

## Standard Summary Project Fiche – IPA centralised programmes

### **Project number 34: Capacity Building and Technical Support to Renewal of Viticulture Zoning and Control of Production of Wine with Designation of Origin**

#### **1. Basic information**

- 1.1 CRIS Number:** 2008/020-406
- 1.2 Title:** **Capacity Building and Technical Support to Renewal of Viticulture Zoning and Control of Production of Wine with Designation of Origin**
- 1.3 ELARG Statistical code:** 03.11
- 1.4 Location:** Republic of Serbia

#### **Implementing arrangements:**

- 1.5 Contracting Authority:** EC Delegation to the Republic of Serbia
- 1.6 Implementing Agency:** EC Delegation to the Republic of Serbia
- 1.7 Beneficiary** (including details of project manager):

Ministry of Agriculture, Forestry and Water Management (MAFWM), Nemanjina 22-26, 11000 Belgrade.

Project Manager: Mirjana Milosevic - Assistant Minister, MAFWM, Nemanjina 22 – 26, Belgrade.

Project Manager: Darko Jaksic - Head of Department for primary production and processing, MAFWM, Nemanjina 22 - 26, Belgrade.

Steering Committee (SC) should be chaired by the Project Manager, and include Project Manager and EC Delegation in order to provide guidance on procurement and monitoring.

It is planned to form an official National Committee for viticulture zoning and an official National Committee for designation of origin of wine. These bodies are not included within the Steering Committee, but are essential for this project, thus coordinate its activities with SC suggestions. Members of the National Committees are occasionally present at Steering Committee meetings, which occurs regularly once every three months.

#### **Financing:**

- 1.8 Overall cost:** **1,200,000 EUR**
- 1.9 EU contribution:** **1,200,000 EUR**
- 1.10 Final date for contracting:** 3 years after the signature of the Financing Agreement
- 1.11 Final date for execution of contracts:** 5 years after the signature of the Financing Agreement
- 1.12 Final date for disbursements:** 6 years after the signature of the Financing Agreement

## 2. Overall Objective and Project Purpose

### 2.1 Overall Objective:

Strengthening vine-growing and wine-producing sector in Serbia through harmonization with the EU standards

### 2.2 Project purpose:

Establishing new viticulture zoning and a system for control of wine with designation of origin production

### 2.3 Link with AP/NPAA / EP/ SAA

Within **initialled SAA** there is “Protocol 2 on reciprocal preferential concessions for certain wines, the reciprocal recognition, protection and control of wine, spirit drinks and aromatised wine names”, which will be signed in generally in 2008.

Wines, falling under heading No 22.04 of the Harmonized System of the International Convention on the Harmonized Commodity Description and Coding System, done in Brussels on 14 June 1983, which have been produced from fresh grapes, originate from Serbia and have been produced in accordance with the rules governing the oenological practices and processes in conformity with the law of Serbia. These rules, governing the oenological practices and processes, shall be in conformity with the Community legislation.

According to conditions provided in Annex II, articles 2 and 4, both Parties shall, on the basis of non-discrimination and reciprocity, recognize, protect and control the names of products.

Our geographical designations that the EU will recognize will emerge directly from the new viticulture zoning and will be subject to control during the production of wine with designation of origin.

On 30<sup>th</sup> of January 2006, European Council has reached a “decision on the principles, priorities and conditions contained in the **European Partnership** with Serbia and Montenegro including Kosovo as defined by the United Nations Security Council Resolution 1244 of 10 June 1999 and repealing Decision 2004/520/EC”. This decision has been brought in order to identify renewed priorities for further work on the basis of the findings of 2005 Progress Reports on preparations made by Serbia and Montenegro and Kosovo (UNSCR 1244) for further integration with the European Union.

Within Annex of this document, it is stated under short term priorities that Serbia should make further sustained efforts to implement the reform of the public administration, to ensure transparent recruitment, professionalism and accountability; in particular strengthen the European integration structures at all levels (including with regard to line ministries and the parliaments). In addition to this, one of the requirement under European standards chapter is to align rules and regulations on standardisation, certification, and conformity assessment with the EU *acquis* to create conditions favorable to trade and to start with adoption of European standards. Furthermore, it is said that under agriculture and fisheries sector Serbia should “continue strengthening administrative capacity for policy formulation and implementation”.

It is a goal of this project to establish highly professional and sustainable administrative capacities within MAFWM for vine-growing and wine-production, which should essentially contribute to alignment with EU standards and regulations through this project and its other activities. It is certain that Department for vine-growing and wine-production will have significant role in formulation and implementation of policy compatible with *acquis communautaire*.

## 2.4 Link with MIPD

European Union through documents of European partnership and Multi-annual Indicative Planning Document (MIPD) 2007-2009 for Serbia (COMMISSION DECISION C(2007)2497 of 18/06/2007) gives framework of the priorities for the financing by the EU through IPA program. In this document, under chapter 2.2.3 “European standards” it is remarked that main priorities and objectives in the field of agriculture and rural development should be support to development of capacities for adjustment of Agricultural and Rural Development policies to EU standards and to complete the transition to a market economy; increase the sector’s ability to meet external competition and adopt the *acquis communautaire*; develop capacities to implement EU food safety and quality standards; protection of intellectual property in agriculture and quality control of agricultural and processed products includes wine. Expand capabilities of the Food Chain Laboratories, including the upgrading of wine laboratories.

This IPA project would have as a result professional and sustainable department for vine-growing and wine-production capable to deal with forthcoming challenge of compliance with EU legislation and standards in this field. Furthermore, through improved environment for vine-growing and quality wine-production, it aims to increase the competitiveness of these products on European and Global market. Those wines, its names and geographical protection would be harmonized with EU requirements as it is stated in draft version of SAA.

## 2.5 Link with National Development Plan

N/A

## 2.6 Link with national/ sectoral investment plans

In the National Strategy of Serbia (Agriculture Sector) for Serbia’s Accession to the European Union is induced capacity building of the Ministry of Agriculture, Forestry and Water Management to harmonise legislative with EU, educating of agriculture policy and control of effectiveness of agricultural policy.

All elements of the National Strategy are connected with standards in wine sector and geographical designation of origin of wine. This IPA project would clearly contribute to achievement of this goal and fulfilment of National Strategy in Agricultural sector.

Within the scope of National Investment Plan (NIP) of Republic of Serbia for the year 2006 and 2007 Ministry of Agriculture, Forestry and Water Management applied for 4 projects in the field of vine-growing and wine production:

- “Equipping of an oenological laboratory according to the EU standards”
- “Functional re-parcelling of one farmland in the village Potrkanje from the vine growing area of Knjazevac, in order to create the conditions for growing vineyard plantation”
- “Formation of mother plantations of grapevine in Sremski Karlovci – Novi Sad, according to the requirements of certification scheme”
- “Grubbing up of vineyards contaminated with Grapevine *flavescence dorée* (*phytoplasma*)”.

These projects are approved and in final phase of their implementation. Each one of them, from their aspect, has the objective to strengthen the Vine and Wine Sector. They represent an important advancement in Vine and Wine sector reforms, conducted by Ministry of Agriculture, Forestry and Water Management with the aim of harmonizing with EU legislation. In relation to the project of zoning, their objectives are narrowed to smaller number of direct users.

Oenological laboratory equipping would create conditions for wine analysis in compliance with EU standard, which will contribute to complied evaluation of quality and high quality wines and their equivalence with EU quality criteria.

Re-parcelling of farmland in order to create vineyard plantation is very significant since it is in territory of Eastern Serbia, traditionally oriented to viticulture and wine-production. This part of Serbia is among least developed regions of Serbia, and would benefit a lot from new, improved and adopted viticulture zoning.

Third NIP project in Sremski Karlovci – Novi Sad is significant for creation of certified propagation material for healthy, new plantations which would contribute in general to vine-growing and wine-producing sector, including wines with designation of origin.

Grubbing up of infected vineyards in last NIP project, which is implementing in viticulture area of Zupa, traditional and one of the oldest viticulture areas of Serbia. By compress the contamination in this area, new viticulture zoning could regain this region its celebrity and economic strength for which it has all natural preconditions.

