



ANNEX C1: Twinning Fiche

Project title: Strengthening Capacities in Agricultural and Rural Development Sector for Common Agricultural Policy Implementation

Beneficiary administration: Ministry of Agriculture, Forestry and Water Management of Montenegro

Twining Reference: MN 21 IPA AG 01 23

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EU funded project

TWINNING TOOL

LIST OF ABBREVIATIONS

ARD	Agriculture and Rural Development
BC	Beneficiary Country
CA	Contracting Authority
CAP	Common agriculture policy
CMO	Common Market Organisation
CSOs	Civil Society Organisations
EAFRD	European Agricultural Fund for Rural Development
EUD ME	European Union Delegation to Montenegro
EC	European Commission
ERP	Economic Reform Programme
EU	European Union
FR	Farm Register
GDP	Gross Domestic Product
GSAA	Geo-spatial aid application
IPA	Instrument for Pre-Accession Assistance
IPARD	Instrument for pre-accession assistance for rural development
IACS	Integrated Administration and Control System
LPIS	Land Parcel Identification System
MAFWM	Ministry of Agriculture, Forestry and Water Management
MDD	Montenegro Development Directions
MS	Member State

NAO	National Authorizing officer
NSSDD	National Strategy for Sustainable Development by 2030
OTSC	On the spot controls
PL	Project Leader
PSC	Project Steering Committee
SPO	Senior Program Officer
STEs	Short Term Experts
UN	United Nations
UNFAO	United Nations Food and Agriculture Organization
WTO	World Trade Organization

1. Basic Information

1.1 Programme:

IPA III/2021/043-663/4 Action plan composed by actions in the areas of Environment, Transport, Agriculture plus EU Integration Facility and EU Reform Facility

Annual Action Plan in favour of Montenegro 2021

Direct Management

Financing Agreement signed on December 15th 2022.

1.2 Twinning Sector: *Agriculture and Rural Development*

1.3 EU funded budget: **EUR1.900.000.00**

1.4 Sustainable Development Goals (SDGs):

SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture

SDG 12: Ensure sustainable consumptions and production

2. Objectives

2.1 Overall Objective(s):

Increase the competitiveness of the Agricultural and Rural Development sector of Montenegro.

2.2 Specific objective:

To gradually build an agricultural sector capable of competing with market forces, while progressively aligning with the CAP and EU legal framework in the field of agriculture and rural development

2.3 The elements targeted in strategic documents i.e. National Development Plan/Cooperation agreement/Association Agreement/Sector reform strategy and related Action Plans

As regards the overall framework, the Action broadly fits along the strategic direction of the following national, horizontal documents:

- The **Montenegro Development Directions (MDD) (2018-2021)** is the overarching development programme of the Government of Montenegro. The strategic goal is focused on increasing the quality of life of citizens and its specific objectives focus on four priority development sectors, including agriculture and rural development, which is directly related to this Action. The MDD (2022-2025) is in preparation.
- The **Economic Reform Programme (ERP)**, prepared by a special inter-ministerial coordination structure steered by the Prime Minister's Office, together with the policy guidance jointly adopted by the EU, the Western Balkans and Turkey represents the main instrument for economic policy dialogue with Montenegro. The measures and policy guidance span nine areas, including: public finance management, energy and transport market reform; research, development and innovation and digital economy; trade-related reform; education and skills; employment and labour markets; and social inclusion, poverty reduction and equal opportunities. The latest ERP that is covering the period 2023-2025 is the main document of medium-term programming macroeconomic and fiscal policy framework. It is an instrument for planning the country's economic policy and managing reforms, which aim to maintain macroeconomic stability, strengthening international competitiveness and improving conditions for digitally based, greener, stronger and more resilient economic growth and development.
- The **Accession Programme of Montenegro (2022-2023)** represents an improvement of Montenegro's earlier EU Accession Programme (2021-2023), with a focus on the realisation of all remaining obligations arising from temporary/final benchmarks, with intensive transposition of legal obligations in this two-year period (2022-2023), following the dynamic development of the EU. This document is also an important tool for programming Instrument for Pre-Accession Support - IPA III.
- In 2016, Montenegro adopted the **National Strategy for Sustainable Development by 2030 (NSSD)** which represents a long-term development strategy setting out solutions for sustainable management of four groups of national resources: human, social, natural and economic ones, which are set as priorities of the overall sustainable development of the Montenegrin society. In terms of objective and integrated consideration of sustainability of national development,

Montenegro has been one of the first countries to fully embrace and integrate into its system the United Nations' requirements set out in the 2030 Agenda for Sustainable Development of the UN. It represents a strategic framework for the transposition of the Strategic Development Goals and its indicators into the national context. With agriculture being an important part of the country's GDP, strengthening its sector in a sustainable and environment-friendly manner is one of the directions for the overall sustainable development.

This Action is complementary with goals and objectives in the new strategic framework, as outlined in the on-going development of **IPA III Strategic Response** for Montenegro (based on the IPA III Programming Framework: Window 4, Thematic Priority 3), and the new national strategy in the area of agriculture and rural development.

The newly adopted **Strategy for the Development of Agriculture and Rural Areas 2023-2028** follows the goals set by the new Common Agricultural Policy 2021-2027, while respecting the commitments made by signing the Green Agenda for the Western Balkans. In addition to the mentioned directions related to fulfilling international obligations and steps necessary for EU accession, the Strategy emphasizes the sustainable use of natural resources, with special emphasis on the production of high quality agricultural and food products using innovative and traditional production methods. The main strategic goals that reflect the current needs of Montenegrin agriculture can be categorized as follows:

- Increasing resilience and competitiveness of safe food production and processing
- Ensuring efficient management of natural resources of Montenegro and Green Agenda goals fulfilment
- Increasing the quality of life and the scope of economic activities in rural areas
- Establishing the network of knowledge transfer and application of new technologies for the purpose of increasing the safety of food, competitiveness and environment protection
- Efficient and transparent management of agricultural and rural development policies

These objectives will be achieved through the application of various measures, which will, at the same time, be gradually aligned with those under the EU's Common Agricultural Policy.

Due to its administrative capacities strengthening of the Ministry of Agriculture, Forestry and Water Management's (MAFWM) Directorate for Payments and Directorate for Rural Development, which are the main actors behind IPARD design and implementation, the Action is closely related to the on-going implementation of IPARD II and the future implementation of IPARD III. An important parallel can be drawn in the strategic goals of IPARD II, which aim at "increasing competitiveness, increasing added value of products, creating jobs in the sector, improving the living conditions in rural areas as well as the bolstering tourism opportunities".

During 2022, the IPARD III programme and the Sectoral Agreement for IPARD III were adopted and the IPARD Managing Authority and IPARD Agency are preparing for IPARD III

implementation. While implementation of the programming period 2014-2020 is on-going until the end of 2023, the Operating Structure have already sent a request to DG AGRI for a roll-over procedure for Measures 1, 3 and 7 of IPARD III, which be followed by publishing of the first calls through IPARD III until the end of 2023.

3. Description

3.1 Background and justification:

Background

The agricultural sector plays an important role in Montenegro's economy and is responsible for a significant share of the Gross Domestic Product (6.5% in 2021 including forestry and fisheries). The Gross output of the Agriculture, Forestry and Fisheries sector in 2021 amounted to EUR545.8 million and is higher by 5.9% or EUR 30.2 million compared to 2020 when it amounted to EUR 515.6 million. Gross value added in the sector Agriculture, Forestry and Fisheries in 2021 amounted to EUR 320.2 million and is higher by 1.3% or EUR 4 million compared to 2020 when it amounted to EUR 316.2 million.

Share of agriculture, forestry and fisheries in GDP for the period 2014-2021 (in 000 EUR)

Indicator	2014	2015	2016	2017	2018	2019	2020	2021
Gross value production	451,061	483,662	476,353	483,654	515,240	519,596	515,578	545,803
GDP in agriculture, forestry and fishery (000 EUR)	280,086	294,597	295,310	294,655	313,933	316,541	316,214	320,174
Share of agriculture, forestry and fishery in GDP (%)	8.1	8.1	7.5	6.9	6.7	6.4	7.6	6,5

Source: Statistical Office of Montenegro

Total agricultural utilized land in 2021 amounts to 255,564 ha, which compared to 2020 represents an decrease of 0.9%. In the period 2014-2020, Montenegro recorded an increase in total used agricultural land by 27.6 thousand hectares (12%), the largest increase was recorded in meadows and pastures (26.7 thousand hectares - 12%); the areas for plant production increased by 2.1 thousand hectares (7%). The increase in arable agricultural areas is the result of support, both for direct payments and those from the IPARD programme intended for the establishment of new perennial crops. In 2021, arable land was included in LPIS (SIZEP) for the first time, so at the end of 2021, a total of 16,491 plots and 4,309 farms with a total area of 9,612.2 ha were eligible for support.

Despite being both a developmental and economic priority of the national economy, together with the tourism sector, based on official statistics (data obtained from administrative sources), agriculture employs 7.5% of the total number of employed persons in Montenegro. However, according to the Agriculture Census 2010, out of Montenegro's 620,029 inhabitants, 98,341 are engaged in agricultural activities on family agricultural holdings. In other words, it represents 46,473 annual work units (AWU-equivalent of the number of full-time employees), which indicates that people who are actually engaged in agriculture make up almost 30% of the total number of people engaged in work in the country. According to the 2016 MONSTAT FSS, there are 43,791 agricultural holdings in Montenegro.

According to February 2023 data, a total of 18,061 agricultural holdings have been registered in the Register of Agricultural holdings and are potentially eligible for receiving support through national and IPARD funds. Around 6,000 agricultural producers were beneficiaries of national Agrobudget last year.

Agricultural holdings by utilised agricultural land, economic size, and labour force

	Number of holdings	Utilised agricultural land ha	Average area of agricultural utilized land per holding (ha)	Number of persons engaged in activities on family agricultural holdings
Agricultural holdings	43,791	255,845.8	5.84	99,236

Source: FSS - Farm structure survey 2016 (Statistical Office of Montenegro)

Support programs for agricultural producers

The main beneficiary of this Action - the Ministry of Agriculture, Forestry and Water Management, has the overall responsibility for rural development policy implementation. Annually, all the measures for support to rural development are approved and implemented by the Decree on Conditions, Methods and Dynamics for Agriculture Policy Measures (**Agrobudget**).

In 2022, the Agrobudget amounted to EUR 61,101,757.51. A total of 56 support measures (in total for agriculture, rural development and fisheries) and 4 operational programmes for the AFSVPA have been defined. Most of the measures concern rural development - 27 measures - amounting to EUR 27,577,063.60, or 45,1% of the total Agrobudget. For market-price policy measures, the amount of EUR 18,742,050,26 is allocated under 9 measures, which is 30.6% of the total Agrobudget.

Before IPARD II implementation started, during 2014-2019, Montenegro got the opportunity to use EU funds through two IPARD like projects. Through 6 public calls the total number of

supported projects within IPARD like is 424, with total value of investments of 19.68 million euros, while total amount of support is 8.98 million euros.

As regards **IPARD II**, following the signing of the Financing Agreement in December 2017 for the IPARD II programme, the Ministry of Agriculture, Forestry and Water Management, Directorate for Payments, published in 2018 the first calls for granting the support for the Measure 1 “Investments into physical assets of agricultural holdings” and the Measure 3 “Investments into physical capital concerning the processing and marketing of agricultural and fishery products”. Since then, public calls for these two measures are announced regularly and implementation of the calls and projects is ongoing. Also, following the received entrustment for the budget implementation tasks and signing of the Amendment of the Financing Agreement in October 2020, the first public call for the Measure 7 “Farm diversification and business development” has been published in June 2021. Due to the fact that Montenegro has received the full entrustment for Measure 7 only in March 2023, there was a delay in signing of the contracts from this Call but it will be completed in Q2/ 2023. The financial support for these public calls consists of 75% of EU funds provided under IPARD programme, in accordance with the Financing Agreement for IPARD II 2014-2020, and 25% of national funds provided from the Budget of the Government of Montenegro.

