1. Basic information
1.1 Desiree Number: PL0006.09
1.2 Title: Preparation for selected Common Agricultural Policy instruments
1.3 Sector – Agriculture
1.4 Location: Poland

2. Objectives
2.1 Wider objective
Further development of Integrated Administration and Control System (IACS) in Poland for the purpose of implementation of CAP direct payments in line with EU legislation. Further development of accountancy and statistical information systems responsible for providing EU Commission with appropriate data on Polish agriculture.

2.2 Immediate objectives
1. Further development of all elements of IACS system including, inter alia, computerised data base and identification system of agricultural parcels and animals;
2. Preparation of ARMA institutional capacities for the implementation and servicing of Integrated Administration and Control System at all functional levels;
3. Improvement of administration system for implementation of direct payments, respective accompanying measures and LFA payments with particular emphasis on the integrated control system;
4. Ensuring of effective flow of information to farmers – project beneficiaries as well as co-operating institutions (governmental and self-governmental administration, entities acting in agricultural environment, etc.) on principles related to proper completion of aid applications and their submission procedure needed for the smooth functioning of the entire system;
5. Continuation of activities related to the implementation of Unified Accountancy System of Agricultural Farms (Polish FADN) system;
6. Preparation for implementation of a concept of agricultural information system for the needs of CAP.

2.3 Accession Partnership and NPPA priority
This is a medium term priority of the Accession Partnership. It also has been included into National Programme for Preparation for EU Membership (priority 3.4.1.6.). Moreover, in the medium term priorities of “Accession Partnership” another objective has been listed, namely the completion of animal identification system which constitutes an important element of Integrated and Administration Control System (IACS). Therefore, the above said document prepared by the Council of the European Union underlines the importance of such System in the integration process of Polish agriculture with the EU structures.

3. Description
3.1 Background and justification
ARMA
According to the Article 2 of the Council Regulation (EEC) No 3508/92 the Integrated Administration and Control System shall comprise of the following elements:
• a computerised data base;
• an alphanumeric identification system for agricultural parcels;
• an alphanumeric identification for the identification and registration of animals;
• aid applications; and
• an integrated control system.
The above structure shall be ready at the moment of Poland’s accession to the EU so as to ensure that all transactions financed from the European budget are executed correctly as well as to prevent all irregularities. IACS system that covers in the EU Member States the aid schemes for arable crops, beef and veal, sheepmeat and goatmeat as well as specific measures for farming in mountain, hill and certain less-favoured areas has no equivalent in Poland. However, Polish budget provides financial assistance to the selected entities that signed contracts with Agricultural Market Agency for the purchase of cereals and porkmeat from Polish farmers. It should be stressed that in 1999 Ministry of Agriculture and Rural Development started to prepare a concept aiming at replacing the old system into the system of payments channelled directly to
farmers. This system is due to start its operation in the pre-accession period to cover all aid schemes financed from Polish budget and subsequently to be spread on the European aid schemes after Poland’s membership. In order to implement the above assumptions Poland started to build its own Integrated Administration and Control System. The first step was made with assistance of European Commission through the preparation and subsequent implementation (ongoing) of two pilot projects financed out of Phare ’98:

- project PL98/IB/AG/01 – Reinforcement of MAFE for Integrated Administration and Control System (IACS) has for objective to elaborate a concept of the multi-functional farm register in Poland and its implementation in two pilot regions.
- project PL98/IB/AG/03 Implementation of Animal Registration and Identification System (I&R) has for objective to implement an animal identification and registration system in the same two pilot regions.

The two pilot regions mentioned above are: Warminisko-Mazurskie Voivodship, which has big private farms created on the basis of ex-State farms; and Podkarpackie Voivodship, which is characterised by a large number of small farms located mainly in the mountain and hill areas.

Simultaneously to the preparation of the above schedule of IACS implementation Ministry of Agriculture and Rural Development created within ARMA a separate Section responsible for implementation of IACS system in Poland. Its employees are the representatives of different institutions and agencies that have participated in the creation of IACS so far. At the same time, extensive efforts are being made in order to transform the above Section into an inter-ministerial body, the members of which would have sufficient competencies for taking appropriate decisions at the central level.

Another important step towards the improvement of effectiveness and usefulness of IACS system in Poland was the governmental decision on appointment and accreditation of Paying Agencies. The above decision will allow to undertake legal and administrative adjustments adopted by the Polish government in the National Programme for Adoption of the Acquis, including timely accreditation of Paying Agencies – indispensable condition of Polish accession to the EU.

In February 2000 Ministry of Agriculture and Rural Development adopted a “Concept of functioning of Paying Agencies in Poland”, which indicates ARMA as one of two paying agencies and attributes the responsibility for financial and accountancy servicing, reporting, control and vindication of improperly used resources destined to:

- servicing of SAPARD programme (within pre-accession funds);
- execution of CAP direct payments and payments under structural policy programmes in agriculture (after EU accession).

