1. Basic information

1.1. Désirée number: LE01.02.02
   Twinning number: LV/2001/IB-AG-01

1.2. Title: Development of the management mechanisms of the Latvian agriculture in line with the EU Common Agricultural Policy

1.3. Sector: Agriculture / Administrative Capacity

1.4. Location: Ministry of Agriculture
   2 Republikas sq., Riga, LV- 1981, Latvia;
   Martins Roze - Director of Department of Integration into EU and Foreign Relations.

The Rural Support Service
2 Republikas sq., Riga, LV- 1981, Latvia

2. Objectives

2.1 Overall objective:
   To develop the institutional and administrative capacity of Latvia for the adoption and implementation of the EU Common Agricultural Policy

2.2 Project purpose:
   • Implementation of the Integrated Administration and Control System
     • to develop the elements of Integrated Administration and Control System (IACS);
     • to establish a central agricultural data base for collecting reliable and qualitative information and ensure effective decision making;
     • to set up an exchange and data collection system of electronic information on central and regional level regarding agricultural support schemes;
     • to ensure a quick and co-ordinated electronic communication system between institutions involved in agricultural administration.
   • Strengthening of the role of Rural Support Service as paying and implementing agency for SAPARD and the CAP as well as of the Ministry of Agriculture
     • to improve the Rural Support Service in execution of their implementation and paying function the Special Pre-Accession Programme for Agriculture and Rural Development (SAPARD);
     • to strengthen central and local capacities of the State rural authorities in setting up administrative structures ensuring fulfilment of the CAP requirements;

2.3. Accession Partnership and NPAA priority:

2.3.1. Accession Partnership
   Medium term priority:
   • to reinforce Common Agricultural Policy management mechanisms and administrative structures (to monitor agricultural markets and implement structural and rural development measures, to set up bodies and control mechanisms)

2.3.2. National Programme for Adoption of Acquis
   The project objectives cover priority actions of Latvia as defined in the NPAA:
   • Securing of competitiveness of agriculture in Latvia with the view of integration into European Union by ensuring consolidation of land and functioning of rural accountancy systems (EA-002).
• Stabilisation of agricultural market by implementing the CAP policy instruments (LA – 027).
• Ensuring animal product competitiveness while Latvia is integrating into the EU by establishing a centralised herd register and ensuring animal identification (LA – 028).
• To enlarge administrative capacity of the Ministry of Agriculture to secure ability of Latvia to undertake the EU membership commitments (LA – 030).
• To improve the capacity of the Ministry of Agriculture in respect of decision making by reinforcing the system of information and analysis and setting up an integrated administration and control system (LA – 031).
• Development of administrative capacity needed for structural changes, promotion of agricultural and rural development within support programs of the EU pre-accession and Structural Funds (LA-043).

3. Description

3.1. Background and justification:

• Introduction
Following the EU Commission’s proposals, Latvia as an associated country of the European Union will have an access to financial support for structural reforms in agriculture and rural development starting from the year 2000. SAPARD (Special Action Programme for Agriculture and Rural Development) funding is available from 2000 to 2006. Joining the EU before the year 2006, Latvia may continue structural adjustments of economy receiving support from the EU Structural Funds and European Agricultural Guidance and Guarantee Fund (EAGGF). On October 25, 2000 the EC adopted Decision approving Latvian SAPARD Rural Development Plan.

The Ministry of Agriculture has delegated the implementation of the SAPARD Programme to the Rural Support Service (RSS), which acts as SAPARD Agency, covering both - functions of the implementing and paying body.

It is planned that the RSS will take over the functions of the Paying Agency in respect of basic elements of the EU CAP and EAGGF Guarantee payments upon accession to the European Union.

• Implementing authorities of agricultural policy

Rural Support Service - to implement national agricultural policy and EU requirements in 1999 it was established by the Cabinet Regulations No 504 “On Rural Support Service”, which will, within the scope of its competence, organise and carry out the state management functions in respect to rural and agricultural development:
• the State support to rural areas, agriculture, forestry and fisheries in the field of administration, payments and control;
• administration, payment and control of the EU pre-accession measures in agriculture and rural development.

Law “On Rural Support Service” entered into force on 27.04.2000, determining institution effecting the functions of the Paying Agency. The RSS is a responsible authority for SAPARD programme administration and at later stage this institution will ensure their ability to undertake the future EU Member State's obligations regarding administration of the CAP measures. It means that the Rural Support Service has to adopt gradually the principles of the Integrated Administration and Control System.

The Rural Support Service constitutes the central body and the territorial structural units (one State administration body for land reclamation systems and 9 Regional Agricultural Departments covering 26 districts of Latvia) (See Annex 7).
The annual budget for the Rural Support Service is planned in the amount of 4,1 million EUR and the sum could be same or increased in the coming years. It is envisaged to cover the administration of the national and EU support (SAPARD). The Ministry of Agriculture has submitted to the government request for additional finance regarding extension of functions for establishment and implementation of IACS in 2003. The MoA estimated that staff of RSS might increase by 40% in connection with extension of functions for IACS. The state budget will soon be revised in the context of the EU integration, and it will certainly affect the RSS budget.

The RSS will be able to administrate SAPARD in the nearest future, however systems will have to be improved to ensure that computerised cross-check controls are possible.