So far, 324 projects have been supported, with the total value of EUR 38.14 million, with total public support EUR17.65 million, and with the EU contribution being **EUR 13.23 million**.

Within IPARD II programme, so far there were four public Calls for Measure 1, five public Calls for Measure 3 and one public call for Measure 7. In accordance with the action plan for n+4, the publication of first public calls under IPARD III programme (2021-2027) for Measure 1, 3 and Measure 7 is planned in the fourth quarter of 2023.

As regards the rest of the **IPA II** programming period, 2 Actions have been contracted and successfully implemented, one in the area of Fisheries and other in the area of Food Safety, Veterinary and Phytosanitary Affairs, for a total of **EUR 2.88 million**. Both Actions were implemented under IPA 2014. Since then, only IPA 2018 Action has been approved, to be later on postponed for IPA III due to the transfer of its funds for combatting the COVID 19 pandemic.

Justification

In light of Montenegro’s dynamic EU accession process, the Agriculture and Rural Development (ARD) sector has been challenged by the need for significant changes. On one hand, the adoption and implementation of legislation and standards stipulated by the **EU acquis Chapter 11** have called for reforms building and strengthening the capacities of the public administration and the agricultural producers. On the other hand, the nature of the Common Agriculture Policy demands a higher degree of flexibility, innovation and adaptation to new and progressive agendas.

This Action focuses on strengthening administrative capacities of the MAFWM and its wide array of directorates, departments and other administrative bodies, with the special focus on the Directorate for Agriculture (including Units for Advisory Services in Livestock and Plant

Production), Directorate for Payments and Directorate for Rural Development, while also including the Department for Market and Economic Analysis, Department for International Cooperation and IPA projects, and, to some extent, the Administration for Food Safety, Veterinary and Phytosanitary Affairs. It is in line with the specific long-term objectives of the CAP: viable food production, sustainable management of natural resources and climate action, and balanced territorial development.

Administrative capacity building will be mainly sought in relation to developments in CAP, including the topics such as: Common Market Organization mechanisms, direct payments, adopting standards for cross-compliance, programming future priorities and recognizing potential strategic objectives related to Chapter 11, providing assistance with regards to adjusting to current and future Chapter 11 *acquis* developments, capacity building activities will target MAFWM and institutions linked to Chapter 11 *acquis* alignment and implementation. It will also provide capacity building activities for other stakeholders, and agricultural producers. The Directorate for Payments is in charge for IPARD implementation, and is gradually taking over other measures under the national Agrobudget in order to ensure a timely takeover of all duties to be fully operational by the date of accession as envisaged by the Chapter 11 closing benchmarks.

The Action is in line with the basic tenets of the **IPA III Strategic Framework**, Window 4, Thematic Priority 3 – Agriculture and Rural Development, which states that “the specific objective in this area is gradually building an agricultural sector capable of competing with market forces, while progressively aligning with the EU legal framework in the field of agriculture and rural development.” The Framework also states that “further assistance will be needed to strengthen administrations at all levels in order to meet the EU accession requirements. This entails continuing the support for the alignment with and the implementation of the EU legal framework in the field of agriculture in rural development”, which is directly related to the Components of this Action.

The Action is inseparable from achieving progress in the EU accession process in Chapter 11, by contributing to the fulfilment of the **closing benchmarks**:

- 1. Montenegro presents an implementation plan for the establishment of an **Integrated Administration and Control System (IACS)** to be fully operational by the date of accession. The Plan has to cover all actions required for the full implementation of each separate component of the system and their integration, including a presentation of the current status of preparation, the future targets indicated in a timetable, a plan of legislation still to be adopted, precise budgetary and human resources requirements and identification of possible shortcomings and respective solutions. Montenegro demonstrates sufficient progress towards the setting-up of the IACS, including the establishment of the **Land Parcel Identification System (LPIS)***
- 2. Montenegro presents an implementation plan for the setting up of a **Paying Agency** to be fully operational by the date of accession. Taking into account the standards as regards independence, reliability, accountability and financial rectitude, the Plan should include a presentation of the current status of preparation, the future targets indicated in a timetable, a plan of legislation still*

to be adopted, precise budgetary requirements, human resources needs including recruitment schedule and identification of possible shortcomings and respective solutions. Montenegro demonstrates sufficient progress towards the setting-up of this Paying Agency.

Bearing in mind that IACS is directly related to the establishment of the Paying Agency, at the suggestion of the European Commission (EC), Montenegro considers these two benchmarks as one. Therefore, Montenegro is preparing one Action Document for the establishment of IACS and a Paying Agency which will be fully operational on the date of accession. In addition, Montenegro is making efforts to establish the necessary infrastructure and strengthen the administrative capacity both in the Directorate for Payments - the future Paying Agency - and in general in the Ministry of Agriculture, Forestry and Water Management.

The knowledge and transfer of know-how accumulated through this Action will provide an important improvement with regards to the readiness of Montenegrin administration to meet its obligations in the EU accession process. This can be reflected in all Components of Twinning, namely the strengthening of administrative capacities in CMO, Direct Payment and Rural Development (Component 1), upgrade of IACS and formulation of correlated EU guidelines (Component 2), which will directly contribute to Benchmark 1, and the institutional development of MAFWM, with the focus on developing the Directorate for Payments into a fully functional Paying Agency (Component 3), which directly correlates to Benchmark 2.

Moreover, the Action aims at addressing the challenges stated by the **EU 2022 Progress Report**, which notes that progress was achieved in the areas of agriculture, food and fisheries, where there was further support for agricultural establishments and rural food companies to align with the EU standards and in implementing IPARD.

<i>Domestic Legal Framework Affected by the Twinning project</i>

The Strategy for the Development of Agriculture and Rural Areas 2023-2028 is in the final stage of adoption, where the comments from the public consultation are being reflected into the final draft. The Strategy will aim to adequately defining the process of future reforms in the agricultural sector. The aim of this strategy is to establish a framework and define the goals, priorities and path of development of agriculture and rural areas in the context of Montenegro's general commitment to pursue an EU accession policy.

The Law on Agriculture and Rural Development is the main law, on which the regulations on the manner of implementing agricultural policy, regulations on the minimum quality of certain products and conditions for placing milk and dairy products on the market are based.

The Law on Organic Production is the basis for the implementation of the provisions of the Ordinance on detailed conditions and rules for processing, packaging, transport and storage of organic products. The law regulates organic production, labelling of organic, ecological and biological products, control over organic production, as well as other issues of importance for organic production.

The Law on Food Safety prescribes conditions for food safety, obligations and responsibilities of food business entities, including traditional products, as well as other issues of importance for food safety, for the protection of life and human health, the environment, consumers and the efficient functioning of the market. This law applies to all stages of production, processing and distribution of food where food is divided into that of animal and non-animal origin.

The Law on Regulation of the Market of Agricultural Products prescribes measures for the regulation of the internal market and procedures for import and export in various sectors of agricultural products. In particular, this law regulates the conditions for placing agricultural products on the market, organizing agricultural producers, measures to be implemented within the intervention on the market of agricultural products, and other issues of importance for the market of agricultural products.

The Law on Wine adopts European categories and definitions of grape and wine products, defines the marketing year for the wine sector, content and manner of keeping the wine register and records in the wine sector (records of entry and exit of grapes and grape products, mandatory declarations), oenological practices and methods of analysis, provisions on wine labelling and presentation. This law introduced a PDO / PGI wine labelling system that is fully compatible with geographical wine labelling in the European Union.

The Law on Olive Growing and Olive Oil defines this area. Based on the law, the Ministry passed three rule books, which establish the Registers of Olive Growers and Producers of Olive Oil (for the first time), **define the marketing of olive oil** (packaging and labelling), and **laboratory (chemical) and organoleptic (sensory) analysis**.

3.2 Ongoing reforms:

Synergy of Stakeholders and Organisational Structure

The framework in which the Action will be implemented relies on the synergy between the two main groups of stakeholders: public administration (with the MAFWM at its forefront) and the farmers and agricultural producers (including the CSOs and producers' organizations through which the interests of the private agricultural sector are expressed and protected). In such synergy of stakeholders, the role of the public administration is manifold.

The national authorities are required to operate an Integrated Administration and Control System in order to ensure that payments to farmers are made correctly, irregularities are prevented, revealed by controls, followed up and amounts unduly paid are recovered. IACS applies to all direct payment schemes as well as certain rural development support measures which are granted based on the number of hectares or animals held by the farmer. Furthermore, it is also used to manage the controls put in place to ensure that the requirements and standards under the cross-compliance provisions are respected.

Montenegro has already taken steps in establishing Farm register (FR), Land parcel identification system (LPIS-SIZEP) and the IACS single application – Geo-Spatial aid application system with Geo-spatial editor (GSAA). The farmers are registering in the farm register with provision of the data on the holder (personal ID/ID of legal entity, contact data, data on bank account, data on cadastral parcels in use, animals on the farm and data on buildings and equipment). The farmers registered in the farm register, and also the non-farmers applying for supports in agriculture are registered in the Register of Subjects which is part of the farm register software.

The farmers registered in the farm register, are then declaring the parcels in Land parcel identification system (LPIS-SIZEP). This is done by importing the data on the farm from the farm register into LPIS-SIZEP system, where the parcels are captured with digitalization.

The LPIS-SIZEP system includes the land-use layer, the information about the farmer and farm and the digitised parcels in use by the farmer. LPIS-SIZEP farmer's layer is compliant with the LPIS requirements for EU supports. Further upgrade of Farm register and LPIS is needed as well as establishment of cross links between these systems as well as other registers in MAFWM.

The single application in Montenegro is implemented through Geo-spatial aid application (GSAA) system, with pre-established forms on the basis of LPIS-SIZEP, which does not provide the possibility to include also the crops – particularly in case of permanent groves – in the pre-established forms. The applicants are using Geo-spatial editor module which supports amongst other functionalities, creation/editing the vectorised crop areas within the borders of LPIS-SIZEP parcels to be declared in the application for direct payments.

The single application is used for submitting requests for direct payments in plant production, for the organic measure, the measure for young farmers and the coupled measure. Hence, 100% of the arable land and permanent crop are included in LPIS.

Currently, 5,545 beneficiaries with an area of 11,757 hectares have been entered into the LPIS system. Having in mind that more than 94% of used agricultural land consists of perennial meadows and pastures, currently not in the system of payments, only 4% of total used agricultural land is registered in LPIS – SIZEP. According to the new Strategy output indicators by the end of 2025 it is planned that 100% of used agricultural land is registered in LPIS – SIZEP.

GSAA is using the automatic service about animals from Administration for Food Safety, Veterinary and Phytosanitary Affairs. The GSAA system is configurable and efficient, with elements to be upgraded to be entirely compliant with EU requirements (Risk analysis, On-the spot check module, Calculations, additional EU compliant codifications for X-tables), and to support also the implementation of the measures under area based Rural development programme (Contract management). In order to achieve alignment with CAP requirements, Montenegro needs to introduce cross-compliance as a condition for farmers to receive support.

The monitoring of direct payments and rural development measures relies on the synergy among the Directorate for Rural Development, Directorate for Payments (IPARD Agency) and Directorate for Agriculture, including the implementation of IPARD programme. MAFWM publishes an official report on all implemented activities on an annual basis, which provide a thorough summary of MAFWM's actions during the previous year and outline discrepancies between the planned and realized activities. National financial means are allocated to MAFWM within the annual state budget. Payments are made to MAFWM from the national budget on a monthly basis, while MAFWM reports on the spending of allocated funds to the Ministry of Finance on a quarterly and annual basis.

Concerning the implementation and monitoring of projects financed by non-national funds, the reporting is conducted in a similar fashion, with the addition of rules and procedures outlined in individual projects. The Department for International Cooperation and IPA projects oversees all projects in which MAFWM is involved with external partners, including all bilateral relations with other countries and projects financed by EU, UN, World Bank, foreign embassies etc. Depending on the area in question addressed by an international project, the individual directorates and administration exercise a level of involvement providing expertise or managing the implementation of project activities.

