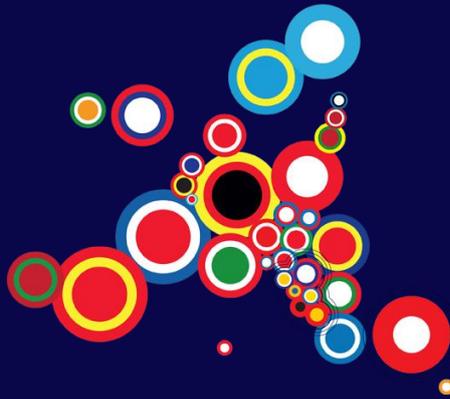




**INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II)  
2014-2020**

**NORTH MACEDONIA**

EU supports Rural  
Development and  
Competitive Sustainable  
Agriculture



**Action summary**

The Action will foster the sustainable development of rural areas. It will enhance farm productivity and sustainable use of forests and other natural resources while improving food safety and animal and plant health. EU funds will be invested in strengthening the capacities of the national institutions to support the development of the agriculture and related industries, in improving the services for farmers and entrepreneurs in rural areas, in funding innovative solutions in the most underdeveloped regions of the country. The Action will contribute to both protecting the environment and improving the economic performance of the agriculture and forestry sectors.

**THIS SECTION SHOULD BE FILLED IN BY THE EU DELEGATION/EU OFFICE**

<b>Action Identification</b>	
<b>Action Programme Title</b>	Annual Action Programme for <a href="#">North</a> Macedonia for Year 2019
<b>Action Title</b>	EU supports Rural Development and Competitive Sustainable Agriculture
<b>Action ID</b>	<b>IPA 2019/041-263/06.02/MK/ARD</b>
<b>Sector Information</b>	
<b>IPA II Sector</b>	Sector 5. Competitiveness, innovation and agriculture and rural development
<b>DAC Sector</b>	31120 - Agricultural development
<b>Budget</b>	
<b>Total cost</b>	<u>20,100,000</u>
<b>EU contribution</b>	14,000,000
<b>Budget line(s)</b>	22.02.01.02
<b>Management and Implementation</b>	
<b>Management mode</b>	Direct management
<i>Direct management:</i> <b>EU Delegation</b>	EU Delegation to <a href="#">North</a> Macedonia
<i>Indirect management:</i> <b>National authority or other entrusted entity</b>	With the exception of Activity 9: Construction of a Rendering Plant, which will be implemented through indirect management with international organisation, namely the Council of Europe Development Bank, which provides the missing part of the financing in a form of a loan.
<b>Implementation responsibilities</b>	EU Delegation to <a href="#">North</a> Macedonia
<b>Location</b>	
<b>Zone benefiting from the action</b>	<a href="#">North</a> Macedonia
<b>Specific implementation area(s)</b>	Whole national territory, for activities under Specific Objective 1. Activities under Specific Objective 2 are going to be implemented in NorthEast, Polog, SouthWest NUTS III Regions, and in the Prespa lake area.
<b>Timeline</b>	
<b>Final date for concluding Financing Agreement(s) with IPA II beneficiary</b>	At the latest by 31 December 2020
<b>Final date for concluding delegation agreements under indirect management</b>	At the latest by 31 December 2020
<b>Final date for</b>	3 years following the date of conclusion of the Financing

<b>concluding procurement and grant contracts</b>	Agreement, with the exception of cases listed under Article 189(2) of the Financial Regulation		
<b>Final date for operational implementation</b>	6 years following the conclusion of the Financing Agreement		
<b>Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed)</b>	12 years following the conclusion of the Financing Agreement		
<b>Policy objectives / Markers (DAC form)</b>			
<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
Participation development/good governance	<input type="checkbox"/>	x	<input type="checkbox"/>
Aid to environment	<input type="checkbox"/>	x	<input type="checkbox"/>
Gender equality (including Women In Development)	<input type="checkbox"/>	x	<input type="checkbox"/>
Trade Development	<input type="checkbox"/>	x	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
Biological diversity	<input type="checkbox"/>	x	<input type="checkbox"/>
Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	x	<input type="checkbox"/>	<input type="checkbox"/>

## 1. RATIONALE

### PROBLEM AND STAKEHOLDER ANALYSIS

North Macedonia has demonstrated a significant progress in the field of agriculture and rural development, food safety, veterinary and phytosanitary policy. In the past period, mainly with the support of the EU, the necessary strategic and legal framework has been adopted and good institutional capacity established. In 2017 the established Sector Working Group gained momentum under the chairmanship of the Minister of Agriculture, putting together all key stakeholders in the Agriculture sector:

- the Ministry of Agriculture, Forestry and Water Economy, responsible for the sector policy making and policy implementation;
- the Agency for Financial Support to Agriculture and Rural Development (AFSARD), responsible for procurement, contracting and payment of the aid to farmers;
- the Food and Veterinary Agency (FVA), in charge of shaping and implementing the food safety and veterinary policy;
- the Phytosanitary Directorate and Directorate for Seed and Seed materials, responsible for creation and implementation of phytosanitary policy and legislation, including State Phytosanitary Laboratory (SPL) and State Agriculture Inspectorate (SAI),
- the Department for Forestry and Hunting Department within MAFWE in charge for formulation of policy on forests, game management and hunting and reproductive material on forestry tree species and the coordination and supervision of its implementation,
- the Administration for Water Economy responsible for irrigation and drainage on the whole territory of the country through Joint Stock Company Water Management.
- National IPA Coordinator, National statistics office
- Representatives of the donor community, international organisations and financial institutions actively supporting the sector, i.e. the Swedish, the Dutch and the Swiss Embassies (SDC) and FAO, USAID, UNDP, KfW, WB and GIZ.
- Representatives of the CSO, including Macedonian Ecological Society, We Effect, Civil associations "Rural Development, Macedonian Association of Agricultural Cooperatives, National Federation of Farmers, European Movement.

The Sector Working Group focused the discussions on the key challenges to the sector development and the measures that should be put in place to address them. This Action Document is a result of an intense consultation process held in the Sector Working Group and reflects the identified problems and priorities [at sector level](#).

### **Structural fragility of the agriculture**

The share of agriculture in the gross domestic product of the beneficiary country is [around 9%<sup>1</sup>](#), [much higher compared to the EU level which is below 3%](#). This is an indication of the importance of the agricultural sector in [an economy, which overall remains underdeveloped](#).

[The total utilised agricultural area \(UAA\) is 1.266.000 ha<sup>2</sup>, of which 33% represents arable land and gardens. According to the 2016 Farm Structure Survey<sup>3</sup>, the number of farms in the beneficiary country is 178.125, of which only 280 are business entities while the rest are individual agricultural](#)

<sup>1</sup> [http://www.stat.gov.mk/KlucniIndikatori\\_en.aspx](http://www.stat.gov.mk/KlucniIndikatori_en.aspx)

<sup>2</sup> <https://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tag00025&language=en>

<sup>3</sup> preliminary data, State Statistics, [http://www.stat.gov.mk/OblastOpsto\\_en.aspx?id=38](http://www.stat.gov.mk/OblastOpsto_en.aspx?id=38) and for previous years - : [http://www.stat.gov.mk/OblastOpsto\\_en.aspx?id=10](http://www.stat.gov.mk/OblastOpsto_en.aspx?id=10)

**Commented [LCE1]:** This could be a good impact indicator

**Commented [DP2R1]:** This share of agriculture in GDP provides information on the importance of the agriculture in the country's economic structure. However, this share declines with economic growth and this is also what we expect in MK trying to push forward the country's economic development. As a comparison, the share of agriculture in the EU-27 gross domestic product (GDP) is just under 3%; but the sector is the principal source of income for around 20% of its population. Indeed, our objective is to ensure sustainable and responsible agriculture, providing decent living to people in rural areas. That's why we cannot use the share as an indicator.

[holdings. During the decade from 2007 to 2016, the number of individual agricultural holdings decreased \(-7.6%\) against a slight increase in the utilised agricultural area \(+2.9%\). This indicates a slight increase in the average size of holding but not a real consolidation process.](#)

[The output of agriculture in 2017 is MKD 87,802 million \(EUR 1,416 million\), which makes around 1,119 EUR/ha of UAA<sup>4</sup> or double less compared to the EU average of 2,266 EUR/ha<sup>5</sup>. The agricultural output shows a positive trend, starting from MKD 65,221 million in 2009. The average Macedonian farmer produces less than a third of the average farmer in the EU-28<sup>6</sup>. The Gross Value Added of Agriculture in the beneficiary country in 2017 is MKD 51,524 million or around 656 EUR/ha, lower than the EU average of 927 EUR/ha. There is a positive GVA trend since 2009. The largest share -36%, comes from the vegetable sector while animal production accounts to 23.6% of the total. The highest growth rates are recorded for the sectors of fruit and vegetables and forage plants, while a slight decrease is recorded for cereals and industrial crops.](#)

At a regional level, the highest increase in gross value added is seen in the SouthWest region, but this region only produces 4% of the national value added. Considerably more important is the share of the SouthEast, accounting for 31% of national value added, and of the Pelagonia, which together with the Southeast account for half of the value added for agribusiness in the beneficiary country.

The country is a net importer of agri-food products, with a deficit of the agri-food balance of over EUR 223 million in 2017. The deficit increased from EUR 150 million in 2008 to EUR 220 million in 2017.

At the same time, the sector budget is relatively high (above 2% of GDP) and has increased in the recent years (from EUR 130 million in 2013 to EUR 160 million in 2017). The Government is running a large agricultural subsidies programme, accounting for 90 percent of the sector budget. Agricultural subsidies per hectare (estimated between EUR 340 and EUR 380) are above the EU average (below EUR 300 for EU-27)<sup>7</sup>. In addition, farmers are entitled to various premium payments and top ups for organic production, young farmer support and farming activity in mountainous regions.

