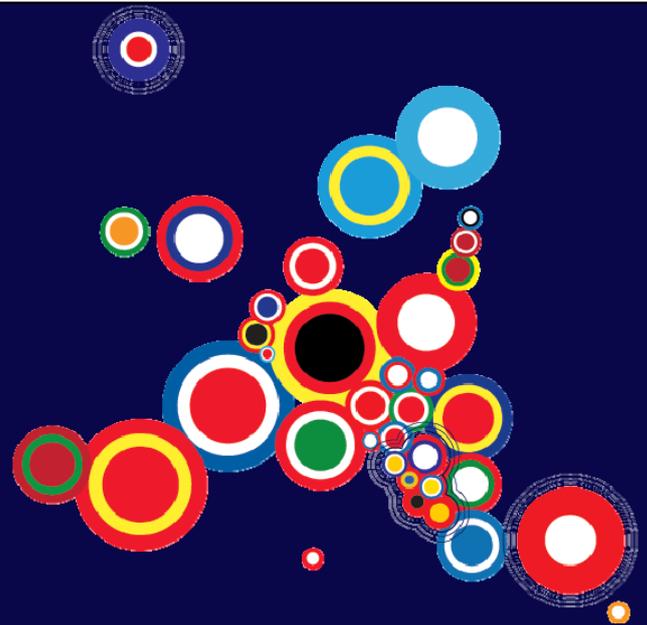




## INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

### THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

Agriculture, Rural  
Development and Food  
Safety, Veterinary and  
Phytosanitary Policy



#### **Action summary**

*The Action supports the development of a sustainable vibrant agriculture sector in the former Yugoslav Republic of Macedonia by addressing the key constraint to the development of the sector. The Action further supports the adoption of EU acquis in the sector. The Action comprises of two components:*

*Component 1 contributes to improve productivity, profitability and competitiveness in agriculture as well as to strengthen administrative capacities in the Ministry of Agriculture, Forestry and Water Economy and in key agencies.*

*Component 2 supports the implementation of food safety, veterinary, and phytosanitary policy, contributes to improving the food safety, animal health, animal welfare and plant health standards in the sector while ensuring the effective functioning of the internal market*

<b>Action Identification</b>	
<b>Action Programme Title</b>	Annual Action Programme for the former Yugoslav Republic of Macedonia for 2015
<b>Action Title</b>	Agriculture and Rural Development, including Food Safety, Veterinary and Phytosanitary Policy
<b>Action ID</b>	IPA/2015/037-907 / the former Yugoslav Republic of Macedonia / Agriculture and Rural Development, including Food Safety, Veterinary and Phytosanitary Policy
<b>Sector Information</b>	
<b>IPA II Sector(s)</b>	8. Agriculture and rural development
<b>DAC Sector</b>	31110
<b>Budget</b>	
<b>Total cost</b>	14.1 million EUR
<b>EU contribution</b>	13.3 million EUR
<b>Management and Implementation</b>	
<b>Method of implementation</b>	Direct management and indirect management
<i>Direct management:</i> <b>EU Delegation</b> <i>Indirect management:</i> <b>National authority or other implementing body</b>	EU Delegation to the former Yugoslav Republic of Macedonia
<b>Implementation responsibilities</b>	N/A
<b>Location</b>	
<b>Zone benefiting from the action</b>	The former Yugoslav Republic of Macedonia - Nationwide activities
<b>Specific implementation area(s)</b>	The former Yugoslav Republic of Macedonia - Nationwide activities
<b>Timeline</b>	
<b>Deadline for conclusion of the Financing Agreement</b>	2016 (n+1)
<b>Contracting deadline</b>	d+3
<b>End of operational implementation period</b>	d+6

# 1. RATIONALE

## PROBLEM AND STAKEHOLDER ANALYSIS

Agriculture remains an important sector in the economy of the country. Agriculture represents 11% of the GDP, nearly 18% of the active population is employed in agriculture. Despite the significant increase in agriculture exports, the country remains a net importer of food products. Tobacco, wine, fruits and vegetable are the main exports whereas cereals, beef and chicken meat are the main imports.

Agriculture is based mostly on small family business in the country, the average size of a farm is below two hectares and the land is highly fragmented (7 parcels in general). This very unfavourable land structure (atypical in Europe) is responsible for a low productivity compared to EU standards. This represents also a serious obstacle for investment and modernization. Investing in land consolidation is therefore recognized in the different sectorial strategies as a high priority.

The economy in rural areas is mainly represented by small enterprises, including micro businesses, which in most of the cases are run by families as mentioned above and whose range of economic activities do not normally go beyond the local/regional markets. Almost all enterprises in the primary agricultural production are located in the predominantly rural regions. Agriculture and income generated from agricultural activities and the related processing and service activities are still a sustainable source of income for the rural population.

The small size of the production units prevents producers for realizing economies of scale in purchasing inputs, equipment and machinery, in marketing products. As a consequence, farming has not been a very attractive option for the youngest generations and it is observed in rural areas a declining and ageing rural population.

Unfortunately, due to an inappropriate transitional process in the agricultural sector, cooperatives are under developed in the country. Support to cooperatives and introduction and implementation of market standards is considered also as a high priority in the National Strategy. Organization of farmers in cooperatives will enable improved production planning, application of safety and quality standards, organized marketing of products, increased competitiveness in the EU and the wider market.

The geographic and climatic conditions allow for a large range of products to be cultivated, but the country is highly exposed to climate change effects. Droughts and floods have become frequent during these last years. Large irrigation infrastructures which cover approximately 40% of the arable land have suffered from lack of maintenance over the last decades and are currently in poor working conditions. Under the National Programme, the Government has foreseen to invest in the rehabilitation of the large irrigation scheme. In parallel, in order to take benefit from the topography of the country, there is a need to invest in the development of small irrigation schemes.

The country's financial support to the sector, which has considerably increased over the last years, is mainly provided through direct payments to producers but these contribute only marginally to the necessary structural reforms needed in the sector. Direct payment policies still dominate in the overall public support to farmers, but concrete actions have been taken in increasing allocations of the rural development policy share (to 32.7% in 2015 from less than 10% four years ago). However, the absorption of the allocated funds for rural development, both from the national budget and IPARD, needs to be further improved.

In the period 2007-2013, the institutions have established a functional integrated system for administration and controlling of the agricultural and rural development support policies (IACS). In the forthcoming period this system of integrated registers, data bases and procedures should secure stability in functioning as well as improve its efficiency and interoperability. The system needs to be further upgraded in order to support implementation of the policies/measures planned to be introduced, mainly in the agro-environmental area.

There is the need to strengthen capacities across the institutional framework from the design of policies, the determination of priorities, and the management and allocation of budgetary resources to the efficiency of implementation through proper monitoring and evaluation. Inadequacies in accurate up-to-date statistical data, including on landholding and pasture conditions and use, further impede sector management and need to be resolved both to improve policy choices and to support the system of support payments.

