1. **Title:** Agriculture - Development of the Phytosanitary system

2. **Location:** Ministry of Agriculture, Budapest - Hungary

3. **Objectives and Description**

Both the Accession Partnership and the NPAA documents stress the importance of strict phytosanitary controls, efficient inspections at the future external borders of an enlarged Union, and the need to enhance the quality of diagnostic tests by the relevant laboratories of the Hungarian Phytosanitary and Soil Protection Service (HPSPS). (See **AP:** Short term priority 4.1; medium term priority 4.2; **NPAA** short term priority 5.2.2; and medium term priorities 5.2.1.4; and 5.2.1.5.)

This project supports the improvement of the quality of diagnostical work at border checkpoints and laboratories through the supply of diagnostic and laboratory equipment required. For increased reliability of border controls the upgrading of the existing phytosanitary information system is envisaged.

As a result, certificates issued by the inspectors of laboratories of the HPSPS shall be acceptable by the relevant Institutions of EU Member States. In addition, data collected through these phytosanitary inspections shall be available on a 24-hour on line through the EUROPHYT information system for authorised users and EU counterparts. In exchange, the Hungarian system shall also be able to access international data bases. The above measures shall enable Hungary to control the transport of plant consignments, facilitating the introduction of a plant passport system providing necessary documents for the transport of plant consignments within the European Union.

4. **Institutional framework:**

The Hungarian Ministry of Agriculture, in co-operation with the Hungarian Phytosanitary and Soil Protection Service (controlled by the Ministry) have the professional responsibility for the successful implementation of the project. This project is therefore in conformity with the NPAA and fully reflects the division of responsibilities within the Government.

5. **Budget**

<table>
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<tr>
<th>Budget:</th>
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<th>Institution building</th>
<th>PHARE</th>
<th>Recipient</th>
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6. **Implementation arrangements:**
The implementing Agency for this project is the Central Finance and Contract Unit (CFCU) within the Hungarian State Treasury. The different functions of contracting, tendering, administration, accounting and payment are carried out by the CFCU as defined in the Memorandum of Understanding on the establishment of the CFCU. Professional aspects of the programme, including project definition and specification shall be within the competence of the Ministry of Agriculture (Department for Plant Protection and Agro-environmental Management), which will harmonise the professional work of the relevant organisations.

7. Implementation Schedule

<table>
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<tr>
<th>Components</th>
<th>Start of tendering</th>
<th>Start of project activity</th>
<th>Completion</th>
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<td>Phytosanitary information system</td>
<td>Date signature of FM</td>
<td>March 1999</td>
<td>May 2000</td>
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</table>

8. Equal opportunity

Competition among suppliers according to the Phare rules shall ensure equal opportunities.

9. Environment

Stricter border controls shall hinder more efficiently the spread of dangerous plant diseases and insects. No negative environmental effects can be identified, an environmental impact report is therefore not applicable.

10. Rates of return:

Not applicable

11. Investment criteria:

Phare’s intervention serves the accomplishment of a priority accession task. It complements national efforts aimed at the harmonisation with EU phytosanitary requirements. Each subproject is co-financed from the National Budget as well as IFI sources. Both subprojects are ready for tendering (Technical specifications are available). The continued operation (sustainability) of the system shall be ensured by the national budget. Project outputs are in line with EU legislation. All actions procurements shall be made according to Phare rules.

12. Conditionality and sequencing:

Planned activities shall respect in full the new Hungarian law on Plant Protection, which shall be approved by Parliament during the course of 1998.
Annexes to Project Fiche

1. Logframe          Attached

2. Detailed cost breakdown          Attached

3. Detailed implementation chart          Attached

4. Contracting and disbursement schedule          Attached

5. Relation of project with previous Phare activities and with ongoing projects financed from other sources:

<table>
<thead>
<tr>
<th>Previous Phare project</th>
<th>HU9304.05</th>
<th>ECU 150 000</th>
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<tr>
<td>Ongoing Phare project</td>
<td>HU9505.04</td>
<td>ECU 1 100 000</td>
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</tbody>
</table>

There are no ongoing projects financed from other sources.

6. Reference to feasibility/pre-feasibility studies.
Steps necessary in order to apply EU standards within the Hungarian Phytosanitary and Soil Protection Service (HPSPS) were defined by a Strategic Plan prepared by the Ministry of Agriculture, involving independent Hungarian and EU-experts, as submitted to the Commission.

7. List of relevant Laws and regulation
The list is available in the Strategic Plan for the EU-conform development of the Hungarian Phytosanitary and Soil Protection Service, as submitted to the Commission.

8. Relevant Government Strategic Plans and studies
- Draft Plant Protection Act (to be presented to the Parliament)
- Strategic Plan for the EU-conform development of the Hungarian Phytosanitary and Soil Protection Service, as submitted to the Commission.
- NPAA
Annex 5

HU 98 06.02.

