

Standard Summary Project Fiche – IPA centralised programmes

Project number 21: Establishment of the Serbian Farm Accountancy Data Network (FADN)

1. Basic Information

- 1.1 CRIS Number: 2009/021-765**
- 1.2 Title:** Establishment of the Serbian Farm Accountancy Data Network (FADN)
- 1.3 ELARG Statistical code:** 03.12
- 1.4 Location:** Serbia

Implementing arrangements:

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

Ministry of Agriculture, Forestry and Water Management

The beneficiary of the project will be the Sector for Analytic and Agrarian Policy of the Ministry of Agriculture, Forestry and Water Management.

The Project Manager will be Milos Milovanovic, Assistant Minister responsible for the Sector for Analytic and Agrarian Policy.

A Project Steering Committee (SC) will be responsible to ensure overall quality and provide the strategic direction of project implementation. The SC will enable that the project results and goals are met in a timely manner, approve work plans and reports, offer guidance and advise on project activities. The SC will meet on quarterly basis.

The SC will include one representative of each of the key project stakeholders: representatives of the Ministry of Agriculture, Forestry and Water Management and the EC Delegation, other public administration institutions such are Serbian Statistical Office, Serbian Chamber of Commerce, Institute for Science Application in Agriculture, Agricultural Extension Services, NGO's and other representatives as required. The SC will be chaired by the Project Manager.

Financing:

- 1.8 Overall cost (VAT excluded)¹:** **2.200.000 EUR**
- 1.9 EU contribution:** **2.200.000 EUR**
- 1.10 Final date for contracting:** 2 years after the signature of the Financing Agreement (FA)
- 1.11 Final date for execution of contracts:** 4 years after the signature of the FA
- 1.12 Final date for disbursements:** 5 years after the signature of the FA

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated (see Section 7.6)

2. Overall Objective and Project Purpose

2.1. Overall Objective:

To contribute to Serbia's reliable agricultural statistics and efficient administrative capacity for implementation of CAP in compliance with EU criteria.

2.2. Project purpose:

Establishment of a Farm Accountancy Data Network (FADN) in Serbia and improvement of administrative capacity according to EU standards and the Serbian Law on Agriculture and Rural Development².

2.3. Link with AP/NPAA / EP/ SAA

European Partnership:

Within the Agriculture and statistics section of the European Partnership with Serbia, including Kosovo (Council Decision of 18 February 2008), the following priorities relate to the subject:

Short term priorities

- Strengthen the administrative capacity needed to formulate and implement agricultural and rural development policy.
- Conduct an agricultural census, create an agricultural register and continue the development of national accounts according to ESA 95 including improving the data sources.

Medium term priorities

- Continue efforts to strengthen administrative structures and capacity needed to formulate and implement agricultural and rural development policies.
- Further develop the quality management system; put in place systems for producing viable agricultural statistics and further develop other sectoral statistical areas.

This Project will enhance the quality of agricultural statistics and lead to improved understanding of incomes in the agricultural sector, and the rural economy in general. It will introduce a new farm accounting data network and train relevant staff/farmers in techniques and methodologies for collecting and organizing farm data. It will also provide capacity to implement and manage the EU Farm Accountancy Data Network (FADN) system in Serbia which is one of the requirements for meeting the EU *acquis*. Overall the project will raise the level of skills and knowledge in collection and management of agricultural statistics, which will provide wider benefits to other sectors using and developing statistics in Serbia.

SAA:

Article 90 of the agreement emphasizes *statistical cooperation*, and such stipulates that: "cooperation between the Parties shall primarily focus on priority areas related to the Community *acquis* in the field of statistics. It shall notably be aimed at developing efficient and sustainable statistical systems capable of providing, reliable, objective and accurate data needed to plan and monitor the process of transition and reform in Serbia."

Article 97 has a direct link with the agricultural and agro-industrial sector and it stipulates the following: "Cooperation between the Parties shall be developed in all priority areas related to

² Serbian Law on Agriculture and Rural Develop Section VII, article 31

the Community *acquis* in the field of agriculture, as well as veterinary and phytosanitary domains. Cooperation shall notably aim at modernising and restructuring the agriculture and agro-industrial sector.”

This Project will create a farm accounting data network which will contribute to meeting a part of the EU *acquis* essential for ensuring good access to agricultural and rural development support funds. Development of a FADN system in Serbia will also contribute to more efficient and reliable agricultural statistics and enable compatibility of Serbian and EU statistics.

National Integration Program:

Chapter 3.18.6, Agricultural statistics:

The Ministry of Agriculture, Forestry and Water Management currently drafts wine and food balances, collects administrative data in the area of livestock and agricultural homesteads, and monitors traceability in production. The Ministry will get actively involved in the preparations of the Republic’s Statistical Office for conducting an overall agricultural inventory which hasn’t been made for decades and which is expected to provide a realistic cross-section of total agricultural resources in the Republic of Serbia.

This project will contribute to better record keeping and provision of realistic data for statistical purposes and an improved evidence base for policy making.

2.4. Link with MIPD

In the Multi-annual Indicative Planning Document (MIPD) for the Republic of Serbia 2009-2011 (under Council Regulation EC No 1085/2006), the expected results by the end of the period and measurable indicators for the Agriculture and Rural development sectoral policies (page 26-27) are as follows:

Assistance to the national structures responsible for agriculture and rural development to obtain the necessary capacity to define strategies and programmes and to manage and monitor agriculture and rural development programming activities; Support for institution and capacity building with the aim to prepare the sector to absorb pre-accession funds; Support for the alignment of national legislation with EU *acquis* in the area of agriculture and rural development; Support for increasing the economic growth by developing the agricultural sector and increasing its competitiveness; Support for the national authorities to analyse priority areas, carry out agricultural census, improve statistics in the sector and establish land cadastre and farmers register as well as support for advisory and extension services and access to credit for farmers.

