STANDARD SUMMARY PROJECT FICHE

1. BASIC INFORMATION

1.1 Project Number: SI0201.07
1.2 Twinning Number: SI02/IB/AG/08/TL
1.3 Title: Preparation on setting up of the control system and the system of reporting to fulfil requirements for EAGGF Guarantee section accreditation, according to CMOs regulation, 386/90 regulation and regulation 4045/89.
1.4 Sector: AGRICULTURE
1.5 Location: SLOVENIA

2. OBJECTIVES

2.1 Overall Objective(s):
Accreditation of the Paying Agency by the European Commission at the time of accession.

2.2 Project purpose:
Set up of the control system and the system of reporting to fulfil requirements for EAGGF Guarantee section accreditation, according to CMO regulation, 386/90 regulation and regulation 4045/89 (with the exception of on spot control of direct payments – a part of AIC system).

2.3 Accession Partnership and NPAA priority

AP: Agriculture
- Continue to upgrade the capacity of the agricultural administration and complete preparations for the practical application and enforcement of the management mechanisms of the Common Agricultural Policy (CAP), in particular the Integrated Administration and Control Systems and the Paying Agency for the handling of CAP expenditure

NPAA:
(NPPA – electronic version of May 2001)
4.1.7. Agriculture (b, c, d)

3. DESCRIPTION

3.1 Background and justification:
The Agency of the Republic Slovenia for Agricultural Markets and Rural development (AAMRD) was created in July 1999 on the basis of Act amending the organisation and competence of ministries act for the purpose of implementation of common market organisations and measures and policies in the field of agriculture. In December 1999 the Decree on accreditation criteria for AAMRD was issued, laying down the conditions, the method of operation and the competences and the obligations of the Agency. In March 2000, the rules on internal organisation and job systematisation of AAMRD were issued. The
Agency has been developing its technical and staff capacity in order to assume the tasks relating to the implementation of SAPARD pre-accession aid and common agricultural policy measures.

The alignment of the Slovenian agricultural policy in the area of common market organisations will be carried out in compliance with the National development Programme for Agriculture, Food, Forestry and Fisheries for the period 2000 – 2002, adopted in September 1999 by the Slovenian Government.

The Agency will have responsibility for payments of the European Agricultural Guidance and Guarantee Fund after EU accession, and it’s indispensable to prepare control procedures and take organisational decisions with a clear knowledge of the EU requirements concerning controls. Most of the on spot control will be delegated (in the sense of paragraph 4 of the annexe of 1665/95 regulation) to special control body. Inspectorate of the republic of Slovenia for agriculture, forestry, hunting, and fisheries is by law in charge of most of the on spot control related to CMO. Custom body is in charge of on spot control on export and import agricultural product or foodstuffs. In the Agency, a special control department is created in order to organize and check the delegation of control, as well as the implementation of the controls remaining under the Agency responsibility.

According to the Programme of Agricultural Policy Reform, no later than at full EU membership of the republic of Slovenia, AAMRD will be qualified to carry out all tasks defined by the acquis in this area (administration and management of import and export licences and securities, implementation of the export refunds system, management of tariff quotas, management of the movement of intervention products and the verification of the use and/or destination of intervention products, reporting and communicating with the Commission).

Agricultural markets (FM 99) – SL98/IB/AG/04 twinnings) are providing assistance for implementation of all market regulation measures, but will not cover any of the control commitment.

Farm Registry (FM 99) – SL98/IB/AG/02 is taking in charge on spot control for direct payments and AICS system, so this will not be part of this twinning light.

This project is a logical continuation of the process of establishing and upgrading all necessary departments and units of the AAMRD. It presents upgrading of control system according to CMOs regulations and is not overlapping with Phare project SI0101.01, which aim is to establish accounting and reporting system within AAMRD Guarantee Section of Accounting within AAMRD Financial section, while this project contributes to the internal control system service. The reporting system to be developed in assistance of this project is focused on reporting on results of the control and following its consequences.

There are certain deadlines to be reached before the full membership of the Republic of Slovenia in EU (all institutions will be fully operational according to EU requirements and regulations no later than at full EU membership of Republic of Slovenia). Technical assistance is needed in preparation of control procedure as well as training for performance of all activities and procedures concerning the
control system according to EAGGF system. For the controls specified by the regulation 4045/89, a national disposal has to be decided, that will be implemented during the first year after accession.

The national accreditation will be adopted in September 2002 and all activities in this project are going to be performed until the time of accession.

On spot control are already in force in some field (export and import of agricultural products or foodstuffs, public intervention and private storage…) but in many fields in spot control will be implemented at the time of the implementation of the measures (like the milk quota control for example). Special support from EU Member state is necessary to fully implement the control procedures following EU requirements and create appropriate relation between control body and AAMRD.

The project will cover:
- Technical assistance component for the preparation of contents and execution of control,
- Training component according to the needs and working plans of the Guarantee sections, based on technical assistance component,
- Preparation of documents component.

3.2 Linked activities:

PHARE

Establishment of Agency for Agricultural Markets and Rural Development (FM 99) – SL98/IB/AG/03 – with Germany, Austria and Greece as partners
Twinning on Rural Structural Development with the Objective to establish the Department of Rural Development within AAMRD and be fully operational in accordance with requirements with the EU membership.

SPP/SAPARD - (SL98/1B/SPP-01) – with UK as a partner
Training program for key personnel of AAMRD for SAPARD and Paying Agency.