### **3. Description of project**

#### **3.1 Background and justification:**

Serbia is located between 42° and 46° northern latitudes, which are among the most suitable zones for viticulture. The most important vineyards are widely scattered over the hilly regions with favourable agro-ecological conditions for quality vine growing and wine production. This is a great potential for Serbian agriculture, but also for development of rural areas through promotion of local agro-food and other products.

According to State Statistical Office data for 2006, the total vineyard surface of Serbia is 62.151 hectares with number of vines around 322 million. These figures, however, could be unreliable because the system of monitoring production is not reliable.

Taking into account vineyard surfaces in Serbia are settled predominantly in hilly and less favourable rural areas strengthening of this sector will contribute to prevention of bounding these areas and encourage the youth to stay on village side and to earn their incomes there. On the other hand, those communities in Serbia represent main conservator of natural and cultural heritage. Remaining of youth on village side gives the great opportunity for development of rural tourism, offering a real treasure of typical Serbian food, handcrafts and of course, typical Serbian wine.

Furthermore, wine producers in these rural areas will be main pillars for host side in wine tours around Serbia vineyard regions.

In order to achieve recognition, quality improvement and control of Serbian wines, it is necessary to update viticulture zoning with established Vineyard Register. Also, it is necessary to keep a full and strong control of geographical origin by special units within the chosen and restructured organizations for control that would exclusively control the production of grapes and wine with designation of origin.

Until 1990 Yugoslavia recorded a constant increase of vineyard areas and wine production and a significant export of wine. However, between 1991 and 2001, vine growing, grape processing and wine production and marketing were all seriously affected by the extremely unfavourable economic conditions experienced by Serbia and Montenegro as a result of international sanctions.

This unfavourable technical and economical background has been reflected in current national production of grapes and wine.

- Total wine production: 1,7 million hectolitres;
- Export: approximately 5 million litres (Bosnia/Herzegovina Germany, Canada, and Switzerland);

- Import: around 10 million litres (96 % from Macedonia, the rest from: Italy, France, Spain and Croatia).

Existing privatized wineries (five very large wineries and ten cellars of medium capacity) provide most of the country's current capacity for wine production and grape processing. The low prices paid for grapes have resulted in declining production and limited investment in grape production and processing.

The MAFWM has requested EU support for assistance in developing an integrated system for monitoring and management of wine production including appropriate alignment with the requirements of the *acquis communautaire* and a legal plan for progressive alignment and adoption of the *acquis* in the sector as a whole.

Still, the latest period has been characterized by constant decline in production in this field demonstrated through decrease of surfaces under vineyards and decrease of wine production, but most of all through lower share of quality wines with controlled designation of origin in total wine production in Serbia. Under the conditions of stagnation in the sector, wine origin and control system of designation of origin had, to a great extent, lost its significance. This is the result of obsolete viticulture zoning and control system of designation of origin, but also of unsatisfactory technical and personnel structure within relevant organizations.

MAFWM of Republic of Serbia, as the responsible institution, establishes legal and financial framework as well as main directives for future development of vine growing and wine production. One of the Ministry goals within the upcoming strategy for development of vine growing and wine production is establishment of new viticulture zoning updated with Register and controlled designation of origin. This implicates strengthening of the whole sector, including Controlling organizations, Register control and Inspection.

Based upon the authorization of the MAFWM, several Controlling organizations, accredited for grapes and wine quality control, are conducting the control of designation of origin. They are not facilitated with adequate technique, cars, logistics, laboratory equipment and devices, which directly disable their activities in compliance with the EU standards.

Inspection supervises implementation of legislative regulations, production control and wine quality. Due to obsolete and insufficient equipment and cars, Inspection is not able to perform completely and on time the control of wine production and quality, as well as the work of controlling organizations.

For creation of successful new viticulture zoning and control system of designation of origin, the existence of updated land cadastre and agricultural land information system would be of significant help. This system, functioning within the MAFWM, enables easier establishment of viticulture zoning as the first and so far the only one agricultural zoning system. Viticulture zoning system could represent a useful model for other agricultural systems in the future; therefore its establishment has even greater significance.

Also, a problem of non-existing precise meteorological data occurs. This is essential for implementation of detailed viticulture zoning. Another problem is the lack of cars, technical equipment and logistics for the Register and control of designation of origin.

Finally, in addition to all above mentioned, there is a large necessity for education of current as well as future personnel of all institutions relevant for implementation of viticulture zoning and control of designation of origin. Some positive trends emerge in this sector which could contribute and facilitate the necessary reforms. First of all, creation of one National Society of vine-growers and wine-producers is in the process. This society would assemble all relevant participants and give them more unity on their common goals and further development. At the

same time, this would bring them more strength and negotiation power in correspondence with MAFWM and other Governmental and Non-governmental bodies. Besides this, marketing activities of some producers are improving. It has been noticed also that some specialised wine promotion agencies, magazines and fairs are emerging, bringing more and more public attention to the topics of viticulture and wine.

### **National Strategic Priorities**

The aim of this project is completed harmonization with EU standards. Realization of this goal will require a staged approach to leave time for adjustments and structure controls.

Ministry of Agriculture, Forestry and Water Management prepared and Serbian Government accepted Agricultural Strategy in 2003, where the main goals are adopting of laws, regulations, standards and control procedures according to EU standards. Also, according to strategy and plan of Government to reduce the penury in Serbia, Ministry of Agriculture and Sector for Analytic and Agrarian Policy are to develop rural areas including wine zones as well. This project can contribute directly towards improving the situation in wine sector, especially by establishing viticulture zoning that will be helpful for small and weak farmers (wine producers) in poor and less-developed rural areas, who produce specific and geographically typical wine.

Area of wine production has been regulated at the moment with Law on wine and Rakija, and the following regulations: Regulation on quality and other wine requirements, Regulation on protection of geographical designation of wine and Rakija, Regulation on viticulture zoning and Decision on viticulture zoning of Federative Republic of Yugoslavia.

In the Memorandum on the Budget and Economic and Fiscal Policy for 2008 with projections for 2009 and 2010, among the priorities legislation for vine growing and wine production sector, functioning of Register as well as control of designation of origin are emphasized.

For reasons of compliance with EU regulations, there is at the moment, within the Twinning project 05SER01/06/005 «Capacity Building for the Regulation of the Serbian Wine Sector» a section dedicated to wine legislation compliance. This foresees a creation of a new Law on wine as a base for future viticulture zoning, control of Register and designation of origin according to EU standards, which should be treated by this (IPA) project.

On the other hand, European Union, through documents of European partnership and Multi-Annual Indicative Planning Document for Serbia 2007 – 2009 gives strategic guidelines for financing of IPA 2008, where emphasis has been put on agriculture and rural development reforms, protection of intellectual property rights, quality control of agro-food products and building-up the system of wine laboratories.

Based on S.W.O.T. analysis result of discussion with over 30 associations of grapes and wine producers and surveys conducted with a sample of 5% of producers, with the aim to determine the real situation and state in viticulture and viniculture onsite, we have deduced that the system of control of geographical origin established in the 70s is inadequate for the new structure of wine production. Based on the analysis, the average producer's vineyard

area is far smaller than it used to be in the 70s when zoning and the current system of control of geographical origin was made, which all results in having only 17 producers in the procedure of control of production of wine with designation of origin.

One of the strengths of Serbian viticulture is a wide spectrum of the varieties, and a strong breeder programme. There are around 50 newly created domestic varieties and many local and international varieties in use.

All of this confirms the importance of tackling this issue in Serbia, for reasons of harmonizing its standards with the standards of European Union.

## **Stakeholder analysis**

- **Ministry of Agriculture, Forestry and Water management (MAFWM)**

This Ministry is responsible for the developing and implementation of the policies of the specific fields. In the perspective of this project MAFWM will be the main stakeholder with direct responsibility in all segments of this project. This Ministry is divided in 5 sectors (Agrarian Policy and Analysis; Rural Development; Agrarian Implementation; Inspection Supervision Board and Legal Affairs) and 4 directorates (Veterinary; Plant Protection; Forestry and Water Management). Department for Primary Production and Processing and its part for Vine growing and wine production belong to the Sector of the Agrarian Policy and Analysis and they will directly participate in all segments of the project.