The new 2014-2020 National Strategy for Agriculture and Rural Development (NARDS) firmly recognizes the need for overcoming structural deficiencies as the key obstacle for increasing the competitiveness. Considering that restructuring of the sector is one of the key strategic objectives till 2020, the government has started with creating the institutional, legal and policy setup for implementation of restructuring policies (land consolidation, support to cooperatives, etc). However the administrative capacity is still insufficient for upgrading current pilot phase activities into full-size implementation mode, while the beneficiaries of the policies are not fully informed about new opportunities. The other NARDS objectives toward increasing competitiveness are (i) improving the marketing of agricultural products, and (ii) envisage implementation of minimum quality standards according to the EU approximated Law on quality of agricultural products and respective by-laws. As a part of the CMO (Common Market Organization) package, in the previous period there is no substantial progress reported in implementation of these market standards and in effective organization of market operators.

Further improvements are needed in the area of plant and animal disease control and eradication. The country is still facing problems with outbreaks of highly contagious animal diseases which are usually causing serious economic losses and threats to the public health. The Western Balkan area is seen as a reservoir for rabies disease. The EU is financing a five year regional Western Balkan programme (2012-2017) for eradication of rabies, and as a result the epidemiological situation in the region has improved. However, in 2015 cases of rabies infected animals in the region (Serbia, Albania etc.) were recorded, advocating for a continuation of the oral vaccination programme in the country, aiming at full eradication of the disease and recognition of the country as rabies free. Awareness campaigns intended for the categories of population directly involved in the process of eradication: hunters, farmers, veterinary clinics etc. and the wider public affected by the disease, will increase the level of commitment linked to the implementation of the legislation

There is no system for pest risk assessment and the pest status in the country is unknown. Pest outbreaks can have negative economic effects on agriculture and food processing industry. Capacities of the Phytosanitary Directorate of the Ministry of Agriculture, Forestry and Water Economy (MAFWE) and of the State Agriculture Inspectorate to implement phytosanitary measures need strengthening.

In addition, animal farms with small number of animals are not able to cope with hygiene standards in order to improve the animal health status of the animals, leading to low quality and safety of products.

The food safety, veterinary and phytosanitary systems have received considerable IPA support in the past years especially regarding harmonisation of the national legislation with the EU Acquis. Further work on the primary and secondary legislation framework remains one of the priorities for the authorities for the coming years, but issues related to implementation capacities need also to be addressed.

Implementing the animal health and plant health standards on the farms will also contribute to increase the crop and livestock productivity. Implementation of the international and EU standards for food and feed trade (particularly border control) will ensure safe products to consumers, decrease the trade barriers and promote the effective functioning of the internal market.

As regards stakeholders analysis, key Government institutions in the sector are the line Ministry (MAFWE), responsible for the determination of policy and the coordination and supervision of its implementation; the Agency for Financial Support to Agriculture and Rural Development (AFSARD), responsible for executing the financial programmes for agricultural and rural development (including IPARD); the Food and Veterinary Agency (FVA), responsible for food safety and veterinary activities; and the Phytosanitary Directorate, under MAFWE, responsible for phytosanitary control and prevention activities. The latter is also supported by the State Phytosanitary Laboratory (SPL) and State Agriculture Inspectorate (SAI) also under

MAFWE. Most of the state institutions involved in sector management suffer from limited capacity, both in terms of human and financial resources, and consequently many systems and policies are of limited effectiveness in realizing development objectives.

Having the approach that the assistance should be strongly focused on the impact on final agricultural policy beneficiaries, and should bring about tangible results to the economic growth and increase of competitiveness in the rural areas, the project will involve a wide range of non-administrative beneficiaries. The rural households with farming activities will be direct stakeholders and immediate beneficiaries from the activities of land consolidation, establishment of the cooperatives and construction of the small-scale irrigation scheme, with significant impact on improving their competitiveness. In addition, as a result of the IACS project activities the farmers should improve the access to the administrative data for state support schemes and simplified application procedures.

The major associations and legal entities of farmers, producers and traders are potential participants in the CMO-like schemes for monitoring of market developments and establishment of forums for discussions on common corrective actions in crisis situations. The introduced minimum quality standards and improved access to the market data should improve their domestic and international market position. In addition, the involvement of farmers' associations, the Chamber of agriculture and local action groups' is essential in order to improve the awareness and increase the interest among farmers, especially the family farms.

The other direct beneficiary and stakeholder will be the municipalities which will benefit from increased capacity to incorporate land consolidation and irrigation projects within their general local social and economic development opportunities.

Water management enterprises and water communities are important stakeholders in the activities related to irrigation both as a part of land consolidation activities and construction of small scale irrigation schemes. In line with the new legal changes their competences should be overtaken by the newly established public shareholding enterprise "Vodostopanstvo na Makedonija".

Private geodetic (surveying) companies authorized for fieldwork activities on land which will take part in the implementation of the consolidation activities, will increase their portfolio of services and capacities to perform activities in other field of geodetic works.

The National Extension Agency and private advisors delivering state-supported services who are in direct contact with the farmers and land users will be involved in continuous organization of promotional activities for raising the awareness of the target groups.

In conclusion, in relation to the administrative capacities and the necessity to align the legislation and the administrative structures to EU acquis, the country has made significant progress in recent years. However, the EU acquis in the sector of agriculture, food safety, veterinary, and phytosanitary is complex and challenging and additional efforts will have to be made to complete the alignment.

The rationale for supporting the sector of agriculture in this pre-accession period could be summarized as follow:

- Upon the accession and in the context of the single market, the country needs to increase the competitiveness of agriculture. The key constraints to the competitiveness must be addressed without delay;
- The Common Agricultural Policy is one of the oldest in the EU and candidate countries have to adopt the numerous and challenging sector "acquis";
- Capacity and system building should represent the basis for future development while also addressing major impediments to sectorial efficiency and in doing so fully realising the potential of agriculture to become a key driver for economic growth.

## RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES

The Action is fully in line with the Country strategy Paper (CSP) and directly addresses issues identified and targeted in the National Strategy for Agriculture and Rural Development 2014-2020 (NARDS) and in other related subsector strategies, including the Food Safety Strategy 2013-2018.

More specifically, the proposed intervention directly supports the implementation of NARDS - Section A, which covers the restructuring of the agri-food sector (including land consolidation, farmer cooperation, irrigation), NARDS - Section B, which covers the regulation of markets, organization of the food-processing chain and improvement of the quality of agricultural products and NARDS - Section E, which concerns the food safety system (although this is mainly elaborated under the Food Safety Strategy).