On-going reforms

On-going reforms in the area of direct payments

The Integrated Administration and Control System has been modelled, in terms of developing the Farm Registry, LPIS, part of the GSAA for submission of applications and pre-field control questionnaires and the update of Animal registry. Since a fully EU compliant standard Paying Agency will be required by the date of accession, actions will be directed on gradually extending the capabilities and scope of this department. At this stage, it is neither ready nor required to fully take on the responsibilities nor workload of a post accession Montenegro. Still, the construction of the IACS continued, and the Directorate for Payments undertook in 2021 the implementation of all direct support measures per area prescribed by national legislation. Also, in 2021, the Directorate for Payments started implementing the first measure related to the Common Market Organisation. In 2023, the Directorate for Payments has taken over the implementation of the Measure for young farmers and coupled measures, and, regarding CMO, school schemes and CMO wine measures.

As regards the **Land Parcel Identification System (LPIS)**, as of February 28th, there are 5,524 holdings that have identified their parcels through this system. The total number of parcels entered is 21,454, covering 11,725 ha. The system for the management and records of applications for support and payment claims under the measures of direct payments and rural development according to the area of the reference parcel. In 2020, a system with Geospatial application records

(Application Records) was introduced for the first time. The Application Records are being developed in accordance with the recommendations made through:

- Direct payment measures designed for Montenegro and aligned with the EU (supported by EuropeAid/132633/C/SER/multi/389025);
- Defined List of Cross Compliance Checks and the workflow of the Application Records (supported by EuropeAid/132633/C/SER/multi/389792).

In 2020, the Directorate for Payments implemented national IACS measures through the system of Application Records; this established a single application, and the plan is to gradually take over the national IACS measures. Thus far, direct payments per area, payment for young farmer, coupled measure, and support to organic agriculture have been implemented through this system. The Application Records module is linked to: the Register of Agricultural Holdings, LPIS, animal register and organic register to ensure cross-compliance checks at the time of application. The administration control module is at an early design stage. Field control is based on risk analysis. Selecting a field control sample, field control, and payment calculation are paper-based.

Regarding the ongoing reforms related to the Common Market Organisation, the Ministry will continue in 2023 with the implementation of the scheme "Fruits, vegetables, milk and dairy products for schools" (School Schemes), which aims to develop healthy eating habits in younger schoolchildren. In 2020, the pilot scheme included seven schools in the area of four municipalities where fruits, vegetables, milk and dairy products are distributed to stop the scheme caused by the COVID-19 pandemic. As measures to prevent the spread of COVID-19 were applied to schools, the scheme could not be implemented through the distribution of fruits, vegetables, milk and milk products. In 2023, distribution is planned in 17 schools in nine municipalities, which have about 7,500 children.

The Directorate for Payments (together with the Department for Economic Analysis and Markets) continued the implementation of EU-like trade mechanisms for the administration of quotas, as well as the measures in the beekeeping sector.

In the olive growing sector, the implementation of EU standards adopted with regard to production, control, packaging and marketing of olive oil have been continued. The Law on Olive Growing and Olive Oil (Official Gazette MNE No. 45/14 and 39/16) is in the Parliamentary procedure for adoption. The amendments concern the upgrading of the system for inspection control and surveillance of the law and will not affect compliance with the EU legislation. The Ministry of Agriculture, Forestry and Water Management has registered the first Montenegrin Panel for sensory assessment of the quality of virgin olive oil. By the same decision, the leader of the panel was registered, as the most important person for its proper and efficient functioning. With the previous equipping of the laboratory for sensory analysis (within the Center for Subtropical Cultures of the Biotechnical Faculty where the Panel will operate), which was financed by the Ministry, preconditions have been created for complete quality control and categorization of virgin

olive oil produced in Montenegro, and olive oil imported and distributed on the Montenegrin market.

As far as **Regional Offices** are concerned, the ministry intends to have six regional offices (in the towns of Bijelo Polje, Berane, Niksic, Plevlja, Podgorica and Bar). The first established regional office of the Directorate for Payments, in Bijelo Polje, which started operating in June 2020, took over all planned activities in the implementation of national measures implemented by the Directorate for Payments. With the support of the World Bank, in cooperation with the local self-government, activities continued on the construction and establishment of the second regional office in Berane. Preparatory activities for the establishment of a third regional office in Niksic are under way. A public advertisement for the revision of the main project for the Regional Office of the Directorate of Payments in Berane is ongoing. A public announcement for the design and supervision of the construction of the Regional Office of the Directorate for Payments in Pljevlja is ongoing.

On-going reforms in quality schemes to be affected by Twinning

The legal framework for quality policy in Montenegro is defined by the Law on quality schemes for agriculture and food products, adopted in 2017, and three Rulebooks as secondary legislation, two of them from 2014 and one from 2017. The legal framework is set up at a general level, some technical points still to be further defined by the way of separate implementing acts, but stronger attention is need to improve the system as regards controls and enforcement.

The Law on Quality Schemes for Agricultural Products and Foodstuffs (Official Gazette of Montenegro 22/2017), which has been harmonised with the Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs, entered into force on 11 April 2017. Seven geographical Indications have been registered.

The Competent authority (CA) is the Ministry of Agriculture, Forestry and Water Management (MAFWM) and currently *Monteorganica* is the only Control body. In December 2018, it has been authorized by the CA to perform assessments of the conformity of agricultural products or foodstuffs, recognized as PDO or PGI, with their product specification. However, controls on PDO/PGI/TSG are only defined in theory but not fully implemented yet, as no products have been certified and put on the market labelled as PDO/PGI so far. Control plans and other written control procedures, drawn up by the Control body in order to verify the compliance with the product specification, have not been approved by the CA yet.

The control system largely relies on internal controls performed by Producers associations, they play a central role even in organizing and developing a quality food system for each GI recognized. The Control body carries out documentary and inspection checks on a smaller number of operators, on a risk-based approach.

A further area where attention is needed is the supervision on control activity of the Control body by the Competent authority, following the general rules defined in the EU Reg. 882/2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules (or the New Reg. 625/2017) and the Reg. 1152/2012 on quality schemes for agricultural products and foodstuffs.

On-going reforms in organic production to be affected by Twinning

The Law on Organic Agriculture was adopted in 2013 ("Official Gazette of Montenegro", No. 56/2013), with bylaws regulating specific aspects of organic production. Ministry of Agriculture, Forestry and Water Management supervises the implementation of Agrobudget support programs in this sector, whereas legal entity *Monteorganica* performs the tasks of determining whether the applicants fulfil the conditions required.

Additional efforts are needed concerning the harmonization of national legislation with the relevant EU acquis, including the improvement of agriculture competitiveness via establishing a regulatory framework for the production of agricultural and food organic products, as well as other issues relevant to organic production. The new Law on Organic Production, in line with the Regulation (EU) 2018/848 is in drafting phase, whereas secondary legislation, which will determine certain rules for the application of the provisions of the Law on Organic Production will also need to be developed.

3.3 Linked activities:

The following projects have contributed to the current state in the Agriculture and Rural Development (ARD) sector, to be addressed by this Action:

<i>Completed actions</i>

IPA 2008 "Support to Establishing of an IPARD System in Montenegro" (February 2010 – February 2012) with a budget of EUR 1.8 million.

The overall project objective is to strengthen the rural development policy with regard to the SAA and to harmonize the legislation with the European Union. The project purpose is to provide a strategic and legal framework to MAFWM with a view to implementing the rural development policy with regard to requirements arising from the requests for pre-accession assistance (IPARD). The project has III components, as follows:

- Component I "Preparation of IPARD programme in accordance with the rules of the European Commission"
- Component II "Establishing of a Montenegrin IPARD Agency accredited at the national level"
- Component III "Dissemination of information and transfer of experience to staff of institutions of the Beneficiary country".

IPA 2008 "Technical Assistance to Improve the Business Environment for Small and Rural Enterprises" (March 2010 - March 2012)

This EUR1.2 million project aims at supporting the strengthening of business environment, business support institutions in rural areas and access to finance. Under the component 2, the first

credit guarantee scheme shall be established in Montenegro thus supporting improving access to finance for agriculture and rural enterprises.

Organic Agriculture Development Project supported by Danish Government (January 2009 - December 2011) amounting to EUR 2 million aims to support the development of organic agriculture and consumption of organic products at the domestic market, through the tourism sector and export of organic products. The Programme's strategy cover the whole organic food production chain.

There have been several projects and activities conducted related to the activities proposed in this Action Document by means of the EU, UN and World Bank financial assistance as well as other complementary actions and initiatives taken by the MAFWM. This Action Document is complementary and coherent with former progress and the current needs of the sector in order to sustain the achievements and to follow a robust sectoral approach. Therefore, the activities presented in this Action Document as follow up activities shall provide further improvements on the targeted issues and facilitate the EU accession.

IPA 2011 "Strengthening the Capacity to Implement Rural Development Programme under IPARD" (June 2013 – November 2015) with a budget of EUR 1 million.

This project aims to strengthen the capacity of IPARD Operating Structures to implement IPARD programme in efficient and effective manner and to increase the competitiveness of the Agricultural and Rural Development sector of Montenegro.

The main results of this Twinning project are:

- Manuals of procedures (MoP) of the Managing Authority, IPARD Agency, National Fund, NAO are aligned with IPARD accreditation criteria (as laid down in the Sectoral Agreement for IPARD), following lessons learned, experience and recommendations of the auditors after implementation of National IPARD like schemes;
- IPARD Agency, Managing Authority and NF staff conversant with Manual of Procedures and with sufficient practical experience, gained through implementation of National IPARD like schemes to properly manage IPARD
- Technical bodies and extension services expertise strengthened as regards implementation of the IPARD assistance
- "IPARD Like" type of grant schemes are successfully implemented in compliance with IPARD requirements (national service, twinning, national schemes with MIDAS funds, IPA grant scheme and private contributions)
- Accreditation package for Conferral of management power submitted to EU
- Awareness on IPARD programme increased

MIDAS (World Bank) Project Montenegro Institutional Development and Agriculture Strengthening Project (MIDAS) (June 2009 - June 2017),

World Bank loan amounting to EUR 11 million and GEF Grant- USD 4 million and national co-financing of EUR 2.95 million. The project development objective is to improve the delivery of Government assistance for sustainable agriculture and rural development in a manner consistent with the EU pre-accession requirements. Key outcome indicators are: (i) MAFWM capacity to

disburse and track the use of rural development funds and to evaluate their impact in line with EU IPARD requirements; (ii) EU IPARD compatible rural development measures fully integrated in MAFWM support programs; and (iii) a food safety system upgraded in an EU compliant manner. The Global Environment Objective of MIDAS project is to mainstream sustainable land use and natural resource management into MAFWM's policies, programs and investments. These efforts will be particularly critical for the north of Montenegro, where there are sensitive mountain ecosystems of global importance, and where poor rural residents are largely dependent on the natural resource base for their livelihoods. Key outcome indicators are: (i) agri-environmental measures integrated into MAFWM's rural development program; and (ii) improved capacity of extension and advisory services to introduce agri-environment measures.

Additional Financing (MIDAS AF) (September 2016-March 2019), through IBRD loan amounting to EUR 3 million, aims to strengthen the capacity of all implementing entities and structures involved in the implementation of the Instrument for Pre Accession and Assistance for Rural Development (IPARD) measures, namely the Directorate for IPARD Payments (Future Paying Agency) and to introduce and pilot the systems required for the implementation of EU compliant direct payment system necessary for the administration of Common Agriculture Policy (CAP) required for EU membership.

The main expected outcomes of the AF are the following:

- (i) Design of a functional system supporting the disbursement of direct payments;
- (ii) Design one or two measures to be piloted with the new system; and
- (iii) Pilot the direct payments.