Currently, substantial efforts are being made in ARMA to finalise all activities resulting in the preparation of the Agency as Paying Agency for SAPARD programme. The accreditation of ARMA as SAPARD Paying Agency is planned for July 2000. It should be stressed, however, that SAPARD programme covers only four instruments:

- Improvement of processing and marketing of agricultural and fishery products;
- Investments in agricultural farms;
- Development and improvement of infrastructure on rural areas, and
- Differentiation of economic activities on rural areas (so called diversification).

Therefore, considerable efforts should be made in order to prepare ARMA for a role of Paying Agency for direct payments.

**FADN**

The process of preparation of Poland for EU membership necessitates the adjustment of agricultural statistics, including the possibility to deliver certain data from the selective sample of farms. Originally, those data were collected from the selected sample of farms by 49 Extension Services (ODR’s located in each Voivodship) that used different systems. Therefore, in 1995 Ministry of Agriculture and Food Economy decided to elaborate a uniform and simple accountancy system to be implemented in those farms that are not obliged to keep the accountancy system (other farms producing above certain level were obliged by law to keep accountancy). A basic reason for such an initiative was to concentrate both financial resources and efforts on unification of rural accountancy financed from public sources.

**MARD**

Implementation by Poland, similarly to other Member States, of CAP instruments is conditional upon creation of an agricultural information system that would provide EU institutions with data on agriculture and rural markets. Activities on creation of such system started in Poland through setting of agricultural market monitoring system.
The above activities aimed at the creation of a system for collection of periodic data (at given intervals) on prices and supply of main agricultural products. However, it is indispensable to identify global EU needs in the field of agricultural information that are indispensable for the application in Poland of CAP mechanisms (e.g. scope and level of intervention in Poland).

3.2 Linked activities

ARMA

a) Financing Memorandum '93
“Implementation of analytical phase and preparation of information system for ARMA”

b) Phare '98
- project PL98/IB/AG/01 – Reinforcement of MAFE for Integrated Administration and Control System (IACS) has for objective to elaborate a concept of the multi-functional farm register in Poland and its implementation in two pilot regions (Warmisko-Mazurskie and Podkarpackie Voivodships).
- project PL98/IB/AG/03 Implementation of Animal Registration and Identification System (I&R) has for objective to create a concept and subsequently implement an animal identification and registration system in the same two pilot regions.

Results gathered during the implementation of those two pilot projects, after necessary modifications aimed at the improvement and testing of the system, will be gradually transferred to other regions of the country. The data base of agricultural parcels and animals will be developed by adding subsequent regions (Voivodships) to the existing system. One of the priorities of Polish authorities is to cover with IACS system the territory of the whole country in relatively short period of time as only with this assumption can the entire system function properly. Building the IACS system over longer period of time will cause considerable increase of its costs and the necessity of its upkeep while it will be not yet fully operational.

c) Phare '98 (SPP – activity 2.5)
Adjustment of ARMA to the role of Paying Agency for SAPARD programme. Creation of administrative and legal capacities for implementation of SAPARD programme as well as FEOGA Structural Funds.

d) Phare '99
- building of Central Paying Agency and its regional branches for implementation of direct payments;
- final elaboration of the concept of IACS system (proposed for 2 pilot Voivodships within Phare ’98) so as it will be appropriate for implementation on the territory of the whole country (all 16 Voivodships);
- selection of proper organisational structure for ARMA and its implementation (after its approval by the Polish government);
- completion of ARMA Internal Audit structure that was created by the Agency itself using the Polish budgetary funds (setting up of proper audit teams, elaboration of audit plans and procedures, etc.).

e) Phare LIS 9206
This programme implemented in the years 1996 – 99 provided aerial photographs of the whole territory of Poland that constituted a starting point for orthophotomaps.

Article 4 of the Council Regulation (EEC) No 3508/92 stipulates that the alphanumeric identification system for agricultural parcels shall be established on the basis of land registry maps and documents, other cartographic references or of aerial photographs or satellite pictures or other equivalent supporting references or on the basis of more than one of these elements.

Taking into account local conditions as well as financial possibilities of Polish budget, Poland has decided to base the identification system for agricultural parcels on land registry. However, the analysis of viability of information provided by land registry indicates the need of using, in certain regions, more advanced technology of aerial mapping. Highly precise data received in this manner, will, after its processing, constitute additional basic spatial information that is easy to update.

f) Projects ordered by Committee for Scientific Research and financed from Polish budget
- PBAZ 024-13 – “Concept of Spatial Information System in Poland”, ordered by the Ministry of Internal Affairs and Administration and implemented by the Institute of Land Surveying and Cartography;
- PBZ 017-08 – “Concept of Integrated system of Agricultural Production Space of Poland” ordered by the Ministry of Agriculture and implemented by Institute IUNG in Pulawy, Institute for Land Surveying and Cartography and the company Geosystem Poland.

