

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. Valentîna 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

LOGFRAME PLANNING MATRIX FOR		Date of drafting: April 1998	
		Contracting period expires: 31.10.2000	Disbursement period expires: 31.10.2001
<i>Project Number LE 9804.01</i>		Technical assistance to Ministry of Agriculture for support of modernization and restructuring of the agricultural sector	
		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 activites 	<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 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 Cost Estimate		
	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-	agro-ent.	land reform I	private	land reform II	food quality	develop-	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	31/10/9 7			
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	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 MOA management and coordi-nation	Rural credit avail-able using Wes-tern banking prin-ciples	Professionally accre-dited exten-sion advice	Basis for national on-farm demonstration programme	Management adopting Western management practices	Privatised agri-business sector and joint venture partners	Creation of land market	Management adop-ting land market	Creation of land market	Raising quality levels through-out the food chain based on HACCP	Self-financing of LAAS and national demon-stration prog-ramme	Overall support for private forestry	

Phare programme					1996					1997			1998	
Project		Instit.	Nat. & support	Diversification of rural economy	Bord. Inspect. (Vet)	Bord. Inspect. (Phyto)	Animal identification	Harmonise EU/Latvian laws	Inst. support	Support for vet. and phyto services I	Support for senior MOA management	Structural funds I	Technical assistance support to MOA	
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? If no, target date?	yes	yes	yes	yes	yes	yes	yes	yes	no Mar.98	yes	yes	no May 98		
2. Tenders issued? If no, target date for issue?	yes	yes	yes				yes	no Mar.98	no Apr.98			no Okt.98		
3. Evaluation completed? If no, target date for evaluation?	yes	yes	yes				yes	no Jun.98	no Jun.98		no 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: project	Consultant not yet visited	Project started but allocation	TORs not yet agreed	TORs not yet agreed	Nothing: project being	TORs not yet agreed	TORs not yet agreed					
	satisfactorily implemented		too little	by EC	by EC	satisfactorily implemented	by EC	by EC					
15. Key impact	Improved	Restructuring	Robust	Improved	Improved	Better	Faster	Strengthening	Improved	Improved	Establishment	Improved	Improved
	capacity to manage	of national food control	agriculture, and	border control	border control	control over animal	harmonisation with laws	of private forestry	veterinary and	MOA management	of administrative	MOA management	MOA management
	development of sector	umbrella and sector	increased rural			registration	of EU	activities in	phytosanitary	and	capacity to use SFs	and vet/phyto services	and phyto services
		development		employment					MOA	services and laboratories	coordination		