The main results of the MIDAS project are as follows:

- Implemented five grant calls, for rural development measures, in line with EU IPARD requirements;
- In this regard - preparation of the Systematization act for MAFWM and establishing new sectors (Sector for Rural Development /Managing Authority and Sector for Payments/Paying Agency) and systems for control; Segregation of duties; fully engagement of the Extension/Advisory services; etc.
- Implemented Agriculture census
- Direct Payment Scheme supported by MIDAS Additional Financing (implemented two calls)
- Prepared Good Agriculture Practices (GAP) Code
- Designed Farm Registry

- The PA premises included special IT server room in accordance with the highest IT security and functioning standards and IT HW equipment for fully functional Directorate for Payments. The whole system has been accredited¹ in October 2017.
- The AID application is developed through MIDAS AF project
- The activities related to civil works for refurbishment of the premises of the Marine Biology Institute in Kotor, including the procurement of laboratory equipment and furniture (obtained national accreditation in February 2015)
- The first building for veterinary and phytosanitary control of products according to EU standards – Border Inspection Point in Bar, built and equipped through MIDAS project.

Montenegro EU/IPA Agriculture and Rural Development Institution Building Trust Funds- IPARD like 1 and 2

Montenegro received two grants through two Trust Funds, both funded by the European Union (EU) and administered by the WB. After implementation of the MIDAS Project, these two Trust Funds were seen as transitional step toward IPARD programme.

The Montenegro EU/IPA Agriculture and Rural Development Institution Building Trust Fund of EUR 3.76 million aimed to support the agricultural holdings and public institutions (IPARD Like 1 Project). The project development objectives of IPARD Like 1 was to increase the experience of Montenegrin authorities in administering rural development grants in accordance with the core rules of EU Instrument of Pre-Accession Assistance for Rural Development, and to improve the productivity of a targeted number of agriculture holdings.

The EU provided a second Trust Fund, administered by the WB (IPARD Like 2 Project). The IPARD Like 2 Project total cost has been around EUR 6.3 million, including EU financing amounting to EUR 4.7 million and Montenegro Government contribution of EUR 1.6 million. The IPARD Like 2 Project Grant Agreement was signed on December 24, 2015 and became effective on February 23, 2016. The original closing date of the project, June 30, 2018 was first extended to March 31, 2019 and later on to September 30, 2019.

The IPARD Like 2 project allowed to extend the support to agro-processors (small and large), enabling investments in increased compliance with EU requirements, most importantly in the area of food safety. The main outcomes of the project are the following: (i) Increased awareness of the agro-processing industry in Montenegro about EU food safety regulations and the flexibility therein; (ii) Increased compliance of food establishments in Montenegro with EU food safety regulations; and; (iii) Increased capacity of Montenegro's institutions in administering IPARD grants to food establishments. In addition to the grant measures, through IPARD like 2 project, in

¹ On 25th October 2017 MNE has received accreditation (entrustment for budget implementation task) for Measures 1 and 3 of IPARD II Program and Financing agreement is in effect from 6th December 2017.

2019-2020, the regional office in Bijelo Polje was equipped, equipment for the OTSC was purchased, and the disaster recovery location was established and equipped.

EU Integration Facility Fund Project: “Towards defining direct payment schemes for Montenegro and creating preconditions for future procurement of Aid Application Management System (IACS system)” (December 2017 – January 2019)

Component A: Identification of scenario for direct payments in the agricultural sector in Montenegro. This Component delivered 3 conceptually different scenarios for direct payments in Montenegro, with an analysis of financial ramifications of each scenario with regards to different national budget ceilings.

Component B: Creating preconditions for future procurement of Aid Application Management System (IACS). This Component delivered the list for main procedures for IACS, with the focus on administrative controls and on-the-spot controls, as well as technical specifications for GSAA and ICS, along with recommendation for the further improvement of IACS.

Ongoing actions

Second Montenegro Institutional Development and Agriculture Strengthening Project - MIDAS 2 (June 2018 – June 2025)

Loan Agreement between Government of MONTENEGRO and International Bank for Reconstruction and Development IBRD (World Bank), amounting to EUR 30 million, signed on March 08, 2018.

The Project Development Objective is to improve the competitiveness of agriculture and fisheries in Montenegro through enhanced delivery of government support in alignment with EU accession requirements

The project has four components, of which three are implementation components and the fourth is Project management:

- 1) Strengthening Ministry of Agriculture, Forestry and Water Management agriculture, rural development and fisheries program
- 2) Support for the Food Safety, Veterinary and Phytosanitary Services
- 3) Modernization of the Fisheries Sector.

The Project Development Objective is to improve the competitiveness of agriculture and fisheries in Montenegro through enhanced delivery of government support in alignment with EU accession requirements.

Rural Clustering and Transformation Project - RCTP (July 2017-July 2023)

The Rural Clustering and Transformation Project is the first IFAD co-financed project in Montenegro. IFAD has allocated EUR 5.76 million for the implementation of overall project's activities. The RCTP overall goal is to contribute to the transformation of smallholders' livelihoods

in northern Montenegro, enabling them to become more competitive and resilient to climate change. This will be accomplished by strengthening their resilience and improving economic opportunities for the rural poor based on competitive farms and agribusinesses that are connected to and integrated into more profitable Value Chains (VCs).

The Project's objective aims at increasing the participation of poor smallholders in inclusive, profitable and environmentally sustainable VCs, and enhance the benefits they derive from them. The Project has two core components that envisage a number of complementarities between activities and subcomponents and one component for project management.

Component 1. VC clustering for resilient rural transformation

The Component adopts an inclusive VC clustering approach driven by the primary actors in the clusters themselves. The clusters will be geographic concentration of interconnected producers, business, suppliers, associated institutions acting in synergies along the VC, resulting in market linkage. The Component covers creation of clusters within three main VC, which have a high market potential: livestock (sheep/goat /beef meat and dairy), berries and seed potatoes.

Component 2. Cluster supportive rural infrastructure

The second Component consists of cluster supportive rural infrastructure, to remove the bottlenecks hampering the consolidation and clustering of smallholders and village based agri business and to promote the adaptation of climate smart technologies.

Programme for the development of Agriculture and Rural areas in Montenegro under IPARD II 2014-2020 (IPARD II programme)

IPARD II programme is one of the preconditions for the use of European pre-accession funds through IPA II - the policy area agriculture and rural development. Through the implementation of the IPARD II program, a total of EUR 51.8 million in grants will be available to Montenegrin farmers, of which EU funds amount to EUR 39 million, and national co-financing amounts to EUR 12 million. The overall goal of the IPARD II programme is to restructure and modernize the agricultural and processing sector, in order to create competitive farms and the processing sector, which will be ready to join the EU and use EU funds.

On 25 October 2017, Montenegro has received entrustment for budget implementation task for Measure 1 Investments in physical assets of agricultural holdings and Measure 3 Investments in physical assets concerning processing and marketing of agricultural and fishery products of IPARD II programme, Financing agreement is on force from 6 December 2017.

On 6 August 2020, Montenegro has also received conditional entrustment for budget implementation task for Measure 7 Farm diversification and business development (Measure 7) and Amendment of the Financing agreement for this measure is on force from 22 October 2020. Full entrustment of the measure was received in March 2023.

Implementation of the public calls and projects under IPARD II programme is ongoing.

Program for the development of agriculture and rural areas of Montenegro within the framework of IPARD III 2021-2027.

The European Commission adopted the IPARD III programme on July 4, 2022.

Through the implementation of the IPARD III programme, a total of EUR 81,975,947 in grants will be available to Montenegrin farmers, of which EU funds make up EUR 63,000,000 (62% more compared to the previous IPARD II programme), and national co-financing amounts to EUR 18,975,947. With the contribution of the recipients, around EUR 128,000,000 will be invested in Montenegrin agriculture through the implementation of the IPARD III programme.

The aim of the approved measures is to improve competitiveness, increase the added value of products, create new jobs, improve living conditions in rural areas, as well as connect with tourism, improve rural infrastructure, support through agro-ecological-climatic measures and organic production measures, as well as measures to establish and forest protection, and contains the following support measures;

Measure 1 - Investments in the physical capital of agricultural holdings

Measure 3 - Investments in physical capital related to the processing and marketing of agricultural and fishery products

Measure 4 - Agroecological-climatic measures and measures of organic production

Measure 5 - Realization of local development strategies - LEADER approach

Measure 6 - Investments in rural public infrastructure

Measure 7 - Farm diversification and business development

Measure 9 - Technical assistance

Measure 11 - Establishment and protection of forests

Setting up of Farm Data Accountancy Network in Montenegro – FAO project

The implementation of the UN FAO project "Technical support for the establishment of the FADN system in Montenegro" was completed at the end of 2021. The Ministry and UNFAO have developed a completely new FADN software, by preparing the software specification with UN FAO experts, and developing the software with a Montenegrin IT company. During 2022, it was not possible to collect data, because a cyber attack disabled the state network, so the FADN application had to be reinstalled, which caused the loss of certain data. There are currently 32 farms in the FADN system. These 32 farms were not selected in accordance with the Selection Plan, but representative farms were selected by advisers from advisory services. The Department of Economic Analysis and Market, as the future Liaison Agency, organized the collection of data from 2022 during March 2023, and together with advisers visited farms in the field and provided administrative training. By the end of the year, taxes for 2023 will be collected and all data will be validated through the RICA-1 database. Also, much greater engagement is needed to make the system fully functional, in terms of technical equipment, training and skills of the future Liaison

Agency. Furthermore, the Ministry needs further support in order for the FADN system to be fully utilized, in terms of making analyses. In this regard, the Ministry asked TAIEX for further cooperation and a response is in waiting.

3.4 List of applicable *Union acquis*/standards/norms:

The List of relevant laws and regulations provided in this project fiche (pp.50).

3.5 Components and results per component

Component 1: Capacity building and strengthening of the MAFWM in CMO, Direct Payments and Rural development analysis and policy assessed for compliance with the EU Acquis

Result 1.1 Policy design and CMO legislation fully developed in compliance with EU acquis

Sub-result 1.1.1 Policy design and necessary legislation drafted for CMO (including manuals of procedures) and the implementation of operational control mechanisms designed in line with the gap analysis report
Sub-result 1.1.2 MAFWM administration and other associated bodies capacity building conducted in consultation with Beneficiary and relevant stakeholders

Result 1.2 Development of policies, procedures and capacity building of the direct payments measures and area-based rural development measures

Result 1.3 Capacity building on rural development measures, implementation and control

Sub-result 1.3.1. Existing IPARD procedures upgraded for future implementation of EAFRD measures
Sub-result 1.3.2. Proposal for introducing IT solutions for implementation and control of rural development measures drafted, including the manuals and instruction for application for rural development measures, both for central and regional offices
Sub-result 1.3.3. Directorate for Payments staff familiarised and trained on the implementation of EU rural development measures, administrative and on the spot controls (OTSC), including training related to the risk analysis, irregularities and frauds

Result 1.4 Capacity building for implementation of cross-compliance (enhanced conditionality) in Montenegro

Sub-result 1.4.1. Necessary legislation and procedures prepared for implementation of the cross-compliance prepared.
Sub-result 1.4.2 MAFWM administration and other associated bodies capacity building conducted in consultation with Beneficiary and relevant stakeholders

Result 1.5 Capacity building for implementation of organic production, quality schemes, wine, beekeeping, olive sectors and CMO

Sub-result 1.5.1 Policy and legislation fully updated designed and measures drafted for the selected sectors
Sub-result 1.5.2 MAFWM administration and other associated bodies capacity building conducted in consultation with Beneficiary and relevant stakeholders

Component 2: IACS and formulation of correlated EU guidelines

Result 2.1 Support in establishing of the GSAA system, development of the procedures and trainings for employees who are implementing the system

Result 2.2 Assessment and improvement of implementation of Farm register and LPIS in order to be compliant with national and EU legislation

Sub-result 2.2.1 Missing LPIS layers determined and recommendations given for new LPIS layers

Sub-result 2.2.2. MAFWM administration and other associated bodies capacity building conducted in consultation with Beneficiary and relevant stakeholders.

