1. Basic information

1.1. CRIS Number: 2002/000-605-04.02 Twinning number: PL02-AG-05
1.2. Title: EAGGF
1.3. Sector: Agriculture
1.4. Location: Poland

2. Objectives:

2.1. Overall objective:
Preparation of the institutional system for implementation of EAGGF structural funds for the development of agriculture and rural areas.

2.2. Project's purpose/immediate objective:
2. Strengthening the institutions involved with EAGGF funds in the regional level, fulfilling implementation functions and enhancing the institutions providing the assistance for the recipients of aid from EAGGF.

2.3. Accession Partnership and priorities:
The project reflects the provision of Accession Partnership presented by the European Commission (COM (2001) 659): "Reinforcement of the administrative structures necessary for the design, implementation, management, monitoring, control and evaluation of EC funded rural development programmes."

On the basis of Accession Partnership stipulations, document titled "Coherent structural policy on the development of agriculture and rural areas" was adopted by the Council of Ministers in July 1999. It is stated there that “an important role in implementing a structural policy on the development of rural areas and agriculture, within the competence of the minister responsible for agriculture and rural development, shall be played by the Agency for Restructuring and Modernisation of Agriculture”.

The National Programme for Adoption of the Acquis (NPAA, a document adopted by the Council of Ministers on the 12th of June 2001), in priority 7.1 - implementation of coherent structural policy on the development of rural areas and agriculture - specifies as the target status quo the reconstruction of the existing system of instruments of structural assistance and the development of institutions in order to adjust them for functioning within the system of Community’s structural/regional policy, in relation to the objectives of common agricultural policy and related policies.

2.4. Contribution to the National Development Plan
The objective and actions foreseen under the Project are in direct relation to the implementation of the National Development Plan (NDP).
For the programming period of 2004-2006, the NDP foresees implementation altogether of:
- Six Sectoral Operational Programmes (SOPs),
- one Regional Operational Programme (ROP) with 16 components, specific for each Voivodship of the country,
- one Operational Programme for Technical Assistance.

The Ministry of Agriculture and Rural Development has been nominated as the Managing Authority for implementation of two of the SOPs: SOP “Restructuring and modernisation of the food sector and the development of rural areas” co-financed by the EAGGF-Guidance Section, and SOP “Fishing and fish-processing” co-financed by the FIFG. Apart from the above mentioned SOPs, the Rural Development Plan co-financed by the EAGGF-Guarantee Section will be prepared. Measures co-financed by the EAGGF-Guidance Section will be implemented through the “Restructuring and modernisation of the food sector and the development of rural areas” SOP with exception of selected rural development measures linked with regional development being part of ROP. For the four remaining SOPs, other ministries have been nominated as the Managing Authorities.

The ARMA has been nominated by the Managing Authority to serve implementing functions for SOP co-financed by EAGGF-Guidance Section. Therefore strengthening, through this Project, of institutional
3. Description:

3.1. Background and justification:

According to the \textit{acquis communautaire} currently in force, upon entering the European Union, the whole territory of Poland shall come within the scope of Objective 1. Programmes for the development of agriculture and rural areas shall be, then, co-financed from the EAGGF Guidance Section. After Poland's accession to the EU, the potential scale of the Community's financial support shall increase considerably, contributing to the resolution of severe structural problems that are affecting rural areas. In order to make it possible for this aid to be utilised, it is necessary to establish efficient administrative structures.

Considering the emphasis placed by the Polish authorities on the significance of the structural policy for the development of agriculture and rural areas in Poland, on the one hand, and the EU legal and procedural requirements, on the other, the preparation of institutions participating in the implementation of programmes on the basis of the EAGGF shall be an important factor. After Poland's accession to the EU, this factor shall be decisive on the utilisation by Poland of the structural funds allocated for the development of agriculture and rural areas.

The system of assistance for recipients of aids with respect to project preparation should be of great importance within the fund implementation system under EAGGF. Institutions assisting recipients shall be identified under extended Phare 2000 (PL0006.01) project – Institution building for rural development. It should be noted that the so-called "accompanying measures" should be programmed separately from SF programming in the framework of the Rural Development Plan (RDP), financed from the EAGGF Guarantee Section funds. Currently, works are carried out on the National Development Plan until year 2006 (NDP). On the basis of this document, negotiations with the EU on elaborating the principles of Community's Support Framework (CSF) will be conducted. Support from the Community shall be implemented with the help of several operational programmes. With respect to agriculture, rural area development and fishing, one priority has been proposed: \textit{restructuring and modernisation of the food sector and development of rural areas} – with the stipulation that two separate sectoral operational programmes (SOPs) are to be prepared: one for fishing \textit{"Fishing and fish-processing"} and one for the development of rural areas and agriculture \textit{"Restructuring and modernisation of the food sector and the development of rural areas"}.