- **Hydro-meteorological Service**

The Hydro-meteorological Service as the most relevant climate research subject in the Republic will be included in the project as the main supplier of climate data for the past years for all vineyard regions.

- **Republic Geodetic Authority**

Cadastral data for the entire country and for vineyard regions are settled in the Republic Geodetic Authority. The expert personnel from RGA are already included in ongoing Twinning project for vine growers and vineyard register. It will be main supplier of parcels data basis for vineyard regions.

- **Institute of Soil Science - Topcider**

As the most eminent institute for soil analysis in Serbia, its role in this project will be the analysis of physicochemical characteristics of soil in vineyard regions. It is strongly connected with agricultural practice in which the experts give suggestions and recommendations for all types of farmers and vine growers, too. The rich experience of this Institute will serve directly for the appropriate zoning and qualitative analysis of soil.

- **Faculty of Agriculture - Zemun, Belgrade**

This educational-research institution has a long tradition (founded in 1918). The Faculty has the Department for Viticulture, Department for Agro food Technology (including wine) and the Department for Soil Melioration that employs several of the most eminent experts in ampelography, wine technology and soil in the region. They frequently participate in all important projects in the country. The Faculty owns Experiment Station "Radmilovac", located near Belgrade that has the appropriate facilities for vine and wine examination.

- **Faculty of Agriculture - Novi Sad**

Faculty in Novi Sad (founded in 1954) represents strong scientific agricultural pillar in the northern part of Serbia well known as Vojvodina, the most developed agricultural region with predominantly crops structure but there are settled 3 vineyards regions with strong vine growing and wine making tradition. Eminent experts from this Faculty will participate in common strategy making but its main role will be implementing of all segments of the project

in Vojvodina. Under the Faculty ownership there are head research department for viticulture and vine production and main variety testing centre in Sremski Karlovci which is handling with hugest vine collection vineyard in Serbia.

- **Viticulture and Wine production Center - Nis**

This scientific-research centre represent a “driving wheel” of viticulture and wine-making sector of south-part of Serbia and entire country as well (Nis – administrative centre of south part of Serbia). Modern oenological laboratories are under the build up phase. Staff in this laboratory which is capable to answer to all modern needs of contemporary chemical wine analysis gives a great opportunity for establishing a real wine and vineyard institution in South part of Serbia. Also, they handle with vineyard’s test surfaces for examination of grape varieties. In a nutshell, this institution has strong personnel and equipment capacity which will be put as main tool in zoning strategy making in this project for south eastern part of Serbia.

- **Agricultural Stations**

Role of these extension services in agricultural life in Serbia is mainly based on advisory and consultation services. Each district in Serbia has minimum one Agricultural Station. They will be constantly available for project management. The communication between MAFWM and Agricultural Stations in ongoing period has two-way streams character. This kind of communication plays an essential role in this project because it represents a linkage between project management team and the final beneficiaries – Vine Growers and Wine Producers.

They play very important role in controlling wine with designation of origin. Some of them are potential candidates for Official Controlling Organizations depending of their geographical positioning.

- **Associations of grapes and wine producers and NGOs**

Associations of grapes and wine producers are non-profit organizations assembled around their own interests for reaching new knowledge in the sector; communication with institution; exchange of experience and good practice etc. Around 40 associations of grapes and wine producers are spread over the country.

In Serbia there are around 210 NGOs and their role in the society is getting bigger and stronger every day. Most of them are organized on local level and deal with promotion of local heritage (including wine and other beverages). Almost every municipality in Serbia has several NGOs that have experience in performing “globally and locally” and with promotion of local values.

Including these NGOs is very important because they represent an excellent initial nucleus for further well known Local Action Groups – (fourth axe of second pillar of European CAP). Their role can be in terms of media campaign for project promotion.

### **3.2. Assessment of project impact, catalytic effect, sustainability and cross border impact**

With a new (updated) viticulture zoning and future system of designation of origin of wine Serbian wine producers will benefit in added value of their products and will be able to cover costs for controlling by the control organizations.

The costs for data necessary for establishing new (updated) viticulture zoning (such as climate, soil analysis data etc.) represent one-shot costs and will not be cause costs in the future.

The project is put on the “List of the needs of the Republic of Serbia for international aid in the period 2008-2010” and has strong Governmental support.

Vine-growing and wine-production sector is evaluated as one of the priorities within the Ministry of Agriculture, Forestry and Water Management, which came as the result of assistance of the Ministry of Agriculture to viticulture and oenology through numerous regulations and measures for promotion of development of viticulture and oenology. The draft Law on Wine and sub-legal acts based on that law are expected to be adopted in 2009. This will provide a legal basis for establishing new Viticulture Zoning and transforming the system of control of wine with a designation of origin in the Republic of Serbia. The legal acts in question will be completely aligned with EU legislation and the measures of support implemented by the Ministry will be aimed precisely at transforming the sector with the aim of adjusting to EU standards and to the reform of the Wine Sector in the EU.

This project would create a Department for Viticulture and wine production and oenology that would be financed from the budget of the Republic of Serbia.

Some of the results of the Project would be a "Guide" (Instructions Book) for the geographical origin of wine, which will emerge from the new Zoning, instructions for the technology of growing the recommended varieties of vine based on new zones and viticulture areas, and the production of wine with designation of origin specific for each zone and viticulture area.

After establishing new zoning and new system of control of designation of origin of wine adjusted to small wine cellars, it will be necessary to conduct a micro-zoning for each area and determine locations where best quality wine can be produced. Also, it is necessary to work on promotion of specific wines in determined zones and educate producers and consumers about uniqueness and specificity of such wines, together with promotion of other local values of the zoned areas.

The representatives of control organizations will, on the seminars about control of designation of origin of wine in the EU, get familiar with the way of its control in the EU and transmit their knowledge to other employees in control organizations.

Participation of other institutions in project training activities:

- Ministry of Agriculture, Forestry and Water Management
- Controlling organizations
- Hydro-meteorological Service
- Republic Geodetic Authority
- Institute for the Development of Water Resources "Jaroslav Cerni"
- Institute of Soil Science "Topcider"
- Faculty of Agriculture Zemun
- Faculty of Agriculture Novi Sad
- Centre for Viticulture and Oenology Nis

Finally, this project has significant cross border impact. Through convergence of Serbian system of wine production and control towards EU system, Serbian wine would become identified and acceptable on European market. In this way, by harmonizing standards, trade relations would be easier. Also, as part of new CEFTA agreement with other countries of the region, this project could contribute to improved quality and competitiveness of Serbian wine sector. As a consequence, this could lead even to a broader impact on the countries of the region for an international cooperation in improvement and promotion of the wines coming from the region of South-eastern Europe or Western Balkan (promotion of *Proles Pontica* – *Subconvaretas Balcanica* vine varieties).

### 3.3 Results and measurable indicators:

1. Created Department for vine-growing and wine-production within MAFWM based on the new systematisation, and established sustainable capacities for creating new viticulture zoning and a system for control of wine with designation of origin production.

- Creation of draft version of new systematisation for MAFWM and send to the Government
- Rule book on systematisation of the MAFWM staff adoption by the Government
- Increase in number of employees in vine - growing and wine – production department

2. Completed and analyzed relevant data and created a draft for viticulture zoning and control of wine with designation of origin production

- Creation of gradual components (Elaborates) of viticulture zoning and a system of control of wine with designation of origin production
- Creation of draft versions for viticulture zoning and control of wine with designation of origin production

3. Created and adopted regulations for Serbia which are in accordance with regulations of EU and OIV (the International Organization for Vine and Wine)

- Adoption of two sub-legal acts by the Government of the Republic of Serbia:
  - a) Rule book on the viticulture zoning, and
  - b) Rule book on control of wine with designation of origin production

4. Re-organisation and restructuring of working procedures and activities of organisations who take part in the process of controlling the production of wine with designation of origin

- Emergence of internal changes within control organisations in terms of changed procedures and improved human capacities
- Documentation on the realized tenders and public procurements

### 3.4 Activities:

**Result 1:** Created Department for vine-growing and wine-production within MAFWM based on the new systematisation, and established sustainable capacities for creating new viticulture zoning and a system for control of wine with designation of origin production.