Page 30, of the same document indicates that the law on statistics amended, while cooperation and coordination within the national statistical system improved. An agriculture census conducted, an agriculture register created, while national accounts further developed according to ESA 95 (including improvement of the data sources).

This Project will significantly contribute to the improvement of agricultural statistics through introduction of a FADN system in Serbia. It will enable the collection of more detailed, accurate and reliable data on farm incomes, agricultural prices and production costs, which will provide a more rigorous evidence base for agricultural and rural development policy formulation. It is also an essential requirement in order that Serbia can access EU farm support mechanisms and agri environment finances under the Common Agricultural Policy. Additional benefits will be more highly skilled personnel capable of collecting, managing and analysing agricultural statistics, and greater

understanding by farmers of the competitiveness of their businesses through active integration of farmers in the data collection process.

2.5. Link with National development Plan (where applicable)

N/A

2.6. Link with national/ sectoral investment plans (where applicable)

National Agriculture Strategy:

Under Chapter V.1.2, (The changing conditions) European integration, One of the basic goals of agriculture in Serbia is to be integrated into Common agrarian policy of EU and upon entering, to meet the second requirement of the Copenhagen agreement – to be competitive in such an environment.

Putting in place a system for collection of accurate data according to EU standards is a key to the integration process.

In Appendix 2: The Agricultural Strategy – Republic of Serbia one of the identified activities to be implemented, is setting up a monitoring system of economic and production markers on selected farms (i.e. a Farm Accountancy Data Network)

Poverty Reduction Strategy Paper for Serbia (PRPS)

Chapter 2.1.3. (page 203), points out problems with the existing data sources. It explains that the issue of the revision of the system of statistical surveys has been addressed through the preparation of the new Master Plan for Statistical Surveys and the development of a concrete action plan for making a revision of surveys (proposed by FSO and RSO of both republics³). This plan takes account of most of the criticisms made so far and envisages the revision of quite a number of surveys. In addition, the plan also envisages general personnel and technological improvement of the statistical system. In the situation analysis and preparation of the plan, assistance was provided by international statistical organizations (including EUROSTAT, and renowned statistical agencies of other countries). International expert and financial assistance will continue through the ongoing reform of the system.

Section 2.2.2 of this strategy proposes revision of the existing data sources and requirements from the statistical system such as revision of the existing Household Budget Survey (HBS), enabling the implementation of standard poverty monitoring methodologies, and Analysis and revision of the present Master Plan of Statistical Surveys in accordance with demands for monitoring the achievement of the PRSP and Millennium Development Goals (page 205).

This Project will contribute to the further improvement of data quality collected by the Republic's Statistical Office by preparing and implementing required legislation needed for the introduction of a FADN system in Serbia, provision of training for staff, and through farmer involvement in provision of the required information. This process will contribute to the preparation of Serbia's agricultural sector for EU integration by meeting the EU acquis and enabling compatibility of Serbian and EU agricultural statistics. Relevant EU regulations that must be met are outlined below.

³ Then Serbia and Montenegro

3. Description of the project

3.1. Background and justification:

According to the Law of Ministries, the Ministry of Agriculture, Forestry and Water Management (MAFWM) is responsible for development of strategies, policies and measures in the field of agriculture, forestry and water management. The Ministry also has competencies related to the implementation of agricultural policy by preparing and implementing both development programmes and direct support schemes. Provision of training to farmers and guidance of the rural population in general are also main responsibilities for the Ministry.

Within the Ministry the Sector for Statistics and Agrarian policy carries out the functions of agricultural data collection and analysis and support for development of policies in the agricultural sector.

A key strategic goal is the preparation of Serbian agriculture for integration into the EU. Harmonisation with EU legislation requires a system for the collection of accurate data in the field of agriculture in accordance with EU standards. Each member state must establish a Farm Accountancy Data Network (FADN) for evaluating incomes on (commercial) agricultural holdings. The data is used to assist in the assessment of impacts on the Common Agricultural Policy (CAP) and FADN data also plays a critical role in the CAP reform process

The EU Farm Accountancy Data Network (FADN), which was established in 1965 with Council Regulation (EEC) No 79/65, is a national survey carried out by each Member State of the European Union. It represents the most important source of micro-economic data related to the commercial agricultural holdings in the Union. Holdings are selected to take part in the survey on the basis of sampling plans prepared at national level in the Union. Each sample farm provides book-keeping data that reveal detailed information on outputs as well as inputs, costs and profit of the farm.

Problem Analysis:

Currently, agricultural statistics in Serbia cover land areas, yields and production of about 60 crop species as well as the size and balance of livestock, the production of milk, eggs, honey and wool in agricultural organizations, both state and privately owned, as well as in private holdings. This information is obtained through sampling a small percentage of producers each year but there is currently no collection of micro-economic data that can be used for a FADN system.

A Serbian census of agriculture was last carried-out in 1969. Data on land categories and livestock on agricultural holdings have been compiled through the successive population censuses of 1971, 1981, 1991 and 2002, but this data provides a limited amount of information. In addition, the comparison of data from regular annual surveys on agricultural statistics with the main agricultural data provided by the 2002 population census reveals significant discrepancies thus questioning the quality of Census data, mainly regarding land areas being utilised.