With the aim of preparing the NDP, an inter-departmental \textit{Medium-Term Structural Strategies Team}, which elaborated the overall Scheme for the implementation of EU Structural Funds, was appointed. At the level of the SOP's implementation the setting up of implementing institutions are stipulated. The Ministry of Agriculture and Rural Development shall play the role of Managing Authority; the Ministry of Finance shall perform the functions of paying authority. For majority of measures within the SOP titled \textit{"Restructuring and modernisation of the food sector and the development of rural areas"}, co-financed by EAGGF Guidance Section, the Agency for Restructuring and Modernisation of Agriculture shall perform implementing functions. The plan is to charge the regional self-government institutions, with implementation of selected measures, not implemented by ARMA. Programme Complement will specify explicitly implementation arrangements for each measure, as well as detailed scope of work for each of involved institutions. Draft Programme Complement shall be submitted to the European Commission by end of 2002. Institutions identified under extended Phare 2000 (PL0006.01) will assist potential recipients in project preparation. The structure outlined in the project fiche is subject to agreement with the Commission in the context of the accession negotiation.

3.1.1. The Ministry of Agriculture and Rural Development (MARD)

According to the project of the National Development Plan, the MARD shall be the Managing Authority for the sectoral operational programmes (SOPs) titled \textit{"Restructuring and modernisation of the food sector and the development of rural areas"} and \textit{"Fishing and fish-processing"}.

As the Managing Authority for the SOP, the MARD shall be responsible for the preparation of the SOP and the programme complement. Basing on the schedule of programming of structural funds for Poland, draft Operational Programme should be submitted to the European Commission until mid-2002 and a draft Programme Complement – until end of 2002, so implementation of the structural funds in Poland could start as soon as possible after envisaged date of accession of January 1, 2004. Upon EC decision
of the fund allocation, the minister responsible for agriculture and rural development shall appoint, in compliance with the principle of partnership, a Monitoring Committee for the SOP. For the needs of performing the role of national EAGGF co-ordinating body and the role of Managing Authority for the SOP, following MARD’s departments will participate in this process:

- Department of Pre-Accession Assistance and Structural Funds, responsible for programming and performing of the role of the Monitoring Committee’s secretarial office,
- Department of Budget and Finance, which co-ordinates the implementation of the financial provisions, covering mainly national co-financing,
- Other departments within Ministry of Agriculture and Rural Development holding technical responsibility for measures under SOP

Basing on Regulation 1260/99, the Ministry of Agriculture and Rural Development in its role of Managing Authority for the EAGGF funds, will be among others responsible for:

- collecting and interpreting statistical and financial data on outcomes and reporting this data to the Commission,
- monitoring,
- drafting annual reports,
- ensuring sound financial management,
- organising evaluations and complying with obligations relating to publicity and Community law,
- verifying conformity with EU policies,
- administrating the work of the Monitoring Committee,
- verifying that declarations of expenditure are accurate and examining expenditure reports.

It should be noted that programming and drafting of the Operational Program and the Program Complement will be concluded in 2002, before the Phare 2002 project can be initiated. Therefore Poland intends to extend the implementation of Phare 2000 Project (PL0006.01) – Institution building for rural development until 4th quarter of 2003, in order to provide continuous assistance in creating institutions for managing EAGGF funds within the MARD as well as to support its activities in programming. Extended project shall provide expert assistance in programming, drafting of programming documents, specialised training and preparing monitoring structures in order to facilitate MARD's role as the Managing Authority for EAGGF funds in Poland. The Project shall strengthen institutional capacities and prepare relevant institutional arrangements in all the departments engaged with EAGGF funds within the Ministry, especially within the Department of Pre-Accession Assistance and Structural Funds and the Department of Budget and Finance.

The Results of PL0006.01 project shall be incorporated in activities undertaken by ARMA and within the Phare 2002 project. Relevant recommendations of Phare 2000 project will enhance coherence of know-how both at EAGGF programming and implementation institutions. Moreover, Phare 2000 project shall identify institutions, that will be assisting recipients in project preparation.

Extended Phare 2000 project should provide assistance to the Ministry of Agriculture and Rural Development in fulfilling its programming obligations, especially in crucial year of 2002. Therefore current project is aimed at strengthening implementation arrangements in ARMA and other institutions involved with EAGGF-Guidance funds, to be put into effect starting 2003, after Operational Programme and Program Complement will be submitted to the European Commission.