[Significant EU funds are also channelled to support national agriculture. IPARD I allocated EUR 67 million but only EUR 12 million \(18%\) were effectively disbursed to agricultural producers. Under IPARD II, EU provides EUR 60 million for three investment measures:](#)

- Measure 1: Investments in physical assets of agricultural holdings
- Measure 2: Investments in physical assets concerning processing and marketing of agricultural and fishery products
- Measure 3: Farm diversification and business development

[By the end of October 2018, 940 contracts were signed committing EUR 13,005,763 of the total available EU funds. Additional EUR 27 million under IPA II are allocated to support structural reforms and improvements in the sector.](#)

[Despite the significant national and EU sector support, agriculture's contribution to growth in the period is negative \(-0.6% for 2015-2016\). Employment has remained stagnant and the level of](#)

<sup>4</sup> National Statistical Institute office, [http://www.stat.gov.mk/KlucniIndikator\\_i\\_en.aspx](http://www.stat.gov.mk/KlucniIndikator_i_en.aspx)

<sup>5</sup> Eurostat,

<https://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tag00025&language=en>;  
[https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Output\\_of\\_the\\_agricultural\\_industry\\_EU-28\\_2016.png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Output_of_the_agricultural_industry_EU-28_2016.png)

<sup>6</sup> World Bank 2018 Country Diagnostic Review, <https://www.worldbank.org/en/country/fyrmacedonia/publication/fyrmacedonia-systematic-country-diagnostic-seizing-brighter-future-for-all>

<sup>7</sup> [http://ec.europa.eu/agriculture/rica/pdf/PO0202\\_direct\\_payments.pdf](http://ec.europa.eu/agriculture/rica/pdf/PO0202_direct_payments.pdf)

[income in the agricultural sector remains below 50 % of the average salary in the total economy. The country's farming sector is fragmented, poorly equipped, and in need of technological update.](#)

### **Small and fragmented farms with low capital investments leading to a poor farming system**

The current farm structure, involving small average farm size and excessive fragmentation of both the ownership and the use of agricultural land, is among the [most important](#) structural problems of the agricultural sector in the country and the key limiting factor for improving the competitiveness of farms.

[The average farm size in the country is 1.8 ha, which is about 10 times smaller than the average EU farm, which covers around 17 ha. The national statistics show that over 60% of farms in 2016, cover an area of less than 1 hectare, 20% fall in the category of 1 to 2 hectares, 15% cover an area of 2 to 5 ha, while less than 5% exceed 5 ha.](#)

[The smallholders and family farms utilize 80% of the total arable land in the country. The farms are usually fragmented into several \(around 5 or more\) parcels with a parcel size ranging between 0.25 and 0.6 ha, often located in different cadastral municipalities. Poor rural infrastructure is a limiting factor for the investments in agricultural sector and it requires to a large extent reconstruction, in order to reduce costs and maximise the investment effects.](#)

To address the fragmentation and parcellation of the property the country developed National strategy on Land Consolidation for 2012-2020 and in 2013 adopted the Law on Consolidation of Agricultural Land, which forms the legal basis for the land consolidation process. The main aim of land consolidation is to provide assistance to the smallholders and family farms to overcome the problems arising from excessive land fragmentation and insufficient irrigation systems and rural roads, in order to increase productivity, competitiveness and efficiency of farms, thus enhancing the potential of the agricultural sector. EU funds supported the first two pilot land consolidation projects implemented by FAO in 2017-2018. The experience gained brought to a revision of the law on land consolidation in 2018 with the objective to ease and simplify the process.

[The farms small size couples with low capital investments, which exacerbate the problems of competitiveness of agriculture. Small farms, in order to increase their value added, need to maximise the production per unit of surface. While mechanisation in small farms does not play a special role<sup>8</sup>, irrigation \[combined\]\(#\) with adequate use of fertilisers can contribute to boost the production and turnover.](#)

[In support of more intensive agricultural practices requiring irrigation, the Government adopted an "Investment Plan for Water Management Master Infrastructure 2015-2025", envisaging enhanced capital investments in dams and irrigation systems. In the mid-term perspective, the state investments in irrigation should allow irrigation of 144.000 ha. In longer-term period, the gradual widening of irrigation systems should ensure coverage of around 250.000 ha, which is a half of the cultivated land. The state investments cover two types of infrastructure works:](#)

- Rehabilitation and reconstruction of the current infrastructure for irrigation and drainage in order to achieve their sustainability and water conservation;
- Upgrading and extension of the existing hydro-system in order to increase the irrigated area in the country and construction of new structures. The implementation of these investments will improve the efficiency of irrigation systems in the beneficiary country and contribute to the increasing of the competitiveness of agricultural farms.

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<sup>8</sup> For instance for one hectare of wheat, all the agriculture practices can be carried out in less than five working days per year with a modest mechanisation capacity.

The use of irrigation plays also a very important role in the decision of the plants to be cultivated. Rainfall based cultivation (e.g. cereals) in irrigated areas can be replaced by other cultivations requiring irrigation like for instance vegetables. In this way, irrigation not only contributes to increase the production, but also to a change of [farm profile](#). [However, such potential can only be captured and developed if sufficient support systems for farmers exist accompanying the producers in their efforts to improve farm competitiveness, ensure growth and trade of perishable productions.](#)

#### [Weak support systems for agricultural producers](#)

[In EU context](#), cooperatives and farmers associations (for instance producer's group according to the EU CMOs) are the answer to this type of problems. [A strong system of cooperatives and associations of producers might assist small farmers to increase their competitiveness by providing the necessary services to reduce the cost of production and increase the revenues.](#)

[At present in the beneficiary country, there are only 4041 agriculture cooperatives, primarily in Vardar, Pelagonia, East and Southeast regions. Less than 1,000 farmers \(0.5% of all farmers \) are associated to them. Most of the existing cooperatives work on:](#)

- [Increasing the efficiency of agricultural production through costs optimization and joint procurement;](#)
- [Improving the market position of farms with the introduction of joint operations for the storage and marketing, finalization and distribution of agricultural products;](#)
- [Introduction and application of the high-quality standards of agricultural products.](#)

[However, overall the existing cooperatives are relatively weak to properly implement their function. Strengthening them is a good way to help farmers reduce the production costs, obtain a better price for their products or to shorten the supply chain through the processing of their productions.](#)

[Underdeveloped cooperatives couple with advisory services, which are unsatisfactory in scope and quality. At present, advisory services are mainly provided through the Agency for the Advancement of Agricultural Development \(NEA\), which is a public advisory service provider. Annually, about 700 farm holdings receive assistance, while at least 30,000 holdings have potential to further develop. The efforts to ensure compliance with CAP 2020+ and implement the cross-compliance mechanism will increase the demand for quality advisory service to help farmers better understand and meet the EU rules for environment, public and animal health and welfare as well as the requirement of maintaining land in good agricultural and environmental conditions.](#)

[Therefore, the establishment of efficient agricultural extension system is one of the key strategic objectives of the country stipulated in the ongoing National Agriculture and Rural Development Strategy and Governmental Programme. The legal ground of the new advisory service will be established through adopting the Law on Advisory System in Agriculture and the relevant by-laws by the end of 2019 and the relevant by-laws within the subsequent year. This initial step is supported by USAID and FAO. The new system will allow the integration of public and private extension services of sufficient quality to support the restructuring and modernisation of the agriculture holdings. EU know-how and financial support –can help the implementation and management of the farm advisory system.](#)

[Producing more and better, in line with the nowadays environmental and social challenges and in response to increasing consumers' demands require innovative solutions in agriculture and related food industry. Competitiveness of agriculture relates closely to its capacities to innovate in production processes, introduction of new cultures and breeds, in modern branding and marketing. The country, a modest innovator overall, is even less innovative when it comes to agriculture. Organic agriculture is rare – in 2016 only 529 out of 170,885 holdings, produce meat, dairy, honey, cereals, industrial oil crops, wine, fruits, and vegetables, were registered in the system of organic agricultural production in the country. New cultures are rarely introduced, the sector profile remains](#)

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[traditional and predominantly based on tobacco, wine, classic vegetables and fruits \(potatoes, tomatoes, peppers, cabbage, apples, grapes\). The potential of linking agriculture and forestry with tourism and ICT has not been exploited yet despite the growing importance of both sectors. Therefore it is necessary to unlock the innovation potential in the Macedonian agriculture and leapfrog traditional development challenges. To make this happen, investments are needed in both advisory services and in specific innovation funding mechanisms for the agriculture.](#)

### **[Neglected forestry sector](#)**

In the process of transition from a centrally planned to market economy the main focus of the Government so far has been directed towards improvement and restructuring of the sectors with acute problems related directly to economic development and social wellbeing. Institutional strengthening and restructuring of the forestry sector was not high on the development agenda [even if forest area covers over 1 million ha, representing around 40% of the country's territory. Despite the potential, the contribution of forestry to national GDP is lower than 0.5%, double less compared to the EU average of 1%. Forests have been rarely used as a tool for sustainable development and for improving quality of life, especially in rural and mountain regions.](#)

The Forest Law of 2009 addresses land consolidation, forestry policy, forest inventory, forestry cadastre (and delineation/land parcel identification), information system and monitoring, and obliges the Government and MAFWE to undertake the necessary restructuring and institutional strengthening measures. [However, no active forestry policy was put in place, which results into a number of challenges such as:](#)

- Lack of accurate data for information exchange among stakeholders (forestry cadastre, forest inventory, forest fire information system etc);
- Illegal logging, wood smuggling and unregistered timber have been considered not only as a serious crime but due to deforestation also as an environmental damage;
- Lack of market driven forest production and appropriate certification mechanisms;
- Lack of efficient management of forest resources.