Farm Registry (FM 99) – SL98/IB/AG/02 – with Germany and Austria as partners
The twinning on Farm Registry with the Objective to set-up the IACS – Department of the AAMRD and to bring key elements of IACS (farm register, animal identification register, linkages between and to other information systems, on spot controls) in line with EU requirements.

Agricultural markets (FM 99) – SL98/IB/AG/04 – France and Austria as partners
The twinning program with the Objective to establish the Agricultural Markets Department within the AAMRD.

Delegation of Inspection Functions (9806.02.03) – with Italy as a partner
Overall objectives of the twinning were the compliance of the national Inspectorate performing the on the spot inspection with the criteria and conformity of the EU rules.

EAGGF - Finance SI0101.01 (not contracted yet)
This TA project has the objective to improve and to adjust the procedures in the Financial Department within the AAMRD to the EAGGF requirements.

LINKED ACTIVITIES BY NATIONAL GOVERNMENT:
Control Service in AAMRD was established and the staff is in place. Some basic training and study tours for understanding Paying Agency role and control system were provided in the field of pre-accession measure SAPARD.

3.3. Results:

3.3.1. General Result:
Set up of the control system and the system of reporting to fulfil requirements for EAGGF Guarantee section accreditation, according to CMO regulation, 386/90 regulation and regulation 4045/89 (with the exception of on spot control of direct payments – AIC system).

3.3.2. Results of the twinning light:

In the field of regulation 4045/89
For the Control Service of AAMRD and Inspectorate:
• Full knowledge of the list of requirements necessary to implement the 4045/89 control during the first year of accession
• Proposals of institutional frame for the implementation of the 4045/89 control to be submitted to political decision
• Manual for the procedure and processing of the control system under the 4045/89 regulation prepared
• Computer execution of risk analysis and database inside Control Service, which will include: a risk analysis for some budget-lines, a link to customs tarification and a history of finished controls, irregularities, recoveries of sums wrongly paid.

In the field of on spot control from CMO
• Protocol between AAMRD and delegated control body (custom service, Inspectorate) for delegation of function for on the spot controls are prepared
• All other necessary documentation: rules, manuals, check lists, methodology, standard drafts for reporting and other, which will be prepared and ready to apply by the staff at the date of accreditation and EU membership
• Staff, which is already in place, applies all necessary procedures within Guarantee Section according to EU system as follows:
  o The preparation phase
  o The control (contents and execution)
  o The reporting
• Computer execution of risk analysis and database inside Control Service, which will include: a risk analysis for some budget-lines, a link to customs tarification and a history of finished controls, irregularities, recoveries of sums wrongly paid.

3.4. Activities

In the field of regulation 4045/89
• Training for AAMRD, Inspectorate and if necessary Custom body on 4045/89 regulation and implementation (this means also training on risk analysis guidelines from EU and the assistance procedure between Member States)
• Training on IT procedures for implementing risk analyses
• Evaluate the number of beneficiaries of EAGGF who will be controlled yearly
• Define the obligation of controllers and the powers they need to have
• Define the obligation of the enterprises beneficiaries from EAGGF payments conferring to 4045/89 requirements
• Elaborate proposals of institutional frame for the 4045/89 (possible choice for departments in charge of coordination of the controls and realization of the controls)
• Study visit in the Member State

In the field of on spot control from CMO
A preliminary work shop will be organized for the Control Department of AAMRD, the Department of Agriculture in the Inspectorate and Custom body on all different on spot control (except direct payments control) required by CAP. On this workshop it will be decided for the main control on which further cooperation will be needed.

Training on 3 main control procedures will be held in Slovenia.

A study visit will be organized on control realization.

STUDY TOURS financed from Slovenian budget:

Study tours to Member States are important part of training and will be financed through national budget of the Republic of Slovenia. The experiences from other twinnings related to the establishment and functioning of AAMRD, proved that “learning by doing” on the spot: on procedures, forms and data processing while observing staff in similar institutions in Member States, was the most successful form of training. In that frame more specific study tours are envisaged.

3.5 Lessons Learned

The project is a logical continuation of the Market intervention twinning with France.

Slovenia has decided to have only one Paying agency. So far the SAPARD agency was accredited. A relatively long procedure of accreditation showed that an important part of the Paying agency’ activities is in the control system and the system of reporting. The decision on accreditation shall be taken on the basis of an examination covering the administrative and accounting conditions, including those adopted to protect the Community’s interests regarding advances paid, guarantees obtained, intervention stocks and amounts to be collected. The examination shall include among the maintenance of accounting records, the division of duties and the adequacy of internal and external controls, in respect of transactions financed by the Guarantee Section of the EAGGF (Commission Decree No. 1663/95, Action Plan – Slovenia 2002).
The implementation of the acquis in the way of »learning by doing« has proved to be one of the most successful ways and means to prepare adequate procedures and reporting system relevant to full alignment of the SAPARD paying agency system.

4. INSTITUTIONAL FRAMEWORK

The Agency for Agricultural Markets and Rural Development (AAMRD) is performing paying agency activities and is a part of the Ministry of Agriculture, Forestry and Food of the Republic of Slovenia (MAFF). MAFF is acting as implementing authority for all PHARE programs including twinnings and as such responsible for preparation and implementation of these projects.

AAMRD and its Control Service is a beneficiary of the project and as such will complete the necessary functions for the accreditation of the paying agency. The AAMRD has already been accredited for the implementation of the SAPARD programme.

