1 Basic Information

1.1 Désirée Number: 2002/000-180-01-05
Twinning Number: HU02/IB/AG-01-TL

1.2 Title: Sheep and Goat Identification and Registration System

1.3 Sector: Agriculture

1.4 Location: Hungary

2 Objectives

2.1 Overall Objective(s):
Full compliance with Directive 92/102 EEC concerning the registration and identification of sheep and goats, and with evolving EU legislation in these fields.

2.2 Project purpose:
Establishment of fully functioning systems for:
- Sheep and goat holding and keeper registration linked to the national animal holding register and farm registration.
- Individual identification and registration of sheep and goats from birth to the end products (stable to table).
- Operational information and veterinary surveillance network system for sheep and goats set up.

2.3 Accession Partnership and NPAA priority:
Accession Partnership

The recently revised Accession partnership includes the following priority under Agriculture:

Implement the identification and registration systems for sheep, goats, swine and horses, and adopt the secondary legislation for swine and horses; ensure effective functioning of the bovine identification and registration system.

NPAA

In the NPAA the project priorities and actions are dealt with in Chapter XXV as “Completion of the sheep and goat identification and registration system”.

2.4 Contribution to National Development Plan: Not applicable

2.5 Cross Border Impact: Not applicable

3 Description

3.1 Background and justification:
EEC Directive 92/102 describes the requirements for identifying and registering sheep and goats including a definition of the minimum requirements for indicating the animals’ origins. The main objectives of the necessary surveillance network system are:

- To prepare the official classification of holdings
- To maintain such classification by regular inspection
- To collect epidemiological data, and
- To carry out disease monitoring to ensure compliance with all the provisions of EEC Directive 92/102 and other Directives in respect of health restrictions.

This surveillance network system shall be mandatory on all holdings in the territory of the Member State operating such a system. This will enable movement control to be exercised based on health status of herds and current residue/substance levels. The controls are critical for protecting animal and public health.

Due to the recent outbreak of foot-and-mouth disease, new EU legislation in this area is imminent. It may introduce the requirement of individual identification of sheep and goats with lifetime numbers. The disease in the sheep population could be potentially catastrophic for the Hungarian and indeed the EU economy. Sheep have been identified in Great Britain as the primary source of the epidemiological crisis of the disease that costs several billions of pounds in loss of GDP for the country. Agriculture has a more important role in the Hungarian economy so such an epidemiological crisis would have a catastrophic impact on the development of Hungary. Recently it has been announced that BSE may also be in the European sheep population, with as yet unknown economic consequences. A joint delegation of the Institute for Agricultural Quality Control (OMMI) and the Animal Health and Food Control Department of the Ministry of Agriculture and Regional Development (MARD) visited Brussels in May 2001 to study the expected new legislation and its impact on Hungarian animal identification and registration. The project will help establishing the required identification and registration system.

For cattle, EU regulations prescribe individual identification of animals. However for sheep and goats current EU regulations do not prescribe the individual identification, but keep this issue open with a minimum requirement of herd level identification. Practices in the Member States vary in that respect. Herd level identification means the grouped identification of animals, to ensure traceability of animal movements in groups. It is not concerning the identification of farms which is a basic requirement if one would like to identify herd of origin of any species, and this issue is partly solved in Hungary: a complete herd information system exists for cattle which needs only an extension to confirm to sheep and goat farms. This activity is only a small part of this project.

To comply with current EU regulations both individual and herd level identification of animals are adequate.

Individual identification systems are more complex in terms of field operation with higher operational costs – for instance logistics of ear-tags is very complicated including replacement with same number in short time in case of fallout; reporting is more expensive, etc…

Marking animals with herd level identification material is indeed cheaper to operate in field and to introduce but the computer application is more complicated and not less difficult to develop, because in this case the software ought to provide the same output from less information.
Although individual identification will cost more to operate and maintain, Hungarian authorities decided to use individual identification because of the following specialities apply to Hungary:

- Illegal animal movement through Hungary’s eastern border (which will be the future EU border) is a real threat to the country’s animal health status. Animal level identification is an important tool to discover illegal individuals. Further, blocking the spread of diseases can be effectively supported by individual movement information.

