

Standard Summary Project Fiche – IPA 2008 centralised National programme

MONTENEGRO

Support to Establish an IPA Rural Development Programming and Implementation System

1. Basic information

1.1 CRIS Number: 2008/020-316

1.2 Title: Support to Establish an IPA Rural Development Programming and Implementation System

1.3 ELARG Statistical code: 03. 11

1.4 Location: Montenegro

Implementing arrangements:

1.5 Contracting Authority

European Commission, EC Delegation, on behalf of the beneficiary

1.6 Implementing Agency

European Commission, EC Delegation, on behalf of the beneficiary

1.7 Beneficiary (including details of the project manager)

The Ministry of Agriculture, Forestry and Water Management (MAFWM)

The Project Manager will be:

Mr Branko Bulatović

Assistant Minister

Ministry of Agriculture, Forestry and Water Management

Rimski trg

81000 Podgorica

Montenegro

Financing:

1.8 Overall cost (VAT excluded)

€ 2.2 million

1.9 EU contribution

€ 1.5 million

1.10 Final date for contracting

Two years from the date of the signature of the Financing Agreement.

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.

2. Overall Objective and Project Purpose

2.1 Overall Objective:

To enhance the rural development of Montenegro in line with the requirements of the Stabilization and Association Process, and the adoption of the *acquis communautaire*

2.2 Project purpose:

To help create the institutional, strategic and legislative setup required for the MAFWM to implement rural development policy in line with the demands of the rural development component of the Instrument for Pre-Accession (IPA)

2.3 Link with AP/NPAA / EP/ SAA

The **European Partnership** calls for improvements in the administrative capacity to manage agricultural policy. In the latest **Progress Report**, it is recommended that progress in the agriculture and rural areas should be maintained and extended. It also identifies the need for development and diversification in the rural economy.

Article 97 of the **Stabilization and Association Agreement** (SAA) emphasises that cooperation between the EU and Montenegro should include the aim of modernising and restructuring the agriculture and agro-industrial sector, in particular to reach EC sanitary requirements, to improve water management and rural development.

2.4 Link with MIPD:

The 2008-2010 **MIPD** includes rural development as one of the main areas of cooperation. This includes the continuation of work to align the sector with the *acquis*. More specifically, the MIPD highlights the importance of support to the MAFWM and related services/institutions for the implementation of the National Strategy for Sustainable Rural Development, including advisory and extension services.

2.5 Link with National Strategies

The Poverty Reduction Strategy, the EU Accession Strategy and the Agriculture Strategy all identify the need for development and diversification of the rural economy.

A team of EU and Montenegrin experts produced, upon assignment by EAR, in 2008 a “National Programme for Food Production and Rural Areas Development for the period 2009 – 2013”, which follows a development strategy for agriculture and rural areas focusing on the central role of agriculture, strategy prepared by Montenegrin agronomists, with the assistance of EU experts. The “Strategy of Agriculture and Rural Development – Montenegro’s Agriculture and the European Union” (adopted in 2006) provides the basis for further major reforms and the legislative work required for modernising agriculture. It also contains substantial structured information for the preparation of sector studies.

This proposed project will also address important parts of the process described in the Economic Reform Agenda, namely:

- To promote the harmonisation of national laws with the EU legal system, adjusting the domestic agricultural policy with principles of the EU Rural Development Policy;
- To reform the institutions in agriculture for the purpose of efficient implementation of the new legislation and principles of the EU Rural Development Policy;
- To provide mechanisms for providing support to agriculture.

2.6 Link with national/ sectoral investment plans

The proposed project is coherent with Montenegro Ecological State, the Spatial Plan of Montenegro, the Millennium Developmental Aims, and Regional Development Strategy. Agriculture has also an influence on tourism as underlined in the Master Plan of Tourism Development and Strategy of Tourism Development in the Northern Region of Montenegro.

3. Description of project

3.1 Background and justification

Agricultural land in Montenegro accounts for 38% of the total surface area (518,067 ha or about 0.84 ha per capita). However, it is not fully exploited because a large part of it is poor quality soil. Arable land, orchards and vineyards occupy only 58,262 ha, i.e. 12%, of the total agricultural area.

It is estimated that some 40% of the population lives in the countryside. There is a drift away from rural areas toward the urban centres, leading to depopulation, especially in some of the more remote northern areas. Many of those who remain are poor and/or elderly. These areas often suffer from poor services (e.g. poor transport links, lack of adequate basic utilities such as water and sewage systems). Agriculture is the primary -and sometimes only - source of income and employment in these rural areas.

Relatively low productivity in agriculture is common – a problem that will be exacerbated when Montenegrin agriculture is exposed to a more open market. The main reason is a relatively low level of mechanisation, with a consequentially high dependence on physical labour. Montenegro is also experiencing problems with land fragmentation and ownership.

Agriculture sometimes plays the role of a social buffer for the most vulnerable part of the population. This often involves older members of a household who engage in limited

subsistence agriculture. It also draws in people of normal working age who use it as a means of compensating for declining incomes or unemployment (often as a result of industrial restructuring – the effects are most noticeable in the peri-urban areas of Podgorica, Nikšić, and other main towns).

In addition, Montenegrin agriculture faces some demanding challenges with the opening up of markets. A major overhaul of the sector could have significant economic and social consequences, especially given that many of the poorer regions and poor/disadvantaged people depend on agriculture.

Accession to the WTO and the SAA require a progressive dismantling of tariff and non tariff barriers, and consistency in the use of direct and indirect support measures. This will have important consequences for the agriculture and food sector. Government has been spending more of its budget on agricultural support, but wants to move away from simple direct support into other measures that are more likely to lead to long term sustainable development in the sector¹. Under the SAA, the Montenegrin market will be open to agricultural products from the EU within five years. Under CEFTA, Montenegro has totally liberalised trade in agricultural products with Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia and Serbia; and it has agreed additional concessions with Albania and Croatia. Montenegro has also joined several international organisations, including the International Organisation of Vine and Wine (OIV), and has observer status in the Food and Agriculture Organisation (FAO). With the exception of the wine sector, Montenegro has no comprehensive legislation on the indication of origin of food and drink. Although agriculture will never be a major export earner, the domestic market has potential, especially given the increasing number of tourists.

Montenegrin agriculture policy is disjointed. Some significant policy development and changes are clearly necessary. More attention needs to be given to defining a framework for rural development and to move sector support to “green box measures”. In addition, there is a need to address the challenges of adapting the agricultural sector and rural areas to the demands of the Common Agricultural Policy (CAP). This means creating adequate institutional capacity to implement rural development strategies. It also includes legislative changes and amendments to the law on agriculture and rural development following the recently adopted strategy. The process of legislative harmonisation should be accompanied by strengthening the institutional structure of MAFWM in policy analysis and development. That is something this proposed project seeks to address through capacity building measures and organisational changes in the MAFWM, with a separate unit for rural development.

Finally, in order to tackle these challenges, Montenegro expects to use the Instrument for Pre-Accession Assistance (IPA). This project will support the administrative capacity building for the future implementation of the pre- accession instruments. As this is a process that takes up to three years it is necessary to start early. A “National Programme for Food Production and Rural Areas Development for the period 2009 – 2013”, based on the related Strategy

¹ Budgetary support for agriculture and rural development in Montenegro has been growing. In 2002, the budget of the MAFWM amounted to € 6 million; by 2008 it had increased to € 14.7 million. Measures to encourage rural development are also increasing: in 2002, € 1.6 million were invested in rural development, whereas in 2008 it stands at € 6 million. Yearly budget reviews show changes in the level and structure of the budget, and changes in the incentive measures. In earlier years direct payments (milk subsidies, premiums for plant and livestock production, etc.) predominated. In the last few years, programmes designed to stimulate agriculture as a whole (expert services and laboratories, investment in rural infrastructure, training, promotion of agro-food products, etc.) has grown.

produced in 2006, will be available by the end of October 2008. This document will form the basis for the IPA Rural Development Programme, this document includes situation analysis, long-term and mid-term objectives, selection and description of measures groups and individual measures for market and prices policy, rural development and public support services for agriculture and rural areas. It includes also the financial frame for a 5 year budget at the level of individual measures. It includes also pre-selection of IPARD measures. IPARD will, in addition, require structures capable of programming and administering rural development policy. Most future external funding for this ambitious reform in rural development will come from the IPARD. The IPA Regulation envisages the creation of a Paying Agency as a means of managing financial support under Component V. In addition to IPA funding, the IPARD Paying Agency may be responsible for managing nationally funded rural development measures and is to become, in effect, an embryonic agency for subsidies and support under the CAP if and when Montenegro joins the EU. Along with the system to administer financial flows, a special information system to track policy implementation will be needed.