The Control Service of the AAMRD already cooperates with the Inspectorate for Agriculture, Forestry, Hunting and Fisheries (IAFHF) in the fields of SAPARD programme and national schemes implementation. The SAPARD on-the-spot control has been transferred to the IAFHF by concluding an agreement on cooperation. Similar activities are foreseen for cooperation in the field of EU Regulation 4045/89 and 386/90. At the moment, the Control Service has no cooperation with the Customs Administration of the Republic of Slovenia. However, on the basis of the results of this twinning light the agreement on on-the-spot control for quotas and export refunds between the AAMRD and the Customs Administration of the Republic of Slovenia will be concluded. As a result of this twinning light we expect the clear definition of the relation between the AAMRD and the IAFHF in the field of quotas according to regulation 4045/89.

As a result, IAFHF and the Customs Administration of the Republic of Slovenia, in cooperation with the Control Service of AAMRD, will prepare a manual for the procedure and processing of the control system under the regulation 386/90 and regulation 4045/89, the protocol on repartition of tasks and/or on delegation functions for on – the – spot checkers between AAMRD and delegated control body and all other necessary documentation (job descriptions, check lists, standard drafts for reporting and other).

5. DETAILED BUDGET

<table>
<thead>
<tr>
<th>Phare Support</th>
<th>Investment Support</th>
<th>Total Phare (=I+IB)</th>
<th>National Co-financing</th>
<th>IFI*</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Institution Building</td>
<td>0.15</td>
<td>0.15 (50%)</td>
<td>0.15 (50%)</td>
<td>0.30 (100%)</td>
</tr>
</tbody>
</table>

1 In cases of co-financing only
The national component is already earmarked in the National Budget. 150,000 EUR from national component (50% of the total amount) will be used for financing costs of working place, study tours and travel costs for training on the spot to be carried out abroad in selected Member State, translation and other assistance needed by experts.

The project will be implemented as a twinning light for 6 months.

Based on experiences from previous twinnings dealing with Paying Agency an important part of training has to be carried out on spot in the Partner Country. It is the matter of small group which spend a certain time in similar institution in partner country and have an opportunity to watch working procedures and try to do same tasks by themselves. The type of activities to be trained, the number of persons to be involved and time limits will be based on the progress and demands of this twinning light activities. Local budget will cover travel costs, lodging and per diem for Slovenia staff. The second part of the local component will cover costs of organization of workshops and seminars in Slovenia (conference and workshops halls, interpretation, technical assistance, local transfer etc.).

6. IMPLEMENTATION ARRANGEMENTS

6.1 The Implementing Agency
CFCU, Ministry of Finance
Responsible person: Mr. Peter Škofic, PAO.
Beethovenova 11
1000 Ljubljana.
Tel.: +386 1 478 6203, fax.: +386 1 478 6204
E-mail: peter.skofic@mf-rs.si

6.2 The Implementing Authority
Ministry of Agriculture, Forestry and Food of RS
Contact person
Mr. Marko Verbic, IA - PIU, SPO
Dunajska 56-58
1000 Ljubljana
Slovenia
Tel.: +386 1 478 9115/6, fax: +386 1 478 9155,
E-mail: marko.verbic@gov.si.

Project Manager of the Project:
Mr. Dušan Vujadinovic, Head of Department for EU Affairs, MAFF
tel.: +386 1 478 9148, fax.: +386 1 478 9155,
E-mail: dusan.vujadinovic@gov.si
Ministry of Agriculture, Forestry and Food of RS
Dunajska 56-58
1000 Ljubljana

6.2.1 BENEFICIARY IS AAMRD:

6.2.1.1 Control Service in AAMRD
The Deputy Project Manager will be:
Ms. Stanka Klakocer, AAMRD
6.2.1.2 Office for Information Management and Technology in AAMRD
The Deputy Project Manager will be
MSc. Aleš Krisper, AAMRD
Dunajska 160, 1000 Ljubljana
Tel.: +386 1 478 9238, fax.: +386 1 478 9206
E-mail: ales.krisper@gov.si

Representatives of the Project Team, MAFF, AAMRD, IAFHF, Custom Administration of RS and representatives of EC Delegation and Governmental Office for European Affairs of RS will compose the Steering Committee.

6.3 TWINNING LIGHT
The project is designed to be implemented as a twinning light package, consisting of short-term experts, study tours and specialist training.

6.4 NON-STANDARD ASPECTS
PRAG manual will be strictly applied and followed, no other non-standard aspect is foreseen.

6.5 CONTRACTS
MAFF will be the Contracting Authority for this project. There will be one contract (Twinning Light Covenant) with a selected Member State.

Tendering and contracting shall be carried out in co-operation with CFCU in the Ministry of Finance. The contact person is Mr. Peter Škofic, Head of CCU, tel.: ++386 1 478 6305, fax.: 386 1 478 6204, e-mail: peter.skofic@mf-rs.si. The tendering and contracting of the projects components shall follow standard PRAG for PHARE, ISPA and SAPARD procedures where applicable, including the twinning manual. Financial management is responsibility of CFCU, implementation and monitoring by MAFF.

7. IMPLEMENTATION SCHEDULE

7.1 Start of tendering/call for proposals
3rd quarter 2002

7.2 Start of project activity
1st quarter 2003 (January 2003)

7.3 Project Completion
4th quarter 2003 (End of September 2003)
8. **EQUAL OPPORTUNITY**
   Participation will be open to both: female and male personnel. Records of staff participating in training and other project activities will reflect this statement.