For the first accreditation as a SAPARD Agency RSS has committed itself to implement “a manual system” with some elements of computerised data processing. Nevertheless the concept for completely computerised IT system has been elaborated and will be implemented in parallel with the manual system. Data migration plan in accordance with IT audit principles will be elaborated and appropriate testing of the system will be carried out before it will become fully reliable and secure. A new accreditation audit would have to be undertaken after completion of the full computerisation of the system. A well arranged SAPARD administration system will be a good base for IACS and it is step by step improved.

Therefore there is a need to develop the administrative capacity in agricultural sector, by establishing an effective information system and registers and improving the qualification and experience of staff regarding the EU agriculture policy matters and regarding users of established information system as well as administrators of this system.

In order to ensure efficient data collection and analysis as well as to guarantee accuracy and substantiation of payments, capacities of the institutions involved in administration process must be improved. In general, development of the above-mentioned system has been started in Latvia, though it is in initial stage now and considerable investments are needed for both an optimal information system establishment and training of the personnel.

To develop an information system meeting the requirements of the European and Latvian institutions it must provide for possibilities to carry out the maximum number of operations prescribed in the RSS instructions. The following are functions in order to make the information system compliant with the defined requirements:

- in accordance with the strategy outlined in the concept, to install workstations that are connected to Internet in all districts;
- to establish a uniform information system for the RSS;
- considering security strategy of the system, to make it possible for the responsible official to approve solution/decision for a certain step and to control access;
- to provide for data reconciliation with other registers and institutions to ensure their quality;
- to keep records of payments and settlement; current accounting is incomplete and is functioning partially;
- for each programme/ sub-programme for national and SAPARD, to provide for possibility to make summaries of the ratio between the European and Latvian state funds, expressed as a percentage;
- for each programme/ sub-programme, to provide for possibility to make overviews of the ratio between the total costs of projects supervised by the RSS and potential support, expressed as a percentage;
- to keep records of debtors to anticipate situations where a mistake is made during the physical control stage and the applicant receives a larger amount than specified in the programme. Within this possibility, record-keeping adjustments should be made serving as the basis for ranking an applicant as a debtor;
• to develop payment register;
• to make automated reports for each applicant for support, each payment, each programme, each sub-programme and event;
• to reconcile data with national information registers and other information systems to ensure data quality in the system;
• to provide for the possibility to make reports on a particular region, programme, sub-programme etc. in a short time;
• to ensure availability of information to external information systems in accordance with the developed strategy;
• to provide for storing electronic data in accordance with the requirements for data storage.

The goal of the new system is to ensure processing of the RSS data in accordance with effective Latvian laws and regulations and requirements of European directives. The new data processing system is aimed at computerised input of primary data in all RSS regional and district departments and their accruing at the headquarters, electronic data exchange with the centralised data storage place, as well as selective use of accrued information in accordance with regulatory documents issued by the RSS and in compliance with requirements of effective laws and regulations.

• Basic elements of IACS in Latvia

The EU Member States gain benefits in agriculture from a considerable public support. It determines the need to precisely administer and control these measures of support. These aggregate measures form an Integrated Administration and Control system – IACS (the EU regulations No 3508/92, No 3887/92). It lays down provision that there should be an adequate system developed in Latvia, which would allow to cover completely the EU requirements in the future in respect of the administration and control of the EU and state aid. In order to carry out this comprehensive task, it is necessary to set up an electronic information collection, testing and control system, which will allow this process would proceed efficiently and rapidly.

Currently, some elements of the IACS have been implemented in Latvia but they have not yet merged into a single system:

1) a computerised data base

Theoretically, information systems are developed to facilitate data and information processing in these fields, to reduce the paper flow and to achieve higher quality data. However, practice shows that currently this approach is effected only partially and further development is necessary, for instance:

• the RSS Support Department's summaries on accepted and rejected projects are prepared in Excel environment without using the special data protection possibilities which may result in data loss and an increased time-consumption for data control;
• all control sheets are kept in paper form and are signed by the responsible officials who carry out the control; it is also quite time-consuming and it is difficult to process the information;
• all exchange of information between the headquarters and regional departments is paper based which affects data quality and time consumption, as well as can result in data loss;
• data on completed payment orders is not recorded;
• accounting for support payments and liabilities is done manually in Excel or Word environment which can result in a data loss and affects the time consumption;
• all reports for other institutions and ministries are prepared manually in Excel or Word environment, which can result in a data loss and affects the time consumption;
• no reconciliation of data with those of other institutions and registers takes place which means that data quality is not ensured;
• there is no uniform system for the entire RSS, which increases the work load and deteriorates the data quality;
• as a result of the historic development of the existing system, there are 11 identical database management systems (regional departments and the headquarters). Their maintenance and development requires highly qualified specialists and their operation is expensive. The system cannot be deemed uniform and integrated, with sufficient functional interaction.

As a result of above-mentioned conditions it is not possible today provide the qualitative cross-check control and registers are not linked with unified data base.

In the framework of project Special Preparatory Programme for Structural Funds LE9805.03/0001 the EU experts assist the RSS regarding the definition of the requirements for the SAPARD database as well as concerning the review of the designed and installed software and recommendations for further improvements. The experts prepare also recommendations concerning adjustment of SAPARD database for the CAP administration in future

2) an identification system for agricultural parcels

The State Land Service - it is a permanent state institution subordinated to the Cabinet of Ministers, keeping the cadaster register on the state level in compliance with the law On the State Land Service as well as draws up and keeps the information system.