Existing statistical information on agricultural activity is limited, covering approximately half of those estimated to be involved in agriculture. The statistical register of holdings only includes legal entities, i.e. persons (enterprises and cooperatives) and entrepreneurs that are legally engaged in agriculture. There is no register of private holdings (family agricultural holdings). In addition there are no data available on farm structure and no economic

indicators of on-farm activity are available. The agricultural data collected with traditional approaches does not give a complete or accurate track of farm incomes, expenses and other economic indicators. Consequently, there is a need to set up an efficient system of collecting farm accountancy data based on the required EU standards and methods for data collection, analysis and reporting. Legislation is also required to establish the necessary Liaison Agency if Serbia is to abide with the EU statistical requirements stemming from Council Regulation 79/65.

The lack of reliable agricultural statistics is causing significant problems as many political decisions in the agricultural sector are currently being made based on estimates derived from incomplete or inaccurate statistical data collected by the Statistical Office of the Republic of Serbia, or received from Agricultural Extension Services. Formulating policy on an unreliable evidence base will make it harder for Serbia to effectively implement requirements of the Common Agricultural Policy, and reduce the capacity to understand the implications of policy change on agriculture and the rural sector.

This project will contribute greatly to Serbia's preparation for adopting the EU *acquis*. It will also develop the administrative and statistical capabilities inside MAFWM and build capacity among extension agents, farmers, and central government officials in collecting, analysing and reporting agricultural data. More importantly, the project will improve the evidence base necessary for effective agrarian planning and policy making, provide better understanding of the rural economy, and lead to the introduction of modern methods of book-keeping among farmers selected for the sample survey. It will provide an improved quality of data for agricultural and rural development research, and for other kinds of planning or rural development decision making.

3.2. Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)

Catalytic effect

It is expected that the provision of micro-economic data will contribute to improved agricultural statistical capacity, better planning and improved implementation of agrarian policies as a whole. Since the system in place is intended to be sustainable and permanent in compliance with the EU standards and in line with the *acquis* of the agricultural sector the Project will contribute to Serbia's EU accession process.

With the establishment of the FADN system, reliable information will be provided on the Serbian agricultural sector. Also another effect of the project is providing information for the national income analysis and analysis of income distribution, which is currently missing. The information collected, apart from being useful for FADN and the Ministry will be available for use by agricultural researchers, chambers of commerce, the Statistics Office, and other interested parties.

To ensure the sustainability and involvement of farmers, an awareness campaign aimed to encourage farmers to participate in the system will be organized. Feedback of useful sectoral and on-farm economic data (as currently occurs in other EU member states) will also ensure continued farmer involvement and support in the accountancy system.

Use of the existing agricultural extension services to implement the data collection procedures will build on the existing local expertise that is essential for developing a farm accounting network. The development of a FADN using extension agents will enhance the role of local extension agents, providing them with enhanced knowledge of the inputs and outputs of farm production in their area, as well as a better understanding of farm economics, which will be of use to them as, as part of their regular duties. Expertise in implementing a farm accounting

system can be shared through provision of advice to other areas within the government and the region.

After the end of the project, the Beneficiary will ensure maintenance and management of the IT system. The Beneficiary will be responsible (financially) for maintenance of the system which will become a valuable asset. Those who will be working with FADN system will be the users of the IT system and provide services within MAFWM and more widely (e.g. to the Statistical Office and those involved with agricultural and rural development). Users of the system will have been trained in data management and analysis, and be capable of providing special reports or analyses of the data held as required to assist with policy formulation, implementation, and evaluation.

3.3. Results and measurable indicators:

1. Preparation of a National plan to facilitate the introduction of a Farm Accountancy Data Network (FADN) system and complete the pilot project to test methodologies and structures.

Indicators:

- Prepare a National plan/roadmap for introduction of FADN.
- Gather information, consolidate and put them in a system to avail it for further use.
- Structure roles and responsibilities of all involved agencies.
- Test the used methodologies.
- Data collection, data management and data analysis in use.

2. Approximation of required legal basis according to the various EC regulations.

- Number of associated of relevant regulations and by-laws prepared.

3. Institutional capacity with adequate staff/farmers trained in techniques and methodologies for sampling farms, and collecting, organizing and analysing farm data.

- Training programme operating.
- Adequately trained staff/farmers in place at central, regional and local levels.

4. A functional IT system capable of managing and analysing the level of data required.

- Software designed and developed.
- Complete manuals for software administrators and users elaborated, printed and disseminated to experts.
- Staff trained in use of equipment.

5. Effectively operating FADN in place.

- Preliminary data collected and analysed from each region.
- Systems in place for verifying and monitoring quality of data.
- Evaluation by external body.

3.4. Activities

Result 1. Preparation of a National plan to facilitate the introduction of a Farm Accountancy Data Network (FADN) system and complete the pilot project to test methodologies and structures.

1.1 Supply of necessary information and complementary knowledge about the two regions, the municipalities within those regions, and the farm structures by the beneficiary.

1.2 Prepare for sampling criteria, evaluate and improve the procedures for identification and selection of different types of farms, especially farms not keeping accounts.

1.3 Determine the different means to encourage the farmers (who are the major actors in the system) to participate to the system voluntarily.

1.4 Determine methodologies for data collection (produce a questionnaire), analysis and also explain how data will be collected, verified, put into the system and processed and how cross checks will be made.

1.5 Plan and implement information and communication campaigns (publications, meetings and seminars).

Result 2: Approximation of required legal basis according to the various EC regulations.