9. **CONDITIONALITY AND SEQUENCING**
   Timetable of commitments in NPAA and deadlines for fully operational Paying Agency activities concerning EAGGF Guarantee Fund could come into deadlock with project activities (i.e. signature of FM).

   The accreditation of the Paying Agency by the European Commission will be given by the time of Slovenian accession to EU.
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)
4. Reference to feasibility/pre-feasibility studies. For all investment projects, the executive summary of the economic and financial appraisals, and the environmental impact assessment should be attached (compulsory)
5. List of relevant Laws and Regulations (optional)
6. Reference to relevant Government Strategic plans and studies (may include Institution Development Plan, Business plans, Sector studies etc) (optional)
### LOGFRAME PLANNING MATRIX FOR PROJECT

Preparation on setting up of the control system and the system of reporting to fulfil requirements for EAGGF Guarantee section accreditation, according to CMO regulation, 386/90 regulation and regulation 4045/89

<table>
<thead>
<tr>
<th>Investment in the Acquis</th>
<th>SI0201.07</th>
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</thead>
<tbody>
<tr>
<td>Contracting period expires</td>
<td>30/06/2004</td>
</tr>
<tr>
<td>Disbursement period expires</td>
<td>30/06/2005</td>
</tr>
<tr>
<td>Total budget: 300,000 Euro</td>
<td>Phare budget: 150,000 EURO</td>
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#### Overall objective

- Accreditation of the Paying Agency by the time of accession.

#### Objectively verifiable indicators

- Accreditation of Paying Agency by European Commission by the time of accession

#### Sources of Verification

- National Decree on Accreditation of Paying Agency
- Official Journal RS
- Notification of EC accreditation
- Accreditation review.

#### Project purpose

- Implementation of all requirements by EAGGF Section by the time of accession

#### Objectively verifiable indicators

- Positive appraisal of pre-accreditation by the National Fund and accreditation review by the time of accession

#### Sources of Verification

- MF Audit Report
- Agency internal audit report
- Procedures manuals of Paying Agency.

#### Assumptions

- Successfully completed twinnings: SL98/IB/AG/03

#### Results

- Full knowledge of the list of requirements necessary to implement the 4045/89 control during the first year of accession
- Proposals of institutional frame for the implementation of the 4045/89 control to be submitted to political decision

#### Objectively verifiable indicators

- Guarantee Section within the Accounting Department of AAMRD staff understands requirements of relevant EU legislation
- Control bodies apply EU

#### Sources of Verification

- Technical assistance reports
- Agency records
- MF Audit Report
- Reports by EC auditors.

#### Assumptions

- Timetable of commitments in NPAA and deadlines for fully operational Paying Agency activities concerning EAGGF Guarantee Fund could come into deadlock
• Manual for the procedure and processing of the control system under the 4045/89 regulation prepared
• Protocol between AAMRD and delegated control body (custom service, Inspectorate) for delegation of function for on the spot controls are prepared,
• All other necessary documentation: rules, manuals, check lists, methodology, standard drafts for reporting and other, which will be prepared and ready to apply by the staff at the date of accreditation and EU membership;
• Staff, which is already in place, applies all necessary procedures within Guarantee Section according to EU system as follows:
  o The preparation phase,
  o The control (contents and execution),
  o The reporting
• The use of the results of the control in the payment procedure and risk analyse is made according to EU requirements
  ▪ Database inside Control Service
  ▪ Computer execution of risk analysis
  ▪ Staff applies all necessary procedures within EAGEF.

<table>
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<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumption</th>
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<tr>
<td>4045/89</td>
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<tr>
<td>Training for AAMRD, Inspectorate and if necessary Custom body on 4045/89 regulation and implementation (this means also training on risk analysis guide lines from EU and the assistance procedure between Member States)</td>
<td>Short term experts, Training.</td>
<td>The successful completion of this twinning light project at the end of September 2003.</td>
</tr>
</tbody>
</table>
- Evaluate the number of beneficiaries of EAGGF who will be controlled yearly
- Define the obligation of controllers and the powers they need to have
- Define the obligation of the enterprises beneficiaries from EAGGF payments conferring to 4045/89 requirements
- Elaborate proposals of institutional frame for the 4045/89 (possible choice for departments in charge of coordination of the controls and realization of the controls)
- Study visit in the Member State

**On spot control:**
A preliminary work shop will be organized for the Control Department of AAMRD, the Department of Agriculture in the Inspectorate and Custom body on all different on spot control (except direct payments control) required by CAP. On this workshop it will be decided for the main control on which further cooperation will be needed.

**Preconditions**
A large part of the project is linked with the successful results of Agricultural Market Twinning and the Farm registry twinning. The full establishment of procedure for market support procedure and the enforcement of IACS are basic requirements for the implementation of advance or accounting EAGGF procedure.
Annex 2: Implementation time chart

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<th>M</th>
<th>A</th>
<th>M</th>
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Annex 3: Contracting schedule (sheet 1)

<table>
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<th>Name and Number of program</th>
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</table>

| CUMULATIVE CONTRACTING SCHEDULE (EUR million) |
|----------|----------|----------|----------|----------|----------|----------|----------|
| Date     | 12/31/02 | 3/31/03  | 6/30/03  | 9/30/03  | 12/31/03 | 3/31/04  | 6/30/04  | 9/30/04  |
| TOTAL    | 0.15     | 0.15     | 0.15     | 0.15     | 0.15     | 0.15     | 0.15     | 0.15     |

NB: all contracting should normally be completed within 6-12 months and must be completed within 24 months of signature of FM
Annex 3: Disbursement schedule (sheet 2)