The State Real Estate Cadaster – covers information regarding location, borders, size, condition, value as well as owners and users of real estate. The real estate is classified according to the following use: agriculture, forestry, water management and industry.

The land on the territory of Latvia is subjected to accountancy irrespectively of the ownership type. The land accountancy registers the land use types (e.g. arable land, orchards, etc.) as at the date of land surveying. The land surveying was carried out in 1994 and 1995.

Regarding land registration system, the basic problem in Latvia is to secure the accountancy on agricultural block level. Therefore the RSS is planning to solve this problem in collaboration with the State Land Service.

An analysis of the implications for Latvia to implement the IACS and preparations for pilot activities regarding agricultural blocks in Latvia in the framework of Twinning (LE-99/IB/OT/01): Implementation of the Common Agriculture Policy will be good base for establishment the Land parcel register.

The discussion has started concerning the establishment of Land parcel register between the State Land Service and the Rural Support Service. In 2001 the working group will be established including representatives from the State Land Service, the RSS and the MoA.

3) a system for identification and registration of animals

The Cabinet of Ministers Regulation adopted on 13 January 1998 (effective from 16.01.1998) “Registration provisions of animals and herds” serves as the basis for animal register and herd register. The animal register covers bovine animals, pigs, sheep and goats. The registration of animals started from January 1998 by Latvian State Data Processing and Breeding Information Centre. However, this register needs revision in the conditions of implementation of CAP measures.

Data is collected into Microsoft SQL Server database from 23 local data input locations, and there are three milk testing laboratories under Breeding and Artificial Insemination Stations in Latvia.
A technical connection to the RSS databases is possible in the future if the herd number, or identity number of the owner, or the registration number of the enterprise is available.

Our animal and herds register on the whole complies with the EU requirements but investments are needed to give it a final touch to make it useful for IACS.

4) aid applications

There are special regulations regarding this system and requirements in order to receive subsidy in Latvia. The farmer fills in an application form about his holding, like, total agricultural area, areas under crops, number of animals, labour, financial assets, credits and working capital, equipment. The application form covers the EU requirements partly. It is not possible to include information regarding concrete agricultural parcels in this form. This problem is linked with absence of land parcel identification system.

5) an integrated control system

There is not a full-integrated control mechanism in place, which is necessary in order to carry out administrative checks in Latvia. On-the-spot checks are organised in order to check the utilisation of subsidies and declared information. The qualitative control system should be provided in later stage when the Land parcel register system will be established and the necessary data base system will be introduced completely.

Regarding remote sensing control: The State Land Service has orthophoto maps – aero photographs are forming a digital model. Field inspections are carried out in addition. The materials about Latvia in this respect are available from 1994 to 1999. The earliest materials were prepared in 1994 in West Kurzeme, in 1998 in North Vidzeme but in 1999 in Latgale. In 2002 aero photographs will be taken repeatedly. Currently, there are maps available at the State Land Service at a scale of 1:10000, it is the smallest scale but after taking the repeated photographs, the scale in future could be 1:5000.

All the aforementioned elements comply with the basic elements of IACS, nevertheless they do not ensure a uniformity and transparency of the administration system in the country.

In 1999, within Phare project Institutional development in support of Latvian agriculture experts from the Ministry of Agriculture Information Centre (TIKE) of Finland visited Latvia, and they prepared a statement on the current administration, payment, control and information system of the state support to agriculture in Latvia. There were proposals prepared for the development of this system in future in compliance with the EU requirements. Many points of this statement have been taken into account when developing the Rural Support Service.

In 2001 the Ministry of Agriculture is planning submit to government the regulations regarding establishment of Integrated Administration and Control System in Latvia, which will provide legal base for administration of agricultural support.

It is necessary to make an effective framework for the Integrated Administration and Control System, which is the best in the cost-effectiveness and functional aspects.

The information system should include an uniform network, client register and land parcel register which provide for an efficient administration of national and European support, as well as the CAP measures in future. The aforementioned information system will be established according to national needs and the requirements of the Integrated Administration and Control System (see Annex 5).

In addition, it is necessary to create links among the basic elements of Integrated Administration and Control System and other registers establishing one database.

The Latvia is going to implement the following activities regarding the establishment of IACS:
• establishment of the connection of the regional departments of the Rural Support Service to a joint network;
• drawing up and adoption of Regulation of the Cabinet of Ministers on the Integrated Administration and Control System;
• improvement of system for identification and registration of bovine animals;
• merging of the registers in the joint network;
• introduction of the Land parcel register (the register of agricultural land areas).

With the view of the IACS system improvement Latvia has identified several priorities, the most essential ones are: establishment of Land parcel register and improving of administration capacity with training.

3.2 Linked activities:

Institutional development in support of Latvian agriculture LE-9505 (Project total budget - 1.8 MEUR). The activities within this project were aimed at assisting the Latvian authorities in the process of preparation for accession into EU namely in the sectors of agriculture. The project began on 10 November 1997 and has been running for two years until November 1999.

In the framework of this project the study of current situation of agricultural support systems and equivalent information systems in Latvia was carried out. Special emphasis was put on three topics:

1. Farm register;
2. current support systems and their development requirements in relation to Integrated Administration and Control System (IACS);
3. organisation of paying agency.