1.1. Adopting the proposal for a new classification of posts in MAFWM

1.2 Hiring new employees

1.3. Organizing seminars and training courses for MAFWM staff **in Serbia** with an aim to improve capacities for creating new viticulture zoning and system for controlling the production of wine with designation of origin

1.4. Organizing seminars and training courses for MAFWM staff through study tours **in EU countries** with an aim to improve capacities for creating new viticulture zoning and system for controlling the production of wine with designation of origin

1.5. Technical support to the Department for vine-growing and wine-production

**Result 2:** Completed and analyzed relevant data and created a draft for viticulture zoning and control of wine with designation of origin production

2.1. Forming an official National Committee for viticulture zoning and official National Committee for designation of origin of wine consisting of MAFWM representatives and stakeholders

2.2. Introducing viticulture zoning and the system for controlling the production of wine with designation of origin **in EU** to the members of the project team

2.3. Data collecting, analyzing and processing

2.3.1. Gathering and both mathematical and statistical processing and analyzing of climatic and meteorological data by the Republic Hydro-meteorological Service of Serbia, and Faculties of Agriculture from Zemun and Novi Sad

2.3.2. Gathering and both mathematical and statistical processing and analyzing of data on physical and chemical analysis of soil by the Institute for soil science –Topcider, Institute for the development of water resources “Jaroslav Cerni” and Faculties of Agriculture from Zemun and Novi Sad

2.3.3. Analysis of land data and soil maps of the Republic of Serbia by Faculties of Agriculture from Zemun and Novi Sad

2.3.4. Analysis of vineyards surfaces, assortments, age structure of vineyards, grape production and yield per acre and other data from the Vineyard Register

2.3.5. Analyzing of data on processing and quality of grapes, ways of wine production, average contents of sugar and acids for each particular sorts, processing capacities and specific qualities of the production from the Wine Register

2.4. Analysing potential producers of wine with designation of origin and potential future wines with designation of origin in frame of capacities for future viticulture zoning

2.5. Drafting a Proposal for new viticulture zoning by the Faculties of Agriculture from Zemun and Novi Sad

2.6. Reviewing and verifying the Proposal for the Draft and making a Draft for new viticulture zoning, by the Working Group

**Result 3:** Created and adopted regulations for Serbia which are in accordance with regulations of EU and OIV (the International Organization for Vine and Wine)

3.1. Forming working groups for creating a Rule book on controlling the production of wine with designation of origin

### 3.2. Consulting local and international experts

3.2.1. Getting familiar with legal regulations on viticulture zoning and functioning of the system for controlling designation of origin of wine in EU

3.2.2. Analysing the current situation concerning legal regulations on viticulture zoning and functioning of the system for controlling designation of origin of wine in Serbia

3.2.3. Making consultations with local experts about the necessities and possibilities to change the existing legal regulations on viticulture zoning and the functioning of the system for controlling designation of origin of wine in Serbia

### 3.3. Work on creation of sub-legal Acts and regulations

3.3.1. Gathering legislative material

3.3.2. Considering proposals given by international experts

3.3.3. Drafting sub-legal Acts

3.3.4. Handing in the Draft of sub-Acts to the Minister, i.e. relevant legislative office in the Ministry

3.3.5. Adoption by the Government

3.3.6. Publishing in the Official Gazette and coming into force of the adopted sub-Acts

**Result 4:** Re-organisation and restructuring of working procedures and activities of organisations who take part in the process of controlling the production of wine with designation of origin

4.1. Analyzing of the situation concerning the control of designation of origin of wine

4.2. Identifying prospective controlling organizations

4.3. Forming special units within the chosen controlling organizations that would exclusively control the production of grapes and wine with designation of origin

4.4. Acquainting the members of the newly formed units of controlling organizations with the system for controlling the production of wine with designation of origin of wine in EU, and considering the possibility of harmonizing our system with the EU requirements

4.5. Creating a Protocol on controlling the production of wine with designation of origin by MAFWM, intended for organizations that will control the production of wine with designation of origin

4.6. Technical equipping of controlling organisations, including both instruments for control of wine with designation of origin and equipment for viticulture micro-zoning, which would be a good tool for checking and evaluation of achieved results through viticulture zoning.

#### **Contracting Arrangement:**

The project will be implemented through one twinning contract and one supply contract.

### **3.5 Conditionality and sequencing:**

#### **Conditionality**

Zoning implies determining boundaries of vineyard areas (regions, specified regions for quality wines and specified sub-regions for quality wines) where it is allowed to grow grapes allowed for production of wine with protected geographical origin, as well as determining the assortments of vine in the specified area. Each region, specified region for quality wines and specified sub-region for quality wines represents a geographical area with emphasized climatic, soil and other conditions for vine growing that differ from each other to such extent that they make the difference in presence of vine varieties, yields and quality of grapes and wine. The information for zoning is drawn from the Vineyard Register; therefore, the Register is essential for zoning, which undoubtedly indicates their interconnection and mutual conditioning.

The responsibility for establishing and functioning of the Vineyard Register and Wine Register lies within the Ministry of Agriculture, Forestry and Water Management who works in collaboration with the Ministry of Finance, more specifically with its branches of Treasury Department. These branches will simultaneously carry out the renovation of the Farm Register and the registration of producers of grape in the Vineyard Register and Wine Register.

#### **Sequencing**

The sequencing of activities should be organized consistently, in order to respect logical sequence and timetable of realization of project activities and in order to achieve that each project activity represents a necessary condition for the following activity.

In order to respect such sequencing, the first group of activities is aimed at establishing and capacitating human resources for successful realization of the project within the Ministry of Agriculture, Forestry and Water Management – Section for Vine-growing and Wine production.

The second group of activities must regulate and organize the completion and analyzing of the necessary data for making the draft of zoning and control of production of wine with geographical origin, and based upon that, elaborate the above-mentioned drafts.

The third group of activities is aimed at elaborating, adopting and publishing of legal acts, namely – a set of rules for zoning of vine growing and a set of rules for the control of production of wine with geographical origin according to the legislation of the EU and OIV.

Finally, the fourth group of activities regulates and implements the activities aimed at restructuring the work of control organizations and systems of control of geographical origin of wine. It also enables them for this work in sense of human capacities as well as technical capacities, giving them also the instrument for evaluation of established viticulture zoning through some initial activities on viticulture micro-zoning.

### **3.6 Linked activities**

EAR has supported the twinning project „Capacity Building for the Regulation of the Serbian Wine Sector“ under CARDS 2005 programme, which implements Regional Ministry of Agriculture and Economic Development, La Rioja - Spain.

This project provides support for strengthening the capacity of the Ministry of Agriculture, Forestry and Water Management to align the regulation of the wine sector in accordance with the provisions of the *acquis communautaire*. It foresees a creation of a new Law on wine as a base for future viticulture zoning, control of Register and designation of origin according to EU standards, which should be treated by this (IPA) project.

The MAFWM has requested EU support for assistance in developing an integrated system for monitoring and management of wine production, including appropriate alignment

with the requirements of the *acquis communautaire* and a legal plan for progressive alignment and adoption of the *acquis* in the sector as a whole.

Project foresees, among other things, the establishing of the Vineyard Register aligned with EU-requirements, thereby to improve the wine quality in general and the system of recognition of quality wine with designation of origin in particular by including cadastre connected declaration forms. Register data is necessary for the zoning.

The twinning project establishes the work of State Laboratory according to the standards of the EU, as well as the official organizations authorized for the analysis and control of the quality of wine at the highest state level.

Partial equipping and training of the employees in 5 controlling organizations is made on a regional level with the aim to fulfil the conditions for establishing a system of control of geographical origin of wine and the analysis of such wines where the above-mentioned State national reference laboratory would supervise wine analysis carried out by 5 controlling organizations.