In 2008 EAR charged a team of EU and Montenegrin experts to support the MAFWM in the preparation of other essential documents besides the said “National Programme for Food Production and Rural Areas Development for the period 2009 – 2013”, in preparation for IPA funding, to be finalised by the end of 2008, in particular:

- New framework legislative act on agriculture and rural development
- A description of the institutional steps to be undertaken for the implementation of IPARD, including staffing requirements for the Managing Authority and the IPARD Paying Agency
- A reorganisation plan of the MAFWM in line with IPARD requirements

The above documents form the basis for the implementation of the present project.

The new programming and administrative structure must be capable of tasks, such as: (i) identifying the structural needs of rural areas; (ii) development, implementation and management of rural development programmes; (iii) control of financial flows and new measures; (iv) monitoring, reporting, control and evaluation of programmes; and (v) preparation for successful programming, implementation and absorption of pre-accession funds (IPARD). Staffing and human resources development will be crucial in order to cope with these new tasks.

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

The project aims to build the capacity of MAFWM to develop, implement and monitor an EU compatible rural development system. The expected **impact** in the long run is the improvement of living conditions in Montenegro rural areas, while improving the competitiveness of some local agricultural products that find suitable agro-ecological conditions.

This proposed project is expected to have the following **catalytic effects**:

- increases in employment rates in rural areas and shift from subsistence to a more market oriented agriculture;

- additional income available which may be invested, if adequately supported, in economic activities such as rural tourism, etc;
- vacated rural areas more attractive for tourism;
- decrease of migration flow from rural areas to urban areas;
- better market placement for typical agricultural products thanks to the expanded use of the denominations of origin.

The **sustainability** will depend upon the degree of political commitment, as a substantial strengthening of the manpower capacity of the MAFWM is needed. On the other hand, the re-organisation of the institutions dealing with rural development has to strike a balance between administrative needs and actual resources likely to be available for the rural development measures. In other words, there needs to be a public management system for rural development, proportionate to the amount of funds to be managed.

It is expected that the adoption of an EU compatible rural development system will foster the economic opportunities at local level for technical collaboration with the neighbouring states (all of whom are candidate or potential candidate countries), thus creating a **cross-border impact**.

3.3 Results and measurable indicators:

Result 1. The IPA Rural Development Programme is ready for submission to the Commission.

Indicators:

- SWOT analysis and sector studies carried out.
- Detailed analysis of socio-economic and environmental conditions in rural areas available
- Review of hygienic conditions, food safety and quality of agro-food sector carried out
- Specific assessment of conditions of less favoured areas (specifically mountain pastures) available
- Evaluation of rural infrastructure, mechanisation and equipment endowment of farms carried out
- Chapter on information strategy adopted.
- Ex-ante evaluation report favourable.
- IPA Rural Development Programme adopted.

Result 2. The capacity within MAFWM for strategic decision making in agriculture policy has been improved.

Indicators:

- Economic and policy analysis studies based on available data and indicators have been carried out by the MAFWM.
- The co-operation and co-ordinations mechanisms between the different departments within MAFWM are formalised and operated.

Result 3. MAFWM prepared for playing its role as IPARD Managing Authority responsible for measures implementation.

Indicators:

- Regulation and ministerial orders establishing the Managing Authority approved.
- Organisational chart of the measures' implementation department adopted and in place.
- Staff is adequately trained.

Result 4. National legislation and secondary legislation of IPA Rural Development compliant with the relevant Rural Development *acquis communautaire* adopted.

Indicators:

- IPA regulations 1085/2006 and 718/2007 adopted in national legal instruments.
- Prioritised laws have been harmonised with the *acquis*.

Result 5. Procedures for Rural Development measures implementation prepared.

Indicators:

- Book of procedures officially approved
- Manuals, guidelines and other documents for the administrative and technical checks of Rural Development measures prepared and available to relevant staff.

Result 6. The IPARD Paying Agency accredited.

Indicators:

- Regulation and ministerial orders related to the IPA Paying functions approved
- Organisational chart of the unit approved
- Unit structure in place
- New staff recruited (at least 20 persons)
- All staff trained to fulfil their tasks
- All staff working according to new job descriptions.
- Audit on accreditation progress carried out
- National Accreditation granted

Result 7. IT system installed, tested, up and running.

Indicators:

- Software and hardware needs assessed.
- Supply contract as per contract specified in 3.4.3 launched
- Bids evaluated and supply contract awarded.
- HW and SW delivered (through the supply contract in 3.4).
- HW and SW installed and tested.
- All planned performance and functional tests passed.
- IT system for collecting applications and performing assessments with all designed functionalities is in place and fully operational in the specified production environment.
- All users and system administrators are trained in order to be capable of working with the system.

Result 8. The involvement and information of agriculture stakeholders on rural development policy and initiatives is increased.

Indicators:

- Information programme and campaign for IPARD potential advisers and applicants prepared.
- About 20 workshops and seminars for extension advisors carried out.
- About 1,000 stakeholders, including interested applicants, reached by workshops, seminars and meetings.
- About 30% of the rural population reached by spots and media broadcasts.
- Extension advisers' network in place.
- Helpdesk for stakeholders up and running.
- About 20,000 leaflets and 1,000 posters printed and distributed.

3.4 Activities

In order to obtain the above mentioned objectives and results, the activities of the project will be organized in 3 main components complemented with the activities for technical support of the project

Component 1: preparation of IPA Rural Development Programme

The aim of this component is to prepare the IPA Rural Development Programme in line with the European Commission rules.

The activities specified below are those identified to implement in a logical sequence the envisaged system for prepare the Rural Development Programme.

Activities related to result 1: Preparation of the IPA Rural Development Programme

- Support the MAFWM in adopting appropriate solutions to carry out the priorities established within the “Montenegro’s Agriculture and the European Union - Food production and Rural Development Strategy” through the corresponding set of measures and, if required, by specific sector studies.
- Support the MAFWM in the preparation of a draft of the IPA Rural Development Programme containing: a SWOT analysis of the situation, the justification of the priorities chosen, information on the axes and measures proposed, the financing plan and the description of the monitoring and evaluation systems.
- Prepare detailed measure fiches for the chosen Rural Development measures to be implemented under the programme identifying: the rationale for intervention, the objectives, the scope and actions, indicators, quantified targets and where appropriate beneficiaries.
- Provide assistance in the preparation of terms of reference and tender dossier for the ex-ante evaluation.
- Prepare monitoring and evaluation system (indicators, procedures, etc..)
- Prepare implementation procedures of the proposed measures
- Identify the target groups and prepare the programme’s communication strategy.

Activities related to result 2: Support MAFWM for strategic decision making in agriculture policy

- Analyse the current institutional and administrative organizational framework. Identify gaps and the recommendations to adjust the institutional managing capacity. Prepare recommendations on Common Agricultural Policy requirements and communication needs with EC services. Within this activity, the new IPARD management framework will be defined.
- Define the data purpose and requirements, including the definition of responsibilities within MAFWM:
 - Assessment of current situation regarding agricultural data collection and management in the MAFWM.
 - Identification of missing data with respect to agricultural policy adaptation.
 - Setting up of a pool able to provide the data collection in the framework of agricultural policy adaptation.

