

Project LE9804.01:

Title: Technical assistance to Ministry of Agriculture to support modernisation and restructuring of the agricultural sector

1. Location

Ministry of Agriculture, Republikas Sq. 2, LV-1981, Rīga
Mr. Mariers Krams – Deputy State Secretary

2. Project Objectives

Wider project objectives are to strengthen Ministry of Agriculture and agriculture sector's readiness to support the ongoing EU accession process.

Specific project objectives relate to strengthening Ministry of Agriculture institutional capacity:

- to develop general framework for the land use policy for agriculture/ forestry and facilitate land consolidation in private/ state sector
- to provide technical assistance for support of veterinary, phytosanitary and border control services and essential equipment for selected laboratories.

National Programme for European Integration

Priority Theme: Develop Ministry administrative capacity

- ◆ Sub-Priority 2, Measure 2.6 Establish adequate institutional arrangement to allow absorption of EU structural funds for rural economy.

Measure 2.9 Develop capacity of Ministry of Agriculture

Measure 2.10 Develop the technical assistance management capacity of the Ministry of Agriculture

Priority Theme: Approximation of legislation with those of the Community Acquis.

- ◆ Sub-Priority 3, Measure 3.8 Implement legislation with respect to regulation of energy supply industry.
- ◆ Sub-Priority 2, Measure 3.5 Develop national policy for fisheries.

Accession Partnership

Short-term(1998)

Economic Reform:

Modernization of agricultural sector.

Reinforcement of Institutional and Administrative Capacity:

Reinforcement of the agricultural ministry, reinforcement of the veterinary and phytosanitary service and administrations, particularly as regards facilities at external borders.

Medium-term

Agriculture:

Including alignment with the agricultural *acquis* (including veterinary and phytosanitary matters, in particular external border controls).

Consolidation of land structure.

Adoption and implementation of the veterinary and phytosanitary requirements, upgrading of certain food processing establishments and testing and diagnostic facilities, restructuring of the agri-food sector.

3. Description

Key inputs over 18 months will include a major input supply program, necessary external TA, training, study tours and twinning related to the program.

1. Land use policy for the agriculture sector, including forestry, needs to be developed and agreed. Land use policy/consolidation will lead to restructuring of agriculture, forestry and rural development as well as environmentally sound development of rural communities.
2. Management support is required to permit re-equipping of MOA's veterinary, phytosanitary and border control services, which are not yet considered to be acceptable to implement those parts of the *acquis* which relate to operation of the internal market.
3. The present project will provide equipment to upgrade veterinary and phytosanitary laboratory facilities, as well as those for border inspection, where appropriate. This will facilitate further modernization of the agriculture sector, in line with Community standards. The precise equipment to be supplied will be specified after review of a needs analysis to be undertaken through technical assistance (TA) support for veterinary, phytosanitary, border inspection and animal identification activities funded under the 1996 and 1997 Phare programs. In particular, needs will be related to a complete restructuring of the present national laboratory infrastructure in line with what the country: (a) needs to provide through state and private channels, (b) can afford in terms of future operation and maintenance.
4. Key training activities will be organized in Latvia and abroad. Study trips to selected EU member states will be identified during the project's inception period. Beneficiaries of the training will include relevant management in MOA, as well veterinary, phytosanitary and border services, lab personnel. Twinning with an EU member state will be arranged, where appropriate.

Expected Results and Outputs

At the end of 18 months the PHARE project will provide the following results and outputs:

- improved land use policy for the agriculture sector, including forestry;
- started farm and forest land consolidation in the private and state sectors;
- national strategy for upgrading the laboratory infrastructure;
- improved institutional capacity of veterinary, phytosanitary and border control services;
- provided essential veterinary, phytosanitary and border control laboratory equipment for selected laboratories at central, regional and border post/district level, in accordance with the agreed national strategy and action plan;
- sustainability of laboratory services;
- improved indexing, diagnostic work and inspection of producers and importers;
- increased consumer protection and safety by improved control of domestic and imported products.

4. Institutional Framework

The Ministry of Agriculture in general is responsible for a successful implementation of the project.

The Ministry of Agriculture together with other involved institutions - the State Land Service and other institutions is responsible for elaboration of legislation on land consolidation and a pilot project preparation.

The State Veterinary Service (provides veterinary services), the State Plant Protection Station (provides phytosanitary services), the State Border Sanitary Inspection (provides phytosanitary and veterinary border control) are responsible for studies of necessary laboratory equipment and its mastering.

Beneficiaries of the investments provided for by the project in veterinary and phytosanitary spheres and responsible for a successful run of the project are institutions subordinated to and supervised by the Ministry of Agriculture - the State Veterinary Service, the State Plant Protection Station and the State Border Sanitary Inspection.