<table>
<thead>
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<th>Name and Number of program</th>
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<td>0.075</td>
<td>6/30/03</td>
<td>0.15</td>
<td>9/30/03</td>
<td>0.15</td>
<td>12/30/04</td>
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CUMULATIVE DISBURSEMENT SCHEDULE (EUR million)

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<tr>
<td>TOTAL</td>
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<td>0.15</td>
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NB all disbursements must be completed within 36 months of signature of the FM
Annex 3: Contracting and disbursement schedule (sheet 3)

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### CUMULATIVE CONTRACTING and DISBURSEMENT SCHEDULE (EUR million)

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<th>3/31/03</th>
<th>6/30/03</th>
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<th>3/31/04</th>
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<tr>
<td>Disbursed</td>
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<td>0.15</td>
<td>0.15</td>
<td></td>
<td></td>
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</table>

NB: 1. All contracting should normally be completed within 6-12 months and must be completed within 24 months of signature of FM
2. All disbursements must be completed within 36 months of signature of the FM
Annex 5: List of Relevant Laws and Regulations

Council Regulation (EEC) No 4045/89 of 21 December 1989 on scrutiny by Member States of transactions forming part of the system of financing by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund


Council Regulation (EEC) No 386/90 of 12 February 1990 on the monitoring carried out at the time of export of agricultural products receiving refunds or other amounts

Council Regulation (EC) No 723/97 of 22 April 1997 on the implementation of Members States action programs on control of EAGGF Guarantee Section expenditure

Council Regulation (EEC) No 595/91 of 4 March 1991 concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the common agricultural policy and the organization of an information system in this field and repealing Regulation (EEC)

Council Regulation (EC) No 1258/99 of 17 May 1999 on the financing of the common agricultural policy

Commission Regulation (EC) No 800/99 of 15 April 1999 laying down common detailed rules for the application of the system of export refunds on agricultural products

Council Regulation (EC) No 1291/2000 of 9 June 2000, laying down common detailed rules for the application of the system of import and export licenses and advance fixing certificates for agricultural product

Council Regulation (EC) No 3448/93 of 6 December 1993 laying down the trade arrangements applicable to certain goods resulting from the processing of agricultural products

Commission Regulation (EC) No 1520/00 of 13 July 2000 laying down common detailed rules for the application of the system of granting export refunds on certain agricultural products exported in the form of goods not covered by Annex to the Treat and the criteria for fixing the amount of such refunds

Commission Regulation (EEC) No 2131/93 of 28 July 1993 laying down the procedure and conditions for the sale of cereals held by intervention agencies


Commission Regulation (EC) No 824/2000 of 19 April 2000 establishing procedures for the taking – over of cereals by intervention agencies and laying down methods of analysis for determining the quality of cereals

Commission regulation (EC) No 2148/96 of 8 November 1996 laying down rules for evaluation and monitoring public intervention stocks of agricultural products

Commission Regulation (EEC) No 536/93 of 9 March 1993 laying down detailed rules on the application of the additional levy on milk and milk products

Commission Regulation (EEC) No 3143/85 of 11 November 1985 on the sale at reduced prices of intervention butter intended for direct consumption in the form of concentrated butter

Commission Regulation (EEC) No 2921/90 of 10 October 1990 on aid for the production of casein and caseinates from skimmed milk

Commission Regulation (EC) No 2571/97 of 15 December 1997 on the sale of butter at reduced prices and the granting of aid for cream, butter and concentrated butter for use in the manufacture of pastry products, ice-cream and other foodstuffs


Commission Regulation (EC) No 504/97 of 19 March 1997 laying down detailed rules for the application of Council Regulation (EC) No 2201/96 as regards the system of production aid for products processed from fruit and vegetables

Commission Regulation (EEC) No 2568/91 of 11 July 1991 on the characteristics of olive oil and olive-residue oil and on the relevant methods of analysis

APPENDIX – LIST OF STAFF OF ACCOUNTING DEPARTMENT WITHIN FINANCIAL SECTOR OF AAMRD

ORGANISATIONAL STRUCTURE OF AAMRD

4 EMPLOYEES OF THE CONTROL SERVICE:

Preparation of Guidelines and Manuals
1. Head of the Control Service (MS. Klakocer Stanka)

Control and Reporting:
2. Senior Advisor (Mr. Marko Baloh)
3. Senior Advisor (Ms. Lidija Jurecic)
4. Senior Advisor (Ms. Mateja Cuk)

Additionally to the above-mentioned employees the following will work on:

a) Guidelines and Manuals:
   Ms. Klakocer Stanka, AAMRD

b) Control and Reporting:
   Mr. Marko Baloh, AAMRD
   Ms. Lidija Jurecic, AAMRD
   Ms. Mateja Cuk, AAMRD

3 EMPLOYEES OF THE OFFICE FOR INFORMATION MANAGEMENT AND TECHNOLOGY

Computer execution of risk analysis
Database inside Control Service

1. Head of the Office for Information Management and Technology (MSc. Aleš Krisper.)
2. Head of the Information System Department (Mr. Benedikt Jeranko)
3. Head of the Database Access Department (Mr. Jože Možgan)

Additionally to the above-mentioned employees the following will work on:

Computer execution of risk analysis

1. MSc. Aleš Krisper, AAMRD
2. Mr. Benedikt Jeranko, AAMRD

Database inside Control Service

1. MSc. Aleš Krisper, AAMRD
2. Mr. Jože Možgan, AAMRD
TERMS OF REFERENCE – TWINNING LIGHT

Program Title: Preparation on setting up of the control system and the system of reporting to fulfill requirements for EAGGF Guarantee section accreditation, according to CMO regulation, 386/90 regulation and regulation 4045/89.