Activities related to result 3 : Support MAFWM for playing its role as IPARD Managing Authority

- Prepare the master plan for IPARD implementation, monitoring and evaluation containing: the organizational chart, the definition of tasks and responsibilities and the segregation of roles and functions of the different involved departments.
- Provide a job description identifying the tasks of the staff involved in the Rural Development measures implementation. In particular the document shall contain:
 - An assessment of the actual administrative competence and of the needs and gaps relating to the new functions and responsibilities.
 - Staffing needs and the relevant skills improvement for existing and future additional personnel to comply with the Rural Development Programme implementing functions.

Activities related to result 4 : Update National legislation and secondary legislation of IPA Rural Development compliant with the relevant Rural Development *acquis communautaire*

- Carry out an analysis and overview of the existing national legislation relevant for the implementation of IPA Rural Development and provide advice on the needs and gaps for updating the legislative framework in order to comply with the *acquis communautaire*;
- Support the MAFWM preparing and in adopting the new national legislation updated according to the advice provided and for preparing secondary legislation useful for implementation of IPA Rural Development.

Activities related to result 5 : Prepare the procedures for Rural Development measures implementation

- Provide assistance in the definition of the books of procedures for the administrative and technical checks on the following issues:
 - Selection criteria, setting up ranking lists, contracting schemes;
 - Exchange of monitoring and reporting data;
 - Financial flow and financial audit procedures.
- Prepare manuals, guidelines and other documents for the implementation of Rural Development measures (a step by step approach: flow of the procedures, including necessary tools like checklists, guidelines and forms, for each operational phase).
- Define the controls framework by the definition of tasks and responsibilities for on the site, on-the-spot and ex post controls. Define the guidelines and checklists for each one of these controls to ensure a recorded control trail.

Component 2: Setting up an accredited the Montenegro IPA Rural Development Paying Agency

The aim of this component is to set up an accredited the Montenegro IPA Rural Development Paying Agency. The activities specified below are those identified to implement in a logical sequence the envisaged system for the accreditation the IPARD Paying Agency.

Activities related to result 6: Setting up and functioning of the IPARD Paying Agency

- Support the establishment of the MAFWM unit playing the IPARD paying functions and strengthen its administrative capacity.
- Prepare an organisational chart of the MAFWM unit playing the IPARD paying functions.
- Identify the tasks and scope of the main IPARD paying unit functions (payments authorization, payment execution, accounting, internal controls and audit).
- Prepare the job descriptions of the staff involved and the guide book of procedures for the payment of IPA Rural Development funds.
- Assess the staffing needs and the relevant skills improvement for existing and future additional personnel to comply with the job description.
- Support and train the MAFWM unit playing the IPARD paying functions all along the way leading to its accreditation as the IPA Rural Development Paying Agency.
- Implementation of a self assessment and management control system.

Activities related to result 7: Installation of the IT system for the Rural Development measures

- Identify the information and data sets requested to establish a pre-accession Rural Development Fund management.
- Start up the fulfilling of relevant registers of farms, land and animals.
- Design an IT system for collecting applications and performing assessments for the selected Rural Development measures.
- Assistance in the preparation of technical specifications and tender dossier for the procurement of software and hardware.
- Support in the launching of tender for IT HW and SW, evaluation of bids and finalisation of supply contract.
- Testing of installed HW and SW.

Component 3 - Capacity building and awareness raising on IPARD

The Component will contribute to achieve all the project's results through the dissemination of information and transfer of know-how to the beneficiary institution staff. Moreover the component will provide the potential stakeholder with the needed information in order to maximize the use of IPARD funds.

Activities related to results 1-7: Training of the staff of the rural development institutions

- Analyse the training needs, examine available solutions and determine the course of training action according to the new functions, tasks and related improvement of working methods.
- Prepare the methods and content of the training programs on the basis of the analysis of training needs. The training program should be based on on-the-job training method, using the training-of-trainers approach.
- Provide training sessions, mainly devoted to the following subjects:
 - Improve the administrative competence of the staff of the structure responsible for IPA Rural Development Paying functions in the relevant tasks;
 - Improve the administrative competence of the staff responsible for Rural Development programming in the relevant tasks;
 - Improve the implementing staff competence for the relevant tasks described in the adopted procedures, manuals and handbooks;
 - Prepare trainers to train the new recruited staff, on the basis of on-the-job training programs.
- Carry out practical training sessions, by internships and study visits in the Member States, to verify the functioning of the different institutions giving to the participants the opportunity to exchange experiences and good practices with officials of visited countries.

Activities related to result 8: Involvement and information of agricultural stakeholders in the implementation of rural development.

- Prepare a plan to implement the communication strategy for Rural Development Programmes as per specific task 1.3.1 above.
- Provide recommendations for the establishment of the extension advisory network.
- Carry out workshops, seminars, regional meetings, etc.
- Prepare the guide book for measures' application forms and project development (development of a helpdesk for applicants including communication, brochures and meetings).
- Design and printing leaflets, posters and media activities.

3.5 Conditionality and sequencing:

The project has to meet the following conditions:

1. The Government of Montenegro provides the necessary funding for increased manpower where applicable.
2. The relevant national legal framework is translated and available.

3. All key stakeholders will have to endorse the project fiche, terms of reference and/or technical specifications for individual contracts.
4. Working space and facilities by the beneficiary for technical assistance before the launch of the tender process have to be allocated.
5. The provision of co-financing of € 0.2 million by the Government in order to procure the necessary equipment is assured.
6. The provision of co-financing of € 0,5 million by the Government for strengthening the staffing and organisation of the Rural Development sector of the MAFWM is assured.

3.6 Linked activities

As a general note it should be observed that Rural Development is identified as a priority area by different national and international cooperation agencies, thus there are two concrete risks to be avoided: one is obviously overlapping of actions and the second one is that the some initiatives do not build upon progress and lessons from other ones.

The **CARDS** 2005 project “Development and Implementation of an Animal Identification and Registration System” concluded its operations in March 2008 with an investment of € 1.7 million. Further actions to extend animal identification to small ruminants and develop a veterinary information system (IPA 2007, worth € 1.4 million) are also complementary and this programme will not duplicate actions already underway. The animal identification and veterinary surveillance system will provide animal health and veterinary public health information on live animals up to the point of slaughter. This network should be linked to the food safety network to provide complete farm to table traceability.

Italian Cooperation has funded a 3 year (2005-2008) project in the Municipality of Ulcinj to support local farms through micro-credit and providing technical assistance to develop the quality of agro-food products in accordance with EU standards The project received funds for € 1,5 million and a new project still focused on agro-food quality is under consideration for the next 3 years.

LUXDEV terminated in 2007 the first phase of a Forestry Development Project in Montenegro and an action fostering the development of milk-entrepreneurship in East-North Montenegro. The latter action valued almost € 3 million had the main objective of developing rural income-generating activities, mainly through the improvement of the dairy sector.

From the beginning of 2007 the second phase of the Forestry Development Project started. All together the action in two phases will have received € 6 million. The main purposes of the second phase will be as follows:

- to build upon and consolidate the achievements of the first phase by strengthening the operational capacities of the Forest institutions and actors of Montenegro;
- to drive in the revised forest management planning system in a more strategic and comprehensive framework for forest sector development;
- to take advantage of investments and opportunities to significant changes to both legislative and institutional frameworks to get closer to EU standards and legislation

In addition, the Dutch Foundation **SNV** carries out a rural resource management programme in Northern Montenegro focusing on harmonising conflicting demands for the use of resources by different sectors within rural areas and by the urban population.

Between 2004 and 2007, **Caritas-Luxemburg**, focusing in North municipalities and for a value of € 270,000, carried out an action for supporting cattle raising. Among other small-scale initiatives in rural development, GTZ's enhancement of the economic competitiveness of rural cross-border regions and the EU information centre for Montenegrin Agriculture of the Slovak Foundation for Civil Society Development are worth mentioning.