- Subsidy schemes in Hungary require individual identification of the target population to avoid frauds. Choosing another identification method for other populations would increase both development and operational costs of the system. Taking into consideration the low amount of financial resources available in Hungary for animal based subsidies, it is crucial to use them as effective as possible. IACS is planned to execute controls using individual level information about animals, too. Experiences show that in Hungary effective checking methods are necessary against subsidy fraud. Expected EU legislation in animal health will require individual identification so the introduction of a system without this functionality could have to be significantly changed in the future.

- Higher operational costs of individual identification and registration recover in less subsidy frauds and more effective protection against spread of diseases.

Further background information is presented in Annex 6.

3.2 Linked activities:

**HU9505.06 Cattle Registration System**

In a co-operation with the Dutch Ministry of Agriculture, the Hungarian cattle information system (CIS) was established. The development started for a breeding oriented application that is now based on an identification and registration system that meets the EU requirements. The I&R is co-operated by the Animal Health. Total development costs reached € 3.0 million of which € 300.000 were contributed for the I&R hardware by the Phare Programme.

In the CIS project long term development concepts were laid down for further animal species. The main issue is that the common part of all registration systems will be a herd information system that also handles all roles (animal holders, vets, slaughter houses, etc.) and codes, while animal identification subsystems will differ for different species since they are intended to be also the base of breeding activities. Because of this concept, the Herd Information System (HIS), successfully developed in the CIS project, needs only an extension to be suitable for the sheep and goats system.

**HU0003.01 Animal Health and Food Hygiene Control**

The project includes the development of pig identification and registration system and the establishment of a veterinary surveillance network system. During the past year the system description has been developed and pilot-tested. Tendering is on the way for both technical assistance and supply. Implementation phase is expected to start in February, 2002.
The development of the pig I&R system will be carried out according to the concepts mentioned for the cattle system. The Herd Information System has already been extended for the pilot test.

**Integrated Administrative and Control System**

The Ministry of Agriculture and Regional Development is introducing an Integrated Administrative and Control System with the aim to provide a tool for the monitoring of animal related subsidies. This system will require the individual identification of sheep and goats in Hungary.

3.3 Results:

- Experience gained in EU Member States running in sheep and goats registration systems is available in Hungary
- Sheep and goats identification and registration software is completed
- IT equipment is provided

3.4 Activities:

3.4.1 Twinning light

The project implementation will start with a **six months** twinning arrangement to transfer practical knowledge concerning the developing and operating of -

- Sheep and goat identification systems and
- Veterinary surveillance network systems in the Member States.

Assistance needed in the twinning programme:

- Veterinary assistance on field of animal identification and on veterinary surveillance networks
- Assistance on animal-based subsidy schemes in the EU
- Information analyst assistance on computer aided functionalities of an I&R / veterinary surveillance system and of subsidy distribution

Specific tasks:

- Organising study tours
- Supplying information on EU legislation concerning animal identification, animal health and food safety. Organising meetings with EU experts on this subject, if necessary
- Providing in-depth information on details of sheep/goat marking, registration and veterinary surveillance in EU countries and on supporting computer systems
- Giving presentations in English language to Hungarian veterinarians and breeders on the above-mentioned subjects.
Profile of the Expert:

- Experience in pre-accession harmonisation
- Knowledge on European legislation of animal identification and animal health
- Experience in animal identification, registration and veterinary surveillance in Europe
- Knowledge on European computer systems of animal identification, registration and animal health.
- Appropriate language skills (English).

Guaranteed result:

- Complete user’s requirement specification prepared in co-operation with the beneficiary

3.4.2 Service (technical assistance)

The technical assistance component concerns the procurement of services to develop software for the complex system of registration, identification and surveillance and the data-collecting network. This part of the project is based on the twinning experiences.

The software development involves:

- A complete information analysis
- System design
- Application development
- Testing
- Installation
- Education.

3.4.3 Supplies

Supplies will be used for

- Extension of central computing and storage capacity
- Providing end-users of the system with portable data-supply equipment.

