1. **Basic information**

1.1. **Cris Number:** 2006/018-180.04-04  
**Twinning No:** PL/06/IB/AG/03

1.2. **Title:** Preparation of Agency for Restructuring and Modernization of Agriculture for the implementation of new CAP reform.

1.3. **Sector:** Agriculture

1.4. **Location:** Poland, Warsaw, Agency for Restructuring and Modernisation of Agriculture

2. **Objectives**

2.1. **Overall objective:**

The overall objective of this project is more productive and higher quality agricultural production in Poland through the effective implementation of the new CAP reform with the extensive use of Integrated Administration and Control System/Land Parcel Identification System/Geographical Information System (IACS-GIS/LPIS).

2.2. **Project's purpose:**

The immediate objective of the project is the overall strengthening and adjustment of the existing organisation, system and operational capacity of the Agency for Restructuring and Modernization of Agriculture (ARMA) pertaining to the requirements laid down in the EU regulations within the Common Agricultural Policy reform.

2.3. **Justification**

The Comprehensive Monitoring report issued by the European Commission in November 2003 states:

"*In the area of Paying Agencies, the Agency for Restructuring and Modernisation of Agriculture (ARMA) will be in charge of rural development measures and direct payments, including IACS (...). There is a serious risk that a functional (IACS) will not be in place. This is particularly due to the difficulties associated with recruiting and training the huge number of staff required for different functions implementing a proper IT system, as well as because the basic land use information of the cadaster contains errors and is out of date for a range of parcels*".

Until today the most of the issues addressed in this report were successfully implemented into the IACS system. Poland according to the Treaty of Accession adopted the Single Area Payment Scheme (SAPS) system for three years with the possibility of further extension. The system has been prepared and is now operational but the new requirements of the CAP reform yield deep modification and adjustment to the rules stated by the regulations.

3. **Description**

3.1 **Background and justification:**

The reform of the Common Agricultural Policy sets out new tasks for the Member States that entails the necessity to reorganize and modify the supervision and control systems in order to both ensure the accurate distribution of aid funds and to control the execution of the cross-compliance principle.
As it is so important issue, this project aims to ensure the support for the Paying Agency (the Agency for Restructuring and Modernisation of Agriculture responsible in Poland for the implementation and handling of majority of measures under the Common Agricultural Policy) in adjusting the currently operating system to new requirements of the EU regulations, in particular the development of control and information methods as well as techniques for agriculture and rural development under the Integrated Administration and Control System or with the use of this system.

Withdrawal from the current aid system by the end of 2008 will result in many changes pertaining to calculation of direct payments such as: country division for regions, introduction of set-aside obligation, fulfillment of cross-compliance requirements, implementation of single payment entitlements’ rules and change of some payment rules with regards to certain crops.

The key elements of new CAP reform cover the following areas:

1. Single payment per farm (SPF) or single payment per region (SPR) independent of the production;
2. Correlation between receiving of SPF or SPR as well as specific payments for particular kind of production and requirements referring to fulfilment of certain standards by any farm – Cross Compliance rules;
3. Reduction in direct payments (modulation) for farms and allocation of additional financial sources accumulated due to modulation rule for rural development;
4. Mechanism of financial discipline based on reduction of direct payments if the limit of expenditure for CAP is exceeded;
5. Changes on milk, cereals, high protein content’s plants, starch potato, dried fodder, renewable energy market;
6. Increase of rural development role in terms of scope and level of support

Change of payments’ rules (SAPS – SPS) requires thus a modernisation of the IACS system. In particular this refers to the Farm Register System (FRS) which, within different EU funds, will be utilised for benefits of all EU support schemes. Within FRS all data about farms, including information on arable land belonging to a farm and payments’ entitlements, will be collected and stored. Therefore, the current Farm Register will be modified taking into account requirements laid down in acquis communautaire.

The new CAP reform (SPS) introduces not only separation of payments from production but also obligatory rules within Cross Compliance. These rules are requisite of payments dependent on fulfilment of conditions pertaining to keeping arable land in good agricultural and environment conditions. New requirements result in necessity of defining detailed conditions, rules of controls and implementation of collecting and processing system of data received from carried out controls. The implementation of Cross Compliance mechanisms requires participation of many external institutions that will participate in carrying out these controls.

The particular attention is paid to the widest possible use within IACS of spatial data derived from different sources. The currently prepared and further developing LPIS system operating in the GIS technology for the SAPS system requires modification of IACS-GIS/LPIS system in order to enable carrying out a sufficient and extensive control system of all measures handled by ARMA with the possibility to exchange data with other institutions and authorized units which conduct control activities and co-operate with existing agricultural information systems and Farm Advisory
Preparation of Agency for Restructuring and Modernization of Agriculture for the implementation of new CAP reform

System (FAS). Further development of GIS technology will allow a comprehensive and efficient handling of SPS, RDP and relevant cross-compliance elements.