As the result of study the proposals were prepared for the future development of the IACS in compliance with the EU requirements. Many points of this statement have been taken into account when developing the Rural Support Service.

Twinning: Support to the Latvian Ministry of Agriculture to implement the Acquis Communitaire of the EU LE-98/IB/AG/01 (allocated 0.6 MEUR in total). The activities of the project commenced in August 1999 and they are targeted to strengthening the Ministry of Agriculture and the Latvian agriculture sector's readiness to support the ongoing EU accession process:

• assist the development of a land use policy for the agriculture and forestry sectors;
• facilitate the process of land, farm and forest consolidation;
• provide technical assistance and equipment to strengthen the capacity for veterinary and phytosanitary control, including border controls, within the Ministry of Agriculture.

The Twinning project assisted in improving the land use policy but it was not linked so closely with the IACS.

Special Preparatory Programme for Structural Funds LE9805.03/0001 The project assists Latvian Administration in its preparations for eventual EU accession until April 2001. One of the project measures is aimed on SAPARD/ Rural Development Pilot project and its objective is to prepare the Latvian administration for participation in the European Union's SAPARD programme. In the framework of SAPARD measure the one of activities is to assist the set-up of the SAPARD database.

It includes:
1) definition of the requirements for the data base. This has to be jointly elaborated by the EU-expert on agricultural and rural development related databases and the RSS;
2) review of the designed and installed software and recommendations for further improvements.

The twinning project is a good base for development of the information system. The experts prepare also recommendations concerning adjustment of SAPARD database for the CAP administration in future.

Implementation of the Common Agriculture Policy LE-99/IB/OT/01 (0.237 MEUR in total).

This Twinning project is aimed development of appropriate structures and institutions for an effective implementation and enforcement related to the adoption of the acquis in the CAP area. The one part of project will cover the following activities:

• analysis of current institutional situation in Latvia and of decisions taken regarding a paying agency and the administration of direct support to farmers. The activity will also include an assessment of progress made in other project and working groups. As far as possible current systematic and other deficiencies as well as observed serious bottlenecks will be identified and addressed within the scope of the project. Already done preparations in terms of a paying agency in the framework of the SAPARD shall be taken into account so that a close co-ordination with these preparations is insured;

• analysis of the IACS-regulation in order to identify important parts that must be taken into account when preparing an administration. Collecting information regarding possible solutions for the implementation of IACS, incl. experiences, problems etc.;

• analysis of the implications for Latvia to implement the IACS and preparations for pilot activities regarding agricultural blocks in Latvia;

• producing a report with recommendations on the implementation of the IACS in Latvia. The report will also include an identification of registers that need to be developed in order to achieve an integrated data base;

This twinning project will be good base for establishment of the Land parcel register.

Establishment and Development of Agricultural Administration and Control System (State Investments Programme of Latvia)

The government of Latvia has adopted the State Investments Programme Establishment and Development of Agricultural Administration and Control System in accordance with the EU requirements, which will start in 2000. The chief aim of the project is to establish and introduce all registers and software for the IACS (See Annex 6).

The national project does not cover real needs for establishment of IACS. For example, in order to implement Integrated Administration and Control System completely in Latvia more than 8 million EUR is necessary for period from 2000 to 2006 (expenditure for establishment of the system). It means that approximately 24 % of total costs could be covered by Phare 2001 budget and by national budget about 17 % (in period 2000-2003) because national budget is envisaged for 2002 and 2003 as co-financing for Phare 2001 in framework of the State Investments Programme.

The Ministry of Agriculture assume obligation to allocate the co-financing in the amount of 0.5 MEUR but the planned sum (for 2002 - 2003) is a bit larger based on the previous experience to provide margin for possible reductions during adoption of the annual national budget.

3.3 Results/Outputs:

⇒ Implementation of the Integrated Administration and Control System

1) Established uniform and harmonised computer system/network (will connect the different registers necessary for IACS and connect the involved institutions - RSS and its regional offices, the MoA, State Land Service, Latvian State Data Processing and Breeding Information Centre);

2) established land parcel register;
3) up-graded client register (recipients of agricultural and rural support);
4) final adaptation of the identification and registration of bovine animals;
5) harmonised legislation to the provisions of Community legislation for the IACS (the EU regulations No 3508/92, No 3887/92);
6) staff trained in land parcel register application (approximately 50 people).

Development of information system will improve:
• quality of decision on agriculture support;
• effective distribution of resources between beneficiaries;
• reliability of statistical data on agricultural and non-agricultural holdings;
• speed of information and payment flows.

⇒ **Strengthening of the role of Rural Support Service as paying and implementing agency for SAPARD and the CAP as well as of the Ministry of Agriculture**

1) Implemented proper management information system on a computerised basis in the SAPARD agency;
2) prepared RSS for its central role in the implementation of CAP mechanisms, in particular administration of support schemes;
3) harmonised legislation according to the EU Common Agricultural Policy (regarding administration and control as well as paying functions - Regulations nr. 1258/1999, 1663/95, 4045/89, 296/96);
4) trained staff of the RSS at central and regional level regarding agricultural administration: performance and administration of payment and control (approximately 100- 120 people).