### **3.7 Lessons learned**

During the project “Capacity Building for Regulation of Serbian Wine Sector”, currently being implemented in the Ministry of Agriculture, Forestry and Water Management and during the preparations for making Vineyard and Wine Register and legal alignment, we have concluded that it is necessary to make new zoning and harmonize wine designation in accordance with the quality and zones of production, to the European Union’s. During the project we have also detected the deficiencies of the current system of control of production of wine with geographical origin and the technical inabilities for rigorous monitoring of consistency in production of grapes and wine. Therefore, the current state requires additional regulating trough this project.

During preparation for the establishing of the above-mentioned registers we have learnt about the importance of varieties, the ways of growing certain varieties and ways of production of wine for determined areas as well as specific wines obtained from them. We have also realized the importance of geographical origin as one of the kinds of intellectual property in agriculture and protection of areas with geographical origin as an opportunity for promotion and development of those zones – rural areas.

#### 4. Indicative Budget (amounts in €)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c) +(d)	EUR (b)	% (2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1												
contract 1.1	x		850.000	850.000	100							-
Activity 2												
contract 1.2		x	350.000	350.000	100							-
.....												
TOTAL IB			850.000	850.000	100							
TOTAL INV			350.000	350.000	100							
<b>TOTAL PROJECT</b>			<b>1.200.000</b>	<b>1.200.000</b>	<b>100</b>							

Amounts net of VAT

(1) In the Activity row use "X" to identify whether IB or INV

(2) Expressed in % of the **Total** Expenditure (column (a))

## 5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.	T + 1Q	T + 4Q	T + 12Q
Contract 2.	T + 1Q	T + 4Q	T + 12Q

## 6. Cross cutting issues

### 6.1 Equal Opportunity

Gender equity

- The establishing of Vineyard Register would channel the production and help the previously indecisive population opt for more serious production of grapes, whether aimed at selling to wineries, or independent processing and production of wine. Support to development of vine and wine sector through subventions and other incentives will result in increase of production and sales in this field, as well as in increase of the level of standard of the employees in this sector. It opens the possibility for extending the vine-wine industry to wine tourism, within or outside rural tourism, through which local food, local traditional handicrafts, traditional manifestations related to that area, like village "slavas", fairs, celebrations, etc. would also find their place. The existence of wide range of activities that emerge from upgrading and as the consequence of strengthening of vineyard and wine sector opens the opportunity for employment and inclusion of larger number of women. Women are generally more entrepreneurial and innovative regarding works aimed at organizing celebrations and teamwork. Furthermore, they are the carriers of the primal message transmitted through traditional handicrafts to the new generations.

### 6.2 Environment

- The establishing of the Vineyard Register will bring, on one hand, the precise information about the existing vineyard surface and establish a basis for further development of the strategy of the sector, and on the other hand, through awarded means in subventions, it will contribute to stronger opting of producers and investors for future investing in this sector. As the consequence of the above-mentioned, in the years to come we expect the increase of vineyard surface, which gives a specific and typical look to traditional vineyard areas, which will attract more tourists and enable local village population have an additional source of income. In achieving the goal of keeping and increasing these financial means, a clean, tidy and above all healthy environment is a very important factor and represents a common interest, which could cause the engagement of a greater part of the local community.

### 6.3 Minorities

- Vine growing and wine production in Serbia also involves minorities, especially in the Subotica-Horgos, Vrsac and Timok areas, represented mostly by Hungarians, Romanians, Slovaks, Croatians etc.

Project title		Overall budget	
Capacity Building and Technical Support to Renewal of Viticulture Zoning and Control of Production of Wine with Designation of Origin		<b><u>1.200,000 €</u></b>	
Overall objective	Objectively measurable indicators	Verification sources	
Strengthening of vine-growing and wine-producing sector in Serbia through harmonization with the EU standards	<ul style="list-style-type: none"> <li>• % increase in surfaces under vineyards in Serbia</li> <li>• % increase of domestic wine consumption per capita in Serbia</li> <li>• % increase in production of wines with designation of origin in Serbia</li> <li>• % increase of Serbian wine export into EU</li> </ul>	<ul style="list-style-type: none"> <li>• Data from the Viticulture Register and Register of Wine producers</li> <li>• Monthly reports of the State Statistics Institute</li> <li>• Quarterly reports of the State Statistics Institute</li> <li>• Several months of reporting and analyses by SIEPA (Serbian Investment and Export Promotion Agency)</li> <li>• Monthly data from Customs offices on the export of wine</li> </ul>	<ul style="list-style-type: none"> <li>• Signing the Stabilisation and Association Agreement (SAA) and gaining status of candidate country for EU membership</li> <li>• Possibilities of using IPARD funds</li> <li>• Adopting a new Strategy for agriculture</li> </ul>
Purpose of the project	Objectively measurable indicators	Verification sources	Assumptions
Establishing new viticulture zoning and a system for control of wine with designation of origin production	<ul style="list-style-type: none"> <li>• Increase in number of participants in the system of wine with designation of origin production</li> <li>• Increase in production of high quality and quality wines per</li> </ul>	<ul style="list-style-type: none"> <li>• Data from the Viticulture Register and Register of Wine producers</li> <li>• MAFWM database on all the permits for charging and marketing of wines with designation of origin</li> </ul>	<ul style="list-style-type: none"> <li>• Forming the National society of vine-growers and wine producers</li> </ul>
Results	Objectively measurable indicators	Verification sources	Assumptions

<p>1. Created Department for vine-growing and wine-production within MAFWM based on the new systematisation, and establishing sustainable capacities for creating new viticulture zoning and a system for control of wine with designation of origin production</p> <p>2. Completed and analyzed relevant data and created a draft for viticulture zoning and control of wine with designation of origin production</p>	<ul style="list-style-type: none"> <li>• Creation of draft version of new systematisation for MAFWM and send to the Government</li> <li>• Rule book on systematisation of the MAFWM staff adoption by the Government</li> <li>• Increase in number of employees in vine - growing and wine – production department</li> <li>• Creation of gradual components (Elaborates) of viticulture zoning and a system of control of wine with designation of origin production</li> <li>• Creation of draft versions for viticulture zoning and control of wine with designation of origin production</li> </ul>	<ul style="list-style-type: none"> <li>• Official Gazette of the Republic of Serbia</li> <li>• Elaborate on soil and climatic characteristics of Serbia</li> <li>• Elaborate on traditional vineyard areas of Serbia and their vine varieties</li> <li>• Draft versions of viticulture zoning and protocol on controlling the production of wine with designation of origin</li> <li>• Report of the working group for passing a sub-legal Act on viticulture zoning and control of wine with designation of origin production</li> </ul>	<ul style="list-style-type: none"> <li>• Continuation of agrarian policy reforms in the sector of vine-growing and wine production at Ministerial level</li> <li>• Adoption of Strategy for vine-growing and wine-production</li> </ul>
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<p>3. Created and adopted regulations for Serbia which are in accordance with regulations of EU and OIV (the International Organization for Vine and Wine)</p> <p>4. Re-organisation of working procedures and activities of organisations who take part in control process of wine with designation of origin production and their technical equipping</p>	<ul style="list-style-type: none"> <li>• Adoption of two sub-legal acts by the Government of the Republic of Serbia: <ul style="list-style-type: none"> <li>a) Rule book on the viticulture zoning, and</li> <li>b) Rule book on control of wine with designation of origin production</li> </ul> </li> <li>• Emergence of internal changes within control organisations in terms of changed procedures and improved human capacities</li> <li>• Documentation on the realized tenders and public procurements</li> </ul>	<ul style="list-style-type: none"> <li>• Official Gazette of the Republic of Serbia</li> <li>• New acts, forms and other documents of control organisations</li> <li>• Reports on activities of the project partners after each seminar, meeting, specialised excursions, consultations etc. and list of participants with signatures</li> <li>• Bills of the suppliers for the delivered goods</li> </ul>	<ul style="list-style-type: none"> <li>• Stable political and economic conditions suitable for investing into vine-growing and wine production</li> </ul>
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Activities	Means	Expenses	Assumptions
<p>1.1. Adopting the proposal for a new classification of posts in MAFWM</p> <p>1.2. Hiring new employees</p> <p>1.3. Organising seminars and training courses for MAFWM staff in Serbia with an aim to improve capacities for creating new viticulture zoning and system for control the of wine with designation of origin production</p> <p>1.4. Organising seminars and training courses for MAFWM staff through study tours in EU countries with an aim to improve capacities for creating new viticulture zoning and system for control of wine with designation of origin production</p> <p>1.5. Technical support to the Department for vine-growing and wine-production</p>	<p><u>Activity 1</u></p> <ul style="list-style-type: none"> <li>• Procedure of job announcement and selection of new employees</li> <li>• Adoption of list of MAFWM staff who are members of the project team</li> <li>• Seminars and training courses for MAFWM staff in Serbia that are to be delivered by international experts (6)</li> <li>• Seminars and training courses for MAFWM staff in Serbia that are to be delivered by local experts (6)</li> <li>• Study tours for MAFWM staff (4 trips)</li> </ul>	<p><b><u>Twining: 850,000 euro</u></b></p> <p><b><u>Supply contract: 350,000euro</u></b></p> <p><b><u>Grand total: 1,200,000 euro</u></b></p>	<ul style="list-style-type: none"> <li>• Placing Serbia onto the “white” Schengen list for reasons of simpler travel to EU countries and avoiding complex procedure of acquiring VISA</li> </ul>