As far as the reference system is concerned, Single Payment Scheme will increase the interest of more suitable reference parcel for the character of the scheme. The analysis should be performed in order to define the rules of possible migration to a modified system and its further maintenance. The reference system which will constitute the basis for the net area check and its eligibility remains a crucial element for cross-check between schemes but in more efficient way and will support the definition and check of cross compliance. The intention is to implement the new reference spatial data bases for this purpose with the appropriate attributes to achieve highly advanced level of automatization in the process of administrative control, risk analysis and monitoring system, introducing results of the control and make use of them for the data base spatial analysis. The foreseen approach should integrate much other information: physical (slope, DTM, etc), land use elements (edges, terraces, etc) and landscape feature and it requires integrating all the zones and maps related to the Directives.

The provision of the appropriate organizational and technical opportunities will allow development and transformation of the currently operating infrastructure into the centre of agricultural geographical information and advisory system.

The control and information system will permit to enhance the quality of applications in terms of their correctness and also improve effectiveness of usage of available aid and at the end, the efficacy of the CAP reform implementation. Therefore, the CAP reform requires execution of new approach to the existing solutions in the already working management and control systems with the special focus put on the change and extension of GIS and LPIS role within IACS.

The approach which is recommended by the Commission (JRC) is the horizontal one, which consolidates all geographical issues of cross-compliance between various schemes/pillars with regards to the rule - “the same beneficiary and the same geographical reference” (Cross compliance/ SMRs/ GAECs/GFPs - IACS GIS-LPIS). The main changes are envisaged in the field of organisation of reference data bases, acquisition and distribution of data but not only from the technical solution point of view but also in the context of institutional framework. Therefore, the existing one needs definition of the scope of cooperation with the public administration institutions and constitutes the legal bases for the appropriate management.

For the purpose of appropriate implementation, control and evaluation, production of geographical statistics and indicators, the exchange of data is necessary with such institutions as veterinary services (animals), environmental services in charge of Nature programme, water basin agencies, Manure Registers, etc. So it is extremely important to learn and explore the knowledge of other EU countries which are more experienced and are able to give the practical advice (with the knowledge of the Polish conditions) on the day-to-day bases in this matter in order to elaborate and adopt the best and the most effective solutions (apart from the possible JRC support, which is important on the level of interpretation of the acts and verification of elaborated solutions).

This project is also to ensure thematic and technical support with respect to the modification of the management structure as well as correct functioning of register and control modules of the system as regards subject and object data and entitlements that entail the necessity of simultaneous use of the data from the farm register and land parcel identification system. The necessary modifications of the farm register in order to extend the information in the register and ensure its compatibility with the register of entitlements and Geographical Information should be taken into account.
For the correct implementation of the above mentioned actions, it is necessary to prepare a detailed guidelines, manuals and methodology on how to carry out controls with division of tasks for all institutions involved. A system of data collection and processing for the need of support schemes implemented within EU funds must be elaborated and implemented. The implementation of regulations laid down in Council Regulation No 1782/2003 and operational decrees requires preparation of a national regulations and detailed rules of granting the single payments and other aid schemes.

In order to fully implement the system of single payment it is necessary to elaborate procedures and instructions for administrative controls. For a proper implementation of the above activities it is also essential to prepare personnel of the Paying Agency through preparation and carrying out training programs and workshops for the HQ and train of trainers for the regional offices of ARMA in order to improve their qualifications and capability to serve SPS.

It is of a key importance that the transfer to the SPS system for the already implemented IACS system for SAPS, full integration within the Rural Development Plan (RDP) measures system taking into account the environment and sanitary directives as well as the implementation and control of the observance of the cross-compliance principle proceeded efficiently in terms of use of labour and resources in the shortest possible time. Such an ambiguous task related to the implementation of the new rules for agricultural producers under CAP requires strong support to be provided within the activities envisaged in the project described above in order to fully shift from the current system into SPS at the latest by 2008.

3.2 Linked activities:

Phare PL9206 project "Land Information System".
Within the scope of the above project, aerial pictures in the scale of 1:26000 were taken for the entire territory of Poland, on the basis of which the Head Office of Geodesy and Cartography drew up digital orthophotomaps in the scale of 1:5000 for some urban areas. Orthophotomaps in the scale of 1:10,000 covering a small part of Poland's territory were also made. It should be noted that the above orthophotomaps have been developed on the basis of pictures taken before 1997 (they are more than five years old). Thus, the projections cannot be used in development of the Land Parcel Identification System (LPIS).

Phare PL9312-05-06 project – "Support and improvement of the cadastre in rural areas”.
The above project aimed at design of a modernisation technology for cadastral maps and the cadastral system in the rural areas of Poland. One of the objectives of the project was to carry out an analysis of use of photogrametric methods for purposes connected with cadastral requirements. Pilot examinations were carried out on the territory of the gmina of Słupno in the Plockie voivodship.

Within the scope of the project, photogrametric materials were made on the basis of aerial pictures obtained specifically for this project in the scales of 1:10 000 and 1:26 000.

Project PL98/IB/AG/01 – Reinforcement of MAFE for Integrated Administration and Control System (IACS)
The objective of this project was to elaborate a concept of the multi-functional farm register in Poland and its implementation in two pilot regions (Warmińsko-Mazurskie and Podkarpackie Voivodships).