Result 2.3 Providing support for developing functional and technical specifications in GSAA, IACS and control mechanism and monitoring based on Copernicus new technologies including geo-tagged EGNSS4CAP (GSA) application

Component 3 - Institutional development of MAFWM with specific emphasis on developing the Directorate for Payments into a fully functional Paying Agency

Result 3.1 Improved Information security implementation in line with ISO 27001 and 27002

Result 3.2 Capacity building of the Sector for accounting, budget and execution to be prepared for financial management of EU funds in particular with the new delivery model of CAP

Result 3.3 Assessment and proposals for upgrade of IT software solutions for financial sector

Result 3.4 Long-term training needs of MAFWM employees assessed, with the emphasis on the accreditation process and developing Directorate for Payments into a fully functional Paying Agency

3.6 Means/input from the EU Member State Partner Administration(s)*:

The Project Leader (PL) responsible for the overall coordination of project activities, and the Resident Twinning Adviser (RTA) responsible for management and implementation of the foreseen project activities shall provide support to the responsible Montenegrin authorities in, the implementation of this project, thus in strengthening of their capacities. It is essential that the team, short-term experts included, has broad expertise with all the areas included in the description of the project. During the implementation of this project, the RTA will be positioned in the premises of the Ministry of Agriculture, Forestry and Water Management.

3.6.1 Profile and tasks of the PL:

The Member State Project Leader (MS PL) is expected to be an official or assimilated agent with a sufficient rank to ensure an operational dialogue at political level. While continuing to perform the daily duties in the Member State administration, a MS PL must devote time to conceiving, supervising and co-ordinating the Twinning project. In this sense, the proposed MS PL will allocate a minimum of 3 days per month including one visit every 3 months to Montenegro as long

as the project lasts. The Member State PL is supported by the RTA, who works on-site with the Beneficiary administration.

Tasks of MS PL:

- Accountable for the overall guidance and implementation of the project in cooperation with the BC PL;
- Ensures that all team members are aware of their tasks and responsibilities available and available to work on them;
- Ensures, together with the RTA that the project remains within allocated budget;
- Project reporting;
- Coordination (with the MS RTA) of the Project Steering Committee meetings;
- Participation at the Steering Committee meetings;

Requirements for the PL profile:

- Minimum three (3) years of relevant practical working experience as a high-ranking official of EU Member State Ministry of Agriculture or Paying Agency with broad knowledge of implementation of the CAP. Having more experience than required is an asset.
- University degree or equivalent professional experience of at least 8 years in public administration in the area of CAP;
- Working knowledge of English language;
- Computer literacy.
- Working experience in the setting up of the IPARD/ SAPARD administrative framework in Candidate Countries will be considered as an advantage.
- A working experience as a PL, CL, key-expert, on a similar EU-funded project – Twinning or Technical Assistance is an advantage.

3.6.2 Profile and tasks of the RTA:

The Resident Twinning Advisor (RTA) works on a daily basis with the BC staff to implement the project, support and coordinate activities in the beneficiary country.

The RTA should have adequate experience and knowledge in the field of CAP which will enable him/her to organize interdisciplinary team for successful implementation of the project.

He/She will liaise with the BC Project Leader and will report to the MS Project Leader. The RTA will also be responsible for ensuring that experts' input and distribution of their working days will be used in the most efficient and effective way and in line with the agreed work plan to enable timely completion of project results.

The Resident Twinning Adviser (RTA) will be in charge of setting up the structures for CAP implementation over the period of 30 months.

The RTA will be also the expert responsible for supporting the MAFWM and Paying Agency to be ready in its role as CAP Operational structure.

Tasks of the RTA

- Overall responsibility for the smooth and timely implementation of the project, the efficient use of project's funds and management of the experts' team.

- Ensuring co-ordination between the project team and project's partners; and communication with the Contracting authority (EU Delegation). Responsible for monitoring project implementation and proposing corrective management actions if required;
- Support and coordination of all project activities in BC in line with the agreed work program to enable timely completion of project results and delivery of the outputs;
- Advise on related EU policies and best practices, legislation and regulations;
- Establish and maintain cooperation with all beneficiaries involved in the implementation of the project and other related projects (ensuring the avoidance of overlapping), in close co-ordination with the Project Leader;
- Nomination, mobilization and supervision of the short-term experts, together with the Project Leader;
- Facilitation of the contacts with peer institutions in EU member states in order to stimulate a proper exchange of information and data;
- Organization of visibility events (such as kick-off and final event);
- Responsible for organization of the Project Steering Committee meetings and reporting on the project progress in close cooperation with the PL;
- Identifying and reporting to the EU Delegation, at early stage, all difficulties that may jeopardize the implementation of the project and the achievement of its results. Keeping the EU Delegation regularly informed about the project implementation.

Requirements for the RTA profile

Qualifications and skills:

- University degree attested by a diploma in a field relevant to this assignment, such as: agriculture, economy, law or rural development; or equivalent professional experience of 8 years;
- Strong written, oral and inter-personal communication skills;
- Excellent English, both spoken and written;
- Computer literacy.
- Understanding of local language would be an asset.

General professional experience

- At least 3 years of professional experience in an area relevant to the assignment, i.e. in developing, formulating and/or implementing policies and strategies for the agriculture and rural development sectors, not exclusively but also in countries in accession. Having more experience than required is an asset;

Specific professional experience

- At least 3 years of working experience in the field of CAP in a ministry of agriculture or Paying Agency in the public administration of the selected Member State or Mandated body. Having more experience than required is an asset;

- At least 3, but preferably more than 3 years of experience in public administration with a high-ranking level position in charge of the practical implementation of EU Agriculture and Rural Development policy, in particular pre-accession period, is an asset;
- Experience as RTA in a twinning project dealing with IPARD/ SAPARD funds management or team leader in international EU funded projects in the field of agriculture and rural development will be considered as an asset.

3.6.3 Profile and tasks of Component Leaders:

Component I Leader

This expert will be in charge of the Component I, with the overall responsibility pertaining to the development of policies in areas of direct payments, cross-compliance, CMO and rural development in Montenegro, in line with CAP requirements.

Requirements for the CL I profile:

a) Qualification and skills:

- University degree attested by a diploma in a field relevant to this assignment, such as: agriculture, economy, law or rural development; or equivalent professional experience of 8 years;
- Advanced and practical knowledge of CAP structures, functions, accreditation for fully operational Paying Agency;
- Excellent English, both spoken and written;
- Understanding of local language would be an asset.

b) General professional experience

- At least 3 years of specific experience in common agriculture policy. Having more experience than required is an asset ;

c) Specific professional experience

- At least 3 years of professional experience in an area relevant to the assignment, i.e. in programming and in particular management, implementation of CAP - direct payments, CMOs, Rural Development Programmes and strategies for the agriculture and rural development sectors. Experience in policy design in the aforementioned fields in countries who have completed the EU accession process would be an advantage. Having more experience than required is an asset.
- Proven experience working in CAP implementation; and national legislation harmonization with EU acquis in CAP in candidate countries,
- Experience with preparation of the national strategic plan for CAP 2021-2027 will be an asset,

- Experience within the national administration or EU/ international funded projects as an expert in administrative capacities building and agricultural policy alignment with CAP and/or IPARD programme preparation and implementation

Component II Leader

This expert will be in charge of implementing Component II, related to strengthening of IACS and formulation of correlated EU guidelines.

Requirements for the Component leader II profile:

a) Qualification and skills:

- University degree attested by a diploma in a field relevant to this assignment, such as: agriculture, economy, law or rural development or IT; or equivalent professional experience of 8 years
- Advanced and practical knowledge of CAP structures, functions, accreditation for fully operational Paying Agency, would be an asset.
- Advanced practical knowledge of IACS components, would be an asset.
- Excellent English, both spoken and written;
- Understanding of the local language would be an asset.
- Excellent report writing capabilities.

b) General professional experience

- 3 or more years of professional experience in an area relevant to the assignment; in particular concerning tasks and duties of Paying Agency. Having more experience than required is an asset.

c) Specific professional experience

- At least 3 years of experience in a Paying Agency with a high-ranking level position dealing with managing and/or controlling the EU funds, such as EAGF, EAFRD, and/or IPARD, payments functions would be an asset.
- Experience as an expert in international EU funded projects preferably dealing with IACS, management, implementation and payments would be an asset.
- Excellent knowledge of Paying Agency administrative system;
- Field experience in pre-accession countries could be an asset;

Component III Leader

This expert will be in charge of implementing Component III, related to the institutional development of MAFWM with specific emphasis on developing the Directorate for Payments into a fully functional Paying Agency.

a) Qualification and skills:

- University degree attested by a diploma in a field relevant to this assignment, such as: agriculture, economy, law, rural development or IT; or equivalent professional experience of 8 years
- Advanced and practical knowledge of CAP structures, functions, accreditation for fully operational Paying Agency, would be an asset.
- Excellent English, both spoken and written;
- Excellent report writing capabilities.
- Understanding of local language would be an asset.

b) General professional experience

- 3 or more years of professional experience in an area relevant to the assignment; in particular concerning tasks and duties of Paying Agency. Having more experience than required is an asset.

c) Specific professional experience

- 3 or more years of experience in a Paying Agency with a high-ranking level position dealing with managing, accounting and/or controlling the EU funds, such as EAGF, EAFRD, and/or IPARD, payments functions, as well as IT software solutions for the financial sector would be an asset.
- Excellent knowledge of Paying Agency administrative system;
- Experience in establishing the systems for EAGF and EAFRD would be an asset;
- Field experience in pre-accession countries could be an asset.

3.6.4 Profile and tasks of other short-term experts:

(i) Short term Experts

The Twinning partner shall select and hire other experts as required according to the activities identified in section 3.5.

The number of STEs, allocation of the working days and the time-table of the activities should meet the absorption capacities of the beneficiary administration.

All experts must be independent and free from conflict of interest in the accorded responsibility.

STEs should be identified by the Project Leader/RTA and have to be agreed with the beneficiary institutions in the course of designing and delivery of the project outputs. Selection procedures shall be transparent and based on pre-defined criteria, including details professional qualifications, and work experience. Each expert will have individual description of assignments, including the expert profile requirements and outputs to be produced which will be endorsed by the beneficiary

institutions. Following the endorsement by the beneficiary institutions, the terms of reference and selected experts are subjects to the final approval by the Contracting Authority.

Short term experts will be selected to assist project implementation in fields such as but not limited to:

- Training,
- IACS,
- EU Acquis and preparation of legislation related to CAP,
- Direct payments,
- CMO trade mechanisms
- Policy design and implementation in the areas of organic production, quality schemes, wine, beekeeping, olive sectors and CMO,
- IT development (database administrator, system administrator, etc.),
- Information security implementation in compliant with ISO 27001 and 27002,
- Financial management of CAP funds and IT software solutions,
- Rural Development in line with EU standards,
- Cross-compliance,
- Monitoring/Evaluation,
- Risk management,
- Irregularities,
- Information and public relations,
- International cooperation in the fields of agriculture and rural development
- Internal audit,
- Public Sector Finance/Accountancy

The Twinning partner may propose other short-term expertise in addition to the fields identified above, for which an approval of Contracting Authority is required.

Tasks of short-term experts

STEs will provide specialized know-how for the individual tasks in this project. Therefore, the experts should have a relevant professional experience in administration and project implementation and minimum qualifications required, as well as specific skills needed for individual task. As a general approach, the STEs will take the responsibility for the implementation of specific tasks of the Project and the achievement of the results, each for his/her individual mission tasks, as defined by individual description of assignments. They will also prepare the required reports and the output described. Detailed profiles and tasks of short - term experts, including the duration of their assignments, will be provided in the Twinning Work Plan.

Profile of the short-term experts

Requirements:

- University Degree attested by a diploma, or equivalent professional experience of 8 years;
- At least 3 years of professional working experience in the field for which the expert is mobilized. Having more experience than required is an asset;
- Working knowledge of English language;
- Computer literacy;

Asset:

- Some previous similar experience in implementation of projects, with same or similar assignments.