Results obtained within the above projects consisting on the creation of decision-supporting module with regard to the qualitative appraisal of agricultural space in Poland may be used to support the selection of beneficiaries under SAPARD programme (component: Differentiation of economic activities on rural areas) as well as to facilitate the process of IACS implementation in the country.
g) General Agricultural Census planned for the spring 2002
Draft legislation on general agricultural census in 2002 together with the related executive acts that have been prepared by the Main Statistical Office, is at the stage of inter-ministerial discussions. Within those discussions, several proposals have been made that will be beneficial for the implementation of IACS system in Poland.
During the general agricultural census, basic data on the farms users, land use, surface of the respective crops, animal stock and many others will be gathered.
Census is one of the necessary pre-conditions for Polish entry into EU Common Agricultural Policy and benefiting from agricultural payments system. Preparation and adoption of Law on General Agricultural Census constitutes one of the legislation priorities necessary for the process of Poland’s membership in the EU. Detailed results obtained during the census will provide IACS system with needed data being simultaneously a viable source of information, comparison and control.

h) Other projects financed from bilateral sources:
- Creation of legal and organisational structures of ARMA, preparation of methodology and procedure of Agency functioning, training of personnel. This project was implemented within Financing Memorandum ’91 “Technical Assistance in the field of restructuring and modernisation of agriculture”. Co-financing was also present from the French side within twinning between ARMA and CNASEA;
- Organisation by CNASEA of a training for 70 ARMA employees – Organisation of European Structural Funds and principles of their financial administration;
- study tours for employees of ARMA (50 persons) to France financed by Foundation France – Pologne.

i) Other projects financed from Polish budgetary resources:
- organisation and financing of study tours to Swedish Agricultural Council;
- financing from ARMA own sources the building module of Integrated Information System for servicing of SAPARD programme (purchase of server and software), module foundations, training and purchase of PC will be financed within a Phare ’97 project.

FADN
1995-1996
- creation by Ministry of Agriculture and Rural Development of a working group for elaboration and implementation of Unified Accountancy System of Agricultural Farms (Polish FADN);
- co-operation with French and Danish FADN experts.

1997
- Implementation of Phare contract P9312-08-02/503 – “Standard accountancy system of agricultural farms”. Within this project the following tasks were implemented: preparation for collection of source documents; preparation of reports needed for FADN; preparation and testing of pilot software for FADN system
- Conducting of training sessions for 105 persons from Extension Centres (ODR’s) and elaboration of training materials regarding FADN.

1998
Agreement signed between Ministry and Institute of Economics of Agriculture and Food Economy for continuation of the training programme started in 1997. Within this agreement all remaining regions have been covered by training process.

1999-2000
- Purchase of computer equipment for 3 FADN regional centres located in 3 different Voivodships;
- Signing of a Phare contract No PL9704-01-15/16 (240 000 Euro). This contract covers the following activities:
  - pilot implementation of Polish FADN on the territory of 3 out of 16 Voivodships
  - training session for 360 farmers and 70 advisors from Extension Centres (ODR’s)
  - preparation of training materials for farmers participating in the pilot project
  - visits of 20 advisors to the selected EU Member States to get familiar with functioning of FADN system in those countries.

MARD
The objective of the project PL9704-01-13 -Concept of agricultural information system for the needs of the CAP is to elaborate a concept of institutional system of agricultural information, starting from the lowest to the central level, with defining of principles of functioning and competencies of relevant institutions. Implementation of such system will enable the collection of agricultural information in such a scope that will become a basis for efficient application by Poland of Common Agricultural Policy instruments.
Elaboration of the concept of statistical agricultural information system should be based on sectorial approach taking into account the specificity of each sector. In the concept of Integrated Agricultural Information System the information scope and standards as well as the methods of their collection, will be defined. One will enumerate the institutions that should collect and store the information in Poland. For this purpose, one will use the patterns that are being used in the EU countries as well as the Polish institutions already existing or being now created.

