STANDARD SUMMARY PROJECT FICHE

1. Basic Information

1.1 CRIS Number: 2002/000.610-06
1.2 Title: Development of Structures for Implementation of IACS (Integrated Administrative and Control System)
1.3 Sector: Agriculture - SK/02/IB/AG/02
1.4 Location: Slovak Republic

2. Objectives

2.1 Overall Objective:
- Harmonisation with the acquis in the agricultural sector
- Building of legislative, administrative and institutional structures compatible with the EU structures necessary for the implementation of the instruments of the Common Agricultural and Structural Policy

2.2 Project purpose:
Preparation of Slovak institutional structures necessary for the implementation of IACS in line with the requirements of EU CAP

2.3 Accession Partnership and NPAA priority

2001 Accession Partnership priorities:

- Upgrade the capacity of agricultural administration and complete preparations for the enforcement and practical application of the management mechanisms of the Common Agricultural Policy, in particular the Integrated Administration and Control System, the Paying Agency, quality and marketing standards and carcass classification.
- Reinforce the administrative structures needed for the design, implementation, management, monitoring, control and evaluation of EC funded rural development programmes.

2001 NPAA priorities:

- Gradually build the IACS for the implementation of the Common Agricultural Policy
- Build a functional system for the administration of export and import measures
- FADN – classify legal and physical persons on the basis of the results of the structural census of farms
- Gradually create conditions for the interconnection of the sector’s information system with information systems in the EU (including the Forestry Information System, which will have to be adjusted to EFICS conditions)
- Gradually rebuild the system of structural policy instruments according to the system applied in the EU.
2.4 Contribution to National Development Plan
Not applicable

2.5 Cross border Impact
Not applicable.

3. Description

3.1 Background and justification:

The project is directly connected to the activities realised so far in the field of building the administrative and institutional structures for the execution of the Common Agricultural and Structural Policy. The existence of a functioning system of IACS is an important condition for the realisation and control of the direct payments granted from the funds of EAGGF. The obligation to introduce such a system results for the EU Member States from the Council Regulation No 3508/92/EEC and its implementing rules.

As far as the structural policy is concerned, the basic EU legislation is the Council Regulation No 1257/99/ES and its implementing rules on financing the rural development through EAGGF. This regulation defines the less-favoured areas, multi-functional agriculture, agro-environmental measures, etc. The Ministry of Agriculture is preparing and defining development programmes and supporting instruments in the field of agriculture and rural development. These are only partially harmonised with the EU legislation.

The basic objectives of IACS are generally defined in the Council Regulation No 1258/99 on the Financing of the CAP as well as in the Council Regulation No 1260/99 on EU Structural Funds and on Functioning of EAGGF. They are as follows:
- creation of a single, integrated procedure for submission, administration and checking of applications for subsidies;
- increasing the effectiveness of the administrative and control mechanisms concerning direct support to farmers;
- use of technical resources in administration and control with the aim to simplify them;
- avoiding the duplication of applications and not eligible payments.

The introduction of the IACS system became obligatory for the Member States in 1992 with the deadline of 1st January 1997 in connection with the reform of CAP in 1992. The EU adopted certain regulations ruling the introduction of IACS – the most important of them are as follows:
- Regulation No 3508/92 stating the introduction of the IACS system for the control and administration of the direct payments provided by the EU
- Regulation No 2419/01 stating the detailed rules for using the IACS.

Other regulations of the European Commission are defining the detailed and more concrete measures, including changes resulting from the Agenda 2000.
The range of support and compensation programmes of the EU administrated through IACS is presently very wide. Besides the system of direct payments (support of the production of selected arable crops, support of the production of selected farm animals) there are also environmental programmes (protection of natural resources and country preservation), measures on rural development, support of farm production in the less-favoured areas, agri-tourism etc.

