## ANNEX I – IPA III Action Fiche Template

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|  | Indicative title of the Action | **EU FOR THE DEVELOPMENT OF AGRICULTURE** |
| **CRITERIA FOR RELEVANCE ASSESSMENT** | Key thematic priority | **WINDOW 4 – COMPETITIVENESS AND INCLUSIVE GROWTH**  **Thematic Priority 3: Agriculture and Rural Development** |
| Links with specific policy instruments of the enlargement process | The proposed Action aims toprepare the country for participation in the EU Common Agricultural Policy, harmonise agriculture with the European standards and also increase the competitiveness of the agricultural production. In particular the Action ha two objectives:   * **To develop the capacities, align the policies of North Macedonia to implement the common market organisation for agricultural products;** * **To enhance the productivity in agriculture**   The achievement of the first objective will contribute to create a more competitive agriculture in North Macedonia that can compete with the one of the EU member states after accession. The establishment of **Common Market Organisations** is in fact the one of the corner stones of the EU Agriculture Policy and has important effects on the shortening of the supply chain. Preparation will be performed in order to assist the country to be ready to implement timely the relevant legal framework establishing rules of the common organization of markets in agricultural products as foreseen in the Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organization of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007.  The achievement of the second objective will be achieved through the realisation of four **irrigation schemes.** Irrigation plays a major role for the development of agriculture. It makes agriculture more productive and at the same time it reduces the risk that the agriculture production can be lost because the lack of the rainfall. Under this AF, the Construction of at least three small-scale, low-cost, environment friendly irrigation project is envisaged.  The Action will foster the sustainable development of rural areas through financing key drivers of growth and unblocking the potential of agriculture to become an economic engine for rural areas.  The Action is designed to contribute to the achievement of the specific objective of Window 4 Thematic priority 3 “Agriculture and rural development”, as defined in the **IPA III Programming Framework**, which aims 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 and the relevant veterinary, food safety and phytosanitary standards.  Further on, the proposed Action will contribute to the implementation of the **EU acquis under Chapter 11**. The country's legal framework for this chapter is largely aligned with the acquis. The Action addresses the recommendation of the **EC country report 2019 (COM(2019) 260 final) for Chapter 11.** Concerning  the common market organisation, the reportstates that, the legal framework on quality and marketing standards for agricultural products is mostly in place. Legal provisions on market interventions in line with the EU acquis exist, but still need to be implemented. Progress is still needed in aligning of commodity-specific schemes and in supporting for public and private storage, producer organisations, and market intervention. Implementation capacity needs to be strengthened. The **report concretely recommends to prepare of an action plan for further institutional and legal alignment to the acquis in the area of common market organisation.**  Regarding the Commission Communication **"A credible enlargement perspective for and enhanced EU engagement with the Western Balkans" (COM(2018)65),** this Action supports its strategic purpose to strengthen, modernise and increase the competitiveness of the economy, in order to be have a capacity to cope with the market pressure and market forces in the union and also increase the level of economic integration with the EU.  Additionally, the action is also in line with the recommendations of the 15th meeting of th**e Sub-Committee on Agriculture and Fisheries** of the **Stabilisation and Association Agreement (SAA),** held on 13 May 2019, which recommended to the authorities to elaborate on controls of organic production and quality standards of agriculture products.  The Action is in line with the planned activities within **the National Plan for the adoption of the Acquis for 2020-21**, where, harmonisation with EU legislation is envisaged. |
