

Action Plan for *acquis* alignment

Chapter 11 - Agriculture and Rural Development

**June 2015
Podgorica, Montenegro**

Any developments in the acquis, adopted by the EU institutions, from the date of this Action Plan will be taken into account in the preparations described herein.

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1 INTRODUCTION

Following the screening of the *acquis* in Chapter 11- Agriculture and Rural Development, the Lithuanian Presidency of the European Union, on behalf of the Member States, informed Montenegro, by way of a letter dated 26th September 2013, of an opening benchmark in the negotiating chapter. Montenegro was invited to present a comprehensive national strategy on Agriculture and Rural Development, including an action plan, which will serve as the basis for the transposition, implementation and enforcement of the *acquis* in the area of Agriculture and Rural Development.

At the screening meetings, Montenegro accepted the EU *acquis* in the area of agriculture and rural development and committed to aligning its national agricultural policy to the Common Agricultural Policy by the date of accession. It is Montenegro's intention to have all the necessary implementing structures in place by the date of accession in order to be able to manage and receive funding from the EU and to make payments to Montenegrin beneficiaries, fully respecting the EU rules and procedures.

The *acquis* in the area of agriculture and rural development covers a large number of mandatory rules, many of which are directly applicable. Their proper application and their effective enforcement by the public administration are essential for the functioning of the Common Agricultural Policy. The key importance for the proper application and efficient implementation of the Common Agricultural Policy is to have a Paying Agency established and the system for management and control such as Integrated Administration and Controls System as well as capacities for the implementation of rural development measures, direct payment schemes and the common market organization for various agricultural products.

The Action Plan has been prepared in this context and outlines the step to be taken and the activities to be carried out with the aim of alignment with the EU *acquis* for the Chapter 11 - Agriculture and Rural Development. The document outlines the actions necessary to achieve alignment with the EU *acquis* in terms of legislative alignment, institutional development, capacity building, implementation and costs and resources needed to achieve alignment by the date of accession. It will be the main instrument for the ongoing process and will take on board all of the changes made to the EU *acquis* in the area of Agriculture and Rural Development, as appropriate, over the coming years. It will also be subject to regular updates depending on the developments made; a mid-term review is expected in 2018.

The implementation of the Action Plan will be followed by regular training sessions provided for the administrative staff who will be involved in carrying out the various activities. Information briefings and consultations will also be provided on a regular basis with all relevant stakeholders.

The sections of the document are divided in accordance with the content of the topics covered by Chapter 11 – Agriculture and Rural Development:

1. Horizontal issues, which include the overview of activities for the implementation of direct payments, setting up fully operational Paying Agency and Integrated Administrative and Control System (IACS) and state aid;
2. Setting up the system for implementing the rules of common organization of agricultural markets (CMO);
3. Rural development;
4. Quality policy;
5. Organic production.

In terms of strengthening the absorption and administrative capacities for the implementation of measures of the EU Common Agricultural Policy, the critical task for Montenegro is the setting up of the Paying Agency, which will be accredited for the use of EU funds intended for agriculture, rural development and fisheries - EAGF, EAFRD and EMFF.

In addition to the specific requirements of the *acquis* in agriculture and rural development, it will also be important to contribute to the requirements of the statistical elements of the *acquis*. Accurate and reliable statistics are an essential element in the formation of an agricultural policy. Agricultural census data, agricultural statistical surveys, farm income surveys and other sector specific requirements regarding the collection of data are all very important factors in the development of policy in the agriculture and rural development sector.

2 DIRECT PAYMENTS

Main requirements of the acquis

Pillar I of the Common Agricultural Policy (CAP) – direct payments and the rules governing the utilization of European Agricultural Guarantee Fund – EAGF, which finance direct payments, are defined by EU legislation as follows:

- REGULATION (EU) No 1307/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009;
- COMMISSION DELEGATED REGULATION (EU) No 639/2014 of 11 March 2014 supplementing Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and amending Annex X to that Regulation.

Direct payments or income support are annual current transfers (subsidies) from EU budget, to ensure a safety net to EU farmers and to stabilize their income. Although they cover a wide range of schemes, their implementation has minor influence on the functioning of the common European market, since the majority of direct payments are decoupled from production. Direct payments also contribute, in combination with cross-compliance standards and via the greening component, to providing basic public goods delivered through sustainable farming.

The 2013 CAP reform has reshaped the existing direct payments policy and introduced the following new schemes:

- Compulsory Basic payment scheme¹, in the form of decoupled payments (based on payment entitlements);
- Compulsory Green payment, in the form of decoupled payments, with share of 30% of envelope;
- Compulsory Young farmers payment, in the form of decoupled payments, with share up to 2% of envelope;
- Voluntary coupled payments to agricultural sectors or types of farming undergoing certain difficulties with a share up to 8 %, 13 % or higher upon Commission approval (plus 2% for protein crops) of national envelope;
- Voluntary small farmers scheme, in the form of decoupled payments, with share up to 10% of envelope;
- Voluntary payments for areas with natural constraints, in the form of decoupled payments, with share up to 5% of envelope;
- Voluntary redistributive payment, in the form of decoupled payments, with share up to 30% of envelope.

Besides the new types of eligible schemes, there are some horizontal mechanisms to be implemented in each Member state from 2015 on. It concerns cross-compliance standards (Statutory Management Requirements and Good Agricultural and Environmental Conditions (GAEC)), farm advisory service as well as managing and control tools – Integrated Administration and Control system (IACS) and Land Parcel Identification System (LPIS).

Situation in Montenegro

National direct payments are currently defined by the following legislation:

- Law on Agriculture and Rural Development (ME Official Gazette, 56/09);
- Law on the Budget for 2015 (ME Official Gazette, 59/14);

¹ Member states applying the single area payment scheme (SAPS) in 2014 could decide to continue SAPS until 31 December 2020.

- Decree on Conditions, Manner and Dynamics of Agrarian Policy Measures, implemented in 2015 - Agro-Budget 2015 (ME Official Gazette, 11/15) (the Agro-Budget is planned annually).

The total planned expenditure in 2015 in the area of direct payments amounts to €5,630,000, which is equal to 39% of the support given to the agricultural sector, or 24% of the total Agro-Budget (agricultural component).

The Ministry of Agriculture and Rural Development is currently responsible for conducting control mechanisms regarding the implementation of direct payments in all sectors of agriculture; it is doing this in cooperation with the Extension Service in Plant Production, the Livestock Selection Service and with other relevant inspectorates.

All national direct payments are coupled to production; the beneficiaries are active farmers that are registered in one of the MARD registers depending of the type of production while fulfilling the eligibility criteria of the measure. National direct payments comprise the following schemes:

- In the beef sector payments are made per cow/heifer: payments are made for fattening, per head, with an annual (2015) budget allowance of €1,622,000;
- Premium for cows and breeding heifers – all farms rearing more than 4 heads of such cattle are eligible for this support but premiums apply only to animals above the minimum number. The premium per head for breeding cows and heifers is €70;
- Premium per head for the organised fattening of young bulls and oxen - premiums for the organised fattening of young cattle are only available to holdings that sell such categories of cattle to slaughterhouses registered in the Register of Approved Establishments. The minimum number of heads is 3 from a farmer's own production or 10 when heads are bought, regardless of their origin (from Montenegro or abroad). Premiums can only be received for cattle reared in Montenegro and for young bullocks that are imported. The eligibility condition for receiving the premium payment is that heads must be fattened on the holding applying for support for a period of at least 6 months. The basic slaughterhouse premium for fattened young bullocks, bulls and oxen is €140 per head and €120 for animals purchased elsewhere, regardless of whether they were bought in Montenegro or imported. No premium is available for the slaughter of calves.

All animals must be registered with the Veterinary Administration and must have an appropriate ear tag and documentation.

- In the sheep and goats sector payments are made per ewe and female-goat: there is an annual (2015) budget allowance of €618,000;
 - Premiums are calculated per sheep and per goat. All holdings which have more than 40 sheep and/or more than 30 goats in a herd are eligible for this support. All animals must be older than one year old. Official on-the-spot controls are carried out by the Livestock Selection Service between May and October. Payments are only made for animals that are above the minimum number. The basic premium per head for breeding sheep and goats is up to €8.
- In the milk sector payments are made per liter of delivered milk: there is an annual (2015) budget allowance of €1,600,000;
 - Support given for delivered milk is equal to €0.06 per liter. The eligibility condition for this premium is that a farm must supply a minimum of 400 liters per month.
 - Support premiums are also awarded for quantity; farmers who deliver more than 5,000 liters of milk per month to dairies are given an incentive of €0.01 per liter but this is only given to those who produce in excess of 5,000 liters.
 - Support premiums for quality are also provided; for milk that meets EU hygienic criteria €0.03 per liter, milk of national extra class criteria €0.01 per liter, goat and sheep milk of EU hygienic criteria €0.02 per liter.

- In the arable sector payments are made per hectare of different crops (arable, fodder, seed), with an annual (2015) total budget allowance of €740,000;
 - Support is given in the form of direct payments per hectare of cultivated and/or sown land. The minimum area eligible for support regarding the production of crops and fodder is 1 ha, while for potatoes it is 0.5 ha. Different types of crops cannot be added together to achieve the minimum specification. The basic amounts payable per hectare are: for crops produced for mercantile purposes up to €160, for forage crops up to €150 in the year that they are sown and €100 in the following four years, for seed potatoes up to €700 for the elite category, and for the production of cereal seed €300.
- In the tobacco sector payments are made per hectare, with an annual (2015) budget allowance of €50,000.
 - Direct payment made per hectare of tobacco is €1,000; a minimum plant density of 17,000 plants per ha is required.

National direct payments are not in line with those currently implemented in the EU. Discrepancies are as follows:

- The structure shows that 100% of payments are coupled to production, and that the beef and milk sectors are the major recipients of all support (68% of all total direct payments);
- Cross-compliance is not compulsory for beneficiaries;
- IACS/LPIS systems have not yet been implemented in the management and control of direct payments.

Regarding the eligibility of coupled sectors, all of the sectors that are supported in Montenegro, except for the tobacco sector, are currently eligible for coupling in the EU.

Proposed Action

Policy alignment regarding direct payments will be undertaken gradually during the pre-accession period, in line with available national budget, taking into consideration the strategic objectives of Montenegro's agricultural policy protection of farm income and rural communities. The development of the Integrated Administrative Control System (IACS) will also influence the speed with which the policy is aligned.

Section 2.3 details the actions that relate to the establishment of the management and control systems for direct payments (IACS).

The process of policy alignment in the area of direct payments will be based on the following criteria:

1. Gradual increase of the budget and extending the coverage of beneficiaries as well as agricultural land in the system of direct payments;
2. Gradual decoupling from production (arable crops coupled payments) and introduction of simple scheme for arable crops, permanent crops and grassland (definition of active farmer, agricultural activity, eligible hectare and setting of minimum requirements are needed in line with EU legislation);
3. Restructuring of support in terms of increasing expenditure for decoupled payments and consequently decreasing, (where is this reflected in following table) in relative terms, expenditure available for coupled payments in beef, sheep and goat, milk and tobacco;
4. Introducing cross-compliance-like standards for farmers receiving direct payments (except for small farms);
5. Introducing greening in the area of direct payments.²

² Currently payments that are similar to the EU greening concept are financed under Rural Development schemes and consist of payments for transhumance, organic production and genetic resources that are not linked to these areas.

With regard to payments made to the dairy sector, the amount paid per liter of milk will be calculated on the basis of the quality of the milk supplied; therefore, immediately before accession, the highest possible level of support will be given to producers who supply milk that meets EU standards. Adjustments will be made in such a way that the total amount of support per liter of milk remains the same, but support will be calculated on the basis of the quality of raw milk supplied. Thus the level of support for quality will increase gradually in comparison with the level of support that is given for quantity.

Support to improve the quality of raw milk will be continued through various measures in the area of rural development, as well as due to relatively low-levels of investment in farm equipment and infrastructure.

To achieve policy alignment, it will be necessary to make amendments to existing national legislation. The plan for the harmonisation of direct payments is presented in a schedule of activities and corresponding indicative budgets, in the table below.

Table 1: Policy Planning for Direct Payments

Action		Year
Decoupling direction	Coupling direction	
Status quo	Status quo	2015
Introduction of permanent crops in the scheme	Status quo	2016
Introduction of vegetables production in scheme Adjustment of per ha payments – arable crops	New arable crop payments Continuation of livestock and milk payments	2017
Payments for arable and permanent crops in place	Continuation of arable crop payments (gradually decreasing in favor of decoupling payments) Continuation of livestock and milk payments	2018
Introduction of permanent grassland in the scheme Payments for arable crops, permanent crops and permanent grassland in place	Continuation of arable crop payments (gradually decreasing in favor of decoupling payments) Continuation of livestock and milk payments (gradually decreasing in favor of decoupling payments for permanent grassland)	2019
Direct payments in place	Continuation of arable crop payments Continuation of payment to the eligible sectors that will be supported after entering the EU	2020
IACS in place Introduction of cross-compliance-like standards		

3 PAYING AGENCY

Main requirements of the acquis

The *acquis* requires all CAP expenditure in Member states, financed by the European Agricultural Guidance Fund and the European Agricultural Fund for Rural Development, to be administered by and channeled through a Paying Agency. The Member State must accredit such a Paying Agency.

The setting up of the Paying Agency is also very much linked to the establishment of the Competent Authority, Managing Authority, Delegated Bodies, Pre-Accreditation Body, Certification Body and any co-ordination bodies.

The time necessary to establish such administrative structures depends on numerous decisions to be made by the national authorities (e.g. the number of paying agencies, the tasks to be delegated, the choice of measures and IT systems, etc.) and on the particular circumstances of the country (number of farmers, IPARD beneficiary or not, political and economic situation, efficiency and existing structure of the public administration, speed of the legislative process, etc.).

While the process of the setting up of a Paying Agency can be lengthy and complex, its success will depend on a few key elements: a strong and capable Competent Authority and Paying Agency - sufficient number of properly trained staff, good and efficient procedures and a well-designed and functioning IT systems.

The Paying Agency is also responsible for the establishment and implementation of the Integrated Administration and Control System (IACS), which shall be used as a management and control tool for direct payments and area-related rural development measures.