3.1.2. The role of the ARMA
Currently, works on ARMA's accreditation as a SAPARD Agency are in progress and shall be completed in near future. Institutional adjustment is an important element in the preparation of the Polish institutional system for the management of structural funds for the development of agriculture and rural areas. This institutional adjustment shall be realised on the basis of experiences gained during the implementation of the Special Preparation Programme for the Structural Funds (SPP) and the SAPARD Programme.

Drawing on experience gained during its earlier operation and the realisation of the SAPARD Programme, after necessary adjustments stipulated for in the project, the Agency will be able to perform functions resulting from the institutional system of servicing of structural funds for agriculture and rural areas, fulfilling implementation functions for EAGGF-Guidance funds.

Implementation functions will be performed by ARMA and Regional Branches of ARMA, as well as by designated regional self-government institutions. Programme Complement shall specify for which measures ARMA should play implementation role, as well as its detailed scope of work. Among others ARMA's responsibilities as an implementing institution shall include:
• disseminating information on EAGGF funds,
• distribution, collecting and analysing applications for aid,
• conducting cross-check of the application and available data, conducting on-spot inspections when needed,
• transmitting the decision on granting aid to final recipients, setting out precise amount of aid,
• assisting in tender, if required,
• checking invoices and submitting request for payment to the paying authority on behalf of managing authority,
• verification of statement of expenditure submitted by recipients,
• passing of verified payment application and statement of expenditure to ministry managing sectoral programmes,
• storing of documents concerning payments applications,
• paying to final recipients funds received from paying authority,
• preparing reports on expenditure.

The project should indicate the required adjustments (organisational, functional) of the Agency, in order to be transformed from a SAPARD Agency into implementing institution for EAGGF funds after Poland's accession to the European Union. The European Commission is currently considering the procedures required to ensure a smooth transition from SAPARD to the rural development instruments which will apply in the new Member States, whether funded through EAGGF Guarantee or Guidance. The Commission will inform the Candidate Countries about these procedures at a later stage. These procedures will be included in the elaboration of adjustments. It shall be noted that scope of measures indicated to be implemented within the framework of the SOP co-financed by the EAGGF-Guidance Section is much broader than activities foreseen under SAPARD Programme. Therefore there is an urgent need to support ARMA in its adjustment to manage new structural funds measures. The project shall enable not only ARMA's adjustment for performing implementation functions for structural activities co-financed from the EAGGF within the SOPs, but also extension of the scale and scope of structural aid, and the establishing of institutional connections with other implementing institutions at the regional level.

3.1.3. Regional self-government institutions
Regional self-government institutions shall be specified in Programme Complement, alongside with elaborated description of implementation scheme of each measure co-financed by the EAGGF-Guidance. These institutions will perform implementation functions, besides of ARMA. Programme Complement shall specify for which measures regional self-government institutions should play implementation role, as well as its detailed scope of work. Among others tasks of such institutions shall include:
• disseminating information on EAGGF funds,
• participation in setting up of criteria for selection of projects,
• participation in selection of projects.
Under Programme Complement, other assigned functions shall be performed. Moreover, this project aims to support other institutions identified under Phare 2000 (PL0006.01), which shall be engaged in providing the assistance in projects preparation for the recipients of EAGGF funds.

3.1.4. Monitoring and Evaluation of the Structural Funds
Poland highly estimates the necessity for conducting on-going monitoring and evaluation of structural programmes. Therefore role of the Monitoring Committees and the Managing Authority is foreseen in this process, as well as submitting annual progress reports to the European Commission. According to Regulation 1260/1999, Article 35, and to the provisions of the National Development Plan, a National Monitoring Committee shall be appointed, consisting of representatives of the government ministries, local self-government representatives, as well as social partners (labour unions, social organisations etc.). Separate Monitoring Committee shall be established for the purposes of SOP “Restructuring and modernisation of the food sector and the development of rural areas” co-financed by the EAGGF-Guidance Section, consisting of representatives of the Ministry (Managing Authority), regional self-governments and the social partners. It should be noted that similar Monitoring Committee has been established for the SAPARD Programme in Poland.
Following European Commission guidelines shall be taken into account for elaboration of monitoring and evaluation arrangements for EAGGF funds in Poland:

- Working document VI/43512/02 FINAL of 26 Feb. 2002 and VI/43507 FINAL of DG Agriculture concerning indicators for the monitoring of rural development programmes financed by EAGGF 2000-2006,

Ex-ante evaluation for SOP “Restructuring and modernisation of the food sector and the development of rural areas” co-financed by the EAGGF-Guidance Section shall take place in second half of 2002, financed under Phare 2001 project.