The introduction of IACS in the Slovak Republic will have, besides the creation of the conditions for more active and directed subsidy policy as well as improvement of its control, also other synergy and multiplier effects, in particular in the area of more effective realisation of the agro-environmental programmes and the country preservation programmes.

The IACS will also play an important role in the control and monitoring of food safety starting from the producer to the consumer. The IACS will provide basic information on the origin of the agricultural products and will facilitate the identification of agricultural products.

The Ministry of Agriculture has adopted the Strategy for the implementation of IACS and building of the Paying agency, as the institutional requirement of the IACS. It also decided that there would be one Paying agency in Slovak Republic, resulting from the merge of the SAPARD Agency, Intervention Agricultural Agency and the Department of Paying Agency based on the Act of the Paying Agency. The Paying Agency will be a non-profit institution. There are already proposals of the number of employees needed and future organisational structure of the agency. Moreover there has been closed co-operation with the institutions that will be responsible for the creation of the registers as pre-requisites for the functioning IACS. The creation of LPIS was delegated to the Soil Science and Conservation Research Institute, Register of Vineyards and Hop fields to Central Control and Testing Institute for Agriculture. The State Breeding Institute will create a Register of animals.

3.2 Linked activities:

Phare Twinning project SR 98/IB/AG/02 - Germany as MS partner - “Preparation for the EU Common Agricultural Policy and Land Consolidation” – component: Establishment of the Paying and Intervention Agency:
Elaboration of a feasibility study with the aim to define the functions and organisation of the paying agency. This study should be used for the decision whether the special service for external auditing and the certifying body shall be attached to the paying agency or shall be established separately
- adjustment of the existing institutions in the field of market regulation in order to meet the EU principles.

Phare Twinning project SR 99/IB/AG/02 - Italy as MS partner- “Harmonisation of Legislation for Marking, Registration and Identification of Animals” – component: bovine register, ear tags:
- Legislative aim: analysis and formulation of new regulations for the implementation of the EU legislation on the animal registration and identification, strengthening of the administrative capacity of relevant institutions.
- Technical aim: definition and establishment of a database system for the automatic registration of animals and production of earmarks according to the EU codification.
- Training: exchange of information between the scientific institutions, authorities, technical operators, farmers and breeders preparing for the implementation of the legislation and for the database.

Phare Twinning project SR 99/IB/AG/01 - Spanish-German-Dutch partners - “Preparation for the Implementation of the EU Common Agricultural Policy” – component: Preparation for the implementation of IACS

Introduction of an Integrated Administrative and Control System

Danish Bilateral Assistance “Institutional Building of the Agricultural Sector” – component: Assistance in developing of the GIS based system for monitoring of the land fund

Development and Implementation of the System and Methodology for the Exact Analysis of Utilisation of the Agricultural Land Using GIS Based Orthophotomaps

Special Preparatory Programme for Structural Funds in SR SR9808.04 – SPP B “Pilot Project for Rural Development” and Rural Development Fund – Grant scheme to test structural funds approach in the area of rural development.

A project financed from the Slovak state budget entitled “Implementation of the IACS System in the Slovak Republic” is being implemented since April 2002. The orthophotomaps and digitalisation are under responsibility of the Soil Science and Conservation Research Institute, which is the semi-budgeted organisation of the Ministry of Agriculture. This project is expected to create the basis for implementation of the IACS system in SR in all areas and it will be co-financed from the Slovak national budget.

3.3. Results:

- The national rules for aid provision in agriculture are harmonised with the relevant EU directives.
- The staff on the central and regional level adequately prepared to administrate and control direct payments in line with the EU criteria, including on-the-spot-controls.
- Technical infrastructure for the administration dealing with IACS is created.
- All components and structures are interconnected and the IACS is functioning and fully operational

Amendment of the relevant Slovak legislation dealing with the support schemes in the field of agricultural, structural and agro-environmental policy and rural development will be drafted and approved by the Government. The Paying Agency for EAGGF will be technically and personally strengthened.