In addition the proposed Action is closely aligned with the National Programme for the Adoption of the Acquis (NPAA 2015), Chapter 11: Agriculture and Rural Development and Chapter 12: Food Safety and Veterinary Policy. The Action meets the Europe 2020 priorities of inclusive growth, fostering a high-employment economy delivering social and territorial cohesion; smart growth, developing an economy based on knowledge and innovation; and sustainable growth, promoting a more resource efficient, greener and more competitive economy.

Furthermore, the Action addresses SAA Articles 1 and 68 on approximation of legislation, and Article 100 on the modernization and restructuring of agriculture, the agro-industrial sector and rural development.

The largest proportion of assistance available to this sector has been provided by the European Union, starting from the previous CARDS programmes in 2001, to the recent projects included within the IPA programme. Since 2007 IPA assistance has supported both reforms that promote economic development and those required for the Accession Partnership (AP) when initiated. The IPA Programme has supported harmonisation with the EU Acquis, capacity building, establishment of necessary registers and new institutions, and the modernisation of agriculture, food and feed safety and veterinary activities. The proposed Action will build on the previous programmes but will also indirectly influence the performances of the IPARD programme and specifically the IPARD measures related to investment, especially by supporting the strengthening of administrative capacities.

In addition a number of donors have provided assistance to support structural and legislative reforms in agriculture and rural development over the period since 2007. These have included actions to establish and strengthen the capacity of key institutions to determine policy and administer its implementation in MAFWE, AFSARD, FVA, SAI, and NEA among others. Besides a range of EU programmes and instruments (including PHARE, CARDS, IPA, IFS, NSA, etc.) the country has also benefitted from bilateral and multilateral assistance, including through programmes of EU Member States (MS), such as Germany (both through KfW and GIZ), the Netherlands, and Sweden (SIDA). Other bilateral support has come from Israel (MASHAV), Japan (JICA), Switzerland (SDCA), Turkey (TIKA), and the USA (mainly USAID), while besides the EU multilateral assistance has come from EIB, various UN agencies (FAO, UNDP, UNICEF, etc.), and the World Bank. This support was mainly focussed towards Government or public sector institutions, but to a lesser extent has also involved funding for local non-government and civil society organizations (CSOs).

In the area of agricultural land, FAO is supporting land management reforms introducing policy options for better management and use of state agricultural land. The Dutch Government was providing technical assistance to support preparatory work relating to land consolidation. The project "Support to the implementation of a national land consolidation programme" (TCP/MCD/3501) supported by FAO contribution in the amount of US\$ 435,000 will implement two land consolidation pilots, one using a voluntary approach and the second using a comprehensive approach. The pilots should provide valuable experiences for implementation of fully-fledged and funded national land consolidation programme and provide feedback on and test of the new Land Consolidation Law and by-laws for their eventual revision and amendment. The project started in November 2014 and should be completed in October 2016. The project should also identify the potential land consolidation areas to be covered by this Action.

Finally, synergies will be built with a Technical Assistance project that will be financed in parallel through the Integration Facility Instrument, namely regarding the areas of Public Finance Management in the sector, and particularly on the links between strategic planning, budgetary allocations, execution of expenditure within a medium term framework and effective monitoring and evaluation.

## **SECTOR APPROACH ASSESSMENT**

The findings of the sector approach assessment are as follow:

### Sector Strategy

The sector has an updated and comprehensive strategy, but this needs to be further elaborated with detailed annualised and costed action plans with performance indicators against which medium term budgets can be incorporated into the budget process and performance and effectiveness of measures assessed. These plans would also be the mechanism for determining strategic priorities linked to projected budget availability. Currently, national resources remain insufficient for an effective implementation of NARDS. There is also the need for increasing the capacity of MAFWE, as the institution in charge of the coordination of the sector, to improve the coherence between the different strategies produced by independent institutions (Food and Veterinary Agency, National Extension Agency).

### Institutional setting and capacity development

There is a need to carry out a functional and system audit within MAFWE (as well in other institutions having a major role in the sector) in order to precisely inform the necessary organisational reforms. Allocation of proper human resources to some critical functions such as policy planning, unit for monitoring and evaluation are emerging as critical tasks that should be supported under IPA II. Through the sector approach, the issue of the administrative capacity will not only be assessed through the narrow window of EU acquis (IACS, Agriculture Information System (AIS), legislation, etc.) but also through the broader perspective of organizational and functional capacity.

### Sector budget analysis

A realistic medium term expenditure framework needs to be developed and fully linked to the anticipated reform programmes and an effective performance system (for which proper performance targets and indicators need to be developed). There a need to increase resource allocation toward investments and structural reforms, as stated in the NARDS. Currently, most of the country resources for the sector are directed toward direct payments.

### Sector monitoring system

Progress has been made in the development of the IACS and AIS systems that contribute to the monitoring of programmes. These systems would need however to be further developed. The monitoring and the evaluation of the outcomes and impact of national programmes (and IPARD) remain overall weak and will need to be addressed under IPAIL.

### Sector and Donor coordination

Due to the limited number of active donors in the country, donor coordination should not be considered as a key issue. What is at stake, taking into account the number of institutions in the sector is to strengthen MAFWE capacity in its coordination role. Coordination with private sector, professional organizations and CSOs could be improved. Using the model brought by IPARD could be one option.

In parallel to this Action, it is foreseen through the Integration Facility Instrument to address some of the weaknesses developed above. It is proposed to start with a system and functional audit of MAFWE and AFSARD (already planned under IPA 2011 assistance).

While key elements of these requirements need to be addressed in advance of the commitment of IPA funds, it has to be recognized that the Action seeks to strengthen capacities across the key institutions and this includes the links between programming, priority determination, intervention design, budgeting, and

performance monitoring, as well as address issues related to implementation capacities. Addressing these shortfalls is to be assisted through an ad hoc technical assistance project proposed under the EU Integration Facility. As a result, provided certain steps are taken to strengthen the strategy and provide a sound framework for development, the situation is sufficient to justify a sector support programme.

## **LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE**

Under IPAI assistance, significant progress has been made on the adoption of key EU acquis in the sector. In the agricultural sector, the paying Agency was set up, IPARD was launched, IACS and AIS system developed, etc. The proposed action will build on the achieved results and will further support the alignment with EU acquis. During IPA I as well, synergies were developed between components one and five. Under component one, several actions were programmed and implemented to improve the uptake of IPARD funds (external evaluation, preparation of new IPARD measures, strengthening the capacity of AFSARD, the creation of a helpdesk). The proposed action will continue to support the uptake of IPARD funds by improving the IACS system and by improving the general climate for investment in the sector.

Through the sector approach, issues related to the institutional weaknesses will be addressed as well, such as the overall organization of MAFWE, the PFM aspects, the monitoring and evaluation of support programmes. This could be considered as an important added value of the Action.