3.2. Linked activities:

Phare '97, project PL9704-01-14 - Support for governmental agencies in the process of adjustment to EU requirements imposed on organisations performing tasks related to the regional and structural policies in rural areas. The objective of the project was to elaborate the principles of, and to participate in the construction of the SAPARD module of the ARMA Integrated Information System, the training of the employees of the ARMA and institutions co-operating in the realisation of tasks at the particular posts in the SAPARD Agency, and efficient servicing of the information system.

SPP-SF PL98/IB/OT/02, project 2.5 - Development of a legal and administrative base for the SAPARD Programme management, and preparation of a future EAGGF unit within the Ministry of Agriculture. The project was realised in twinning co-operation with the French CNASEA agency. The objective of project 2.5 was the ARMA's preparation for performing the function of agency for the SAPARD programme.

Phare '99, project 4.4 - Preparation for the implementation of the Common Agricultural Policy. The general objective of this project is to prepare and initiate the creation of institutional capacities for the implementation of the Common Agricultural Policy. One of the specific objectives is to prepare the Agency for Restructuring and Modernisation of Agriculture (ARMA) for the management of Common Agricultural Policy mechanisms with respect to direct payments and to its structural part, integrated with the coherent structural policy and the policy of rural area development, realised in Poland.

The SAPARD Programme. Formal activities connected with the commencement of the SAPARD Programme are now in their final phase. They began with the enactment of relevant EU legal acts, including the Council's Regulation (EC) No. 1268/99 dated 21 June 1999 and the Commission's Regulation (EC) No. 2222/2000 dated 7 June 2000, setting down the financial and organisational details of the SAPARD Programme. The next phase involved the following sequence of activities:

- approval by the European Commission, on the 18th of October 2000, of an operational programme, elaborated by the Ministry of Agriculture and Rural Development, for the utilisation of resources appropriated within the SAPARD in the years 2000-2006,
- signing of the Multiannual Financing Agreement on the 25th of January 2001,

The final formal requirement, whose fulfilment shall open the way to the financial resources of the programme, will be the Commission Decision conferring the management of aid to Poland, including ARMA’s accreditation as a SAPARD Agency together with the entire institution system of the servicing of the programme. The accreditation is now in its final phase.

Phare 2000 (PL0006.01) – Institution building for rural development

The Project supports the establishing the institutional capacity for the implementation in Poland, in compliance with the provisions of NPAA and AP, of a coherent structural policy of the development of rural areas in the pre-accession period. Experience gained during realisation of this project shall help in elaborating the organisation, conception of measures and co-operation in the process of programming and monitoring of programmes co-financed from structural funds. During the realisation of the project, which started on 17 September 2001, expert assistance was stipulated for with respect to preparation of programming and monitoring structures and training thereupon for institutions involved in the process in relation of the future utilisation of resources from the European Guidance and Guarantee Fund.
Poland intends to extend the duration of the Project until 4th quarter of 2003, in order to provide assistance in creating institutions for managing EAGGF funds within the MARD as well as to support its activities in programming. Adjusting and creating institutions responsible for managing of EAGGF funds shall base on elaboration on institution building, programming and monitoring produced during the first period of the Project. Extended project shall provide expert assistance in programming, drafting of programming documents, specialised training and preparing monitoring structures in order to facilitate MARD’s role as the Managing Authority for EAGGF funds in Poland. The Results of PL0006.01 Projects, elaboration and concepts shall be incorporated in activities undertaken by ARMA and within the Phare 2002 Project and relevant recommendations transmitted, in order to enhance coherence of know-how both at EAGGF programming and implementation institutions.

3.3. Project’s results
1. The ARMA’s organisational structure and institutional connections with respect to the servicing of activities co-financed from the EAGGF elaborated. The ARMA shall be reinforced and institutionally prepared for its new, extended role, with the Agency’s organisational structure adjusted for the purpose of EAGGF-Guidance OP implementation and with respect to financial and accountancy servicing.
2. Regional self-government institutions, performing the implementation function of the EAGGF-Guidance funds, institutionally prepared for its new role,
3. Institutions, which shall be identified under extended Phare 2000 (PL0006.01) project – Institution building for rural development, responsible for providing the assistance in project preparation for the recipients of EAGGF funds, enhanced
4. The personnel in ARMA Head Office, ARMA regional branches and regional implementing institutions, specified in Programme Complement, prepared for the new tasks.
5. Principles of EAGGF funds promotion elaborated and information campaign aimed at potential recipients of EAGGF funds prepared.