Project Number: SI0201.07
Twinning Number: SI02/IB/AG/08/TL

1. Background

1.1. Relevant Country Background:

Slovenia is undergoing a process of institutional, policy and legislative reform in order to strengthen the work on European integration. A new Law on Agriculture, adopted on June 17, 2000, provides a comprehensive basis for agricultural policy, which has to be completed by secondary regulations.

A Program of Agricultural Policy Reform for the years 1999-2002 was adopted in 1998 and will be implemented during the period 1999-2002. A detailed National Program for the Implementation of the Agricultural Policy Reform was decided which outlines in detail institutions responsible for implementation, time schedules, etc.

The alignment of the Slovenian agricultural policy in the area of common market organizations will be carried out in compliance with the National development Program for Agriculture, Food, Forestry and Fisheries for the period 2000 – 2002, adopted in September 1999 by the Slovenian Government.

The Agency will have responsibility for coordination in the context of the clearance of the accounts of the European Agricultural Guidance and Guarantee Fund after EU accession, and it’s indispensable to prepare accounting procedures and take organizational decisions with a clear knowledge of the EU requirements concerning the clearance of the accounts.

The AAMRD will be also responsible for carrying out tasks in the area of trade mechanisms, trade with third countries on agricultural markets, and the area of non-Annex I products. In 2001 and 2002, the AAMRD will gradually take on tasks related to the implementation of import licenses and securities, and no later than at the time of access it will be qualified to carry out all tasks defined by the acquis in this area (administration and management of import and export licenses and securities, implementation of the export refunds system, management of tariff quotas, management of the movement of intervention products and the verification of the use and/or destination of intervention products, reporting and communicating with the Commission).

1.2. Current State of Affairs Sector

The Agency of the Republic Slovenia for Agricultural Markets and Rural development (AAMRD) was created in July 1999 on the basis of Act amending the organisation and competence of ministries act for the purpose of implementation of common market organisations and measures and policies in the field of agriculture. In December 1999 the
Decree on accreditation criteria for AAMRD was issued, laying down the conditions, the method of operation and the competences and the obligations of the Agency. In March 2000, the rules on internal organisation and job systematisation of AAMRD were issued. The Agency has been developing its technical and staff capacity in order to assume the tasks relating to the implementation of SAPARD pre-accession aid and common agricultural policy measures.

The alignment of the Slovenian agricultural policy in the area of common market organisations will be carried out in compliance with the National development Programme for Agriculture, Food, Forestry and Fisheries for the period 2000 – 2002, adopted in September 1999 by the Slovenian Government.

The Agency will have responsibility for payments of the European Agricultural Guidance and Guarantee Fund after EU accession, and it’s indispensable to prepare control procedures and take organisational decisions with a clear knowledge of the EU requirements concerning controls. Most of the on spot control will be delegated (in the sense of paragraph 4 of the annexe of 1665/95 regulation) to special control body. Inspectorate of the republic of Slovenia for agriculture, forestry, hunting, and fisheries is by law in charge of most of the on spot control related to CMO. Custom body is in charge of on spot control on export and import agricultural product or foodstuffs. In the Agency, a special control department is created in order to organize and check the delegation of control, as well as the implementation of the controls remaining under the Agency responsibility.

According to the Programme of Agricultural Policy Reform, no later than at the time of accession AAMRD will be qualified to carry out all tasks defined by the acquis in this area (administration and management of import and export licences and securities, implementation of the export refunds system, management of tariff quotas, management of the movement of intervention products and the verification of the use and/or destination of intervention products, reporting and communicating with the Commission).

Agricultural markets (FM 99) – SL98/IB/AG/04 twinnings) are providing assistance for implementation of all market regulation measures, but will not cover any of the control commitment.

Farm Registry (FM 99) – SL98/IB/AG/02 is taking in charge on spot control for direct payments and AICS system, so this will not be part of this twinning light.

This project is a logical continuation of the process of establishing and upgrading all necessary departments and units of the AAMRD. There are certain deadlines to be reached before the full membership of the Republic of Slovenia in EU (all institutions will be fully operational according to EU requirements and regulations no later that at the time of accession). Technical assistance is needed in preparation of control procedure as well as training for performance of all activities and procedures concerning the control system according to EAGGF system. For the controls specified by the regulation 4045/89, a national disposal has to be decided, that will be implemented during the first year after accession.

All activities in this project are going to be performed by the time of accession of republic of Slovenia.

On spot control are already in force in some field (export and import of agricultural products
or foodstuffs, public intervention and private storage…) but in many fields in spot control will be implemented at the time of the implementation of the measures (like the milk quota control for example). Special support from EU Member state is necessary to fully implement the control procedures following EU requirements and create appropriate relation between control body and AAMRD.

The project will cover:

- Technical assistance component for the preparation of contents and execution of control,
- Training component according to the needs and working plans of the Guarantee sections, based on technical assistance component,
- Preparation of documents component,
- Study tours to MS.

1.3. Related Projects

Establishment of Agency for Agricultural Markets and Rural Development (FM 99) – SL98/IB/AG/03 – with Germany, Austria and Greece as partners
Twinning on Rural Structural Development with the Objective to establish the Department of Rural Development within AAMRD and be fully operational in accordance with requirements with the EU membership.