[The process of EU accession requires addressing these challenges rather soon to allow for improving the forest management and aligning with the 2015 EU Forest Strategy, promoting social, economic and environmental function of the forestry. The country should start with the development and implementation of the multi-annual forestry plan covering eight priorities: \(1\) supporting our rural and urban communities; \(2\) fostering the competitiveness and sustainability of forest-based industries, bioenergy and the wider green economy; \(3\) forests in a changing climate; \(4\) protecting forests and enhancing ecosystem services; \(5\) forest information and monitoring; \(6\) research and innovation; \(7\) working together; and \(8\) forests from a global perspective. The country must benefit of the EU experience for boosting the potential of forestry sector in a sustainable way.](#)

### **[Weakness in the system for control on hazards to public, animal and plant health](#)**

[The country achieved a good level of preparation in the area of food safety and veterinary policy<sup>9</sup>. The key challenge that needs to be addressed in the mid-term perspective entails structural improvements in the system for collecting and treating animal by-products not intended for human consumption \(ABP\)<sup>10</sup>. Compliant to a great extend with the EU acquis, the national Law on animal by-products and the secondary legislation regulates the categorisation, collection, transport, disposal, processing, use and storage of animal by-products. The country adopted a Strategy on the](#)

<sup>9</sup> EU Country Progress Report 2018

<sup>10</sup> regulated in the European Union by two European Regulations (EC) No 1069/2009 and (EU) No 142/2011

establishment of the national system for animal by-products not destined for human consumption as a tool for implementing the national Law on animal by-products.

While the legal and strategic ground is established, in practice there is no organized system for the collection, transport, disposal or use of ABP. In the retail industry ABPs are not collected separately. They are discarded together with the other waste and disposed of in landfill sites and dumps. Milk and blood produced at milk plants and slaughterhouses is not collected but immediately drained off via the waste water system. After collection, the transport to the final destination (landfill) is performed by the public enterprises that provide communal waste services. The most important ABP are disposed through burial without any treatment, recovery or recycling. While this practice is definitely in conflict with the national and EU legislation, the lack of available legal destinations for the disposal or use of ABP makes any other solution impossible at this stage. Moreover, cooperation with neighbouring countries is not a solution due to economic (costs) and legislative (import and transit of unsecured ABP on foreign territory) factors. Therefore, the implementation of a national integrated system for rendering ABP is absolutely necessary to enable proper handling of ABP in line with the national and EU law. The system must cover safe collection, transport, processing and disposal of ABP throughout the country and will be based on the main unit for the management of the ABP system will be a single ABP rendering plant.

In June 2018 the Government accepted the prepared proposal for location of the future rendering plant in the municipality of Lozovo. With EU funds the technical documentation was finalised. The country has still to establish a public company enterprise and finalise the financial construction for the establishing and operating of the future rendering plant.

Another important aspect that needs to be addressed relates to the improvement of the hygiene, animal welfare and biosecurity standards on farms and to strengthening the control over vector-borne diseases. Further work on the primary and secondary legislation remains one of the priorities for the authorities for the coming years, but issues related to implementation capacities need also to be thoroughly addressed.

Unlike the food safety and veterinary aspects, the legal framework and the practices related to plant protection and health are not yet well aligned with the EU acquis, although in 2018 significant progress was achieved in determining the pest status in the country, the preparation of a new law on plant protection and amendment to the law on seed and propagation materials. The expected in 2019 new EU legislation on plant health will require further alignment effort. The work on the implementing rules need to be enhanced along with launching of monitoring and control programmes and the implementation of measures for pests' eradication.

A sustainable system of monitoring and control of harmful organisms is a prerequisite for export of plants, plant products and other objects to EU markets, which remains the main an important export destination for the Macedonian agriculture products of plant origin. In 2017 the export of vegetables accounted to EUR 139.5 million, of which 50% is the export to EU<sup>11</sup>.

According to Annex III of Directive 2000/29/EC the export of ware and seed potato are not allowed to the European Union One of the key country exports is the Macedonian potato, which at present is banned from import in EU even if the country has done step forwards to improve its monitoring procedures. Therefor it is obvious that the authorities need to enhance significantly the monitoring and control systems and to strengthen the capacities of the Phytosanitary Directorate to collect and analyse data, assess risks and build up credible control programmes. Establishing of an efficient Integrated Pest Management (IPM) System is necessary to reduce the use of pesticides and to improve their effectiveness while protecting the environment and human and animal health. In addition, the phytosanitary information system needs to be upgraded to support the new legislative requirements.

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<sup>11</sup> WITS database

In the area of seed and seedling, the National Gene Bank needs to strengthen its capacity to ensure the conservation of the already stored seeds and seedlings as well as to increase the number of species and cultivars stored.

### **Imbalances in regional development**

The fragility of the economy in the beneficiary country differs across the 8 regions. The GDP per capita of the beneficiary country is 36% of the EU average, but there are regions like Skopje where the GDP per capita is around 50% of the EU average. On the other extreme, the GDP per capita of the regions of Polog, Northeast and Southwest is respectively 17%, 21% and 27% of the EU average.

These are also the regions where over 50% of the poor Macedonians live. According to World Bank<sup>12</sup> the reduction in poverty since 2009 was not sufficient to close the geographic gaps in living conditions: the poverty gap distance to the poverty line decreased by 50 percent in urban areas but only 40 percent in rural. Almost 33 percent of the working poor Macedonians are in agriculture, compared to only 13 percent of the working nonpoor. This implies that to reduce poverty and close the rural-urban divide, policy interventions that promote agricultural productivity and income growth are paramount<sup>13</sup>.

Therefore, this Action is particularly focused on creating new opportunities and drivers for local development in the most vulnerable regions. This development approach coupled with wiser municipal and state investments in infrastructure, broadband, effective energy solutions, is expected to improve quality of life in the medium term and to curb urban migration.

### **OUTLINE OF IPA II ASSISTANCE**

The Action will foster the sustainable development of rural areas through financing key drivers of growth and unblocking the potential of the Macedonian agriculture to become an economic engine for rural areas.

The EU investments in the consolidation of 1,400 ha of lands and the water efficient irrigation of about 500 ha are expected to increase the output of agriculture in the targeted regions.

The establishment of modern farm advisory services coupled with piloting of an innovation funding mechanism will enhance farm productivity and competitiveness. Farmers will be supported in improving the production practices, introducing innovative solutions, lowering costs and respecting the environment. This will have impact on the implementation of the new rules for environment, public and animal health and welfare as well as of the requirement for maintaining land in good agricultural and environmental conditions. The action will therefore support the gradual shift to the cross-compliance mechanism.

The activities in the forestry sector will promote the sustainable use of forests. They will strengthen the forestry management and will increase of the economic performance of this sector.

The EU investments in improving food safety and animal and plant health will have double effect. On one hand, the harmonisation of the national legislation with the EU acquis and the strengthening of the monitoring and control systems on animal and plant health will avoid pandemics episodes and outbreaks of zoonotic diseases and pesticide pollution and will support the environmental

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<sup>12</sup> World Bank 2018 Country Diagnostic Review, <https://www.worldbank.org/en/country/fyrmacedonia/publication/fyrmacedonia-systematic-country-diagnostic-seizing-brighter-future-for-all>

<sup>13</sup> World Bank 2018 Country Diagnostic Review, <https://www.worldbank.org/en/country/fyrmacedonia/publication/fyrmacedonia-systematic-country-diagnostic-seizing-brighter-future-for-all>

protection. The establishment of a gene bank will preserve the biological diversity in the beneficiary country. The construction of a rendering plant will reduce the pollution associated to the uncontrolled disposal of animal by-products and will contribute to transforming waste in useful products (ABP will be transformed in oil). On the other hand, the Action will create opportunities for increasing the exports to the EU and raising the competitiveness of the Macedonian agriculture.

The Action will be implemented in the three least developed regions in the country – NorthEast, NorthWest and SowthWest+Prepspa, where the majority of the poor people are concentrated. By creating development perspectives, the Action will have an impact on reducing poverty.

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

The Action addresses four of the sector priorities outlined in the revised Indicative Strategy Paper (ISP) adopted in August 2018:

- Improved competitiveness of the agricultural sector and contribution to GDP and job creation
- Improved protection of safety of human beings and animal health
- Improved rural infrastructure
- Improved quality of life in rural communities

In addition, the Action is in line with the National Strategy for Agriculture and Rural Development 2014-2020 (NARDS), the Food Safety Strategy 2013-2018, Work program of the Government 2017-2020 as well as the recommendations of the last EU Country Progress Report.