4. Budget

EUR 1.9 million

5. Implementation Arrangements

- 5.1 Implementing Agency responsible for tendering, contracting and accounting (AO/CFCU/PAO/European Union Delegation/Office):

Delegation of the European Union to Montenegro

Ms Nadia Kyuchukova

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Vuka Karadzica 12 81 000 Podgorica, Montenegro

5.2 Institutional framework

A functional Paying Agency (PA) is a long-term Accession focused objective of Montenegro and there has been a gradual evolution towards this through the activities of the **Directorate for Payments** which is focused on agricultural payments related to EU assistance. In September 2022 a new Rulebook on internal organisation and job systematisation of the Ministry of Agriculture, Forestry and Water Management of Montenegro was adopted. This Rulebook increases the number of posts classified in the Directorate for Payments partially in accordance with Work load analysis. According to the current MAFWM systematization act, the Directorate for Payments has 155 working posts, of which 88 are filled (both on permanent and short-term contracts): 15 for non IPARD duties and 75 for IPARD II tasks and current organisational structure and procedures are in line with the accreditation criteria for division of tasks into authorisation, execution and accounting, and ensure conditions for the implementation of the four-eye principle for those tasks. This also includes employees who signed the temporary service contract, who were hired on the basis of the analysis of work in accordance with the increase in workload and the formation of new organisational units, all in line with the recommendations and approval by the European Commission. The number of employees shown for IPARD II tasks also includes 2 internal auditors, who are part of department for the internal audit of MAFWM. It is necessary to emphasize

that Government of Montenegro adopted the amendments to the Decree on the establishment of internal audit in the public sector. According to new Decree, the MAFWM has to establish separate organizational unit for internal audit of EU funds and other donor funds in the area of agriculture, forestry and water management.

Another important organizational unit within MAFWM is the **Department for International Cooperation and IPA Projects**, recognized as a **Project Implementation Unit** and a part of the IPA organizational structure, along with the explicit recognition of duties of the SPO, Implementation Manager and Programming Manager in the Internal Organization and Systematization Act of MAFWM. This unit was reformed and strengthened in 2021.

The **Directorate for Agriculture** performs duties with regards to the on-going and development policy, supervises the implementation of legislation regulating the field of agriculture and agro-industry, proposes economic policy measures and estimates their impact, designs programs and adopts information that represent the basis for establishing and implementing policy in the area and many other activities. Relevant for this Action, the Directorate for Agriculture is in charge for harmonizing the national legislation with Chapter 11 acquis and other international agreements. It consists of 5 sub-units;

- Department for plant production
- Department for livestock
- Department for agricultural land policy, quality schemes and organic production
- Department for Advisory Services in the area of plant production and
- Department for Advisory services in the area of Livestock.

The Act on Organization and Systematization of Work Posts of MAFWM envisages 62 posts in the Directorate, out of which 52 are filled – including 40 employees of Advisory Services.

The **Directorate for Rural Development** coordinates and prepares strategies, programmes and projects for rural development, with the goal of increasing competitiveness of agricultural production, standards of living in rural areas and environment protection. The directorate also implements programmes and projects for rural development from Agro-budget and international funds, in cooperation with international organizations and donors, prepares IPARD and proposes national legislation for its implementation, represents the Managing Authority within the IPARD Operational Structure etc. It consists of 2 sub-units:

- Department for programming
- Department for IPARD monitoring and evaluation, coordination and PR

The Act on Organization and Systematization of Work Posts of MAFWM envisages 13 posts, out of which 10 are employed in the Directorate.

5.3 Counterparts in the Beneficiary administration:

The PL and RTA counterparts will be staff of the Beneficiary administration and will be actively involved in the management and coordination of the project.

5.3.1 Contact person:

Marko Lubarda,

Advisor at the Department for International Relations and IPA Projects of the Ministry for Agriculture, Forestry and Water Management,
Rimski trg 46, 81000, Podgorica, Montenegro

5.3.2 PL counterpart

Marko Radonjic,

State Secretary at the Ministry for Agriculture, Forestry and Water Management,
Rimski trg 46, 81000, Podgorica, Montenegro

5.3.3 RTA counterpart

Igor Nisavic,

Secretary of the Ministry for Agriculture, Forestry and Water Management,
Rimski trg 46, 81000, Podgorica, Montenegro

6. **Duration of the project**

30 months.

7. **Management and reporting²**

7.1 **Language**

The official language of the project is the one used as contract language under the instrument (English). All formal communications regarding the project, including interim and final reports, shall be produced in the language of the contract.

7.2 **Project Steering Committee**

A project steering committee (PSC) shall oversee the implementation of the project. The main duties of the PSC include verification of the progress and achievements via-à-vis the mandatory results/outputs chain (from mandatory results/outputs per component to impact), ensuring good coordination among the actors, finalising the interim reports and discuss the updated work plan. Other details concerning the establishment and functioning of the PSC are described in the Twinning Manual.

7.3 **Reporting**

All reports shall have a narrative section and a financial section. They shall include as a minimum the information detailed in section 5.5.2 (interim reports) and 5.5.3 (final report) of the Twinning Manual. Reports need to go beyond activities and inputs. Two types of

² Sections 7.1-7.3 are to be kept without changes in all Twinning fiches.

reports are foreseen in the framework of Twining: interim quarterly reports and final report. An interim quarterly report shall be presented for discussion at each meeting of the PSC. The narrative part shall primarily take stock of the progress and achievements via-à-vis the mandatory results and provide precise recommendations and corrective measures to be decided by in order to ensure the further progress.

8. Sustainability

The action will produce sustainable results in the short run since it is designed to support beneficiary institutions and structures that are already in place, but which require additional assistance in the complex process of the harmonisation with the EU acquis and for the further progress in negotiation process. The capacities developed through this action will be used in the future period for the further alignment as part of the accession process, and they will be a crucial resource for the overall EU integration. Further strengthening of the institutions and administrative capacity for the implementation of the EU acquis will improve the effectiveness of Montenegro preparations for EU accession.

Strengthening the capacities of the Directorate for Payments to become a future Paying Agency will improve the management and control system, which will in turn have an impact on the quality of the monitoring results and improving capacity to implement policy and enforce regulations in a more uniform manner across the country. Sustainability of the investment is guaranteed by technical and financial capacity of the beneficiary responsible for its operation and maintenance.

9. Crosscutting issues (*equal opportunity, environment, climate etc...*)

The mainstreaming of the cross-cutting issues is regarded on two different levels:

- 1) Ensuring that the internal policies, structure or operating procedures will conform to and promote the relevant principles outlined per section below.
- 2) Ensuring that the project outputs (e.g. laws, regulations, policies, procedures) will conform and promote the relevant principles outlined per section below.

Equal Opportunity

The implementation of this Action will not tolerate any discrimination against direct and indirect beneficiaries on the basis of religion, ethnicity, gender or disability. The principle of equality is taken into account in the preparation of the action, in accordance with the provisions arising from the Constitution, where the basic freedoms and rights cannot be discriminated against on grounds of sex, race, colour, language, religion, national or social origin, material or social status. All activities will respect the principles of equal treatment and opportunities. Equal opportunities shall be safeguarded in a way that all targets are equally reached by necessary information and that the dissemination of such information is designed to be accessible by all and to cover the entire territory. The action, through its visibility and communication activities, shall spread the message that compliance with basic democratic standards is more than a condition for the EU accession. The outcomes of actions

will focus on being beneficial to all citizens', especially national minority and underprivileged social groups, having in mind that these groups often live in areas where solving problems is one of the top priorities. The activities will be sensitive to minority issues and will ensure access of all ethnic groups to resources and services. One aspect to tackle this issue is to undertake actions towards ensuring information on food safety standards in the own language of the key minority groups. Another aspect concerns the respect to minority and human rights while ensuring equal protection of consumers independently of their culture, history, language and religion.

With regards to this particular action, MAFWM will ensure that gender mainstreaming is applied in design of new policies and programmes. Special attention shall be paid with regards to equal participation of women in training activities, informing farmers and agricultural producers on cross-compliance activities, shall be implemented with due diligence towards involvement of producers from harder-to-reach areas, particularly women. All contractors shall be requested to provide a monitoring plan for collecting data recording the participation of men and women during the implementation phase. Indicators of achievement will be gender disaggregated whenever possible.

Application of CMO measures is directly related to agricultural producers and their associations; therefore, various non-state stakeholders shall be directly engaged.

Cross-compliance is one of the areas where the success of implementation is directly dependent on the efforts and capacities of producers and their representatives shall directly participate in some of the modules envisaged by this activity.

The feedback of agricultural producers who will submit applications to be covered by IACS and subsequently receive payments can serve as a reliable indicator of the success of strengthening administrative capacities.

Environment

One of the goals of the Montenegrin agricultural policy is sustainable management of natural resources through the management of forest and water resources, and the introduction of agricultural practices that protects the environment and reduces the impact on the climate, such as cross compliance. The action is focused on alignment with the EU acquis under Chapter 11 and the establishment of the structures and systems necessary for implementation of CAP. The reformed Common Agricultural Policy (CAP) is a central instrument to accompany transformation towards a sustainable, knowledge-based agricultural sector while, at the same time, supporting its resilience and diversity, and promoting growth and employment in rural areas. The action will improve the quality of the implementation of EU legislation and thus directly contribute to improved environmental protection and climate action. This particularly pertains to the establishment of the Forestry Information System. The action will focus on the contribution to the political priority related to Green Agenda for

the Western Balkans, aiming to maximise the contribution of the agricultural sector to a modern, resource-efficient and competitive economy and where economic growth is decoupled from resource use.

Minorities

The project will be sensitive to minority issues and will ensure access of all ethnic groups to resources and services. The needs of minorities will be considered as an integral part of the rural development programme. There will be regular monitoring to ensure these issues are given due prominence. Minorities will also be considered during information campaigns.

10. Conditionality and sequencing

Before contracting, the project has to meet the following conditions:

1. The Government of Montenegro employs
 - a. in Ministry of Agriculture at least 75 permanent employees in the Directorate for Payments (IPARD Agency, future Paying Agency) on the respective tasks, 10 permanent employees in IPARD Managing Authority, 4 in the Department for Economic Analysis and 55 employees in the Directorate for Agriculture out of which 40 are in Advisory Services.
2. The relevant national legal framework to implement CAP is set up and enforced (for example Law on Agriculture and Rural Development).
3. Sufficient working space (offices for MAFWM and PA), necessary IT infrastructure and equipment and other facilities are available before the project starts (basic IT network is in place in the MA, PC and working place for each employee of the beneficiaries).
4. List of the national minimum standards is identified.
5. The bodies in charge of making checks with respect to the cross-compliance standards, and list of staff dedicated to these tasks are identified.
6. Inter-institutional coordination has been established.

11. Indicators for performance measurement

The overall objective of this project is to increase the competitiveness of the Agricultural and Rural Development sector of Montenegro, with the specific objective being gradual building of agricultural sector capable of competing with market forces, while progressively aligning with the EU legal framework in the field of agriculture and rural development. The fulfilment of this objective will be assessed through the progress made towards meeting accession criteria under Chapter 11 and the overall increase in agricultural output.

In Component I, focused on capacity building of MAFWM in CMO, Direct Payments and Rural development analysis and policy assessed for compliance with the EU Acquis, the main indicators include the existence of CMO trade-mechanism legislation and procedures, the EU harmonized Rulebook for direct payments and rural area-based measures, procedures for implementation of

RD measures in line with EU requirements, the Rulebook on cross-compliance and the number of CMO measures implemented.

As far as Component II, dealing with IACS and formulation of correlated EU guidelines is concerned, the main indicators include the existence of procedures for OTS control, proposals for improvement and update of processes and methods of collection of FR&LPIS data and functional specifications of GSAA, IACS and control mechanisms.

Finally, Component III indicators include preparation of IT risk assessment, developing procedures establishing regular communication with relevant national financial institutions, progress in development of financial management software, documents on IT risk assessment, etc.

For Components I and III, that envisage trainings/internships in other countries, the number of MAFWM employees who participate in these activities will be monitored as indicators.