The main requirements of the *acquis* with respect to the Paying Agency, financing of the CAP (EAGF, EAFRD) and controls/audits are laid out in the following regulations:

- Regulation (EU) No 1306/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008;
- COMMISSION DELEGATED REGULATION (EU) No 640/2014 of 11 March 2014 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system and conditions for refusal or withdrawal of payments and administrative penalties applicable to direct payments, rural development support and cross compliance;
- COMMISSION IMPLEMENTING REGULATION (EU) No 808/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD);
- COMMISSION IMPLEMENTING REGULATION (EU) No 809/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system, rural development measures and cross compliance;
- COMMISSION DELEGATED REGULATION (EU) No 907/2014 of 11 March 2014 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to paying agencies and other bodies, financial management, clearance of accounts, securities and use of euro;
- COMMISSION IMPLEMENTING REGULATION (EU) No. 908/2014 of 6 August 2014 laying down rules for the application of Regulation (EU) No 1306/2013 of the European Parliament and of the Council

with regard to paying agencies and other bodies, financial management, clearance of accounts, rules on checks, securities and transparency.

Situation in Montenegro

The Ministry of Agriculture and Rural Development is currently in charge of the administration of payments and conducting control procedures for the implementation of national direct payments in all sectors of agriculture, in cooperation with the Extension Service in Plant Production, Livestock Selection Service and the relevant inspectorates.

It has been decided that there will be one Paying Agency in Montenegro, which will be responsible for the implementation of all direct payments from the date of accession to the EU (from the EAGF fund), as well as for the implementation of national direct payments, to be administered and controlled through an Integrated and Administrative Control System (IACS), the CMO (from the EAGF fund), the Rural Development (EAFRD and IPARD), and the European Maritime and Fishery Fund (EMFF). The Paying Agency will be officially designated by a Decision of the Government.

Montenegro does not have an Integrated Administration and Control System (IACS) as in the EU.

Farm Register: The legal base for the identification of each beneficiary who submits an aid application or a payment claim is the Law on Agriculture and Rural Development (Official Gazette of Montenegro 56/09), the Rulebook on the Form and Manner of Keeping the Register of Entities and the Register of Agricultural Holdings (Official Gazette of Montenegro 16/14). The register is currently updated on a manual basis, however an electronic version of it will be completed by December 2015. A model of the software that is planned has been developed and the testing phase of this software is underway. The same applies to the Register of the Veterinary Directorate, the Register of the Real-Estate Agency and the Civil Register (a register which includes vital information about citizens and residents, dates of birth, identification numbers etc.). The integration of these registers will depend on their web services, all of which are being developed.

Animal Register: The Law on the Identification and Registration of Animals (Official Gazette of Montenegro, No. 48/07) was adopted in 2007. This law regulates the manner and procedure of identification and registration of domestic animals, as well as the registration of holdings which breed domestic animals. The establishment and maintenance of the registry is the responsibility of the Veterinary Administration. The Animal Register operates electronically, and currently there modifications are being made to it (the development of web services) with a view to harmonizing it with the future electronic Farm Register.

The system of cattle identification and registration was finished in 2008, whilst the system for identifying and registering small ruminants (sheep and goats) was finished in 2011. The process of identifying and registering pigs is still ongoing. The projects concerning the identification and registration of animals were funded by EU IPA projects: Animal Identification and Registration – Phase I (EU CARDS 2005) (cattle), Animal Identification and Registration – Phase II (IPA 2007) (sheep and goat), Strengthening Veterinary Services (IPA 2011) (pigs).

In 2013, Montenegro prepared and issued its “*Code of Good Agricultural Practice*” (“Code”), which was financed through a MIDAS³ project. The Code is closely aligned with the EU Agri-Environmental Standards that farmers will need to meet in the future. The Code, which is advisory, provides the opportunity for all stakeholders in the process – farmers, government, scientists, counselors and NGOs – to find out which standards would be practical and realistic within the scope of Montenegro’s farming conditions, and which ones would bring the biggest environmental benefits.

³“Institutional Development and Agricultural Strengthening in Montenegro” a joint cooperation project implemented by Montenegro and the World Bank

Proposed Action

a) Establishment of a Legal Framework

Montenegro will develop/upgrade and implement regulations/legal acts/by-laws, as follows:

- Law on the Establishment of a Paying Agency. In order to be fully responsible for the implementation of CAP measures, it is necessary to prepare and adopt a Law on the Establishment of a Paying Agency. This law will regulate the establishment, its competences, its organization and the manner in which it performs its work along with the way that the Paying Agency is managed, and will also determine the source of funding and its purpose. The internal organization of the Paying Agency shall be regulated by the Director through an Act on Internal Organization and Systematization of Activities and Tasks to ensure compliance with the competences of the Agency;
- Decree on Implementing Support from the European Agricultural Guarantee Fund (EAGF) and European Agricultural Fund for Rural Development (EAFRD).

The Law on Establishing a Paying Agency has to be developed by MARD in due course to ensure that the Paying Agency can prepare detailed procedures and provide IT support for the implementation of a Common Agricultural Policy by the date of accession. Annex I comprises detailed actions and prescribed timeframe for all actions in the development of the Paying Agency and the Integrated Administrative and Control System (IACS).

b) Designation of a Competent Authority

The Competent Authority in charge of granting and withdrawing the Paying Agency's accreditation and responsible for the continuous monitoring of the Paying Agency's activities will be the Ministry of Agriculture and Rural Development. This will be regulated through amendments of the Decree on Internal Organisation of the Ministry of Agriculture and Rural Development planned for third quarter of 2015. The Competent Authority must be completely independent from the Paying Agency.

The Competent Authority will take the key decisions on the setting up of the Paying Agency and its accreditation with a formal legal act.

Together with the Paying Agency, the Competent Authority should adopt the accreditation strategy, and should lay down the main steps along with a timeframe for setting up the Paying Agency. This strategy, among other elements, should include an organizational chart for the Paying Agency, the number of staff to be recruited, recruitment and training strategies, an overview of the IT systems that need to be developed and details of any procedures that need to be established. Based on the strategy, a detailed implementation plan will then be developed and will indicate, in addition to the required actions, any responsible entities. Progress will be closely monitored by the Competent Authority and by the management of the Paying Agency.

The Minister will designate the Competent Authority within the Ministry, which will then outsource an independent audit company/body to perform an accreditation audit of the Paying Agency.

The accreditation process will cover:

- Self-assessment by an internal audit unit (review of the procedures);
- A pre-accreditation audit review by an outsourced independent audit company/body;
- The granting of accreditation (which can be provisional).

c) Establishment of a Paying Agency

As of the date of its accession, Montenegro will have a Paying Agency that is ready to implement market policy and rural development program measures that are financed by EAGF and EAFRD, and that is in full compliance with EU rules and regulations.

The Directorate for IPARD Payments within the Ministry of Agriculture and Rural Development was designated as the IPARD Agency as a result of a decision made by the Government on October 27th 2011. This Directorate for IPARD Payments will become the Paying Agency that will be responsible for the implementation of CAP measures in Montenegro as from the date of accession.

The Paying Agency will be able to apply all of the required EU rules and regulations relating to the implementation of Direct Payments, Rural Development Measures and Common Market Organization. The main tasks of the Paying Agency will include administration, management, controls, payments and accounting.

Before starting its operation the Paying Agency must fulfill the requirements of the *acquis* on the four tasks, subject to an accreditation process. These concern the internal environment of the Paying Agency, control activities, information and communication, and monitoring as specified in Annex I to Delegated Act (EU) No. 907/2014.

Within the Paying Agency, the following units will be established:

1. Director's Office – public relations, foreign affairs, processing and managing documents, risk management, fraud and irregularity;
2. Internal Audit Department (IAD) - auditing of resources used to implement national agricultural policies, implementing CAP measures and other audit functions relating to the Paying Agency;
3. Department for General and Legal Affairs;
4. Department of Information Technology;
5. Database Department (establishing, maintaining and updating registers required for the implementation of the IACS system (Farm Register, LPIS and the Register of Payment Entitlements) along with other agricultural registers);
6. Department for Direct Support;
7. Department for Structural Support (responsible for defining procedures, for the management of administrative controls, for payment authorization regarding rural development, and for non-IACS schemes (EAFRD and national));
8. Department for CMO Measures;
9. Department for On-The-Spot Control;
10. Finance Department – the Unit of Financial Affairs is responsible for the execution of all approved payments to final beneficiaries.

In addition to the Paying Agency headquarters located in Podgorica, there will be at least 7 regional offices. Part of the Extension Service will be transferred to the Paying Agency due to its experience in the implementation of national direct payments, national rural development measures and IPARD payments (on-the-spot control) and running the Farm Register (providing assistance to farmers with registration, etc.). The following offices will also be part of the Paying Agency and there will be a transfer of human resources in order to best use the experience of employees already trained for certain specific tasks.

- Regional Office in Podgorica;
- Regional Office in Nikšić;
- Regional Office in Pljevlja;
- Regional Office in Bijelo Polje;
- Regional Office in Berane;
- Regional Office in Bar;
- Regional Office in Herceg Novi.

According to the Rulebook⁴ on Internal Organisation and Systematisation of the Ministry, there are currently 36 working posts in the Directorate for IPARD payments (including the Head of the Directorate). This will be the base for the future Paying Agency with the intention to further develop and grow in terms of employing additional staff in order to achieve the required standards and criteria necessary for the future Paying Agency.

During the preparation of written procedures for the relevant departments, the "four eyes" principle of control should be applied in order to ensure proper control and supervision. Sensitive job posts will be identified and increased supervision should be carried out.

The Paying Agency will pay special attention to the co-operation with other institutions in order to ensure that the entire system functions well. These institutions will include the Extension Services (regarding the establishment of LPIS, the updating of LPIS and the Farmer's Register; assistance to farmers regarding claims for direct support, applications for rural development measures, etc.), the Veterinary Administration, the Phytosanitary Administration, the Environmental Protection Agency, the Ministry of Health, the Ministry of Sustainable Development and Tourism, the Water Administration (ensuring that relevant national and EU standards for investment in rural development measures are met) and the Administration for Inspection Affairs (cross-compliance issues). In the event of certain functions being delegated, the Paying Agency will sign framework agreements with delegated bodies that respect and adhere to all of the accreditation requirements. These will lay down the main responsibilities of both parties and must always, later, be supplemented by detailed technical arrangements once the procedures and IT systems have been established.

d) Designation of a Certifying Body

The Audit Authority of Montenegro, as an independent audit body, was established by the Law on Audit of EU Funds (Official Gazette of Montenegro, No. 14/2012 from 7th March 2012). The Audit Authority will be designated as the Certifying Body. The Law on Audit of EU Funds prescribes that the subjects of audits are public institutions and organizations, authorities and organizations of local self-government units, natural and legal persons who receive, use and manage EU funds.

The Audit Authority is functionally independent from all actors within the management and control systems of EU funds in Montenegro. The Audit Authority is solely responsible for the audit of EU funds (Instrument for Pre-Accession Assistance, structural funds after the accession of Montenegro to the European Union and other EU funds). The task of the Audit Authority is to examine and confirm the effectiveness and stability of management operations and control systems for EU funds. The Audit Authority will be operationally independent from the Paying Agency and will have all of the necessary technical expertise.

The duties and responsibilities of the Audit Authority will be defined through an agreement to be signed between the Ministry of Agriculture and Rural Development and the Audit Authority.

The Audit Authority's main responsibilities will be to:

- Carry out reviews of the Paying Agency in line with internationally accepted auditing standards, taking into consideration also the related EC implementation guidelines.
- Make controls both during and after each financial year.
- Produce a certificate (an attestation) stating whether it has gained reasonable assurance that the accounts presented to the Commission are true, complete and accurate and that the internal control procedures have operated satisfactorily. This certification statement will be based on an examination of procedures and a sample of transactions. The examination shall cover the administrative structure of the Paying Agency only as regards the question of whether the structure is capable to ensure that compliance with Community rules is checked before payments are made. The Audit Authority will draw-up reports on its findings. The reports will cover also delegated functions.

⁴ Government conclusion number 08-3006/3 from 26.12.2013.

e) Designation of the Managing Authority

The Managing Authority responsible for programming, monitoring and evaluation of the rural development measures and programme will be the Directorate for Rural Development within the Ministry of Agriculture and Rural Development. Currently this Directorate is acting as a Managing Authority for IPARD and in future will take over the responsibility for managing EAFRD funds. A decision on this designation will be adopted by the Government.

The Strategy for Agriculture and Rural Development of Montenegro for the period 2015-2020 will define the main strategic objectives for rural development. The Rural Development Programme for the period after 2020 year will be prepared in during 2018-2020. All necessary developments or upgrades of written procedures, working manuals and software will be carried out accordingly.

f) Designation of the Competent Control Authorities for cross compliance

The Paying Agency will be responsible for the cross-compliance control system and for the co-ordination of the different competent control authorities. The Paying Agency will develop the procedures for the implementation of cross-compliance. An efficient transfer of information between the Paying Agency and specialized control bodies will be established. Cross-compliance controls will be carried out with the support of the Integrated Administration and Control System (IACS).

The competent authorities that will be responsible for the control and monitoring of all cross compliance standards are already established and functional. These institutions include the Veterinary Administration, the Phytosanitary Administration, the Environmental Protection Agency, the Ministry of Health, the Ministry of Sustainable Development and Tourism, the Water Administration and the Administration for Inspection Affairs.

During the forthcoming period it will be important to establish a national legal base prescribing all Good Agricultural and Environmental Conditions (GAEC) and Statutory Management Requirements (SMR) conditions, as well as nominating responsibility for the implementation of controls and checks required to ensure cross-compliance. National requirements will be harmonised with the relevant EU directives and regulations listed in Annex II of the Regulation (EU) 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the Common Agricultural Policy. See Annex I to this document for indicative timeframe.

The administrative capacity of both the competent authorities and the Paying Agency will need to be increased to enable the smooth implementation of cross-compliance.

Integrated Administrative and Control System (IACS)

Main requirements of the acquis

According to the principle of shared management, Member States must take the necessary measures to ensure that transactions financed by the European Agricultural Guarantee Fund (EAGF) are not only actually carried out but are also implemented correctly. Member States must prevent irregularities and take the appropriate action if they do occur. For this purpose, the national authorities are required to operate an Integrated Administration and Control System (IACS) in order to ensure that payments are made correctly, irregularities are prevented, revealed by controls, followed up and amounts unduly paid are recovered.