Project PL98/IB/AG/03 Implementation of Animal Registration and Identification System (I&R)
The objective of this project was to create a concept and subsequently implement an animal identification and registration system in the same two pilot regions.

**Phare '99, project 4.4 - Preparation for the implementation of the Common Agricultural Policy.**
The general objective of this project was to prepare and initiate the creation of institutional capacities for the implementation of the Common Agricultural Policy. One of the specific objectives was 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.

**Phare PL0006.09 project – Preparation of selected CAP instruments.**
The general objective of the above project was the development of the Integrated Administration and Control System (IACS) in Poland for the implementation of CAP direct payments in line with the EU legislation. The main targets of the mission have been achieved and the methodology for on-the-spot control and remote sensing control procedures for aid applications using the Geographic Information System (GIS) were designed.

**Phare PL01.04.08 project – IACS and the Animal Identification and Registration System.**
Activities in the Twinning PL/IB/2001/AG/07 were carried out with the intention of possess a knowledge connected with the new elements introduced by EU legislation relating to LPIS, direct payments control and solutions used in the respective EU Member States in scope of control programmes of payments. It was also aimed at control related to activities implemented by ARMA within Phare ’99 (physical control and remote sensing) and presentation of recommendations for ARMA organisation structure of control services. Realisation of tasks concerning the elaboration of vector database is depending on the availability of the digital orthophotomap that was produced within the frame of the above project. Due to this project, the reference layer of orthophotomap for the needs of Land and Parcel Identification System (LPIS) was prepared for the area covering over half of Poland territory.

**Phare 2003/005-710.04.05 - Improvement of the LPIS system drawing on the GIS technology**
The general objectives of this project are: continuation of development of the Land Parcel Identification System (LPIS) databases using GIS techniques and preparing Poland administrative structures and human resources to implement UE requirements in the field of IACS system in order to be able to apply CAP instruments.

The project is also focused on obtaining the vector maps of reference parcels and land use for the area of 150 000 km².

For the time being, LPIS in GIS technology supports exclusively SAPS and the twinning contract of this project concentrates on the issues related to the elaboration, implementation and updating of the reference data bases, procedures and functionalities for this purpose. The twinning contract is going to be finished in 3rd qtr 2006, the long before the TS5 is going to start and not cover the problems of the new CAP reform in any particular subject.

According to EU experts’ recommendations, it is necessary to continue the implementation of GIS techniques to be compliant with the new Regulations reforming the CAP (for example Single Payment Scheme) and development of administrative infrastructures and programs for the management of Geographical Information (GIS-Centre).

The Phare 2004 Programme aims at strengthening of administration capacity in the field of programming and implementation of rural development measures under the EAGGF in new programming period 2007-2013. Under the project the preparation of rural development measures implementing institutions for fulfilling implementation, control, monitoring and payment functions according to the new EU rural development legal framework will be envisaged.

3.3. Results

The ARMA, with the assistance of the MS Partners and the support of technical assistance will achieve the following results:

1. Institutional capacity with respect to implementation and servicing of support systems under new CAP with regard to the SPS implementation, Statutory Management Requirements (SMR), full RDP integration and cross-compliance strengthened
2. Necessary organizational, procedural and functional changes inside the IACS-GIS/LPIS including also cooperation with external institutions in the context of the exchange of data and the scope of duties identified.
3. Training sessions and training materials pertaining to applied solutions for the verification of entitlements to payments within IACS-GIS/LPIS prepared.
4. The Feasibility Study on possibility of modernisation and optimisation of IACS-GIS/LPIS prepared.
5. The technical project for modernization and optimisation of the IACS-GIS/LPIS through implementation phase of solutions allowing for the efficient implementation of the CAP reform realized.

3.4. Activities

Contract 1 – Twinning - TF budget: 0, 674 M€

Resident Twinning Adviser (RTA) will be responsible for:

- general organization of the work envisaged under the contract for the twinning partner(s)
- providing technical support in implementation of elements relating to CAP reform
- developing schedules, detailed terms of reference and work with short-term experts
- providing training for ARMA with short-term experts as Trainers, including organization and financing of study visits (the aim of the study visits will be to see in practice the implementation of SPS in selected MS with reference to LPIS/GIS and cross compliance). Due to the nature and scope of the task, it is assumed to finance the organization of at least 5 study visits for 10 persons each.
- supporting in efficient exchange of information between Institutions involved in the project
- organisation of the Project Steering Committees

During his / her 16 months stay in Poland, the RTA shall be working in the ARMA, Warsaw. The ARMA is responsible for design, management and implementation of the project.