3.3 Results

Results for ARMA
1. IACS system further developed for implementation in the remaining voivodships;
2. multifunctional registry of agricultural parcels implemented in minimum version that will enable the servicing of direct payments on the territory of the whole country;
3. coherent, improved Integrated Administration and Control System (IACS) that is properly functioning in Polish conditions on the territory covered by Phare ’98 (2 pilot Voivodships) and this programme (14 Voivodships) - linking of systems elaborated within Phare ’98, Phare ’99 and with new elements prepared within Phare 2000;
4. ARMA prepared to function as EU paying agency in the field of administration of CAP mechanisms such as direct payments and accompanying measures (preparation and implementation of concept under Phare ’99 + purchase of computer equipment under Phare 2000);
5. IACS Sections created at the level of ARMA regional branches as well as their field units (Powiat level) prepared for servicing of system of implementation of direct payments, accompanying measures and extra payments for Less Favoured Areas (LFA);
6. information system elaborated within pilot project Phare ’98 adjusted and implemented at the data collection points (Powiats) and data bases at both national and regional levels, covering the subsequent regions of the country (14 remaining Voivodships);
7. IACS computer software prepared within this project fully co-operating with the Agency system and enabling the implementation of CAP payments (direct payments, accompanying measures, LFA payments). The system will be also co-ordinated with other measures implemented within coherent structural policy and rural areas development;
8. computer equipment purchased and installed;
9. IACS personnel responsible for collection and primary processing of aid applications, local self-governmental units, governmental administration as well as other institutions acting in agricultural environment such as Extension Services trained on the theoretical and practical aspects of EU system of agricultural payments;
10. efficient flow of documentation related to IACS at the level farmer – Gmina – Powiat ensured;
11. formulars of aid applications for payments and instructions for their completion together with printed maps, prepared;
12. information brochures for farmers regarding EU payments as well as procedures on filling in and submission of aid applications prepared;
13. efficient and adequately equipped system of control both administrative and on-the-spot.

Results for FADN
1. personnel of Polish FADN trained;
2. calculation principles of Standard Gross Margin SGM ‘1996’ elaborated through co-operation with EU experts;
3. functioning principles of Liaison Agency elaborated;
4. reports according to FADN standards elaborated;
5. selected FADN regional centres supervising FADN equipped with computer and office appliances (first 3 regional FADN centres were equipped in 1999; within this project further 3 centres will be provided with computer equipment and software);
6. procedures of farm selection for FADN sample elaborated.

Results for MARD:
1. MARD prepared for playing a role of co-ordinator of agricultural surveys system for the needs of CAP (outside public statistics);
2. institutions prepared for making surveys within agricultural information system (their full list will be elaborated within the Phare project PL9704-01-13. As for today, these are: MARD, ARMA, AMA, Institute of Agricultural Economics and Food Economy and others);
3. software for making surveys, their processing and transfer to proper institutions both national and European prepared;
4. equipment supporting the agricultural information system installed.

3.4 Activities

ARMA

1. Twinning (contract no 1 and 2) activities including:
   • Employment of 2 long-term EU experts (Pre-Accession Advisers) as well as other EU and Polish short-term experts participating in and co-ordinating the respective activities at all stages of project implementation;
   • Training programmes of the administration employees (ARMA Headquarters and regional branches) as well as the co-operation units in the field (mainly Powiats);
   • Training programmes for farmers.
   • Collection of data on agricultural parcels and animals from the regions to be covered by this project (14 remaining Voivodships) using: enquiries; information from co-operating institutions (Main Statistical Office, Chief Surveying Officer, self-governments at the level of Powiats and Voivodships, veterinary services, etc).
   • Purchase of computer equipment and preparation of software.
   The data bases built on computerised land registry maps and animal registries will be necessary for administration of direct payments as well as making payments for less favoured areas (LFA). Effective use of data bases also requires the creation of electronic system of data processing. This data bases will make available all above information on three precedent calendar years or three successive campaigns.
   The information system also covers the stages of acceptance, registration and verification of aid applications at central, regional and local levels (Powiats).

Additionally, it is planned to purchase within Phare 2000 the equipment indispensable for the purpose of on-the-spot checks (GPS – Global Positioning System) to be done by the personnel of ARMA regional branches (4 GPS per ARMA regional branch).

Effective use of database also requires a system of electronic data processing. It is necessary to integrate IACS system with the existing information system of Paying Agency. Moreover, it will be important to adjust IACS system so it can register some additional activities needed by other institutions in Poland, i.e. veterinary services for animal movement control, animal diseases control and animal health protection. In Poland there is a large number of institutions interested in the access to data stored in the system. Therefore, there is a substantial interest from other institutions, including private entities, in financial participation during the construction of the system.

Detailed breakdown of equipment purchases to be made under Phare '98, Phare '99 and Phare 2000 are available. It should be stressed that the central server (so called mainframe) will be purchased only at the end of this project. During the implementation of Phare '98, '99 and the first stages of Phare 2000 central server will be leased.

• Information campaign destined for farmers, institutions acting in the agricultural environment, including governmental and self-governmental administration.
   Information campaign together with training programmes will cover the following issues:
2. benefits from the process of EU integration for agricultural sector;
3. system of agricultural payments within Common Agricultural Policy;
4. payments for agricultural sector in the pre-accession period;
5. tasks of the respective institutions acting in agricultural environment resulted from implementation of CAP;
6. methods of completing aid applications for payments; procedures of submission those applications.
    • Presentation of a pattern of Polish application for direct payments elaborated within this project.
    • Preparation and print of instructions for completion of applications.