IACS is the most important system for the management and control of payments to farmers made by the Member States in application of the CAP. It provides for a uniform basis for controls and, among other requirements, it covers the administrative and on-the-spot controls of applications and the IT system which supports the national administration in carrying out their functions. IACS is operated by the accredited Paying Agency. It covers all direct payment support schemes as well as certain rural development measures. Furthermore, it is also used to manage the controls put in place to ensure that the requirements and standards under the cross-compliance provisions are respected.

IACS shall consist of a number of computerized and interconnected databases that are used to receive and process aid applications and data. It will contain the following elements:

- A computerized database;
- An identification system for agricultural parcels - the Land Parcel Identification System (LPIS);
- A system for the identification and registration of payment entitlements;
- Aid applications and payment claims;
- An integrated control system;
- A single system to record the identity of each beneficiary of the support who submits an aid application or a payment claims;
- A system for the registration and identification of animals.

Legal requirements concerning IACS are laid down in:

- Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and in
- Commission Implementing Regulation (EU) No 641/2014 of 16 June 2014 laying down rules for the application of Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the Common agricultural policy;
- Commission Implement Regulation (EU) No 809/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system, rural development measures and cross compliance;

Situation in Montenegro

The legal base for the identification of each beneficiary who submits an aid application or a payment claim is the Law on Agriculture and Rural Development (Official Gazette of Montenegro 56/09), the Rulebook on the Form and Manner of Keeping the Register of Entities and the Register of Agricultural Holdings (Official Gazette of Montenegro 16/14).

Claims for direct payments are currently paper based. The Law on the Identification and Registration of Animals (Official Gazette of Montenegro, No. 48/07) regulates the manner and procedure of identification and registration of domestic animals, as well as the registration of holdings which breed domestic animals. It is intended that all animal registers will be fully integrated within IACS. The establishment and maintenance of this registry is the responsibility of the Veterinary Administration.

The system of cattle identification and registration was finished in 2008, whilst the system for identifying and registering small ruminants (sheep and goats) was finished in 2011. The process of identifying and registering pigs is still ongoing. The projects concerning the identification and registration of animals were funded by EU IPA projects: Animal Identification and Registration – Phase I (EU CARDS 2005) (cattle), Animal Identification and Registration – Phase II (IPA 2007) (sheep and goat), Strengthening Veterinary Services (IPA 2011) (pigs).

The legal basis for the establishment of LPIS in Montenegro is prescribed in the Rulebook on the Form and Manner of Keeping the Register of Entities and in the Register of Agricultural Holdings (Official Gazette of Montenegro 16/14). An EU project under IPA 2013 is currently providing funding for the development of LPIS in Montenegro (€2 million).

Proposed Action

The future Paying Agency will be responsible for the implementation of EAGF direct payments, payments related to EAFRD measures and national measures for direct support.

The Paying Agency will oversee the establishment of a fully functional Integrated Administration and Control System (IACS) that will be fully operational by the date of accession; this will ensure that payments are made correctly, irregularities are prevented, errors are revealed by controls, that irregularities are followed up and that amounts unduly paid are recovered.

The responsibility of each body involved in IACS (at a central level/regional level/local level including eventual producer organisations) will be clarified. This will cover the following stages of the administration and control procedures: receipt of application form, administrative controls including cross-checking against an independent set of data, on-the-spot controls, decisions in respect of reductions and sanctions to be applied, authorisation of payments, supervision/monitoring of all operations.

The Paying Agency will establish an IT system that will support all of the processes under the IACS system.

Elements that are necessary to enable the operation of IACS include:

- Land parcel Identification Scheme (LPIS) will be established for identifying agricultural parcels in terms of checking eligibility, identification and accuracy;
- Computerised databases will be put in place and contain information on aid applications allowing a proper functioning of the administration and control of claims;
- Aid application procedures will be developed to allow necessary checks to be conducted and accurate recording of data in the database in due time;
- Administrative controls will be organised to allow cross-checking in due time to verify aid eligibility in 100% of cases;
- Farm Register for the Identification of Beneficiaries;
- Animal Registers;
- An IT system to manage on-the-spot controls;
- Payment Entitlement Register.

a) Farm Register (System for the Identification of Beneficiaries)

Montenegro has provided funds and has launched a project to establish a Register of Agricultural Holdings. The aim of the project is to establish a fully functional system for the Farm Registry as a basis for the unique identification of agricultural holdings; it also aims to establish links with existing registers (Animal Register, Cadastre Register and Civil Register) and to connect with future planned registers. IACS legislation requires a single system for recording the identity of each beneficiary; the aim is to guarantee unique identification regarding all aid applications and payments, as well as any other declarations, submitted by the same individual.

The project for the establishment of a Farm Register is scheduled to finish by the end of 2015. Currently the process of applying to the Farm Registry is done manually, and this will remain the case until the software for this project has been completed. The hardware is already in place.

This system will be used as an integral part of the control system for national and EU direct payments. The operating system of the Farm Register works both with MS Windows and with open source operating systems such as Linux and the relational database management system (RDBMS) which is based on PostgreSQL/PostGIS, an open-source system. The system can, where it already exists, connect to other RDBMS and operational systems that operate on proprietary databases including, for example, the SQL Server and Oracle.

b) Land Parcel Identification System (LPIS)

The legal basis for the establishment of LPIS in Montenegro is prescribed in the Rulebook on the Form and Manner of Keeping the Register of Entities and in the Register of Agricultural Holdings (Official Gazette of Montenegro 16/14).

The future Paying Agency will be fully responsible for the establishment and maintenance of LPIS in Montenegro. MARD, the Real Estate Agency and the Extension Services will also be involved in the project during its implementation phase.

EU financial support has been provided under IPA 2013 for the establishment of LPIS (€2million). The final output of the project will be a fully operational LPIS system in Montenegro. Through this technical support project (expected to start during the first quarter of 2016) the following will be carried out:

- Strategic assessment and development approach for implementing LPIS in Montenegro (legal framework, assessment of existing infrastructure);
- Establishment of LPIS structures – definition of LPIS ordinance (Rulebook for LPIS - definition of rights and commitments of farmers, registration procedures and the updating of information, technical rules);
- Technical specifications to be set for hardware, software, orthophoto maps and for an IT network that is compatible with the Register of Agricultural Holdings;
- Planning and organisation of training sessions;
- Definition of the LPIS process (definition of quality control methodology for the input and output of data, etc.);
- Development of a functional basis for LPIS (established and operational within the whole country);
- Information campaign to promote LPIS.

There are already existing maps (orthophoto maps dating from 2010, digital cadaster plans, digital maps of the terrain) within the Real Estate Agency and these will be used for the pilot project. However, it is envisaged that for the fully functional LPIS project, new orthophoto maps will be recorded as part of the project.

The reference of a parcel is already defined within the existing rulebook as a 'farm block' but the content (within a specific LPIS parcel) will, in future, be determined through the Technical Assistance component of this project. The establishment of a fully functional system for the identification of land parcels (LPIS), with the use of GIS techniques, is planned for 2017. Data on individual parcels will be entered on the basis of statements given by the owners of agricultural holdings using: digital cadastral maps, topographic maps, digital elevation models and orthophoto imagery. Thus, with the help of software, it will be possible to visualise farmland using digital orthophoto maps and also to define the boundaries of any given LPIS parcel. The information will not only be recorded on the basis of farmers' notifications but will also include data from the cadastral system. For the quality control of the LPIS, the Paying Agency will use classical field visits and remote sensing.

c) Aid Application Database (Computerized Database)

The computerised database (aid application database) will record, for each beneficiary, data obtained from aid applications and payment claims. The database will, in particular, allow consultation, with the competent authority of the Member State, regarding data relating to the current calendar and/or marketing years and to the previous ten such years.

It is envisaged that an Aid Applications Database and supporting software will be developed and implemented following the establishment of a Farm Register and the LPIS system. Aid applications are part of IACS and costs associated with this are detailed in Annex II.

d) Animal Registers

The creation of a system for the identification and registration of pigs is ongoing and is being carried out through a project financed by the EU: IPA Projects - Animal Identification and Registration Strengthening Veterinary Services (Pigs) (IPA 2011).

It is intended that all animal registers will be fully integrated in IACS by the date of accession.

f) Payment Entitlements Register

The Paying Agency will be responsible for:

- Granting payment entitlements (basic payment entitlements and entitlements from the national reserve);
- Following up the transfer of payment entitlements (by sale, by lease, through inheritance);
- Returning non-active payment entitlements to the national reserve;
- Maintaining a Register of Payment Entitlements;
- Cross-checking the Register of Payment Entitlements with aid applications for direct payments and with the Register of Agricultural Parcels.

The Paying Agency will establish an IT system that will support all of the above-mentioned processes.

The main tasks and time frames required in order to establish the above-mentioned processes and to ensure full compliance with EAGF payment requirements are outlined in Annex I in this document.

Rural Development Measures

Currently the Directorate for IPARD payments implements national rural development measures including measures that are IPARD-like and are financed through loans from the World Bank (MIDAS grants). It is planned to accredit two of the IPARD II programme measures by 2016.

The future organisation and implementation of EU rural development measures will be developed on the basis of the existing organisational structure of the Directorate for IPARD payments with a continually increasing number of staff and the fine-tuning of organisational structures according to the needs of EAFRD.

The Paying Agency will be responsible for the implementation of the measures listed in the Chapter on Rural Development (Chapter 7).

The implementation of EAFRD measures will be performed on two levels: regionally and centrally. The implementation of IACS-related EAFRD measures will be implemented in the same way and by the same departments as the EAGF direct payment schemes. Since the majority of measures will be transposed from IPARD to EAFRD, any activities will be carried out following already established implementation systems.

Accreditation activities relating to EAFRD measures will depend on progress made in the development of the Rural Development Programme. Workload analyses will be carried out according to the Rural Development Program (after 2020) and procedures will be updated accordingly to meet new regulations for Rural Development Measures. This system will be electronically supported by the IT system in the Paying Agency. Depending on these activities, additional personnel will be recruited.

Common Market Organisation

On the day of accession to the EU, Montenegro will be required to have established a fully operational system for the implementation of Common Market Organisation measures. To achieve this objective, the Paying Agency will have to undergo a lengthy preparation process that will also require a lot of resources; this is essential in order to design, set up and test the system, as well as to train administration staff and inform future beneficiaries. The system will be electronically supported by the IT system.

Payments, Accounting and Reporting

In line with accreditation criteria (internal environment), organisational structure requires the separation of the following three functions: authorisation and control of payments, execution of payments, and

accounting for payments. These separate organisational units should be established during the preparation of an IPARD agency.

The above mentioned organisational units will be the basis for the further development of the system for the implementation and execution of payments, for bookkeeping and reporting tasks related to EAGF and EAFRD funds and for tasks related to other payments once the Paying Agency has been accredited. IT support will be provided for the implementation of these procedures. All of the above-mentioned systems will be integrated within IACS.

Internal Audit

Internal Audit (IA) has been established in accordance with IPARD criteria. This service acts according to internationally accepted auditing standards and according to the Code of Ethics for internal auditors. It will provide a basis for establishing an Internal Audit Department in the future Paying Agency. IA will be responsible for independently examining all operational areas at all levels and will report directly to the agency's top management (Director). Independence, administration and function are all defined in the IA Charter, and an internal document is signed by the Director and by the Head of the IA department. IA has also developed an audit manual with written procedures that provide direction, assistance and information on internal audits to internal auditors within the sector. The manual defines in detail the work carried out in an internal audit, the methodology required and the way an internal audit is executed.

Administrative independence is assured with IA service direct subordination to the Director of the Agency. Internal Audit independently defines the measures and methods of work for implementing the tasks.

Information and Public Relations

Tasks relating to the organization and implementation of information and publicity activities are the responsibility of the Paying Agency in collaboration with Ministry of Agriculture and Rural Development.

The objectives of the information and publicity activities are as follows:

- To ensure a maximum benefit from the implementation of EU - Direct payments, Common Market Organization measures, Rural Development schemes by mobilizing as many eligible farmers as possible;
- To minimise the number of corrections required and the number of sanctions imposed by the Paying Agency, particularly during the first year due to insufficiently informed applicants;
- To establish public trust in the activities of the Paying Agency and in the Ministry of Agriculture and Rural Development as well as in co-operating institutions;
- To increase the awareness of the general public regarding the benefits of the EU.

The PR Department will prepare a general "Communication Strategy" document for the Paying Agency which will provide a general framework and communication outline; it will provide guidelines for means and methods of communication along with activities intended for the general public as well as for specific audiences (farmers, potential beneficiaries, other related institutions, media, etc.). The Communication Strategy will define the types and ways of using printed/written promotional and information material (including the web-site of the Paying Agency and Ministry of Agriculture and Rural Development), presentations, workshops and other types of direct-contact activities, relating not only to specific support measures, programs and schemes implemented by the Paying Agency, but also about the Paying Agency and its work, as well as promotional material on EU CAP and agriculture in general.

IT and Network Infrastructure

Employees of the Directorate of IPARD payments use PCs that are connected to the networks of public authorities. Servers, networks and communication equipment are the responsibility of the Ministry for Information Society and Telecommunications (MIDT). Employees of the MIDT are obliged to maintain them. The equipment is located in a safe working space at the MIDT; the security of IT systems is the responsibility of the same ministry.

In order to implement Security standards, procedures to backup and restore data were prepared on the personal computers of employees in the Directorate for IPARD payments and data contained in the shared folders.

An IT department will be established within the Paying Agency and this will be responsible for the implementation and maintenance of ICT systems.

As part of the reconstruction of the building for the Paying Agency an IT infrastructure will be established. System and server rooms will be constructed in accordance with safety standards ISO 27002. As a result of the establishment of IACS components, the hardware and software required for the operation of each individual component to the Paying Agency and in the Regional Offices will be purchased.

The Paying Agency will build up a unique and integrated multifunctional IT system to support all of its functions. The system will be stable, modular and flexible. It will be developed fully in compliance with ISO standards. During 2015, the infrastructure for the installation of the IT centre will be completed. All procurement and installation connected with the central system for the IT centre is due to be completed by the end of 2015. In order to support the Paying Agency's activities and work, an integrated IT system will be developed to cover all of the functions relating to the implementation of CAP.