<p>2.1. Forming an official National Committee for viticulture zoning and official National Committee for designation of origin of wine consisting of MAFWM representatives and stakeholders</p>	<p><u>Activity 2</u></p> <ul style="list-style-type: none"> <li>• Decision of MAFWM on forming the National Committees</li> <li>• List of controlling organisations and a number of people participating in the project</li> <li>• List of weather reporting stations and the number of people participating in the project</li> <li>• List of people working in the Institute for development of water resources “Jaroslav Cerni” and in the Institute for soil science -</li> </ul>		
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<p>2.2. Introducing viticulture zoning and the system for controlling the production of wine with designation of origin in EU to the members of the project team</p>	<p>Topcider who participate in the project</p> <p>Capacity Building of the members of the project team with the help of local and international experts through:</p> <ul style="list-style-type: none"> <li>• Review of the existing procedures and organisation through seminars and training courses in Serbia, delivered by international experts (6)</li> <li>• Seminars and study tours in EU countries (6)</li> <li>• Support in work</li> <li>• Providing advisory services and recommendations</li> </ul>		
<p>2.3. Data collecting, analysing and processing</p> <p>2.3.1. Gathering and both mathematical and statistical</p>	<ul style="list-style-type: none"> <li>• Acquiring meteorological and climatic data on the territory of the Republic of Serbia</li> <li>• Elaborating on climatic</li> </ul>		

<p>processing and analyzing of climatic and meteorological data by the Republic Hydro-meteorological Service of Serbia, and Faculties of Agriculture from Zemun and Novi Sad</p> <p>2.3.2. Gathering and both mathematical and statistical processing and analyzing of data on physical and chemical analysis of soil by the Institute for soil science – Topcider, Institute for development of water resources “Jaroslav Cerni” and Faculties of Agriculture from Zemun and Novi Sad</p> <p>2.3.3. Analysis of land data of the Republic of Serbia by Faculties of Agriculture from Zemun and Novi Sad</p>	<p>characteristics of Serbia with regard to vine growing demands</p> <ul style="list-style-type: none"> <li>• Results of physical and chemical analyses of the soil, grapes and wine</li> <li>• Elaborating on soil characteristics which have been analysed</li> <li>• Acquiring soil maps of the Republic of Serbia</li> </ul> <ul style="list-style-type: none"> <li>• Acquiring cadastre and ortho-photo maps of the Republic of Serbia</li> </ul>		
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<p>2.3.4. Analysis of vineyards surfaces, assortments, age structure of vineyards, grape production and yield per acre and other data from the Vineyard Register</p> <p>2.3.5. Analyzing of data on processing and quality of grapes, ways of wine production, average contents of sugar and acids for each particular sorts, processing capacities and specific qualities of the production from the Wine Register</p> <p>2.4. Analysing potential producers of wine with designation of origin and potential future wines with designation of origin in frame of capacities for future viticulture zoning</p>	<ul style="list-style-type: none"> <li>• Updating, extracting and processing data from Vineyard Register</li>   <li>• Updating, extracting and processing data from the Wine Register</li>   <li>• Designing and announcing a Regulation on improving the production of wine with designation of origin by MAFWM where producers of wines with designation of origin are eligible to subsidies</li> </ul>		
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<p>2.5. Drafting a Proposal for new viticulture zoning by the Faculties of Agriculture from Zemun and Novi Sad</p> <p>2.6. Reviewing and verifying the Proposal for the Draft and making a Draft for new viticulture zoning, by the official National Committee for viticulture zoning</p> <p>3.1. Forming working groups for creating a Rule book on controlling the production of wine with designation of origin</p> <p>3.2. Consulting local and international experts</p>	<ul style="list-style-type: none"> <li>• Contracts with the Faculties</li> <li>• National Committee working meeting which result in reviewed and refined Draft version of new viticulture zoning</li> </ul> <p><u>Activity 3</u></p> <ul style="list-style-type: none"> <li>• Decision on forming working groups</li> </ul> <p>Capacity Building of members of working groups with the help from local and international experts through:</p> <ul style="list-style-type: none"> <li>• The review of the existing</li> </ul>		
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<p>3.2.1. Getting familiar with legal regulations on viticulture zoning and functioning of the system for control of wine with designation of origin production in EU</p> <p>3.2.2. Analysing the current situation with international experts concerning legal regulations on viticulture zoning and functioning of the system for control of wine with designation of origin production in Serbia</p> <p>3.2.3. Making consultations with local experts about the necessities and possibilities to change the existing legal regulations on viticulture zoning and the functioning of the system for control of wine with designation of origin production in Serbia</p> <p>3.3. Work on creation of sub-legal Acts and regulations</p> <p>3.3.1. Gathering legislative material</p>	<p>situation and EU regulations through seminars and training courses in Serbia, to be carried out by international experts</p> <ul style="list-style-type: none"> <li>• Seminars and study tours in EU countries</li> <li>• Support in work</li> <li>• Providing consultancy and recommendations</li> </ul> <ul style="list-style-type: none"> <li>• Local experts' services</li> </ul> <ul style="list-style-type: none"> <li>• Public discussion with the professionals, producers and relevant institutions involved in the creation of the Rule book</li> <li>• Meetings and internal work of the working group</li> </ul>		<ul style="list-style-type: none"> <li>• Adopting the Law on Wine as a legal framework for passing sublegal Acts and regulations concerning the viticulture zoning of vine-growing and controlling of the production of wine with designation of origin</li> </ul>
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<p>3.3.2. Considering proposals given by international experts</p> <p>3.3.3. Drafting sub-Acts</p> <p>3.3.4. Handing in the Draft of sub-Acts to the Minister, i.e. relevant legislative office in the Ministry</p> <p>3.3.5. Adoption by the Government</p> <p>3.3.6. Publishing in the Official Gazette and coming into force of the adopted sub-Acts</p> <p>4.1. Analyzing the situation concerning the control of wine with designation of origin production</p> <p>4.2. Identifying prospective control organizations</p>	<p><u>Activity 4</u></p> <ul style="list-style-type: none"> <li>• Use of reports of controlling organizations and a document of analysis done by the Department for vine-growing and wine production</li> <li>• Use of lists of previous organizations authorized to control the production of grapes and wine with designation of origin for initial identification</li> <li>• Competition for authorisation of new control organizations</li> <li>• Internal Acts of organisations</li> </ul>		<ul style="list-style-type: none"> <li>• Desirable reaction and answer of public opinion, producers, trade chains etc on this project</li> </ul>
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<p>4.3. Forming special units within the chosen control organizations that would exclusively control the production of grapes and wine with designation of origin</p> <p>4.4. Acquainting the members of the newly formed units of control organizations with the system for controlling the production of wine with designation of origin in EU, and considering the possibility of harmonizing our system with the EU requirements</p> <p>4.5. Creating a Protocol on controlling the production of wine</p>	<p>within control organisations</p> <p>Capacity Building of members of newly formed units of control organizations with the help of international experts through:</p> <ul style="list-style-type: none"> <li>• Review of the existing procedures and organization through seminars and training courses in Serbia, to be carried out by international experts (6)</li> <li>• Seminars and study tours in EU countries</li> <li>• Support in work</li> <li>• Giving advice and recommendations for the organisation and system of work</li> </ul> <ul style="list-style-type: none"> <li>• Preparation of technical specification for the necessary gear and equipment and other tender documentation</li> </ul>		
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<p>with designation of origin by MAFWM, intended for organizations that will control the production of wine with designation of origin</p> <p>4.6. Technical equipping of control organisations, including equipment for viticulture micro-zoning</p>	<ul style="list-style-type: none"> <li>• A tender or public procurement for acquiring technical equipment (terrain vehicles, terrain samplers, lab devices for fast wine analysis, mini weather reporting stations, <i>GPS</i> devices, digital cameras, lap-tops with accompanying software and hardware equipment, desk-top computers with accompanying software and hardware equipment)</li> </ul>		
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			<b>Pre-conditions</b>
			<ul style="list-style-type: none"><li>• Establishing the Vineyard Register and Wine Register</li></ul>