**Twinning**

The expected guaranteed results of the Twinning activities are following:
• a summary report of current situation in agricultural administration system elaborated;
• a detailed plan on introduction and implementation of the CAP and IACS elements in Latvia developed;
• a detailed plan and proposals to strengthen the institutional capacity of the Ministry of Agriculture and the Rural Support Service developed;
• a detailed plan for establishment of Land parcel register and a technical specifications for necessary equipment elaborated;
• assistance in harmonisation legislation regarding the EU regulations nr.3508/92, 3887/92, 1258/1999, 1663/95, 4045/89, 296/96 provided;
• assistance in elaboration of an action plan for the RSS to become the single paying agency and main executive body for the CAP provided.

**3.4 Activities/Inputs:**

To achieve the above mentioned results the following inputs are necessary:

⇒ **Implementation of the Integrated Administration and Control System**

1) **Establishment of a uniform and harmonised computer system/network connecting the different registers necessary for IACS and involved institutions - RSS and its regional offices, the MoA, State Land Service, Latvian State Data Processing and Breeding Information Centre (See Annex 5).**

• Elaboration of software for connecting between the systems/registers, to this end a short term computer expert is needed (not necessarily from the Member States);
• investments into appropriate computer equipment in the RSS and its regional offices and the other concerned institutions;
• training of staff (for users of information system) concerned.

2) Establishment of land parcel register
• Based on the recommendations of the twinning project LE-99/IB/OT/01\(^1\), software development for the registration of agricultural parcels (also for the linkage of the parcel register to the cadaster and to the computerised network). The software have to be adopted Latvian conditions;
• preparation of integration of aerophotographs in the register\(^2\)
  - short term expert - 4 man months (a GIS expert);
• investments for the purchase of appropriate computer equipment and software development for land parcel register.

3) up-grading of client (recipients of agricultural and rural support) register
• mainly investments for the purchase of appropriate computer equipment and software development in the RSS and its regional offices and the other concerned institutions (See Annex 8);
• after the setting -up of the system, training of staff in all institutions concerned.

4) Final adaptation of the identification and registration of bovine animals
• Finalise equipment for the running of the identification and registration of bovine animals (mainly purchase of a technical equipment and special printer).

5) Harmonised legislation to the provisions of Community legislation for the IACS (the EU regulations No 3508/92, No 3887/92)
• Analysis of implementation of Community legislation in Member States (MS), and advise in the elaboration of draft legislation for Latvia (short term expert from MS):
  - short term expert - 1 man months;
• information and explanation programme of integrated administration and control system principles for farmers with assistance of a PAA (one seminar in each region - 9 seminar).

6) staff trained in land parcel register application (approximately 50 people)
- training seminars on land parcel registration application (one in central level and three in regional level);
- short term expert - 4 man months;
- study trips for 4 persons (1 week).

⇒ Strengthening of the role of Rural Support Service as paying and implementing agency for SAPARD and the CAP as well as of the Ministry of Agriculture

1) Setting-up of a proper management information system on a computerised basis in the SAPARD agency
• Elaboration of software;
• investments for the purchase of appropriate computer equipment in the RSS and its regional offices and the other concerned institutions.

2) Preparation of the RSS for its central role in the implementation of CAP mechanisms, in particular administration of support schemes
• Analysis of adaptation needs for the RSS to become the single paying agency and main executive body for the CAP with the assistance of a PAA (analysis of relevant Community legislation and comparison of implementation in MS):
  - one training seminar;
  - study trips for 3 people for MoA and RSS (1 week).

\(^1\) Results are supposed to become available at the end of the year 2001
\(^2\) Will be taken by remote sensing by the State Land Service in 2002
3) Harmonised legislation according to the EU Common Agricultural Policy (regarding administration and control as well as paying functions - Regulations nr. 1258/1999, 1663/95, 4045/89, 296/96)

- Analysis of implementation of Community legislation in Member States (MS), training and advise in the elaboration of draft legislation for Latvia;
- training of staff in all institutions concerned:
  - 2 training seminars;
  - study trips 5 people (1 week)

4) Trained staff of the RSS at central and regional level regarding agricultural administration: performance and administration of payment and control (approximately 100-120 people)

- Training of staff in view of to create a better understanding of the management mechanisms for the different support schemes (from the application to the ex-post control):
  - one seminar in central level and three seminars in regional level on administration of support schemes for employees of the RSS;
  - one seminar on control for employees of the RSS;
  - study trip for 12 people (2 weeks);
  - provided assistance by short time experts (approximately 3 experts for 1 man month and 1 expert for 3 man months);
  - training seminar on the EU support schemes.

Twinning

The main tasks and activities for the Pre-accession Adviser (PAA) will be as follows:

- evaluation of current situation in agricultural administration system;
- elaboration of a detailed plan on introduction and implementation of the CAP and IACS elements in Latvia;
- preparation works needed to strengthen the institutional capacity of the Ministry of Agriculture and the Rural Support Service;
- elaboration of the necessary training programme for the relevant staff in order to provide the institutions of agricultural administration with a qualified personnel;
- analysis of adaptation needs for the RSS to become the single paying agency and main executive body for the CAP.

The PAA will be responsible for the employment of short-term experts, who will assist in specific items or topics of the envisaged project.