The **Austrian** Development Agency has contributed € 2,9 million since 2004 to support five communities of the region Bjelasica & Komovi (Andrevica, Berane, Bijelo Polje, Kolasin and Mojkovac). Hiking paths run by the communities have been erected, mountain huts have been constructed, hiking maps have been published, and community infrastructure has been upgraded through a small project fund. A regional tourism organisation was founded, which has diversified the touristic offer through mountain biking, kayaking and cross-country skiing. The ADC is preparing a tender on Sustainable Regional and Tourism Development in the North of Montenegro in 2009, which should be considered for this particular project in order to achieve complementarity. Concrete results of the Austrian-Montenegrin Partnership in the field of rural development have been achieved during the last 5 years.

USAID for a value of \$ 1 million between 2002 and 2007 delivered numerous grants for income generation activities in rural areas.

The **World Bank** is negotiating with the Government a project valued approximately € 16,5 million (including € 3 million of government co-financing) and called "Montenegro Institutional Development and Agriculture Strengthening (MIDAS)". At the moment of drafting this fiche, discussions are revolving around the two large components:

- Strengthening the MAFWM's rural development programme with particular emphasis on (i) facilitating a rural development grants programme, with a probable strand on furthering the objectives of the Global Environment Facility; and (ii) developing the capacity of the advisory services consisting of the Plant Production Extension Service and the Livestock Selection Service.

Strengthening the MAFWM's administrative and management capacity in accordance with EU pre-accession requirements, in particular, (i) establishing a rural development unit as a proto-managing authority responsible for the national rural development programme; (ii) supporting the Ministry's systematization plan through the provision of IT and office equipment, training, technical assistance and design and construction of a proposed House of Agriculture (for which a feasibility study is likely to be funded by IPA 2007 ATA funds); (iii) implementing an Agricultural Census; (iv) supporting the establishment of a farm register and other administrative registers; (v) furthering the first steps leading to the establishment of a proto-type Paying Agency (e.g.: refurbishment or construction of a suitable facility, IT and office equipment, technical assistance if required, and training); (vi) creating a modern food safety system (broad laboratory support, veterinary and phyto-sanitary border controls –Podgorica Airport and Port of Bar-, and disposal of animal by-products).

A close inter-donor coordination and Ministerial guidance will be necessary in order to achieve synergy, timely sequencing and impact with the WB arrangements.

As both the present IPA project and the World Bank MIDAS project are complementary to each other and will develop activities in the same subject areas, in addition, one is not possible without the other; overlapping will have to be avoided through close coordination with the three actors together: Government (Ministry and SEI), World Bank and ECD. Coordination mechanisms will have to be established before the project starts, as conditionality.

Complementarity is also inherent to the difference of financial instruments: WB loan and EU grant. This means that the WB funds can be spent on items that are normally not eligible for EU grant funding.

In addition, the technical specifications for the supply will only be finalised after a needs assessment is carried out taking into account what the MIDAS project will have already financed.

The institution building funds provided by MIDAS project in the first year could significantly contribute to assure the conditions set in this project fiche for the implementation of the envisaged technical assistance support (in particular staffing and equipped offices, including basic communication and information system).

The **CARDS** 2006 project "Programming and upgrading of rural development in Montenegro" (€ 0.2 million) executed in the current of 2008 supported the MAFWM with preparation of some key documents to proceed further in the development of a IPARD compatible system. A team of EU and Montenegrin experts produced notably the following documents:

1. Draft proposal for reorganisation of MAFWM
2. Analysis of the organization and planned evolution of the Rural Development system in accordance with IPA regulations
3. National Programme for Agriculture, Food Production and Rural Areas Development 2009 – 2013
4. Draft Framework Law on Agriculture and Rural Development
5. Survey for preparation of NPARD with the key players on agrarian policy issues

3.7 Lessons learned

The preparatory phase for this project fiche has included extensive consultation to gain an insight into the needs for the programme from the point of view of stakeholders and beneficiaries.

- *Enforcement*: There has already been some effort to deal with the legal framework in the country. The capacity to enforce the law, however, has to receive more attention. This project will put emphasis on administrative capacity and inter-agency cooperation, necessary to ensure proper implementation and harmonisation of policies..
- *Conditionality*: Often project implementation is hampered by both insufficient staff and resources allocated to institutions/departments which does not allow for appropriate implementation of the mandate of the concerned department. The project

will tackle this shortcoming in terms of staff and operational funding through the Organisation and Management Study. It is also crucial that main stakeholders release staff from their multiple duties in order to achieve high level participation in the project activities. Top ranking officials in key partner institutions will be then sensitised on this topic.

- *Effective training activities:* Past experience shows that a properly organised training effort as opposed to ad hoc organised training is crucial. Therefore, the concept and delivery of training must be based on the priorities agreed with the stakeholders in order to foster the career development of their personnel. But the actual delivery of the training must be primarily locally-based and concentrated to ensure maximum impact and to avoid disruption to other functions of the stakeholder institutions. Training delivery is more efficient if it comprises a) structured seminars, b) strategic mentoring services for key officials and c) peer learning activities to ensure coherence and value from knowledge and skills acquired through the various capacity building activities. Trainers should not be theoreticians but seasoned public practitioners with ample knowledge of the institutional and operational aspects of the subject. They should illustrate their lectures with a wide variety of case studies.
- *Advocacy and Awareness:* it is important to note that the implications of the new food safety system are relatively unknown, not only to wider, but to some extent to the professional public, including the primary production and processing sectors. Therefore the project will pay special attention to awareness raising and consultations with all interested parties.
- *Right combination of expertise:* the combination of experts under the ongoing technical assistance project (old Member States and new Member States and Potential Candidate Countries) has proved to be quite effective in blending tradition, innovation and quick adaptability to meet the needs of an emerging market economy. The subsequent ToRs will build on this lesson.
- *Absorption of funds:* Good absorption of EU funds requires a well designed IPARD Programme with suitable criteria. It also requires an effective public awareness campaign both about the potential support; and about the availability of rural credit facilities so that potential beneficiaries can gain access to co-financing.
- *Establishment costs:* The costs of establishment of the Paying Agency heavily depend on the organisational structure of the institutions, chosen measures and criteria for approval of projects. These factors will be taken into account in the project design.
- *Extension service:* With the establishment of the Paying Agency, the extension service should be strengthened to provide training for beneficiaries in EU standards and cross-compliance requirements. It should support the beneficiaries in developing business plans and completing applications for Rural Development Funds. Therefore, well trained staff of the extension service in suitable application procedures and better identification of farmer needs will be a must.
- *Law making authority:* In addition to strengthening the capacity of the executive authorities, the law-making authorities should be supported for a more rapid association with European Integration processes and ensuring general consensus on the future development of agriculture.

- *IT support:* Not only the proper IT system is required, but also a sufficient number of qualified IT experts, who are able to offer the proper support for the PA work. This can be accomplished with the early involvement of the competent internal IT department or via outsourcing. Usually the balanced combination of both solutions has to be determined through practice.

The project also has an inclusive dimension by which the main stakeholders in rural development (governmental institutions, producers, processors and extension service) are likely to find their interests represented in the wider scope of project activities.

4. Indicative Budget (amounts in €)

			SOURCES OF FUNDING									
			TOTAL EXP.RE		IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION
ACTIVITIES	IB	INV	EUR (a)=(b)+(c)+(d)	EUR (b)	%	Total EUR (c)=(x)+(y)+(z)	%	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	%
contract 1	X	–	1.500,000	1.500.000	100							–
contract 2	X		500.000			500.000	100			500,000		
contract 3	–	X	200,000			200,000	100	200,000				–
.....												
TOTAL IB			2,000,000	1,500,000	75	500,000	25			500,000		
TOTAL INV			200,000			200,000	100	200,000				
TOTAL PROJECT			2,200,000	1,500,000	68.2	700,000	31.8	200,000		500.000		

Amounts net of VAT

Contract 1 is expected to be a Twinning contract.

IB co-financing will be provided through a set of activities under the MIDAS project (grouped under contract 2 on the table).

Part of activities related to result 7 (under Component 2) will be implemented also through a supply (contract 3 on the table) which will be funded and tendered by the Montenegrin Government.