The RTA profile:

a) MS public high level civil servant
   In depth knowledge of implementation of the new CAP reform - in particular in technical and organizational aspects
b) Professional (proven) experience – at least 5 years in:
  • public administration involving implementation of CAP reform
  • the EU requirements with regards to activities financed from EU funds
  • the field of GIS techniques
  • the project management and technical plans development
  • the financial management

c) Fluency in English

**The Project Leader profile:**
  a) High level MS representative
  b) Broad knowledge of implementation of the new CAP reform - in particular in technical and organizational aspects
  c) Experienced in project management and technical plans development financial management
  d) Fluency in English

**The short-term experts profile:**

In general:
  a) Experienced in the organisation and implementation of large scale projects with the involvement of many institutions
  b) In depth knowledge of implementation of the CAP and IACS implementation
  c) In particular, the following group of experts with professional experience of at least 3 years experience should be required:
      • Expert no 1 – specialists in new CAP reform and related IACS organisation and its legislation
      • Expert no 2 – specialists in implementation of Cross Compliance rules and requirements
      • Expert no 3 – specialists in IACS-GIS/LPIS development and management under new CAP (particularly: LPIS-GIS databases, data analysis and data processing)
      • Expert no 4 – specialists in training programmes and preparation of manuals, instructions
  
  d) All experts have to be fluent in English

**Activities of Twinning:**

- **Activity 1: Support in elaboration of rules for CAP reform – approximately 40 man-days**
  - Pointing out all necessary supplement and changes required in the national law pertaining to system operation
  - Support in elaboration of the strategy for cross-compliance controls (methodology of the sampling and the criteria)
  - Support in carrying out of all necessary activities undertaken by involved Ministries and related institutions (Ministry of Agriculture and Rural Development (MARD), Ministry of Environment etc.) with regards to Statutory Management Requirements and implementation of directives linked to SPS compliance

- **Activity 2: Support of the IACS-GIS/LPIS system to be compliant with the new CAP reform - approximately 70 man-days**
  - Provide necessary advice on the changes required for the organisational and functional structure in IACS-GIS/LPIS to be compliant with external institutions, agriculture information system and FAS
- Modernisation of Farm Register, including identification and registration of payments’ entitlements for the need of Operational Plan for Rural Development and SPS
- Advising in the process of implementation of SPS, full RDP and cross-compliance with the respect to integration into IACS-GIS/LPIS
- Support in elaboration and updating of necessary books of procedures

- **Activity 3: Support in upgrading of reference data base using GIS techniques – approximately 30 man-days**
  - Further implementation of GIS techniques for the integration with other modules of the system,
  - Development of administrative infrastructure and programs for the management of geographical information system (GIS)
  - Support in the upgrading of extended reference database for the needs of the new system
  - Defining of LPIS changes and rules of reference model migration

- **Activity 4: Defining the terms of co-operation for the external institutions – approximately 20 man-days:**
  - Elaboration of detailed rules for exchange of spatial data and distribution of data and information
  - Elaboration of rules of co-operation for institutions responsible for controls

- **Activity 5: Trainings and guidelines – approximately 40 man-days:**
  - Elaboration of the training materials related to entitlements for payments
  - Dissemination of knowledge to the Paying Agency, MARD, Ministry of Environment and Agricultural Advisory Centers staff (training for the trainers)
  - Training of ARMA employees from local and regional offices as well as co-operating institutions on how the system operates with particular attention put on the use of reference data
  - Training of Specialized Control Bodies with regards to carry out controls and reporting
  - Elaboration of manuals on control systems, receiving and processing of data, fulfilment of C-C requirements for all beneficiaries of direct payments

All the activities of twinning experts will be supported by the beneficiary and by National Experts in the administrative and IT fields – approximately 30 man-days:

- **The National Experts profiles:**
  - *for administrative field (2 experts):*
    - Experienced in the implementation of CAP reform in Poland
    - Knowledge of EU and Polish legislation
  - *for IT field (2 experts):*
    - Experienced on polish IACS-GIS/LPIS system
    - Knowledge in Geoinformatics (particularly *e-government, geoinformation, GIS*)

The costs of national experts will be covered by the Polish co-financing.
The TF budget will cover the following items:

1. RTA salary and allowances approx. 250,000 €
2. Preparation and drafting of the technical contract approx. 25,000 €
3. Project assistant approx. 30,000 €
4. Project Coordination (Steering Committees) approx. 30,000 €
5. STEs (fees, flat rate, per diem) approx. 229,000 €
6. Local & international Travel for RTA, Assistant and STE approx. 30,000 €
7. Study visits approx. 50,000 €
7. Translation & Interpretation approx. 30,000 €

**TOTAL** approx. 674,000 €

Contract 2 – Feasibility Study on modernisation and optimisation of IACS-GIS/LPIS system – financed only from the co-financing (National Public Funds)

Objective:
To elaborate feasibility study for the system pertaining to use of new technological solutions

Description:
Taking into account the scope of necessary changes to the existing system of payments for the farmer related to the CAP reform, it seems necessary to analyze the existing payment scheme and technical evaluation of its modules of functionalities.

The task of this contract should focus on the proposition of technical solution to make possible to use of IACS and other systems and database resources at the same time, in order to enable detailed control of entitlements based on spatial database. The study should also cover the elaboration of IT support necessary to manage the C-C requirements. ARMA as the Paying Agency intends to transfer this task to outside consultant.