Another task of Phare 2000 is the creation of a system for submission of applications and their print which, together with appropriate instructions for their completion and the maps on which farmers will mark their crops, will be distributed amongst agricultural producers in Poland. Overall number of applications to be printed (+ instructions and maps) = 800 000 copies.

• Preparation of IACS administration responsible for administrative control of aid applications as well as on-the-spot control using telemetric surveying devices.
In order to be able to efficiently control a large number of ‘area’ aid applications presented in relatively short period of time, it is indispensable to train the personnel on the use of telemetric surveying devices (GPS) for field surveying activities.

**FADN** (contract no 3 for TA and contract no 4 for equipment)
1. Employment of EU and Polish short-term experts;
2. Training of Polish FADN personnel;
3. Calculation of principles of Standard Gross Margin SGM ‘1996’;
4. Elaboration of functioning principles of Liaison Agency;
5. Purchase of computer and office appliances for further 3 FADN regional centres (first 3 FADN centres were provided with computer equipment within Phare programme in 1999).

**MARD** (contract no 4 for equipment and contract no 5 for TA)
1. Preparation of MARD for playing a role of co-ordinator of agricultural surveys system for the needs of CAP (outside public statistics);
2. Purchase and installation of the equipment supporting the agricultural information system installed (initial stage of implementation of the concept of information system).

**Inputs:**

**ARMA**

**Twining co-operation:**
2 long-term EU experts (1st specialising in agricultural parcel and animals registries for a period of 21 months (Team Leader)+ 2nd in development of IACS information systems (IT) for a period of 12 months). Both PAA will be placed in ARMA. Additionally, short-term experts (specific fields of expertise related to the implementation of IACS system) responsible for:
- linking of systems elaborated within the previous Phare twinning programmes ‘98 and ’99 with elements of system elaborated within this project; ensuring that the construction of the IACS system meets EU requirements – Team Leader (TL);
- ensuring of completeness and co-ordination of data bases – linking the information systems of IACS and Paying Agency; assistance in further implementation of new organisational structure of the Agency (IT);
- assistance in implementation of IACS organisational structure – mutual linkages, preparation of simulations of system functioning (TL);
- assistance in elaboration of necessary documentation; participation in organisation and delivering of trainings, transfer of know-how to other institutions (TL + IT);
- assistance in preparation of concept for information and promotion campaign channelled directly to farmers (TL);
- approval / verification of technical specification of equipment and software, modern methods and technologies recommended by EU taken into account (IT).

**Training programme (as part of the twinning)**
- development of ARMA human resources though organisation of training sessions in Poland (to be covered by Polish budget), study tours and formation programmes for ARMA employees in the selected EU Member States (to be covered by Phare). As stated in the project, ARMA is planning to increase the number of staff employed within the IACS Section. Those employees should be widely trained on the running of IACS system in the selected EU Member States. Moreover, IACS system will cover the increasing number of CAP mechanisms – LFA, accompanying measures - thus the ARMA personnel should get familiar with the functioning of those mechanisms in the twinning countries.
- conducting of training sessions for the personnel of organisational units in the field that co-operate with ARMA as well as for other institutions participating in direct support programmes (to be covered by Polish budget);
- training programmes for local advisors co-operating with IACS (app. 800 persons). Those persons will be responsible for organisation of training programmes on flow of information to farmers and agricultural organisations (to be covered by Polish budget);
- training programmes for the representatives of governmental and self-governmental administration as well as other institutions in order to prepare a group of app. 60 persons who will pass over the acquired knowledge – training of trainers. Subjects treated: CAP principles, system of direct payments, procedures of completion and submission of aid applications – two-week formation placements in Poland and abroad (to be covered by Phare);
- Organisation of information and promotion campaigns channelled to farmers – information meetings, media campaign, brochures, pamphlets, promotion actions (to be covered by Polish budget).
**Local experts:** (to be covered by Polish budget).
- participation in activities implemented by EU long- and short-term experts (including the training sessions) dissemination activities including preparation of publications, brochures and other materials for farmers, interested institutions and economic entities;
- Implementation of information campaign for farmers – project final beneficiaries (knowledge on EU payments, practical knowledge of an application filling procedure).

**Separate contracts: Computer equipment and software:**

3 basic categories of costs will occur while implementing information part of IACS system (to be covered by both Phare and Polish budget):

- Costs of construction of information infrastructure, divided into: cost of the purchase of computer and telecommunication equipment; cost of the software; costs of data (collection and processing of commercial data and date from State registers).
- Costs of application and integration
- Costs of system exploitation and data storage

Computer equipment and software to be purchased within this project will become the asset of the Agency. However, as certain tasks related mainly to the collection of data at the level of gmina and processed at the level of powiat, will be transferred to the local offices co-operating with ARMA, the part of the equipment will be leased by ARMA to those institutions.