3.4 Activities

Following activities are foreseen within the project:
1. Elaboration of the amendments of the Slovak legislation in the area of CAP and Structural funds.
2. Elaboration of methodological materials for the administration and control of support schemes.
3. Training of the staff involved in IACS.
4. Design of the databases and registers of the Paying Agency and technical specification of the IT system.
5. Installation of IT for IACS at the central and regional level.

1. Assistance is needed in explaining of the EU directives and regulations in the field of IACS and methodological assistance by their implementation into the national legislation. Amendment of the relevant national legislation will be drafted, as appropriate.

2. Following the completion of the analysis of the Slovak legislation and executive EU regulations, design and printing of the methodical booklets and manuals for administration and control of supporting schemes in agriculture, rural development and agro-environmental policy of SR will be realised. In line with the support schemes covered by IACS between 10 -15 methodical booklets will have to be designed and printed, in average 2000 copies of each edition (the most important of them are the following: arable area payments, beef special premium, suckled cow premium, extension payment, hill farm allowances, sheep annual premium, aid for grain legumes, fibre flax subsidy, hemp subsidy, hops income aid). Manuals and booklets will be printed according to IACS scheme that will be chosen by the Slovak side (simplified or full IACS scheme).

3. Training and technical preparation of the staff involved into the IACS system (Paying Agency) on the central and regional level, including on-the-spot control system will be carried out. Some 200 national experts should receive adequate training in order to guarantee effective operation of IACS.

4. In order to comply with the requirement set on the IACS by relevant EU directives design, creation and integration of the databases and registers of the Paying Agency (IACS) will be completed. Following the preparation of the databases and registers of the Paying Agency, assistance is needed to prepare technical specification for the necessary hardware and specialised application software in order to guarantee technical implementation of the IACS at central and regional level.

5. Supply of IT for the implementation of IACS in the regional working places is foreseen after the technical specification has been elaborated.

Means: For the activities related to legislative matters, notably activity 1, twinning assistance is foreseen with a duration of 12 months (350,000 EUR). The Pre-accession Advisor will supervise also the activities 2 and 3. He/she will be supported by a pool of short-term seconded officials who will assist him/her in the preparation of the amendments of individual acts in the area of support to farmers, methodological materials for Paying Agency.

The PAA should have the following profile:
- at least 8 years of relevant professional experience within the IACS system, particularly its implementation
- knowledge of relevant acquis legislation and its implementation
- excellent management and communication skills
- University degree – agricultural expert, economist, lawyer, (physical) geographer
- Good command of English,
- Computer literate

Guaranteed results of twinning

Following national legislation will be amended in line with the relevant EU legislation through the twinning activities of the project:
- Act No 240/98 on Agriculture
- Decree of MoA SR No 3809/1/2000-100 from 18 December 2000 on the support of the agricultural less-favoured areas
- Decree of MoA SR No 3809/2/2000-100 from 18 December 2000 on support of agricultural enterprises
- Act No 303/1995 on the Budgetary Rules

The Technical Assistance (activity 2 - 250.000 EUR) will be responsible for training and technical preparation of the staff involved into the IACS system (Paying Agency) on the central and regional level, including on-the-spot control system. This technical assistance, under the supervision of the PAA, will ensure the design and printing of the methodical booklets and manuals for administration and control of supporting schemes in agriculture, rural development and agro-environmental policy of SR.

Technical Assistance will also be financed for the design and creation of the databases and registers of the Paying Agency (IACS) (activity 3 - 200.000 EUR), including elaboration of the technical specification for the necessary hardware and specialised application software (activity 4 - 200.000 EUR).

Supply of equipment: Phare and national co-financing will finance the supply of IT for the implementation of IACS in the regional working places (800.000 EUR - Phare contribution).