Relation to Previous Phare Activities

The Phytosanitary subproject (HU9304.05) of the 1993 Phare Programme was the first component of a multi-annual Phare assistance package which has been launched in order to support the efforts of the Hungarian government in order to upgrade the capacity of the Phytosanitary service. The limited resources of that subproject were used for upgrading the phytosanitary testing capacity of some of the most important border checkpoints in Hungary.

The second phase of the above mentioned assistance package was designed in the light of EU-accession requirements. Thus the HU9505.04 project of the 1995 Agricultural Phare programme included provision of TA in order to assist experts of the MoA and the Phytosanitary service in elaborating a Strategic Plan on EU Integration for the Phytosanitary Service, and to inform the HPSPS’ staff on phytosanitary practices of some Member States. The most important part of this project was the supply of diagnostic equipment.

The 1997 Phare programme contributes to the development of the Phytosanitary System by supporting the introduction of an internal quality assurance system into the structure of the Hungarian Phytosanitary organisation.
Strategic Plan for EU-Integration of the Hungarian Phytosanitary and Soil Protection Service

Executive Summary

A plan is presented for the Phytosanitary and Soil Protection Organisation of the Ministry of Agriculture to cover the developments necessary during the accession phase of Hungary to the EU, which is projected to be in 2002.

The Organisation establishes and enforces legislation and regulations in order to
• reduce the risk of quarantine pests being imported into, exported from, or spread through Hungary,
• minimise the likelihood of detrimental effects from the use of crop protection agents on human and environmental health,
• monitor conservation, fertility and contamination of soils.

The current organisation was established to serve the centrally planned agriculture of the 1970s and 1980s. Recommendations in this Plan for managing accession take account of the fundamental changes that are still taking place in the agricultural sector. It realises the paramount importance of protecting human and environmental health, and of protecting plant health at borders, during loading, and in the field throughout the growing season.

In preparation and organisation, accession is already well underway. Much of the necessary legislation has already been planned into the parliamentary programme.

180 new positions would be created, mainly through increased demands of inspection. About 40 jobs would be saved in the proposed new organisation. This represents an overall increase in employment of about 20%, at an annual additional cost of 1.5 million ECU, and a total additional cost for staffing over the projected five year accession period of nearly 6 million ECU.

The organisation has to make 70% of its total budget from its own activities. It will need additional money for staff, as mentioned above, and for additional material resources. Joining the EU will also result in less Phytosanitary Certification (not required for exports destined for EU territories), and a large drop in inspection income.

Total capital/investment costs of over 5 million ECU are considered to be the minimum required for accession. One third of this amount is for cars for inspectors. There appears to be no possibility of individuals being encouraged to buy and use their own cars. Unfavourable taxation makes this unattractive to both employer and employee. The rest of the money is mainly for upgrading laboratory and computer facilities.

Organisational modifications to form a new Plant and Soil Protection Service are proposed:
• Merging the Coordination Unit with the financial section from the Central Finance Office that deals with the HPSPO into an independent Planning and Finance Centre acting as the executive arm of the Ministry and liaising both with the county stations and with the EU.
• To merge the Pest county and Budapest stations into a single unit.
• To combine the roles of the Phytosanitary and Plant Protection Inspectors, except for inspection of plant propagation materials, seeds and seed potatoes.
• To divide the roles of the station biologists into either diagnostic support biologists or into biological field trials teams, of which there would be six nationally.
• Regionalisation of the chemical laboratories to probably 4 - 5 residue laboratories and 2 quality assurance laboratories.

The number of phytosanitary inspectors would be increased by 80 (40%) to:
• Support the introduction of the Plant Passport system
• Increase inspection of material at field level
• Increase inspections of products imported from outside the EU
• Increase the monitoring of the correct use of pesticides
• Reduce the zone size of each inspector so that more effort can be spent monitoring smaller producers.

The number of border inspectors would increase by 37 to bring the number up to the full capacity and to extend border opening times to 24 hours, equivalent to the hours offered by the reciprocal service. With the importance of Hungary as a transit country, a full-time service is important for the free-flow of traffic.

Additional staff will be required for the soil inspectorate and science laboratories, for the coordination unit and for increased support at the Ministry. Computer staff will be needed at stations currently without them.

With the amalgamation of the Pest and Budapest stations, an estimated 7 administrative and maintenance positions will be saved. Regionalisation of the biological trials will slightly reduce maintenance staff who assist in the trials work.

Regionalisation of the Chemical laboratories, together with greater automation will reduce the total number of chemists. There are problems associated with this strategy, especially transport of samples for analysis, and the optimal final number of centres. The final shape and position of this important service would best be addressed in a full revue by an expert analytical chemist.

Legislation is either in progress or planned to ensure equivalence by the time of accession. For the phytosanitary legislation the most important aspects are the Directive introducing Plant Passports, ensuring that Hungarian interests are fully covered in the lists of quarantine pests hosts in the appendices of Directive 77/93, and defining the protected zones.