The detailed technical specification will be finalised using the experiences obtained by during the twinning cooperation and the in accordance with the ToR of the service tender.

3.5 Lessons learned

Under the Annual Assessment Report R/HU/AGR/00043 recommendations were made which are relevant to the current project. Design recommendations concerning indicators of achievement (point 2.3 of the Report), and other relevant recommendations under point 6.2 of the Report have been addressed while drafting the current project fiche. The Implementing Agency and the Project beneficiaries beneficiaries will ensure that management recommendations will be addressed as appropriate.
4 Institutional Framework

All technical and administrative aspects of the project shall be the responsibility of the Agricultural Phare Office of the Ministry of Agriculture and Regional Development. The National Institute for Agricultural Quality Control (OMMI, Address: H-1024 Budapest, Keleti Károly u. 24) shall manage the professional implementation. Other participating institutions include the following:

- Animal Health and Food Control Department of the Ministry of Agriculture and Regional Development
- Hungarian Sheep Breeders Association (Address: H-1134 Budapest, Loportár u. 16.)
- Hungarian Goat Keepers and Breeders Association (Address: H-2053 Herceghalom, Gesztenyés u. 1.)
- Sheep and Goat Product Council (Address: H-3800 Szikszó, Pf. 45.)

5 Detailed Budget (€ Million)

<table>
<thead>
<tr>
<th>Component</th>
<th>Phare Support</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment Support</td>
<td>Institution Building</td>
<td>Total Phare (=I+IB)</td>
<td>IFI</td>
</tr>
<tr>
<td>Twinning light</td>
<td>0.15</td>
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<tr>
<td>Service</td>
<td>0.80</td>
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<td>1.10</td>
</tr>
<tr>
<td>Supply</td>
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</tr>
<tr>
<td>Total</td>
<td>0.30</td>
<td>0.95</td>
<td>1.25</td>
<td>0.60</td>
</tr>
</tbody>
</table>

The Government co-financing for the twinning activity is an estimated indicative amount and will not be part of the budget of the Twinning Covenant. It provides an indication of the resources in cash or in kind that the beneficiaries will have to mobilise to cover the necessary counterpart expenses arising from the implementation of the twinning.

The service and supply contracts will be co-financed between Phare and Government resources in joint financed tender. The Phare amount is binding as a maximum amount available for the items. The ratio between Phare and the national amount is also binding and has to be applied to the final contract price.

6 Implementation Arrangements
6.1 Implementing Agency:

The Implementation Agency of the project is the Central Finance and Contracting Unit (CFCU). The CFCU will be the Contracting Authority and in that capacity will issue and evaluate tenders, conclude contracts and authorise the treasury to make contract related payments. The Director General of the CFCU will act as PAO of the project. Her contacts are:

**PAO:** Ms. Judit Rózsa, Director of CFCU, Public Finance Office  
**Address:** Deák Ferenc u. 5.  
**Telephone:** (+36-1) 327-3652  
**Fax:** (+36-1) 327-3572  
**e-mail:** judit.rozsa@ahh.gov.hu

The Ministry of Agriculture and Regional Development will be responsible for the technical part of the project in terms of design, evaluation, follow up and monitoring. Head of Directorate for Integration Affairs (MARD) will act as Senior Programme Officer. His contacts are:

**SPO:** Mr. László Vajda, Head of Directorate  
**Address:** Kossuth tér 9-11.  
**Telephone:** (+36-1) 331-3578  
**Fax:** (+36-1) 301-4663  
**e-mail:** Laszlo.vajda@fvm.hu

6.2 Twinning:

The beneficiary institutions of the twinning (light) project will be the Ministry of Agriculture and Regional Development (contact person: dr. Miklós Karakas, (+36 1) 301 4312, Karakas@oai.hu) and the National Institute for Agricultural Quality Control (contact person: dr. László Zsilinszky, (+36 1) 212 5502, ZsilinszkyL@ommi.hu). The CFCU, headed by Ms Judit Rózsa (for details see above) will be the contracting authority with responsibility for the financial management of the twinning (light) component.