Profile of PAA:

Experts should meet the following requirements:
- experience in working for the EU Member State government institutions in agricultural sector;
- experience in working with the practical administration and implementation of The EU Common Agricultural Policy measures;
- ability to give theoretical and practical advises for CAP administration and reporting requirements;
- understanding in working with the information systems and data bases;
- experience in working with the IACS matters (especially land parcel registration);
- understanding in working with Paying Agency matters;
- University degree;
- fluent conversational and written English.

The Twining Covenant will elaborate the precise number, tasks and working days of experts.

The main task of training activities is to increase the number of qualified staff with knowledge regarding the support system of the EU, the performance and administration of payment schemes, paying functions and control, land parcel register application. The training activities have to include the seminars for the employees of the Rural Support Service and the Ministry of
Agriculture who are involved in agricultural and rural support policy as well as for employees from the regional level.

4. Institutional framework

Ministry of Agriculture will be responsible for the overall co-ordination of this project. The project implementation will take place at the Rural Support Service.

A scheme of institutions involved in the project

In order to ensure successful implementation of the project the Steering Committee will be created. The Steering Committee will be chaired by Senior Programme Officer. The Steering Committee will be responsible for the overall responsibility, general guidelines and follow-up of the project, and will approve the quarter and final reports of the project. The Steering Committee will consist of the representatives from institutions:

- Ministry of Agriculture;
- Rural Support Service;
- Latvian State Data Processing and Breeding Information Centre;
- State Land Service;
- Secretariat for Minister of Special Assignments for Co-operation with International Financial Agencies.

The Steering Committee will meet at least once in every 3 months. In case of different opinions, it is the responsibility of the representative of the Ministry of Agriculture to settle the issues at the political level.

5. Detailed budget (million EUR):

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* National co-financing is planned for State Investment Programme and national budget

The Twinning Covenant will have a total value of 0.5MEUR. The national co-financing will cover the cost of the counterpart arising from the implementation of the project.

6. Implementation arrangements

6.1 Implementing Agency

PAO: Mrs Valentina Andrejeva, State Secretary, Ministry of Finance
Address: Smilšu 1, LV –1919, Riga, Latvia
Phone: +371 7 226 672, fax +371 7 095 503
Implementing Agency will be the CFCU.

Technical implementation will be the responsibility of the Ministry of Agriculture
SPO: Mr. Martins Roze, Director of Department of Integration into EU and Foreign Relations, Phone +371 7 027567, fax +371 7 830272.

6.2. Twinning
For the twinning Covenant the counterpart will be Ministry of Agriculture. Contact person: Mrs. Laimdota Straujuma, State Secretary in the Ministry of Agriculture. Mrs. Straujuma will be assisted by the Programme Officer (SPO)- Mr. Martins Roze, Director of Department of Integration into EU and Foreign Relations, Phone +371 7 027567, fax +371 7 830272. The operational counterpart of the Twinning PAA will be Ms. Ginta Uzulina – Deputy Director, Department of Agricultural Strategy, phone +371 7 027454, fax +371 7830272.

6.3. Non-standard aspects
Project implementation will strictly follow the DIS Manual, as laid down in the New Orientations for Phare, Decentralised Implementation.

6.4. Contracts
Two contracts will be tendered according to new DIS procedures.
Contract 1 - Twinning covenant. The value of Contract 1 is 0.50 MEUR.
Contract 2 – Supply contract. The value of Contract 2 is 2.0MEUR.

7. Implementation schedule
The expected time frame and implementation schedule after the confirmation, specification and assignment of financing of the project is planned to be the following:

<table>
<thead>
<tr>
<th>Activities</th>
<th>Quarter IV 2001</th>
<th>Quarter II 2002</th>
<th>Quarter III 2002</th>
<th>Quarter IV 2002</th>
<th>Quarter I 2003</th>
<th>Quarter II 2003</th>
<th>Quarter III 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start of tendering</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Start of project activities</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Contract 1: Twinning</td>
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<tr>
<td>Contract 2: Investments in</td>
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<tr>
<td>equipment</td>
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<tr>
<td>Completion of project</td>
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</tbody>
</table>

8. Equal Opportunity
The main criteria in Tender process for the staff evaluation are professional and experience in similar assignments, but not their sex or age. There is equal opportunity for both – men and women.

9. Environment
10. Rates of return N.a

11. Investment criteria
11.1. Catalytic effect:
The project will assist in the adaptation of Latvian agriculture to the Community acquis regulations regarding Integrated Administration and Control System and paying functions.
11.2. Co-financing:
Project will be co-financed by national budget sources in amount 0.6 MEUR

11.3. Additionality:
Phare grants will not displace other financiers as none have been identified for this present project

11.4. Project readiness and Size:
Total project cost is 2.6 MEUR. Investment components size is 2.0 MEUR and 0.6 MEUR is the size of the Twinning Covenant plus the national contribution to cover implementation cost. Project is ready for implementation as soon as funds are available.

11.5. Sustainability:
Financial sustainability will be guaranteed. Latvian Government will cover future maintenance and operations costs.