Contract 3 - Technical Assistance - Optimisation of IACS-GIS/LPIS system
TF budget: 0,15 M€

Objective:
To elaborate system application based on solutions proposed in the feasibility study

Description:
The task of this contract should focus on the proposition of technical solution to make possible to use of IACS and other systems and database resources at the same time, in order to enable detailed control of entitlements based on spatial database. For the use of external database carrying out by other institutions in the view of conception of the system based on the scattered bases, it is foreseen to prepare application enabling using graphical data bases in controls of C-C requirements. The same databases should be accessed by agriculture information systems and FAS. ARMA as the Paying Agency intends to transfer this task to outside consultant. The technical conditions will be based on twinning experts’ recommendations and elaborated with them. Specifically, the structure of the data base, cross compliance control results’ entering, rules of imports and correlation between data and modules required further modifications. More detailed need analysis is attached to this fiche as Annex no 5.
3.5 Lessons learned

During the creation of the Project fiche all recommendations of monitoring report and results from evaluation from previous projects were taking into account. The number of experts’ missions was adjusted to actual needs and absorption possibilities of particular departments and organizational units. The schedule of the project is assumed by ARMA activities. The activities taken within the project have been planned in the way that experts’ recommendation can be implemented into the system during the project with the possibility of assessment. During preparation of this project the experts’ recommendations from previous twinning contracts were utilized. In particular the preparation of the project was based on the recommendations concerning evaluation, modifications and integration of services of particular activities applying spatial data for realization of CAP reform needs that are the subject of the consultation within the frame of this project.

4. Institutional framework

Overall supervision of the project will be ensured by Ministry of Agriculture and Rural Development (MARD). The project will be implemented and co-ordinated by the Agency for Restructuring and Modernisation of Agriculture (ARMA) which will be the main beneficiary of the project.

The Agency for Restructuring and Modernisation of Agriculture (ARMA) is a leading institution in Poland with regard to implementation of structural transformation programmes in agriculture and rural areas. ARMA is playing the role of both implementing and paying institution. The role of implementing Agency covers direct or indirect activities such as elaboration of principles and procedures of granting assistance, monitoring and control. Acting as implementation and Paying Agency of direct payments and accompanying measures necessitates considerable preparation of the Agency.

Apart from ARMA, the following additional institutions subordinate to the Ministry of Agriculture and Rural Development will be involved in the Project implementation

- Main Veterinary Inspectorate,
- Main Inspectorate of Plant Protection and Seed;
- Main Inspectorate of Environment Protection,

ARMA will play a role of paying agency and it is likely to play a role of Co-ordinating Control Body (CCB) and Specialized Control Body (SCB) for selected cross compliance areas. The remaining institutions will play a role of SCB. Terms CCB and SCB are in line with Art. 42 of Council Regulation no 796/2004. The scope and competences of these institutions will result from the statements provided in for the Annex III of the Council Regulation No 1782/2003, for which these institutions are responsible for.

In addition, Head Office of Geodesy and Cartography (HOGC) – will ensure supervision over relevant parameters relating to the quality of the cadastral databases, assessment of compliance of the databases obtained with technical standards existing in geodesy and cartography. It will participate in holding of training sessions aiming at increase in the level of knowledge on GIS techniques among members of the system administration and co-operating institutions. It will participate in the training sessions as well.
The SPO will derive from Farm Register Department of the Agency for Restructuring and Modernisation of Agriculture (ARMA).
5. Detailed Budget

<table>
<thead>
<tr>
<th>Contract</th>
<th>Investment support (I)</th>
<th>Institution Building (IB)</th>
<th>Total Transition Facility (=I+IB)</th>
<th>National Public Funds (*)</th>
<th>Other Sources (**)</th>
<th>Total co-financing of the project</th>
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<tbody>
<tr>
<td>Contract 1</td>
<td>0.674</td>
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</table>

(*) contributions form National, Regional, Local, Municipal authorities, FIs loans to public entities, funds from public enterprises
(**) private funds, FIs loans to private entities

The amounts for national co-financing indicated in the table correspond to cash co-financing, unless otherwise stated. Contributions from the Polish administration for effective implementation of the twinning/TA may be further detailed in the twinning contract/Terms of references. Unless otherwise indicated joint co-financing is provided.

VAT does not constitute eligible expenditure except where it is genuinely and definitely borne by the final beneficiary. VAT which is considered recoverable, by whatever means, cannot be considered eligible, even if it is not actually recovered by the final beneficiary or individual recipient.

In case of parallel co-financing amounting to 0.365 M€ (Contract 1), the following activities will be financed from the parallel co-financing provision in the budget table: office space rent and necessary office equipment, necessary local expertise, training, workshops and conferences: venues, costs of catering, costs of materials, accommodation of ARMA employees, as well as presentation and interpretation equipment, local & international travel costs of ARMA employees (conferences, seminars, workshops, study visits), translation & interpretation costs, National Experts costs.

According to the joint financing procedure, the total cost of contract 3 (0.20 M€) will be financed with both Transition Facility funds and Polish funds, in proportions corresponding with contributions declared in the budget table.

In the case of Joint Co-financing, where the final overall cost is lower than foreseen in the project fiche, the National Public and Transition Facility Co-financing are reduced proportionally so as to maintain the agreed rate of co-financing. In the case of Parallel Co-financing, where the final cost is lower than foreseen in the project fiche, it must be shown that the overall objectives of the project have been fully achieved.