Initial sets of indicators and targets will be established in the induction phase and in accordance with the working plan agreed. This list of indicators and target will be periodically reviewed and updated according to the needs.

Indicators of achievement:

Component 1: Capacity building and strengthening of the MAFWM in CMO, Direct Payments and Rural development analysis and policy assessed for compliance with the EU Acquis

1.1.1: CMO legislation and procedures in place

Baseline data: Currently on force are these legislative acts:

- The Law on Regulation of the Market of Agricultural Products,
- Rulebook on the procedure and conditions for the distribution of preferential customs quotas for the import of agricultural products
- Rulebook on general and special standards for placing eggs on the market
- Rulebook on standards for placing poultry meat on the market
- Rulebook on the method of marking, sales marks and conditions for putting milk and milk products on the market
- Rulebook on the method and scale of classification of beef, pork and mutton
- Rulebook on the method of marking beef with a sales mark
- Rulebook on general and special standards for placing fruit and vegetables on the market
- Rulebook on detailed rules for organizing and operating organizations of producers of agricultural products
- Rulebook on the list of agricultural products for the market
- Program for improving the availability of food (fruit, vegetables, milk and dairy products) for schools)

These acts are not aligned with EU Acquis.

Target data: CMO Procedures and legislation developed and aligned with EU Acquis

1.1.2: MAFWM and other relevant institutions' employees gained first-hand knowledge on CMO

Baseline data: 4 employees (there are 4 employees in MAFWM for implementation of national measures. National measures are not harmonized with EU Acquis)

Target data: at least 8 employees

1.1.3: Implementation of the Action Plan for CMO Alignment

Baseline data: Implementation of the Plan remains to be stepped up

Target data: Progress made in the implementation of the Plan

1.2.1 EU harmonized Rulebook for direct payments and rural area-based measures in place

Baseline data: no

Target data: yes

1.2.2 Percentage of integration of area-related aid schemes and/or payment claims for area-related support measures implementation system

Baseline data: Currently estimation is that only 4% of total used agricultural land is registered in LPIS – SIZEP (In 2022. 11 757,70 ha hectares have been entered into the LPIS system (arable land))

Target data: 100% (All agricultural land to be entered in LPIS - having in mind that more than 94% of used agricultural land consists of perennial meadows and pastures, that are currently not in the system of payments)

1.3.1 Procedures for implementation of RD measures in line with EU requirements prepared

Baseline data: no (currently there are procedures for three IPARD measures on place – M1, M3 and M7)

Target data: yes

1.3.2 Proposals for introducing IT solutions for implementation and control of rural development measures designed

Baseline data: no

Target data: yes

1.3.3 MAFWM employees have gained first-hand knowledge on IT solutions for implementation of EAFRD measures

Baseline data: 0 employees (MAFWM - IPARD Agency staff are trained for implementation of IPARD Program)

Target data: at least 20 employees

1.4.1 Final draft of Rulebook prepared, prescribing EU obligations related to the cross-compliance procedures for cross-compliance implementation in place

Baseline data: no

Target data: yes

1.4.2 Number of GAEC standards adopted

Baseline data: 0

Target data: All GAEC standards according to EU Acquis adopted

1.4.3 MAFWM employees have gained first-hand knowledge for implementation of cross-compliance (enhanced conditionality)

Baseline data: 0 employees (MAFWM –currently do not implement enhanced conditionality as criteria for direct payments)

Target data: at least 20 employees

1.5.1 Number of EU-like CMO measures implemented

Baseline data: 4 (currently these measures are implemented: beekeeping, vine, school scheme, quotes. Measures are not aligned with EU Acquis)

Target data: at least 6 (to align current 4 measures with EU requirements and to develop additional 2 measures – operational programs for fruit and vegetables and olives aligned with EU Acquis)

1.5.2 MAFWM employees have gained first-hand knowledge for implementation of on-going CAP (organic production, quality schemes, wine, beekeeping, olive sectors and CMO)

Baseline data: 3 employees

Target data: at least 10 employees

Component 2: IACS and formulation of correlated EU guidelines

2.1.1 Procedures and checklists for management and record of requests and administrative control; administration of data from competent technical bodies; communication with farmers and storing of data in place

Baseline data: no

Target data: yes

2.1.2 Procedures for OTS control including measurement methods, tolerances, the OTS flow and management of documentation and equipment in place

Baseline data: no

Target data: yes

2.2.1 Proposals for improvement and update of processes and methods of collection, quality control, processing and reporting of FR &LPIS data prepared

Baseline data: no

Target data: yes

2.2.2 Directorate for Payments employees gained first-hand knowledge on the current processes in Farm Register and LPIS through Member State study visits

Baseline data: 0 employees

Target data: at least 5 employees

2.3.1 Functional specifications in GSAA, IACS and control mechanisms prepared

Baseline data: no

Target data: yes

2.3.2 Markers based on Copernicus new technologies including geo-tagged EGNSS4CAP in place

Baseline data: no

Target data: yes

Component 3 - Institutional development of MAFWM with specific emphasis on developing the Directorate for Payments into a fully functional Paying Agency

3.1.1 Documents on IT risk assessment prepared

Baseline data: 0

Target data: 2

3.1.2 Directorate for Payments gained practical knowledge in IT audits through study visits to EU Member States

Baseline data: 0 employees

Target data: at least 5 employees

3.2.1 Procedures developed and actions proposed for establishing and maintaining regular communication and cooperation with relevant national financial institutions (Ministry of Finance, MAFWM, Tax Administration, Central Bank, Banks, etc.)

Baseline data: Written procedures for accounting for IPARD II, III Programme

Written procedures for execution of Payment for IPARD II and III Programme

Procedure for checking Bank account of the beneficiaries (manual checking)

Target data: 3 procedures (Written Procedures for accounting for direct payments, CMO measures, EAGF and EAFRD funds;

Written Procedures for execution of payments for direct payments, CMO, EAGF and EAFRD funds;

Written procedures for Client Register (software solution))

3.2.2 Directorate for Payments gained practical knowledge on financial management of EU funds in line with CAP through workshops

Baseline data: 0 employees
Target data: at least 10 employees

3.3.1 Progress in development of financial management software

Baseline data: The Finance software for IPARD II and III Programme is in place but can not be used for EAGF and EAFRD funds
Target data: Global IT solution for FM software in place

3.4.1 Long-term training needs assessment of MAFWM employees conducted

Baseline data: no
Target data: yes

3.4.2 MAFWM employees gaining practical knowledge on IACS measures and non-IACS measures

Baseline data: 0 employees
Target data: at least 8 employees

12. Facilities available

The contractor must ensure that experts are adequately supported and equipped. In particular, it must ensure that there is sufficient administrative, secretarial and interpreting provision to enable experts to concentrate on their primary responsibilities. It must also transfer funds as necessary to support their work under the contract and to ensure that its employees are paid regularly and in a timely fashion.

The Contractor will ensure that the Project staffs have sufficient computer equipment (including printers, scanner, etc.), consumables, mobile phones, office supplies, vehicles and other supplies, instruments and services which will be provided within the fee rates of its experts. Costs arising from staff activities in the office during the period of the contract, including accommodation, allowances, transport, insurance, etc. will be the responsibility of the Contractor.

ANNEXES TO PROJECT FICHE

1. The Simplified Logical framework matrix as per Annex C1a (compulsory)
2. 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 (optional)
3. List of relevant Laws and Regulations (optional)
4. Reference to relevant Government Strategic plans and studies (may include Institution Development Plan, Business plans, Sector studies, Strategy for agriculture 2023-2028, etc.) (optional)
5. Mapping of related interventions by government and/or other actors (if existing)
6. Existing donor coordination framework (if existing)
7. The project/sector monitoring framework (if existing)
8. Sector assessment reports of any kind including publically available reports from other International organisations (SIGMA, IMF, etc.)
9. Project/sector relevant publically available Conclusions/agreements between EU and the Beneficiary resulting from the political dialogue
10. IPARD III programme (2021-2027)

ANNEX C1a: Levels of an intervention logic

	Description	Indicators (with relevant baseline and target data)	Sources of verification	Risks	Assumptions (external to project)
Overall Objective	Increase the competitiveness of the Agricultural and Rural Development sector of Montenegro.				
Specific (Project) Objective(s)	To gradually build an agricultural sector capable of competing with market forces, while progressively aligning with the EU legal framework in the field of agriculture and rural development	<p>Progress made towards meeting accession criteria under Chapter 11 – Chapter 11 provisionally closed</p> <p>Increase in agricultural output</p>	<p>EC Progress Report for Montenegro</p> <p>MAFWM Annual Report</p>		<p>Montenegro remains a dynamic participant in the EU enlargement process</p> <p>Sustained political will within the Government of Montenegro, to support the implementation Actions conducive to an expedient EU integration process, with sufficient emphasis on Chapters 11, 12 and 13</p> <p>Montenegro ensuring sustainable economic growth in order to keep up with the market needs in agriculture</p>
Mandatory results/outputs Component 1		Capacity building and strengthened MAFWM in CMO, Direct Payments and Rural development analysis and policy assessed for compliance with the EU Acquis			

	<p>Result 1.1 Policy design and draft of CMO legislation selected in compliance with EU acquis</p>	<p>CMO legislation and procedures in place</p> <p><i>Baseline data:</i> The CMO legislation isn't aligned fully with EU Acquis.</p> <p><i>Target data:</i> CMO Procedures and legislation developed and aligned with EU Acquis</p> <p>MAFWM and other relevant institutions' employees gained first-hand knowledge on CMO</p> <p><i>Baseline data:</i> 4 employees (there are 4 employees in MAFWM for implementation of national measures. National measures are not harmonized with EU Acquis) <i>Target data:</i> 8 employees</p> <p>Implementation of the Action Plan for CMO Alignment</p> <p><i>Baseline data:</i> Implementation of the Plan remains to be stepped up <i>Target data:</i> Progress made in the implementation of the Plan</p>	<p>Training report</p> <p>Twinning interim and final reports</p> <p>MAWFM annual reports</p> <p>EU Progress Report</p>	<p>Insufficient cooperation and involvement of other relevant institutions in providing inputs during the process of legislation preparation</p> <p>Insufficient provisions from the national budget for hiring and retaining administrative staff in this area</p>	<p>Sufficient staff available on a permanent basis on respective duties in MAFWM and PA</p> <p>Readiness of other relevant institutions to collaborate on these issues</p>
	<p>Result 1.2 Development of the policies and procedures and capacity building of the direct payments measures and area-based rural</p>	<p>EU harmonized Rulebook for direct payments and rural area-based measures in place</p> <p><i>Baseline data:</i> no <i>Target data:</i> yes</p> <p>Percentage of integration of area-related aid schemes and/or payment claims for area-related support measures implementation system</p>	<p>Twinning interim and final reports</p> <p>MAWFM annual reports</p>	<p>Insufficient provisions from the national budget for hiring and retaining administration staff with expertise in this area</p>	<p>Willingness of MAFWM to include area-based payments through IACS</p> <p>Introduction of measures - payments for pastures</p>