The main lesson learned from the CARDS programme prior to 2008 and the IPA I programme thereafter was that there is need to improve administrative capacity and national ownership, and to secure political support for certain policies in order to improve efficiency of operations and increasing impact and sustainability of the EU's financial assistance. EU has supported various initiatives to address these issues directed at improving programming and project design, providing training and capacity building, particularly with respect to compliance with EU disbursement requirements, and strengthening the link with national strategies. Given the significant advances made in harmonization with the EU Acquis, it is clear that alone that is insufficient for sector development and that aspects of sector management (the structure of the Ministry, the determination of policy priorities, the performance framework, implementation capacities, etc.) and key elements of competitiveness inefficiencies (small and fragmented holdings, limited farmer cooperation, irrigation and genetic material deficiencies, and market dysfunctions) need to be specifically addressed.

It has to be recognized that the objectives in strategic planning documents are not clearly prioritized nor linked to measurable impact indicators, nor in many instances are they fully costed and linked to financial provisions (in part because of the immaturity of public financial management, particularly at institutional level). Elements of the Action seek to rectify some of these deficiencies, but it is also anticipated that plans will be more focussed by the time the Action reaches implementation stage.

The Action is complementary to, and builds upon interventions under IPA I, some of which (e.g. on payments systems, irrigation and land consolidation) are only just being agreed and implemented. Support to agriculture under the IPA is divided between DG AGRI and DG NEAR, and a major thrust of the Action is to strengthen the synergies between the two programmes, already being exercised in the latter part of IPA I (IPA 2012 and 2013). In particular, the Action will overcome some of the design and institutional issues associated with the extremely low level of execution of IPARD I in its initial years (around 5%) and assist the strengthening of the disbursement mechanism for IPARD II, also rendering the Government's direct payments system (accounting for 80% of sector expenditure, and evaluated as 50% misdirected) more efficient in achieving development objectives. In addition to addressing constraints to IPARD effectiveness through system development (notably IACS), the use of IPA funds to support activities focussed on resolving key constraints to development of the sector, can improve the general climate for investment and raise the attractiveness and, therefore, take-up of investment support offered by IPARD.

As for food safety, veterinary and phytosanitary policy, the recommendations and lessons learned from previous EU projects have been taken into consideration while designing the project fiche. Involvement of the main stakeholders and beneficiaries in the design and implementation of project activities will contribute

to sustainable institutional capacity which enhances ownership and commitment, leads to improved results and facilitates acceptance of recommendations at the policy level.

An appropriate coordination of activities supporting the sector is essential to avoid overlap. Learning from and cooperating with EU Member States and neighbouring countries generally yields good results. E.g. wildlife Rabies and CSF were eradicated from most areas in central and Western Europe through vaccination. In recent years similar programmes have been implemented in Member States with favourable results. Inclusion and active participation of the National food safety bodies in the International and EU food safety schemas i.e. EFSA committees, IPPC committees, activities of the EU reference laboratories etc., will contribute to sustainability of the project results and faster integration of the country in the EU food safety programmes.

## 2. INTERVENTION LOGIC

### LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	
To improve competitiveness of the agriculture sector in the beneficiary country in line with EU accession requirements.	<ul style="list-style-type: none"> <li>Export of agricultural products</li> <li>increased quantity and value of crops and livestock production</li> <li>reduced migration from rural areas</li> </ul>	<ul style="list-style-type: none"> <li>national accounts statistics</li> </ul>	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>To Increase marketing opportunities, economic development and overall productivity in the agricultural sector</p> <p>To improve animal health, public health and plant health status in the country</p>	<ul style="list-style-type: none"> <li>Increased percentage of traded quantity of agricultural products in compliance with EU aligned minimum quality standards</li> <li>Increased volume of agriculture production, yields and income from consolidated land</li> <li>Number of establishments approved for export in EU increased</li> <li>Defined pest status in the country</li> </ul>	<ul style="list-style-type: none"> <li>Specific surveys related to the monitoring and evaluation of the Action</li> <li>EU Progress reports</li> <li>NARDS 2014-2020 annual implementation progress report</li> <li>Enacted decision of commence of Land consolidation project by Government</li> <li>national statistics</li> <li>Annual Agricultural Reports &amp; Studies</li> <li>Official Gazzete</li> <li>FVA data and reports</li> <li>Pest report</li> <li>Reports, data from PD, SAI and SPL</li> <li>Project reports</li> <li>FVO reports</li> <li>Diseases reports</li> <li>Government progress reports</li> </ul>	<ul style="list-style-type: none"> <li>Government &amp; MAFWE commitment to adopt and realize sector strategies</li> <li>dedicated and skilled staffing levels match requirements for effective implementation of policy measures;</li> <li>transparent reporting on programme management and budget execution;</li> <li>individual and institutional willingness to adapt to change for more effective and efficient management of sector policy and programmes</li> <li>effective coordination of actions by different stakeholders</li> <li>increased dialogue with and participation from civil society in policy determination and programme implementation</li> <li>Political willingness for further alignment to EU standards</li> </ul>
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p><b>Component 1: Agriculture and Rural Development</b></p> <p>Result 1.1 Access to land-consolidated areas increased</p> <p>Result 1.2: New, market-viable Cooperatives established</p> <p>Result 1.3: Access to irrigated land increased</p>	<ul style="list-style-type: none"> <li>Number of villages where land consolidation projects are being implemented</li> <li>Integrated Land management Register established and functional</li> <li>Number of cooperatives with an economic, market performance objective created and functional</li> <li>Revised legislation for farmers' cooperative prepared and adopted</li> <li>Additional number of hectares irrigated</li> <li>Number of small scale irrigation systems constructed</li> </ul>	<ul style="list-style-type: none"> <li>EU progress report</li> <li>New cadastre plan statistics</li> <li>Specific project monitoring reports</li> <li>Specific project monitoring reports</li> <li>Official MAFWE Register on cooperatives</li> <li>Project reports</li> <li>Market data.</li> <li>Official Gazette</li> <li>Annual MAFWE Reports/Studies</li> <li>Specific Project monitoring Reports</li> </ul>	<ul style="list-style-type: none"> <li>Capacity of MAFWE in coordinating land consolidation projects is sufficient</li> <li>Ownership of cooperation by participants</li> <li>Interest of farmers for economic cooperation.</li> <li>Capacity of MAFWE in coordination of cooperatives establishment</li> <li>Timely prepared and available project/tender documents</li> <li>Timely completed expropriation process</li> <li>Construction permits issued</li> <li>MAFWE and other agencies support the analysis;</li> </ul>

