

IPA National Programme 2011 for Albania
Project Fiche 7: Support to Agriculture and Rural Development

1. Basic information

1.1 CRIS Number: IPA/2011/ 023-035/7

1.2 Title: Support to Agriculture and Rural Development

1.3 ELARG Statistical code: 02/11 Economic Criteria/Agriculture and Rural Development

1.4 Location: Albania

Implementing arrangements:

1.5 Contracting Authority: The European Union represented by the European Commission on behalf of the Beneficiary Country

1.6 Implementing Agency: Gesellschaft für Internationale Zusammenarbeit (**GIZ**) former Gesellschaft für Technische Zusammenarbeit (**GTZ**)

1.7 Beneficiary:

Ministry of Agriculture, Food and Consumer Protection
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Financing:

1.8 Overall cost (VAT excluded)¹: EUR 20,750,000

1.9 EU contribution: EUR 10.000.000

1.10 Final date for contracting: Two years following the date of the conclusion of the Financing Agreement

1.11 Final date for execution of contracts: Two years following the end date of contracting

1.12 Final date for disbursements: One year following the end date for the execution of contracts

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

2. Overall Objective and Project Purpose

2.1 Overall Objective

Improve the quality of life in rural areas by increasing the competitiveness of the agricultural and agro-food sector through the application of agricultural and rural development policies.

2.2 Project purpose

Increase awareness and executing capacity of actors involved in the rural development to facilitate and sustain the development of agro-food sector and quality farming through implementing IPARD-like measures

2.3 Link with AP/NPAA / EP/ SAA

The project will assist the achieving of the medium-term priorities i.e. "develop strategies for land use, the land market, rural development, diversification of farm activities and enhancing agricultural competitiveness" as included in the Council Decision 2008/210/EC of 18 February 2008 on the principles, priorities and conditions contained in the **European Partnership (EP) with Albania** and repealing Decision 2006/54/EC.

The project will help Albania to modernize and restructure the Albanian agriculture and agro-industrial sector while supporting the gradual approximation of Albanian legislation and practices to the Community rules and standards as provided for in Article 95 of the **Stabilisation and Association Agreement (SAA)** between the Government of Albania and the European Community signed on 12 June 2006.

This project is also in line with the priorities set out in the **National Plan for the Stabilization and Association Agreement (NPSAA), Chapter 3.8.7 "Rural development and agricultural structures"**:

- Increase employment and income from non-agricultural products.
- Create equal opportunities regarding access to rural services.
- Improve rural infrastructure, like roads, rural markets, drinking water.
- Increase access of rural population to financial sources from banking and non-banking sector.
- Increase capacity of the rural communities.
- Decrease rural migration and establish closer relations with the rural community.

The project takes into account the comments/recommendations stated in the last Analytical Report ² of the Opinion, namely:

Albania will have to strengthen its administrative capacity and focus on setting up basic instruments and institutions for management and control of the funds available under the

² Analytical Report Accompanying the Communication from the Commission To The European Parliament And The Council, Commission Opinion On Albania 'S Application for Membership of the EU {Com(2010) 680}

common agricultural policy. One important measure is timely preparation for the implementation of the assistance for rural development available from the Instrument for Pre-accession Assistance (IPA). Albania needs to establish a solid basis of precise agricultural statistics. Particular attention must be paid to strengthening administrative capacity to manage common market organization and rural development activities.”

2.4 Link with MIPD

The project is in line with the MIPD 2011-2013, which foresees agriculture and rural development as one of the six priority sectors. In fact, this sector is part of the preparations of IPA Component V. This sector has been identified with the beneficiary, Member States and DG AGRI as the one where a possible sector wide or programme based approach could be tested as most of the pre-conditions are in place. The sector comprises the main features for such an approach, namely the existence of a sector strategy, an action plan, multi-annual budgeting, donor coordination and a relatively strong capacity of the main beneficiary Ministry. For the MIPD 2011-2013 the main specific objective in the sector is to improve overall the competitiveness of the agricultural sector.

2.5 Link with National Development Plan (where applicable)

Implementation of the project is linked and compliant with the National Strategy for Development and Integration 2007- 2013, **Rural Development:**

The strategic priorities of the rural development crosscutting strategy are:

- to increase the competitiveness of the agricultural and agro-processing sector through farm modernisation measures and support for restructuring and value adding activities
- to protect and enhance the environment through the sustainable management of natural resources in rural areas
- to improve the quality of life and promote diversification of economic activities in rural areas to create new jobs
- to develop the capacities of local institutions to effectively manage rural development programmes

2.6 Link with national/ sectoral investment plans

Strategy for Rural Development

This project’s intervention field is in line with the objectives set out by the Strategy for Rural Development, which aims to:

- contribute to a fair development of all rural regions in Albania,
- improve the quality of life in Albania’s rural area in a sustainable way,
- reduce poverty among rural population.

Agriculture and Food Sector Strategy (AFSS)

This project’s intervention field is in line with the Strategic Objectives and specific goals set out in the AFSS:

- establish a sound and sustainable land management to support the development of a sustainable agricultural sector;
- increase employment, income, and living standards of farmers and their households;
- increase productivity and economic efficiency of the agricultural and agro-processing sector;
- ensure higher food safety standards for the entire population;
- improve the agricultural marketing.

3. Description of project

3.1 Background and justification

Agriculture continues to be one of the main sectors of the economy, generating about 18.5% of Gross Domestic Product (in 2008). More than 50% of the total population live in rural areas, where agriculture is the main economic activity. Around 500,000 people, which is 48.3% of total workforce, are employed in agriculture, of which 55% on full-time and 45% - part time basis.

The structure of agriculture is dominated by livestock, providing more than 55% of the overall production; with arable crops accounting for 30% (2009). Despite an increase in the farm expenditures with regard to inputs and services, factor productivity in agriculture remains low compared to the rest of the Albanian economy as conditioned by a series of constraints related to very small farm size (on average 1.2 ha), increasing average age of farm operator (in 2009, 30% of farms are managed by operators over 65 years old as compared to 24% in 2006), limited access to credit, etc. Awareness of farmers on good agricultural practices is low, investments in agriculture are limited, cost-saving is still a dominant strategy in farming; overall - subsistence farming prevails.