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

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1 (TA)	Q1/2009	Q3/2009	Q1/2011
Contract 2 (IB counterpart funds from MIDAS)	Q1/2009	Q3/2009	Q1/2011
Contract 3 (supplies)	Q3/2009	Q4/2009	Q1/2010

Contract 2 and 3 are not under the competence of the Contracting Authority and represent the parallel national public contribution. It is expected that it will be possible to launch the tender for Technical Assistance between the first and the second quarter of 2009.

6. Cross cutting issues

6.1. Equal Opportunity

The proposed project will be equal opportunity sensitive and ensure access of women, disabled and elderly, particularly with regard to access to training and increasing opportunities for business expansion, employment and career advancement. The advertising of job vacancies and agriculture support measures will be by fair and open competition.

Gender, disability and old age needs will be considered as an integral part of the programme and especially under the National Rural Development Programme, with regular monitoring to ensure these issues are given due prominence. In particular, under Activity 5, the training will ensure that equal opportunity issues are properly addressed. Equal opportunity will also be taken into account during training needs analysis.

6.2. Environment

This proposed project will have a major environmental impact. Better land use as well as rational use of inputs in agriculture will ensure a more sustainable use of natural resources, thereby contributing to environmental protection. In particular, harmonisation with the EU Rural Development system will bring two important elements of improvement in the protection of the natural environment:

- The cross-compliance principle, which has become an inherent feature in the EU Rural Development policy, guarantees, through a specific set of obligations, that Rural Development measures comply with the requirements of the *acquis communautaire* on the environment;
- A significant part of the Rural Development Programme will encompass the so-called agro-environmental measures that will push farmers into operating not only as producers of agricultural goods, but also as protectors of the environment.

6.3. Minorities

The programme will be sensitive to minority issues and will ensure access of all ethnic groups to resources and services. The needs of minorities will be considered as an integral part of the programme, especially under the National Rural Development Programme. There will be regular monitoring to ensure these issues are given due prominence. In particular, under Activity 5, the training will ensure that minority issues are addressed. Minorities will also be taken into account during training needs analysis and information campaigns.

At the start of the project, consultations will be held with the Ministry of Minorities to assess the need to present information in the Albanian language in those areas where it is widely used.

ANNEXES

1 - Logical framework matrix in standard format

2 - Amounts contracted and disbursed per quarter over the full duration of the programme

3 - Description of Institutional Framework

4 - Reference to laws, regulations and strategic documents

5 - Details per EU funded contract

ANNEX I: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR		Programme name and number	
<u>Support to the Establishment of the IPA Rural Development programming and Implementation System in Montenegro</u>		Contracting period expires: Two years after the signing of FA	Disbursement period expires: 1 year after the execution of contracts
		Total budget: € 2.2 million	IPA budget: € 1.5 million
Overall objective	Objectively verifiable indicators	Sources of Verification	
To enhance the rural development of Montenegro in line with the requirements of the Stabilization and Association Process, and the adoption of the <i>acquis communautaire</i>	Rural development statistics and indicators showing higher competitiveness of domestic agriculture, improvement of rural infrastructure and rural living conditions. Amount of IPARD funds disbursed.	Published statistics. Ad hoc surveys. EC reports on Montenegro. Reports of international agencies.	Continued Political Commitment to adopting the <i>acquis communautaire</i> on rural development. Budgetary resources available
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
To help create the institutional, strategic and legislative setup required for the MAFWM to implement rural development policy in line with the demands of the rural development component of the Instrument for Pre-Accession (IPA)	MAFWM new organisation in line with IPARD requirements. Enforced legislation on agriculture and rural development. Rural Development Programming documents coherent with IPARD requirements	Acts and Decrees of MAFWM. Official Gazette. Rural Development Programming documents published by the MAFWM	Adequate resources made available to staff and to guarantee operations of the public instruments for rural development

Results:	Objectively verifiable indicators	Sources of Verification	Assumptions
Result 1: The IPA Rural Development Programme is ready for submission to the Commission	SWOT analysis and sector studies carried out. Detailed analysis of socio-economic and environmental conditions in rural areas available Review of hygienic conditions, food safety and quality of agro-food sector carried out Assessment of conditions of less favoured areas available Evaluation of rural infrastructure, mechanisation and equipment of farms carried out Chapter on information strategy adopted. Ex-ante evaluation report favourable. IPA Rural Development Programme adopted	Ministerial Decrees, MAFWM official documents Government publications	Continued political support to implementation of the <i>acquis</i> related to rural development Government institutions assure stakeholders involvement and consultation Resources made available for operational costs of IPARD Paying Agency
Result 2: The capacity within MAFWM for strategic decision making in agriculture policy has been developed.	Economic and policy analysis studies based on available data and indicators have been carried out by the MAFWM. The co-operation and co-ordinations mechanisms between the different departments within MAFWM are formalised and operated.	Project reporting, internal documents of the Ministry of Agriculture	Continued political support to implementation of the <i>acquis</i> related to rural development
Result 3 : MAFWM prepared for playing its role as IPARD Managing Authority responsible for measures implementation.	Regulation and ministerial orders establishing the Managing Authority approved. Organisational chart of the measures' implementation department adopted and in place. Staff is adequately trained	Organisational charts of rural development institutions, training reports	Commitment to undertake the needed IT investments
Result 4 : National legislation and secondary legislation of IPA Rural Development compliant with the relevant Rural Development <i>acquis communautaire</i> adopted.	IPA regulations 1085/2006 and 718/2007 adopted in national legal instruments. Prioritised laws have been harmonised with the <i>acquis</i> .	Official Gazette Government internal documents	Budgetary resources for staffing programming and control institutions available
Result 5 : Procedures for Rural Development measures implementation prepared.	Book of procedures officially approved Manuals, guidelines and other documents for the administrative and technical checks of Rural Development measures prepared and available to relevant staff	Project reports, direct survey, datasheets Ministerial Decrees and circulars,	Government institutions assure stakeholders involvement and consultation

<p>Result 6: IPARD Paying Agency is accredited</p>	<p>Regulation and ministerial orders related to the IPA Paying functions approved Organisational chart of the unit approved Unit structure in place New staff recruited (at least 20 persons) All staff trained to fulfil their tasks All staff working according to new job descriptions. Audit on accreditation progress carried out National Accreditation granted</p>	<p>Audit accreditation report Training reports</p>	
<p>Result 7 : IT system installed, tested, up and running.</p>	<p>Software and hardware needs assessed. Supply contract launched Bids evaluated and supply contract awarded. HW and SW delivered (through the supply contract in 3.4). HW and SW installed and tested. All planned performance and functional tests passed. IT system for collecting applications and performing assessments with all designed functionalities is in place and fully operational in the specified production environment. All users and system administrators are trained in order to be capable of working with the system.</p>	<p>Datasheets and internal documents of the MAFWM</p>	
<p>Result 8 : The involvement and information of agriculture stakeholders on rural development policy and initiatives is increased.</p>	<p>Information programme and campaign for IPARD potential advisers and applicants prepared. About 20 workshops and seminars for extension advisors carried out. About 1,000 stakeholders, including interested applicants, reached by workshops, seminars and meetings. About 30% of the rural population reached by spots and media broadcasts. Extension advisers' network in place. Helpdesk for stakeholders up and running. About 20,000 leaflets and 1,000 posters printed and distributed.</p>	<p>Governments publications and media releases</p>	

Activities	Means	Costs	Assumptions
<p>Component 1</p> <p>To prepare the IPA Rural Development Programme in line with the European Commission rules.</p> <p>The activities specified below are those identified to implement in a logical sequence the envisaged system for prepare the Rural Development Programme.</p> <p>Activity 1 Preparation of the IPA Rural Development Programme</p> <p>Support the MAFWM in adopting appropriate solutions to carry out the Rural development strategy.</p> <p>Support the MAFWM in the preparation of a draft of the IPA Rural Development Programme.</p> <p>Prepare detailed measure fiches for the chosen Rural Development measures.</p> <p>Provide assistance in the preparation of terms of reference and tender dossier for the ex-ante evaluation.</p> <p>Prepare implementation procedures of the proposed measures</p> <p>Identify the target groups and prepare the programme’s communication strategy.</p> <p>Activity 2: Support MAFWM for strategic decision making</p> <p>Analyse the current institutional and administrative organizational framework.</p> <p>Define the data purpose and requirements, including the definition of responsibilities within MAFWM.</p>	<p><u>Twinning contract</u></p> <p>One Twinning contract, whose value is € 1,5 Million (the duration of the contract will be 18 months); with a RTA and other 3 key experts and a package of medium/short term missions and specialised training</p>		<p>Budgetary resources available to provide counterpart funding to EU support</p> <p>Availability and full commitment of adequate counterpart staff</p> <p>Budgetary resources available to provide counterpart funding to EU support</p>