The proposed action addresses directly four of the results included in the ISP:

- Improved competitiveness of the agricultural sector and contribution to GDP and job creation
- Improved safety of human beings and animal health
- Improved rural infrastructure
- Improved quality of life in rural communities

The table below summarises the relevance of the Action to the main strategic documents of the sector

<u>ISP Priorities</u>	<u>Findings in the 2018 Country Progress Report</u>	<u>Strategic priority goals in NARDS</u>	<b>Areas of interventions in the Action</b>
<p><u>Improve competitiveness of the agricultural sector and contribution to GDP and job creation</u></p> <p><u>Address key transversal constraints to the economic development of the sector, such as in land consolidation, small-scale irrigation, access to credits</u></p> <p><u>Improved rural infrastructure</u></p>		<p><u>Improved competitiveness of agricultural production</u></p> <p><u>Changing the unfavourable structure of the sector</u></p>	<p>The competitiveness will be addresses through:</p> <ul style="list-style-type: none"> <li>- Consolidation of 1400 Hectares of land</li> <li>- Irrigation of <b>around</b> 500 hectares of land</li> <li>- Financial support for agriculture innovations, cooperatives and associations, creating added value up and down the agriculture chain</li> </ul>
<p><u>Improve the marketing of agricultural products, and implementation of minimum quality standards will continue to be a priority</u></p>	<p><u>On common market organisation (CMO)... Market measures and risk management measures, applied for individual agriculture products, need to be better justified. Further alignment with common market measures could be better exploited to enhance sector competitiveness.</u></p>	<p><u>Market organization, vertical integration and quality improvements</u></p>	<p><u>The investments in the cooperatives is expected to drive a transformation of larger cooperatives into Producer Groups</u></p> <p><u>In the Phytosanitary area the Action will improve the quality control in the potato sector and the certification of the provenance of forestry seedlings.</u></p> <p><u>In the forestry area, the certification of 30,000 hectares of forests will be a pilot initiative to improve the quality standards in the Forestry sector.</u></p>
<p><u>Encouraging farmer groups, improving the quality of farm advisory services, developing VET and Lifelong Learning, intensifying policy dialogue and interaction with social and economic partners</u></p>	<p><u>There is little improvement in the provision of advisory services.</u></p>	<p><u>Development of advisory services</u></p>	<p><u>Support for the establishment of the Advisory services.</u></p> <p><u>Promotion of cooperatives and farmers associations.</u></p>
<p><u>Improved <del>safety of</del> protection of human beings and animal health</u></p>	<p><u>In the coming year, the country should in particular: establish an action plan to collect and treat</u></p>	<p><u>Completing the integrated food safety</u></p>	<p><u>Construction of a Rendering Plant</u></p> <p><u>Support to improve food safety, control, enhancement of legislation</u></p>

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<p><u>Public health (food safety and quality, veterinary and phytosanitary issues), biosecurity and animal welfare.</u></p>	<p><u>animal by-products.</u>  <u>No progress can be reported on phytosanitary policy, which remains at an early stage. Capacities of the Phytosanitary Directorate to provide a credible analysis of collected data and to define corresponding programs for pest control and eradication are limited. The effectiveness of the phytosanitary inspections should be improved. International standards for determining the pest status in the country are not implemented. A phytosanitary information system has not yet been established. Coordination between the competent authorities remains poor and ineffective.</u></p>	<p><u>system</u></p>	<p><u>and fight against <del>anti-microbial</del> animal -diseases an anti-microbial resistance.</u>  <u>Establishment of Plant health status,</u>  <u>establishment of Phytosanitary information system,</u>  <u>Improving the coordination and communication of the CA and capacity building for efficient official control and pest risk assessment</u></p>
<p>Improved quality of life in rural communities</p>		<p><u>Improving the living and business conditions in the rural areas</u></p>	<p><u>The Action aims to increase the income from agriculture and support innovations up and down the agri-chain, creating local opportunities for new business and jobs</u></p>

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

The EU is the main donor in the sector, with a total of EUR 178.7 million allocated for agriculture and rural development since 2017 (IPA I & II). Other active donors in the sector are the World Bank, GIZ, SIDA, USAID and FAO.

Under IPA I assistance, significant progress was made on the adoption of the EU acquis and the establishment of the necessary management and control systems for the management of the EU funds (IPARD), precursor of the Structural funds. The Paying Agency was set up, IPARD was launched, IACS and AIS system developed and put in use. However, only EUR 12 million out of 67 (18%) were effectively absorbed until 2013. IPA II assistance for the period 2014-2020 is framed by the priorities for the Sector of Agriculture and Rural Development, as established in the Indicative Strategy Paper (ISP). Of the total amount of EUR 111.3 million, EUR 60 million are ring-fenced for IPARD II and the remaining funds are expected to address structural problems of the Macedonian agriculture. EUR 13.3 million were programmed and are already supporting measures for land consolidation, and improvements in food safety, veterinary and phytosanitary policy.

In 2018, the EU Delegation completed an external evaluation of the impact of IPA and national funds on the reforms in the sector of agriculture and rural development, covering the full IPA assistance (combined ex-post, mid-term and ex-ante evaluation). In parallel, Result Oriented Monitoring (ROM), Sub-committee meetings on Agriculture and Rural Development, the annual EU Country Progress Reports and the IPA Monitoring Committees, as well as project Steering Committees, also monitor and assess the progress in the sector achieved with the EU funds.

The following conclusions have been drawn so far through the implementation, monitoring and evaluation function:

- The allocation of the IPA financial resources is coherent to the specific EU and country objectives in the sector as stipulated in the main strategic documents. The IPA funds supported vigorously transposition of the EU acquis but few only were channeled to ensure compliance in practice and to build local capacity for monitoring the implementation of the new legislation and the national strategic priorities. There is no strong and reliable system for monitoring of the current state of alignment with the EU Acquis in the country neither to identify the failures and difficulties in implementation of the newly adopted legislation. The transposition, although following NPAA, is partial which impedes the proper application. The EU funds should be invested in pragmatic solutions for boosting development along with achieving compliance with the EU acquis.
- The institutional set-up needs serious optimisation to avoid mixing of legislative and executive functions in the same bodies and to avoid gaps and/or duplication of responsibilities. Coordination between the various authorities, including across the related sectors (i.e. employment, education, regional development, democracy and governance) need to be strengthened.
- Evidence-based decision-making needs to be strengthened and the production, collection and use of information to be significantly improved. While IPA funds supported some statistical developments, more efforts are necessary to improve the timeliness and quality of the statistical data and of the administrative data sources; interoperability of the different registers need to be enhanced to allow for affordability analysis and related policy-making.
- Project management should be significantly improved along with coordination i) between the different projects; and ii) between the various institutions involved in their implementation (including central and local government). Particular issue of concern is the

management of the infrastructure projects. Control over projects under implementation needs to strengthen.

- Political commitment remains the key success factor for achieving the sector priorities as well as project objectives along with the human capital. Therefore investing in capacity building and sector policy dialogue is important for mitigating risks and ensuring sustainability and impact.
- In a context of immense investments needs on the one hand and restricted budgets on the other, projects prioritization is essential in order to ensure that the interventions planned are the most relevant for sustainable agriculture and rural development and the sector is adequately prepared for the challenges of an EU accession. Good prioritisation inevitably requires an inclusive process of identification of priorities. In the country this process was channelled in the established Sector Working Group on ARD, involving all relevant national authorities, donors, civil society, association of municipalities and regional development centres, farmers associations. This practice must be extended in time and also cover the policy dialogue on the implementation of the defined priorities.
- Finally, critical problems require crucial and synchronised solutions. The significant regional disparities in North Macedonia create a fragile and dangerous for the social peace socio-economic situation, which cannot be addressed through partial stand-alone measures. Integrated and systemic approach is necessary to activate the economic growth (through investments in agriculture and private sector development), stimulate the labour market (through investments in new and better targeted active labour measures focused on youth, women and ethnic groups) and involve local communities in fighting economic backsliding and exclusion (through transferring successful EU practices).

## 2. INTERVENTION LOGIC

### LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	
To enhance the sustainable development of rural areas	Gross Value added in the Agriculture, Forestry and Fishing sector at national level and at the target regions  GDP/capita at regional level in the focus regions	State Statistical Office – official GDP data <a href="http://www.stat.gov.mk/">http://www.stat.gov.mk/</a>	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
To improve farm productivity and sustainable use of forests	Number of farmers benefitting from the action Farm output for the supported farmers <sup>1</sup> Output of the forestry sector <sup>2</sup>	Project based information (contract reports) Study Income statement of PEMF	Migration from country-side to capital slows down thus ensuring the human resources needed for every development
To ensure food safety and improved animal and plant health	Number of diseases eradicated (officially declared free of) on the country territory Pollution levels measured by use of pesticides Hazard of food contamination (bacteria and pesticides)	Reports of the Food and Veterinary Agency (FVA) Customs office, statistics on the import of pesticides Sampling control of the FVA	Improved capacity of the municipal administrations in rural areas to implement development-based agenda
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
Modernised and optimised farming and forestry	<ul style="list-style-type: none"> <li>Number of hectares of consolidated land in the four selected areas</li> <li>Hectares irrigated on the basis of the cadastre</li> </ul>	Project report  Water cooperatives reports	Farmers have access to credit to finance on-farm equipment

**Commented [LCE3]:** This increase in the GDP/capita will not be directly linked to the “enhancement of the sustainable development of rural areas”, it could be due to other reasons or the GDP could decrease whilst the sustainability could increase. The important thing to measure here is the “share of that GDP increase that is due to enhancing sustainable development”. Good example in page 4 of this AD.

**Commented [DP4R3]:** As explained before, our objective and expectation is to have a decrease in the share of agriculture in the GDP with the time. GDP/capita will measure whether the regions become richer as a result of all activities (industry, services and agriculture) – if so, this is a sustainable trend, creating a good economic perspective. If not, the migration to the capital will continue depriving these regions of human capital.

**Commented [LCE5]:** To specify: Hectares consolidated of what?

<sup>1</sup> Farm output means the value of the production. We are going to have a measurable increase of the output only in the irrigated areas. The water associated to adequate use of chemical products will boost the output. The estimation of the output is relatively complex and requires a specific study. Variation of the output can be estimated through the elaboration of a land use survey in the beginning and end of the programme, individuation of the cultivations and estimation of the yields and unit prices on the basis of the closest similar typology of cultivation recorded in the FADN. The second survey should be done twice in 2025 to capture the autumn winter cultivations and the spring summer cultivations.

<sup>2</sup> Public Enterprise Macedonia Forest (PEMF) represents more than 90% of the activities in the Forestry sector.