**ANNEX II** Amounts contracted and Disbursed per Quarter over the full duration of Programme

<b>Contracted</b>	QR1	QR2	QR3	QR4	QR5	QR6	QR7	QR8	QR9	QR10	QR11	QR12	<b>Total</b>
Contract 1.				850,000									<b>850,000</b>
Contract 2.				350,000									<b>350,000</b>
<b>Cumulated</b>				<b>1,200,000</b>									<b>1,200,000</b>
<b>Disbursed</b>	QR1	QR2	QR3	QR4	QR5	QR6	QR7	QR	QR9	QR10	QR11	QR12	<b>Total</b>
Contract 1.				85,000		191,250		191,250		191,250		191,250	<b>850,000</b>
Contract 2.				157,500				157,500			35,000		<b>350,000</b>
<b>Cumulated</b>				<b>242,500</b>		<b>433,750</b>		<b>782,500</b>		<b>973,750</b>	<b>1,008,750</b>	<b>1,200,000</b>	<b>1,200,000</b>



## **ANNEX III**

### **Description of Institutional Framework**

- **National Assembly and Government**

According to the constitution of Republic of Serbia, Constituent and legislative power is vested in the National Assembly and executive power is vested in the Government. Government prescribes laws and other regulations, and is responsible to the National Assembly.

The ministries implement the laws and other regulations and general enactments of the national Assembly and the Government, as well as the general enactments of the President of the Republic, shall decide in administrative matters, and carry out the supervision to other administrative business as provided by law. Ministries are independent in exercising their competence as specified by the Constitution and law (Article 94 of the Constitution of Republic of Serbia).

In this moment there are 22 Ministries in Serbia.

- **Ministry of Agriculture, Forestry and Water management (MAFWM)**

This Ministry is responsible for the developing and implementation of the policies of the specific fields. It establishes legal and financial framework as well as main directives for future development agriculture. This Ministry is divided in 5 sectors (Agrarian Policy and Analysis; Rural Development; Agrarian Implementation; Inspection Supervision Board and Legal Affairs) and 4 directorates (Veterinary; Plant Protection; Forestry and Water Management). Department for Primary Production and Processing and its part for Vine growing and wine production belong to the Sector of the Agrarian Policy and Analysis.

- **Department for agricultural inspection for alcohol, alcohol drinks and non - alcoholic beverages**

This department is part of Sector on Inspection Supervision Board. Among others, its role is control and supervision of control organisations and their work as well as conditions for wine production, quality of wine on market, documentation keeping etc.

- **Agricultural Stations**

Role of these extension services in agricultural life in Serbia is mainly based on advisory and consultation services. Each district in Serbia has minimum one Agricultural Station. They will be constantly available for project management. The communication between MAFWM and Agricultural Stations in ongoing period has two-way streams character. This kind of communication plays an essential role in this project because it represents a linkage between project management team and the final beneficiaries – Vine Growers and Wine Producers.

They play very important role in controlling wine with designation of origin. Some of them are potential candidates for Official Controlling Organizations depending of their geographical positioning.

- **Control organisations for production of wine with designation of origin**

Based upon the authorization of the MAFWM, several state or publicly owned Control organizations, accredited for grapes and wine quality control, are conducting the control of designation of origin. Based upon their report on grape and wine production, MAFWM issues a decision on approval for filling and marketing certain quantities of certain wines.

- **Faculty of Agriculture - Zemun, Belgrade**

This educational-research institution has a long tradition (founded in 1918). The Faculty has the Department for Viticulture, Department for Agro food Technology (including wine) and the Department for Soil Melioration that employs several of the most eminent experts in ampelography, wine technology and soil in the region. They frequently participate in all

important projects in the country. The Faculty owns Experiment Station "Radmilovac", located near Belgrade that has the appropriate facilities for vine and wine examination.

- **Faculty of Agriculture - Novi Sad**

Faculty in Novi Sad (founded in 1954) represents strong scientific agricultural pillar in the northern part of Serbia well known as Vojvodina, the most developed agricultural region with predominantly crops structure but there are settled 3 vineyards regions with strong vine growing and wine making tradition. Eminent experts from this Faculty will participate in common strategy making but its main role will be implementing of all segments of the project in Vojvodina. Under the Faculty ownership there are head research department for viticulture and vine production and main variety testing centre in Sremski Karlovci which is handling with hugest vine collection vineyard in Serbia.

- **Viticulture and Wine production Center - Nis**

This scientific-research centre represent a "driving wheel" of viticulture and wine-making sector of south-part of Serbia and entire country as well (Nis – administrative centre of south part of Serbia). Modern oenological laboratories are under the build up phase. Staff in this laboratory which is capable to answer to all modern needs of contemporary chemical wine analysis gives a great opportunity for establishing a real wine and vineyard institution in South part of Serbia. Also, they handle with vineyard's test surfaces for examination of grape varieties. In a nutshell, this institution has strong personnel and equipment capacity which will be put as main tool in zoning strategy making in this project for south eastern part of Serbia.

## **ANNEX IV**

### **Reference to laws, regulations and strategic documents:**

#### **Laws, regulations**

##### *General:*

- Constitution of the Republic of Serbia
- Law for the Implementation of the Constitution of the Republic of Serbia
- National Strategy for Serbia and Montenegro's Accession to the European Union
- Action Plan for the Implementation of the European Partnership
- Poverty Reduction Strategy Paper (PRSP)
- Needs Assessment for International Assistance for the Republic of Serbia 2007-2009
- Multi-annual Indicative Planning Document 2007-09
- National strategy for Agriculture development
- Draft Agricultural Land Consolidation Strategy.

##### *Specific:*

- Law on wine and rakija (Official Gazette RS No. 70/94)
- Regulation on quality and other wine requirements (Official Gazette SRY No.54/99)
- Regulation on protection of geographical designation of wine and rakija (Official Gazette SRS No. 23/80)
- Regulation on viticulture zoning (Official Gazette SRS No. 50/77)
- Decision on viticulture zoning of Federative Republic of Yugoslavia (Official Gazette SRY No. 30/97) and
- Law on consumer protection (Official Gazette RS No. 79/05)

#### **Reference to AP /NPAA / EP / SAA**

##### **SAA:**

Within **draft SAA** there is “Protocol 2 on reciprocal preferential concessions for certain wines, the reciprocal recognition, protection and control of wine, spirit drinks and aromatised wine names”, which will be signed in generally in 2008.

Wines, falling under heading No 22.04 of the Harmonized System of the International Convention on the Harmonized Commodity Description and Coding System, done in Brussels on 14 June 1983, which have been produced from fresh grapes, originate from Serbia and have been produced in accordance with the rules governing the oenological practices and processes in conformity with the law of Serbia. These rules, governing the oenological practices and processes, shall be in conformity with the Community legislation.