5. Budget

	Investment	Institution building	Total Phare (=I+IB)	Recipient* (state budget)	IFI*	TOTAL*
Investment	1 MECU	n/a	n/a	0.25 MECU	n/a	1.25 MECU
TA, land consolidation etc.	n/a	0.6 MECU	n/a	0.06 MECU	n/a	0.66 MECU
TOTAL	1 MECU	0.6 MECU	1.6 MECU	0.31 MECU	n/a	1.91 MECU

* In cases of co-financing only

6. Implementing Authority

Technical Implementation:

This will be the responsibility of the Ministry of Agriculture.

Contractual & Financial Implementation:

This will be the responsibility of the CFCU - Ministry of Finance PAO - Mrs. Valentină Andrejeva, State Secretary

7. Implementation Schedule

Draft Terms of Reference - May 1998

Tendering - 4th quarter 1998

Contracting - 1st quarter 1999

Project start – 1st quarter 1999

Duration of the Project– 18 month

Completion date – 3rd quarter 2000.

8. Equal Opportunity

The Team leader will be responsible for ensuring equal opportunity and participation in project by gender.

9. Conditionality and Sequencing

Political commitment to undertake measures to accelerate the process of integration and modernisation of the agriculture sector;

- ◆ The decision by the Cabinet of Ministers has to be taken by July 1998 concerning the clear definition of responsibility of institutions engaged in food control.
- ◆ Efficient development of reorganized Sanitary Border Control Service.
- ◆ Appropriate levels of staffing, including correct training levels, in the Ministry of Agriculture, veterinary, phytosanitary and border control services to ensure required efficiency of output.
- ◆ Technical assistance provided under the 1996 and 1997 Phare programs to be used efficiently to give maximum value to the project.

ANNEX 1

			Date of drafting: April 1998
LOGFRAME PLANNING MATRIX FOR			Contracting period expires: 31.10.2000
<i>Project Number LE 9804.01</i>	Technical assistance to Ministry of Agriculture for support of modernization and restructuring of the agricultural sector		Disbursement period expires: 31.10.2001
	Total Budget: 1.91 MECU		Phare contribution: 1.6 MECU
Wider Objective	Indicators of Achievement	Source of Information	Assumptions and Risks
To strengthen Ministry of Agriculture sector's readiness to support the ongoing EU accession processes.	Improved institutional capacity of MOA to handle EU matters.	<ul style="list-style-type: none"> Accession Partnership, NPAA Progress report on Latvia's Application for Membership of the European Union. 	Latvia wishes to join the EU and will continue to modernise its agricultural sector and bring it into line with that in the EU.
Immediate Objectives	Indicators of Achievement	Source of Information	Assumptions and Risks
<ul style="list-style-type: none"> To develop general framework of land use policy for agriculture/ forestry and facilitate land consolidation in private/ state sector To improve veterinary, phytosanitary and border control services and provide essential equipment for reference laboratories and sanitary border control points 	<ul style="list-style-type: none"> General framework of the land use policy available, circulated for discussion Improved institutional capacity of vet/phyto/border services and labs and sanitary border control points upgraded 	<ul style="list-style-type: none"> Official publications. Annual Agricultural Report Sector statistics Project reports 	<ul style="list-style-type: none"> The political support to the land consolidation process will continue. The necessary legal framework will be adopted.
Outputs	Indicators of Achievement	Source of Information	Assumptions and Risks
<ul style="list-style-type: none"> General framework of the land use policy for agriculture/ forestry Elaborated land consolidation guidelines on private/ state sector Elaborated and commenced pilot action in collaboration with other projects National strategy for upgrading vet/phyto/border inspection lab infrastructure Re-equipment action plan for lab infrastructure Maintenance program to support equipment provided Upgraded labs and sanitary border control points in accordance with the action plan Trained staff in vet/phyto/border services 	<ul style="list-style-type: none"> General framework of the land use policy available, circulated for discussion Land consolidation guidelines available and circulated for discussion Project elaborated and pilot action started National strategy approved by the MoA Action plan and maintenance program approved by the MoA Equipment installed Increased quality of analyses and inspections made 	<ul style="list-style-type: none"> Official publications. Annual Agricultural Report Sector statistics Project reports 	<ul style="list-style-type: none"> The land use policy/consolidation will lead to the identification of an agreed strategy for restructuring of agriculture. The outcome of 1996 and 1997 Phare programme projects in support of veterinary, phytosanitary border control activities will provide a good basis for this project. Trained staff still remain with beneficiary institutions.