Activities	Means	Costs	Assumptions
<p>Activity 3: Support MAFWM for playing its role as IPARD Managing Authority</p> <p>Prepare the master plan for IPARD implementation, monitoring and evaluation.</p> <p>Provide a job description identifying the tasks of the staff involved in the Rural Development measures implementation.</p> <p>Activity 4: Update National legislation and secondary legislation</p> <p>Carry out an analysis and overview of the existing national legislation relevant for the implementation of IPA Rural Development and provide advice on the needs and gaps</p> <p>Support the MAFWM preparing and in adopting the new national legislation updated according to the advice provided and for preparing secondary legislation</p> <p>Activity 5: Prepare the procedures for Rural Development measures implementation</p> <p>Provide assistance in the definition of the books of procedures for the administrative and technical checks.</p> <p>Prepare manuals, guidelines and other documents for the implementation of Rural Development measures.</p> <p>Define the controls framework by the definition of tasks and responsibilities for on the site, on-the-spot and ex post controls.</p> <p>Component 2 To set up an accredited the Montenegro IPA Rural Development Paying Agency.</p> <p>Activity 1: Setting up and functioning of the IPARD Paying Agency</p> <p>Support the establishment of the MAFWM unit playing the IPARD paying functions and</p>			<p>Availability and full commitment of adequate counterpart staff</p> <p>.....</p>

Activities	Means	Costs	Assumptions
<p>strengthen its administrative capacity.</p> <p>Prepare an organizational chart of the MAFWM unit playing the IPARD paying functions.</p> <p>Identify the tasks and scope of the main IPARD paying unit functions (payments authorization, payment execution, accounting, internal controls and audit).</p> <p>Prepare the job descriptions of the staff involved and the guide book of procedures for the payment of IPA Rural Development funds.</p> <p>Assess the staffing needs and the relevant skills improvement for existing and future additional personnel to comply with the job description prepared in activity 1.5.4.</p> <p>Support and train the MAFWM unit playing the IPARD paying functions all along the way leading to its accreditation as the IPA Rural Development Paying Agency.</p> <p>Implementation of a self assessment and management control system.</p> <p>Activity 2: Installation of the IT system for the Rural Development measures</p> <p>Identify the information and data sets requested to establish a pre-accession Rural Development Fund management.</p> <p>Start up the fulfilling of relevant registers of farms, land and animals.</p> <p>Design an IT system for collecting applications and performing assessments for the selected Rural Development measures.</p> <p>Assistance in the preparation of technical specifications and tender dossier for the procurement of software and hardware.</p> <p>Support in the launching of tender for IT HW and SW, evaluation of bids and finalisation of supply contract.</p> <p>Testing of installed HW and SW.</p> <p>Component 3 Dissemination of information and transfer of know-how to the</p>			

Activities	Means	Costs	Assumptions
<p>beneficiary institution staff</p> <p>Activity 1: Training of the staff of the rural development institutions</p> <p>Analyse the training needs.</p> <p>Prepare the methods and content of the training programs.</p> <p>Provide training sessions.</p> <p>Carry out practical training sessions, by internships and study visits in the Member States.</p> <p>Activity 2: Involvement and information of agricultural stakeholders</p> <p>Prepare a plan to implement the communication strategy for Rural Development Programmes as per activity 2.5 above.</p> <p>Provide recommendations for the establishment of the extension advisory network.</p> <p>Carry out workshops, seminars, regional meetings, media activities etc.</p> <p>Prepare the guide book for measures' application forms.</p> <p>Design and printing leaflets, posters and media activities.</p>	<p><i>Supply of equipment and software with an external contract funded and managed by the National Authority (€0.2 million)</i></p> <p>The purpose of the supply is to provide the hardware and software for connecting the Managing Authority, IPARD Paying agency and other relevant partners and ensure the maintaining of statistical information on implementation in computerized form and complying with the specific requirement of Regulation EC 1698/05 art. 75 b).</p>		

Activities	Means	Costs	Assumptions
			<p>Preconditions:</p> <ol style="list-style-type: none"> 1. Endorsement by all key stakeholders of the Terms of Reference or Specifications of individual contracts. 2. Appointment of counterpart personnel by the beneficiary before the launch of the tender process. 3. The beneficiary must allocate working space and facilities for technical assistance before the launch of the tender process. <p>Provision of co-finance by the Government in order to procure the necessary equipment.</p>

ANNEX II: Amounts contracted and disbursed per quarter over the full duration of the programme (€)

Contracted	Q3/2009	Q4/2009	Q1/2010	Q2/2010				
Contract 1: Twinning contract	1,500,000							
Cumulated Total	1,500,000	1,500,000	1,500,000	1,500,000				
Disbursed	Q3/2009	Q4/2009	Q1/2010	Q2/2010	Q3/2010	Q4/2010	Q1/2011	Q2/2011
Contract 1: Twinning contract	600,000				600,000		300,000	
Cumulated Total	600,000	600,000		600,000	1,200,000		1,500,000	

Contract no 2 and 3 are to be funded and implemented by the National Authorities.

ANNEX III: Description of the institutional framework

Employment structure of MAFWM

In relation to the implementation of agriculture policy, the MAFWM had 51 employees at the end of 2007. The MAFWM intends to increase the number of employees over the upcoming years in order to enhance its institutional capacity.

The plan for new recruitment is as follows:

	Employees in 2008	2009	2010	2011	2012
Direct payments and market of intervention	2	1	1	1	0
Rural development	3	3	3	3	2
Paying Agency and horizontal measures	5	8	12	8	5
Support to the process of adjustments	2	4	4	4	4
Total number of employees in the MAFWM	63	78	96	110	121

Most employees are assigned to the sector for agriculture that has the following structure:

- Department for agriculture (6 employees for the following areas: cattle breeding, orchards and vineyards, vegetable and fruit production, organic agriculture and agro-industry, international cooperation, fishery and beekeeping) and
- Department for control that have 27 employees; this department is responsible for control of the borders, internal control and control in the area of fishery.

Other employees are working in the area of economic and general affairs of the MFWM. The Minister has a Deputy for agriculture and 3 advisors for the following areas: economy, law and veterinary.

Agriculture Extension Service is present in 12 municipalities and currently (March 2008) has about 40 employees.