<p>Result 1.4: Scheme for minimum quality standards of the products (fruit and vegetables, milk, pig meat and poultry ) established</p> <p>Result 1.5: Interoperability and effectiveness of IACS system improved</p>	<ul style="list-style-type: none"> <li>• Number of markets standards introduced and implemented and proposed solutions to market dysfunctions</li> <li>• new AFSARD IACS software developed and Interoperability among different IACS elements secured</li> </ul>	<ul style="list-style-type: none"> <li>• Specific project monitoring reports</li> <li>• Official Gazette of the Country</li> <li>• Analysis report</li> <li>• Specific project monitoring reports</li> <li>• Annual EU and other Reports/Documents</li> <li>• Statistical data</li> <li>• Inventory of new software at AFSARD</li> <li>• EU Progress Report</li> </ul>	<ul style="list-style-type: none"> <li>• Local market chain operatives participate openly;</li> <li>• Maintenance of the IT Systems, Registers and Data Bases in MAFWE and AFSARD provided</li> <li>• Available appropriate staff and expertise</li> <li>• Willingness to cooperate among the institutions</li> <li>• Availability of human and financial resources for implementation of operational plans</li> <li>• Available human resources, in particular phytosanitary staff and experts in the Regional Centres</li> <li>• Hardware and technical staff available for establishment and maintenance of the PIS</li> <li>• appropriate cooperation with all stakeholders</li> <li>• vaccination of wildlife is successfully applied in neighbouring countries</li> <li>• Construction permit issued on time</li> <li>• Technical specification and ToR prepared in time</li> </ul>
<p><b>Component 2: : Food Safety, Veterinary and Phytosanitary policy</b></p> <p>Result 2.1: Capacity of food and veterinary and phytosanitary services strengthened</p> <p>Result 2.2. Oral vaccination of foxes against rabies implemented</p> <p>Result 2.3 Food safety, veterinary and phytosanitary border control strengthened</p>	<ul style="list-style-type: none"> <li>• Established and functional Phytosanitary Information System</li> <li>• 95% of EU legislation regarding Chapter 12 in place and implemented</li> <li>• % of sampled animals immunized against rabies</li> <li>• Efficiency of checks increased by 25% (expressed in number of checks per day and/or average time per check)</li> </ul>	<ul style="list-style-type: none"> <li>• EU country progress reports;</li> <li>• FVA annual reports from official controls</li> <li>• Project reports</li> <li>• NPAA</li> <li>• Data and reports from FVA,PD, SAI, SPL, DSSM</li> <li>• Provisional and final acceptance certificate</li> <li>• Project reports</li> <li>• Monitoring reports</li> <li>• Provisional and final acceptance certificate</li> </ul>	
<p><b>ACTIVITIES</b></p>	<p><b>MEANS</b></p>	<p><b>OVERALL COST</b></p>	<p><b>ASSUMPTIONS</b></p>
<p><b>Component 1: Agriculture and Rural Development</b></p> <p>Activities to achieve Result 1.1.1 Implementation of selected land consolidation projects; Public awareness campaign; Training and Capacity building activities to the MAFWE employees and relevant stakeholders (Local governments, Geodetic companies, Consultants and advisory services, Farmers associations etc.); Design and development of an Integrated Land management Register; Analysis and actions for Improvement of land market mobility including management of abandoned land.</p> <p>Activities to achieve Result 1.1.2 Identification and selection of initiatives, building up and strengthening of cooperatives operational structure and provision of support for increased use of cooperative ventures in production, services, and marketing.</p> <p>Activities to achieve Result 1.1.3 - implementation of at least 10small-scale irrigation schemes based on identification and design studies currently underway under IPA2013</p> <p>Activities to achieve Result 1.1.4: An analysis of the value chain for selected food products with potential for import substitution or exports to identify</p>	<p><b>Component 1</b></p> <p>Indirect management - Land consolidation</p> <p>Grant - Support to the development of Cooperatives;</p> <p>Works - Small-scale irrigation schemes Supervision – Small-scale irrigation schemes</p> <p>Service - Common Market Organization: value chain analyses, market standards and cooperatives</p>	<p>14.1 MEUR</p>	

<p>constraints and determine policies and interventions for the future</p> <p>Interventions in improvement or establishment of elements of market organisation: state policy measures, producer's organisation, market information system, and possible physical market infrastructure (where identified as appropriate under IPA2017).</p> <p>Initial revision of the legislation related to cooperatives; Establishment of training system for the managers and members of the cooperatives; Public awareness campaign; Analysis and improvement of the existing support schemes in line with EU Cooperative and Producer Organization support practices.</p> <p>Activities to achieve Result 1.1.5 Needs assessment; Development and procurement of updated hardware and software IACS system with achieved interoperability.</p> <p><b>Component 2: Food Safety, Veterinary and Phytosanitary policy</b></p> <p>Activities to achieve Result 2.1 Preparation and/or revision of primary and secondary legislation Preparation and/or revision of operational plans for salmonella, zoonoses, feed stuffs , animal by-products and veterinary medicinal products; Training of the staff in competent authorities (FVA, PD, SAI, SPL, DSSM) Public awareness campaigns for farmers in primary milk production organized, including round tables and posters, brochures, leaflets etc. Further development of PIS (Phytosanitary Information System) Supply and equipment for SPL and SAI</p> <p>Activities to achieve Result 2.2 Carry out an oral vaccination of foxes against rabies according to scheduled time-plan</p> <p>Activities to achieve Result 2.3 Construction of facilities at BIP Blace in compliance with EU standards</p>	<p>Service - Improvement of the IACS and AIS systems</p> <p><b>Component 2</b></p> <p>1 Supply contract – rabies vaccines</p> <p>1 Supply contract (Phytosanitary authorities)</p> <p>1 Service contract</p> <p>1 Supervision of works</p> <p>1 Works contract</p>		
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## **ADDITIONAL DESCRIPTION**

The Action is divided between two components covering broader issues of Agriculture and Rural Development under Component 1 and the implementation of Food Safety, Veterinary and Phytosanitary policy under Component 2. Under Component 1 the Action focusses on the improvement of the administrative capacities of MAFWE and, on addressing some of the major impediments to sector development, notably lack of access to efficient irrigation systems, high fragmentation and small size of landholdings and production capacity, and lack of market standards. In regards to strengthening administrative capacities, the proposed Action will further develop the IACS and AIS systems in line with EU requirements. In parallel to this Action, through the Integration Facility Instrument, support to more structural reforms of MAFWE will be supported (organizational structure, planning and budgeting, monitoring and evaluation).

The main Activities to be implemented under Component 1 are:

- Implementation of a certain number of land consolidation projects countrywide, including investment activities which will lead to a reduction of land fragmentation and increased farm sizes and thus contribute to increased farm productivity and competitiveness;
- Construction of at least ten small-scale, low-cost, environment friendly irrigation schemes;
- Providing support to a number of identified farmers' initiatives in their transformation to sustainable farmer's cooperatives organized for economic purpose (buying inputs, sharing equipment, processing or marketing together);
- Updating of the Integrated Administrative and Control System with interoperability secured among the different elements of the system;
- Conduction of value chain analysis and implementation of minimum quality standards for selected agricultural markets (fruit and vegetables, milk, pig meat and poultry) in accordance with enacted national legislation that is approximated with EU CMO regulations.