4. Institutional Framework

IACS is the part of the Paying Agency. A single unit (department) has been recently established at the Ministry of Agriculture. The priority task of this unit is building the Paying Agency for realisation of direct payments (compensatory payments and other payments connected to land or pieces of animals) according to the requirements and regulations of CAP, including the implementation of the IACS system. The former State Fund for Market Regulation in Agriculture has been transformed into the Agricultural Intervention Agency compatible with those in the EU (the Act on the Measures for Market Regulation entered into force on 1st January 2002).

For the purpose of execution of payments within the SAPARD Programme, the SAPARD Agency was established on 1 December 1999 upon decision of the Minister of
Agriculture. The SAPARD Agency has been accredited by the European Commission as the paying agency for payments through the SAPARD Programme.

By mid-2003, the Paying Agency for direct payments will be merged with the Agricultural Intervention Agency of the Ministry of Agriculture into a single Paying and Intervention Agency into which also the SAPARD Agency should be involved.

The performance of the regional measures of IACS (particularly the administrative control of applications and on-the-spot-controls) will be ensured by the regional offices of the Paying and Intervention Agency, which will be established on the basis of the present regional offices of the Ministry of Agriculture, which are expected to be strengthened by additional resources.

However, the functioning of IACS will also require co-operation of other institutions within the agricultural sector as well as outside the sector.

The proposed system for the implementation of IACS can be seen in the enclosed Schemes 1, 2 (Annex VI).

5. Detailed Budget

<table>
<thead>
<tr>
<th></th>
<th>Phare Support (MEUR)</th>
<th>Institution Building</th>
<th>Total Phare (=I+IB)</th>
<th>National Co-financing*</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twinning</td>
<td>0.35</td>
<td></td>
<td>0.35</td>
<td></td>
<td>0.35</td>
</tr>
<tr>
<td>T.A.</td>
<td>0.65</td>
<td>0.65</td>
<td>0.8</td>
<td>0.060</td>
<td>0.71</td>
</tr>
<tr>
<td>Investment</td>
<td>0.8</td>
<td></td>
<td>0.8</td>
<td>0.267</td>
<td>1.067</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>0.8</strong></td>
<td><strong>1.0</strong></td>
<td><strong>1.8</strong></td>
<td><strong>0.327</strong></td>
<td><strong>2.127</strong></td>
</tr>
</tbody>
</table>

A minimum contribution of 25% of the overall cost of the investment component will co-financed by the Slovak State Budget (Ministry of Agriculture).

6. Implementation Arrangements

6.1. Implementing Agency
CFCU - Central Finance and Contracting Unit
PAO: Mr. Milan Michalicka
Mlynske Nivy 61 - 821 09 Bratislava, Slovakia
tel.: +421 2 534 180 93/94, FAX: + 421 2 534 180 95

6.2. Beneficiary institutions for twinning
Ministry of Agriculture
Contact persons:
Ing. Tibor Guniš, Director of the Department of Paying Agency
Ing. Iveta Námerová, PhD., Director of the Department of Regional Policy and Rural Development
Dobrovičova 12, 812 66 Bratislava, Slovakia
tel.: + 421 2 592 66 354
tel.: + 421 2 592 66 510

6.3. Non-standard aspects: not envisaged
6.4. Contracts
Twinning 350 000 EUR
Technical Assistance 650 000 EUR
Investment 800 000 EUR

7. Implementation Schedule
7.1 Call for proposal: 3rd quarter 2002
7.2 Start of tendering: 2nd quarter 2003
7.3 Start of project activity: 2nd quarter 2003
7.4 Project completion: 2nd quarter 2004

8. Equal Opportunity:
Equal opportunity principles and practices in ensuring equitable gender participation in the project will be guaranteed

9. Environment: N/A

10. Rates of return: N/A

11. Investment criteria: N/A

12. Conditionality and sequencing
Timely provision of co-financing.

The most important milestones of the project:
- The national system for provision of subsidies (within the CAP and structural policy) will be harmonised with the EU system by 2nd Q 2004.
- The Central IACS Administering Agency will be established and equipped with adequate hardware and software by the end of 2003.
- The Regional offices of the IACS Administering Agency will be established and equipped with adequate hardware and software by 2nd Q 2004.
- The training of technical staff of the IACS system will be completed by 2nd Q 2004.
- The manuals and methodical booklets will be designed and printed by 2nd Q 2004.
ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format (compulsory)
2. Detailed implementation chart (compulsory)
3. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period) (compulsory)
**Logical Framework Planning Matrix for:**