Inputs	Indicators of Achievement	Source of Information	Assumptions and Risks
<ul style="list-style-type: none"> • Provision of equipment to vet/phyto/border inspection labs and sanitary border control points • Short term TA for elaboration of land policy, strategy of upgrading lab infrastructure • Training for vet/phyto/border services • Twinning 	<ul style="list-style-type: none"> • Fully equipped installation • Physical presence of Short Term • TATraining programs being carried out • Visible twinning activities 	<ul style="list-style-type: none"> • Project reports • Sector statistics 	<ul style="list-style-type: none"> • Professional training will be provided • Twinning arrangement will be put in place • The Team Leader will show professional quality

ANNEX 2

DETAILED COST BREAKDOWN (ECU) LE 9804.01

	1999		2000		Total
	Phare	Budget	Phare	Budget	
<i>Institutional Building</i>					
A. TA for land use policy	120 000				120 000
Local staff		12 000			12 000
Training	150 000				150 000
Study tour	30 000				30 000
Operational costs		8 000			8 000
B. TA for veto/phito/border service	85 000		15 000		100 000
Local staff		20 000		4 000	24 000
Training	100 000		40 000		140 000
Study tour	60 000				60 000
Operational costs		13 000		1 000	14 000
<i>Investment</i>					
Equipment for reference labs & sanitary border control points	395 000	150 000	605 000	100 000	1 250 000
Total	940 000	203 000	660 000	107 000	1 910 000

ANNEX 3

IMPLEMENTATION SCHEDULE OF THE PROGRAMME LE 9804.01					Date of Drafting	April 1998
					Planning Period:	31.10.98-31.10.00
<u>Program Title</u>						
Projects	Implementation Schedule (Semesters)					Budget Allocation <i>Cost Estimate</i>
	P L A N N E D					
	I Oct 98-Mar 99	II Apr 99-Sep 99	III Oct 99-Mar 00	IV Apr 00-Sep 00		
Technical assistance to Ministry of Agriculture for support of modernisation and restructuring of the agricultural sector	C+D+I February 1999	I April 1999	I	I		
Total Programme						
Legend						
D	=	Design of sub-project				
C	=	Tendering and contracting				
I	=	Contract implementation and payment				

ANNEX 4

COMMITMENT (CONTRACT) SCHEDULE LE 9804.01					Date of Drafting	April
					Planning Period	31.10.98-31.10.00.
Programm Title						
Project	Expected Contractual Commitments (Semesters)				Budget Allocation <i>Cost Estimate</i>	
	P L A N N E D					
	I Oct 98-Mar 99	II Apr 99-Sep 99	III Oct 99-Mar 00	IV Apr 00-Sep 00		
Technical assistance to Ministry of Agriculture for support of modernisation and restructuring of the agricultural sector	1,6 MECU	1,6 MECU	1,6 MECU	1,6 MECU	1.6 MECU	
Total Programme	1,6 MECU	1,6 MECU	1,6 MECU	1,6 MECU	1.6 MECU	

ANNEX 4

DISBURSEMENT (PAYMENT) SCHEDULE LE 9804.01					Date of Drafting	April 1998
					Planning Period	31.10.98-31.10.00
Programm Title						
Project	Disbursement (Payment) Schedule (Semesters)					Budget Allocation <i>Cost Estimate</i>
	P L A N N E D					
	I Oct 98-Mar 99	II Apr 99-Sep 99	III Oct 99-Mar 00	IV Apr 00-Sep 00		
Technical assistance to Ministry of Agriculture for support of modernisation and restructuring of the agricultural sector		0.55 MECU	1,15 MECU	1,6 MECU		
Total Programme		0.55 MECU	1,15 MECU	1,6 MECU		1.6 MECU

ANNEX 5 LE 9804.01

Phare programme in support of Latvian agriculture					1993							1994			1995	
Project		Support for	Support for	Support for	Extension	Agro-ent.	Support for	Support for	Support for	Support for	Sector level	On-farm	Support for			
		PMU	AFC	LAAS,	and	restruc- turing,	agro-ent.	land reform I	private	land reform II	food quality	develop- ment	private			
				including	forage	marketing,	privatisation		fisheries		control		forestry			
				statistics	pilot	distribution,										
					project	quality control										
Project number		1	2	3	4	5	6	7	8	9	10	11	12			
Value (ECU '000)		830	590	845	400	950	700	700	400	2 600	200	1 000	400			
1. TORs drafted?		yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes			
If no, target date?																
2. Tenders issued?		yes	yes	yes	Addendum	yes	yes	yes	yes	yes	Addendum	yes	yes			
If no, target date for issue?																
3. Evaluation completed?		yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes			
If no, target date for evaluation?																
4. Company selected?		SODETEG	BIIS	DAAC	DAAC	ALIMENTA	C&L/CTS	OSI	MEGAPESCA	KAMPSAX/O SI	ALIMENTA	SAC/FTP/AN DA	HUKS/FA			
5. Contract issued?		yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes			
6. Likely start date?																
7. Target finish date		26/2/98	30/4/97	31/8/96	31/8/96	31/8/97	31/8/96	30/9/96	30/4/97	30/9/98	31/8/97	31/12/98	31/10/97			
8. Team leader OK?		yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	partially			
9. Counterpart OK?		yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes			
10. Steering committee?		yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes			
11. Inception report?		yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes			
12. Project effective?		very	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes			
13. DSS adviser satisfied?		yes	partially	yes	yes	yes	partially	yes	yes	partially	yes	yes	partially			