	development measures	<p><i>Baseline data: Currently estimation is that only 4% of total used agricultural land is registered in LPIS – SIZEP (In 2022. 11 757,70 ha hectares have been entered into the LPIS system (arable land))</i></p> <p><i>Target data: 98% (All agricultural land to be entered in LPIS - having in mind that more than 94% of used agricultural land consists of perennial meadows and pastures, that are currently not in the system of payments)</i></p>		Insufficient cooperation among the relevant stakeholders for ensuring financial means for supporting area-related aid schemes	
	Result 1.3 Capacity building on rural development measures, implementation and control	<p>Procedures for implementation of RD measures in line with EU requirements prepared</p> <p><i>Baseline data: no (currently there are procedures for three IPARD measures on place – M1, M3 and M7)</i></p> <p><i>Target data: yes</i></p> <p>Proposals for introducing IT solutions for implementation and control of rural development measures designed</p> <p><i>Baseline data: no</i></p> <p><i>Target data: yes</i></p> <p>MAFWM employees have gained first-hand knowledge on IT solutions for implementation of EAFRD measures</p> <p><i>Baseline data: 0 employees (MAFWM - IPARD Agency staff are trained for implementation of IPARD Program)</i></p> <p><i>Target data: 20 employees</i></p>	<p>Study visit report</p> <p>Twinning interim and final reports</p> <p>MAWFM annual reports</p>	<p>Insufficient provisions from the national budget for hiring and retaining administrative staff with specific expertise in this area</p> <p>Sufficient funds not timely secured for establishing and maintaining the IT systems in question</p>	<p>Sufficient staff available on a permanent basis on respective duties in MAFWM and PA</p> <p>Sufficient expertise in PA for contribution to the design of IT software solutions</p>
	Result 1.4 Capacity building for implementation cross-compliance (enhanced)	<p>Final draft of Rulebook prepared, prescribing EU obligations related to the cross-compliance procedures for cross-compliance implementation in place</p> <p><i>Baseline data: no</i></p>	<p>Training report</p> <p>Twinning interim and final reports</p>	<p>Insufficient provisions from the national budget for hiring and retaining administrative</p>	<p>Willingness of MAFWM to introduce and enforce cross-compliance as obligatory condition</p>

	conditionality) in Montenegro	<p><i>Target data:</i> yes</p> <p>Number of GAEC standards adopted</p> <p><i>Baseline data:</i> 0</p> <p><i>Target data:</i> All GAEC standards according to EU Acquis adopted</p> <p>MAFWM employees have gained first-hand knowledge for implementation of cross-compliance (enhanced conditionality)</p> <p><i>Baseline data:</i> 0 employees (MAFWM – currently do not implement enhanced conditionality as criteria for direct payments)</p> <p><i>Target data:</i> 20 employees</p>	MAFWM annual reports	<p>staff with specific expertise in this area</p> <p>Insufficient capacities, awareness and knowledge of agricultural producers for implementing cross-compliance requirements</p>	Sufficient staff in MAFWM and relevant institutions to enforce cross-compliance as obligatory condition
	Result 1.5 Capacity building for preparation and implementation of on-going CAP (organic production, quality schemes, wine, beekeeping, olive sectors and CMO)	<p>Number of EU-like CMO measures implemented</p> <p><i>Baseline data:</i> 4 (currently these measures are implemented: beekeeping, vine, school scheme, quotes. Measures are not aligned with EU Acquis)</p> <p><i>Target data:</i> 6 (to align current 4 measures with EU requirements and to develop additional 2 measures – operational programs for fruit and vegetables and olives aligned with EU Acquis)</p> <p>MAFWM employees have gained first-hand knowledge for implementation of on-going CAP (organic production, quality schemes, wine, beekeeping, olive sectors and CMO)</p> <p><i>Baseline data:</i> 3 employees</p> <p><i>Target data:</i> 10 employees</p>	<p>Twinning interim and final reports</p> <p>MAFWM annual reports</p>	<p>Timely and adequate support of advisory services in these areas not provided</p> <p>Inability of end users to adequately adjust to the newly established requirements</p>	Sufficient capacities of MAFWM and PA to implement adopted measures
Mandatory results/outputs Component 2		IACS and formulation of correlated EU guidelines			

	<p>Result 2.1 Support in establishing of the GSAA system, development of the procedures and trainings for employees who are participating in the system</p>	<p>Procedures and checklists for management and record of requests and administrative control; administration of data from competent technical bodies; communication with farmers and storing of data in place</p> <p><i>Baseline data: no</i> <i>Target data: yes</i></p> <p>Procedures for OTS control including measurement methods, tolerances, the OTS flow and management of documentation and equipment in place</p> <p><i>Baseline data: no</i> <i>Target data: yes</i></p>	<p>Twinning interim and final reports</p> <p>MAWFM annual reports</p>	<p>Insufficient provisions from the national budget for hiring and retaining administrative staff with specific expertise in this area</p> <p>Sufficient funds not timely secured for establishing and maintaining this system</p>	<p>National legislative framework established and Action plan developed in order to implement fully functional IACS measures</p> <p>Sufficient staff available in PA on relevant work posts</p> <p>Sufficient expertise in PA for contribution to the fulfilment of indicators</p>
	<p>Result 2.2 Assessment and improvement of implementation of Farm register and LPIS in order to be compliant with national and EU legislation</p>	<p>Proposals for improvement and update of processes and methods of collection, quality control, processing and reporting of FR & LPIS data prepared</p> <p><i>Baseline data: no</i> <i>Target data: yes</i></p> <p>Directorate for Payments employees gained first-hand knowledge on the current processes in Farm Register and LPIS through Member State study visits</p> <p><i>Baseline data: 0 employees</i> <i>Target data: 5 employees</i></p>	<p>Study visit report</p> <p>Twinning interim and final reports</p> <p>MAWFM annual reports</p>	<p>Insufficient provisions from the national budget for hiring and retaining administrative staff with specific expertise in this area</p> <p>Sufficient funds not timely secured for establishing and maintaining this system</p>	<p>National legislative framework established and Action plan developed in order to implement fully functional IACS measures</p> <p>Sufficient staff available in PA on relevant work posts</p> <p>Sufficient expertise in PA for contribution to the fulfilment of indicators</p>
	<p>Result 2.3 Providing support for developing</p>	<p>Functional specifications in GSAA, IACS and control mechanisms prepared</p>	<p>Twinning interim and final reports</p>	<p>Insufficient provisions from the national</p>	<p>National legislative framework established and Action plan developed in order to</p>

	functional and technical specifications in GSAA, IACS and control mechanism and monitoring based on Copernicus new technologies including geo-tagged EGNSS4CAP (GSA) application	<p><i>Baseline data:</i> no <i>Target data:</i> yes</p> <p>Markers based on Copernicus new technologies including geo-tagged EGNSS4CAP in place</p> <p><i>Baseline data:</i> no <i>Target data:</i> yes</p>	MAWFM annual reports	<p>budget for hiring and retaining administrative staff with specific expertise in this area</p> <p>Sufficient funds not timely secured for establishing and maintaining this system</p>	<p>implement fully functional IACS measures</p> <p>Sufficient staff available in PA on relevant work posts</p> <p>Sufficient expertise in PA for contribution to the fulfilment of indicators</p>
Mandatory results/outputs Component 3		Institutional development of MAFWM with specific emphasis on developing the Directorate for Payments into a fully functional Paying Agency			
	Result 3.1 Improved Information security implementation in compliant with ISO 27001 and 27002	<p>Documents on IT risk assessment prepared</p> <p><i>Baseline data:</i> 0 <i>Target data:</i> 2</p> <p>Directorate for Payments gained practical knowledge in IT audits through study visits to EU Member States</p> <p><i>Baseline data:</i> 0 employees <i>Target data:</i> 5 employees</p>	<p>Study visit report</p> <p>Twinning interim and final reports</p> <p>MAWFM annual reports</p>	<p>Insufficient provisions from the national budget for hiring and retaining administrative staff with specific expertise in this area</p> <p>Sufficient funds not timely secured for establishing and maintaining this system</p>	<p>Sufficient staff available in PA on relevant work posts</p> <p>Sufficient expertise in PA for contribution to the fulfilment of indicators</p>
	Result 3.2 Capacity building of the Sector for accounting, budget and execution to be prepared for financial management of EU funds in	<p>Procedures developed and actions proposed for establishing and maintaining regular communication and cooperation with relevant national financial institutions (Ministry of Finance, MAFWM, Tax Administration, Central Bank, Banks, etc.)</p> <p><i>Baseline data:</i> Written procedures for accounting for IPARD II, III Programme</p>	<p>Twinning interim and final reports</p> <p>MAWFM annual reports</p>	<p>Insufficient provisions from the national budget for hiring and retaining administrative staff with specific expertise in this area</p>	<p>Sufficient staff available in PA on relevant work posts</p> <p>Readiness of other relevant institutions to collaborate on these issues</p>

	particular with the new delivery model of CAP	<p>Written procedures for execution of Payment for IPARD II and III Programme Procedure for checking Bank account of the beneficiaries (manual checking) <i>Target data:</i> 3 procedures (Written Procedures for accounting for direct payments, CMO measures, EAGF and EAFRD funds; Written Procedures for execution of payments for direct payments, CMO, EAGF and EAFRD funds; Written procedures for Client Register (software solution))</p> <p>Directorate for Payments gained practical knowledge on financial management of EU funds in line with CAP through workshops</p> <p><i>Baseline data:</i> 0 employees <i>Target data:</i> 10 employees</p>		<p>Sufficient funds not timely secured for establishing and maintaining the systems in question</p> <p>Insufficient cooperation among the relevant stakeholders for establishing and maintaining the proper functioning of the financial systems in question</p>	Sufficient expertise in PA for contribution to the fulfilment of indicators
	Result 3.3 Assessment and proposals for upgrade of IT software solutions for financial management, monitoring and reporting	<p>Progress in development of financial management software</p> <p><i>Baseline data:</i> The Finance software for IPARD II and III Programme is in place but can not be used for EAGF and EAFRD <i>Target data:</i> Global IT solution for FM software in place</p>	<p>Study visit report</p> <p>Twinning interim and final reports</p> <p>MAWFM annual reports</p>	<p>Insufficient provisions from the national budget for hiring and retaining administrative staff with specific expertise in this area</p> <p>Sufficient funds not timely secured for establishing and maintaining the systems in question</p>	<p>Sufficient staff available in PA on relevant work posts</p> <p>Sufficient expertise in PA for contribution to the fulfilment of indicators</p>

	<p>Result 3.4 Long-term training needs of MAFWM employees assessed, with the emphasis on Directorate for Payments development into a fully functional Paying Agency</p>	<p>Long-term training needs assessment of MAFWM employees conducted</p> <p><i>Baseline data:</i> no <i>Target data:</i> yes</p> <p>MAFWM employees gaining practical knowledge on IACS measures and non-IACS measures <i>Baseline data:</i> 0 employees <i>Target data:</i> 8 employees</p>	<p>Training report</p> <p>Twinning interim and final reports</p> <p>MAWFM annual reports</p>	<p>Inefficient staff retaining policy leads to the loss of institutional memory entailing knowledge and skills acquired during the administrative capacity building</p>	<p>Sufficient staff available in PA on relevant work posts</p> <p>Sufficient expertise in PA for contribution to the fulfilment of indicators</p>
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LIST OF RELEVANT LAWS AND REGULATIONS

EU legislation:

- Common Agricultural Policy 2021-27
- Chapter 11 Acquis
- The Farm to Fork Strategy
- European Green Deal
- EU Biodiversity Strategy for 2030

Montenegro legislation:

Agriculture and rural development:

- Law on Agriculture and Rural Development
- Law on Wine
- Law on Genetically Modified Organisms
- Law on Olive growing
- Law on Organic Agriculture
- Law on Agricultural Land and the Law on Amendments to the Law on Agricultural Land
- Law on Regulation of the Market of Agricultural Products

Food Safety, Veterinary and Phytosanitary Affairs

- Law on Animal Identification and Registration
- Law on Food Safety
- Law on Animal Welfare Protection
- Law on Ratification of the International Convention on Plant Protection
- Law on Plant Protection Products
- Law on Livestock Breeding
- Law on Plant Nutrition Products
- Law on Plant Varieties Protection
- Law on Agricultural Plants Seeds Material
- Law on Planting Material
- Law on Plant Varieties Protection
- Veterinary Law
- Law on Animal Identification and Registration
- Law on Measures for Livestock Breeding Development
- Law on Plant Health Protection

Environment

- Law on Environment
- Law on Waters
- Nature Protection Law

Finances

- Law on the Internal Financial Control System in the Public Sector
- Law on Value Added Tax
- Law on Companies
- Law on Internal Trade
- Law on Accounting

Other

- Law on Standardization
- Law on State Property
- Law on Property Relations
- Law on Civil servants and State Employees
- Law on General Administrative Procedures