According to conditions provided in Annex II, articles 2 and 4, both Parties shall, on the basis of non-discrimination and reciprocity, recognize, protect and control the names of products.

Our geographical designations that the EU will recognize will emerge directly from the new viticulture zoning and will be subject to control during the production of wine with designation of origin.

**EP:**

On 30<sup>th</sup> of January 2006, European Council has reached a “decision on the principles, priorities and conditions contained in the **European Partnership** with Serbia and Montenegro including Kosovo as defined by the United Nations Security Council Resolution 1244 of 10 June 1999 and repealing Decision 2004/520/EC”. This decision has been brought in order to identify renewed priorities for further work on the basis of the findings of 2005 Progress Reports on preparations made by Serbia and Montenegro and Kosovo (UNSCR 1244) for further integration with the European Union.

Within Annex of this document, it is stated under short term priorities that Serbia should make further sustained efforts to implement the reform of the public administration, to ensure transparent recruitment, professionalism and accountability; in particular strengthen the European integration structures at all levels (including with regard to line ministries and the parliaments). In addition to this, one of the requirement under European standards chapter is to align rules and regulations on standardisation, certification, and conformity assessment with the EU *acquis* to create conditions favorable to trade and to start with adoption of European standards. Furthermore, it is said that under agriculture and fisheries sector Serbia should “continue strengthening administrative capacity for policy formulation and implementation”.

It is a goal of this project to establish highly professional and sustainable administrative capacities within MAFWM for vine-growing and wine-production, which should essentially contribute to alignment with EU standards and regulations through this project and its other activities. It is certain that Department for vine-growing and wine-production will have significant role in formulation and implementation of policy compatible with *acquis communautaire*.

**Reference to MIPD**

European Union through documents of European partnership and Multi-annual Indicative Planning Document (MIPD) 2007-2009 for Serbia (COMMISSION DECISION C(2007)2497 of 18/06/2007) gives framework of the priorities for the financing by the EU through IPA program. In this document, under chapter 2.2.3 “European standards” it is remarked that main priorities and objectives in the field of agriculture and rural development should be support to development of capacities for adjustment of Agricultural and Rural Development policies to EU standards and to complete the transition to a market economy; increase the sector’s ability to meet external competition and adopt the *acquis communautaire*; develop capacities to implement EU food safety and quality standards; protection of intellectual property in agriculture and quality control of agricultural and processed products includes wine. Expand capabilities of the Food Chain Laboratories, including the upgrading of wine laboratories.

This IPA project would have as a result professional and sustainable department for vine-growing and wine-production capable to deal with forthcoming challenge of compliance with EU legislation and standards in this field. Furthermore, through improved environment for vine-growing and quality wine-production, it aims to increase the competitiveness of these products on European and Global market. Those wines, its names and geographical protection would be harmonized with EU requirements as it is stated in draft version of SAA.

#### **Reference to National Development Plan**

N/A

#### **Reference to national / sectoral investment plans**

In the National Strategy of Serbia (Agriculture Sector) for Serbia's Accession to the European Union is induced capacity building of the Ministry of Agriculture, Forestry and Water Management to harmonise legislative with EU, educating of agriculture policy and control of effectiveness of agricultural policy.

All elements of the National Strategy are connected with standards in wine sector and geographical designation of origin of wine. This IPA project would clearly contribute to achievement of this goal and fulfilment of National Strategy in Agricultural sector.

Within the scope of National Investment Plan (NIP) of Republic of Serbia for the year 2006 and 2007 Ministry of Agriculture, Forestry and Water Management applied for 4 projects in the field of vine-growing and wine production:

- "Equipping of an oenological laboratory according to the EU standards"
- "Functional re-parcelling of one farmland in the village Potrkanje from the vine growing area of Knjazevac, in order to create the conditions for growing vineyard plantation"
- "Formation of mother plantations of grapevine in Sremski Karlovci – Novi Sad, according to the requirements of certification scheme"
- "Grubbing up of vineyards contaminated with Grapevine *flavescence dorée* (*phytoplasma*)".

These projects are approved and in final phase of their implementation. Each one of them, from their aspect, has the objective to strengthen the Vine and Wine Sector. They represent an important advancement in Vine and Wine sector reforms, conducted by Ministry of Agriculture, Forestry and Water Management with the aim of harmonizing with EU legislation. In relation to the project of zoning, their objectives are narrowed to smaller number of direct users.

Oenological laboratory equipping would create conditions for wine analysis in compliance with EU standard, which will contribute to complied evaluation of quality and high quality wines and their equivalence with EU quality criteria.

Re-parcelling of farmland in order to create vineyard plantation is very significant since it is in territory of Eastern Serbia, traditionally oriented to viticulture and wine-production. This part of Serbia is among least develop regions of Serbia, and would benefit a lot from new, improved and adopted viticulture zoning.

Third NIP project in Sremski Karlovci – Novi Sad is significant for creation of certified propagation material for healthy, new plantations which would contribute in general to vine-growing and wine-producing sector, including wines with designation of origin.

Grubbing up of infected vineyards in last NIP project, which is implementing in viticulture area of Zupa, traditional and one of the oldest viticulture areas of Serbia. By compress the contamination in this area, new viticulture zoning could regain this region its celebrity and economic strength for which it has all natural preconditions.

## **ANNEX V**

### **Details per EU funded contract (\*) where applicable:**

### **Contract 1:**

It comprises the following activities

- 6 Seminars and training courses for MAFWM staff in Serbia that are to be delivered by international experts
- 6 Seminars and training courses for MAFWM staff in Serbia that are to be delivered by local experts
- 4 Study tours for MAFWM staff
- Review of the existing procedures and organisation through 6 seminars and training courses **in Serbia**, delivered by international experts
- 6 Seminars and study tours **in EU countries**
- Support in work
- Providing advisory services and recommendations
- Sampling and analysing vineyard soil
- Elaborating on soil characteristics which have been analysed
- Acquiring cadastre, soil and ortho-photo maps of the Republic of Serbia
- Processing combined cadastre, soil and ortho-photo data
- Drafting a Proposal for new viticulture zoning
- Reviewing and verifying the Proposal for the Draft and making a Draft for new viticulture zoning
- Getting familiar with legal regulations on viticulture zoning and functioning of the system for control of wine with designation of origin production in EU through 6 seminars and training courses in Serbia carried out by international experts
- Analysing the current situation with international experts concerning legal regulations on viticulture zoning and functioning of the system for control of wine with designation of origin production in Serbia through study tours and training courses in EU
- Consultations about the necessities and possibilities to change the existing legal regulations on viticulture zoning and the functioning of the system for control of wine with designation of origin production in Serbia
- Public discussion with the professionals, producers and relevant institutions involved in the creation of the Rule books on viticulture zoning and control of wine with designation of origin production
- Analyse the situation concerning the control of wine with designation of origin production
- Identify prospective control organizations
- Form special units within the chosen control organizations that would exclusively control the production of grapes and wine with designation of origin
- Acquaint the members of the newly formed units of control organizations with the system for controlling the production of wine with designation of origin in EU, and considering the possibility of harmonizing our system with the EU requirements through 6 seminars and training courses **in Serbia**, to be carried out by international experts and seminars and study tours **in EU countries**
- Support in work and giving advices and recommendations for the organisation and system of work, and
- Creating a Protocol on controlling the production of wine with designation of origin intended for organizations that will control the production of wine with designation of origin

### **Contract 2:**

It includes the following tasks:

- Preparation of technical specification and other tender documentation
- Providing consulting services concerning selection of necessary equipment

- Organizing and conducting a public procurement for acquiring the following technical equipment, its transport, installation and maintenance:
  - For needs of Department for vine-growing and wine-production within MAFWM (7 cars, 7 *GPS* professional devices, 7 digital cameras, 7 lap-tops with accompanying software, 7 desk-top computers with accompanying software, 7 printers, 7 scanners, 1 photocopier machine)
  - For the needs of control organisations (10 lab devices for fast wine analysis, 20 mini weather reporting stations, 10 *GPS* devices, 10 digital cameras, 10 lap-tops with accompanying software, 10 desk-top computers with accompanying software and hardware equipment)