SPP/SAPARD - (SL98/IB/SPP-01) – with UK as a partner
Training program for key personnel of AAMRD for SAPARD and Paying Agency.

Farm Registry (FM 99) – SL98/IB/AG/02 – with Germany and Austria as partners
The twinning on Farm Registry with the Objective to set-up the IACS – Department of the AAMRD and to bring key elements of IACS (farm register, animal identification register, linkages between and to other information systems, on spot controls) in line with EU requirements.

Agricultural markets (FM 99) – SL98/IB/AG/04 – France and Austria as partners
The twinning program with the Objective to establish the Agricultural Markets Department within the AAMRD.

Delegation of Inspection Functions (9806.02.03) – with Italy as a partner
Overall objectives of the twinning were the compliance of the national Inspectorate performing the on spot inspection with the criteria and conformity of the EU rules.

EAGGF - Finance SI0101.01 (not contracted yet)
This TA project has the objective to improve and to adjust the procedures in the Financial Department within the AAMRD to the EAGGF requirements.

LINKED ACTIVITIES BY NATIONAL GOVERMENT:

Control Service in AAMRD was established and the staff is in place. Some basic training and study tours for understanding Paying Agency role and control system were provided in the field of pre-accession measure SAPARD.
2. Description of the assignment

Beneficiary is AAMRD

The Deputy Project Manager will be:
Ms. Stanka Klakocer, AAMRD
Dunajska 160, 1000 Ljubljana
Tel.: +386 1 478 9261, fax.: +386 1 478 9206
E-mail: stanka.klakocer@gov.si

The beneficiary is Control Service in AAMRD

The Deputy Project Manager will be
Mr. Aleš Krisper, AAMRD
Dunajska 160, 1000 Ljubljana
Tel.: +386 1 478 9238, fax.: +386 1 478 9206
E-mail: ales.krisper@gov.si

The beneficiary is Office for Information Management and Technology in AAMRD

The Implementing Agency:
CFCU, Ministry of Finance
Beethovnova 11, 1000 Ljubljana
Responsible person: Mr. Peter Škofic, PAO.
Tel.: +386 1 478 6203, fax.: +386 1 478 6204
E-mail: peter.skofic@mf-rs.si

Implementing Authority
Ministry of Agriculture, Forestry and Food of RS
Contact person
Mr. Marko Verbic, IA - PIU, SPO, Head of Department for International Cooperation
Dunajska 56-58, 1000 Ljubljana
Tel.: +386 1 478 9115/6, fax.: +386 1 478 9155,
E-mail: marko.verbic@gov.si.

Project Manager of the Project:
Mr. Dušan Vujadinovic, Head of Department for EU Affairs, MAFF
tel.: +386 1 478 9148, fax.: +386 1 478 9155,
E-mail: dusan.vujadinovic@gov.si
Ministry of Agriculture, Forestry and Food of RS
Dunajska 56-58, 1000 Ljubljana

Global and specific objectives

This twinning light project for a total value of 150.000 EUR has the following general and specific objectives:

General Objective
Accreditation of the Paying Agency by the European Commission by the time of accession.
Specific Objective of the Project
Set up of the control system and the system of reporting to fulfil requirements for EAGGF Guarantee Section accreditation, according to CMO regulation, 386/90 regulation and regulation 4045/89 (with the exception of on spot control of direct payments – AIC system).

Requested services
The contractor will be requested to submit the following services:

1-Establishment of the general procedure on preparatory phase for the control of EAGGF Guaranty section
- Study of appropriated legislation
- Collecting information and evidences at the payment agencies
- Information and training on definition of risks for the budget-line and for the undertaking
- Assistance in working-out of a control-strategy
- Assistance in planning in function of the developed strategy
- Assistance in providing the selection of control (risk analysis for export refunds, risk analysis for aid measures)

2-Establishment of the general procedure on contents and execution for the control of EAGGF Guaranty section
- Information on summary audit based on previous obtained evidences at the payment agencies, custom service
- Information on integral accountancy audit
- Providing information on the right application of EC-Regulations,
- Information and training on identification and analyses of the undertaking,
- Assistance in providing product-control related to origin fabrication and composition of export goods
- Assistance in providing control on goods-flow and transport
- Assistance in providing stock control
- Information and training on cross-checks related to customers and suppliers
- Information and training on financial analyses especially in relation to credit-notes and assurance claims

3-Implementation of reporting for the control of EAGGF Guaranty section
- Providing up general information on the beneficiary of the refunds/aids
- Providing accountancy information
- Providing information on results of the restrained risks with or without assessments
- Providing information on recommendations in relation with detected control weaknesses or to further risk analysis
- Information and training on use of a standard draft

4-External demands of mutual assistance with the control of EAGGF Guaranty section
- Providing information on repartition and transmission by the coordination unit to the 2 control units
- Assistance in repartition by the department manager to the scruteneers in function of their assigned files and specialities
- Information on possibility to an enlargement in result of the control.
- Information on time restriction for the execution
- Information on standard drafts for reporting
- Information and training on checking and final reporting by the department manager

5-Internal demands of mutual assistance with the control of EAGGF Guaranty section
- Information on draw up of the request by the auditor
- Information on transmission for execution to the coordination unit
- Information and training on possible follow up in case of irregularities in the requested member state
- Information on final transmission of the closed file to the co-ordination unit

6-Control and deal with irregularities and fraud
- Information and training on discovering irregularities and fraud
- Information on dealing with irregularities and fraud