Although agricultural production is increasing, the sector still fails to provide the market with sufficient amounts of fresh products or agro-processing industry - with raw materials. Consequently, agricultural trade balance has not improved, with export/import ratio remaining at 1:9.

The National Extension Service currently has 12 regional offices with a total number of 60 experts having technical/technological background to advice farmers on the adoption of new production techniques and technologies. However, their capacity to disseminate information is limited, their skills and knowledge to support farmers in preparation of project proposals related to IPARD-programme (assessing and advising on economic aspects of investment, preparation of business plans) are low.

Referring to Agricultural and Rural Development, the government approved two documents that form part of the National Strategy for Development and Integration 2007-2013:

- Rural Development Crosscutting Strategy 2007-2013, and
- Agriculture and Food Sector Strategy 2007-2013.

In line with the strategic framework, specific support schemes have been designed and put in place through various legal acts:

- Law No 917 of 22 October 2007 "For Agriculture and Rural Development", defining the objectives, means and programming of policies for agriculture and rural development,
- Decision of the Council of Ministers No 10 of 4 January 2008 "On the support to agricultural production", providing a legal basis for the national support schemes.
- Decision of the Council of Ministers No 1443 of 31 October 2008 "For the setting up of the Agency for Rural Development" (ARDA).

During 2009 – 2010, the government allocated a budget of around €19 million to the ARDA for implementation of various national measures and schemes to support the agricultural production and agro-processing.

In 2010, Albania intensified its work on preparation for eventual implementation of IPA rural development component (IPARD). In order to assist Albanian authorities in timely preparation and be able to benefit from the support under IPARD, once the country becomes an official candidate country, IPA 2008 project "Capacity building for implementing the rural development strategy" was launched. It is implemented by GTZ and consists from two main strands, with the following progress having been made so far:

1. Set up, train and prepare the Operating Structure (OS) for national accreditation and conferral of management by EC. The following structures were designated and staffed.
 - The Directorate for Rural Development Policy (DRDP) in the MoAFCP has been designated as the Managing Authority (MA) by the Order No 207 of 23 June 2009 of the Minister of Agriculture, Food and Consumer Protection. The Director of the DRDP was designated to act as the Head of the Managing Authority (Order No 15 of 21 January 2010).
 - The Agriculture and Rural Development Agency (ARDA) has been designated as the IPARD Paying Agency (PA) (Order No 207 of 23 June 2009 of the Minister of Agriculture, Food and Consumer Protection).
2. Prepare the IPARD Programme 2010-2013 in line with chosen priorities and selected measures.

The design of the programme was based on intensive consultation process with the EC. It took into consideration: i) the experiences with of previous/current candidate countries, ii) the level of preparedness of implementing structures in Albania and iii) time constraints for the execution of IPARD programme. Albania has taken a decision to narrow the scope of the programme to three measures, available under IPARD:

- Measure 101 – Investments in agricultural holdings,
- Measure 103 – Investments in processing and distribution/marketing of agricultural products,
- Measure 503 – Technical assistance.

The first draft of the Rural Development Programme under IPARD was prepared in 2010. It is based on a thorough sector analysis covering milk, meat, fruits and vegetables sectors. This draft was consulted with the EC, beneficiaries and has gone through the ex-ante evaluation.

The time schedule for preparations for IPARD assumes that the conferral of management for the Operating Structure by the EC could be granted at around the middle of 2013. This means that national accreditation of the structures should take place some time at the end of 2011 or early 2012, implying that staff should be in place and trained by the end of 2011.

Experience with implementation of IPARD in other countries demonstrates that good preparation prior to implementation is crucial. This preparation should not only cover the staff of the management and control system, but also the potential beneficiaries (farmers and agro-businesses), extension services (public and private), financial institutions engaged in agricultural lending.

In this context, this project is designed to address a dual objective. On the one hand, targeted funds will reach farmers and agro-processing industry and should contribute to improving the quality of life in rural areas by increasing the competitiveness of the agricultural and agro-food sector. Draft IPARD Programme will be used as a framework for prioritising and selecting individual investments. On the other hand, through implementing IPARD-like measures in an IPARD-compliant way, the staff of the management and control system, potential applicants, advisory services and lending institutions will gain awareness on and experiences in prospective implementation of IPARD.

At the same time, the project will also seek to increase awareness and capacity of actors involved in rural development and agriculture on quality farming. Finally, the project shall also support the further preparation of the sector towards a programme based approach.

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

Impact – Main impact of the project is expected to be:

- Increased awareness and capacity of actors involved in rural development and development of agro-food sector; better awareness about quality farming. Demand for new projects in the field of agriculture and rural development increased at the end of the project due to enhanced awareness of beneficiaries about economic advantages and opportunities offered by IPARD programme; skills for applying for IPARD financing enhanced and capacity of management and control system strengthened,

Sustainability – expected to be increased due to:

- Establishing the necessary synergy including the information flow among all the actors involved in the implementation of IPARD-like measures, i.e.: farmers and businesses (beneficiaries), Operating Structures (policy bodies) and advisory services (awareness and information),
- Increasing the likelihood for successful implementation of IPARD in the future, having all main actors gained practical experience and knowledge on implementation of IPARD-compliant projects.

Catalytic effect – it is expected to:

- Increase the overall investment in agriculture and rural development.

Cross border impact – N.A.

3.3 Results and measurable indicators

Component 1 - Building capacity to disseminate information and raise awareness on good agricultural practices and IPARD

Result 1 – Increased capacity of and economic benefits to farmers and agro-businesses

Indicators

- Number of potential applicants attending any information event,
- Number and type of applications for grants,
- Number of potential applicants having received promotional material or attended an information event,
- Number of potential applicants having been assisted both by the project and extension services in preparing applications for the grants.

Result 2 – Capacity of advisory and consultancy services to deliver adequate information and advice on agriculture and rural development enhanced

Indicators

- Number of agriculture extension officers and private consultants trained to deliver either technical or financial advice
- Public extension and agriculture information services adequately equipped to meet the awareness campaign and programme promotion needs
- Number of promotional events (brochures, TV spots, other information materials) disseminated by consultancy services.