| Links with national, regional and global strategies | The proposed Action is in line with national, regional and global strategies in the field of ARD.  The Action is in harmony with the objectives of **2030 Agenda for Sustainable Development;** more specifically with Priority 1 and Priority 2 “No poverty and Zero Hunger” that address the agriculture production, Priority 15 “Life on Land” that address eco-friendly production, Priority 8 “Decent Work and Economic Growth” that address issues related to economic development, Priority 11 “Sustainable cities and communities” that addresses Rural Development.  The Action contributes to the objectives of the **Paris Agreement, the European Green Deal** and the **Green Agenda for the Western Balkan** by ensuring a higher level of control over the agriculture production as well as by ensuring that agriculture production is not lost because of water shortening. The use of irrigation in fertile soils indirectly reduces the pressure on the less favourable agriculture areas.  North Macedonia has demonstrated a significant progress in the field of agriculture and rural development. The importance of this sector in socio-economic aspect as well as for the accession process pushed the country to develop the necessary strategic and legal framework and establish good institutional capacity, mainly with the support of the EU. The **strategic framework for Agriculture and Rural Development** covers and defines a number of strategic priorities, among others the followings:   * To improve market organization (e.g. cooperatives and farmers’ associations), vertical integration and quality improvements. * To promote territorially balanced and sustainable development in rural areas, * To enhance farm viability and competitiveness of all types of agriculture and primary food-processing, * To develop human and physical capital (irrigation and mechanisation), * To reduce the fragmentation of the farms and to increase the size of the small land holdings, * To improve plant health * To increase the international competitiveness of North Macedonia’s agricultural production and agro-food industry.   The Action will support the implementation of the following **national strategies**:   * The **National Strategy for Agriculture and Rural Development (NARDS) 2014-2020** (at present the strategy is under revision, however the main objectives are going to be kept), which aims to increase the international competitiveness of North Macedonia’s agricultural production and agri-food industry and securing sustainable development of rural areas. The strategy has specific objectives related to the market regulation, organization of the food chain and improving the quality of agricultural products; and also, to the modernization of the agri-food sector. * **Economic Reform Programme 2020 – 2022,** which aimsto improve the irrigation system in North Macedonia. * **Investment Plan for Water Management Master Infrastructure 2015-2025",** which aims to enhance capital investments in dams and irrigation systems. In the mid-term perspective, the state investments in irrigation should allow irrigation of 144.000 ha. In longer-term period, the gradual widening of irrigation systems should ensure coverage of around 250.000 ha, which is a half of the cultivated land. The state investments cover two types of infrastructure works: - Rehabilitation and reconstruction of the current infrastructure for irrigation and drainage in order to achieve their sustainability and water conservation; - Upgrading and extension of the existing hydro-system in order to increase the irrigated area in the country and construction of new structures. The implementation of these investments will improve the efficiency of irrigation systems in the country and contribute to the increasing of the competitiveness of agricultural farms. * **National Programme for Agriculture and Rural Development 2018-2022, which aims to**: - providing stable production of quality and cheaper food and providing the population with sufficient quantities of food, - increasing the competitiveness of agriculture, - ensuring a stable level of income of the agricultural economy, - sustainable development of rural areas, and - optimal use of natural resources while respecting the principles of nature and environmental protection. * **IPARD RURAL DEVELOPMENT PROGRAMME 2014-2020**, which aims to enhance farm viability and competitiveness of all types of agriculture and primary food-processing, while progressively aligning with the Union standards /developing human and physical capital; develop the ability of the agri-food sector to cope with competitive pressure as well as to progressively align the sector with Union standards. |
| Coherence with the Sector Approach | The **sector strategic framework is well established** and credible although complex. The new generation of strategies to cover the next mid-and long-term period is under preparation. The strategic planning process is based on analysis of the implementation of the still ongoing strategies and rich statistical data exists to back up the planning process. The follow-up on the implementation of the priorities, objectives and measures, defined by the various strategies is based on the established standard monitoring system for each of the adopted strategy. However, to ease up the sector monitoring, the national authorities, with the EU support, during 2020 developed **a sector Performance Assessment Framework (PAF)**, based on a set of impact and outcome indicators, targets and baseline data. The selected indicators cover very well the entire sector.  