	<ul style="list-style-type: none"> <li>• Number of farmers benefitting from advisory services (<a href="#">men and women</a>)</li> <li>• Number of new procedures introduced in the supported entities</li> <li>• Number of hectares of high forests (seed origin, high quality forests) within three regional Forest Management Unit in the regions North East, South West and Polog certified by a recognized certifier.</li> </ul>	<p>Project report</p> <p>Project report</p> <p>Certifications in the availability of the Public Enterprise "Macedonian Forests"</p>	<p>Water availability does not deteriorate</p> <p>MAFWE has dedicated sufficient human capacity for operating the system</p> <p>Sufficient funds are provided in the National Rural Development Program for the measures related to delivering of the services</p> <p>There is interest of the private providers to participate in the scheme</p>
Decreased risks to human, animal and plant health	<ul style="list-style-type: none"> <li>• Tons of animal by-products safely disposed yearly</li> <li>• Number of plant protection products approved</li> <li>• Number of accredited methods</li> <li>• Number of species/cultivars stored in the gene bank</li> </ul>	<p>Register of the rendering plant</p> <p>Customs office, statistics on the import of pesticides</p> <p>Report on realised Monitoring programme</p> <p>Gene bank register</p>	<p>Legal provisions in place and raised awareness on the needs of safety disposal of animal by products</p> <p>Increase in market consumption of food produced through more sustainable practices</p>

## DESCRIPTION OF ACTIVITIES

### Result 1: Modernised and optimised farming and forestry

This result will be achieved through the following activities:

#### Activity 1: Modernisation of the advisory services for operators in the agriculture field

- Support to the establishment of a functioning Farm Advisory System, including procedures for providing services, registration and certification of the service providers, description of the services to be provided.
- Development of an e-catalogue of services for farmers and operators in agriculture, **and data management system for monitoring and evaluation of FAS implementation.**
- Delivery of advisory services in three pilot regions with a special focus on:
  - ✓ **Proper implementation of cross-compliance requirements.**
    - ✓ Support the modernisation and innovative management and address obstacles preventing their development and proper functioning through advisory and technical assistance intervention;
    - ✓ Strengthen the capacities of the cooperatives and Farmers' Associations (especially producers' groups) and innovative farms in management, marketing, communication, planning;
    - ✓ Support to the establishment of producers' groups and short supply chains;
    - ✓ Promote good cooperative practices and principles and a continuous improvement system within the cooperative sphere;
    - ✓ Encouraging women's participation in agricultural development.

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#### Activity 2: Support to modernisation and innovative management in agricultural sector

This activity involves financing of innovative investment projects and business operations of entities active in agricultural and agri-food industry, including cooperatives. The activity will be implemented through an open call for proposals. At least one of the supported projects should link to enhanced participation of women in agricultural development.

#### Activity 3: Enhancing land consolidation

- Development and implementation of four land consolidation plans **preferably located** in the South-West and North-East regions, **and selected based on feasibility assured via completed feasibility studies.** This activity involves land parcels valuation by authorised land evaluator (in all 4 project areas) to define the value of the land parcels before and after the re-allotment process and to define the scope of the related compensations. The valuation reports will be used for the development of the allotment plans subject to approval by the Ministerial Decision. The newly formed land parcels in all 4 land consolidation areas will be registered in the Register of Real Estate Rights in the Agency for the Real Estate Cadastre (AREC), and then staked out on the ground (geodetically surveyed) and the possession will be transferred to the new landowners. The implementation of the plans will also include basic rural infrastructure linked to the new re-allotments (access roads, drainage and irrigation systems).
- Support to MAFWE to improve the National Land Consolidation Programme, implementing procedures, institutional setup, financial and legal framework.

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- Development and implementation of a communication policy to ensure that the land consolidation process is well understood by the local communities and that there is support by the relevant stakeholders.

**Activity 4: Construction of five small scale irrigation systems.** [Three are funded by EU](#) in the area of Pishica, Tearce and Suvodolsko with a total surface of [around 500 Hectares](#) (circa 200 farms) [while the irrigation schemes in Banichko pole and eventually Zajas will be funded by the national funds.](#)

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#### **Activity 5: Strengthening the management of the forestry sector**

- Assessment of the present organisation of the forestry sector in order to improve the institutional set-up by optimising the role and responsibility of each stakeholder. Strategic advisory support for implementation of the recommendations of the functional analysis.
- Support to the MAFWE to establish a web-based Forest Information System addressing the management of economic activities in the forestry sector. The system will map out and serve as a basis for management of the forest resources: 1) Wildlife/Game Management and Development of Hunting (to manage and control electronically the hunting activities); 2) wood supply chain (to monitor the forestry activities); 3) electronic stamping of the logs (to track the logging avoiding frauds); 4) Establishment of a Land Parcel Identification System on Forest Land (it will complement the Agriculture and pasture ones and will facilitate the electronic exchange of information on land use); 5) digitalization of the forest infrastructure (e.g. roads); 6) information system about forest fires.
- Implementation of a forest certification scheme - as a voluntary, market-driven mechanism, forest certification provides an independent third-party assurance that forest products are produced according to a set of pre-agreed standards. Forest certification will be introduced on part of high forests (seed origin, high quality forests, on at least 5000 ha) within three regional Forest Management Unit in the regions North East, South West and Polog. This activity is pilot and will be supported by an awareness campaign on forest certification raising attention on general requirements, management procedures, market opportunities and EU Timber Regulation.

### **Result 2: Risks to human, animal and plant health decreased**

This result will be achieved through the following activities:

#### **Activity 8: Improvements of food safety standards, legislation and control systems**

- Technical support will be provided to national authorities for improvement of the [safety standards for marketing of food and foodstuff](#) in line with the EU legislation on the farm level, [and particularly](#) in small [food producing](#) establishments and [in](#) remote areas. [The activity will improve the official controls in the whole food chain, as defined in the new EU regulation for official controls and, in parallel, will improve the understanding of farmers on the requirements.](#)
- [Support for strengthening the system for](#) continuous monitoring and control [of dangerous animal diseases.](#) The Food and Veterinary Agency will be supported in implementation of the new package of [EU legislation on](#) animal health, including identification and registration of animals. [Special focus is to be put on implementation, notably on improvement in the](#)

[methods and procedures for surveillance and monitoring of animal diseases. The activity will transfer positive EU experience and practices](#) in the area of food safety and veterinary policy.

- Development [of](#) an integrated system to combat antimicrobial resistance<sup>16</sup>, connecting human, animal, agricultural, food and environmental aspects. [The system will prevent and reduce](#) the foodborne outbreaks and other public health hazards. [The preparedness of the involved parties in crisis situations will be enhanced. Integrated monitoring of the human health and veterinary health hazards will be achieved through the establishment of a coordination mechanisms . The surveillance and laboratory capacity will be strengthened.](#) A national action plan [and Guidelines for the introduction of](#) One Health Approach will be developed [and](#) best practices in hygiene and infection prevention measures [will be transferred to the country.](#)

**Activity 9: Construction of a Rendering Plant** to ensure the disposal of the animal by-products in line with the EU and national legislation. The rendering plant will make it possible to collect and process all categories of materials of animal origin subject to disposal. The plant's capacity is calculated to process 8,000 tons of animal by-products every year. This is a classic circular economy investment, allowing the collected and processed material to be transformed from polluting waste into products that can be used in other production cycles.

#### **Activity 10: Harmonisation of the Phytosanitary legislation and introduction of best practices on plant protection**

- Harmonization of the national legislation with the EU *acquis* focusing on the new EU Plant Health Regime, [including the](#) preparation of the new Plant Health Law [and the necessary](#) secondary legislation, [including implementing acts](#) and [methodological documents](#).
- Improving the [national capacities](#) to implement the new legislation in phytosanitary area, in particular new plant health regime, to deliver high quality services and interact efficiently with citizens and business operators through strategic advise, mentoring and coaching. The activity involves enhancing the phytosanitary inspection controls [and improving the](#) identification, diagnosis and reporting of harmful organisms [on](#) the territory of the country. [This entails building the capacity for planning and implementation of](#) specific phytosanitary measures to stop [disease spreading as well as upgrading the](#) equipment for efficient monitoring and control by phytosanitary inspectors [and](#) laboratory testing within State Phytosanitary Laboratory.
- Upgrading Phytosanitary Information System (PIS), [established with the support of](#) IPA 2015. PIS integrates [all](#) processes, registers [and](#) databases in order to issue forecast and diagnosis reports needed for proper phytosanitary system in the country, [and allows the](#) [communication and exchange of information among the stakeholders of the phytosanitary system](#). Under IPA 2019, it is foreseen to further extent PIS [to reflect the Plant Health Regulation and the](#) new legislation regarding trade of plant and plant products, traceability of products, survey and surveillance of pests, protection from new harmful organisms,

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<sup>16</sup> Antimicrobial resistance occurs when microorganisms such as bacteria, viruses, fungi and parasites change in ways that render the medications used to cure the infections they cause ineffective. When the microorganisms become resistant to most antimicrobials they are often referred to as “superbugs”. This is a major concern because a resistant infection may kill, can spread to others, and imposes huge costs to individuals and society. Antimicrobial resistance is the broader term for resistance in different types of microorganisms and encompasses resistance to antibacterial, antiviral, antiparasitic and antifungal drugs.

sustainable use of plant protection products and new procedures for authorisation of plant protection products.

- Further development of Plant Health Status (PHS) in the country according to International Standards for Phytosanitary Measures No 8, i.e. determination of pest status, in particular for pests listed in the Annexes I and II according to the new Plant Health Regulation.
- Integrated Pest Management (IPM) – the activity will support the implementation of the Law on plant protection products. It involves elaboration of procedures for early warning, detection and reporting of pest appearance and development. On this basis, it will be possible to advise the farmers on the right timing for plant protection products applications and the selection of the right plant protection products. The enhanced IPM will include techniques for prevention and monitoring of infestations and pests, through biological means for pest control, appropriate farming practices and products that present the least risk to human health and the environment.
- Further development of control system in potato cultivation to obtain derogation from the ban under Council Directive 2000/29/EC, including the other relevant EU *acquis* regulating the production of seed and mercantile potatoes.
- Establishment of a Committee of evaluators of Plant Protection Products (PPP), in line with the new legal provision, requiring expert evaluation of PPPs' physical-chemical properties, identity check, toxicology etc. before approval of the use of respective pesticide in the country. This activity involves drafting regulations and procedures and training of experts in various laboratories in EU. The objective is to complement the scientific and technical knowledge available in the country and ensure PPPs independent and objective evaluation.
- Establishment and electronic registration of areas of provenience for basic reproductive material from forest tree species and integration of the electronic register of provenance areas with GIS database.
- Strengthening of the National Gene Bank of the seed genetic resources in charge of the centralized collection, keeping, processing and managing of the genetic resources of the national seed varieties of autochthon plants. The activity involves an upgrade of the available equipment, procedures, and data inventory as well as a review of certain species of domestic plants, in particular: degree of threat, geographic distribution, genetic variability, number of plants and effective size of certain species and cultivars, measure that should be undertaken for preservation of autochthon population.