For plant protection, Directive 91/414, on the marketing of plant protection products, is largely covered by existing Hungarian legislation. However, with the continuing review of existing registrations, accession will bring a large increase in the number of submissions for evaluation, in which Hungary will need to participate. A more centralised review team would make this process easier. With the combining of the plant protection and phytosanitary inspectors, vigilance of the correct use of plant protection products must be improved, with sufficient time allotted to this function.

The main soil and environmental directives, especially the use of sewage sludge on agricultural fields, and the reduction of nitrate contamination from agricultural origin, Directives 86/278/EEC and 91/676/EEC, will be harmonised by the end of 1998. The inclusion of these two new directives will represent a lot of additional work for the soil protection inspectors. The main tasks will be establishment of a registration system for the application of sewage sludge, and determining and then continually inspecting the nitrate sensitive areas.
PHARE support will be distributed mainly between phytosanitary and environmental monitoring requirements. The needs of the Agroenvironment Management Department are acute, especially for upgrading soil laboratories with equipment and data handling computers and software. This should form the basis of a separate PHARE project.

Requirements of the new Planning and Finance Centre are also included, plus an element for overseas training, which is considered crucial for the successful implementation of the modifications to working practices. For home training, office equipment for the production of quality reference manuals is also included.

Although cars are the most costly single requirement for the Organisation, and one of the most important, they have not been included in the list. This requirement is expected to be met in full from the Ministry budget. Computers, for information, documentation and communication, are the main remaining requirement for inspectors, and represent a substantial part of the tender.

The special virology laboratories involved with diagnosis will complete the air conditioning system for perennial crop virus screening work, as well as erect two isolation cages. Methodology development work, and sample storage will also benefit. A fatty acid analyser for the bacteriology laboratory will bring it the latest technology to help screen for the presence of pathogenic bacteria in field samples and for their rapid and highly accurate identification.

For environmental safety, other major items to be purchased from the budget include two application vehicles for the biological field trials that will allow very accurately controlled spraying of perennial and arable crops. This should help derive more accurate application recommendations for product labels. Analytical chemists will have an excellent analytical GC/MS/MS machine to analyse samples for a range of residues simultaneously, much faster and with much greater accuracy than their current equipment allows. In both these cases the high cost of the equipment is a very powerful reason for reducing the total number of centres.

Both the specialist Ecotoxicology laboratory and the Fish Toxicology Laboratory will benefit from generally upgrading equipment. The former will appreciably extend its chemical analysis capability, so that its chemical laboratory can maintain GLP accreditation alongside its biological laboratories.
## LOGFRAME PLANNING MATRIX FOR THE PROGRAMME

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<th>Programme No.</th>
<th>HU9806.02</th>
<th>Programme Title: Development of Hungary’s Phytosanitary System</th>
<th>Total Budget: 3.0 MECU</th>
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</thead>
</table>

### Immediate Objectives:
Ensure appropriate conditions for the international movement of plant consignments in line with the implementation of the relevant Acquis.

### Indicators of Achievement:
- Growth of international trade plant products consistent with European Union trends.

### Sources of Information:
- International trade statistics

### Assumptions and Risks:
- Economic and environmental conditions conducive for international plant trade
- Trained professionals remain with the Hungarian phytosanitary service
- All required operational funds available if and when required

### Results of Programme
- Fast and accurate control of the transport of plant consignments
- Introduction of a Plant Passport system providing for the transport of plant consignments within the European Union.

### Indicators of Achievement:
- Detection rates equal or exceeding European Union performance rates.

### Sources of Information:
- Technical reports of the Hungarian Phytosanitary and Soil Protection Service.

### Assumptions and Risks:
- Economic and environmental conditions conducive for international plant trade
- Trained professionals remain with the Hungarian phytosanitary service
- All required operational funds available if and when required

### Outputs of Projects:
- Phytosanitary Border Inspection Posts at key border crossing points on the future European Union borders established and fully equipped
- National phytosanitary information system modernised and connected on a 24-hour online to the EUROPHYT system
- Diagnostic laboratories of the Hungarian Phytosanitary and Soil Protection Service upgraded for accurate diagnosis of all relevant animal diseases.

### Indicators of Achievement:
- All relevant training projects and expert missions carried out on time
- All deliverables provided and installed on time.

### Sources of Information:
- Project implementation reports of the Department of European Integration of the Ministry of Agriculture
- Reports of the Hungarian Phytosanitary and Soil Protection Service.

### Assumptions and Risks:
- High-quality training needs analysis ready
- High-quality systems specifications for phytosanitary data processing project ready
- All required local and Phare funds available if and when required
- High-quality project management by the Department of European Integration of the Ministry of Agriculture
### Annex 2

**HU98.06.02 - Detailed cost breakdown**

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<th>Budget:</th>
<th>Investment DIS</th>
<th>Institution building DIS</th>
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<td>Strengthening of BIPs and diagnostic laboratories</td>
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### Annex 3

**HU98.06.02 - Detailed implementation time chart**

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### HU98.06.02 - Cumulative contracting & disbursement schedule (MECU)

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**N.B.** : All contracting should normally be completed within 6-12 months of signature of the FM