Timeline for Activities – Annex I

The timetable for undertaking the activities and actions necessary for the establishment of the Paying Agency and IACS are set out in Annex I.

Funding – Annex II

Annex II outlines the projected funding necessary for the establishment of a Paying Agency and IACS in order to provide full implementation of CAP upon accession. Funding will be provided through national, EU and World Bank sources.

4 STATE AID

Main requirements of the *acquis*

The main requirements of the *acquis* with respect to State aid rules in agriculture are set out in the following regulations/guidelines:

- Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union.
- European Union Guidelines for State Aid in the agricultural and forestry sectors and in rural areas 2014 to 2020 (2014/C 204/01).
- COMMISSION REGULATION (EU) No 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to "de minimis" aid in the agriculture sector (for agricultural primary production).
- COMMISSION REGULATION (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to "de minimis" aid and other horizontal legislation on State aid (for processing and marketing of agricultural products).

The objective of State aid control is to ensure that public interventions do not distort competition and trade within the European Union. In the Treaty on the Functioning of the European Union (TFEU) State aids are governed by Articles 107 to 109. According to Article 107(1) TFEU any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favoring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market, save otherwise provided in the Treaties. In general State aid is not allowed, however, there are exceptions from the rule. As a general rule no aid may be granted before having been approved or exempted from notification, unless it is granted as a *de minimis* aid complying with the provisions of one of the above-mentioned *de minimis* regulations.

State aid policy regulates the rules for granting the support to beneficiaries from national budgets (central, regional or local). It seeks to ensure free competition, an efficient allocation of resources and a well-functioning internal market, whilst respecting the international commitments of the EU. State aid rules in the agricultural sector are based on three different principles:

- They follow the general principles of competition policy;
- They have to be coherent and consistent with the EU *acquis*;
- They take into account the EU's international commitments.

Situation in Montenegro

With regard to State aid, Montenegro applies a number of measures for granting financial aid to farmers. Those measures include co-financing the costs of insurance support for producers' groups, subsidizing promotional campaigns, and support for bee-keeping, fight against animal and plant diseases.

Proposed Action

In 2018 an analysis will be conducted to compare the present range of State Aid in Montenegro to the available EU-measures, to see which support programs might need to be operated under the State Aid rules. TAIEX assistance may be necessary for knowledge building regarding the application of State Aid rules in agriculture.

Montenegro will establish a legal basis for the implementation of rules on State Aid in Agriculture and State Aid Notification System to the European Commission in accordance with the *acquis* by the time of accession.

With a view to ensuring the proper functioning of State aid policies, a review of all administrative requirements (including structures that receive aid applications and grant aid, the nomination of authorities to administer aid, recruiting and/or training of personnel for the administration of applications and providing information to all relevant parties) will be carried out.

5 FARM ACCOUNTANCY DATA NETWORK (FADN)

Main requirements of the acquis

Farm Accountancy Data Network is an instrument for evaluating the income of agricultural holdings and the impacts of the Common Agricultural Policy. It consists of an annual survey carried out by the member states. It is governed by the following legislation:

- Council Regulation (EC) No 1217/2009 of 30 November 2009 setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Community, as amended.
- Commission Regulation (EU) No 1291/2009 of 18 December 2009 concerning the selection of returning holdings for the purpose of determining incomes of agricultural holdings
- Commission Implementing Regulation (EU) No 385/2012 of 30 April 2012 on the farm return to be used for determining the incomes of agricultural holdings and analyzing the business operation of such holdings
- Commission Regulation (EC) No 1242/2008 of 8 December 2008 establishing a Community typology for agricultural holdings
- Commission Regulation (EC) No 224/2011 of 7 March 2011 fixing the standard fee per farm return from the 2011 accounting year of the farm accountancy data network
- Commission Delegated Regulation (EU) No 1198/2014 of 1 August 2014 supplementing Council Regulation (EC) No 1217/2009 setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Union
- Commission Implementing Regulation (EU) 2015/220 of 3 February 2015 laying down rules for the application of Council Regulation (EC) No 1217/2009 setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Union

The Farm Accountancy Data Network enables the Commission to monitor the situation of agricultural holdings in the EU. The network provides, in particular, the data on the income and economic activities of the agricultural holdings. The data is used for analyzing, development and evaluation of the common agricultural policy. It provides a comprehensive overview of the business operation of agricultural holdings in the EU. The information is collected from a sample of agricultural holdings.

Member States are responsible for surveys on their territory. To this end, they designate two authorities- the Liaison Agency, which collect the data and forwards it to the Commission; and a National Committee, which oversees FADN implementation.

Accountancy offices shall provide the data collected by the Liaison Agency. The accountancy offices shall compile a farm return for each agricultural holding, containing data, which allow two types of study to be carried out: the assessment of income on agricultural holdings and the study of the business operation of the agricultural holdings.

Situation in Montenegro

A Farm Accountancy Data Network (FADN) has not yet been established in Montenegro, but the typology of agricultural holdings included in the Agriculture Census 2010 was developed using standard output values (SO). The typology contains the classification of agricultural holdings by economic size and production type. The typology is a prerequisite for the selection of a sample of agricultural holdings to be included in the FADN survey.

The Law on Agriculture and Rural Development (Official Gazette of Montenegro 56/09) foresees the adoption of a Rulebook on FADN.

Proposed Action

In order to develop FADN in line with the *acquis*, the activities submitted in Table 2 will be implemented.

Table 2: FADN Implementation in Montenegro

Activity	Body responsible	Timeline
Conclude a Memorandum of Understanding among the Ministry, MONSTAT, Extension Service and Faculty of Agriculture on Agreement on establishment of FADN system	MARD	2016
Employment and education of staff to manage FADN system	MARD	2016-Ongoing
Adoption of the Rulebook on establishing FADN (nominating the National Committee and Liaison Agency)	MARD	2017
1. Establish a National Committee 2. Establish a Liaison Agency.	MARD	2017
Preparation of methodological manual (including forms and instructions for accounting officers)	MARD	2017
Bringing FADN system closer to farmers (seminars, workshops, brochures)	MARD, Extension Service	2018 – 2020
Training of accounting officers	MARD, Extension Service	2017 – 2020
Development of FADN software support (IT support)	MARD	2018
Implementation of the survey of purposive sample with the aim to control methodological and organizational aspects (Pilot project)	MARD, Extension Service in cooperation with MONSTAT and Faculty of Agriculture	2018
Data processing and control (Pilot project)	MARD, Extension Service	2018
Defining FADN population Defining FADN sample	MARD, Extension Service in cooperation with MONSTAT and Faculty of Agriculture	2018
Implementation of overall FADN survey in accordance with the EU rules	MARD, Extension Service	2020
Obtaining FADN results in accordance with EU rules	MARD	2020

It is estimated that cost will be in the region of €300,000.

6 COMMON MARKET ORGANISATION (CMO)

General provision

The European Union provides common rules for managing agricultural markets, standards for marketing agricultural products and for importing and exporting them to/from the European Union. The main reference text for the Common Market Organization is Regulation (EC) No. 1308/2013 of the European Parliament and of the Council establishing a common organization of markets in agricultural products. General aspects encompass: the definition of sectors (as in Annex II) and products (as in Annex I), the establishment of the marketing years for the different sectors and the fixing of the reference threshold prices (for cereals, paddy rice, sugar of standard quality, beef and veal, milk and milk products, pig meat and olive oil).

Some important mechanisms of the CMO which a member state must implement correctly are: implementation of trade mechanisms (import/export licensing, tariff quota management, operation of a checking system on exports, application of the relevant rules of the Community Custom Code), intervention measures, vine planting rights, producer organizations and implementation of marketing standards and inspection.

Situation in Montenegro

Montenegro does not produce all agricultural products as produced in the EU and therefore has no rules in place for those products. It will need to be able to apply the complete set of market mechanisms of the *acquis* upon accession, including intervention stocks. Montenegro will have to establish required trade measures (e.g. certificates, customs controls).

In 2016, Montenegro will adopt a Law on Organisation of Market of Agricultural Products, transposing the general definitions from Regulation (EC) No. 1308/2013 of the European Parliament and of the Council establishing a common organization of markets in agricultural products. The law will also define the role of institutions, which will be included in the implementation of the CMO measures, such as the Paying Agency, Customs Administration and the Administration for Inspection Affairs. Coordination of overall CMO Implementation will be the task of the Ministry of Agriculture and Rural Development.

The following addresses the important mechanisms of the CMO. In the initial phase, Montenegro will focus on the sectors of agriculture of significance to Montenegrin agriculture but will develop its administrative capacity to be in a position to implement all relevant elements of the CMO by the date of accession.

Market interventions/Public interventions and aid for private storage

Main requirements of the acquis

The measures may take the form of:

- **Public intervention**, meaning where products are bought in by the competent authorities of the Member States and stored by them until disposed of; it is possible for common wheat, durum wheat, barley and maize, paddy rice, fresh or chilled meat of the beef and veal sector, butter, skimmed milk powder subject to certain conditions;
- **Payment of aid** for the private storage, possible for white sugar, olive oil, flax fiber, meat of bovine animals, butter, cheese, skimmed milk powder, pig meat, sheep meat and goat meat subject to certain criteria.

The EU may take exceptional measures in order to support markets in crisis. For example, such measures may be necessary in the case of animal diseases or natural disasters, which would have repercussions for agricultural markets.

Situation in Montenegro

The Law on Agriculture and Rural Development (Article 10, paragraph 3) lays down the possibility to introduce measures to stabilise the market in agricultural products. This Article states "*in order to accomplish the objectives of the agricultural policy, the Government may implement intervention measures of buying and selling, support storage and withdrawal of certain agricultural products from the market*". There are no provisions in place defining the products, intervention prices, reference periods or reference prices. Measures have been introduced on an ad-hoc basis and have been largely used to regulate the market due to the occurrence of seasonal surpluses. Over the past few years, interventions have been used mainly to buy-out seasonal surpluses of lamb. The Directorate for Agriculture and Fisheries is responsible for the implementation of these measures which are financed from the Agro-Budget.

Most of the products covered by market intervention measures in the EU are not produced by Montenegro, or are not produced in significant quantities. At present, there is no system in place for price reporting that is comparable with the EU system.

Proposed Action

The adoption of the Law on the Organization of the Market of Agricultural Products, will lay down interventions in line with the EU *acquis*.

A comprehensive analysis will be conducted along with an estimate of storage costs and administrative staffing costs, as well as self-sufficiency in products subject to market interventions. By the date of accession to the EU, mechanisms for implementation of intervention measures in Montenegro will be in place, as well as mechanisms for the implementation of provisions concerning public and private storage.

The Directorate for Agriculture and Fisheries and the Unit for Economic Analysis will be responsible for the preparation of legislation and for the creation of instructions for implementation measures. The future Paying Agency will implement these measures (for further details see the Chapter on the Paying Agency).

Training to improve administrative capacity will be necessary along with technical assistance (TAIEX etc.) in order to develop laws and bylaws.

Table 3: Implementation measure – Market interventions

Activity	Body responsible	Timeline
Development of a detailed analysis concerning the needs and effects of market intervention measures	MARD	Q4 2015
Law on the Organization of the Market of Agricultural Products	MARD	Q4 2016
Adoption of bylaws concerning market interventions	MARD	2018-2019
Training for administrative staff	MARD	Regularly

Aid Schemes

Main requirements of the acquis

The EU regulations foresee several aid schemes:

- Schemes to improve access to food:
 - aid for the supply of fruit and vegetables, processed fruit and vegetables and banana products to children in nurseries, pre-schools or primary or secondary- level educational establishments;
 - aid for the supply of milk and milk products to children in the abovementioned educational establishments;

- Programmes to support the olive oil and table olives sector;
- Operational funds for the fruit and vegetable sector set up by a producer organisation;
- Support programmes for the wine sector concerning the promotion, restructuring and conversion of vineyards, green harvesting, etc.;
- Aid programmes for the apiculture sector;
- Aid programmes for the hops sector.

Situation in Montenegro

In Montenegro, measures of support for agricultural producers are financed through the Agro-Budget, under the programmes of market-price policy and rural development measures. There are no specific programmes of support in place comparable to those in the EU, as laid down by the Regulation (EC) No. 1308/2013. Support exists for apiculture under Agro budget.

Proposed Action

The Law on the Organization of the Market in Agricultural Products will transpose the provisions and definitions from Regulation (EC) No. 1308/2013 of the European Parliament and of the Council establishing a common organization of markets in agricultural products.

Specific provisions, concerning certain sectors, will be laid down in detail by secondary legislation regulating the specific areas. Montenegro has recognised its interest in transposing the provisions and in introducing support measures in the fruit and vegetable sector, in the dairy sector and in the honey sector.

Regarding support programmes for the wine sector and the olive oil and table olive sector, Montenegro will decide which programs and measures should be supported.

Regular training to develop administrative staff is essential.

Table 4: Implementation measure – Aid Schemes

Activity	Body responsible	Timeline
Law on the Organization of the Market of Agricultural Products	MARD	Q4 2016
Development of secondary legislation for the implementation of aid schemes	MARD	Ongoing
Training of administrative staff	MARD	Regularly

Rules concerning Marketing Standards and Producers Organisations

a) Marketing Standards

Main requirements of the acquis

In general, EU marketing standards are designed to facilitate the proper functioning of the internal market and the efficient transfer of products on the domestic or international markets. Marketing standards help to establish a quality reputation in an international context as well as providing a tool for obtaining a return on investment when value has been added to products. Standard trading terms also help to provide standardized products to the consumer and to inform the consumer on product characteristics and/or farming processes. Marketing standards are also used to protect the consumer from deception and unacceptable practices.

Regulation (EC) No. 1308/2013 of the European Parliament and of the Council establishing a common organization of markets in agricultural products lays down the rules concerning marketing standards. These rules are divided between obligatory rules and optional reserved term for agricultural products.

The concerned sectors are: olive oil and table olives, fruit and vegetables, processed fruit and vegetables products, bananas, live plants, eggs, poultry meat, spreadable fats intended for human consumption and hops.