ANNEX IV: Reference to laws, regulations and strategic documents

Accession regulations:

- Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre- Accession Assistance (IPA)
- Corrigendum to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre- Accession Assistance (IPA) (OJ L 210, 31.7.2006)
- Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council regulation (EC) No 1085/2006 establishing an Instrument for Pre- Accession Assistance (IPA)

Budget regulations:

- Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities
- Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities
- Corrigendum to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248 of 16.9.2002)
- Corrigendum to the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 375, 31.12.2002)

Rural Development and structural fund Regulations:

- Council Regulation (EC) No 1290 of 21 June 2005 on financing the common agriculture policy
- Council Regulation (EC) No 1698 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)
- Commission Regulation (EC) No 883 of 21 June 2006 laying down detailed rules for the application of the Council Regulation (EC) No1290/2005 as regards keeping of accounts by the paying agencies, declarations of expenditures and revenue and the conditions for reimbursing expenditures under the EAGF and EAFRD
- Commission Regulation(EC) No 885 of 21 June 2006 laying down detailed rules for the application of the Council Regulation (EC) No1290/2005 as regards accreditation

of paying agencies and other bodies and the clearance of the account of the EAGF and of the EAFRD

- Council Regulation (EC) 1083/2006 of 11 July 2006 laying down of general provisions of European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999
- The Council Regulation (EC) No 1198 of 27 July 2006 on the European Fishery Fund
- Commission Regulation (EC) No 1481/2006 of 6 September 2006 laying down form and content of the accounting information to be submitted to the Commission for the purpose of the clearance of the accounts of the EAGF and EAFRD as well as for monitoring and forecasting purpose
- Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out the rules for the implementation of Council Regulation (EC) 1083/2006 laying down of general provisions of European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No1080/2006 of the European Parliament and of the Council of the European Regional Development Fund
- Corrigendum to the Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out the rules for the implementation of Council Regulation (EC) 1083/2006 laying down of general provisions of European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No1080/2006 of the European Parliament and of the Council of the European Regional Development Fund (OJ L 371, 27.12.2006)
- Commission Regulation (EC) No 1974/2006 of 15 December 2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support of rural development by the European Agriculture Fund for Rural Development (EAFRD)
- Commission Regulation (EC) No 1975/2006 of 7 December 2006 laying down detailed rules for implementation of the Council Regulation (EC) No 1698/2005 as regards the implementation of control procedures as well cross-compliance in respect of rural development support measures
- Council Regulation (EC) No1944/2006 of 19 December 2006 amending Regulation (EC) No 1698/2005 on support of rural development by the European Agriculture Fund for Rural Development (EAFRD)
- Commission Regulation (EC) No 1848/2006 of 14 December 2006 concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the common agricultural policy and the organisation of an information system in this field and repealing Council Regulation (EEC) No 595/91

ANNEX V - Details per EU funded contract

Means/Inputs

One standard Twinning contract (the duration of the contract will be 24 months); with a Resident Twinning Advisor (RTA), 3 key experts and a pool of expert for medium/short term missions. Due to the nature of the work it is essential that the twinning partner demonstrate a good experience of direct management of a Managing Authority and Paying Agency Community Rural Development Funds , possibly including also experience with pre-accession process and related agriculture and rural development support (SAPARD).

1.1 Project Leader (PL)

The PL must have at least ten years of relevant practical working experience as a high ranking official of a Managing Authority with broad knowledge of both programming and implementation of rural development policies in the context of the EU's CAP. A working experience in the setting up of the Rural Development administrative framework in Candidate Countries should be an advantage.

The PL will continue to work at his/her Member State (MS) administration but devote some of his/her time to conceive, supervise and co-ordinate the overall thrust of the Twinning project.

The PL will allocate a minimum of 3 days per month including one visit every 3 months to Montenegro as long as the project lasts.

2. Resident Twinning Adviser (RTA)

One Resident Twinning Adviser (RTA) will be in charge of setting up the structures for IPARD over 24 months.

a) Background of the RTA:

The RTA must have relevant experience as a high ranking staff working in a SAPARD agency. A previous experience as RTA or team leader in a new Member State could be an asset. He/she is also required to have a deep knowledge of all the relevant issues covered by the twinning contract, and must possess good management skills.

b) Responsibilities:

The RTA will have the overall responsibility for the smooth and timely implementation of the project, the efficient use of project's funds and management of the experts' team. In practical terms this will involving the follows:

- Co-ordinating the experts' team in all daily activities;
- Ensuring co-ordination between the project team, EC Delegation and Project's Partners;
- Ensuring proper administrative control of the project's expenditures, including the preparation of accounting and invoices documentation;

- Ensuring the preparation of all strategic project's documents (inception study, sector strategy/policy/plan, quarterly monitoring reports, final project report, training, manuals etc.);
- Together with the BC Project Leader: to nominate and mobilize the short- and medium term experts;
- Coordinate and organise training activities, workshops and public awareness activities;
- Hiring and managing support staff (e.g. secretaries, translators, interpreters);

The RTA will be also the expert responsible for supporting the MAFWM to be ready in its role as IPARD Managing Authority.

c) Qualification and skills:

- Master degree in a field relevant to this assignment, such as: agriculture, economy, rural development or politics;
- General knowledge of rural development, pre accession support and paying agencies functions issues;
- Strong written, oral and inter-personal communication skills;
- Excellent English, both spoken and written;
- Good command of Serb-Montenegrin language would be an asset.

d) General professional experience

- At least 15 years of post-graduate professional experience in an area relevant to the assignment, i.e. in developing, formulating and/or implementing policies and strategies for the agriculture and rural development sectors, not exclusively but also in countries in accession;

e) Specific professional experience

- Preferably 6 or more years of experience in a public administration with a high ranking level position in charge of the practical implementation of EU Legislation on Rural Development, membership in a Rural Development Steering Committee could be an asset;
- Preferably 3 or more years of experience as RTA or Team Leader in international EU funded projects. Experience in projects dealing with SAPARD funds management and institutional development in PHARE/CARDS/MEDA/TACIS Countries could be an advantage;

3 Key Experts

Within the expertise required for the implementation of the project the following profiles will be playing a key role:

(i) Key Expert responsible for the preparation of the IPA Rural Development Programme

The Key Expert will have the overall responsibility for the preparation of the Rural Development Programme. In practical terms this will involving the follows:

- Co-ordinating the experts' dealing with programming activities;
- Ensuring co-ordination between the project team, EC Delegation and Project's Partners;
- Ensuring the preparation of all programming documents (strategy, ex ante evaluation, measures fiche, budget breakdown, monitoring indicators, etc.);
- Together with the Project Leader: to nominate and mobilize the short- and medium term experts for the activity;
- Coordinate and organise training activities, workshops and public awareness activities;

a) Qualification and skills:

- Master degree in a field relevant to this assignment, such as: agriculture, economy, rural development or politics;
- General knowledge of rural development programming issues in pre accession countries framework;
- Excellent English, both spoken and written;
- Good command of Serb-Montenegrin language would be an asset.

b) General professional experience

- At least 10 years of post-graduate professional experience in an area relevant to the assignment, i.e. in programming and implementing policies and strategies for the agriculture and rural development sectors, not exclusively but also in countries in accession;

c) Specific professional experience

- Documented membership in a Member State team in charge of Rural Development programme preparation for both the programming period 2000-2006 and 2007-2013;
- Preferably 3 or more years of experience as Expert in international EU funded projects. Experience in projects dealing with SAPARD programme preparation and implementation in PHARE Countries could be an advantage;

(ii) Key Expert responsible for IPARD Paying Agency Implementation

The Key Expert will have the overall responsibility for the implementation of the project's activities related to the functioning of the IPARD Paying Agency, and with installation of the IT system for the Rural Development measures. In practical terms this will involving the follows:

- Co-ordinating the short term experts dealing with the IPARD Paying Agency's implementation issues in all their activities;

- Support the MAFWM unit playing the IPARD paying functions in identifying their tasks and scope;
- Support and train the MAFWM unit playing the IPARD paying functions all along the way leading to its accreditation;
- Together with the STEs design an IT system for collecting applications and performing assessments for the selected Rural Development measures;
- Assist the MAFWM in the preparation of technical specifications and tender dossier for the procurement of software and hardware.

a) Qualification and skills:

- Master degree in a field relevant to this assignment, such as: agriculture, economy, rural development or geography;
- In-depth knowledge of rural development paying agencies functions and experienced in pre accession funds management;
- Strong written, oral and inter-personal communication skills;
- Excellent English, both spoken and written;
- Good command of Serb-Montenegrin language would be an asset.

b) General professional experience

- Preferably 10 or more years of post-graduate professional experience in an area relevant to the assignment, i.e. in accounting, audit and/or internal control;

c) Specific professional experience

- Preferably 6 or more years of experience in a paying agency with a high ranking level position dealing with managing, accounting and/or controlling the EU funds, such as EAGGF, EAFRD and SAPARD, payments functions. Experience in pre-accession countries could be an asset;
- Preferably 3 or more years of experience as Expert in international EU funded projects. Experience in projects dealing with SAPARD funds payments in PHARE Countries could be an advantage.
- Excellent knowledge of the IPA RD administrative system;
- Excellent report writing capabilities.
- Extensive experience in working in multi-cultural and multi-ethnic teams