**Technical servicing of the project:**
- Ensuring the technical support for project implementation through servicing of experts, necessary translations, etc. (to be covered by Polish budget).

**FADN**

- **Technical Assistance:**
  - Short-term experts for assistance in elaboration of:
    - calculation principles of Standard Gross Margin (SGM) „1996”,
    - principles of farm selection for sample,
    - procedures for preparation of reports according to FADN standards (to be covered by Phare).
  - **Trainings:** Training of employees of Polish FADN, study tours to EU Member States and DG VI (to be covered by Phare).
  - **Local experts:**
    - participation in: methodological, organisational, and dissemination activities (to be covered by Polish budget).
  - **Computer equipment and software:** Equiping of 3 FADN Voivodship centres in computer and office appliances (to be covered by Phare).
  - **Technical servicing of the projects:** Ensuring the technical support for project implementation through servicing of experts, necessary translations, etc. (to be covered by Polish budget).

**MARD**

- **EU short-term expert:** participation in the implementation of a concept for information system (to be covered by Phare).
- **Trainings:** Training of participants of agricultural information system for the needs of CAP (to be covered by both Phare and Polish budget).
- **Computer equipment and software:** Preparation of system software and purchase of equipment for units making surveys according to the specification prepared within Phare project PL9704-01-13 (to be covered by Phare).
- **Technical servicing of the projects:** Ensuring the technical support for project (to be covered by Polish budget).

**4. Institutional framework**

Overall supervision of the project will be ensured by Ministry of Agriculture and Rural Development.

**Agency for Restructuring and Modernisation of Agriculture (ARMA)** – State organisational unit set up on 19 January 1994 and supervised by Minister of Agriculture and Rural Development as well as Minister of Finance. ARMA is a leading institution in Poland with regard to implementation of structural transformation programmes in agriculture and rural areas.

In February 2000 Ministry of Agriculture and Rural Development adopted a “Concept of functioning of Paying Agencies in Poland”, which indicates the Agency for Restructuring and Modernisation of Agriculture...
as one of two paying agencies and attributes the responsibility for financial and accountancy servicing, reporting, control and vindication of improperly used resources.

22 November 1999 a Regulation of President of Council of Ministers came into force that amended the ARMA Statue. The above amendment constitutes a legal basis for the creation of 16 ARMA regional branches, one in each Voivodships created during the latest administrative reform. At the level of ARMA Headquarters 12 new Sections have been created including the IACS Section which is responsible for creation and implementation of the System all over the country.

**FADN**

Proposal for organisational structure of Polish FADN was included in the report related to meeting the requirements of Council Regulation No 79/65 of 15 June 1965, creating Farm Accountancy Data Network – FADN and putting on each Member State an obligation to create a network of farm accounting data. This proposal was presented by Polish side during the FADN bilateral screening in Brussels on 10.05.1999. The proposed structure of Polish FADN presented in the above report is as follows:

<table>
<thead>
<tr>
<th>MARD – FADN National Committee (supervision)</th>
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<tr>
<td>National Operation Centre - Liaison Agency (within Institute of Economics of Agriculture and Food Economy)</td>
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<tr>
<td>Voivode Team of Agricultural Accountancy (16) (in each Voivodship Extension Centre)</td>
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<tr>
<td>Powiat Team of Agricultural Accountancy (in each Powiat Office of Agricultural Extension)</td>
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<td></td>
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<tr>
<td>Agricultural farms (12 000 – 14 000 – 16 000)</td>
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</tbody>
</table>

**Institutions dependent from the Ministry of Agriculture and Rural Development within their statutory tasks.**

**Other Ministries** linked with activities related to this project: Ministry of Finance that has a function of national certification / control unit for paying agencies; Ministry of Labour and Social Policy (co-operation with regard to early retirements programme); Ministry of Environmental Protection (co-operation with regard to afforestation and environmental protection programmes in agriculture); Ministry of Economy Moreover, it is foreseen to closely co-operate with Main Statistical Office (GUS) and its regional branches, Main Land Surveyor of Poland, Voivodship and local land surveying departments, Rural Social Security Scheme (KRUS), public administration: governmental and self-governmental (Gminas, Powiats and Voivodships), Extension Services, Agricultural Chambers, Veterinary Inspection, etc.

The Ministry of Agriculture will be the owner of all equipment procured under this project.

5. Detailed budget

<table>
<thead>
<tr>
<th></th>
<th>Investments (IN) in EURO</th>
<th>Institution Building (IB)</th>
<th>Total PHARE (IN+IB)</th>
<th>National co-financing in EURO</th>
<th>TOTAL in EURO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twinning ARMA (2 twinning covenants)</td>
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<td>3,000,000</td>
<td>3,000,000</td>
<td>3,000,000</td>
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<td>Preparation for implementation of concept</td>
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<td>550,000</td>
<td>1,100,000</td>
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</table>
of agricultural information system for CAP needs
(contract no 4 for equipment and contract no 5 for TA)

| TOTAL: | 6,200,000 | 3,400,000 | 9,600,000 | 9,450,000 | 19,050,000 |

* Polish side declares that, according to Polish negotiation paper, it will support the creation of the system from other financial sources within the scope needed for benefiting from direct payments. Such system will be in line with EU legislation and will cover animal registration & identification system as well as agricultural parcels registry.