## RISKS

- The reform in the agricultural area requires a comprehensive and long-term effort to resolve a number of structural weaknesses blocking sector development such as very small farm size, coupled with the fragmentation and parcelling of properties; lack of a land market that would simplify the relationship between supply and demand; low productivity and low production capacity, leading to inconsistent quality of produce; absence of modern technologies and mechanisation (e.g. for seed treatment, cropping and various methods of fertiliser application), constant problems with the registration in the Farm Register, etc.

Therefore, a strong Governmental commitment and political will is the key success factor for this horizontal and far-reaching reform process. The Government, on numerous occasions reiterated its support and commitment to the reforms. In 2018, an EU-funded team of experts evaluated the national subsidies schemes as well as the EU assistance and

proposed a roadmap for gradual alignment with the EU agricultural policy post 2020 and the WTO requirements, combining the decreased use of coupled direct payments with the increased use of decoupled payments. The country accepted the recommendations and the roadmap, thus giving a clear political direction for the reforms. The regular policy dialogue involving national and international stakeholders and partners will be the main channel for monitoring the reforms and the governmental commitments and therefore will play the role of a key mitigation measure for the risks associated with the political will to embark on a complex and far-reaching reform. Eventual opening of negotiations for EU membership will further strengthen the dialogue on the reform measures and will decrease the governance-based risks to the action.

- The action is associated with some financial risks, notably the financial structure for the construction and the sustainability of the rendering plant. While the commitment by the Government to this project is outspoken, detailed analysis were completed in 2018 and discussions with the Council of Europe Bank (CEB) advanced, the final decision of CEB based on negotiations with the country will only be completed by the end of 2019. This inevitably outlines a financial risk to this very important project with significant prevention impact on public health and safety. As a fall-back option, and in the case of withdrawal of CEB from the project, the remaining solution would be ....
- The sustainability of this particular project links to the mechanisms for ensuring the disposal by stakeholders of the animal by-products to the rendering plant. The completed feasibility study clearly outlines the need of a balance between incentives and obligations, implying strong national financing for the maintenance of the plant. Although the financial plan has been developed, at this stage, there is no established mid-term expenditure framework allowing the tracing of the governmental funding for the operation of the rendering plant in mid-term perspective. The strong support expressed by the country decision-makers involves also a financial commitment for the plant operations but the risks exist. Eventual opening of the negotiations will mitigate this risk since the country will be more vigorously seek for compliance in implementation of the EU acquis.
- People engaged in agriculture, farmers and producers, are in principle a conservative sector of society, focused more on stability compared to growth-oriented paths. Therefore, involving them in agriculture innovation hides some risks and requires good preparation and strong awareness raising approach. This risk will be partly overcome by implementation of the outreach activities envisaged in this Action. The good coordination with the few sector donors presented in the country will increase their absorption capacity, will prepare mature projects of farmers and cooperatives, thus ensuring synergy of donors' funding.

Recognising these risks as an important factor that could affect the success of the the action and the agriculture reforms as a whole, implies also the establishment of a proper risk management system, which is based on several tools:

- The IPA Master plan is managed by the NIPAC and reviewed monthly with the EU Delegation. It contains all systemic, programme- and project related issues and conditionalities, that have to be followed or resolved. Further on, on the grounds of the IPA Master plan, the NIPAC introduced regular and structured reporting to the Government on priority issues, thus ensuring the highest possible commitment to the use of EU funds.
- The Sector Working group on Agriculture and Rural Development channels the policy dialogue on identification and reporting on sector priorities and also embed the IPA programming. It involves national authorities, donors and civil society and meets regularly

**Commented [CT6]:** The Ministry of finance and the Ministry of agriculture, forestry and water economy have agreed that the most suitable solution for ensuring the remaining funding for construction of a rendering plant is to be supported by the loan to be taken from the World bank, under the current envelope for Agriculture sector. The proposal has been discussed with the representatives from the DEU on the meeting held on 12<sup>th</sup> March 2019. A preliminary decision has been achieved

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in three formats: core (expert staff); institutional (with decision-makers in institutions) and extended (full composition including donors and civil society).

- Monthly meetings with the Ministry of agriculture to follow on projects and contracts;
- IPA Monitoring committees reviewing the use of the EU funds in the specific sector.

In case of eventual opening of negotiations on chapter 17, the dialogue in the negotiations team will further support the risk management process.

### **CONDITIONS FOR IMPLEMENTATION**

The implementation of this Action is subject to the following conditions:

- Formal establishment of a public enterprise that will be responsible for the establishment and operations of the rendering plant.
- The Law on Farm Advisory System as well as the related by-laws must be in place before the activities related to the Advisory services are implemented.
- The law on Plant Protection Products (PPPs) needs to be adopted before starting the implementation of the activities related to the Phytosanitary system.

### **3. IMPLEMENTATION ARRANGEMENTS**

#### **ROLES AND RESPONSIBILITIES**

The IPA 2019 Action will be implemented under direct management, by the EU Delegation, as the Contracting Authority, having the overall responsibility for contracting, monitoring and evaluation of the Action.

The established Sector Working Group on agriculture and rural development (SWG ARD) will exercise the public control over the whole Action as a part of its mandate to channel the policy dialogue on the implementation of the sector priorities with the inclusive participation of national authorities, donors, civil society. The SWFG ARD is chaired by the Minister of Agriculture.

At contract level, Steering Committees will be established with the participation of the direct beneficiary, the MAFWE, the SEA and the EU Delegation.

The Secretariat for European Affairs (NIPAC office) will be closely associated to the implementation of the action, particularly as regards monitoring of the implementation and achievement of the results of the Action. In the national structure the National IPA Coordinator has supervisory role on the use of the EU funds as well as the obligation to inform regularly the Government on issues linked to the use of the EU funds.

The Ministry of Agriculture, Forestry and Water Economy (MAFWE) holds the overall responsibility for the implementation of the action, managing coordination with all involved national authorities, providing the necessary human resources, co-financing and physical resources to allow smooth implementation of all activities and ensuring the sustainability aspects are properly addressed. The coordination function of the MAFWE will be technically implemented by the Unit on EU integration. Support will be provided by the Rural Development Department responsible for designing and implementation of the policies on modernisation and efficient management of rural development.

The **Department for Land Consolidation**, Exchange and Identification of Parcels of MAFWE is responsible for implementation of the activities dealing with the land consolidation. In its work, it

will be supported by the Rural Development Department, responsible for design of rural infrastructure and Branch offices responsible for mobilization of local communities and raise interest in land consolidation, as well as support to select potential land consolidation areas

The project activities regarding food safety and veterinary policy will be implemented [by the Food and Veterinary Agency \(FVA\)](#). The FVA Sector for veterinary public health will be in charge for the implementation of the activities related to the construction and equipping of the rendering plant for ABP as well as for the activities related to food safety. The Sector for Animal health and welfare will be responsible for the activities related to animal health. Other stakeholders like the **Faculty of veterinary medicine** will be involved in for the activities related to animal health surveillance and diagnosis of diseases. Food business operators (industry and primary producers) will be included for raising the awareness of the obligations and improvement of the enforcement of the legislation for food safety and veterinary health.

The [MAFWE Unit for Advisory services, education and research](#) will be the main entity in charge of the activities related to the Advisory services. The **National Extension Agency**, i.e. the NEA advisors along with the private advisors will be the main beneficiaries of the project activities according to their role in the overall Advisory Services. The educational and research institutions and expert community in the country will [benefit from the activities related to the preparation of training modules and advisory packages](#).

The activities on phytosanitary will be [implemented by](#) the **Phytosanitary Directorate (PD), State Phytosanitary Laboratory (SPL), State Agriculture Inspectorate (SAI), border and in-land phytosanitary inspectors, Directorate for Seed and Seedling Materials (DSSM) and Department for Forestry and Hunting**. Moreover, Ministry of Health and Ministry of Environment will be involved in project realization, in particular for the issues relating to PPPs [along with](#) experts and professors from different Universities [and](#) advisors from National Extension Agency (NEA). The PD and SAI will have the leadership for the implementation of most of the activities, while activities related to the protection of agro-biodiversity will be under the responsibility of DSSM. Finally, for the activities related to the procurement of laboratory equipment, the SPL, SAI and DSSM will be involved.

The overall management of activities related to the **forest resources** is under the responsibility of the Ministry for Agriculture, Forestry and Water Economy (MAFWE) through the **Department for Forestry and Hunting**. This Department has four organizational units: 1. Hunting, 2. Forest Protection, 3. Silviculture/afforestation, 4. Forest Planning/Exploitation. All four Units will be involved in the implementation of the [Action](#).

[The activities related to irrigation and drainage will be under the control of the MAFWE Administration for Water Economy](#), [having the overall responsibility for](#) the management of the capital investment projects (e.g. large scale projects, dams, new large scale irrigation systems, management of smaller investment projects in irrigation and drainage infrastructure).

The [MAFWE Unit for agricultural cooperatives](#) performs tasks and activities related to agricultural cooperatives in accordance with the Law on agricultural cooperatives, [the relevant bylaws, programmes and plans for development](#).