A more detailed list of activities implemented under Component 1 is provided in the Logical Framework Matrix, under the section Activities.

The Food Safety, Veterinary and Phytosanitary policy (Component 2) has direct impacts on Agriculture and Rural Development, particularly with respect to productivity, marketability and market access and it also has important connotations for international trade. For the process of accession to the EU, the legislative and regulatory framework has to be aligned with the EU Acquis. However, implementation of the new legislation remains the main challenge for the country and therefore is the focus of the interventions supported by the Action. Activities related to this aimed to improve the overall ability for implementation of EU Acquis and other relevant obligations with specific reference to the animal disease control, veterinary public health services, food and feed safety and phytosanitary issues.

The main Activities to be implemented under Component 2 are:

- Preparation and/or revision of primary and secondary legislation,
- Preparation and/or revision of operational plans for salmonella, zoonoses, feed stuffs, animal by-products and VMP,
- Training of the staff in competent authorities (FVA,PD, SAI, SPL, DSSM),

- Organization of public awareness campaigns for primary milk producers, including round tables, distribution of posters, brochures etc.,
- Development of PIS,
- Conducting an oral vaccination of foxes against rabies,
- Construction of facilities at BIP Blace in accordance with EU standards,
- Supply of equipment for SAI and SPL.

The main beneficiaries of the Action interventions are farmers, communities in the rural areas, although urban families will benefit from public health and food safety initiatives, and perhaps lower prices and better nutritional values of more competitive domestic foodstuffs. Recovery of and greater revenue from crop farming and livestock husbandry should support the regeneration of rural areas and a greater and more balanced regional prosperity mitigating the disparities between town and countryside, between ethnic and social groups, and between different areas of the country. Hopefully this will also result in a slower outflow of population to urban areas and abroad, and a reinterest of youth and younger adults in the agriculture and rural sector.

The main assumptions for the effective implementation of the Action are at two levels. At governmental level, it is assumed that the political commitment to EU accession, and therefore the commitment for the adoption of numerous and challenging EU acquis in the sector, will remain high. Also the commitment of the Government in putting in place the necessary human and financial resources to coordinate, monitor and in some cases to implement the activities foreseen in the Action is assumed. This supposed the absence of major political and economic crisis in the forthcoming period. At individual level (farmer level), it is assumed that the producers will support the initiatives related to land consolidation, irrigation and cooperatives. Proper sensitization on the strategic importance of these initiatives will have to be carried out.

For areas covered by food safety, veterinary and phytosanitary policy, the requirements include bringing the systems in line with the EU. Progress in these areas has been positive in the past but there is still a need to enhance systems to meet pre-accession requirements. Equally important, however, is that these areas also have a direct result on the effectiveness of efforts to strengthen the economic viability of crop and livestock activities and support the creation of a sufficiently viable and sustainable agriculture to reverse past trends and regenerate rural areas. For this, systems and capacity have to be grounded on the reality of pest and disease conditions in the Country.

A more detailed list of assumptions is provided in the Logical Framework Matrix, under chapter 2.

### **3. IMPLEMENTATION ARRANGEMENTS**

#### **ROLES AND RESPONSIBILITIES**

The EU Delegation, as the Contracting Authority, will have the overall responsibility for contracting, monitoring and evaluation the Action. The NIPAC office in line with the IPA II provisions has an important role in the overall monitoring and evaluation of the Action at result and impact level.

MAFWE, AFSARD, the Food and Veterinary Agency, the Phytosanitary Directorate, the Seed Directorate the State Phytosanitary Laboratory and the State Agriculture Inspectorate will have a major responsibility in the successful implementation of the Action, through direct implementation and effective coordination of the activities.

Specific Steering Committee (per activity or group of activities) will be established and will be co-chaired by the Minister (or his/her designated representative) and the EU Delegation.

A Sector Monitoring Committee will be established in line with the rules of the IPA regulation.

Policy dialogue is an integral part of EU supported sector Programmes. Relevant stakeholder consultation systems will be established in line with the provisions of the Sector Approach Roadmap.

### **IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING**

The Action will be implemented through direct management, and will include different types of financing including, services, supplies, grants, contribution agreements with international organisations and works contracts.

The overall budget for this Action is estimated in EUR 14.1 million, being EUR 13.3 million the EU contribution and EUR 0.8 million the Government contribution, calculated as 15% of EU funds allocated to Works and Supplies . The contribution from the Government of EUR 0.8 million will be used for funding parallel activities in synergy with the ones presented in this document. The Government and the EU Delegation will agree at a later stage on the exact nature of these activities.

The EU contribution will be split in EUR 9.5 million for Component 1 and EUR 3.8 million for Component 2.

Furthermore funds will be set aside (from the EU Integration Facility Instrument) for mid-term evaluations, final evaluations and financial or technical audits, in order to ensure external technical assessments, swift adoption of corrective measures and sound financial management.

Pre-conditions related to the implementation of the Action:

- Agreement between the Government and the EU Delegation on the list of activities to be funded under the Government contribution (EUR 0.8 million);
- Appointment/assignment of sufficient staff with adequate professional skills and qualifications in the departments and services of the institutions that will directly be involved in the implementation of the Action and before the launch of the Action tendering process;
- Allocation of working space and facilities by the beneficiary for technical assistance before the launch of the Action tendering process;
- Ensuring proper handling of all legal, regulatory, institutional and financial arrangements necessary for the implementation of the Action. Relevant construction permits will have to be issued in a timely manner as well as acceptance certificates, upon delivery of supplies and handing over of infrastructure;
- Launching of a system and functional external audit in Ministry of Agriculture, Forestry and Water Economy (under the EU funded Integration Facility Instrument), not later than 12 months following the adoption of the financial decision related to this Action, including workload analysis, job description, programming, budgeting monitoring and evaluation;
- Functional sector coordination mechanism in place before the launch of the Action. The sector coordination mechanism will include at least yearly sector review meetings at high level.

Furthermore, the key sector challenges identified in the Sector Planning Document and in the related Sector Approach Roadmap will inform policy dialogue at all levels. Progress towards addressing such challenges and ultimately achieving fully-fledged Sector Wide Approach will remain the paramount necessary condition for implementation of activities under IPA II.

## **4. PERFORMANCE MEASUREMENT**

### **METHODOLOGY FOR MONITORING (AND EVALUATION)**

Progress in the implementation of the different elements of the Action will be monitored on a monthly basis by MAFWE, and reported on every six months to the Sector Monitoring Committee. This will include progress both prior to and after the award of contracts. Relevant service, supply, grant and works contractors will report on contract implementation progress to the contracting authority and the national institutions on a regular basis as defined in the specific contracts.

Performance against the overall objective and the specific objectives will require both ongoing and ex-post assessments. Performance against outcome indicators will be monitored in accordance with the frequency of collection of the data by the relevant institution / contractor and reported upon in the six monthly progress reports.