3.4. Activities
Activities of twinning
Preparation in the ARMA and implementing institutions specified in the Programme Complement of adequate principles of their functioning by elaborating and setting out structures, procedures and guidelines.
This component is aimed at utilising lessons learned from implementation of SAPARD in order to:
• secure smooth transition of ARMA to carrying out its function for EAGGF-Guidance, as well as to prepare this institution to servicing future agriculture-related structural funds; Transition from the management of SAPARD to the management of EAGGF funds will be in line with indications of organisational and functional adjustments to be undertaken by SAPARD Agencies presented by the European Commission.
• build upon experience from SAPARD Programme and preparations for implementation of EAGGF funds in Poland to secure that other implementing institutions on the regional level, as specified in the Programme Complement, will be sufficiently prepared for their functions and related know-how will be elaborated and transferred.

Pre-accession adviser (PAA)
The pre-accession adviser will:
- co-ordinate activities concerning project;
- co-ordinate work of medium- and long-term experts;
- co-ordination and co-operation with Phare 2000 Project; in case the twinning assistance for the MARD (PL0006.01) is extended until 4th quarter of 2003, the pre-accession advisor will utilise relevant manual and recommendations laid down in the manual elaborated within the framework of the PL0006.01 project.
- serve as liaison officer between the Polish authorities and the member states with respect to current consulting;
- assist ARMA in interpreting and implementing of organisational and functional adjustments of a SAPARD Agencies, taking into account the respective considerations of the European Commission;
- providing expert assistance to ARMA’s headquarters, ARMA regional branches, implementing institutions, institutions assisting recipients in project preparation specified in Programme Complement, if needed.
Actions of short- and medium-term experts (in collaboration with PAA)
- taking into account the respective considerations of the European Commission, interpreting and implementing of organisational and functional adjustments of ARMA (present SAPARD Agency) and other implementing institutions specified in the Programme Complement;
- elaborating principles of institutions’ functioning in implementation of EAGGF funds in areas of structures, guidelines, procedures, terms of reference, tender and regulations;
- providing the assistance to institutions that will assist recipients in project preparation;
- setting up relevant proposals of amending monitoring and evaluation systems;
- quality control of all training materials.

The PAA should have long-term strategic and operational experience in work at administration involved in EU funding in a Member State, with a good understanding of relevant EAGGF – Guidance Section regulations. He/she should accordingly have a broad knowledge of EU requirements with respect to the implementation of EAGGF funds with particular emphasis on procedural aspects. The PAA should demonstrate experience with co-ordination of implementation of rural development measures financed by EAGGF funds. She/He should be fluent in English.

The short- and medium-term experts should be specialists in particular sectors – agriculture, rural development; and should be able to demonstrate a good background in implementing particular measures; financial and operational control and monitoring. The short- and medium-term experts should also possess specific knowledge and expertise in the field of project management, technical and economical assessment of projects, audit, information and promotion strategies.

**Activities of Technical Assistance**

Conducting training courses relating to the structural policy:

- Principles of EAGGF Guidance functioning,
- Principles of implementing functions, including technical and economical assessment of project applications, technical check, tendering, financing;
- Principles of control, accounting and audit over funds’ utilisation,
- Project assessment, control and payment functions, aimed at disseminating information on relevant EU regulations and stipulation of Polish programming documents between involved professionals,
- Information, promotion and publicity concerning EAGGF.

Employees of following institutions will be beneficiaries of these training courses:

- ARMA headquarters (Audit Section, Law, Accounting, Financial Divisions, Analysis and Programming Division, Implementing Divisions),
- ARMA regional branches and
- self-government institutions participating in implementation of EAGGF-Guidance OP, as indicated in the Program Complement.
- institutions identified under extended Phare 2000 (PL0006.01) project – *Institution building for rural development*, which shall be engaged in providing the assistance in project preparation for the recipients of EAGGF funds.

Training courses shall be done in co-operation with the PAA and short- and medium-term experts.

The organisation of study tours and in relevant institutions of the member countries might also be taken into account.