The sector policy dialogue is channelled through the **Sector Working Group (SWG) Agriculture and Rural development** which focuses the discussions on the national sector priorities and their implementation in an inclusive and participatory manner. The SWG embed the IPA programming but go far beyond the discussions on EU funds: this is the platform to voice also the opinion of the various donors, relevant state institutions and civil society on how the sector develops, how effective are the current policies and how the various donors contribute to the national sector priorities. The SWG is meeting in different formats: decision-making (at least twice per year) and technical (at least once per month). In the negotiation phase with the EU, will assume new functions primarily by becoming the public channel for informing stakeholders about the progress of the negotiations, as well as providing feedback to decision makers on how the new legislation is implemented in practice. In addressing these new obligations, the SWG will be complementary to the negotiating structure established in 2019, which will technically handle discussions with the European Commission.  The **institutional set up** comprises several institutions with relatively well-established administrative capacity:   * The Ministry of Agriculture, Forestry and Water Economy, responsible for the sector policy making and policy implementation. More precisely: Department for EU, Department for Agriculture, Department for Marketing and Quality of Agricultural Products, Department for Viticulture, wine and orchards, Unit for agricultural cooperatives, in charge of the activities related to the promotion of agricultural cooperatives and any other Departments deems necessary * The National Extension Agency * The State Agriculture Inspectorate * The Agency for Financial Support to Agriculture and Rural Development (AFSARD), responsible for procurement, contracting and payments to farmers; * The Administration for Water Economy responsible for irrigation and drainage on the whole territory of the country through Joint Stock Company Water Management.   North Macedonia provides significant **resources** for the sector. The annual budget allocation is around 10 billion Denars (around EUR 160 million) for the years 2018, 2019 and 2020. |
| Regional dimension | Not relevant |
| Indicative budget | | Total: 6,000,000 Euro  EU grant: 5,000,000 Euro  National contribution: 1,000,000 Euro |
| Implementation Modality | | Direct management through works and service contracts |
| Budget Support Readiness (only if the action is implemented through Budget Support) | | Not relevant |

**LOGICAL FRAMEWORK MATRIX [2 PAGES MAXIMUM]**

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| **OVERALL OBJECTIVE(S) / (IMPACT(S))** | **OBJECTIVELY VERIFIABLE INDICATORS** | **BASELINES**  **(INCL. VALUE & REFERENCE YEAR[[1]](#footnote-1))** | **MILESTONES**  **[OPTIONAL]** | **TARGETS (INCL. VALUE & REFERENCE YEAR)** | **SOURCES & MEANS OF VERIFICATION** |  |
| **To increase the competitiveness of North Macedonian agriculture in line with the rules of the EU Common Agricultural Policy** | Total irrigated land in the country  Rate of irrigated land over UAA (cultivated land)  Gross Agricultural Output (current prices in Denars)  Net value added at current price per Utilized Agricultural Area (Denars) | 84,434 ha (2016)  16.3 % (2016)  71,162,000,000 (2017)  78,969.6 (2017) |  | 95,000 (2027)  18.3 % (2027)  85,400 (2027)  95,000 (2027) | SSO  SSO  SSO  SSO |
| **SPECIFIC OBJECTIVE(S) / OUTCOME(S)** | **OBJECTIVELY VERIFIABLE INDICATORS (\*)** | **BASELINES** | **MILESTONES** | **TARGETS** | **SOURCES OF VERIFICATION** | **ASSUMPTIONS** |
| **S.O:1: To develop the capacities, align the policies of North Macedonia to implement the common market organisation for agricultural products** | Number of farmers included in the established Producer Organisations  Number of recognised producers organisations  Average annual export of agricultural and food products | 0 (2020)  0 (2020)  514 mil.€ (2013-2018) |  | 45 (2024)  4 (2024)  550 mil. € (2024) | Annual Report of the MAFWE  Annual Report of the MAFWE  Annual Report of the MAFWE | The Government promotes the modernisation of the agriculture |
| **S.O.2: To enhance the productivity in agriculture** | Number of farmers benefitting of irrigation in the investment areas | 50 farmers (2020) |  | > 300 farmers (2024) | Specific Project monitoring Reports | Investments in irrigation schemes are implemented by the Government |
| **OUTPUTS** | **OBJECTIVELY VERIFIABLE INDICATORS (\*)** | **BASELINES** | **MILESTONES** | **TARGETS** | **SOURCES OF VERIFICATION** | **ASSUMPTIONS** |
| **Output 1: (related to S.O.1):**  **Common Marker Organisations established** | Number of Common Market organisations established | 0 (2020) |  | Min. 3 (2024) |  | Outputs from preliminary technical assistance projects timely available |
| **Output 2 (related to S.O.2):**  **Four small-scale, low-cost, environment friendly irrigation schemes are constructed** | Number of hectares irrigated in the areas object of the investments;  Number of small-scale irrigation systems constructed | 100 ha (2020)  0 (2020) |  | 670 ha (2024)  4 (2024) | Specific Project monitoring Reports | Timely completed expropriation process  Construction permits issued |
| **BROAD ARRANGEMENTS FOR IMPLEMENTATION (IF AVAILABLE)** | Direct Management, service and works contracts | | | | | |

1. The baseline value may be "0" (i.e. no reference values are available as the Action represents a novelty for the beneficiary) but cannot be left empty or include references such as "N/A" or "will be determined later". [↑](#footnote-ref-1)