2.1. Training staff in relevant EC regulations governing the FADN system.

2.2. Design and publish necessary regulations, by-laws, guidelines and other rulebooks for implementation.

These tasks will be carried out as required over the life of the project.

Result 3: Institutional capacity with adequate staff/farmers trained in techniques and methodologies for sampling farms, and collecting, organizing and analysing farm data

The activities to deliver this result focus on training and developing personnel and farmers in order to develop the capacity to improve statistical information and operate a FADN.

3.1 Undertake study visits to selected range of EU member states to examine national farm accounting systems.

Study visits will take place to explore alternative approaches to agricultural statistics collection and analysis. Visits will focus on the management of data used to meet EU FADN requirements, and developing understanding and knowledge of the Serbian delegates that take part. Statistical methods, training packages and IT requirements will also be explored during the visits.

3.2. Train experts at national level in data collection methodologies, data entry.

Specialised training will be required for those involved in developing and managing data bases, analysing and reporting data. The majority of these experts are expected to be at national level in the new unit established within MAFWM for managing agricultural statistics.

3.3. Specialised training for extension agents that will be in direct contact with farmers for data collection purposes

Extension agents involved in recruiting farmers for the annual surveys and assisting farmers to fill out survey questionnaires will need training in how to undertake the data collection operations.

3.4. Provide training for farmers in techniques of book-keeping on their farms.

Farmers recruited as part of the sample will need assistance in filling out forms and recording information during the course of each year. It is anticipated that Extension agents will deliver much of this training on-farm during the initial phase of data collection.

Result 4: A functional IT system in place.

Activities to achieve this objective relate primarily to developing the specifications for IT software and hardware required and training. The system will be managed from a central office (MAFWM) working with the regional offices; selected local offices will also be involved.

4.1 Assessment of user requirements and technical specifications for software/ hardware.

The first stage activity required is to determine the needs for both hardware and software at local and central levels. Visits to other member states taking place under Activity 3.1 will also explore IT requirements. The particular characteristic of the Serbian situation and the survey and analytical methods selected under Result 1 will further influence the IT specifications required.

4.2 Development and testing of the software, corrections and adaptations to the local needs.

4.3 Training of users at relevant levels for collection, data entry, analysis, reporting and transmission.

Training will be required, particularly with regard to data entry, data management, data transmission, and other activities where specific software might be developed.

Result 5: Effective operation of annual farm surveys providing agricultural statistics capable of being harmonised with EU FADN requirements

MAFWM must determine a start date for the annual surveys and establish deadlines for submission of farm survey data, verification of data quality, and publication of reports.

5.1 Collection of data, data entry and analysis of relevant data, verification at national level.

Project success will depend on effective operation of all the systems involved with collecting, handling, analysing, and reporting on the survey data. Testing of all aspects of the agricultural surveys from sampling to analysis will need to be completed before the end of the project, and any problems resolved.

5.2 Production of data useful to Serbian stakeholders and capable of being harmonised with EU FADN requirements.

The true measure of success will be the utilisation of data within Serbia, and the acceptability of relevant statistical data to the EU Commission in line with EU FADN requirements. Serbia will be able to check the acceptability of the data collected through evaluation by the relevant part of the European Commission.

This project will be implemented through 1 service contract.
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3.5. Conditionality and sequencing:

The Law on Agriculture and Rural development provides a legal base for the implementation of FADN in Serbia. However, as the provision of FADN data in most EU member state systems is voluntary this project is not dependent on adoption of the law (although it would provide a stronger foundation for MAFWM to engage in this form of activity). Several steps have already been taken within MAFWM to prepare the ground for the collection of FADN-type data, in particular the creation of an agricultural holding registration system that will be utilized for identifying sample farms for annual surveys.

The first phase of the Project will develop a stakeholder agreed strategy for introduction of a FADN system in Serbia.

The previous section has outlined in some detail the activities required to implement this project. The contract will be the technical assistance (Services). This will carry out an initial review of the situation, develop the methodologies, and identify and carry out the training required. The current conditions, characteristics of Serbian agriculture, and methodological approaches will determine the hardware and software IT requirements (expected as a second contract under IPA 2011 for supply and installation of IT equipment).

3.6. Linked activities

It is expected that IPA 2007 project: *“Improving Structural Capacity of the Serbian Statistical Office in view of approximating European Statistical System (ESS) requirements”* will start in the first quarter of 2009. The pilot project for an agricultural census is planned within this project. The Statistics Office of the Republic of Serbia (SORS) plans to use the results of the planned agricultural census to establish a complete register of agricultural holdings that will serve as a sampling base for improving its surveys and introducing new ones. The activities and outcomes of this pilot will be used as a guideline for further improvement of the sampling methodologies developed for the FADN system.

3.7. Lessons learned

The Agricultural Twinning Project (ATP) CARDS 2004, with a component of upgrading the analytical and strategic planning and evaluation capacity has contributed to capacity building of the analytical and agrarian policy sector within MAFWM. Experience from this project shows the need for reliable data, as well as sufficient trained personnel. This project will build on that capacity development using existing staff in the Ministry.

The project design will take into account lessons learned in EU Member States. The project will actively examine a range of farm accounting systems and procedures in a range of Member States. Implementation of a full farm accounting network takes time and the aim of the project will be to build capacity of personnel over the project in order to provide data and information of increasing reliability and utility. The development of improved statistical capabilities within SORS will be drawn upon where needed to assist in development of methodologies for this project.