Component 2 - Grants for agro-food sector

Result 3 – Grant scheme implemented in line with IPARD-like procedures

Indicators

- Number of applications approved,
- Amount of funding committed,
- Number of grants successfully completed,
- Amount of funding disbursed

Component 3 - IPARD-related capacity building and administration of the grants

Result 4 – Consolidation and preparedness of Operating Structure to manage IPARD programme

Indicators

- Number of staff at the Operating Structure having acquired practical experience in implementation of grants in line with accreditation procedures,
- Operating Structure fully equipped and ready for management of pre-accession assistance,
- Equipped communication and information network fully operational.

3.4 Activities

The project will be implemented by the German Agency for Technical Cooperation (GIZ) through indirect centralized management following Article 56 of the Financial Regulation and the corresponding provisions of the Implementing Rules.

Activities related to Result 1 - Increased capacity of and economic benefits to farmers and agro-businesses.

The technical assistance will:

- Assist the Operating Structure and public information centers to prepare and implement a targeted awareness campaign through TV, radio programmes, written materials, websites, etc,
- Carry out a number of awareness workshops, seminars and training events with potential beneficiaries.

Activities related to Result 2 - Capacity of advisory and consultancy services to deliver adequate information and advice on agriculture and rural development enhanced

Under this component, the Delegated Body shall assist the Ministry of Agriculture, Food and Consumer Protection in enhancing the capacity of public extension services and private consultancy bodies to advice and deliver services to potential beneficiaries with regard to the development of ideas/proposals for investments, project preparation, application procedures according to IPARD rules and execution of the projects in compliance with good agriculture and manufacturing practices. This component should contain the following activities:

- Training to extension services and private consultancy bodies to advice and deliver services to potential beneficiaries with regard to the development of ideas/proposals for investments, project preparation, application procedures according to IPARD rules and execution of the projects in compliance with good agriculture and manufacturing practices,
- Train the regional information centers to conduct awareness campaigns in order to increase the interest among potential applicants with regard to the opportunities offered by IPARD grants in setting up a competitive business and prepare and disseminate information through TV, radio, internet, newspapers, brochures, etc.,
- Training courses for farmers, in particular young farmers,
- Identify the needs and supply sufficient IT and other equipment to strengthen the public advisory services for carrying out the assigned tasks.

Activities related to Result 3 - Grant schemes implemented in line with IPARD-like procedures

Under this component, the Delegated body in close collaboration with the Operating Structure set up for eventual implementation of IPARD will channel funds to farmers and food-processing industry under priorities identified in the draft IPARD Programme:

- a) Investments in agricultural holdings to restructure and upgrade to the EU standards.
- b) Investments in the processing and marketing of agricultural products.

Examples of eligible measures are provided in Annex VI.

As a general rule, the project, together with the national authorities, will co-finance 50% of total eligible cost of each investment, with the following exceptions:

- Up to 55% of eligible expenditure for investments implemented by young farmers (under 40 years of age at the time the decision to grant support is taken).
- Up to 60% of eligible expenditure for investments implemented by agricultural holdings in the mountainous areas.
- Up to 65% of eligible expenditure for investments in agricultural holdings located in mountainous areas made by young farmers (under 40 years of age at the time the decision to grant support is taken).

EU contribution will make up 75% of the total amount to be made available for final beneficiary. The national authorities will contribute remaining 25% of the public co-financing share.

Activities under this result will follow IPARD rules and will include, but not be limited to:

- Prepare and issue calls for applications and selection of projects,
- Assist beneficiaries in preparing applications,
- Signing of grant contracts between the Delegated Body and the final beneficiary,
- Authorization and control of payments,
- On spot checks and a number of other functions and procedures will be carried out according to the IPARD rules.
- Possible support for the establishment of a Rural Credit Guarantee Fund

Even though holding an ultimate responsibility for contracting, execution and overall sound financial management, the Delegated Body will to the maximum extent involve the management and control system set up in Albania for eventual implementation of IPARD through an on-job training process.

Activities related to Result 4 – Consolidation and preparedness of Operating Structure to manage IPARD programme

In parallel to ensuring that funds are disbursed to the beneficiaries using the sound financial management principles, in compliance with the IPARD rules, the Delegated Body should also be engaged in capacity building of the staff of the management and control system, other relevant departments of the Ministry and the technical bodies, applicants, advisory services and lending institutions in order to allow them to gain awareness on and experiences in prospective implementation of IPARD in line with the accredited functions. Management and control system, set up for IPARD, should be engaged in implementation of this project as if it were to be an implementation of the IPARD. The only difference from IPARD should be that

the overall financial responsibility (and the right to establish a contract) will remain with the Delegated Body.

It may be anticipated that in the course of disbursement of grants according to the IPARD procedures, deficiencies in the management and control system, set up with the assistance of IPA 2008 project, will emerge. The Delegated Body should foresee sufficient resources in order to assist Albanian authorities to address these deficiencies, build onto the lessons learned, and to propose improvements of structures and procedures.

Main activities related to this result include:

- Keep on with the support to the Operating Structure to accomplish national accreditation,
- Provide on-job training to the Paying Agency to implement IPARD-like measures in accordance with the accredited functions,
- Assist technical bodies within MoAFCP to cooperate with the Paying Agency in the preparation of necessary technical documents (standards, codes and Good Agricultural and Manufacturing Practices) in line with national/EU regulations and verify their compliance on the field.
- Assist the Ministry of Agriculture, Food and Consumer Protection in the preparation of the sector towards a programme-based approach.
- Identify needs and supply the necessary IT and other equipment to the Operating Structure and involved technical bodies.

3.5 Conditionality and sequencing

- Draft IPARD programme completed; management and control capacities of the Operating Structure set up with the assistance of IPA 2008 project; package containing necessary documents submitted for national accreditation,
- Government allocates necessary resources for the staffing and operation of public structures (Operating Structure, extension and information services, other agencies) to be involved in implementation of IPARD-compliant measures before the signature of the contract,
- Necessary working infrastructure is provided before the signature of the contract,
- Government allocates its contribution before the signature of the contract,
- Cooperation agreements between the Operating Structure and technical bodies (covering food safety, veterinary, environment, occupational health, standards) have to be signed before implementation of grants,
- Codes, national standards and practices have to be prepared, approved, and enforced by the relevant bodies before receiving first applications,
- Definition of mountain areas should have been developed and agreed by the government before the launching of first calls for applications,
- The national authorities have proposed or initiated accompanying measures in order to facilitate access to credit by potential final beneficiaries for their share of private co-financing before the launching of first calls for applications.