<table>
<thead>
<tr>
<th>Logical Framework Planning Matrix for:</th>
<th>Program Development of structures for Implementation of IACS</th>
<th>Date of drafting: May 2002</th>
<th>Total budget (MEUR) 2.127</th>
<th>Sheet no.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program</strong></td>
<td><strong>2002/000.610-06</strong></td>
<td><strong>Contract period expires:</strong> 30.11.2004</td>
<td><strong>PHARE contribution (MEUR) 1.8</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Country:</strong></td>
<td><strong>Slovak Republic</strong></td>
<td><strong>Disbursement period expires:</strong> 30.11.2005</td>
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</tbody>
</table>

### Overall objective:
- Harmonisation with acquis in the agricultural area
- Building of legislative, administrative and institutional structures necessary for the implementation of the instruments of the CAP and Structural Policy

### Project purpose:
- Strengthening of the Slovak institutional structures necessary for the implementation of IACS in line with the requirement of EU CAP

### Objectively verifiable indicators

<table>
<thead>
<tr>
<th>Interventions logic</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harmonisation with acquis in the agricultural area</td>
<td>Degree of the harmonised legislation with the EU legislation in % (adopted structures, procedures and best management practice)</td>
<td>Screening Reports, Regular Reports of the European Commission</td>
<td>The progress of integration process in agriculture of the SR will be accelerated</td>
</tr>
<tr>
<td>Building of legislative, administrative and institutional structures necessary for the implementation of the instruments of the CAP and Structural Policy</td>
<td>Structure of the local branches of IACS Administering Agency will be in line with Council Regulation No 1258/99</td>
<td></td>
<td>The cadastral reform finished</td>
</tr>
</tbody>
</table>

### Results:

- The national rules for aid provision in agriculture are harmonised with the EU directives.
- The staff on the central and regional level adequately prepared to administrate and control direct payments in line with the EU criteria, including on-the-spot-controls.
- Technical infrastructure for the administration dealing with IACS is created.

<table>
<thead>
<tr>
<th>Results:</th>
<th>Source:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The national rules for aid provision are harmonised with the EU legislation ([Act 240/98, Decree of MoA 3809/1/2000-100, Decree of MoA 3809/2/2000-100, Act 303/1995, Acts 440/2000 and 441/2000])</td>
<td>200 national specialists for IACS are trained 2000 copies of new manuals and methodical booklets (10-15 specific areas) are printed. All necessary databases for IACS system prepared and integrated. Paying Agency and 40 regional offices equipped for IACS Administration</td>
<td>Evaluations during the project implementation by MoA SR/Final report MoA SR Decrees concerning subsidies List of Government Decrees</td>
</tr>
<tr>
<td>Activities:</td>
<td>Specification of inputs</td>
<td>Specification of costs</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>Elaboration of the amendments of the Slovak legislation in the area of CAP and SF</td>
<td>Twinning (1 PAA 12 months + poll of short term seconded officials)</td>
<td>350 000 EUR</td>
</tr>
<tr>
<td>Elaboration of methodological materials for the administration and control of support schemes</td>
<td>Technical Assistance - pool of EU experts</td>
<td>650 000 EUR</td>
</tr>
<tr>
<td>Preparation of the staff involved in IACS</td>
<td>Supply of equipment</td>
<td>800.000 EUR</td>
</tr>
<tr>
<td>Design of the databases and registers of the Paying Agency and technical specification of the IT system</td>
<td>Training for 24 people (that will later work with orthophotomaps) lasting 1 month</td>
<td></td>
</tr>
<tr>
<td>Preparation of the Technical specification for hardware and specialised application software</td>
<td>Creation of manuals and booklets for the staff on the central and regional level</td>
<td></td>
</tr>
<tr>
<td>Installation of IT for IACS at the central and regional level</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Precondition: Timely provision of co-financing
<table>
<thead>
<tr>
<th>Project Component</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st Q</td>
<td>2nd Q</td>
</tr>
<tr>
<td>Activity 1 (Twinning)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Activities 2, 3, 4, 5</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Supply</td>
<td>✓</td>
<td>✓</td>
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</table>
CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (in MEUR)