**Elaboration of principles of EAGGF funds promotion and preparation of an information campaign aimed at potential beneficiaries of EAGGF funds.**

There is a need to combine wide-scale information campaign with implementation of EAGGF funds in Poland in order to raise awareness on various ways of applying and using these moneys among potential beneficiaries, thus prompting submission of increased number of applications. Before and during the implementation of EAGGF fund, ARMA should inform farmers, rural communities, self-governments...
institutions and other potential beneficiaries, about the rules of using EAGGF funds. ARMA will, in
collaboration with experts, undertake studies and elaborate information strategy. ARMA, with assistance
from specialists, will design information materials, to be disseminated by various media, taking into
account experience and input from training undertaken within this Project. This action shall be undertaken
in collaboration with PAA and short- and medium-term experts.
Poland shall invite experts from implementing institutions of the Member States where structural activities
approximating Polish needs are realised, or whose experience is of value to Poland, to assist in the
realisation of these tasks.

4. Institutional framework:

4.1. Institutions

Ministry of Agriculture and Rural Development

The Ministry of Agriculture and Rural Development has been nominated as the Managing Authority for
implementation of SOP “Restructuring and modernisation of the food sector and the development of rural
areas” co-financed by the EAGGF-Guidance Section, a SOP “Fishing and fish-processing” co-financed
by the FIFG and for the RDP co-financed by the EAGGF-Guarantee Section.

Agency for Restructuring and Modernisation of Agriculture (the Head Office and regional
branches). The Agency for Restructuring and Modernisation of Agriculture (ARMA) is a public institution,
which from 1994 has been implementing a policy of the development of agriculture and rural areas. As
stipulated in the legal act establishing the Agency for Restructuring and Modernisation of Agriculture,
dated 29th December 1993 (Polish official journal Dziennik Ustaw from 1994 No. 1 (2), with subsequent
amendments), the Agency for Restructuring and Modernisation of Agriculture grants financial support for
the realisation of (art. 3 (1)):
- investments in agriculture, agro-food processing and services for agriculture,
- projects aiming at the creation of new workplaces in non-agricultural production, services and
  commerce in rural areas;
- development of technical and production infrastructure in rural areas;
- projects aiming at practical training, extending and change of professional qualifications, consulting
  and information in agriculture.

The ARMA has been nominated by the Managing Authority to fulfil its functions for SOP co-financed by
EAGGF-Guidance Section. Therefore strengthening, through this Project, of institutional capacity of
ARMA and supporting its transition from SAPARD to EAGGF implementation is in direct relation to timely
and effective implementation of the NDP activities.

Regional self-government institutions

Programme Complement will specify regional self-government institutions, responsible for
implementation of selected measures co-financed by EAGGF-Guidance Section. Programme
Complement shall specify for which measures regional self-government institutions should play
implementation role, as well as its detailed scope of work, alongside with elaboration on implementation
scheme for all measures financed by the EAGGF-Guidance Section. This shall concerned also
institutions identified under Phare 2000 (PL0006.01), which shall be engaged in providing the assistance
in projects preparation for the recipients of EAGGF funds.

Twinning impact on the framework of institutional support

The ARMA shall be ready for fulfilling functions in implementation of SOP “Restructuring and
modernisation of the food sector and the development of rural areas”; regional self-government
institutions shall be supported in their preparation for fulfilling implementation tasks, as set out in
Programming Complement. Identified support system for institutions which shall be engaged in providing
the assistance in project preparation for the recipients of EAGGF funds.
5. Budget in EUR

<table>
<thead>
<tr>
<th>Contract 1: Twinning agreement, medium-term experts, short-term foreign experts, expert appraisals and elaboration</th>
<th>Investmen (INV)</th>
<th>Institutional Building (IB)</th>
<th>Total Phare (INV+ IB)</th>
<th>National Co-financing</th>
<th>IFIs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,100,000</td>
<td>1,100,000</td>
<td>200,000</td>
<td>1,300,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contract 2: Training courses in Poland, training and information materials, expert appraisals and surveys,</th>
<th>Investmen (INV)</th>
<th>Institutional Building (IB)</th>
<th>Total Phare (INV+ IB)</th>
<th>National Co-financing</th>
<th>IFIs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>900,000</td>
<td>900,000</td>
<td>300,000</td>
<td>1,200,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TOTAL | 2,000,000 | 2,000,000 | 500,000 | 2,500,000 |

Co-financing will be available.

6. Implementation arrangements

6.1. Implementing Agency

PAO: Krystyna Gurbiel, Undersecretary of State in the Office of the Committee for European Integration, Al. Ujazdowskie 9, 00-918 Warszawa; tel. 48 22 455 52 41.

CFCU: Wojciech Paciorkiewicz, Director of the Foundation "Co-operation Fund", ul. Górnoślaska 4A, 00-444 Warszawa; tel. 48 22 622 84 64, fax 48 22 622 72 11.