3.6 Linked activities

- **The Italian Bi-lateral Cooperation Programme targeting to improve the management information system of IPARD Agency** had allocated 3 million Euro for developing the Integrated Administration and Control System (IACS).

- **EU - IPA 2008 Project "Capacity Building for the Implementation of the Rural Development Strategy", implemented by GTZ (2009-2011)** with the objective to establish and strengthen the institutional and administrative capacities of MAFCP to design, develop and implement the policies for agriculture and rural areas in the framework of EU pre-accession assistance. The expected main results of the project are to:

1. Strengthen capacity of MAFCP to undertake intermediate policy analysis and carry through the IPARD programming is improved and consolidated.
2. Basic Agricultural Information System (AIS) is improved and development concept designed.
3. IPARD Operating Structure established, functional and under process of accreditation.
4. ICT infrastructure is designed and established.

3.7 Lessons learned

Experiences with various projects have indicated that fulfilment of preconditions has not been completed before the start of the project and consequently causing delays to their implementation. The implementation of this project is very strongly related to:

- Government co-financing,
- Adequate funding and retention policy to sustain the public structures which have been trained and involved in preparations for implementation of the EU pre-accession assistance.

The government should ensure cooperation among agencies involved directly or indirectly in the project and have necessary regulations approved well ahead of the project start.

4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA EU CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c) +(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1 Contract 1.1 Delegation agreement			20,750,000	10,000,000*	48.2	2,485,000**	12.0				8,265,000***	39.8
TOTAL IB			2,780,000	2,500,000	90	280,000	10	280,000				
TOTAL INV			17,970,000	7,500,000	41.7	2,205,000	12.3	2,205,000			8,265,000	46.0
TOTAL PROJECT			20,750,000	10,000,000	50.2	2,485,000	12.5	2,485,000			8,265,000	37.3

* Of which EUR 6.2 million is foreseen for Component 2

** Of which EUR 2.07 million is foreseen for Component 2

***This is the maximum expected private contribution for Component 2

Amounts net of VAT

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

Activity within the contract with the Delegated Body	Start of Tendering	Signature of contracts	Project Completion
Activity 1	N/A	Q1 2012	Q1 2014

The detailed activities of implementation shall be discussed between the EU Delegation, DG Agriculture and Rural Development, the beneficiary and the Delegated Body during the phase of drafting the Description of Action.

6. Cross cutting issues (where applicable)

6.1. Equal Opportunity

The project will ensure that all the cross cutting issues are appropriately incorporated in the programme/projects designed. In addition, specific training activities can be organized in order to raise the awareness on the issue of equal opportunities and train the Albania stakeholders on how to integrate gender principles at programme/project level.

6.2. Environment

Special attention is placed on environmental protection especially in the implementation of investment components. All projects will observe national/EU standards with respect to the protection of the environment.

6.3. Minorities

Furthermore, minority and vulnerable groups concerns will be taken into account in all activities.

ANNEXES

I Log frame in Standard Format

ANNEX I: Logical framework matrix

LOGFRAME PLANNING MATRIX FOR Project Fiche		Programme name: Support to Albanian Agriculture to Respond to the Challenges of Accession.	
		Contracting period expires: 2 years following the date of the conclusion of the Financing Agreement -2013	Disbursement period expires: 1 years following the end date for the execution of contracts - 2015
CRIS Number:		Total budget : EUR 20,750,000	IPA budget: EUR 10,000,000
Overall objective	Objectively verifiable indicators	Sources of Verification	
Improve the quality of life in rural areas by increasing the competitiveness of the agricultural and agro-food sector through the application of agricultural and rural development policies	Economic and financial indicators of the agro-food and farming sector	Statistical reports, studies, other reports	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions

Increase awareness and executing capacity of actors involved in the rural development to facilitate and sustain the development of agro-food sector and quality farming through implementing IPARD-like measures	<ul style="list-style-type: none"> • Questions received by potential applicants on the support measures, • Participation of stakeholders in training and promotional events related to the programme • Number and quality of submitted applications for support, • Level of satisfaction from beneficiaries on the implementation of grant schemes. • General knowledge about EU funded programmes 	Statistical reports, survey reports, application records, media information, other reports.	<p>Government committed to allocate the necessary human and financial resources to IPARD-like implementation</p> <p>The Operating Structure and especially the associated services such as extension or technical bodies have reached the required level of preparedness for the implementation of the programme.</p>
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
Result 1 – Increased capacity of and economic benefits to farmers and agro-businesses	<ul style="list-style-type: none"> • Number of potential applicants attending any information event, • Number and type of applications for grants, • Number of potential applicants having received promotional material or attended an information event, 	Survey reports, application records, media information, training evaluation forms, farmers records etc.	Appropriate and satisfactory information about the measures, its application procedures and benefits has been delivered to farmers and agro-processing businesses through extension service, information centres or other public and private

	<ul style="list-style-type: none"> • Number of potential applicants having been assisted both by the project and extension services in preparing applications for the grants 		sources
Result 2 - Capacity of advisory and consultancy services to deliver adequate information and advice on agriculture and rural development enhanced	<ul style="list-style-type: none"> • Number of agriculture extension officers and private consultants trained to deliver either technical or financial advice • Public extension and agriculture information services adequately equipped to meet the awareness campaign and programme promotion needs • Number of promotional events (brochures, TV spots, other information materials) disseminated by consultancy services. 	Survey reports, application records, media information, training evaluation forms, evaluation and audit reports, other reports.	<p>The government allocates the necessary human and financial resources to support public agricultural extension and information service</p> <p>Adequate number of public and private consultants have been appropriately trained to meet the application requirements</p> <p>Public services have been supplied with the necessary equipment to meet the needs of the awareness campaigns</p>
Result 3 – Grant schemes implemented in line with IPARD-like procedures	<ul style="list-style-type: none"> • Number of applications approved, • Amount of funding committed, • Number of grants successfully completed, • Amount of funding 	Survey reports, application records, media information, training evaluation forms, evaluation and audit reports, other reports.	<p>Potential applicants willing and able to provide private co-financing,</p> <p>Good quality of applications submitted,</p>

	disbursed		Applications checked and approved in time, Other checks made in line with the procedures and in time
Result 4 – Consolidation and preparedness of Operating Structure to manage IPARD programme	<ul style="list-style-type: none"> • Number of staff at the Operating Structure having acquired practical experience in implementation of grants in line with accreditation procedures, • Operating structure fully equipped and ready for management of pre-accession assistance, • Equipped communication and information network fully operational, 	Survey reports, application records, media information, training evaluation forms, evaluation and audit reports, other reports.	<p>The government allocates the necessary human and financial resources to keep the Operating Structure operational,</p> <p>The Operating Structure is provided the adequate working infrastructure (space, equipment) ahead in time</p> <p>Turn-over of the trained staff in the Operating Structure is limited</p>
Activities	Means	Costs	Assumptions
Result 1 Assist the Operating Structure and public information centers to prepare and implement a targeted awareness		<p>EUR 10,000,000 IPA contribution</p> <p>EUR 2,485,000 National contribution</p> <p>EUR 8,265,000 private contribution</p>	Necessary number of qualified staff made available