4. Indicative Budget (amounts in EUR)

FADN			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION			NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION
ACTIVITIES	IB (1)	INV (1)	EUR (a) = (b) + (c) + (d)	EUR (b)	% (2)	Total EUR (c) = (x) + (y) + (z)	% (2)	Central EUR (x)	Regional / Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activities 1,2,3,4,5												
contract 1 (TA)	X		2,200,000	2,200,000	100%							–
TOTAL IB			2,200,000	2,200,000	100%							
TOTAL PROJECT			2,200,000	2,200,000	100%							

Amounts net of VAT

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

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

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

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1	1Q	4Q	12Q

6. Cross cutting issues (where applicable)

6.1. Equal Opportunity

Selection of staff and other personnel to work on the projects will be based in objective assessments of qualification and experience, regardless of gender.

The proposed project will be equal opportunity sensitive and ensure access of women, disabled and elderly, particularly with regard to access to training. In particular, under activities related to training one will ensure that equal opportunity issues are properly addressed. Equal opportunity will also be taken into account during training needs analysis.

6.2. Environment

Using agricultural extension personnel to assist in identification of sample and collect data will minimise energy consumption from transport (and consequent emissions). Extension agents will integrate these tasks into farm visits and current activities.

6.3. Minorities

The proposed project will be implemented in a way which does not discriminate against any individual on the grounds of their gender, ethnic origin, race or religion. Data collection will be carried out in the language used by the farmer, and thereafter the official language. The project will bring improvement in data relevance which is beneficial to all citizen, and improved understanding of their business for farmers involved in the survey.

ANNEX I: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Programme name and number	
Establishment of the Serbian Farm Accountancy Data Network (FADN)		Contracting period expires 2 years after signature of FA	Disbursement period expires 5 years after signature of FA
		Total budget: €2,200,000	IPA budget: €2,200,000
Overall objective	Objectively verifiable indicators	Sources of Verification	
To contribute to improvements in the quality of Serbia's agricultural statistics in compliance with EU criteria.	Harmonization with part of the EU acquis Improved understanding of the characteristics of the agricultural sector	- State/EU report on accession process - EC Regular Reports in 2008 onwards - EUROSTAT - Official Gazette of the Republic of Serbia Reports of the Advisory Committee	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
Establishment of a Farm Accountancy Data Network (FADN) in Serbia and improvement of administrative capacity according to EU standards, and the Serbian Law on Agriculture and Rural Development ⁴ .	Farm accountancy data capable of transferral to EU from 2014 All aligned legislation prepared by 2013 The majority of the required sample size data entered in the database of FADN by 2012. FADN in place and functioning effectively, in accordance with the relevant EU requirements by 2014	EC Regular Reports EU FADN database- EUROSTAT Official Gazette of the Republic of Serbia Monitoring Committee Reports Reports of Advisory Committee Final Project report	Commitment towards accession to EU. EU and government resources are available for sustainability Effective sampling procedures are developed in the absence of a full agricultural census carried.

⁴ Serbian Law on Agriculture and Rural Develop Section VII, article 31

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
1. Preparation of a National plan to facilitate the introduction of a Farm Accountancy Data Network (FADN) system and complete the pilot project to test methodologies and structures	<ul style="list-style-type: none"> -Prepare a National plan/roadmap for introduction of FADN. -Gather information, consolidate and put them in a system to avail it for further use. .Structure roles and responsibilities of all involved agencies. -Test the used methodologies. -Data collection, data management and data analysis in use. 	<ul style="list-style-type: none"> - Official gazette of the Republic of Serbia -Minutes of meetings with stakeholders 	Support, agreement and commitment of key stakeholders
2. Approximation of required legal basis according to the various EC regulations.	<ul style="list-style-type: none"> - Number of associated of relevant regulations and by-laws prepared 	<ul style="list-style-type: none"> EC Regular Reports Official Gazette of the Republic of Serbia Monitoring Committee Reports Reports of Advisory Committee Final Project report 	Support by parliament for successful adoption of new regulations.
3. Institutional capacity with adequate staff/farmers trained in techniques and methodologies for sampling farms, and collecting, organizing and analysing farm data	<ul style="list-style-type: none"> - Training programme operating -Adequately trained staff/farmers in place at central, regional and local levels 	<ul style="list-style-type: none"> Training manuals Training institution's reports Training workshop and Seminar participant lists Reports from site visits and monitoring reports 3-month post training questionnaires Posts all filled Project progress reports 	<ul style="list-style-type: none"> Sufficient trainers available with required level of knowledge and skills Effectiveness of site visits to EU member states Willingness by farmers to participate. Support and agreement of key stakeholders

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
		<p>Minutes of Steering Committee meetings</p> <p>Regular reviews and departmental reports</p> <p>Minutes of meetings with key stakeholders</p> <p>Plans for introduction of FADN in place by the fourth quarter of the project</p> <p>Technical Report outlining organisational structure and methodologies with supporting rationale</p> <p>Evaluation report of pilot project</p>	<p>Early capacity available to train personnel in order to carry out an effective pilot project.</p> <p>Development of effective sampling procedures</p>
4. A functional IT system in place	<p>-Software designed and developed</p> <p>-Complete manuals for software administrators and users elaborated, printed and disseminated to experts</p> <p>-Network built and tested by the 7th quarter of the project</p>	<p>Tests/reviews of performance and functionality of the system.</p> <p>End-users´ manual</p> <p>Minutes of steering committee meetings</p>	<p>Early agreement on IT software and hardware requirements</p> <p>Sufficient capacity available for installation, software development and training</p>
5. Effectively operating FADN in place	<p>-Preliminary data collected and analysed from each region</p> <p>-Systems in place for verifying and monitoring quality of data</p> <p>-Evaluation by external body</p>	<p>EU FADN database; EUROSTAT</p> <p>EC regular reports</p> <p>Serbian FADN data published in national statistics and EUROSTAT by 2012;</p> <p>Serbian FADN recognized as EU compatible by the EU</p> <p>Regular monitoring reports</p> <p>External evaluators report</p>	<p>Sufficient human resources in place and adequately trained</p> <p>Commitment and support of MAFWM</p>