14. Key issue holding up project start-up and/or implementation		Nothing: project finished	Nothing: project finished	Nothing: project finished	Nothing: project finished	Nothing: project finished	Nothing: project finished	No-thing: project finished	Nothing: project finished	No-thing: project being	No-thing: project finished	Nothing: project being	Nothing: project finished
										satisfactorily implemented		satisfactorily implemented	
15. Key impact		Impro-ved	Rural credit	Professionally	Basis for	Management	Privatised	Creation of	Manage-ment	Creation of	Raising	Self-financing	Overall
		MOA	avail-able	accre-dited	national	adopting	agri-business	land market	adop-ting	land market	quality levels	of LAAS and	support for
		management	using	exten-sion	on-farm	Western	sector and		Wes-tern		through-out	national	private
		and	Wes-tern	advice	demonstratio n	management	joint venture		management		the food	demonstra-tion	forestry
		coordi-nation	banking		programme	practices	partners		prac-tices		chain based	prog-ramme	
			prin-ciples								on HACCP		

Phare programme						1996				1997			1998
Project		Instit.	Nat. &	Diversifi-	Bord. Inspect.	Bord. Inspect.	Animal	Harmonise	Inst.	Support	Support for	Structur	Technica
		support	sector	of rural	(Vet)	(Phyto)	identifi-	EU/Latvian	support	for vet.	senior MOA	funds I	assistan
		for agric.	level	economy				laws	for	and phyto	management		support
		sector	food						private	services I			to MOA
			quality						forestry				
Project number		14	15	16	17	18	19	20	21	22	23	24	25
Value (ECU '000)		1 800	1 800	1 200	106	109	120	900	400	450	150	750	1 600
1. TORs drafted?		yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes	no
If no, target date?										Mar.98			May 98
2. Tenders issued?		yes	yes	yes				yes	no	no			no
If no, target date for issue?									Mar.98	Apr.98			Okt.98
3. Evaluation completed?		yes	yes	yes				yes	no	no		no	
If no, target date for evaluation?									Jun.98	Jun.98		Jun.98	
4. Company selected?		CEAS	MEGAPESC A	ABG		ATA Frameworks		IBF			ATA Frameworks	SPP	
5. Contract issued?		yes	yes	yes	yes	yes	yes	yes	no	no	yes		
6. Likely start date?					Mar.98	Nov.97	Mar.98	Mar.98	Sep.98	Sep.98	April. 98	Oct. 98	
7. Target finish date		Nov.99	Nov.99	Dec.99	Mar.99	Mar.99	Mar.99	Mar.99	Dec.99	Dec.99	Sep.99	Dec.99	Dec.99
8. Team leader OK?		yes	yes	yes	yes	yes					yes		
9. Counterpart OK?		yes	yes	yes	yes	yes					yes		
10. Steering committee?		not yet	yes	yes	yes	yes					yes		
11. Inception report?		yes	yes	yes	no	yes					yes		
12. Project effective?		partially	yes	not yet	not yet	yes					yes		
13. DSS satisfied?		partially	partially	partially	no	yes					yes		

14. Key issue holding up project start-up and/or implementation		Nothing:	Nothing:	Nothing:	Nothing:	Nothing:	Consultant	Project	TORs	TORs	Nothing:	TORs	TORs
		project	project	project	project	project	not yet	started but	not yet	not yet	project	not yet	not yet
		being	being	being	being	being	visited	allocation	agreed	agreed	being	agreed	agreed
		satisfactorily	satisfactorily	satisfactorily	satisfactorily	satisfactorily		too little	by EC	by EC	satisfactorily	by EC	by EC
		implemented	implemented	implemented	implemented	implemented					implemented		
15. Key impact		Improved	Restructuring	Robust	Improved	Improved	Better	Faster	Strengthening	Improved	Improved	Establishment	Improved
		capacity to	of national	agriculture,	border	border	control over	harmonisation	of private	veterinary	MOA	of	MOA
		manage	food control	and	control	control	animal	with laws	forestry	and	managemen	adminis-	managem
		development	umbrella and	increased			registration	of EU	activities in	phytosanitary	and	capacity to	and vet/phyto
		of sector	sector	rural					MOA	services and	coordination	use SFs	services
			development	employment						laboratories			