6.3 Non-standard Aspects:

The Practical Guide for Phare, ISPA and SAPARD contract procedures and Twinning Manual will strictly be followed.

6.4 Contracts:

The programme shall be implemented through one twinning light arrangement of 0.15 M€, one jointly co-financed service contract of 1.1 M€, and one jointly co-financed supply contract of 0.5 M€.

7 Implementation Schedule
<table>
<thead>
<tr>
<th>Contract</th>
<th>Start of Tendering</th>
<th>Start of Project Activity</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>10.2002</td>
<td>06.2003</td>
<td>05.2004</td>
</tr>
</tbody>
</table>

8 **Equal Opportunity**

All participating Hungarian institutions are equal opportunity employers. No discrimination of whatever nature will be applied.

9 **Environment**

The project has no discernible effect on the environment.

10 **Rates of return**

Not applicable

11 **Investment criteria**

Not applicable

12 **Conditionality and Sequencing**

None
Annexes to Project Fiche

1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period)
4. Reference to feasibility/pre-feasibility studies
5. List of relevant Laws and Regulation
6. Reference to relevant Government Strategic plans and studies
7. Indicative Equipment list
# LOGFRAME PLANNING MATRIX FOR

**Sheep and Goat Identification/Registration System**

**Programme name and number**

2002/000-180-01-05

**Contracting period expires**

Nov 30, 2004

**Disbursement period expires**

Nov 30, 2005

**Total budget:** € 1.85 million

**Phare budget:** € 1.25 Million

## Overall objective

Full compliance with Directive 92/102 EEC concerning registration and identification of sheep and goats and with emerging EU legislation in these fields.

**Objectively verifiable indicators**

Identification and registration system for sheep and goats in compliance with the Directive of 92/102 EEC is set up in Hungary within the lifetime of the project.

**Sources of Verification**

- Reports of the National Veterinary Service
- Accreditation documentation

## Project purpose

**Establishment of fully functioning systems for -**

- Sheep and goat holding and keeper registration linked to the national animal holding register and farm registration.
- Individual identification and registration of sheep and goats from birth to the end products (stable to table).
- Operational information and veterinary surveillance network system for sheep and goats set up.

**Objectively verifiable indicators**

- All sheep/goat keepers and holdings are registered along with veterinary information and are available from the new system at the end of project implementation.
- Sheep and goat individual identification and registration is started in the new system in the last phase of project. **50% of ewes and 100% of ram** is registered at the end of project implementation.
- Veterinary surveillance information available for **50% of ewes and 100% of ram** by the end of project implementation.

**Sources of Verification**

- Reports of the National Institute for Agricultural Quality Control
- Inspection reports of the National Animal Health Service.

**Assumptions**

- Close cooperation among the participating institutions
- Participants provide adequate staff to form the project organisation
<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Experience gained in EU Member States running sheep and goats registration systems is available in Hungary</td>
<td>• All planned functions is operational in software, software is installed in 25% of County Vet. Stations and in OMMI at the end of project implementation</td>
<td>• Progress reports&lt;br&gt;• Handing over notes&lt;br&gt;• Documentation and logs of tests</td>
<td>• Trained officers can be retained within the system.</td>
</tr>
<tr>
<td>• Sheep and goats identification and registration software is completed</td>
<td>• All IT equipment installed and operational</td>
<td></td>
<td>• Sufficient funds for the operation and maintenance of the systems available when required.</td>
</tr>
<tr>
<td>• IT equipment is provided</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activities</td>
<td>Means</td>
<td>Assumptions</td>
<td></td>
</tr>
<tr>
<td>National Institute for Agricultural Quality Control</td>
<td>• One Twinning (light) arrangement&lt;br&gt;One service contract for the development of the required software&lt;br&gt;One supply contract for data processing equipment</td>
<td>• All participating organisations provide adequate facilities and staff&lt;br&gt;Suitable Twinning partner(s) can be found</td>
<td></td>
</tr>
<tr>
<td>• Provides staff and manages the project</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>• Prepares tenders and concludes supply contracts</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>• Identify twinning partner</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

| Preconditions                                                           |                                                                                                  |                                                                                         |                                                                                                |
|                                                                      | • Availability of local co-finance for the project confirmed<br>High quality project management |                                                                                         |                                                                                                |
Sheep and Goat Identification and Registration System
Project Number 2002/000-180-01-05