Review and Evaluation of the Action should follow the requirements of IPA II. This puts a mid-term and final review to assess progress in 2018 and 2020. The relevance of the design of the Action, the efficiency and effectiveness of its implementation, and the impact and sustainability of the activities undertaken in terms of the specific objectives and wider cross-cutting issues will be assessed.

The performance reward foreseen under IPA 2 will i.a. be determined by the outcome and impact of this sector programme.

## INDICATOR MEASUREMENT (1)

Indicator	Description	Baseline (year)	Last available (year)	Milestone 2017	Target 2020	Source of information
<b>Component 1: Agriculture and Rural Development</b>						
Number of villages where land consolidation projects are being implemented	The objective of the land consolidation activity is to defragment the agricultural land. Land consolidation activity needs to be carried out nationwide.	2		10	30	Land consolidation project specific progress reports
Additional number of hectares irrigated	The objective of the small-scale, low-cost, environment friendly irrigation project is to developed new schemes for agriculture and livestock production.	0		50	500	Irrigation project specific progress reports
Number of additional cooperatives with an economic objective and market performance created	The objective of the cooperative project is to support the creation of farmer's cooperatives for economic purpose (buying inputs, sharing equipment, processing or marketing together).	0		5	10	Cooperative project specific progress reports
New AFSARD/IACS software developed and interoperability among different IACS elements secured.	The Integrated Administrative and Control System contains a number of sub-elements (registers, databases, etc.) procedures that needs to be upgraded with new software solution of IACS and secured interoperability	0		1	Upgraded IACS operational for implementation of state support scheme	IACS/ project specific progress reports and EU annual progress reports

Number of market quality standards implemented	Minimum quality standards of the products will be implemented for selected markets (fruit and vegetables, milk, pig meat and poultry) according to enacted national legislation approximated with EU CMO regulations.			4 analysis and proposed solutions	Implemented quality schemes for specific markets	MAFWE/ SSO
<b>Component 2: Food Safety, Veterinary and Phytosanitary Policy</b>						
Indicators related to Priority 2 Food Safety and Public Health Activity 2.1						
95% of EU legislation regarding Chapter 12 in place	Legislation regarding Chapter 12 and Operation planes for salmonella, zoonosis, feed stuffs , animal by-products and veterinary medicinal products; Training for competent authorities staff.	The relevant national legislation under competences of FVA and other institutions competent for phytosanitary policy is aligned with EU Acquis regarding issues covered by Chapter 12 with 85%.	2015	90%	95% alignment with EU Acquis regarding Food safety, veterinary and phytosanitary policy (Ch. 12)	Table of concordance (Secretariat for legislation)  Operational Plans and Reports
% of sampled animals immunized against rabies	Protection of animal and public health	2 years from last occurrence of rabies (in the RM last case – march 2012)  4 consecutive years of oral vaccination against rabies (2011-2015)  48% of examined representative samples of wild foxes are + on presence of rabies anti-body	2015	60% of examined representative samples of wild foxes are + on presence of rabies anti-body	More than 2 years of last occurrence of rabies.  5 consecutive years of oral vaccination against rabies in wild animals (foxes)  70% of examined representative samples of wild foxes to be + on presence of rabies anti-body	Monitoring reports from FVA database
Number of BIPs in	Constructed BIP on Blace	Four BIP's are in accordance	2015	50% of the	5 BIP's are in	Provisional and final

compliance with EU requirements		with EU requirements (Bogorodica, Tabanovce, Medzitlija and Skopje Airport)		facilities constructed	compliance with EU requirements	acceptance certificate; Official data from Phytosanitary Directorate and FVA
Established and operational Phytosanitary Information System,	Integration of all data and information, registers (including, PHYTO register), procedures for survey and monitoring of harmful organisms procedures in applications for input the data in informational system in case of harmful organisms, procedures for sampling and phytosanitary survey; laboratory/field data, connection with International databases in Plant health (EUROPHYT, TRACES, EPPO Pest Reporting) connected; preparation of prognostic system in phytosanitary fields: Registers for PPPs and sustainable use of pesticides, LIMS for SPL etc.	No existing of PIS, only excel sheet registers	2015	Accomplishment of 50%	PIS established and fully operational	Project reports Data from PD and SPL
Number of accredited methods	New accredited methods will contribute to the improvement of quality and control of the usage of fertilizers as well as strengthening of official controls	Number of accredited methods in State Phytosanitary laboratory is currently 34	2015	40 accredited methods	50 accredited methods	Institute for Accreditation in the former Yugoslav Republic of Macedonia Data in SPL
Number of taken samples by the SAI (inland and on the border)	Programme for phytosanitary monitoring 1. seed and ware potato, 2. fruits and grapes and 3. vegetable crops	Number of planned against number of samples taken Seed and ware potato - 245/114	2014	Increase by 15%	Increase by 30%	Data from SAI official controls

	Programme for monitoring of pesticides 1. Quality of pesticides placed on market 2. Pesticides residue in primary agriculture plant products	Fruits and grapes - 200/49 Vegetable crops 185/77 Quality of pesticides placed on market - 300/124 Pesticides residue in primary agriculture plant products - 300/47				
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(1) Only the most important indicators from the logical framework matrix have been selected for this table to put a focus on the key improvements to be pursued with the action and to provide a simple but yet pragmatic and realistic measurement framework. Still, all other indicators as defined in the logframe will also be followed and respectively included in the monitoring and evaluation process.

## **5. CROSS-CUTTING ISSUES**

### **ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)**

The former Yugoslav Republic of Macedonia is considered to be particularly vulnerable to climate change. Temperatures are expected to rise by close to two degrees, yet with frosts more prevalent in certain areas. Precipitation is expected to fall, particularly in the summer, and an increased propensity to a greater and more varied incidence of pests and diseases is forecasted. This has implications particularly for agriculture, already struggling to achieve its potential. The Action foresees activities to improve farmers responsiveness to climatic changes and in particular to episodes of drought, by developing new irrigation schemes (small-scale, low-cost and environment friendly) as well as by strengthening the capacities of institutions responsible for combatting of animal and plant health issues.

The Action does not specifically address climate change markers of either mitigation or adaptation but meets these objectives in various ways. Besides raising the ability of both crop and livestock farmers to meet the opportunities for sustainably competitive agriculture, the proposed interventions include actions to improve farmers responsiveness to climatic changes and take advantage of new opportunities. As well as elements that address sector management weaknesses and improve the effectiveness of Government's technical and financial support measures, the programme will support improvements in water management, the selection and availability of crop and breed varieties, the management of pastures and broader land use, and the combatting of animal and plant health issues. Furthermore, the strengthening of farm management capacities through measures to promote cooperatives and land consolidation will enable agricultural practitioners to better and more sustainably take advantage of market opportunities as and when they are progressively affected by climatic and benefit from technical and financial support.