The co-financing will be available from the start of the project.
6. Implementation arrangements

There will be a Project Steering Committee (PSC) established in order to speed up the implementation process of the given project components in the first months after Financial Decision for Transition Facility 2006 is taken. The structure of the Committee will be working as an advisory and monitoring body until particular components are contracted and thus were appropriate may be replaced by the Twinning Steering Committee as well as Steering Committees for TA or investment components independently.

The participants of the Project Steering Committee will be representatives of the following institutions: PAO, NAC, CFCU and beneficiary (SPO and contact person as indicated in the fiche). It is also recommended to invite representatives of NAO services while the issues of financial management flow are to be comprehensibly discussed. The Project Steering Committee will meet every quarter starting from the date of signing the Financial Decision and will concentrate on discussing the problems occurred at the beginning phase of project implementation as well as on defining possible solutions and corrective measures. The PAO representative will organise and chair the PSC meetings.

6.1. Implementing Agency

Project Authorising Officer (PAO)
Tadeusz Kozek – Undersecretary of State
Aleje Ujazdowskie 9
00-918 Warszawa
tel: + 48 22 455 52 41

Central Finance and Contracts Unit (CFCU)
Director
ul. Górnośląska 4a
00-444 Warszawa
tel.: + 48 22 66 20 031

The Central Finance and Contracts Unit (CFCU) shall be responsible for holding of tenders, conclusion of contracts and effecting of contract payments on behalf of the Agency for Restructuring and Modernisation of Agriculture.

6.2. Twinning

A full twinning arrangement is being sought for 16 months to achieve the results described through a number of the activities. The RTA will be located at the Farm Register Department, ARMA for the overall duration of the project.

Contact persons:
Jolanta Orlińska
Director of Farm Register Department
Agency for Restructuring and Modernisation of Agriculture (ARMA)
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fax: + 48 (22) 318 53 23
e-mail: jolanta.orlinska@arimr.gov.pl
The **Polish Project Leader** is Mr Jacek Jarząbek, **Deputy Director of Farm Register Department**, from the Agency for Restructuring and Modernisation of Agriculture will be responsible for managing and implementing of the project to achieve the guaranteed results.

**Project Leader:** Mr. Jacek Jarząbek  
**Position:** Deputy Director of Farm Register Department, ARMA  
**Address:** Żelazna 59 Street, 00-848 Warsaw  
**Tel.:** +48 22 318 45 60  
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**e-mail:** jacek.jarzabek@arimr.gov.pl

The Polish Project Leader’s tasks are:

- To administer the Polish part of the project, especially to ensure that the Polish experts will be available;  
- To cooperate within the Project Steering Committee (SC);  
- To coordinate the preparation of all appropriate Polish reports during project implementation;  
- To cooperate with the Resident Twinning Advisor MS Project Management and the Polish experts.

The **Polish RTA counterpart**, **Deputy Director of Farm Register Department**, from the Agency for Restructuring and Modernisation of Agriculture will be responsible for **day-to-day co-ordination and running of the project** to achieve the guaranteed results.  
The Polish RTA counterpart: Mr. Maciej Jamrozik  
**Position:** Deputy Director of Farm Register Department, ARMA  
**Address:** 59 Żelazna Street , 00-848 Warsaw  
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**e-mail:** maciej.jamrozik@arimr.gov.pl  

**Administrative Office:**  
Department for Institution Building Programmes,  
Office of the Committee for European Integration,  
Aleje Ujazdowskie 9, Warsaw, Phone: 48 22 455 52 15, Fax: 48 22 455 52 14

6.3. **Non-standard aspects**  
Not applicable.

6.4. **Contracts**

Within the project the following contracts shall be executed:  
1. Contract 1 - Twinning contract – 1 039 000 EUR (674 000 EUR TF + 365 000 EUR national co-financing ) parallel co-financing;  
2. Contract 2 – Feasibility Study 100 000 EUR gross value (**only national financing**).  
3. Contract 3 –Technical Assistance 200 000 EUR (150 000 EUR TF + 50 000 EUR national co-financing ) joint co-financing
7. Implementation schedule:

**Contract 1 - Twinning**
7.1 Commencement of contracting process - IV Q 2006  
7.2 Start of project implementation/signature of contract - II Q 2007  
7.3 Project completion – IV Q 2008  

**Contract 2 – Feasibility Study**
7.1 Commencement of contracting process – I Q 2007  
7.2 Start of project implementation/signature of contract – II Q 2007  
7.3 Project completion – IV Q 2007  

**Contract 3 – Technical Assistance**
7.1 Commencement of contracting process – III Q 2007  
7.2 Start of project implementation/signature of contract – II Q 2008  
7.3 Project completion – IV Q 2008  

8. Sustainability
From the Polish side project will be managed by the Project Leader supported by 1 person from the technical assistance. At least 5 members of Farm Register Department directly involved in programming and implementation preparations will co-operate with RTA and the short-term experts on day to day basis. For smooth and effective results of the project a relevant number of persons from other co-operating departments and institutions will be involved in the implementation of the project as well. As a result of the project a number of manuals of procedures will be elaborated, feasibility study prepared and technical project implemented, approx. 50 persons from HQ and Regional Offices of ARMA trained and clear further actions identified, including necessary funding requirements.