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th></th>
<th>2004</th>
<th></th>
<th>2005</th>
</tr>
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<tbody>
<tr>
<td>Contracted</td>
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<td>1.0</td>
<td>1.8</td>
<td>0.35</td>
<td>1.0</td>
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<tr>
<td>Disbursed</td>
<td>0.1</td>
<td>0.3</td>
<td>0.5</td>
<td>0.9</td>
<td>1.4</td>
</tr>
</tbody>
</table>
Indicative list of equipment with indicative costs (in EUR)

### Central office in Bratislava

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main servers (IACS) – 2 pcs</td>
<td></td>
<td>33.500 Euro</td>
</tr>
<tr>
<td>Office servers – 2 pcs</td>
<td></td>
<td>6.700 Euro</td>
</tr>
<tr>
<td>PC – 100 pcs – 1.600 Euro</td>
<td></td>
<td>160.000</td>
</tr>
<tr>
<td>Main Copiers (min 20 copies/1 min) – 2 pcs</td>
<td></td>
<td>5.600 Euro</td>
</tr>
<tr>
<td>Small Copiers – 2 pcs</td>
<td></td>
<td>1.350 Euro</td>
</tr>
<tr>
<td>Network Printers – 20 pcs</td>
<td></td>
<td>900 Euro</td>
</tr>
<tr>
<td>Firewall – 2 pcs – 3.300 Euro</td>
<td></td>
<td>6.600</td>
</tr>
<tr>
<td>Fax – 5 pcs – 340 Euro</td>
<td></td>
<td>1.700</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>280.600</strong></td>
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</tbody>
</table>

### Regional offices (36)

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office servers – 36 pcs</td>
<td>36</td>
<td>5.600 Euro</td>
</tr>
<tr>
<td>PC – 140 pcs – 1.600 Euro</td>
<td>140</td>
<td>224.000</td>
</tr>
<tr>
<td>Printers – 65 pcs – 660 Euro</td>
<td>65</td>
<td>42.900</td>
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<tr>
<td>Copiers – 30 pcs – 1.300 Euro</td>
<td>30</td>
<td>39.000</td>
</tr>
<tr>
<td>Firewall – 36 pcs – 1.100 Euro</td>
<td>36</td>
<td>39.600</td>
</tr>
<tr>
<td>Fax – 25 pcs – 340 Euro</td>
<td>25</td>
<td>8.500</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>555.600</strong></td>
</tr>
</tbody>
</table>

Office software + users licences + etc. 112.000
Upgrading of the network in central office 11.200
Regional offices (36) 80.600
**TOTAL** 230.800

**OVERALL TOTAL** 1.067.000

Phare contribution: 800.000 EUR
PAYING AGENCY

I.A.C.S. SYSTEM

Central Database

Integrated Control System (I.C.S)

FARM REGISTER

REGISTER OF APPLICANTS

Farm register

(APPLICANTS)

Ortophotomaps (GIS)

Parcel Register

(Office of Cadastre)

Control - prod. units

Parcel Register

(Office of Cadastre)

Register of Vineyards

Register of Hopyards

Register of Orchards

Animal Register (SPU)

State Veterinary Administration

CROP PRODUCTION

1 2 3 4...

Regional Registers of Applicants

LIVESTOOK PRODUCTION

1 2 3 4...