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

Direct management	Budget (€)		Timeline	
	Total	EU contribution	Launch of procedure	Contract signature
Procurement	6,900,000	5,300,000		

EU support for improving human, animal and plant health	800,000	800,000	Q1 2020	Q3 2020
Improving the Advisory Services	600,000	600,000	Q2 2020	Q4 2020
Water Management and Irrigation	5,100,000	3,500,000	Q2 2020	Q4 2020
Improving physical capacities for plant protection	300,000	300,000	Q3 2020	Q1 2021
Evaluation, communication and visibility	100,000	100,000	Q3 2025	Q3 2025
<b>Grants/Twinning/ Delegation agreement</b>	<b>13,100,000</b>	<b>8,600,000</b>		
Land Consolidation	1,000,000	1,000,000	Q3 2020	Q1 2021
Construction and putting in operation of a rendering plant	9,000,000	4,500,000	Q4 2019	Q1 2020
Enhancing modernisation and innovative management	900,000	900,000	Q4 2020	Q2 2021
Supporting the reforms in forestry	1,300,000	1,300,000	Q4 2020	Q1 2021
Towards a modern protection of plants and biodiversity	900,000	900,000	Q4 2019	Q2 2020
<b>TOTAL</b>	<b>20,000,000</b>	<b>13,900,000</b>		
Contingencies	100,000	100,000		
<b>TOTAL</b>	<b>20,100,000</b>	<b>14,000,000</b>		

#### 4. PERFORMANCE MEASUREMENT

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

Progress in the implementation of the Action will be monitored through the Performance Assessment Framework (PAF) which is being prepared through a separate EU project and is expected to be put in place in 2019. The PAF is sector-based and integrates macro indicators (outcome and impact levels) and micro indicators (output level) for the sector Agriculture and Rural Development, deriving from the country sector strategic documents. Since the Action proposes measures relevant to the priorities identified in the national strategic documents, the majority of the formulated indicators are part of PAF. PAF is developed as a web-based application (to be backed up by a GOV decision on responsibilities and deadlines) allowing regular electronic input of data, data processing and data analytics. The PAF data will be used in the Sector Working Group on Agriculture and Rural Development, which is also the inclusive platform of all stakeholders to monitor the implementation of the sector priorities.

In addition, the Action envisages a separate contract for a final independent evaluation of the effectiveness and the impact of the Action. The European Commission may carry out additional evaluation for this Action or its components via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the European Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. All evaluations will be carried out as prescribed by the DG NEAR guidelines for evaluations. In addition, the Action might be subject to external monitoring in line with the European Commission rules and procedures set in the Financing Agreement.

The ongoing monitoring of the specific contracts will be a responsibility of the EU Delegation and the NIPAC office [through the IPA Monitoring Committees](#) as well as of the Steering Committees established in the context of the specific technical assistance interventions.

**INDICATOR MEASUREMENT**

Indicator	Baseline (value + year) (2)	Target 2020 (3)	Final Target (year) (4)	Source of information
<b>Impact level</b>				
Gross Value added in the Agriculture, Forestry and Fishing sector	54,369 million Dinars (2015)	54,369 million Dinars	> 54,450 million Dinars (2025)	National accounting system as per publication of the SSO / T-P01: Gross domestic product and gross value added, at current prices, Gross Domestic Product
Gross Value added in the Agriculture, forestry and fishing sector in the focus regions	10,626 million Dinars (2015)	10,626 million Dinars	> 10,700 million Dinars (2015)	<a href="http://www.stat.gov.mk/Publikacii/RegionalenGodisnik2018.pdf">http://www.stat.gov.mk/Publikacii/RegionalenGodisnik2018.pdf</a>
GDP/capita at regional level	(2015)		(2023)	<a href="http://www.stat.gov.mk/Publikacii/RegionalenGodisnik2018.pdf">http://www.stat.gov.mk/Publikacii/RegionalenGodisnik2018.pdf</a>
Polog	121,824	> 121,824	> 121,824	
South West	212,913	> 212,913	> 212,913	
North East	164,161	> 164,161	> 164,161	
<b>Outcome level</b>				
Number of farmers benefitting from the Action Document ( <a href="#">men and women</a> )	0 (2018)	0	> 2,400 (2023)	Reports on the implementation of the financed projects
Farm output for the supported farmers				Ad hoc study is to be implemented before and after the implementation of the irrigation projects. It is expected an increase of the output of at least 50%.
Output of the forestry sector	28 MEURO (2017)	28 MEURO	30 MEURO (2023)	Income Statement of PEMF

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Indicator	Baseline (value + year) (2)	Target 2020 (3)	Final Target (year) (4)	Source of information
Number of diseases eradicated (officially declared free of) on the country territory			2	Reports of the FVA
Pollution levels <u>measured by</u> use of pesticides	1,815 (2015 to 2017 average)	1815	1,500 (2022 to 2024 average)	Statistical data of the Agriculture Inspectorate on imported pesticides
<u>Hazard</u> of food contamination (bacteria and pesticides)	2% (2017)	2%	> 1% (2023)	Sampling control of the FVA
<b>Result/Output level</b>				
Number of Hectares <u>of</u> consolidated <u>land</u> in the four selected areas	0 (2018)	0	1400 (2023)	Re-allotment plans and data of the Agency for the Real Estate Cadastre (AREC)
Hectares irrigated on the basis of the cadastre	250 (2018)	250	<u>around</u> 500 (2025)	Water Economy Directorate in liaison with the Agricultural Irrigation Cooperatives
Number of farmers benefitting from advisory services (of these female) and belonging to minorities and vulnerable groups (MVG)	0 (2018)	0	Total: > 1000 (2023) Female: > 500 (2023) MVG: > 50 (2023)	Register of the co/financing of the payments for extension services
Number of new procedures introduced in the supported entities	0 (2018)	0	15	Project report
Number of hectares of high forests (seed origin, high quality forests) within three	0 (2018)	0	30,000 (2024)	Certifications in the availability of the Public Enterprise "Macedonian Forests"

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**Commented [PI7]:** Currently around 700 farmers receive direct one to one advisory support through NEA. That is insufficient in scope and there is no FAS M&E that trace the effectiveness of provided services, including beneficiaries data segregation

<b>Indicator</b>	<b>Baseline (value + year) (2)</b>	<b>Target 2020 (3)</b>	<b>Final Target (year) (4)</b>	<b>Source of information</b>
regional Forest Management Unit in the regions North East, South West and Polog certified by a recognized certifier.				
Tons of ABP disposed yearly	0 (2018)	0	8,500 (2023)	Register of the Rendering Plant
Number of <a href="#">Plant Protection Products</a> approved	0 (2018)	0	3 (2025)	Register of the approved PPP
Number of accredited methods	141 (2018)	141	169 (2023)	Report on realised Monitoring programme
Number of species/cultivars stored in the gene bank	3,600 (2018)	3,600	5,000 (2025)	Register of the gene bank

## 5. SECTOR APPROACH ASSESSMENT

The country has progressed in introducing the Sector approach. [The established Sector Road Map is in general being implemented. Major achievements as regards the policy dialogue and the establishment of a performance assessment framework were realised in 2018.](#)

The [established Sector Working Group for Agriculture and Rural Development \(SWG ARD\), chaired by the Minister for Agriculture and Water Economy, functions well as](#) an inter-ministerial co-operation forum enlarged to donors and civil society. The SWG channels the discussions on the national sector priorities and their implementation in an inclusive and participatory manner. It embeds the IPA programming but goes far beyond the discussions on EU funds: this is the platform to voice also the opinion of the various donors, relevant state institutions and civil society on how the rural areas develop in a sustainable way, how effective are the current policies, how the various donors contribute to the national sector priorities. The SWG [meets in three formats: expert/core level, decision-making/institutional level and extended/plenary, attended by](#) all relevant stakeholders (authorities, donors, chambers, universities, local authorities, civil society). [In 2018, the SWG ARD met over 20 times in its various formats, thus turning into a real sector coordination platform.](#)

The sector strategic framework is established. The main national planning documents in the sector are the National Strategy for Agriculture and Rural Development 2014-2020 and the supporting Strategic plan of the Food and Veterinary Agency 2018-2020. Additionally, in January 2018 a five-year National Programme on Agriculture and Rural Development 2018-2023 has been adopted by the Government. These national strategic documents are taking into account the basic provisions of the European policies in the area of agriculture and rural development. The strategic priority of the NARDS, which is to increase the competitiveness of the agricultural production and food industry, development of rural areas and sustainable management of natural resources, actually encompasses the expected results of the IPA II assistance as defined in the [ISP](#).