11.6. Compliance with state aids provisions
State aids provisions of the Europe Agreement will be respected.

12. Conditionality and sequencing
• For the implementation of the project adequate staff in the involved institutions will co-operate, assist and monitor the implementation of project activities:
  MoA - 7 persons;
  RSS - 3 persons.
• RSS will increase the number of persons involved in the EU accession process.
• MoA will provide legal basis for establishment of the IACS
• Results of Twinning (LE-99/IB/OT/01): Implementation of the Common Agriculture Policy will be available for introducing of this project.
• The government of Latvia has adopted the State Investments Programme Establishment and Development of Agricultural Administration and Control System in accordance with the EU requirements, which will start in 2000. The chief aim of the project is to establish and introduce all registers and software for the IACS. The national investments are being planned for 2002 and 2003 also. The national budget is envisaged in the amount of 0.5 MEUR for 2002 and 2003 as co-financing for Phare 2001 in framework of the Public Investments Programme.
• Drawing up and adoption of Regulation of the Cabinet of Ministers on the Integrated Administration and Control System in 2001.
• Contract for IACS equipment signed after taking into accounts results of twinning projects.
• Budgetary commitment for co-financing.

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. Information system of Rural Support Service.
7. Structure of Rural Support Service.
## LOGFRAME PLANNING MATRIX

**Development of the management mechanisms of the Latvian agriculture in line with the EU Common Agricultural Policy**

**Programme name and number:**

- **Project Number LE01.02.02.**

**Contracting period expires:**

- Phare budget: 2.0 MEUR

**Total budget:**

- 2.60 MEUR

### Overall project

<table>
<thead>
<tr>
<th>Indicators of Achievements</th>
<th>Sources of Information</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>To develop the institutional and administrative capacity of Latvia for the adoption and implementation of the EU Common Agricultural Policy</td>
<td>Integrated Administration and Control system complying with the EU requirements</td>
<td>Continued and consistent policy of Government in adoption and implementation of CAP</td>
</tr>
</tbody>
</table>

### Project purpose

<table>
<thead>
<tr>
<th>Indicators of Achievements</th>
<th>Sources of Information</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementing elements of the Integrated Administration and Control System</td>
<td>Established computerised data base to allow high performance cross checking.</td>
<td>Adoption of relevant legislation</td>
</tr>
</tbody>
</table>

### Results

<table>
<thead>
<tr>
<th>Indicators of Achievements</th>
<th>Sources of Information</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established uniform and harmonised computer system/network and connected with different registers</td>
<td>Information systems functioning to handle data concerning the most common support paid to farmers: Extensive number of officials and specialists from agriculture sector trained in CAP topics: - approximately 100-120 people (the performance and administration of direct payment, control) - approximately 50 people (land parcel register application) Harmonised legislation according to the EU CAP (administration and control as well as paying functions: Regulations nr 3508/92, 3887/92, 1258/1999, 1663/95, 4045/89, 296/96)</td>
<td>The development of respective structures to perform the new functions</td>
</tr>
</tbody>
</table>

### Activities

<table>
<thead>
<tr>
<th>Means</th>
<th>Sources of Information</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twinning and training</td>
<td>1 PAA</td>
<td>The required information systems development level is achieved</td>
</tr>
<tr>
<td>Development of information system - establishment of the information system according to national needs and the requirements of the Integrated Administration and Control System - establishment of Land parcels register (software development and hardware); - establishment on Client (recipients of agricultural and rural support) register; - development of the system for identification and registration of bovine animals; - establishment of information system in central and regional level.</td>
<td>Short time experts - 8 Purchase of equipment Purchase of software and hardware as well software development Training seminars - 13 Study trips</td>
<td>Change in the structure and functions of the institutions involved</td>
</tr>
<tr>
<td>1 PAA</td>
<td>The Steering Committee of envisaged project; The Ministry of Agriculture; The Rural Support Service Monitoring reports</td>
<td>Strong commitment of beneficiary to cooperate with PAA and actively participate in the project activities</td>
</tr>
</tbody>
</table>
### Detailed implementation chart

**Development of the management mechanisms of the Latvian agriculture in line with the EU Common Agricultural Policy**

<table>
<thead>
<tr>
<th>Contract 1</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Harmonised legislation to the provisions of Community legislation for the IACS (the EU regulations No 3508/92, No 3887/92)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2. Training for staff of the Rural Support Service at central and regional level regarding agricultural administration: performance and administration of payment and control</td>
<td></td>
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<tr>
<td>3. Based on the recommendations of the twinning project LE-99/IB/OT/01, software development for the registration of agricultural parcels</td>
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<tr>
<td>4. Training on land parcel registration application</td>
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<tr>
<td>5. Information and explanation programme of integrated administration and control system principles for farmers</td>
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<tr>
<td>6. Analysis of implementation of Community legislation in Member States (MS), training and advise in the elaboration of draft legislation for Latvia (Harmonising legislation regarding Regulations nr.1258/1999, 1663/95, 4045/89, 296/96)</td>
<td></td>
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<tr>
<td>7. Preparation of the RSS for its central role in the implementation of CAP mechanisms, (Analysis of adaptation needs for the RSS to become the single paying agency and main executive body for the CAP)</td>
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</table>

**Contract 2**

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
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</thead>
<tbody>
<tr>
<td>1. Establishment of a uniform and harmonised computer system/network (will connect the different registers necessary for IACS and connect the involved institutions</td>
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<td></td>
<td></td>
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<tr>
<td>Software development</td>
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<tr>
<td>2. Setting-up of a proper management information</td>
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</tbody>
</table>
system on a computerised basis in the SAPARD agency
- Procurement of hardware