In addition to the fees of the experts to be provided, the Contractor shall make provision for:

- Local and international travel expenses
- Operational costs
- Training costs

Beneficiary will provide:

- Administrative and financial management
- Technical support
- Support for the local and international technical assistance
- Expertise as specified below
- Logistical and organizational support for the training activities as specified below

Expected results

In the field of regulation 4045/89
For the Control Service of AAMRD and Inspectorate:

- Full knowledge of the list of requirements necessary to implement the 4045/89 control during the first year of accession
- Proposals of institutional frame for the implementation of the 4045/89 control to be submitted to political decision
- Manual for the procedure and processing of the control system under the 4045/89 regulation prepared

In the field of on spot control from CMO:

- Protocol between AAMRD and delegated control body (custom service, Inspectorate) for delegation of function for on the spot controls are prepared,
- All other necessary documentation: rules, manuals, check lists, methodology, standard drafts for reporting and other, which will be prepared and ready to apply by the staff at the date of accreditation and EU membership;
• Staff, which is already in place, applies all necessary procedures within Guarantee Section according to EU system as follows:
  o The preparation phase,
  o The control (contents and execution),
  o The reporting

For the AAMRD:
• The use of the results of the control in the payment procedure and risk analyse is made according to EU requirements

For the Information Management and Technology Office:
• Computer execution of risk analysis,
• Database inside Control Service, which will include: a risk analysis for some budget-lines, a link to customs tarification and a history of finished controls, irregularities, recoveries of sums wrongly paid

Verifiable indicators for the above mentioned outputs:
• Control Service and Information Management and Technology Office of AAMRD staff understands requirements of relevant EU legislation.
• Regular application of procedure documents.
• Creation of database which will include: a risk analysis for some budget-lines, a link to customs tarification and a history of finished controls, irregularities, recoveries of sums wrongly paid

Means of their measurement:
• Technical assistance reports
• Agency records
• MF Audit Report
• Reports by EC auditors

3. EXPERTS PROFILE

Education, experience, references and category of each expert

<table>
<thead>
<tr>
<th>Area of Expertise</th>
<th>Experts Profile*</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Expert for defining organization structure</td>
<td>- 3 years of experience in accreditation for EAGGF</td>
</tr>
<tr>
<td>- Three different types of expert for defining before payment control</td>
<td>- 3 years of experience in control in paying agencies</td>
</tr>
<tr>
<td>- Expert for controlling according to 386/90 regulation</td>
<td>- 3 years of experience in custom control</td>
</tr>
<tr>
<td>- Expert for controlling according to 4045/89 regulation</td>
<td>- 3 years of experience in management of 4045/89 regulation</td>
</tr>
<tr>
<td>- IT expert for risk analyses</td>
<td>- 3 years of experience of risk analyses implementation</td>
</tr>
<tr>
<td>Expert for communicating with Brussels</td>
<td>- 3 years of experience in communicating with EU commission</td>
</tr>
<tr>
<td>Expert for implementation of consequences of control results</td>
<td>- 3 years of experience in financial treatment</td>
</tr>
<tr>
<td>Expert for IT department for computer execution consequences of control</td>
<td></td>
</tr>
</tbody>
</table>

Requirements for all experts:
- University degree
- Excellent communication skills, both written and oral;
- Computer literacy.

A coordinator from the MS will be needed and can be selected from the above describe experts or an additional person can be proposed for the coordination activities in the Member state. The work of coordinator will include preparation of Monthly reports and the Final report. Ten working days needed for the coordination activities are envisaged.

**Working languages**

Good working knowledge of English language: written and oral.

**4. LOCATION AND DURATION**

- Starting date:
  January 2003

- Finishing date of the assignment:
  September 2003

- Schedule and number of days for the assignment per expert (specify if a briefing and a debriefing are foreseen in Brussels or elsewhere)²: the number of days for the assignment is the number of days spent on the place of assignment, including weekends and public holidays, + the days needed for briefing, debriefing, report.

Contractor will be asked to submit work plan proposal with schedule and number of days per expert specification.

**Location of assignment:**

The activities shall be performed in Slovenia (workshop(s)), at the premises of AAMRD and in the Paying Agency of the selected Member State.
5. REPORTING

5.1. Content, language, format and number of reports

The contractor shall submit the following reports to the Implementing Authority, Ministry of Agriculture, Forestry and Food, Dunajska 56, 1000 Ljubljana (contact person: Mrs. Marko Verbic, tel. 4789116; fax 4789155), CFCU (Head of Unit, Mr. Peter Škofic, tel. 478 62 03; fax 478 62 04) and EC Delegation (Head of Phare / ISPA Section, Ms. Bettina Kotzinger, tel. 4251 303; fax 4252 085):

- An Inception Report after two months of the signing of the contract. This report will cover the capacities and the methodology of work of all counterparts with recommendations for improvements; prepared separately by each expert (3 Inception reports).
- Final Report shall be submitted no later that two weeks after the end of the project and prepared in co-ordination with all experts (only 1 report).

All the Reports must include the description of all activities that have been performed as well as the problems encountered and solutions proposed. The Final Report should include the Executive Summary. Reports will be endorsed by the Ministry of Agriculture, Forestry and Food, who may make additional comments.

The reports shall be written in English language and follow the template included as Annex C in the twinning manual.

The Contractor shall produce 3 copies for each report.

5.2 Date of submission

- An Inception Report two months after the start of the project;
- Final Report shall be submitted no later than two weeks after the end of the project.