[The country is in process of establishing a Performance Assessment Framework. In 2018 a comprehensive list of macro and micro indicators to map out the outcomes and impact of the national policies has been elaborated and is in a process of validation through the SWG ARD. An IT platform to host PAF is under implementation. The completion of PAF is expected by end of 2019.](#)

## 6. CROSS-CUTTING ISSUES

### GENDER MAINSTREAMING

The country has put in place the legal framework to ensure gender equality through the adoption of the Law on equal opportunities for women and men and the Law on prevention of and protection from discrimination ([in adoption procedure](#)). The current legal framework actually prohibits discrimination on the grounds of gender and sexual orientation and prescribes that equal representation of men and women exists when one sex is represented with at least 40% per cent in bodies at all levels (state, municipal levels other institutions). At the same time, only 34.6% of women in the beneficiary country are employed [and in general, in lower paid sectors](#), placing the country significantly below the EU average of 58.5%. Of the inactive people 64,4% are women. [The percentage of employed persons in 2016 in the sector agriculture, hunting and forestry is 39.2% women and 60.8% men<sup>17</sup>.](#) Agriculture in the beneficiary country is based on family farming; agriculture activities are performed [by](#) all members of the family. [Yet, UN Women report in February 2019 that only 12 per cent of women in rural areas of North Macedonia are land owners and less than 10 per cent have decision-making roles related to land. While women in agriculture](#)

<sup>17</sup> State Statistical office, [labour force survey 2017, http://www.stat.gov.mk/Publikacii/2.4.18.03.pdf](http://www.stat.gov.mk/Publikacii/2.4.18.03.pdf)

[work on average 11.06 hours per day, 41.7% of the total workload belongs to unpaid work. Therefore, inequality between the sexes remains a major obstacle for economic development and for reducing poverty.](#)

This action proposes an approach which [partially](#) addresses the gender-related challenges in agriculture development. [Investing in advisory services, the Action creates an opportunity for women to use in future tailor-made support, able to accompany them and turn a seed idea into a functioning operation. By pushing advisory service go local, the action decreases the risks for new agricultural producers, particularly women who are more rarely part of traditional support networks. Further on, the action offers funding opportunity for innovations in agriculture. Women are usually more shy in searching for development opportunities, and rarely opt for taking a loan for business activities. Therefore, having a possibility to receive a grant for developing agricultural business will allow addressing the confidence gap. At least one of the supported projects should have a clear gender perspective.](#)

In order to measure the gender impact of the proposed approach gender-sensitive indicators for measuring the success of the Action have been introduced. In particular the following indicators will be applied: Number of women and Number of men, benefiting from the action<sup>18</sup> (absolute No and % of all final beneficiaries).

#### **EQUAL OPPORTUNITIES**

[According the 2018 World Bank Country Diagnostic Review, 33% of the working poor work in agriculture. By investing in the competitiveness of the Macedonian agriculture, the Action creates a chance for increasing the income from agriculture, creating jobs and decent living, thus supporting the equal opportunities principle in practice.](#)

[Moreover, the bigger part of the action focuses on under-developed regions, lagging behind in providing equal opportunities for their local communities compared to capital and leading urban centres. Poverty reaches 40% in NorthEast and Polog Regions. The EU support for the agricultural development in these regions creates a development perspective for citizens independent of their physical location, origin and background. The investments in innovative agriculture and cooperatives have the potential to generate jobs down and up agricultural stream including for farming, aggregation, storage, processing, logistics, food preparation, restaurants and other related services, which would require different profiles of new workers to join the labour market.](#)

[All planned activities will be implemented in compliance with the principles of equal opportunities, non-discrimination and overall respect to gender equality as per EU standards. This implies that participation in project activities such as trainings, capacity building activities, investments and others will be open to citizens regardless of their racial or ethnic origin, religion or belief, disability, age, sex or sexual orientation. The action will strengthen the collection, use and dissemination of sex- and ethnicity disaggregated data in the agricultural sector.](#)

#### **MINORITIES AND VULNERABLE GROUPS**

By focusing on the 3 most underdeveloped regions, the Action will enhance the economic and social cohesion between the capital and the regions, which is [also](#) among the key objectives of the Ohrid Framework Agreement and “Race directive” 2000. In all three selected regions, considerable ethnic communities are located [i.e. Roma, Albanian, Turks. The farm advisory services](#) have the potential to accompany people of minority origin [already engaged in agriculture to improve their productivity and respectively raise the quality of their life. Boosting economic development in the](#)

**Commented [DP8]:** MGO - Useful to provide more information on how the approach is addressing gender challenges. Eg. Extension credits to support women entrepreneurship and/or establish funds which provide loans ? , Delivering training and develop special programmes, establishing a national network of mentors for women entrepreneurs,, providing support to micro-enterprises. ....

**Commented [DP9R8]:** The Action does not envisage a special window for women. One of the reasons is that women are rarely land owners and that the land market is underdeveloped. Therefore, investing particularly in women in agriculture has serious limitations. Moreover, the activity rate of women in the country is very low – only 44.4% However, in the scope of the possible, the action proposes an approach which could benefit women.

<sup>18</sup> It does not apply to the activities related to irrigation and land consolidation. In these two cases area of several hundreds hectares are selected without taking into account the gender of the farmers.

targeted areas (through a more competitive agriculture and investments along the full chain from the farm to the table) would result into more jobs, better working conditions, decreased social risks. In mid-term perspective, this approach will impact on increasing income and improving living conditions. In longer-term perspective, decrease of poverty among ethnic minorities will impact on improving the inter-ethnic relations.

To measure this effect, the Action introduces relevant success indicators i.e. number of farmers from minority origin or of vulnerable groups, benefiting from the action<sup>19</sup> (absolute No and % of all final beneficiaries)

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

The Sector working group has proved as an excellent tool to involve civil society in defining sector priorities and focusing the use of the EU funds. Representatives from farmers' organization, associations of food processing industries, chambers and the donor community have been actively involved since the beginning in the sector policy dialogue, contributing know-how to the debates and voicing concerns of farmers and agri-businesses. The SWG ARD will continue to play the role of a sector dialogue platform in future providing a national forum where various types of stakeholders can discuss and exchange opinion on how and if the measures produce results, are there emerging risks and concerns. In this respect, a starting EU project will seek to enhance the participation of CSOs in the SWG through mobilizing their resources and building their capacities to analyse the implementation of the national policies in various sectors and provide structured input for the operation of the SWGs.

Moreover, this Action provides an excellent opportunity for specialized civil society organisations (i.e. Chamber of commerce, local agriculture and rural development support organisations, etc) to participate in the activities and benefit from EU funding to refine the advisory services they provide and even obtain funding for innovative projects in the area of agriculture.

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

The Action will have significant positive direct and indirect impact on environment and climate change:

- The construction of a rendering plant for management of ABP will stop disposal of ABP in the landfills and therefore stop eventual spread of diseases and pollution of the land and water contamination. The rendering plant is also to be considered as a circular economy investment that makes possible the use of waste to create valuable goods. In the specific case, the ABP will be transformed in oil that can be used in diesel engines.
- The enhancement of the gene bank will reduce the risk that important genetic information might get lost and will therefore contribute to preservation of the biodiversity.
- The planned early-warning and monitoring systems for weather and climate events and plant diseases, pest surveillance and information management will decrease the use of the pesticides, promote integrated pest management and organic production.
- The creation of a Forest Information System as well as the certification of the forests will contribute to a better management of forests, which plays an important role in climate change mitigation and adaptation.

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<sup>19</sup> It does not apply to the activities related to irrigation and land consolidation. In these two cases area of several hundred hectares are selected without taking into account the ethnical group of the farmers.

## **7. SUSTAINABILITY**

The sustainability potential of the action is high due to several factors:

- The Action incorporates a considerable acquis alignment component. In the context of improving accession perspective for the country, the investment into harmonisation with the acquis creates a good sustainability prospect since it will shape and support the negotiations process. In addition, the focus on the transposition of the new EU legislation in veterinary and phytosanitary at an early stage will ensure time for proper implementation before accession and will prepare better market operators for the EU markets.
- The activities included in this Action Document that deal with investments (rendering plant, irrigation, and land consolidation) are based on detailed feasibility studies anticipating their effect. Other activities are the continuation of already on going sustainable activities. The Action is expected to result into improved performance of the supported territories that will be able to better contribute to the economic performance of the beneficiary country. In addition, through the advisory services activities, farmers will be supported to ensure compliance with the new regulations on cross compliance.
- The action proposes a strong capacity building approach for both public administration and farmers. Upgrading the skills and capacity of the human resources is an investment in the social capital in the country and is a guarantee for sustainability.

## **8. 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 funded from the amounts allocated to the Action.

Communication and visibility will be given high importance during the implementation of the Action with a particular focus on promotion of the transposed legislation, enhanced attention to the environment, more resources for the farmers and improved quality of life in less developed regions of the country.

The communication and visibility approach is based on several pillars:

Promotion of the action through the visibility and communication strategy "EU for YOU", of the EU Delegation, based on sector campaigns, which target the citizens at large outlining the benefits of the EU aid for the country in a communicative, comprehensible and interactive style. In addition, all EU projects are promoted through the Delegation web-site. As of 2018, the EU Delegation together with NIPAC launched the IPA Visualization Map (<https://euprojects.mk> ) providing information on all IPA projects in the country.

Promotion of the EU support at the level of the action – this implies selection of one or two activities out of the whole Action with very high media potential and creating a media event allowing to promote in general the EU values and principles in a certain specific context. This approach is being piloted under 2016 IPA annual programme and will be extended further. The cooperation with the NIPAC office and the other beneficiaries will be very important to ensure one-voice communication to citizens.

Promotion of the EU support at the level of each single contract and in line with the EU communication and visibility requirements in force. All contractors have to develop a communication plan, which will be approved by the EU Delegation. The communication and visibility plan should highlight the external communication activities that need to take place. In approving the communication plan the EU Delegation usually encourages "out-of-the-box"

communication solution having the potential to attract the attention of media and citizens and allow passing important messages.

All contractors are also expected to show a good communication reflex and the ability to exploit unexpected opportunities to the benefit of the action. Having in mind importance of digital communication in today's era of web technologies and social media, creation of EU-funded projects' communication materials in an internet friendly format is essential. The implementation of the communication activities shall be funded from the amounts allocated to the Action and the separate contracts. It is the responsibility of the contractors and beneficiaries to keep the EU Delegation and the Commission fully informed of the planning and implementation of the specific visibility and communication activities. The beneficiary shall also report on the visibility and communication actions in the relevant reports.

All visibility and communication actions shall focus on results and changes achieved and shall demonstrate how the EU support brings the country closer to the EU standards. The objective is to improve the awareness on the EU funding of the general public and not only of target specific audiences. The communication policy applied must ensure that the added value and impact of the EU's interventions are understood by the citizens and that EU funds are managed and used in an transparent, efficient and effective way for the benefit of the country as a whole.