(iii) Key Expert responsible for training and information

The Key Expert 3 will have the overall responsibility for the implementation of the project's activities 5: Training of the staff of the rural development institutions, and 6: Involvement and information of agricultural stakeholders in the implementation of rural development. In practical terms this will involving the follows:

- Co-ordinating the short term experts dealing with training activities;
- Prepare the methods and content of the training programs on the basis of the analysis of training needs;
- Organize the training sessions providing the experts, the training material, the logistics and practical organization;
- Organize and co-ordinate the study tours in the different member states;
- Assist the MAFWM in the preparation the communication strategy for Rural Development Programmes;
- Organize workshops, seminars and regional meetings; assist the MAFW in design and printing leaflets, posters and media activities.

a) Qualification and skills:

- Master degree in a field relevant to this assignment, such as: training, public relations, journalism etc.;
- In-depth knowledge of rural development paying agencies functions and experienced in pre accession funds management;
- Strong written, oral and inter-personal communication skills;
- Excellent English, both spoken and written;
- Good command of Serb-Montenegrin language would be an asset.

b) General professional experience

- Preferably 10 or more years of post-graduate professional experience in an area relevant to the assignment, i.e. teaching, journalism, advertising, etc.;

c) Specific professional experience

- Preferably 5 or more years of experience in the implementation of training and dissemination of information programmes related to agriculture policy and rural development. Experience in pre-accession countries could be an asset;
- Preferably 3 or more years of experience as Expert in international EU funded projects. Experience in projects dealing with SAPARD funds payments in PHARE Countries could be an advantage.
- Excellent report writing capabilities.
- Extensive experience in working in multi-cultural and multi-ethnic teams

4 Non Key Experts

The Twinning partner shall select and hire other experts as required according to the activities identified in chapter 4.2. The experts could be seconded as long-term/short-term and

senior/junior according to the project's needs. All experts must be independent and free from conflict of interest in the accorded responsibility.

The distinction between senior and junior expert shall be made on the basis of the years of documented relevant experience. Experts having more than 10 years of relevant experience will be categorised as senior experts; experts having more than 5 years and less than 10 years of relevant experience will be categorised as junior experts, notwithstanding the duration of their assignment for this project.

The selection procedures used by the Twinning partner to select these other experts shall be transparent and shall be based on pre-defined criteria, including professional qualifications, language skills and work experience. The finding of the selection panel shall be recorded. The selection of experts shall be subject to the approval of the Contracting Authority.

Non key experts will be selected to assist project implementation in such fields as:

- Training
- Rural Development.
- Monitoring / Evaluation.
- Public Sector Finance / Accountancy.
- Information and Communication technology (e.g. software development)
- Dissemination of information.
- National Legislation.

The Twinning partner may propose other short term expertise in addition to or instead of the fields identified above.

Note that civil servants and other staff of the public administration of the beneficiary country cannot be recruited as expert unless prior written approval has been obtained from the EC Delegation.

Organisation and coordination of training courses, which are included in the Incidental expenditures, should be drafted by the Tender and proposed as a part of the technical offer.

1.3 Workshops

The method for carrying out the project's activities will foresee Joint Experts' workshops. The workshops program will be determinate using the training needs analysis method. According to the needs, during the workshops the experts will illustrate the available solutions in order to support the MAFWM in determine the course of action. The workshops will also provide inputs on the new functions, tasks and related improved working methods.

In order to obtain the expected results of the workshops aiming at development of skills of the staff involved in the IPARD EU-funded management, the BC staff will be identified according to their competences in order to accurately define the target groups.

The key experts will define the correct methods and contents of the workshops programme. The on the job approach will be the method used for define the main subjects of the workshops.

1.4 Study Tours

Five study tours are envisaged to maximize effectiveness and impact of the programme and provide useful opportunities for local staff to become acquainted with mechanisms and procedures linked to implementation of rural development programmes in EU member states.

a.) Study Tour for exchange of know-how transfer on structure and functioning of Programme Managing Authority and Paying Agency in an “old” and “new” EU member state

Duration: 5 days

Participants: 10 persons from Managing Authority and IPARD Agency.

Description: The objective of this study tour shall be to learn how an effective Managing Authority and Paying Agency combine to deliver, at all stages of the process, a successful Rural Development measure within an overall programme. The main focus will be on the end to end process and business orientated activities, from scheme initiation, application evaluation and monitoring, contract management and control, payment and accounting and reporting, post contract and scheme evaluation.

b) A study tour to exchange of know-how transfer on implementation of RD programmes and measures focussed on diversification of agricultural activities and also focussed on support of diversification of agricultural activities in mountainous areas.

Duration: 5 days

Participants: 10 persons

Description: The objective of this study tour shall be to learn how to search for opportunities to make use of local resources in rural areas, combine them with well-targeted investments, and enhance the added value of the area for the benefit of the local rural people. Important will be to exchange knowledge on possible supports of various economic activities based on the utilisation of assets of the local area, i.e. alternative agriculture, food processing, wood processing, alternative energy sources, tourism development, etc. which will bring an added value as well as jobs and the well-being to local population.

The second objective of this study tour shall be to learn how to facilitate rural development at the grass root level in the micro-region characterised by a large percentage of mountainous areas. The main focus of this study shall be to transfer the knowledge how to develop the rural area distinguished by a high level of de-population and unemployment, lack of industry, declining agriculture, and very low shares of services and tourism. Good examples should be provided on capital and job generation activities and involvement of local people in the whole process of program development and implementation.

c) A study tour to exchange of know-how transfer on implementation of networking, institutional building and partnership in rural development.

Duration: 5 days

Participants: 10 persons

Description: The objective of this study tour shall be to learn how to develop the national network and institution (e.g. Rural Parliament) which could provide the platform for local and regional NGO's working in the field of rural development. The main focus should be on transfer of knowledge linked to support of effective communication, mutual exchange of experiences and information for the benefit of rural areas, public and private investments, and formulation of bottom up rural development policy. Another objective shall be to learn how to create efficient partnership with the relevant ministries and other governmental bodies in order to achieve the real progress in development of rural areas.

d) A study tour to exchange of know-how transfer on functioning a Paying Agency and implementation the IPARD measures and IACS system

Duration: 5 days

Participants: 10 persons

Description: The objective of this study tour shall be to learn about structure and function of the paying agency in the Member State, relationship and co-ordination between the Managing Authority and Paying Agency. Another objective shall be to learn how to functioning IACS system in the Paying Agency as well as other necessary registers, and also reporting system to the EC and national institutions, sanction system in case of non-compliance with contractual obligations, legal verifications of national and EU standards; risk management in project assessment, contracting and procurement.

The Twinning partner shall be responsible for:

- Development of the programme for study visits to the EU Member States,
- Preparation of all the necessary materials for the study visits,

2 Costs covered by other contributions

2.1 Institution Building

Co-financing for institution building will be provided by the MIDAS project, in the form of the additional staff hiring, operational costs, training and other support foreseen, is planned to be around 0,5 M€.

The institution building counterpart funds (amounting to 0,5 M€) are tentatively distributed as it follows:

- Hiring of new staff for the whole Rural Development system : 38%
- Operational costs (offices, vehicles, etc..) : 13%
- Training, workshops, stages, etc...: 50%

The IB counterpart funding will cover different aspects such as building of the Managing Authority, Paying Agency, farm register, rural development extension service.

2.2 Supply of equipment and software

The IT hardware and software supply will be made on the basis of the inputs provided by twinning contract. The supply contract will be instrumental for the achievement of result 7.

The purpose of the supply is to provide the hardware and software for connecting the Managing Authority, IPARD Paying agency and other relevant partners and ensure the maintenance of statistical information on implementation in computerized form and complying with the specific requirement of Regulation EC 1698/05 art. 75b).

The procurement process for the supply of IT equipment will be the responsibility of the National Authorities.