Activities	Means & Costs	Assumptions
<p>Result 1. Preparation of a National plan to facilitate the introduction of a Farm Accountancy Data Network (FADN) system and complete the pilot project to test methodologies and structures.</p> <p>1.1 Supply of necessary information and complementary knowledge about the two regions, the municipalities within those regions, and the farm structures by the beneficiary.</p> <p>1.2 Prepare for sampling criteria, evaluate and improve the procedures for identification and selection of different types of farms, especially farms not keeping accounts.</p> <p>1.3 Determine the different means to encourage the farmers (who are the major actors in the system) to participate to the system voluntarily.</p> <p>1.4 Determine methodologies for data collection (produce a questionnaire), analysis and also explain how data will be collected, verified, put into the system and processed and how cross checks will be made.</p> <p>1.5 Plan and implement information and communication campaigns (publications, meetings and seminars).</p> <p>Result 2: Approximation of required legal basis according to the various EC regulations.</p> <p>2.1. Training staff in relevant EC regulations governing the FADN system.</p> <p>2.2. Design and publish necessary regulations, by-laws, guidelines and other rulebooks for implementation.</p> <p>Result 3: Institutional capacity with adequate staff/farmers trained in techniques and methodologies for sampling farms, and collecting, organizing and analysing farm data.</p> <p>3.1 Undertake study visits to selected range of EU member states to examine national farm accounting systems.</p> <p>3.2. Train experts at national level in data collection methodologies, data entry.</p> <p>3.3. Specialised training for extension agents that will be in direct contact with farmers for data collection purposes.</p> <p>3.4. Provide training for farmers in techniques of book-keeping on their farms.</p>	<p>1 x Technical Assistance: 2,200,000 €</p>	<p>-Successful adoption of new regulations in Parliament</p> <p>-Staff provided with sufficient support and opportunity to use the acquired skills.</p> <p>-Willingness by farmers to participate.</p> <p>Interest by stakeholder institutions to participate.</p> <p>-All training arrangements, studies, supplies completed in time and the right levels of quality and quantity, as planned</p> <p>-Timely transfer of the EU funding</p> <p>Development of an effective methodology for sampling the farm sector</p>

Activities	Means & Costs	Assumptions
<p>Result 4: A functional IT system in place.</p> <p>Activities to achieve this objective relate primarily to developing the specifications for IT software and hardware required, for contract to provide and install equipment, and for training. The system will be piloted from a central office working with the regional offices; selected local offices will also be involved.</p> <p>4.1 Assessment of user requirements and technical specifications for software/ hardware.</p> <p>4.2 Development and testing of the software, corrections, and adaptations to the local needs.</p> <p>4.3 Training of users at relevant levels for collection, data entry, analysis, reporting and transmission.</p> <p>Result 5: Effective operation of annual farm surveys providing agricultural statistics capable of being harmonised with EU FADN requirements.</p> <p>5.1 Collection of data, data entry and analysis of relevant data, verification at national level.</p> <p>Project success will depend on effective operation of all the systems involved with collecting, handling, analysing, and reporting on the survey data.</p> <p>5.2 Production of data useful to Serbian stakeholders and capable of being harmonised with EU FADN requirements.</p>		

ANNEX II: amounts (in M€) Contracted and disbursed by quarter for the project (IPA contribution only)

Contracted	N+1Q	N+2Q	N+3Q	N+4Q	N+5Q	N+6Q	N+7Q	N+8Q	N+9Q	N+10Q	N+11Q	N+12Q	Total
Contract 1 (TA)	2.20												2.20
Cumulated	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20
Disbursed													
Contract 1 (TA)			0.44		0.39		0.38		0.39		0.38	0.22	2.20
Cumulated	0.00	0.00	0.44	0.44	0.83	0.83	1.21	1.21	1.60	1.82	2.20	2.42	2.20

ANNEX III. Description of Institutional Framework

The Ministry of Agriculture, Forestry and Water management in cooperation with the Serbian Statistical Office is responsible for agricultural data collection, analysis and use.

It is planned that when Serbia achieves EU member state status, the Liaison Agency will be Sector for Analysis and Agrarian Policy within the Ministry of Agriculture, Forestry and Water Management. The Department for Analysis of effects of agrarian measures will be responsible for managing the FADN system.

The Ministry of Agriculture currently contracts the Agricultural Extension services to carry out particular activities on its behalf. There are 34 Agricultural Extension Services offices: 13 in Vojvodina, 20 in Central Serbia and 1 in Kosovo. There are a total of approximately 120-150 extension officers representing all geographical regions of the country. The responsibilities of staff employed within the Extension services are closely related to provision of advice and transfer of modern techniques to farmers. This project proposes to utilise the knowledge and experience of Extension Service personnel to collect the required information (data) from farmers in conjunction with other activities and during their regular visits.