The Polish authorities have assured that the Government cofinancing is available either through the reserve budget foreseen specifically by the Ministry of Finance for this purpose each year, or directly through the budget of the relevant Ministry.

6. Implementation arrangements

6.1. Implementing Agency:

PAO: P. Samecki, Undersecretary of State at the Office of the Committee for European Integration
Al. Ujazdowskie 9, Warsaw. Tel.: 4822 694 75 42, 4822 694 7195, 4822 694 6064. FAX: 4822 694 7194, 4822 625 0380. CFCU: Foundation “Cooperation Fund”, 6/12 Nowy Swiat St., 00-400 Warsaw.

The CFCU is responsible for handling tendering, contracting and payments of contracts on behalf of the Ministry of Agriculture and Rural Development which itself shall be responsible for preparing projects and managing their technical implementation.

6.2. Twinning:
Within the implementation of this project the following twinning is foreseen (it is foreseen to sign two independent contracts – 1 long-term EU expert (PAA) in the field of registration of agricultural parcels and animals and 1 PAA in the field of information systems. Additionally, several EU short-term experts will be needed in the field of agricultural information system for MARD as well as specific fields of expertise related to the implementation of IACS system in Poland.


6.4. Number of contracts: 2 twinning contracts; 2 TA contracts (one for FADN and one for agricultural information system); 1 contract for equipment

7. Implementation schedule:
- TOR preparation : 06.2000;

8. Equal opportunities
Women participation results from employment structure of the Agency, where women constitute approximately 50 % of staff. Participation of women in the project will be measured by percentage ratio of women participating in the study visits, training programmes and seminars.

10. Rates of return n.a.
11. Investment criteria n.a.

12. Conditionality and sequencing
No specific conditionalities are foreseen other than those that are implicit to the successful implementation of the project as described above. In terms of sequencing, it is important that the Phare 1998 and Phare 1999 projects are implemented timely so that their results can be implemented by this Phare 2000 project.
### Annex 1: LOGFRAME PLANNING MATRIX FOR PROJECT