Situation in Montenegro

In Montenegro marketing standards are defined for fruit and vegetables, eggs, olive oil, poultry meat; however they are not fully in compliance with EU marketing standards for these products. Full harmonisation will be achieved through secondary legislation in accordance with the Law on Organisation of Market of Agricultural Products.

Montenegro will have to implement marketing standard requirements at all marketing stages (wholesale, import, export etc.) and perform conformity checks in line with the requirements of the EU *acquis*.

Proposed Action

Through the adoption of the Law on the Organization of the Market in Agricultural Products, Montenegro will set up a legal framework for the adoption of secondary legislation that will lay down, in detail, the marketing standards for agricultural products. The horizontal provisions concerning the product range for which standards are set, definitions concerning certain products, labels and trade marks (labeling) and other, will be transposed from Regulation (EC) No. 1308/2013.

Montenegro will harmonize with the EU *acquis* the marketing standards first for products that Montenegro is producing. The standards applicable to products that Montenegro is not producing will be applied as of the day of Montenegro's accession to the EU.

Full implementation will be possible only after the mechanisms/administrative structures for implementation and control have been put in place. The law will stipulate the role of different institutions in the implementation of marketing standards.

Detailed information by product group is provided under *Specific Standards Concerning Production and Marketing of Certain Products*.

Continuous training of administrative staff will be done for the purpose of administrative capacity building.

Table 5: Implementation measure – Marketing Standards

<i>Activity</i>	<i>Body responsible</i>	<i>Timeline</i>
Law on Common Organization of Market of Agricultural Products	MARD	Q4 2016
Training of administrative staff	MARD	Regularly

b) Producer Organisations, Associations of Producer Organisations and Inter-Branch Organisations

Main requirements of the acquis

One of the main objectives of this policy measure is to improve the competitiveness of a sector. In the face of an ever-greater concentration of demand, grouping supply in this way strengthens producers' positions in the market. Regulation EC) No. 1308/2013 of the European Parliament and of the Council establishing a common organization of markets in agricultural products set out the rules.

Member States may, upon request, recognise producer organisations, formed on the initiative of the producers and having specific aims. Member States may also recognize Associations of producer organizations and inter-branch organizations. There are some sectors where the recognition of producer and inter-branch organizations is compulsory. Special provisions are indicated for fruit and vegetables, milk and milk products, olive oil and table olives. Contractual negotiations with producer organizations are regulated.

Situation in Montenegro

The Law on Agriculture and Rural Development (Articles 35-37) lays down the provisions for establishing producer organisations. The objective of these provisions is to cut down production costs, enhance joint participation in the market, etc. It is also stated that the abovementioned organizations have to be established in the form of a legal person, shall include at least five members, and that the Ministry shall issue the Decision on Establishing of the Producer Organization. The definitions referring to the setting up of producer organizations only prescribe some general rules and objectives, but there are no specific provisions governing specific sectors, as are regulated in the EU *acquis*.

Currently, there are several national producer organizations in Montenegro (e.g. producers of wine, honey, olives, fruit and vegetables etc.). Most of the producer organizations operate as non-governmental organizations. There are 15 producer organizations in the fruit and vegetable sector functioning differently from the organizations as defined in the EU regulations. Producers cooperate in various stages of production and have either sectorial (e.g. association of raspberry growers, olive growers, citrus fruit growers, etc.) or territorial character. Montenegro has a solid basis for the concept of producer organizations, which, with minor adjustments of existing producer organisations, may meet all the requirements of EU regulation.

The Agro-Budget provides funds for the establishment and operation of cooperatives and national associations.

Proposed Action

Definitions referring to the establishment of producer organisations and requirements will be harmonised with Regulation (EC) No. 1308/2013 of the European Parliament and of the Council establishing a common organization of markets in agricultural products through the Law on Organization of Market in Agricultural Products. At the same time, work on the adoption of secondary legislation will be continued in order to ensure the full implementation of provisions. Montenegro will define national rules for operational programmes which will include: check lists for recognition criteria, a framework of measures for environmental protection, crisis prevention and crisis management, planning of administrative capacity for the approval of operational programs, the organisation of control and the payment of support, the coordination of activities among various stakeholders, etc.

An information-education campaign on the importance and the need of transforming the existing associations into producer organizations is planned.

Full harmonisation of the legal framework will be achieved by the day of accession. The Unit for Economic Analysis and Directorate for Agriculture will be responsible for the preparation of legislation, the creation of instructions for implementation and for communication with producers.

The Ministry will organise training sessions for farmers on the importance of forming producer organizations. An intensive information-education public campaign will be launched.

Continuous training will be provided to improve administrative capacity under TAIEX, etc.

Table 6: Implementation measure – Producer Organisations

Activity	Body responsible	Timeline
Law on the Common Organization of the Market of Agricultural Products	MARD	Q4 2016
Bylaws on the implementation of policy on producer organisations	MARD	By the date of accession
Establish procedures for the recognition and control of producer organisations	MARD	Q4 2019
Rulebook on producer organisations in the fruit and vegetable sector	MARD	Q4 2017

Develop rules for operational programme in the fruit and vegetable sector and others where relevant	MARD	Q4 2018
Information – education public campaign regarding producer groups	MARD	Ongoing
Training of administrative staff	MARD	Regularly

Trade with Third Countries

Main requirements of the *acquis*

Import/Export Licenses: In the EU, certain specific rule on import/export may apply. Detailed rules are laid down concerning the system of import and export licenses.

Imports-the presentation of import licenses can be required for products from certain sectors: cereals, rice, sugar, seed, olive oil and table olives, flax and hemp, bananas, wine, live plants, beef and veal, pig meat, sheep meat and goat meat, poultry, milk and milk products, eggs and agricultural ethyl alcohol. Import licenses are also required for preferential imports and imports under tariff rate quotas.

Import duties in the Common Customs Tariff apply to these products, although specific provisions may exist under trade agreements. Particular provisions apply specifically to imports of mixtures of cereals, rice or cereals and rice. The import duty depends on the composition of the mixture.

The presentation of **export** licenses may be required for products in the sectors pertaining to cereals, rice, sugar, olive oil and table olives, fresh and processed fruits and vegetables, wine, beef and veal, pork, lamb and goat meat, poultry, milk and milk products, eggs and agricultural ethyl alcohol. Export licenses are also required for export tariff rate quotas.

Situation in Montenegro

Trade with third countries is governed by the Law on Foreign Trade, the Agreement on Accession to the World Trade Organization (WTO), and the Decree for Implementation of the Law on Foreign Trade and Decree on Custom Tariff. Montenegro has Free Trade Agreements with: CEFTA countries, SAA with the EU, a Free Trade Agreement with the Russian Federation, a Free Trade Agreement with the EFTA countries and Free Trade Agreements with Turkey and the Ukraine.

In the trade with EU and Turkey, Montenegro applies preferential tariff quotas for a specific number of products. The allocation and administration of such quotas is carried out by Customs Administration and works on a 'first come-first served' basis. The Ministry of Agriculture and Rural Development does not keep records on utilisation of quotas. Utilisation details are available on the TARICG website which is maintained by Customs Administration (<http://taric.carina.co.me/TariCG/>).

Montenegro does not use import/export licenses nor apply export refunds on any agricultural products. Montenegro does not operate a system of security on agricultural imports. The Unit for Economic Analysis is responsible for all communication with Customs Administration, takes part in the creation of foreign trade legislation, preparation of WTO notifications in accordance with the Agreement on Agriculture, negotiations and monitoring of implementation of FTAs, preparation analysis of trade in agricultural products with third countries.

Montenegro will have to take the necessary action to ensure the proper functioning of the administration to implement the *acquis* on trade in agricultural goods. Co-operation with the custom authorities and the Paying Agency will be essential.

Proposed Action

With the adoption of the Law on Organisation of Market of Agricultural Products (2016), provisions concerning the trade with third countries, which Montenegro can implement with its obligations from WTO and international agreements, will be prescribed.

Up until the end of 2019, Montenegro will introduce automatic import licenses for a number of products, in line with EU requirements in order to put in place a system to issue and administrate them in the Paying Agency. A draft for the implementation of this system will be developed in 2018.

Regular training will be essential to improve the administrative capacity under Twinning, TALEX etc.

Table 7: Implementation measure – Trade with Third Countries

Activity	Body responsible	Timeline
Law on the Common Organization of the Market of Agricultural Products	MARD	Q4 2016
Draft of implementation plan for system of licenses	MARD	Q4 2018
Secondary legislation which will provide implementation details for all of the issues mentioned in the activities below	MARD	Q1 2019
Decision on who will implement the import and export system licenses as from the date of accession to the EU Decision on the allocation of duties for managing imports – FCFS and quota system (Ministry /customs)	MARD Paying Agency and Customs Administration	Q2 2019
Decision on detailed rules for the implementation of an import license system, including license application and issuing procedures, terms of validity for licenses, security rates and the management of securities – (MARD/Paying Agency)	MARD, Paying Agency and Customs Administration	Q3 2019
Develop manuals and support documents for the implementation of import and export system licenses (training)	MARD and Paying Agency	From 2018 continuously
Decision regarding securities – who will be responsible Information given to private sector/banks	MARD, Paying Agency	Q1 2019
IT systems for managing import/export systems	Paying Agency and Customs	Q4 2019
Decision regarding on-the-spot controls and Development of Procedure Manual	MARD, Paying Agency, Customs Administration	Q4 2019
Training of administrative staff	MARD	Regularly

Communication and Reporting

Main requirements of the acquis

For the purposes of monitoring, analyzing and managing the market in agricultural products, ensuring market transparency, the proper functioning of CAP measures, checking, controlling, monitoring, evaluating and auditing CAP measures, and complying with the requirements laid down in international agreements, the Commission has in place certain measures regarding communications to be made by undertakings, member states and third countries.

The type of information to be supplied, the format, methods of notification to be used, time-frames and other details are all prescribed in implementing regulations. In certain cases, such information has to be reported to the Council and to the Parliament.

Situation in Montenegro

The Law on Agriculture and Rural Development (Article 67) lays down rules for setting up marketing information systems in agriculture, the objective of which is to collect process and publish data on the quantity and price of certain agricultural products. Accordingly, MARD has set up a type of reporting Administrative Marketing Information System (AMIS) system (collecting and publishing prices). Information

on prices has been collected by the advisory services on the green market and published weekly. However, this practice ceased in 2011. MARD now plans to reactivate this system and to re-establish the website.

Import prices and wholesale prices of domestic products have not been reported. Prices are collected at produce markets where current retail prices of produce are taken regardless of whether the products sold are imported or produced in Montenegro. Montenegro does not have in place a carcass classification system, so reporting on meats is not done; however, prices are published for live animals.

Proposed Action

With the adoption of the Law on the Organization of the Market in Agricultural Products Montenegro will set a legal framework for the adoption of regulations to be harmonised with the EU *acquis*; this will include the part concerning mandatory reporting and communication with the Commission. The primary objective will be to ensure that the necessary capacity is reached so that all EU requirements concerning the submission of data, in particular data on prices and quantities of agricultural products, and the manner of communicating data to the European Commission can be fulfilled. The Unit for Economic Analysis will be responsible for the implementation of these measures.

There are plans to upgrade the existing AMIS system during the course of 2016 in the areas of product scope, reporting methods, etc. Priority will be given to harmonising the reporting of prices concerning fruit and vegetables.

Administrative capacity building and training sessions leading up to full harmonization with the EU *acquis* will be essential.

Table 8: Implementation measure – Communication and Reporting

Activity	Body responsible	Timeline
Adoption of secondary legislation, as necessary to provide implementation details for the task below	MARD	Q42016-Q12020
Meat prices - analysis of the introduction of meat carcass classification	MARD	Q1 2017
Upgrade of the existing AMIS system – product scope, reporting methods	MARD	2016
Development of an administrative framework (including job descriptions, information technology, security of information technology, on-the-spot controls, quality management),	MARD	Q1 2020
Development of product-specific methods (specification of products/ selection of products)	MARD	Q1 2020
Data collection methodology and data reporting methodology to be established	MARD	Q1 2020
Training of administrative staff	MARD	Regularly

Specific standards concerning the production and marketing of certain products

a) Fruit and Vegetables

Main requirements of the *acquis*

Provisions on marketing standards for fruit and vegetables are set out in Regulation EU No. 1308/2013 of the European Parliament and of the Council with more detailed requirements specified in the implementation of regulations.

Products of the fruit and vegetables sector which are intended to be sold fresh to the consumer may only be marketed if they are sound, fair and of marketable quality and if the country of origin is indicated.

Marketing standards, shall apply at all marketing stages including import and export, and may cover quality, categorization, weight, size, packing, packaging, storage, transport, presentation and marketing.

All products of the fruit and vegetable sector are covered by general marketing standards and 10 products are covered by specific marketing standards (apples, citrus fruit, kiwi fruit, lettuces, curled-leaved and broad-leaved endives, peaches and nectarines, pears, strawberries, sweet peppers, table grapes and tomatoes).

Every member state is required to set up a database of traders that market fresh fruit and vegetables covered by marketing standards. The national authorities must also ensure that checks are carried out selectively, based on risk analysis and with appropriate frequency, to ensure compliance with the standards and other statutory requirements for marketing fruit and vegetables.

The risk analysis must be based on the information in the trader database. National authorities must lay down in advance which criteria they will use to determine the risk of non-compliance for a batch of produce. Where checks reveal significant irregularities, the authorities must intensify the checks.

Traders must provide the inspection bodies with all the information needed to organize and carry out compliance checks.

Based on a product-by-product risk assessment, the authorities may choose not to selectively check products not covered by a specific marketing standard (i.e. are covered by the general standard or a United Nations Economic Commission for Europe standard (UNECE)).

Situation in Montenegro

In Montenegro, the Rulebook on Market Standards on Fruit and Vegetables stipulates minimum national marketing standards for fruit and vegetables (Official Gazette of Montenegro 56/2014).

The Law on Food Safety (Official Gazette of Montenegro 14/07) in Articles 15 and 16 lays down the principles of risk analysis, risk assessment and risk management.

The Rulebook on Hygiene Requirements for Food of Animal or Plant Origin (Official Gazette of Montenegro 14/09) in Article 5 defines risk analysis and critical control points.