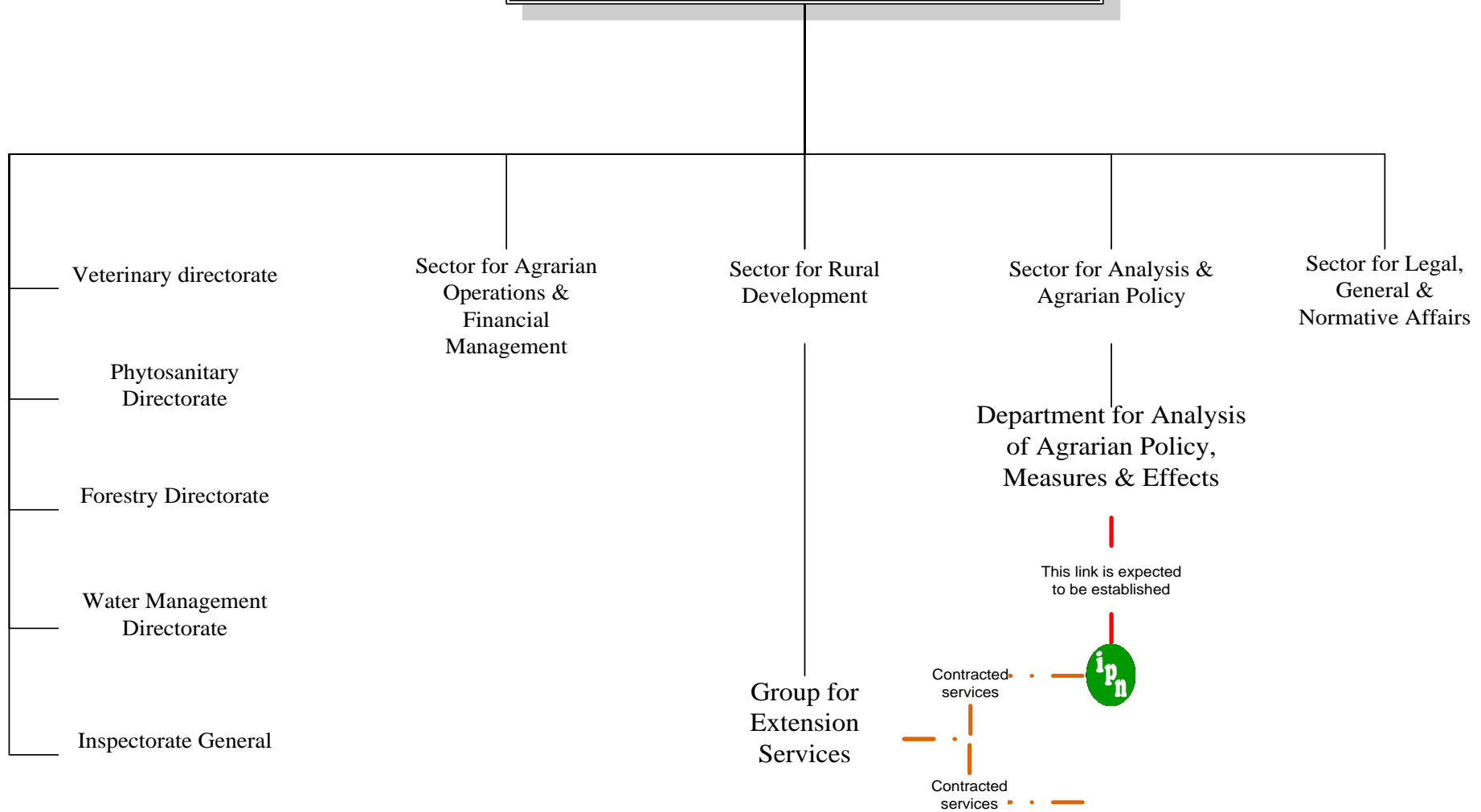
The Institute for Science Application in Agriculture (IPN) in Belgrade is an agricultural research body with specific capabilities in data collection and analysis. The knowledge and experience of IPN can be utilised through contracts with MAFWM to carry out specific activities.

The Statistical Office of the Republic of Serbia (SORS), which is official institution responsible for government statistics, will offer cooperation and guidance using their expertise. There are good working relationships and sharing of information between MAFWM and SORS. MAFWM is currently working with SORS to develop a questionnaire on agriculture that will be part of the proposed 2010 agricultural census. SORS currently collects some limited data on agricultural activities based on a sampling approach and estimation techniques. Data held by SORS is collected through contracts with outside bodies. Statistical and analytical expertise exists within SORS, but not the capacity to collect data.

MAFWM manages a more comprehensive registration database of information on agricultural activities on farms >0.5 ha in size and currently receiving financial benefits. The register was established in 2005 as a first step towards creation of a FADN. The Analytical Department currently consists of approximately 13 -15 personnel with variable skills. The majority would require training in order to develop capacity to manage and utilise a FADN system. The Veterinary Service within MAFWM also maintain a new data base of livestock identification and animal movements (which is only partially complete at the present time).



Ministry of Agriculture, Forestry and Water Management



ANNEX IV. Reference to laws, regulations and strategic documents:

Link with AP/NPAA / EP/ SAA

European Partnership:

Within the Agriculture and statistics section of the European Partnership with Serbia, including Kosovo (Council Decision of 18 February 2008), the following priorities relates to the subject:

Short term priorities;

- Strengthen the administrative capacity needed to formulate and implement agricultural and rural development policy.
- Conduct an agricultural census, create an agricultural register and continue the development of national accounts according to ESA 95 including improving the data sources.

Medium term;

- Continue efforts to strengthen administrative structures and capacity needed to formulate and implement agricultural and rural development policies.
- Further develop the quality management system; put in place agricultural statistics and further develop all sectoral statistical areas.