9. Conditionalities and sequencing

9.1 Conditionalities
Detailed commitments of the Polish side include:
- a legal framework necessary to shift to SPS on the national level;
- all activities under project Phare 2003 “Improvement of the LPIS system drawing on the GIS technology” completed, in particular:
  - vectorisation of land use areas (non-functional areas) on the basis of the stereoscopic image model, including successive transfer of the data obtained to the system
  - integration of the vector data obtained from register maps with the orthophotomap raster image, successively within the scope of development and receipt of partial databases
  - relevant personnel trained in management of newly built data base using GIS technology

9.2 Sequencing of activities

**Contract 1 - Twinning**
- Preparation of twinning Contract (among others selection of experts from Poland and the current EU-25 Member States);
- Signing of the Twinning Contract;
- Setting up a Project Steering Committee;
- Project implementation.
Contract 2 – Feasibility Study on possible modernization and optimisation of IACS-GIS/LPIS system
  ▪ Preparation of the tender documents for carrying out of technical project
  ▪ Signing of the contract
  ▪ Elaboration of the Feasibility Study

Contract 3 – Technical Assistance on modernization and optimisation of IACS-GIS/LPIS system
  ▪ Preparation of the tendered documents for carrying out of technical project
  ▪ Signing of the contract
  ▪ Elaboration of the new system application
  ▪ Completion of the Contract
### Annex 1: Logframe matrix

#### LOGFRAME PLANNING MATRIX FOR Project

<table>
<thead>
<tr>
<th>Programme name and number</th>
<th>Contracting period expires:</th>
<th>Disbursement period expires:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation of Agency for Restructuring and Modernization of Agriculture for the implementation of new CAP reform</td>
<td>IV q. 2008</td>
<td>IV q. 2009</td>
</tr>
</tbody>
</table>

**Overall objective**

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| More productive and higher quality agricultural production in Poland through the effective implementation of the new CAP reform with the extensive use of Integrated Administration and Control System/Land Parcel Identification System/Geographical Information System (IACS-GIS/LPIS). | - Paying Agency accreditation received from the MoF by the end of 2008,  
- CAP reform implemented in Poland by the end of 2008  
- New structures required by the CAP reform operational by the end of 2008 | - Reports by the competent authorities for the accreditation of ARMA  
- Reports by EU Auditors. |  

**Project purpose**

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The overall strengthening and adjustment of the existing organisation, system and operational capacity of the Agency for Restructuring and Modernization of Agriculture (ARMA) pertaining to the requirements laid down in the EU regulations within the Common Agricultural Policy reform.</td>
<td>- The capacity for implementation and management of requirements imposed by Common Agricultural Policy reform by ARMA increased at the end of project</td>
<td>- Resources, both human and financial are allocated where necessary</td>
</tr>
</tbody>
</table>

**Results**

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| | - MARD Reports, Circulars and Memos on the subject;  
- Reports by the RTA and STEs;  
- Reports by the Polish Minister (MARD, MoF);  
- Reports by EU auditors. | |
1. Institutional capacity with respect to the implementation and servicing of support systems under new CAP with regard to the SPS implementation, Statutory Management Requirements (SMR), full RDP integration and cross-compliance strengthened.

2. Necessary organizational, procedural and functional changes inside the IACS-GIS/LPIS including also cooperation with external institutions in the context of the exchange of data and the scope of duties identified.

3. Training sessions and training materials pertaining to applied solutions for the verification of entitlements to payments prepared.

4. The Feasibility Study on possibility of modernisation and optimisation of IACS-GIS/LPIS prepared.

5. The technical project for modernization and optimisation of the IACS-GIS/LPIS through implementation phase of solutions allowing for the efficient implementation of the CAP reform realized.

### Activities Means Assumptions

**Component 1 – Institution Building**

**Activity 1: Support in elaboration of rules for CAP reform**

1.1 Pointing out all necessary supplement and changes required in the national law pertaining to system operation

1.2 Support in elaboration of the strategy for cross-compliance controls (methodology of the sampling and the criteria)

1.3 Support in carrying out of all necessary activities undertaken by involved Ministries and related

- New organization regulation and schedule in place by the end of 2008
- Checklists of all necessary changes and improvements to be done by the end of 2008
- Procedures, manuals, instructions prepared by the end of 2008
- List of necessary adjustments and changes to the national law prepared by the end of 2008
- Cross compliance strategy prepared by the end of 2008
- Farm Register modernised by the end of 2008
- Administrative infrastructure for GIS management in place by the end of 2008
- Rules of co-operation of external institutions responsible for controls prepared by the end of 2008
- Application enabling using graphical data bases in controls prepared within the technical project by the end of 2008.

- Legislation tabled in Parliament,
- Updated Manuals of Procedures, Reports submitted by the RTA
- Reports submitted by Short Term Experts and their annexes
- Report by officials attending study visits.