The Central Financing and Contracting Unit shall be responsible for holding tenders, conclusion of contracts and effecting of contracted payments on behalf of the Agency for Restructuring and Modernisation of Agriculture, which is responsible for the preparation, management and implementation of the project.

6.2. Twinning

The project beneficiary shall be the Agency for Restructuring and Modernisation of Agriculture, its Head Office in Warsaw and regional branches in 16 voivodeships. The main workplace of the pre-accession adviser shall be the Head Office of ARMA in Warsaw. In case the twinning assistance for the MARD (PL0006.01) is extended until 4th quarter of 2003, the pre-accession advisor will utilise relevant guidelines and recommendations elaborated within the framework of PL0006.01 project.

Twinning exercise shall last from second quarter of 2003 to second quarter of 2004.

6.3. Non-standard aspects: not applicable

6.4. Contracts

Within the project, the following contracts shall be executed:
1. Contract 1 - Twinning agreement, medium-term experts, short-term foreign experts, expert appraisals and elaboration - EUR 1,100,000; co-financing EUR 200,000.
2. Contract 2 - Training courses in Poland, training and informational materials, expert appraisals and surveys, design of information materials (EUR 900,000 IB + 300,000 Polish co-financing).

7. Implementation schedule:

7.1. Start of tendering/call for proposals: IV quarter 2002
7.2. Start of project activity: I quarter 2003
7.3. Project completion: II quarter 2004

8. Equal opportunities

Equal opportunities shall be ensured in the employment structure of the institution, formed as a result of the project’s realisation. Requirements that have to be met by the personnel of ARMA - the project's beneficiary - are the same irrespective of sex.

9. Environmental impact: not applicable
10. **Rates of return:** not applicable
11. **Investment criteria:** not applicable
12. **Conditionalities and sequencing**

12.1. **Conditionalities**
The Agency for Restructuring and Modernisation of Agriculture shall ensure appropriate organisation of labour through delegating/employing of personnel necessary for activities connected with the project. Those people shall be responsible for the co-ordination of work within the Agency and for co-operation with other institutions, in particular with the Ministry of Agriculture and Rural Development and the Ministry of Finance.

Any other bodies involved must be identified (by Phare 2000 project) and operational links between the different bodies defined before the starting of the project.

The Polish party shall approve the final variant of the system for servicing of structural funds for agriculture and rural areas.

The obligations of the Polish party are in particular:
- Delegating/employed of personnel necessary for activities connected with the project;
- Ensuring of co-ordination between institutions involved in the project;
- Juridical assistance;
- Providing legal framework for implementation of changes stipulated for in the project;
- Providing access to necessary information and documents;
- Project co-financing.

12.2. **Sequencing of activities**
- Selection of experts from Poland and EU;
- Preparation of training programmes;
- Selection of participants in the training courses from the personnel of the ARMA and co-operating institutions involved in implementation of OP co-financed by EAGGF-Guidance Section;
- Principles of structural funds promotion and information requirements elaborated; Preparation of information materials;
- Training for employees of implementing institutions, including ARMA; dissemination of results of elaboration on institutional arrangements in the regional level;
- The ARMA’s organisational structure and procedures adjusted;
- Elaboration of support system for institutions which shall be engaged in providing the assistance in projects preparation for the recipients of EAGGF funds.
<table>
<thead>
<tr>
<th>Overall Objectives</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions and Preconditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Preparation of the institutional system for implementation of EAGGF structural funds for the development of agriculture and rural areas.</td>
<td>- Increase in the capacity for management and implementation of projects realised from structural funds.</td>
<td>- Governmental documentation; - MARD’s reports; - Documentation of the ARMA and regional implementing institutions - Reports of the Monitoring Committee; - ARMA’s reports; Documents and reports from the European Commission and other European institutions.</td>
<td>- A: - Due co-operation between governmental and self-governmental partners; - Involvement of the Polish authorities in preparations of the agricultural sector for the integration; - Investment of adequate resources by the Polish party; - Competent personnel handling the above mentioned problems; - Legal adjustments implemented; P: - Legislation prepared. Draft Program Complement specifies implementing institutions</td>
</tr>
</tbody>
</table>

**Immediate Objectives**

### Project: Adjustment and strengthening institutions involved in implementation of operational programme co-financed by the EAGGF-Guidance Section

- **Contracting period expires**: 30/11/04
- **Disbursement period expires**: 30/11/05
- **Total budget**: 2.5 MECU
- **Phare Budget**: 2.0 MECU
Preparation of the Agency for Restructuring and Modernisation of Agriculture, i.e. ARMA Head Office and regional branches, for fulfilling implementation functions in Sectoral Operational Programme “Restructuring and modernisation of the food sector and the development of rural areas” (within the competence of the Ministry of Agriculture and Rural Development) on the basis of Regulations 1257/1999, 1260/1999, 438/2001 and 445/2002.