The Project will introduce FADN concept by training relevant staff on techniques and methodologies for collecting and organizing farm data and provision of assistance in establishment of administrative body for the implementation of FADN system in Serbia.

SAA:

Article 90 of the agreement emphasizes *statistical cooperation*, and such stipulates that: “cooperation between the Parties shall primarily focus on priority areas related to the Community *acquis* in the field of statistics. It shall notably be aimed at developing efficient and sustainable statistical systems capable of providing, reliable, objective and accurate data needed to plan and monitor the process of transition and reform in Serbia.”

Article 97 has a direct link with the agricultural and agro-industrial sector and it stipulates the following: “Cooperation between the Parties shall be developed in all priority areas related to the Community *acquis* in the field of agriculture, as well as veterinary and phyto-sanitary domains. Cooperation shall notably aim at modernising and restructuring the agriculture and agro-industrial sector, in particular to reach community sanitary requirements, to improve water management and rural development as well as to develop the forestry sector in Serbia and at supporting the gradual approximation of Serbian legislation and practices to the Community rules and standards”.

National Integration Program:

Chapter 3.18.6, Agricultural statistics;

The Ministry of Agriculture, Forestry and Water Management drafts wine and food balances and collects administrative data in the area of livestock and agricultural homesteads, and monitors traceability in production. The Ministry will get actively involved in the preparations of the Republic’s Statistical Office for conducting an overall agricultural inventory which hasn’t been made since 1969, and which is expected to provide a realistic cross-section of total agricultural resources in the Republic of Serbia.

Link with MIPD

In the Multi-annual Indicative Planning Document (MIPD) for the Republic of Serbia 2009-2011 (under Council Regulation EC No 1085/2006), the expected results by the end of the

period and measurable indicators for the Agriculture and Rural development sectoral policies (page 26-27) are as follows:

Assistance to the national structures responsible for agriculture and rural development to obtain the necessary capacity to define strategies and programmes and to manage and monitor agriculture and rural development programming activities; Support for institution and capacity building with the aim to prepare the sector to absorb pre-accession funds; Support for the alignment of national legislation with EU acquis in the area of agriculture and rural development; Support for increasing the economic growth by developing the agricultural sector and increasing its competitiveness; Support for the national authorities to analyse priority areas, carry out agricultural census, improve statistics in the sector and establish land cadastre and farmers register as well as support for advisory and extension services and access to credit for farmers.

Page 30, of the same document indicates that the law on statistics amended, while cooperation and coordination within the national statistical system improved. An agriculture census conducted, an agriculture register created, while national accounts further developed according to ESA 95 (including improvement of the data sources).

This Project will significantly contribute to the improvement of agricultural statistics through introduction of FADN concept in Serbia which will provide new and more reliable data, provide of training to relevant staff on techniques and methodologies for collecting and analysing farm data and by encouraging the farmers to be actively included into the system.

Link with National development Plan

N/A

Link with national/ sectoral investment plans

National Agriculture Strategy:

Under chapter V.1.2, (The changing conditions) European integration, One of the basic goals of agriculture in Serbia is to be integrated into the Common Agricultural Policy of EU and upon entering, to meet the second requirement of the Copenhagen agreement – to be competitive in such an environment. Putting in place a system for collection of accurate data according to EU standards is a key to the integration process.

In appendix 2: to the Agricultural Strategy – Republic of Serbia one of the identified activities is setting up a monitoring system of economy and production markers on selected farms (i.e. a Farm Accountancy Data Network).

Link to Poverty Reduction Strategy Paper for Serbia (PRPS)

Chapter 2.1.3.(pg. 203), points out problems with the existing data sources. It explains that the issue of the revision of the system of statistical surveys has been addressed through the preparation of the new Master Plan for Statistical Surveys and the development of a concrete action plan for making a revision of surveys (proposed by FSO and RSO of both republics- Serbia and Montenegro). This plan takes account of most of the criticisms made so far and envisages the revision of quite a number of surveys. In addition, the plan also envisages general personnel and technological improvement of the statistical system. In the situation analysis and preparation of the plan, much assistance was provided by international statistical organizations (including EUROSTAT, and statistical agencies of other countries). International expert and financial assistance will continue through the ongoing reform of the system.

2.2.2 of this strategy proposes revision of the existing data sources and requirements from the statistical system, such as the existing Household Budget Survey (HBS), enabling the

implementation of standard poverty monitoring methodologies, and revision of the present Master Plan of Statistical Surveys in accordance with demands for monitoring the achievement of the PRSP and Millennium Development Goals (pg. 205).

This Project will enhance capacity of government bodies to manage and utilise statistical data, and contribute to preparation of Serbia's agriculture for EU integration by enabling compatibility of Serbian and EU agricultural statistics.

Legal framework

The Law on Agriculture and Rural development provides a legal base for activities in this project.

Relevant EU regulations:

Regulation No 79/65/EEC of the Council of 15 June 1965 setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Economic Community

Commission Regulation (EEC) No 1859/82 of 12 July 1982 concerning the selection of returning holdings for the purpose of determining incomes of agricultural holdings

Commission Regulation (EEC) No 3272/82 of 6 December 1982 amending Regulation (EEC) No 2237/77 on the form of farm return to be used for the purpose of determining incomes of agricultural holdings

Commission Regulation (EC) No 868/2008 of 3 September 2008 on the farm return to be used for determining the incomes of agricultural holdings and analysing the business operation of such holdings

Commission Regulation (EC) No 1242/2008 of 8 December 2008 establishing a Community typology for agricultural holdings.