<p>campaign through TV, radio programmes, written materials, websites, etc,</p> <p>Carry out a number of awareness workshops, seminars and training events with potential beneficiaries.</p>			
<p>Result 2</p> <p>Training to extension services and private consultancy bodies to advice and deliver services to potential beneficiaries with regard to the development of ideas/proposals for investments, project preparation, application procedures according to IPARD rules and execution of the projects in compliance with good agriculture and manufacturing practices,</p> <p>Train the regional information centers to conduct awareness campaigns in order to</p>			<p>Necessary number of qualified staff made available</p>

<p>increase the interest among potential applicants with regard to the opportunities offered by IPARD grants in setting up a competitive business and prepare and disseminate information through TV, radio, internet, newspapers, brochures, etc.,</p> <p>Training courses for farmers, in particular young farmers,</p> <p>Identify the needs and supply sufficient IT and other equipment to strengthen the public advisory services for carrying out the assigned tasks.</p>			
<p>Result 3</p> <p>Prepare and issue calls for applications and selection of projects,</p> <p>Assist beneficiaries in preparing applications,</p> <p>Signing of grant contracts between the Delegated</p>			<p>Large number of good quality applications received,</p> <p>Applications checked , approved and financed in due time in line with procedures and standards</p>

<p>Body and the final beneficiary,</p> <p>Authorization and control of payments,</p> <p>On spot checks and a number of other functions and procedures will be carried out according to the IPARD rules.</p> <p>Possible support for the establishment of a Rural Credit Guarantee Fund</p>			
<p>Result 4</p> <p>Keep on with the support to the Operating Structure to accomplish national accreditation,</p> <p>Provide on-job training to the Paying Agency to implement IPARD-like measures in accordance with the accredited functions,</p> <p>Assist technical bodies within MoAFCP to cooperate with the Paying Agency in the preparation of necessary technical</p>			<p>Operating Structure is not subject of staff turn-over, financial shortages or lack of working infrastructure,</p> <p>Staff of the Operating Structure motivated to learn by doing,</p> <p>Technical bodies allocate the necessary qualified staff to cooperate with the Operating Structure for preparation of required documents within the project lifetime,</p>

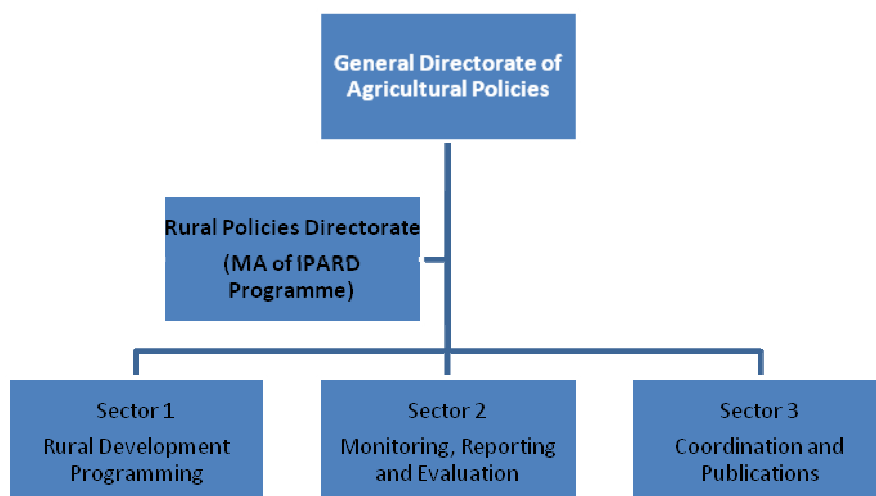
<p>documents (standards, codes and Good Agricultural and Manufacturing Practices) in line with national/EU regulations and verify their compliance on the field.</p> <p>Assist the Ministry of Agriculture, Food and Consumer Protection in the preparation of the sector towards a programme-based approach.</p> <p>Identify needs and supply the necessary IT and other equipment to the Operating Structure and involved technical bodies</p>			
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ANNEX II: Amounts (in EUR) Contracted and disbursed by quarter for the project

	Q1 2012	Q22012	Q32012	Q42012	Q1 2013	Q22013	Q32013	Q42013	Q12014
Contracted	10.0								
Cumulated	10.0								
Disbursed	8.0								2.0
Cumulated	8.0								10.0