Strengthening the institutions involved with EAGGF funds in the regional level, fulfilling implementation functions and enhancing the institutions providing the assistance for the recipients of aid from EAGGF.

An institutional system for implementation and management of projects co-financed by the structural funds.

Competence and scope of activities aiming at the coordination of principles, control and monitoring of programmes and projects co-funded by the structural funds defined.

Governmental documentation; MARD’s reports; Documentation of the SF Monitoring Committee; reports submitted to the Monitoring Committee; Documents and reports from the European Commission and other European institutions; Newly enforced legal acts regulating the new situation.

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions and Preconditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The ARMA’s organisational structure and institutional connections with respect to the servicing of activities co-financed from the EAGGF adjusted. The ARMA shall be reinforced and institutionally prepared for its new, extended role, with the Agency’s organisational structure adjusted for the purpose of EAGGF-Guidance OP implementation and with respect to financial and accountancy servicing. Regional self-government institutions, performing the implementation function of the EAGGF-Guidance funds, institutionally prepared for its new role, Institutions, which shall be identified under extended Phare 2000 (PL0006.01) project – <em>Institution building for rural development</em>, responsible for providing the assistance in project preparation for the recipients of EAGGF funds, enhanced The personnel in ARMA Head Office, ARMA regional branches and regional implementing institutions, specified in Programme Complement, prepared for the new tasks. Principles of EAGGF funds promotion elaborated and information campaign aimed at potential beneficiaries of EAGGF funds prepared.</td>
<td>Teams organised and the scope of tasks connected with the servicing of the funds defined; qualifications of ARMA employees of ARMA, regional implementing institutions enable the performing of the tasks; Methodology and principles prepared for the institutions; ARMA’s and collaborating institutions’ personnel prepared for introducing EAGGF funds; Prepared on-going and progress reports,</td>
<td>MARD’s reports; Informational materials ARMA’s and implementing institutions’ reports; Evaluation of training courses; Documents and reports from the European Commission and other European institutions; Reports on the implementation of projects.</td>
<td>A: Principles of SOP’s functioning elaborated; No co-operation conception and methodology papers elaborated; Acquainting the personnel of the ARMA with EU regulations and procedures; Proper application of the procedures in the Polish circumstances.</td>
</tr>
<tr>
<td>Activities</td>
<td>Objectively Verifiable Indicators</td>
<td>Sources of Verification</td>
<td>Assumptions and Preconditions</td>
</tr>
<tr>
<td>------------</td>
<td>----------------------------------</td>
<td>------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>Consulting (twinning); Experts and consulting; Training courses and seminars (possible also study tours); Preparation of principles of ARMA’s functioning, elaboration of recommendations for regional implementing institutions; Elaboration of support system for institutions assisting recipients in project preparation; Preparation of structural funds promotion and information requirements; Preparation of training and information materials.</td>
<td>Contracts for assistance from foreign experts, including twinning co-operation, signed; Expert examination on competency and organisation of institutions carried out; Training courses in Poland on management, procedures and implementation of projects within SFs; Study tours to selected EU member states for employees of institutions involved with implementation of EAGGF-Guidance; training courses on EAGGF funds organised for employees of implementing institutions; Prepared principles of ARMA’s and regional institutions’ functioning and of structural funds promotion and information requirements; Prepared principles of support system for institutions assisting recipients in project preparation.</td>
<td>Reports on project’s implementation.</td>
<td>A: Appropriate choice of a twinning partner; Competent experts and consultants; Availability of national funds.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Date of Drafting</th>
<th>Oct. 2001</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Budget Allocation Cost Estimate in MEUR</th>
<th>PLANNED</th>
</tr>
</thead>
<tbody>
<tr>
<td>IV ‘02</td>
<td>I ’03</td>
</tr>
<tr>
<td>IV V VI VII VIII IX X</td>
<td></td>
</tr>
<tr>
<td>Implementation schedule</td>
<td>D C I I I I</td>
</tr>
<tr>
<td>Contracting schedule</td>
<td>2,00</td>
</tr>
<tr>
<td>Disbursement schedule</td>
<td>0,45 0,90 1,35 1,80 2,00</td>
</tr>
</tbody>
</table>

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