3. Up-grading of client (recipients of agricultural and rural support) register
- Procurement of software and hardware
  - Procurement Technical equipment

4. Establishment of land parcel register
- Software development
  - Purchase of special hardware
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<tbody>
<tr>
<td><strong>Contract 1:</strong> Twinning</td>
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<td>Contracted</td>
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</tr>
<tr>
<td>Disbursed</td>
<td>0.50</td>
<td>0.50</td>
<td>0.50</td>
<td>0.50</td>
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<tr>
<td><strong>Contract 2:</strong> Investments in equipment</td>
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<tr>
<td>Contracted</td>
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<td>Disbursed</td>
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</tbody>
</table>
Reference to feasibility / pre-feasibility studies

1) The study regarding IACS was part of the PHARE project Institutional development in support of Latvian agriculture, and it was carried out under the terms of reference for short term mission by an EU expert on administrative systems related to the EU agricultural support particularly Regulation EEC 3508/92 (IACS). The duration of the assignment was nine working days, and the work was accomplished between 2 August 1999 and 12 October 1999. The purpose of this study was to review the current situation of agricultural support systems and equivalent information systems in Latvia. Special emphasis was put on three topics:
   1 Farm register;
   2. current support systems and their development requirements in relation to IACS;
   3. organisation of paying agency.

2) In the framework Phare project Special Preparatory Programme for Structural Funds LE9805.03/0001 one of activities is to assist the set-up of the SAPARD database. It includes: definition of the requirements for the database. This has to be jointly elaborated by the EU-expert on agricultural and rural development related databases and the RSS.

3) Results of Twinning (LE-99/IB/OT/01): Implementation of the Common Agriculture Policy will be available for introducing of this project
Information system of Rural Support Service

- Data combination;
- Data validation;
- Cross-checks;
- Risk analysis;
- Support calculation;
- Payment decision;
- Payments;
- Reports

Client register
Sampling and controlling register
Import licenses' register
Farm register (CSB)
Land register (SLS)

Animal register
Code and parameter register
Land parcels register

Existant registers
Planned registers of Rural Support Service
Existant registers of others institutions
### Detailed budget for national investments in 2000-2003

<table>
<thead>
<tr>
<th>Investments</th>
<th>Necessary budget, EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investments in 2000</strong></td>
<td></td>
</tr>
<tr>
<td>1. Purchase of hardware and software</td>
<td>40750</td>
</tr>
<tr>
<td>2. Drawing up of the concept on information system for the Rural Support Service</td>
<td>5550</td>
</tr>
<tr>
<td>3. Software development</td>
<td>37000</td>
</tr>
<tr>
<td><strong>Total in 2000</strong></td>
<td><strong>83300</strong></td>
</tr>
<tr>
<td><strong>Investments in 2001</strong></td>
<td></td>
</tr>
<tr>
<td>4. Purchase of hardware for the Rural Support Service</td>
<td>48140</td>
</tr>
<tr>
<td>5. Purchase of hardware for the RSS Regional departments</td>
<td>338850</td>
</tr>
<tr>
<td>6. Software development</td>
<td>111100</td>
</tr>
<tr>
<td>7. Drawing up of concept on Land parcel register and IT system specification</td>
<td>9250</td>
</tr>
<tr>
<td><strong>Total in 2001</strong></td>
<td><strong>507340</strong></td>
</tr>
<tr>
<td><strong>Investments in 2002</strong>*</td>
<td></td>
</tr>
<tr>
<td>8. Purchase of hardware for the Rural Support Service</td>
<td>40800</td>
</tr>
<tr>
<td>9. Purchase of hardware for the RSS Regional departments</td>
<td>296300</td>
</tr>
<tr>
<td>10. Software development</td>
<td>46300</td>
</tr>
<tr>
<td>11. Establishment of the Land parcel register (PCs and software development)</td>
<td>25000</td>
</tr>
<tr>
<td><strong>Total in 2002</strong></td>
<td><strong>408400</strong></td>
</tr>
<tr>
<td><strong>Total in 2003</strong></td>
<td><strong>437000</strong></td>
</tr>
</tbody>
</table>

* The national investments are being planned for 2002 and 2003. They could be allocated in the same amount as in 2001.

The necessary budget is calculated approximately taking into account the value of national currency rate as it was on October 2000: (1EUR = 0.54 Ls).

The Ministry of Agriculture assume obligation to allocate the co-financing in the amount of 0.5 MEUR but the planned sum (for 2002 - 2003) is a bit larger based on the previous experience to provide margin for possible reductions during adoption of the annual national budget.
Structure of Rural Support Service

Director

Administration

Audit Department

Control Department

Support Department

Finance Department

Information Department

Support Data Division

Accounting and Reporting Division

Financial Controls – Payments Division

Information Division

Agriculture Division

Processing Division

Rural Development Division

Dienvidkurzeme Regional Agriculture Department

Ziemelkurzeme Regional Agriculture Department

Zemgale Regional Agriculture Department

Lielriga Regional Agriculture Department

Viduslatvija Regional Agriculture Department

Ziemeļaustrumu Regional Agriculture Department

Dienvidlātgalē Regional Agriculture Department

Austrumlātgalē Regional Agriculture Department

Aiviekste Amelioration Systems State Department