ANNEX III: Description of Institutional Framework

- Managing Authority

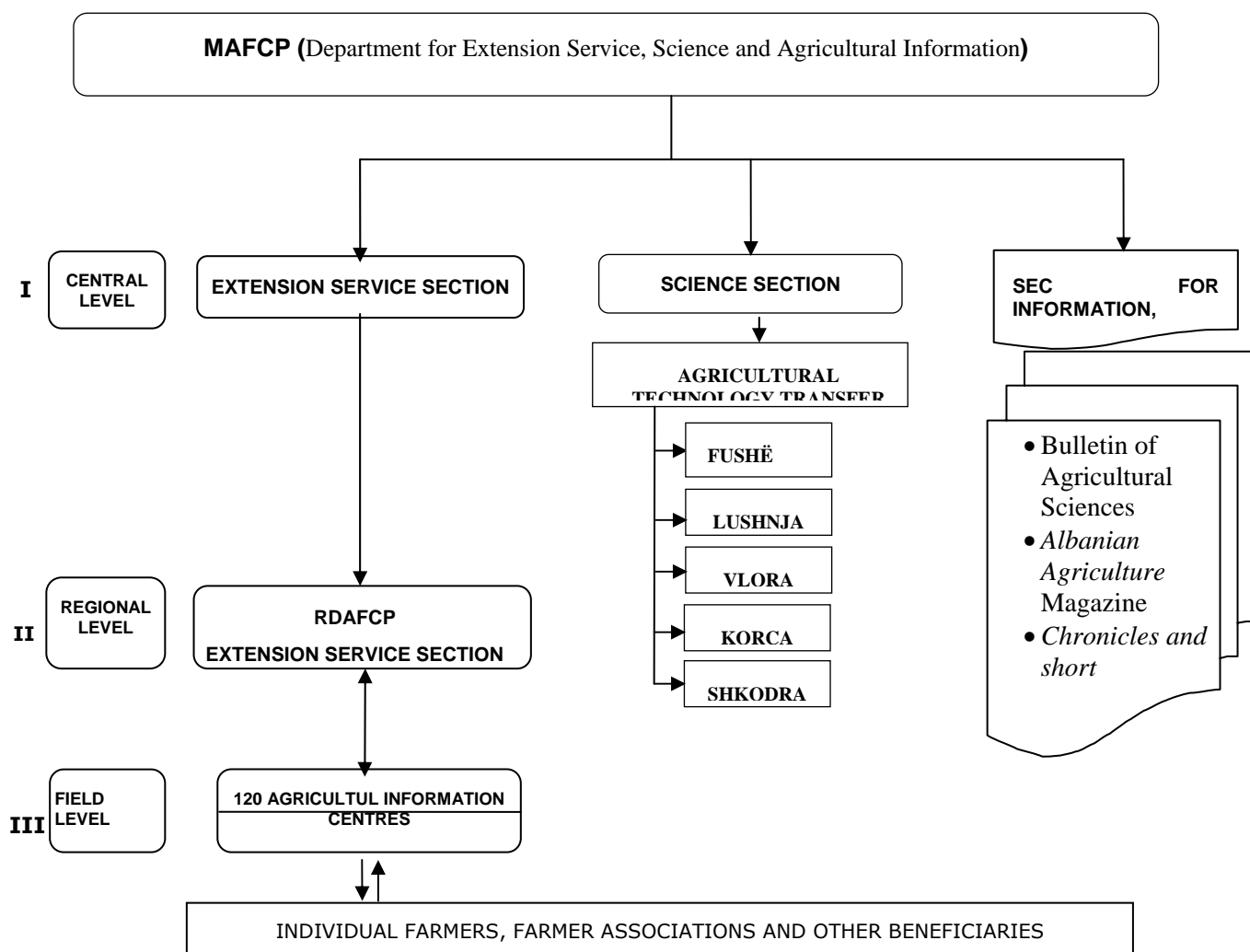


Rural Development Programming. Main tasks: (i) drafting IPARD programme, coordinating workgroups for the preparation of the national rural development programme; (ii) cooperation with the project “For the implementation of rural development strategy”, for the preparation and finalization of sectorial studies; (iii) drafting technical specifications for the supporting measures with defined templates, in cooperation with workgroups; (iv) drafting legal acts for the implementation of measures, and; (v) preparing programme information for the IPARD monitoring committee regarding the measures implementation.

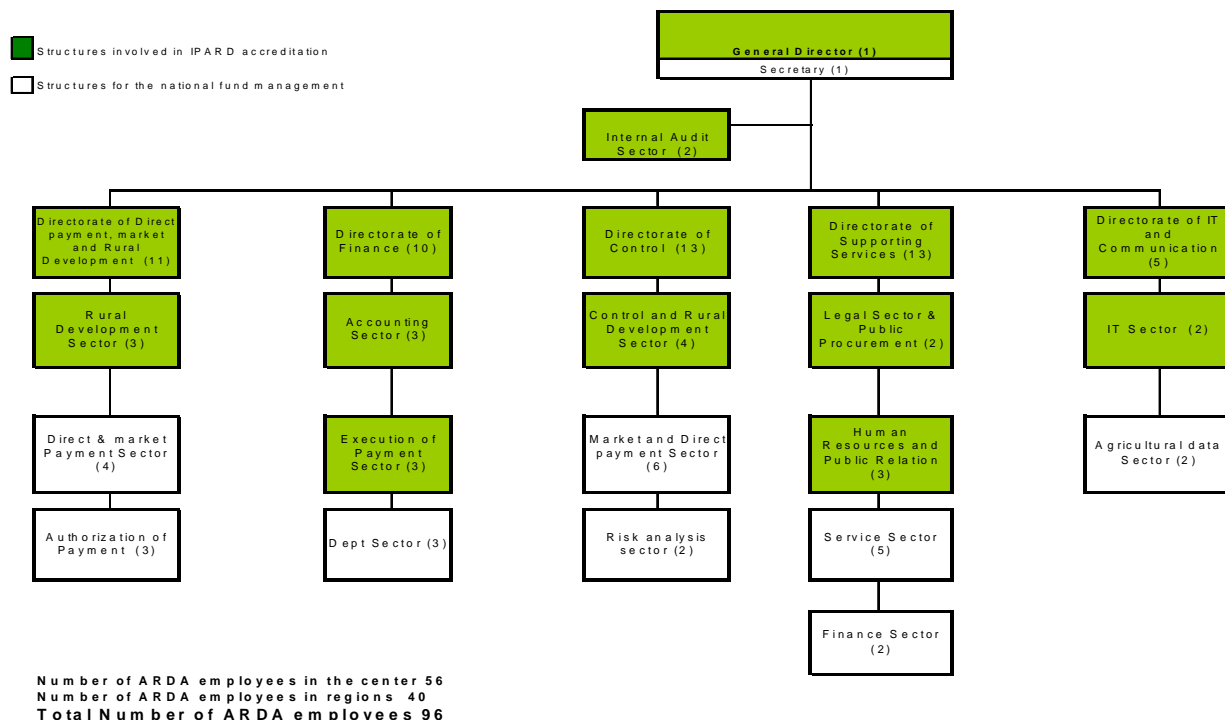
Monitoring and Evaluation. Main tasks: (i) organize ex-ante, mid-term and ex-post evaluation process of the national programme for the Rural Development, including preparing terms of reference for the evaluation, taking part in the selection of the appraiser and drafting annual reports; (ii) perform coordination, gathering and monitoring of the data as well as monitor the implementation progress of the national programme.

