION CHART FOR PROJECT n° LI9803.01 - AGRICULTURAL MODERNISATION <sup>Annex 3</sup>

## Annex 3

	1998												1999												2000												
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
<b>Project Preparation</b>																																					
Finalisation of ToR																																					
Tendering																																					
<b>Veterinary &amp; phytosanitary control</b>																																					
<b>Institution Building</b>																																					
International training																																					
Local training																																					
Trouble-shooting																																					
Structural reform																																					
<b>Investment</b>																																					
Upgrading buildings																																					
Equipment procurement																																					
Equipment installation																																					
<b>Land market development &amp; agricultural information system</b>																																					
<b>Institution building</b>																																					
System design																																					
Construction & testing																																					
Integration with cadastre and farm register																																					
Development of roll-out plan																																					
International training																																					
In-country training																																					
<b>Investment</b>																																					
Equipment procurement																																					
Equipment installation																																					

## ANNEX 4: COMMITMENT AND DISBURSEMENT SCHEDULE

LI 9803.01

## Agricultural modernisation

All figures in MECU

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