The Rulebook on Quality of Fruit, Vegetable and Mushroom Products and Pectin Preparations (Official Gazette of SFRY 1/79, 20/82, 74/90 and 58/95) is in force in Montenegro. The Rulebook stipulates the minimum requirements in terms of quality standards during the production and trading of fruit, vegetables, mushroom products and pectin preparations, as well as the minimum requirements in terms of preserving the quality of products.

The Rulebook on Indications, Labeling, Advertising and Presentation of Food of Plant Origin after Primary Production, Composite and other Food (Official Gazette of Montenegro 16/11) transposes the provisions of Directive 2000/13/EC of the European Parliament and Council on the Approximation of the Laws of the Member States relating to the labeling, presentation and advertising of foodstuffs.

Controls for compliance with market standards concerning fruit and vegetables is implemented by agricultural inspectors (internal market) and phytosanitary inspectors (trade with third countries).

Montenegro does not implement requirements referring to market standards for fresh fruit and vegetables in all phases of its trade (wholesale, import, export, etc.) and does not perform compliance controls in line with the requirements of the EU *acquis* (database of traders, risk analysis, system for reporting on prices and quantities of imported products, etc.).

The performance of risk-based controls based on risk analyses as carried out in compliance with Regulation 1308/2013 and Article 11 of Implementation Regulation (EC) No. 543/2011 has not yet been harmonised.

Provisions concerning indicating the country of origin in the context of retail sale, within the meaning of Article 6 of the Regulation Commission (EC) 543/2011, have not yet been transposed.

Montenegro does not implement a School Fruit Scheme (SFS).

Proposed Action

In 2015, Montenegro will adopt rulebooks on the quality of fruit and vegetable products which will be harmonized with Council Directive 2001/112/EC relating to fruit juices and certain other similar products intended for human consumption, Council Directive 2001/113/EC relating to fruit jams, jellies, marmalades and sweetened chestnut purée intended for human consumption, and Commission Directive 93/45/EEC concerning the manufacture of nectars without the addition of sugars or honey.

Montenegro will have to implement marketing standard requirements for fresh fruit and vegetables at all marketing stages (wholesale, import export, etc.) and will also have to introduce a system to perform conformity checks in line with the requirements of the EU *acquis*. A single competent authority and an inspection body will be designated. A database of traders engaged in trade in fresh fruit and vegetables will be set up. The system for the notification of prices will be upgraded.

Rulebooks will be fully harmonised with Regulation 1308/2013 and with other relevant Implementing Regulations. Montenegro is interested in implementing a School Fruit Scheme (SFS), in accordance with the EU *acquis*, on the day of accession. It is necessary to develop an analysis regarding the importance of introducing SFS and to plan the coordination of activities among the various institutions that are involved (the Ministry of Health, MARD and various educational institutions), to introduce a surveillance system, and to introduce controls, sanctions, and guidelines for potential applicants (suppliers, distributors and beneficiaries). The adoption of a rulebook on the introduction of a School Fruit Scheme is expected by the date of accession.

With a view to the full implementation of all measures mentioned above, the training of producers and administrative staff will be provided through TAIEX, FAO and other schemes.

Table 9: Implementation measure – Fruit and Vegetables

Activity	Body responsible	Timeline
Rulebook on Fruit Juices and Certain Similar Products Intended for Human Consumption	MARD	Q4 2015
Rulebook on Fruit Jams, Jellies, Marmalades and Sweetened Chestnut Purée Intended for Human Consumption	MARD	Q4 2015
Analysis regarding the implementation of a School Fruit Scheme	MARD	2018
Rulebook on the Introduction of School Fruit Scheme	MARD	
Development of national rules for operational programs in the fruit and vegetable sector	MARD	Q4 2018
Establishment of a database of traders regarding the marketing of fresh fruit and vegetables covered by marketing standards	MARD	2017
Establishment of a quality inspection system - risk analysis criteria and control systems to ensure compliance with standards and other statutory requirements for the marketing of fruit and vegetables.	MARD Directorate of Inspection Affairs	2017
Training/Information for traders regarding their obligations concerning co-operation with inspection bodies when organising and carrying out compliance checks.	MARD	2017
Training and information for producers	MARD	Ongoing
Training to improve administrative staff	MARD	Regularly

b) Olive Oil

Main requirements of the *acquis*

The main aim of the EU olive oil policy is to strengthen its position in world markets by encouraging the production of high quality products for the benefit of growers, processors, traders and consumers.

EU legislation in the olive oil sector covers, in particular, marketing standards, the characteristics of olive oil and olive-residue oil and the methods of analysis, support programs, producer organizations and aid for private storage.

Situation in Montenegro

The Law on Olive Growing and Olive Oil (Official Gazette of Montenegro 45/2014) defines categories of olive oil, relevant methods and analyses along with marketing standards required for putting oil on the market. It also defines the register of olive producers and olive oil processors.

These issues are further defined in the following by-laws: A Rulebook on Categories, Methods of Sampling and Methods of Analyses of Olive Oil and a Rulebook on Standards for Placing Olive Oil on the Market (Official Gazette of Montenegro 14/15), a Rulebook on the Setting up of the Register of Olive Producers and Olive Oil Processors (Official Gazette of Montenegro 10/15) which has been adopted.

The Rulebook on Categories, Methods of Sampling and Methods of Analyses of Olive Oil partly harmonises legislation with the EU *acquis* (Commission Regulation (EC) No. 2568/1991). In terms of the assessment of the quality of olive oil, Montenegro is fully harmonized, while in terms of the purity of olive oil, the harmonization will be done gradually. Montenegro is not harmonized in the area concerning olive oil categories.

The Rulebook on Standards for Placing Olive Oil on the Market concerns data on olive oil categories placed on the market, mandatory indications, non-mandatory indications for labeling and marking, and is harmonized with the EU *acquis*.

Montenegro currently has neither a laboratory accredited for olive oil analysis nor an accredited panel team for the sensory evaluation of virgin olive oil.

Currently, there are 6 olive growers' organisations in Montenegro. The organisations operate as NGOs and are not in line with the functioning of Producer Organisations in the EU.

Proposed Action

In its aim to be harmonized with the EU *acquis*, a laboratory accredited for the analysis of olive oil will be nominated, and an accredited panel will be established for the sensory evaluation of virgin olive oil.

The Law on the Organisation of the Market of Agricultural Products (2016) will set down the rules on producer organisations in the olive oil and table olive sectors. Categories of olive oil will also be harmonised with the EU *acquis*.

For the purpose of the full implementation of all measures mentioned above, training will be organized for producers and administrative staff (TAIEX, FAO).

Table 10: Implementation measure – Olive Oil

Activity	Body responsible	Timeline
Establishment of Register of Olive Oil Producers and Processors	MARD	Q4 2016
Accreditation/recognition of a laboratory for the analysis of olive oil and an accredited panel or team for the sensory evaluation of virgin olive oil	MARD	Q4 2017
Amendment to legislation in order to harmonise categories of olive	MARD	2017

oil with EU <i>acquis</i> .		
Establishment of a method for conformity checks	MARD	Q4 2019
Establishment of procedures for notifications to the Commission	MARD	Q3 2019
Training and information for producers and processors	MARD	Ongoing
Training to improve the skills of administrative staff	MARD	Regularly

c) Wine

Main requirements of the *acquis*

The main EU legislation regulating the wine sectors Regulation (EU) No. 1308/2013 of the European Parliament and of the Council establishing a common organization of the markets in agricultural, which sets out:

- The functioning of the support programme in the wine sector,
- Specific support measures, particularly regarding promotion, restructuring and conversion of vineyards, green harvesting, mutual funds, harvest insurance, investments, innovation, distillation of by-products;
- Vine planting authorizations system and types of vineyards allowed;
- A list of accepted oenological practices;
- Labeling and presentation provisions, listing particularly the compulsory and optional particulars to be included on the label;
- The functioning of vineyard register and inventory of production potential;
- The competent national authorities for the wine sector;
- The functioning of the accompanying documents and register;
- Exception to state aid rules;
- The list of European wine growing zones.

Other legislative acts containing specific provisions are: regulation 606/2009 on categories of grapevine products and oenological practices, regulation 607/2009 on GIs, labeling and presentation, regulation 555/2008 on support programmes, trade with third countries, production potential and on controls in the wine sector, and, finally, regulation 436/2009 on the vineyard register, compulsory declarations and the gathering of information to monitor the wine market, the documents accompanying consignments of wine products and the wine sector registers to be kept.

With regard to GIs for wine each member state must provide procedures for handling registration applications that originate in the country of origin and prove that official controls have been carried out for all registered labels. This matter is covered in more detail in Chapter 8 (Quality Policy)

Situation in Montenegro

The current Law on Wine (Official Gazette of the Republic of Montenegro 36/07) lays down the rules for production and trade in grapes for wine and for grape and wine products, labeling, the geographical origin of wine and other relevant issues concerning viticulture and wine making.

The Law on Wine lays down mandatory and non-mandatory information used during labeling or presentation of wine as well as classification – quality categories of wine. The said provisions need to be harmonised with the applicable EU legislation concerning categories of grape products, labeling and presentation of wine.

The assessment of wine quality prior to its placing on the market is carried out by certified wine tasters (sensory evaluation) and by two laboratories in which analyses of physical-chemical properties of wine are conducted. The PI Center for Eco Toxicological Research of Montenegro and the Oenological Laboratory of the Biotechnical Institute are included in the list of authorised laboratories recognised for the purposes of

drawing up the documents which must accompany each consignment of wine exported to the EU (Official Journal of European Union C139 of 2008).

A list of certified wine tasters is published in the Official Gazette of Montenegro 22/2011. A Register of Producers of Grapes and Wines exists in manual format. This register keeps records on the year of planting, varieties, planting density, yield and purpose of grapes, as well as data on wine cellars. Data on changes made in vineyards are updated.

An IPA 2011 project of €300,000 is funding a project of Technical Support to Renewal of viticulture zoning of Montenegro. The project started in April 2015 and will last for 24 months. The overall objective of this project is to strengthen viticulture and the winemaking sector in Montenegro through harmonisation with EU standards. The purpose of the project is to determine new viticulture zones as a precondition for setting up the labeling of wine in line with geographical origin, and in line with EU regulations.

The project will establish conditions for the implementation of PDO/PGI for the wine sector and will develop a rulebook and guideline essential for the implementation of PDO/PGI, all of which will be completely aligned with EU regulations.

There are no bodies, accredited in accordance with ISO 17065, that assess the compliance of products with their specifications for the purpose of recognizing and registering PDOs and PGIs.

Proposed Action

The adoption of a new Law on Wine, aligned with the EU *acquis*, is foreseen in the 3rd quarter of 2015. Secondary legislation will provide the legal framework for the harmonisation of this sector in terms of the labeling and presentation of wine, oenological practices and restrictions, record keeping in the winemaking sector, the setting up of a register of grape and wine producers, the recognition and designation of origin and geographical indications (Regulations EC 1308/2013, 436/2009, 606/2009 and 607/2009).

Rules applicable to the definition, description, presentation, labeling and the protection of geographical indications of aromatized wine, aromatized wine based beverages and aromatized wine based cocktails ('aromatized wine products') need to be established.

With a view to the full implementation of EU provisions, relevant bylaws lay down, in detail, the aforementioned provisions which will all be adopted on or before the day of accession.

Priority will be given to setting-up records in the wine sector and to the development of geographically zoning viticulture areas in Montenegro.

The process of authorisation of a laboratory and other bodies accredited to ISO 17065 standards will also be necessary.

A computerized system for monitoring wine products must be set up. This requirement stems from Article 147 of Regulation (EU) No. 1308/2013, Regulation (EC) No. 436/2009 (as amended by Regulation (EU) No. 314/2012) and Article 95a of Regulation (EC) No. 555/2008.

In order to fully implement all of the measures stated above, producers and administrative staff must be trained on a regular and ongoing basis (TAIEX and other).

Table 11: Implementation measure – Wine

Activity	Body responsible	Timeline
Law on Wine	MARD	Q3 2015
Rulebook on the Register of Producers of Grapes and Wine and on the Keeping of Records in the Wine Sector (new rulebook according to the new law)	MARD	Q4 2015

Rulebook on Oenological Practices and Restrictions	MARD	Q4 2015
Rulebook on the Labeling and Presenting of Wine	MARD	Q3 2016
Establishment of procedures and guidelines for the enforcement of rules with regard to labeling and presentation in the wine sector in line with the EU acquis	MARD	Q3 2017
Rulebook on Wine Quality Assessment	MARD	Q4 2016
Authorisation and accreditation of laboratory and other bodies	MARD	By the date of accession
Setting up a computerized system for monitoring wine products	MARD	By the date of accession
Training and information to producers	MARD	Ongoing
Training to improve the skills of administrative staff	MARD	Regularly

d) Meat

Main requirements of the acquis

General requirements on the classification of bovine animals, pigs and sheep carcasses are laid out in Regulation (EU) No. 1308/2013 of the European Parliament and of the Council and detailed requirements are specified in the implementing regulations.

Situation in Montenegro

The livestock farming sector in Montenegro is governed by the Law on Livestock Breeding (Official Gazette of Montenegro 72/10), while the products of this sector (meat and meat products) are governed by the Rulebook on the Quality of Meat of Cattle, Poultry and Wild Game Intended for Slaughter (Official Gazette of the Socialist Federal Republic of Yugoslavia 34/74 and 26/75), the Rulebook on the Quality and Other Requirements for Meat Products (Official Gazette of Serbia and Montenegro 33/04), the Rulebook on the Quality of Slaughtered Pigs and the Categorization of Pigmeat (Official Gazette of the Socialist Federal Republic of Yugoslavia 2/85, 12/85, and 24/86).

There are no provisions in Montenegro laying down the obligation of carcass classification at the slaughter line. When buying primary raw material, prices are set per animal or per kilogram of live weight. Montenegro has already set up a system for the identification and registration of cattle (2007), sheep and goats (2011) along with an accompanying electronic database which is in accordance with EC Regulation No. 1760/2000. The pig-breeding sector does not have a system in place for the identification and registration of animals. In 2014 initial steps were taken to set up a system for the identification of pigs within the territory of Montenegro in order to complete the identification of production animals.