- Twinning contract in place
- Relevant RTA & STEs selected and approved
- Number of training programmes, seminars, workshops, study visits, etc. realized in successful and efficient manner
- Terms of reference for co-operation with external institutions elaborated by the end of 2008

- Reports from the contracts implementations, meeting of the Steering Committees minutes, Reports from training programmes, workshops, study visits, etc
- Prepared manuals, procedures, instructions, etc.

- All necessary resources, both human and financial, in place and remain available
- Effective and timely communication and collaboration between all partners involved in development of the system under new CAP reform (cross compliance,
<table>
<thead>
<tr>
<th><strong>Activity 2: Support of the IACS-GIS/LPIS system to be compliant with the new CAP reform</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Provide necessary advice on the changes required for the organisational and functional structure in IACS-GIS/LPIS to be compliant with external institutions, agriculture information system and FAS</td>
</tr>
<tr>
<td>2.2 Modernisation of Farm Register, including identification and registration of payments’ entitlements for the need of Operational Plan for Rural Development and SPS</td>
</tr>
<tr>
<td>2.3 Advising in the process of implementation of SPS, SMR, full RDP and cross-compliance with the respect to integration into IACS-GIS/LPIS</td>
</tr>
<tr>
<td>2.4 Support in elaboration and updating of necessary books of procedures</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Activity 3: Support in upgrading of reference data base using GIS techniques</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Further implementation of GIS techniques for the integration with other modules of the system</td>
</tr>
<tr>
<td>3.2 Development of administrative infrastructure and programs for the management of geographical information system (GIS)</td>
</tr>
<tr>
<td>3.3 Support in the upgrading of extended reference database for the needs of the new system</td>
</tr>
<tr>
<td>3.4 Defining of LPIS changes and rules of reference model migration</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Activity 4: Defining the terms of reference for the external institutions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Elaboration of detailed rules for exchange of spatial data and distribution of data and information</td>
</tr>
<tr>
<td>1.2 Elaboration of rules of co-operation for institutions responsible for controls</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Activity 5: Trainings and guidelines</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Elaboration of the training materials related to entitlements for payments using spatial data</td>
</tr>
</tbody>
</table>

- Four (4) National Experts selected and approved
- Defined and distributed responsibilities among all participant of the IACS system.
5.2 Dissemination of knowledge to the Paying Agency, MARD, Ministry of Environment and Agricultural Advisory Centers staff (training for the trainers)

5.3 Training of ARMA employees from local and regional offices as well as co-operating institutions on how the system operates with particular attention put on the use of reference data

5.4 Training of Specialized Control Bodies with regards to carry out controls and reporting

5.5 Elaboration of manuals on control systems, receiving and processing of data, fulfilment of C-C requirements for all beneficiaries of direct payments

All the activities of short-term experts will be supported by National Experts in the administrative and IT fields


**Preconditions**
- Recommendations from previous Phare thoroughly assistance examined and implemented when appropriate
Annex 2-3: Implementation, contracting and disbursement schedules

<table>
<thead>
<tr>
<th>Preparation of Agency for Restructuring and Modernization of Agriculture for the implementation of new CAP reform</th>
<th>Date of Drafting</th>
<th>October 2005</th>
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</thead>
<tbody>
<tr>
<td>Planning Period</td>
<td>2006-2009</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>PLANNED</th>
<th>Budget Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>IV’ 06</td>
<td>I’ 07</td>
<td>II’ 07</td>
</tr>
<tr>
<td>I</td>
<td>II</td>
<td>III</td>
</tr>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
</tbody>
</table>

**CONTRACT 1**

- Implementation schedule: D D C/I I I I I I
- Contracting schedule: 0.674
- Disbursement schedule: 0.10 0.20 0.30 0.40 0.50 0.60 0.674

**CONTRACT 3**

- Implementation schedule: D D D D D D C/I I I
- Contracting schedule: 0.15
- Disbursement schedule: 0.15 0.15

**Legend:**
- D = design of contract and tendering
- C = signature of contract
- I = contract implementation and payment

Budget Allocation
Cost Estimate (in MEUR) 0.824
Annex 4. The most important acquis communautaire related to the project

Annex 5. Need analysis related to the project to Contract no 3

1. Based on feasibility study for the system pertaining to use of new technological solutions elaborated under Contract no 2, and following clearly defined rules and procedures, a **system application** (software) within IACS will be developed. The task to be assigned to the external contractor will cover the development of new modules **within IACS-GIS/LPIs** which will be integrated into the overall Paying Agency IT system to be compliant with SPS requirements.

2. In particular, those should be modules facilitating a detailed control of entitlements using spatial database and other graphical database. These new modules elaborated will comprise the appropriate structure of the database, cross compliance control results’ entering, rules of imports and correlation between data as to ensure smooth operation of the overall IT system.

3. Finally, it is extremely important that these new modules will be developed in that way that other institutions and their IT systems involved in the process of control of entitlements will have a controlled access to it and vice versa, hence the data among the participants of the system will be shared in the controlled way.

4. Moreover, the external Contractor is to train people directly involved in the operation of the new system.