Coordination and Publishing. Main tasks: (i) acts as secretariat of the Monitoring Committee for the following up of the IPARD programme, as provided in the regulations for IPA; (ii) prepare the agenda and the documentation of the meetings of the monitoring committee, drafts rules and procedures of the functioning of the monitoring committee which are approved during the meetings, communicates with all Monitoring Committee members and organizes its meetings; (iii) responds for the publications and implementation of the technical assistance measures in cooperation with AARD, and; (iv) drafts annual plans of the communication strategy with the respective activities.

-Department for Extension Service, Science and Agricultural Information



-Agriculture and Rural Development Agency



Agricultural and Rural Development Agency (set up by DCM No. 1443, 31/10/2008”For the setting up of the Agency for Rural Development, based on the **Law no.9817, dated 22.10.2007 “On Agriculture and Rural Development”, OJ no. 148, dated 06.11.2007, p. 4355**)) operates as a Payment Agency under the subordination of the MAFCP to manage the funds of the state budget for the scheme of support measures in the agriculture area. This Agency consists of a personnel of 96 employees of which 56 are employed in the central office of Tirana and 40 other specialists are distributed in 12 regions. The staff at region level is under the subordination of the Directorate of Payments and Directorate of Control in central offices of ARDA in Tirana. The tasks of the employees of ARDA at region level are mainly linked with the authorization of payments and the on-spot controls. The structure at central level consists of the Director General, an auditor and 4 Directors of Directorates respectively for payments, finances, audit and services. The organizational structure is based on international standards on the segregation of duties between the authorization and payments, pay orders, account and the independent audit.

ANNEX IV: Reference to laws, regulations and strategic documents

Reference list of relevant laws and regulations

Reference to AP /NPSAA / EP / SAA

Reference to SAA

Title IV Article 16, Free movement of goods, chapter 2, Agriculture and fisheries.

1. The Community and Albania shall gradually establish a free trade area over a period lasting a maximum of ten years starting from the entry into force of this Agreement in accordance with the provisions of this Agreement and in conformity with those of the GATT 1994 and the WTO. In so doing they shall take into account the specific requirements laid down hereinafter.
2. The Combined Nomenclature of goods shall be applied to the classification of goods in trade between the two Parties.
3. For each product the basic duty to which the successive reductions set out in this Agreement are to be applied shall be the duty actually applied *erga omnes* on the day preceding the signature of this Agreement.
4. The reduced duties to be applied by Albania calculated as set out in this Agreement shall be rounded to whole numbers using common arithmetical principles. Therefore, all figures which have less than 50 (included) after the decimal point shall be rounded down to the nearest whole number and all figures which have more than 50 after the decimal point shall be rounded up to the nearest whole number.
5. If, after the signature of this Agreement, any tariff reduction is applied on an *erga omnes* basis, in particular reductions resulting from the tariff negotiations in the WTO, such reduced duties shall replace the basic duty referred to in paragraph 3 as from the date when such reductions are applied.
6. The Community and Albania shall communicate to each other their respective basic duties.

Reference to NPSAA

National Plan for the Stabilization and Association Agreement (NPSAA),

Chapter 3.8.7 “Rural development and agricultural structures” priorities in the field of rural development aim at:

Short-term priorities:

- Increasing of employment and of the income from the non-agricultural products
- Creation of equal opportunities regarding the rural services
- Improvement of the rural infrastructure, like roads, rural markets, drinking water
- Increasing of the access of the rural population in the financial sources and loans, and the expansion of the non-banking sector (of rural financing)
- Increasing of the capacities of the rural communities
- Decreasing of the rural migration and the establishment of closer relations with the rural community.

Medium-term priorities:

- Encouragement of the regional dialogue
- encouragement of the stability, good neighbourhood and regional co-operation, through trans-border programmes regarding the development of certain areas

Reference to EP

Agriculture and fisheries

– Develop strategies for land use, the land market, rural development, diversification of farm activities and enhancing agricultural competitiveness.

- Achieve substantial improvements in terms of food safety and phytosanitary and veterinary conditions, in compliance with EC requirements.
- Assess the compliance of agri-food establishments with EU requirements, prepare a programme for their upgrading and start its implementation.
- Start action with a view to ensuring efficient control of domestic plant production, in particular for products with specific EU requirements, and set up analytical capacity in the phytosanitary sector.
- Take measures to ensure that Albanian fisheries policy moves closer to EU standards, in particular in the areas of resource management, inspection and control and in market and structural policies.

Reference to EU Progress Report

ANALYTICAL PART OF OPINION 2010

3.11. Chapter 11: Agriculture and rural development

Conclusion

Overall, in the field of agriculture and rural development, Albania will have to make considerable and sustained efforts to align with the *acquis* and to implement it effectively in the medium term. Its agricultural policy will require adjustments, moving towards decoupled support. Albania will have to strengthen its administrative capacity and focus on setting up basic instruments and institutions for management and control of the funds available under the common agricultural policy. One important measure is timely preparation for implementation of the assistance for rural development available from the Instrument for Pre-accession Assistance (IPA). Albania needs to establish a solid basis of precise agricultural statistics.

Particular attention must be paid to strengthening administrative capacity to manage common market organisation and rural development activities.

Reference to MIPD 2011-2013:

The project is in line with the MIPD 2011-2013, which foresees agriculture and rural development as one of the six priority sectors. In fact, this sector is part of the preparations of IPA Component V. This sector has been identified with the beneficiary, Member States and DG AGRI as the one where a possible sector wide or programme based approach could be tested as most of the pre-conditions are in place. The sector comprises the main features for such an approach, namely the existence of a sector strategy, an action plan, multi-annual budgeting, donor coordination and a relatively strong capacity of the main beneficiary Ministry. For the MIPD 2011-2013 the main specific objective in the sector is to improve overall the competitiveness of the agricultural sector.

Reference to National Development Plan

Implementation of the project is liked and compliant with the National Strategy for Development and Integration 2007- 2013, **Rural development:**

The strategic priorities of the rural development crosscutting strategy are:

- to increase the competitiveness of the agricultural and agro-processing sector through farm modernisation measures and support for restructuring and value adding activities

- to protect and enhance the environment through the sustainable management of natural resources in rural areas
- to improve the quality of life and promote diversification of economic activities in rural areas to create new jobs
- to develop the capacities of local institutions to effectively manage rural development programmes

Reference to national / sectoral investment plans

Strategy for Rural Development

This project's intervention field is in line with the objectives set out by the Strategy for Rural Development as part of the National Development plan (please see above).