Annex 2

DETAILED IMPLEMENTATION CHART

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
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- Tendering phase
- Implementation phase
CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE FOR PHARE FUNDS (MEURO)

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<tr>
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<td>0.15</td>
<td>0.15</td>
<td>0.95</td>
<td>0.95</td>
<td>1.25</td>
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Disbursement

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<tbody>
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<td>0.12</td>
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<tr>
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<tr>
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<td>0.12</td>
<td>0.12</td>
<td>0.15</td>
<td>0.63</td>
<td>0.71</td>
<td>1.06</td>
<td>1.17</td>
<td>1.25</td>
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</table>

The contracting period expires at Nov 30, 2004
The disbursement period expires at Nov 30, 2005
Sheep and Goat Identification and Registration System
Project Number 2002/000-180-01-05

Reference to feasibility/pre-feasibility studies

Strategic plan for the Integrated Administrative and Control System, MoARD 2000
Catalogue of Requirements for Sheep Identification and Registration System, OMMI 2000
System Development Concept for Sheep Identification and Registration System, OMMI 2001
EU White Paper on Food Safety of January 2000
Annex 5

Sheep and Goat Identification and Registration System
Project Number 2002/000-180-01-05

List of Relevant Laws and Regulations

EU Regulations


Council Regulation 92/3508/EEC of 27 November 1992 establishing an integrated administration and control system for certain Community aid schemes

Commission Regulation 93/2700/EEC of 30 September 1993 on detailed rules for the application of the premium in favour of sheep meat and goat meat producers


**EU Regulations under preparation**

Amended proposal for a Regulation of the European Parliament and of the Council for the prevention and control of certain transmissible spongiform encephalopathies (presented by the Commission pursuant to Article 250 (2) of the EC Treaty)

/* COM/2000/0824 final - COD 98/0323 */

*Official Journal C 120 E, 24/04/2001 P. 0089 - 0139*

**Hungarian Regulation**

1993/CXIV Act on Animal Breeding

1995/XCI Act on Animal Health

41/1997 FM Decree of the Minister of Agriculture laying down the Animal Health Code

29/2000 FVM Decree of the Minister of Agriculture and Regional Development on animal identification and registration.
Sheep and Goat Identification and Registration System  
Project Number 2002/000-180-01-05

Reference to Relevant Government Strategic Plans and Studies

The legislation for the veterinary sector in Hungary has been developed over the years to ensure adequate veterinary control within the European Single Market. The main purposes of the legislation include

- To prevent the outbreak and spread of animal diseases
- To promote veterinary public health through the monitoring of various substances, and
- To secure greater public confidence in the safety of food and animal products.

Livestock identification and registration data can also guard against CAP-related fraud. The EU White Paper on Food Safety of January 2000 reinforces the stable to table philosophy and emphasises the need for integrated control systems, including information systems and databases.

The White Paper addresses especially the need for a dependable veterinary surveillance network. The Competent Veterinary Authority has to keep an audit of all significant veterinary events in the life of an animal from the stable to table including birth, movements and death, and also vaccinations, treatments, residue tests, and tests for diseases.
ANNEX 7 Indicative Equipment list

Supplies in this project will assure the IT equipment necessary for the district veterinary offices and the veterinarians controlling the sheep and goat transports. An additional 10 PCs will extend the central computing capacity of the Beneficiary.

<table>
<thead>
<tr>
<th>Item</th>
<th>Units</th>
<th>Expected price in €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet-ready PC workstations</td>
<td>110</td>
<td>110.000,-</td>
</tr>
<tr>
<td>Small laser printers</td>
<td>100</td>
<td>40.000,-</td>
</tr>
<tr>
<td>Handheld computers</td>
<td>350</td>
<td>350.000,-</td>
</tr>
<tr>
<td><strong>Expected total price</strong></td>
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<td><strong>500.000,-</strong></td>
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</table>