Proposed Action

Montenegro will, during the period 2016-2018, adopt a rulebook with detailed rules for the application of classification and for the grading of carcasses of cattle, pigs and sheep and also for the reporting of prices; the implementation of the rulebook will begin on the day of Montenegro's accession to the EU. Trained qualified technicians who are licensed for the classification of carcasses will be responsible for forwarding information to the Paying Agency.

Taking into account the capacity of slaughterhouses in Montenegro, derogation in terms of the carcass classification system would refer to those slaughterhouses that were below the set quotas (number of slaughtered animals per week).

Although the identification of cattle is in accordance with the EU legislation, the national system of beef product labeling has not been harmonized with EU requirements. By 2018, the rulebooks that govern the labeling of beef and beef products will be harmonized with the EU *acquis*.

Through the existing system of price monitoring (AMIS), the reporting of meat and meat product prices will be gradually harmonized with the EU.

With a view to fully implementing the measures stated above, the training of producers and administrative staff will be provided on a regular and ongoing basis (TAIEX, etc.)

Table 12: Implementation measure – Meat

Activity	Body responsible	Timeline
Produce analyses regarding the introduction of carcass classification in the meat sector	MARD	2017
Adoption of a rulebook with detailed rules for applying the grading of carcasses of cattle, pigs and sheep	MARD	2018
Establishment of a monitoring system for checking classifiers and controlling abattoirs	MARD	2018
Upgrades of price reporting systems to incorporate meat and meat products.	MARD	2018
Training of technical personnel to undertake classification	MARD	2016
Rulebook on the Labeling of Beef and Beef Products	MARD	2018
Establishment of framework and procedures for the labeling of beef and beef products	MARD	2018
Education/information provided to agricultural producers	MARD	2017
Training to improve the skills base of administrative staff	MARD	Regularly

e) Milk and Milk Products

Main requirements of the acquis

Regulation (EC) No. 1308/2013 of the European Parliament and of the Council establishing a common organization of markets in agricultural products, Annex VII, Part III sets out the definitions and designation of milk products and Part IV sets out details regarding milk for human consumption Annex VII, Part VII of the same regulation sets out details regarding spreadable fats, including the following important matter - requirement for spreadable fats for human consumption, fat group definitions (milk fat, fats from vegetable fats or blends), sales descriptions imposed for each group, the use of the designation and conditions for using "traditional butter".

Council Directive 2001/114/EC relating to certain partly or wholly dehydrated preserved milk for human consumption.

Commission Regulation 273/2008 which lays down details concerning certain reference methods for the chemical, physical and microbiological analysis and sensory evaluation of milk and milk products to be used in under the arrangement provided for in the common organization of the market for milk and milk products established by Regulation 1308/2013 and the rules for applying those methods.

Other legislation lays down methods for sampling and analysis of partly or wholly dehydrated preserved milk for human consumption, for edible caseins and caseinates, protection of designations of milk products and the school milk scheme.

Situation in Montenegro

Currently, national legislation governs the quality of raw milk, dairy products and requirements for monitoring raw milk. The Rulebook on Quality and Other Requirements for Milk, Dairy Products, Composite Dairy Products and Starter Cultures (Official Gazette of the Federal Republic of Yugoslavia 26/2002) lays down quality standards and other requirements for milk, dairy products, composite dairy products and starter cultures that have to be met both in production and on the market. Definitions, designations and

sales descriptions for milk and dairy products, as set out by the rulebook, have not yet been aligned with the definitions laid down in Article 78 of Regulation 1308/2013. This rulebook defines and describes the properties of a far larger number of products than those covered by Regulation 1308/2013.

The Decree on the Criteria and Method of Setting the Buyout Price of Raw Milk (Official Gazette of the Republic of Montenegro 66/02) states that the basic price of raw milk for average composition is set by an agreement between the association of milk producers and the association of dairies and provides a starting point for determining the buyout price. The decree defines milk classes according to the count of microorganisms and somatic cells; this is used as a corrective factor in determining the buyout price of milk. Since the association is one of the weakest points in the chain of command in the dairy sector, the decree has not been fully implemented at a national level; a basic price has not been set between the association of milk producers and association of dairies so agreement is reached in an individual case to case basis.

Through the national budget (Agro-Budget), direct support is given to milk producers who are part of the buyout system. Support is given for milk bought by registered dairies and cheese manufacturers and is calculated per liter of milk bought and by the quality of the milk bought. Since 2014, under the Rural Development Measures, milk producers can receive support for improving the quality of their raw milk (supply of equipment).

The milk and dairy sector in Montenegro is not regulated in the same way as is provided for by the EU *acquis*. Montenegro does not implement a school milk scheme. Montenegro does not produce most of the dairy products that are covered by EU provisions regarding market interventions (public and private storage). Quality standards are addressed under Chapter 12 of the *acquis* – Food Safety, Veterinary and Phytosanitary.

Proposed Action

The Law on the Organisation of the Market in Agricultural Products, to be adopted in 2016, will provide a legal basis for the adoption of a rulebook that is relevant to CMO measures for milk and dairy products.

By the date of its accession, Montenegro will introduce appropriate control systems regarding the quality of raw milk and production standards. A strategy for upgrading the quality of raw milk is currently being prepared and will be addressed in Chapter 12 of the *acquis* – Food Safety, Veterinary and Phytosanitary.

In 2018, Montenegro will adopt the Rulebook on Market Standards for Milk and Dairy Products. Article 78 of Regulation 1308/2013 specifies the mandatory use of definitions, designations and sales descriptions for milk and milk products intended for human consumption, as well as for spreadable fats intended for human consumption. This rulebook will transpose the definitions, designations and sales descriptions as listed in Annex VII of Regulation 1308/2013.

The rulebook will lay down, among other things, the following: the use of the term 'milk products', the use of this same term in similar products not produced from milk as well as stipulating requirements regarding milk intended for consumption.

Montenegro will adopt secondary legislation governing the recognition of producer inter-branch organizations, and on contractual relations in the milk and dairy sector. The adoption of these rulebooks is planned for 2017, while full harmonization of the rulebooks and their full application will only begin from the date of accession.

Fragmented production is one of the main limitations of the development of the dairy sector in Montenegro. In order to highlight the importance of the existence of associations, the significance of forming associations will be continuously promoted, and support measures in this area will also be implemented. For this reason, it has been decided that the first step is to adopt rulebooks governing the recognition of producer and inter-branch organisations, whilst also simultaneously governing contractual relations in the milk and dairy sector.

The accession plan provides for the adoption of a rulebook on aid in supplying children in educational institutions with milk and dairy products by 2018; the implementation of this plan would start from the date of accession. It will be necessary to conduct additional analyses in order to define in detail the possibility of implementing this measure and how to set up an appropriate system. The analysis will imply, among other things, the significance of communication with other institutions identified as a part of the chain of implementation of this scheme (Ministry of Health and Ministry of Education).

For the purpose of the full harmonisation in the sector, regular and ongoing training will be provided for both producers and administrative staff (TAIEX, etc.).

Table 13: Implementation measure – Milk and milk products

Activity	Body responsible	Timeline
Rulebook on Contractual Relations in the Dairy Sector	MARD	Q2 2017
Rulebook on Recognition of Inter-Branch Producers' Organizations in the Dairy Sector	MARD	Q2 2017
Rulebook on Market Standards for Milk and Dairy Products	MARD	Q1 2018
Rulebook on Public Intervention to Support the Private Storage of Products Intended for Milk and Dairy Products	MARD	Q2 2018
Rulebook Regarding Aid for Supplying Milk and Dairy Products to Pupils in Educational Establishments	MARD	Q4 2018
Rulebook on Contractual Relations in the Dairy Sector – fully harmonized	MARD	Q4 2018
Setting up a system to monitor raw milk and the quality of milk products	MARD Dairy laboratory	Q1 2018
Establishment of a system for the collection and processing of information on milk and milk product prices on the market.	MARD	Q4 2018
Establishment of a system for price reporting to the Commission	MARD	Q4 2018
Training to improve the skills base of administrative staff	MARD	Regularly
Training of producers	MARD	Regularly

f) Poultry Meat and Eggs

Main requirements of the acquis

The main requirements of the *acquis* with respect to marketing standards for poultry meat and eggs as well as standards for eggs for hatching and farmyard poultry chicks are based on Article 78 and Annex VII Part VI and VII of Regulation (EC) No. 1308/2013 of the European Parliament and of the Council establishing a common organization of markets in agricultural products. More detailed implementing regulations set down precise detailed descriptions.

Situation in Montenegro

Poultry meat processing is carried out in 7 approved establishments, out of which, a certain number carry out integrated broiler breeding, slaughtering and processing. All of the establishments have to meet general and specific hygiene requirements, in line with the Rulebook on Hygiene Requirements for Food of Animal and Plant Origin (OG MNE, No. 14/2009) and the Rulebook on Specific Hygiene Requirements for Food of Animal Origin (OG MNE, No. 14/2009), to meet EU requirements (Regulation No. 852/2004 and Regulation No. 853).

Less than 1% of eggs in Montenegro, produced in intensive farming, are produced in line with EU standards on keeping laying hens. In intensive commercial farming, laying hens are kept in old type cages (4 - 5 hens per cage). Laying hen farms that put eggs on the market are recorded in the Registry of Registered Establishments. Establishments for egg and poultry production are registered in a separated register. In the EU, under Directive 2002/4/EC, establishments that keep more than 350 laying hens have to be registered.

Montenegro will have to change its current cages for better cages or alternative systems (covered under Chapter 12 of the acquis – Food Safety, Veterinary and Phytosanitary).

The Rulebook on the Quality of Fowl Meat (OG SFRY, Nos. 1/81 and 51/88) and the Rulebook on the Quality of Eggs and Egg Products (OG FRY, No. 55/89) set out the applicable rules on marketing.

Montenegro will draft and adopt legislation to bring its legislation in line with the EU. It will also undertake measures to ensure that implementation is achieved by the date of accession.

Proposed Action

EU standards for meat classification and labeling will be introduced in the poultry sector and a classification system will be established for the egg sector. Quality control measures will be put in place for both sectors.

Table 14: Implementation measure – Poultry Meat and Eggs

Activity	Body responsible	Timeline
Law on the Organization of the Market of Agricultural Products	MARD	2016
Establishment of a system for the classification and labeling of poultry	MARD	2017
Establishment of a classification system for eggs	MARD	2017 (EU system to be reviewed in 2016)
Establishment of a price reporting system for poultry meat and eggs	MARD and Paying Agency	2018
Designation of an authorized laboratory for quality control	MARD	2018
Training to improve knowledge on the subject	MARD	2016

g) Apiculture

Main requirements of the acquis

With a view to improving general conditions for the production and marketing of apiculture products, Member States may draw up national programmes for the apiculture sector covering a period of three years ("apiculture programmes"). These programmes shall be developed in cooperation with representative organizations in the beekeeping field and are 50% financed by the EU.

Member States may make national payments for the protection of apiaries disadvantaged by structural or natural conditions or under economic development programmes, except for those allocated for production or trade.

Situation in Montenegro

Pursuant to the Law on Agriculture and Rural Development (Article 39), the Ministry of Agriculture and Rural Development adopted the Rulebook on Minimum Quality Requirements for Honey and Other Bee Products (Official Gazette of Montenegro 27/2014). This rulebook stipulates the minimum requirements in terms of quality and composition, conditions for placing products on the market, and for the labeling of honey and other bee products and honey preparations.

In order to be able to place their products on the market, producers should be registered in the Register of Establishments Approved for Honey Production and also with their own local association. It is also necessary to perform analyses of the quality of honey as stipulated by the Rulebook on Honey Quality.

Laboratories where honey quality is analyzed currently do not have accredited methods for the analysis of honey and other bee products.

The Rulebook on Minimum Quality Requirements for Honey and Other Bee Products has been harmonized with the EU *acquis* (Council Directive 2001/110/EC) in terms of: the definition of honey, the basic types of honey categorized by origin, composition, production methods, composition criteria, origin and analysis.

Currently, support for the honey sector is provided by the national budget (Agro-Budget), which supports the following: improving competitiveness in the production of apiculture products; improving the genetic potential of bee communities through the introduction of high-quality bees into production; quality preservation and increasing the health and safety of apiculture products; increasing the expertise and training of bee keepers; supporting young bee-keepers – beginners and supporting bee-keepers with wax processing and sterilization. Measures imposed by the national budget are planned with and implemented directly through the Union of Beekeeping Organizations of Montenegro. This Union comprises 29 local beekeeping associations. In coordination with local associations, the Union further implements measures imposed by the national budget.

Proposed Action

The Law on the Organization of the Market in Agricultural Products (2016) will provide a legal basis for the adoption of a rulebook which will underpin the implementation of the Law on the Organization of the Market in Agricultural Products in the Apiculture Sector.

Planned support measures in line with Regulation 1308/2013 include among other things: varroa control; honey quality control; the restocking of beehives; the rationalisation of transhumance; technical support for bee-keepers; applied research in apiculture; market monitoring and new ways of improving the quality of products in order to utilise the potential of products on the market.

Support for the apiculture sector will continue to be provided through national Agro-Budget measures. These measures will gradually be harmonized with the EU *acquis*. In order to harmonize these measures with the EU *acquis*, Montenegro will produce a study on its current structure for the production and marketing of honey and other bee products; this is necessary for the development of a National Three-Year Apiculture Programme. The study will define the measures to be supported under the National Three-Year Programme, the budgetary funds required as well as timeframes for the implementation of measures. Montenegro will implement the measures required by the National Apiculture Program upon its accession to the EU.

For the purpose of the full implementation of the abovementioned measures, regular and ongoing training will be provided to producers and to administrative staff (TAIEX, etc.)