ANNEX V: Details per EU funded contract:

The project will be implemented by the Gesellschaft für Internationale Zusammenarbeit (**GIZ**) former German Agency for Technical Cooperation (**GTZ**) through indirect centralized management following Article 56 of the Financial Regulation and the corresponding provisions of the Implementing Rules.

ANNEX VI: Examples of eligible measures to be financed:

On the farm level - Milk sector

- Investments to improve farm mechanisation and to introduce modern technologies;
- Milking machinery, milking room facilities, milk cooling and storage as well as on-farm milk transportation equipment;
- Construction/extension/modernisation of open and semi-open stables, or modernisation of existing closed stables,
- Construction and/or renovation of other agricultural buildings, limited to storage buildings, machine sheds, milking rooms, milk storage rooms;
- On-farm animal feed preparation, handling, distribution systems and storage;
- Fodder production equipment and machinery, including silage preparation and handling;
- Investments in manure handling, storage and treatment facilities;
- Animal transport and handling equipment and facilities (e.g. weighing, health control, disinfection);
- Watering systems (particularly for sheep and goats);
- Renewable energy technologies for energy saving on the farm, such as for example biogas facilities and solar panels (for heating, powering electric fences and water pumps, but only for on-farm consumption);
- Purchase of specialized technological equipment, including IT and software (herd management, milk registry, general farm management).

On the farm level – Meat sector

- Investments to improve farm mechanisation and introduce modern technologies;
- Construction/extension/modernisation of animal stables/shelters, storage buildings and machine sheds;
- Silage/fodder production and handling equipment and machinery;
- On-farm animal feed preparation, handling, distribution systems and storage;
- Automatic feeding and drinking equipment, watering, heating and ventilation, automatic environmental control systems, including energy-saving equipment;
- Investments in manure handling, storage and treatment facilities*;
- Animal transport and handling equipment and facilities (e.g. weighing, health control, disinfection);
- Watering systems (particularly for sheep and goat farms);
- Fences and gates;
- Renewable energy technologies, such as for example biogas facilities and solar panels (for heating, ventilation, powering electric fences and water pumps, but only for on-farm consumption)*
- Purchase of specialized technological equipment, including IT and software (herd management, animal registry, general farm management).

** Poultry (Broiler) farms are eligible only for these investments.*

On the farm level – fruit and vegetable sector

- Investments in first setting-up and restructuring of orchards (excluding vineyards and olive groves), including cost of propagation material, works carried out by a third party for soil preparation, planting and replanting, with the exception of soil fertilizing;
- Investments in installing new or upgrading existing on-farm drip-irrigation and water sprinkling systems (including computer software, sprinkling installations, piping and pumps as well as digging wells, when primary irrigation is not available);
- Investments in farm machinery and equipment – specialised tractors and cultivators, equipment for crop protection by spraying;
- Investments in greenhouses, including heating systems;
- Investments in harvesting and post-harvest equipment and facilities, including collection bins, packaging material, temporary storage facilities, pre-cooling equipment and tools, cleaning, sorting, grading, packaging lines, cooling units and cold stores, and non-conditioned potato storages;

Milk Collection and Storage

- Construction/extension/modernisation of milk collection centres,

- Milk storage and cooling equipment, specialised milk transportation equipment,
- Equipment and technology for improvement and control of quality and hygiene, including simple test equipment to distinguish between poor and good quality milk,
- Investments for establishment of food safety systems (Best Farm Practice, GHP, GMP, HACCP),
- IT hardware and software for milk registry and monitoring, control and management.

Milk Processing

- Modernization and/or extension of milk processing enterprises,
- Construction of new milk processing enterprises,
- Investments for homogenisation, pasteurisation, packaging, cooling, and storing of milk and milk products,
- Equipment and technology for improvement and control of quality and hygiene,
- Introduction of quality management systems (ISO), etc.,
- Equipment for quality control, including in-factory laboratories,
- Investments for establishment of food safety systems (GHP, GMP, HACCP),
- Investment in energy saving technologies, environmental protection, equipment and facilities for processing of intermediate products and wastes; treatment and elimination of wastes,
- Specialised transport means for distribution of products, e.g. refrigerated trucks, specialised milk transport vehicles,
- Acquisition of equipment for packaging dairy products,
- Simple test equipment to distinguish between poor and good quality milk,
- IT hardware and software for product and process management (milk registry, general enterprise management).

Indicative list of eligible investments for slaughter houses:

- Construction / renovation of slaughter houses,
- Equipment for slaughter houses,
- Construction / reconstruction of cooling storage rooms,
- Lorries for living animal transport meeting animal welfare requirements,
- Refrigerated lorries for meat transport,
- Technology and equipment for treatment of waste and by-products,
- Investments in establishment of food safety systems (GHP, GMP, HACCP),
- IT hardware and software for monitoring, control and management.

Indicative list of eligible investments for meat processing plants:

- Construction or modernisation of premises for full compliance with the Community standards,
- Investments in establishment of food safety systems to reach Community standards,
- Investments in increasing environmental protection, equipment for treatment and elimination of wastes, by-products.

Indicative list of eligible investments for fruit and vegetable processing:

- Construction/extension/modernisation of premises used for the food processing activity, to comply with the relevant Community standards.
- Lines for preserving/pasteurising fruit and vegetables, drying tunnels, etc.
- Facilities and equipment for post-harvest handling and storage for raw material, storage for packaging.
- Packaging and labelling equipment, including filling lines, wrappers, labellers and other specialised equipment.
- Investments in jar manufacturing capacities (glass and/or clear plastics).
- Renewable technologies for energy saving.
- Cold chain equipment, including cold and deep freezing storage, freezing tunnels, refrigerated transport and other equipment necessary to ensure continuity in the cold chain.
- Premises and equipment for quality control, including in-factory laboratories.
- Introduction of quality management systems (ISO), etc.
- Investments for establishment of food safety systems (HACCP).
- Investments in increasing environmental protection, equipment for treatment and elimination of waste.
- Specialised transport vehicles, including transport for raw material and finished products, conditioned and not conditioned.
- IT systems including software for product and process management.