In terms of the environment, the decline of agriculture in part reflects the degradation of arable areas and pastures through deficiencies in water and pasture management, as well as poor use of technology and low yielding crop and livestock varieties. The depletion and ageing of the rural population and the withdrawal of active land management also has implications for the conservation of land productivity, particularly through soil degradation and depletion. Implementation of the Action will be compliant with national environmental standards that approximate to EU standards, and all elements will be implemented in an ecologically friendly manner to meet Government's commitment to accommodate the impact of climate change.

### **ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)**

The formulation exercise included discussions with various civil society groups associated with agriculture and rural development, covering farmers' associations (including women farmers), cooperatives, rural development networks, local self-government, business community, and experts from academia.

Discussions with donors and experts on projects indicated specific issues for rural development in different agricultural regions based around their varying social and economic conditions. Workshops with a wide range of stakeholders are planned prior to signature of the FA to clarify the design of particular interventions.

Derived from the nature of some of the proposed activities (land consolidation, cooperatives, irrigation) an active dialogue during implementation will take place between local Authorities, farmers associations and EU Delegation.

Relevant stakeholders (partners) of this project that will benefit and cooperate with the beneficiary institutions are the concessioners of the 250 hunting grounds which are already part of the implementation activities of the oral vaccination against rabies and as such are familiarised and well informed about the project purpose and their significant role regarding project implementation and effective project fulfilment. Also the

primary food producers will benefit from the project activities. (see section 1.2. Problem and stakeholder analysis)

## **EQUAL OPPORTUNITIES AND GENDER MAINSTREAMING**

The Action does not specifically address gender issues, but that does not mean they will not be taken into account during implementation. The rural environment is experiencing significant demographic changes and among these is the outward migration of younger working people and significantly the departure of men to work in urban areas and abroad. This has meant an increasing number of effectively women-headed households, and among them an increased number of women farmers. Support for farmers will address issues for these women farmers in the course of addressing those for the rural farming community as a whole. Where appropriate Government support measures and projects will endeavour to meet the particular needs of these women headed agricultural activities, and the more active organization of women farmers and other entrepreneurs through various associations will help to ensure that interventions will be designed to directly support women as well as men in the farming community. Data on the rural sector is not comprehensive, but improvements likely as a result of several elements of the Action will help to present more gender specific data and support the adoption of gender specific interventions. Gender desegregated data will be developed at output level for relevant activities. Furthermore, training under the Action will include a specific component to train staff on the implementation of the Government's Gender Strategy, and to comply with the EC Programme of Action for the mainstreaming of gender equality in community development cooperation (2001-06).

## **MINORITIES AND VULNERABLE GROUPS**

Certain agricultural areas have a high, or even predominant, proportion of ethnic Albanians, so insofar as interventions are directed towards those areas they will specifically support this significant ethnic minority. However, the Action targets improvements in the management and competitive effectiveness of agriculture across the country as a whole and so is not directed at any specific ethnic minority or ethnic minority area. Nonetheless, the Action will be framed by the Ohrid Framework Agreement, the main reference document for treatment of minority groups, and the EU "Race Directive" (2000/43/EC) of 29 June 2000, and will support the beneficiary in an internal assessment to improve performance vis-à-vis minorities or other vulnerable groups.

The rural population, and particularly those engaged in agriculture, are among the poorer elements of society. This is particularly emphasized by the fact that those that migrate are among the more capable, dynamic and probably skilled members of the population, which means those that are left behind are increasingly dominated by those with less livelihood and life options and more vulnerable to economic instabilities. Actions that seek to raise the livelihoods of the rural population, therefore, are also expected to have a significant impact on the poor, and indeed the focus and broader objective of the Action is the reduction of poverty.

## **6. SUSTAINABILITY**

By addressing the key constraints to the development of the sector (land fragmentation, lack of access to irrigation, lack of economic cooperation between farmers), the overall objective of the Action is to contribute to make farming a more profitable and sustainable activity.

Successful implementation of the proposed Programme will significantly strengthen the capacity of the various institutions responsible for the determination and implementation of agriculture and rural development and food safety, veterinary and phytosanitary policies. Provided Government continues to support these institutional improvements, significant elements of the Programme will prove sustainable. There are ongoing budgetary implications of this strengthening, not least in terms of staffing, but also in terms of equipment and facilities, and this requires an ongoing Government commitment to this expenditure,

and the capacity to finance it. Depending on the tax regime, additional revenue should be generated by a stronger more profitable agriculture sector, with increased capacities for export and a reduced reliance on imports.

Sustainability of other elements of the Programme will depend on the extent to which the rural agricultural community takes advantage of the improvements from land consolidation, farmers' organization, improved irrigation, improved seed and breed availability, but it will also depend on the extent to which agriculture becomes self-sufficient and less dependent on direct payments as an incentive. Improvements in the nature of direct payments to better realise the desired impacts on competitiveness and profitability, supported by the Programme, will also improve sustainability as they should initiate investment and changes to activity that are viable without continuing financial support, but this will require the adoption of a policy to regard such payments as temporary encouragement rather than an embedded element in agricultural enterprise viability. Given that the ultimate objective is to join the CAP where long term subsidy is common, sustainability in this area will only be assured after accession, or so long as the EU continues to support such payments.

The beneficiary institutions have competences and established structural framework required to continue and improve the results of this project. The beneficiary institutions will continue to work towards further promotion of project results in regard to fulfil EU requirements without delay in forthcoming period.

In terms of the administrative capacity to ensure sustainability, in the period 2013-2015, FVA was significantly strengthened with new employments of staff involved in EU integration issues, in particular for implementation of EU Acquis: 38 new employments in central level, 37 in regional offices and 1 in BIP. This trend of human resources strengthening will continue in the future.

A number of newly employed personnel is dedicated towards fulfilment of the project activities, achievement of project results and all further activities in this regard in order to achieve its sustainability.

## **7. COMMUNICATION AND VISIBILITY**

Communication and visibility will be given high importance during the implementation of the Action. The implementation of the communication activities shall be the responsibility of the beneficiary, and shall be funded from the amounts allocated to the Action.

All necessary measures will be taken to publicise the fact that the Action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions. Additional Visibility Guidelines developed by the Commission (DG NEAR) will have to be followed.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions and will promote transparency and accountability on the use of funds.

It is the responsibility of the beneficiary to keep the EU Delegation and the Commission fully informed of the planning and implementation of the specific visibility and communication activities.

A communication and visibility action plan will be developed for every single activity implemented within this Action to ensure full visibility of the EU's support to agriculture and rural development and the strengthening of the food safety, veterinary and phytosanitary framework to the benefit of public health and livelihoods. The plan will be in accordance with EU visibility guidelines and executed as key milestones are achieved during the implementation.