<table>
<thead>
<tr>
<th>Programme Number</th>
<th>Project Title</th>
<th>Date of Drafting</th>
<th>Planning Period</th>
<th>Total Project Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>PL2000’</td>
<td></td>
<td>October, 1999</td>
<td>04.2000-01. 2003</td>
<td>19.05 MECU</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overall Objectives</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Agricultural sector prepared for implementation and administration of CAP on the territory of the whole country</td>
<td>Documentation of Polish government; MARD documentation; ARMA and FADN documentation; UKIE documentation; Documents and reports of European Commission and other EU institutions.</td>
<td>A: Involvement of Polish authorities in preparation of agricultural sector to EU integration, Allocation by Polish government of necessary funds for this purpose; Proper human resources in place; Adequate legislation passed; R: Legislation procedure hindering quick implementation of legal acts;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Immediate Objectives</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(5)</td>
<td>IACS system ready for administration and control of UE payments; Paying Agency ready for making payments ARMA ready for implementation of the respective CAP mechanisms FADN system created on the territory of the whole country. implementation of concept of agricultural information system started</td>
<td>Documentation of Polish government; MARD, ARMA, and FADN documentation Documents and reports of European Commission and other EU institution New and updated legal acts</td>
<td>A: Precise knowledge of legal and organisational conditions existing in the UE Adjustment of Community patterns to Polish conditions R: Complex procedure of launching of budgetary resources Lack of sufficient funds both national and European for the complete implementation of IACS Delays in implementation of pilot projects ’98 and ’99 which aim at delivering certain patterns for implementation of this project. Result of the project PL9704-01-13 do not allow to implement successfully the concept of the agricultural information system</td>
</tr>
<tr>
<td>Outputs of Project</td>
<td>Indicators of Achievement</td>
<td>Sources of Information</td>
<td>Assumptions and Risks</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>animal registration and identification system developed on the subsequent regions;</td>
<td>Computer data base on animals ready; Animals earmarked on the territory of the whole country; New organisational structure of ARMA in place; Training sessions, study tours and formation organised for personnel of ARMA and FADN and other institutions; Efficient financial, accounting and internal control of ARMA in place; System of IACS efficiently working and co-operating with paying agency information system</td>
<td>Documentation of Polish government Necessary legislation amendments introduced Reports from project implementation Appraisal of training programmes; Information materials of MARD, ARMA and FADN</td>
<td>Perfect knowledge of legal and organisational structures of EU Correct use of European patterns Adjustment of European patterns to Polish conditions Integration of CAP computer systems with those of Structural Funds that will be implemented simultaneously within SPP programme</td>
</tr>
<tr>
<td>multifunctional register of agricultural farms implemented in minimum version that will enable the servicing of direct payments on the territory of the whole country;</td>
<td></td>
<td></td>
<td>R: Lack of acceptance of Polish government for the organisational structures proposed to be implemented Lack of agreements between all institutions involved Insufficient amount of financial resources</td>
</tr>
<tr>
<td>coherent, improved IACS that is properly functioning in Polish conditions;</td>
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<td>ARMA prepared to function as EU paying;</td>
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<tr>
<td>IACS Sections created at the level of ARMA regional branches as well as their field units (co-operating) prepared;</td>
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<tr>
<td>information system elaborated within pilot project Phare ’98 adjusted and implemented;</td>
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<tr>
<td>computer software system related to IACS ready to implement CAP payments;</td>
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<tr>
<td>units co-operating with IACS trained on the methods of transfer of IACS data to farmers as well as on EU system of agricultural payments;</td>
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<tr>
<td>efficient flow of documentation related to IACS at the level farmer – gmina – powiat ensured;</td>
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<td>formulas of applications for payments and instructions for their completion together with printed maps, prepared;</td>
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<tr>
<td>information brochures for farmers regarding EU payments as well as procedures on filling up the applications prepared;</td>
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<tr>
<td>farmers adequately informed and trained about procedures of completion of relevant applications and its submission;</td>
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<tr>
<td>efficient and adequately equipped system of control both administrative and in the field – using teledetection methods;</td>
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<tr>
<td>Personnel of Polish FADN trained;</td>
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<tr>
<td>Calculation principles of Standard Gross Margin SGM ‘1996’ elaborated through co-operation with EU experts;</td>
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<tr>
<td>Functioning principles of Liaison Agency elaborated;</td>
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<tr>
<td>Seminars presenting methodological aspects of FADN organised with co-operation with EU experts;</td>
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<tr>
<td>Reports according to FADN standards elaborated;</td>
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<tr>
<td>Selected FADN regional centres supervising FADN equipped with computer and office appliances;</td>
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<tr>
<td>Procedures of farm selection for FADN sample elaborated.</td>
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<tr>
<td>MARD prepared for playing a role of co-ordinator of agricultural surveys system for the needs of CAP;</td>
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<tr>
<td>Institutions prepared for making surveys within agricultural information system;</td>
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<tr>
<td>Personnel of institutions making agricultural and market surveys prepared for implementation of specific tasks;</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Software for making surveys, their processing and transfer to proper institutions both national and European prepared;</td>
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<tr>
<td>Equipment supporting the agricultural information system installed.</td>
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</tbody>
</table>
### Inputs

<table>
<thead>
<tr>
<th>(17)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winning co-operation; training sessions; technical experts; computer equipment with related; technical servicing of the project.</td>
</tr>
</tbody>
</table>

### Indicators of Achievement

<table>
<thead>
<tr>
<th>(18)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Training session organised; Study tours to the selected EU States organised; Formation sessions organised; Assistance of foreign and local experts contracted; Adequate quantities of equipment purchased; Software purchased / made; Progress of twinning agreements existing; Increase of awareness of farmers from benefits out of EU integration – adequate knowledge on EU payments for agricultural sector.</td>
</tr>
</tbody>
</table>

### Sources of Information

<table>
<thead>
<tr>
<th>(19)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports from project implementation Public opinion pools</td>
</tr>
</tbody>
</table>

### Assumptions and Risks

<table>
<thead>
<tr>
<th>(20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: Passing adequate legislation training programmes of high quality appropriate choice of twinning partner proper choice of individual experts.</td>
</tr>
</tbody>
</table>

R: insufficient number of personnel employed in institutions involved; insufficient financial resources allocated for the project.

### Annex 2-3: Implementation, contracting, and disbursement schedules

| Date of Drafting | Oct. 1999 |

| Budget Allocation Cost Estimate in MEUR |
|---|---|---|---|---|---|---|---|---|
| PLANNED | IV ‘00 | I ‘01 | II ‘01 | III ‘01 | IV ‘01 | I ‘02 | II ‘02 | III ‘02 | IV’ 02 |
| I | II | III | IV | V | VI | VII | VIII | IX |
| Implementation schedule | D | C | I | CI | I | I | I | I |
| Contracting schedule | 3.4 | 9.6 |
| Disbursement schedule | 1.0 | 4.0 | 6.0 | 7.0 | 8.0 | 9.0 | 9.6 | 9,6MEUR |

Legend: D = design of sub-projects / C = tendering and contracting / I = contract implementation and payment