Table 15: Implementation measure – Apiculture

Activity	Body responsible	Timeline
Rulebook on Detailed Rules for the Implementation of the Law on the Organization of the Market in Agricultural Products in the Apiculture Sector	MARD	2017
Study carried out on the structure of production and regarding the marketing of honey and other bee products	MARD	2018
Development of a National Three-Year Apiculture Programme	MARD	2020
Training/information provided to producers	MARD	Ongoing
Training to improve the skills base of administrative staff	MARD	Regularly

7 RURAL DEVELOPMENT POLICY

Main requirements of the acquis

Pillar II of the Common Agricultural Policy – rural development and the use of the European Agricultural Fund for Rural Development – EAFRD, financing the rural development measures in the EU Member States, are governed by the following legislation:

- REGULATION (EU) No 1305/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005,
- REGULATION (EU) No 1303/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006,
- REGULATION (EU) No 1306/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 on the financing, management and monitoring of the common agricultural policy, and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008,

With the reform of EU common policies for the period 2014 – 2020, the EAFRD has become a part of the European Structural and Investment Funds) and one of five instruments, along with the Cohesion Fund - CF, European Regional Development Fund - ERDF, European Social Fund – ESF, European Maritime and Fisheries Fund – EMFF, aimed at accomplishing the objectives of the comprehensive Europe 2020 Strategy. In this framework, rural development policy will keep its distinctive identity and it will operate under a specific regulation (Regulation (EU) № 1305/2013 on support for rural development and common provisions for the CAP as a whole (Regulation (EU) № 1306/2013 on CAP “horizontal” aspects such as funding and controls).

The precondition for use of the EAFRD fund in any Member State is the adoption of strategic documents – the Partnership Agreement and the Rural Development Programme, as well as having in place the structures for the management and implementation of the Rural Development Programme – the Paying Agency and the Managing Authority.

Situation in Montenegro

The national rural development measures are governed by the following legislation:

- Law on Agriculture and Rural Development (Official Gazette of Montenegro No. 56/09);
- Law on Budget of Montenegro for 2014 (Official Gazette of Montenegro No. 59/14);
- Decree on Conditions, Manner and Dynamics of Agrarian Policy Measures, implemented in 2015 – Agro-Budget (Official Gazette of Montenegro No.11/15).

The total planned expenditure in 2015 for rural development amounts to €8,013,000, which is equal to 56% of the support given to the agricultural sector, or to 34% of the total Agro-Budget (agricultural component). The Agro-Budget (2015) defines rural development policy measures as follows:

1. Axis 1: Measures for Improving the Competitiveness of Agriculture

- a) Support for investments in agricultural holdings (EU/IPA Project institutional development in agriculture and rural development in Montenegro, EU and World Bank), with a budget of €3,500,000;
- b) Support for investments in agricultural holdings (MIDAS grants), with a budget of €1,500,000;
- c) Support for the development of viticulture and winemaking, with a budget of €300,000;
- d) Support for setting up and modernizing/equipping fruit plantations for production, with a budget of €350,000;
- e) Support for primary production in olive growing, with a budget of €120,000;
- f) Support for vegetable production, with a budget of €260,000;
- g) Support for setting up plantations of perennial medicinal and aromatic herbs, with a budget of €100,000;
- h) Support for investments in processing on family holdings, with a budget of €400,000;
- i) Improving the quality of products, with a budget of €80,000;
- j) Promotion of agricultural products and agriculture, with a budget of €170,000;
- k) Support for improving the quality of raw milk, with a budget of €150,000;
- l) Support for activities relating to cooperatives and national associations, with a budget of €50,000.

2. Axis 2: Measures for the Sustainable Management of Natural Resources

- m) Preservation of autochthonous genetic resources in agriculture, with a budget of €33,000;
- n) Organic production, with a budget of €200,000;
- o) Sustainable use of mountain pastures, with a budget of €207,000.

3. Axis 3: Measures for Improving the Quality of Life and Diversification of Economic Activities in Rural Areas

- p) Diversification of economic activities in rural areas, with a budget of €60,000;
- q) Revitalising and developing rural areas and building infrastructure, with a budget of €533,000.

The harmonization of the National Rural Development Policy will be implemented gradually during the pre-accession period, in accordance with the financial resources available (national budget funds, IPARD-like funds, IPARD fund – EU and national component), while taking into account the strategic objectives of the Agricultural Policy of Montenegro – enhancing the competitiveness of agriculture, sustainable management of natural resources and the development of rural areas, along with priority action areas:

- Fostering the transfer of knowledge and innovation in agriculture, forestry and rural areas;
- Enhancing the competitiveness of agriculture and sustainable management;
- Promoting food chain organization and risk management;
- Restoring, preserving and enhancing ecosystems relating to agriculture and forestry;
- Promoting resource efficiency and supporting a shift towards a low-carbon and climate-resilient economy in agriculture, forestry and in the food sector;
- Promoting social inclusion, poverty reduction and economic development in rural areas.

Currently the Directorate for IPARD payments implements national rural development measures including IPARD-like measures that are financed through a loan from the World Bank (MIDAS grants). There are plans to accredit two of the IPARD II programme measures by 2016.

The Directorate for IPARD Payments consists of six departments: the Department for Publicity and the Authorization of Projects, the Department for Authorization of Payments, the Department for On-The-Spot Control, the Department for the Execution of Payments, the Department for Accounting and Budgeting and the Database Department.

Current organization structure and procedures respects criteria for segregation of duties for tasks of authorization, execution and accounting and provides conditions for implementation of the "4 eye" principle for those tasks.

Future organisation, regarding the implementation of EU rural development measures, will be developed on the basis of the existing organisational structure of the Directorate for IPARD Payments, with regular increases in the number of staff and with the fine-tuning of the organizational structure according to the needs of EAFRD.

Proposed Action

Managing Authority for Rural Development Funds

Upon accession the current IPARD Managing Authority will take over the function of the Managing Authority for the Rural Development Programme (EAFRD) at the moment of transition from IPARD II Programme to the Rural Development Programme (EAFRD). The Managing Authority for the Rural Development Programme, in line with the *acquis*, will be in charge of managing and implementation of the Rural Development Programme, which implies the execution of the following tasks:

1. Ensuring that operations are selected for funding in accordance with the criteria applicable to the Rural Development Programme;
2. Keeping an electronic statistical information system on implementation so as to ensure proper monitoring and evaluation;
3. Ensuring that beneficiaries and other bodies involved are fully informed of their obligations resulting from the support provided;
4. Providing the EC with the required data – indicators;
5. Coordination of bodies involved in implementation of the measures such as a separate accounting system and ensuring provision of all required data to the Managing Authority;
6. Implementation of ex-ante evaluation;
7. Development of an evaluation plan and its implementation;
8. Providing the Rural Development Programme Monitoring Committee with information and documents needed to monitor the implementation of the Programme;
9. Providing the Paying Agency with the criteria for the project selection;
10. Providing publicity for the Rural Development Programme, including the work of the Rural Development Network.

In order to prepare for the implementation of Rural Development policy by the time of accession the presented in Table 15 will be undertaken.

Table 16: Implementation measure – Rural Development Policy

Activity	Body responsible	Timeline
Implementation of IPARD-like Programme	MARD Directorate for IPARD Payments (IPARD Agency)	During 2015
Implementation of IPARD II programme with the staged introduction of various measures. ⁵	MARD Directorate for IPARD Payments (IPARD Agency) and MARD Directorate for Rural Development (IPARD Managing Authority)	2016 onwards
Amending legislation with a view to aligning with EU <i>acquis</i>	MARD Directorate for	Annually from

⁵ Details regarding the IPARD II programme can be found in the document Programme for Agriculture and Rural Development of Montenegro under IPARD 2014-2020

	Rural Development (IPARD Managing Authority) - proposal	2016 Agro-Budget
Government to adopt decision on operational structure for implementation of the Rural Development Programme	MARD Directorate for Rural Development (IPARD Managing Authority)	II Q 2020
Preparation of a rural development programme (RDP). The programme will identify a strategy for meeting targets in relation to the Union priorities for rural development and a selection of measures that takes into account the specific situation of the agricultural sector in Montenegro.	MARD Directorate for Rural Development (IPARD Managing Authority)	QII 2018
Establish consultation mechanism of relevant bodies for the development of the rural development programme - farmers associations, chamber of commerce, biotechnical faculty and other educational establishments.	MARD Directorate for Rural Development (IPARD Managing Authority)	Ongoing from 2015
Adoption of procedures for work of the Managing Authority (manuals)	MARD Directorate for Rural Development (IPARD Managing Authority)	IV Q 2020
Preparation of procedures and manuals for implementation of the Rural Development Programme	Paying Agency and regional offices	2020
Accreditation of the Paying Agency	Competent Authority	2020
Participation of MA employees in working bodies of the Council and of the Commission	MARD Directorate for Rural Development (IPARD Managing Authority)	From the date of signing the Treaty on Accession
Continuous training of employees of the Managing Authority in rural development policy area (TAIEX, Twinning, other technical assistance instruments – workshops, seminars, on-the-job training, consultants)	MARD Directorate for Rural Development (IPARD Managing Authority)	Ongoing from 2015

8 QUALITY SCHEMES

Main requirement of the *acquis*

The main requirements of the *acquis* with respect to Quality Policy are set out in the following legislation:

- Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs;
- Commission Delegated Regulation (EU) No 664/2014 of 18 December 2013 supplementing Regulation (EU) No 1151/2012 of the European Parliament and of the Council with regard to the establishment of the Union symbols for protected designations of origin, protected geographical indications and traditional specialties guaranteed and with regard to certain rules on sourcing, certain procedural rules and certain additional transitional rules;
- Commission Delegated Regulation (EU) No 665/2014 of 11 March 2014 supplementing Regulation (EU) No 1151/2012 of the European Parliament and of the Council with regard to conditions of use of the optional quality term 'mountain product';
- Commission Implementing Regulation (EU) No 668/2014 of 13 June 2014 laying down rules for the application of Regulation (EU) No 1151/2012 of the European Parliament and of the Council on quality schemes for agricultural products and foodstuffs;
- 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;
- Commission regulation (EC) No 607/2009 of 14 July 2009 laying down certain detailed rules for the implementation of Council Regulation (EC) No 479/2008 as regards protected designations of origin and geographical indications, traditional terms, labeling and presentation of certain wine sector products;
- Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labeling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89;
- Commission Implementing Regulation (EU) No. 716/2013 laying down rules for the application of Regulation (EC) No. 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labeling and the protection of geographical indications of spirit drinks.

With respect to geographical indications and traditional specialties guaranteed each Member State must provide for procedure for handling applications for the registration of GIs, official control of registered names (verification of specification and monitoring on the market place).

Situation in Montenegro

Quality Policy in Montenegro is regulated by the Law on Designations of Origin (PDO), Geographical Indications (PGI) and Traditional Specialties Guaranteed (TSG) in Agricultural and Food Products (Official Gazette of Montenegro 18/11).

In addition to this law, MARD has adopted two rulebooks: the Rulebook on Indications of Traditional Specialties Guaranteed in Agricultural and Food Products, Official Gazette of Montenegro 22/2014, and the Rulebook on the Manner of Registration of the Designation of Origin and Geographical Indications in Agricultural and Food Products, Official Gazette of Montenegro 27/2014.

Montenegrin legislation is, to a large extent, aligned with the EU *acquis* in this area.

Under the law, applications for registration must be submitted to the ministry where a Commission will examine and process applications.

In Montenegro, to-date, no agri-food products have been protected at national level under quality schemes.

Currently, there is no control body in Montenegro that is authorized for performing controls on PGI, PDO and TSG, for any type of agricultural or food products, including wines and spirits.

The geographical designation of spirit drinks is set out in the Law on Alcoholic Drinks (Official Gazette of Montenegro No. 83/09). During the course of 2015, the adoption of a new Law on Alcoholic Drinks is planned for the purpose of alignment with the EU *acquis* (in particular regarding the adoption of categories of alcoholic drinks as set out in Regulation No. 110/2008). Through the adoption of a new law, the area of geographical designations for spirit drinks would be addressed and regulated, in line with EU *acquis*.

The draft of a new law on wine, aligned with EU legislation is in the process of adoption; the aforementioned draft provides procedures for the recognition and protection of geographical designations (as PDO and PGI) in line with the EU *acquis*.

IPA 2011 is currently funding a project on the Delimitation and Zoning of Viticulture in Montenegro for the production of wines including details about the 'designation of origin' and 'geographical indication.' Montenegro does not have an electronic register of vineyards with orthophoto maps – the Cadaster of Vineyards will form the basis for the development of the study. New zoning is a precondition for the full implementation of recognition and for the labeling of PDOs and PGIs. There is no body currently accredited in accordance with ISO 17065 for assessing the compliance of products with their specifications, nor for the purpose of recognising and registering PDOs and PGIs.

Proposed Action

By the end of 2015, the Ministry of Agriculture and Rural Development will authorize a body to be responsible for the control and certification of PDOs, PGIs and TSGs. The certification body "Monteorganica" d.o.o., which currently performs the control and certification of certain organic products and which is authorized by the Ministry of Agriculture and Rural Development, has provided a number of training courses for its staff on PDO and PGI and has started to develop procedures for the control and certification of quality schemes.

The adoption of a new law on quality schemes for agricultural and food products is planned for 2016; this will be harmonized with Regulation (EU) 1151/2012 on quality schemes for agricultural and food products. During the period 2017-2018, bylaws will be adopted in line with Delegated Commission Regulation (EU) No 664/2014 of 18th December 2013; Delegated Commission Regulation (EU) No 665/2014 of 11th March 2014 and Commission Regulation (EU) No. 668/2014 of 13th July 2014.

Since there are no products of Montenegrin origin that are protected by quality schemes, ongoing and regular education and publicity will be provided to producers and consumers on quality schemes, with the support of TAIEX, FAO and other available instruments in order to encourage registration. In addition to producers and consumers, administrative staff (advisory services, local self-governments and control bodies) will also be included in education activities. The process of registering quality schemes will only be available to producers, and education activities focused on target groups by specific agricultural-food products will be implemented accordingly.

In order to maximize the utilization of resources available, an analysis on the mapping of products will be conducted i.e. to identify the products that have the greatest market potential.

Due to the specific character of the policy and the registration requirements (product specification, verification of compliance with product specification, additional laboratory analyses) support will be provided to producers for the preparation of documents required for the registration of indications/designations.

Once Montenegro has products that are labelled as PDOs, PGIs and TSGs, support will be provided to producers for the marketing of such products (preparatory activities including design, laboratory analyses and all other activities arising during initial stages), information and promotional activities showing the specific character of products in terms of their quality.

The adoption of a new Law on Wine along with other relevant secondary legislation will provide a legal framework for the recognition and protection of designations of origin and geographical indications (Regulations EC 1308/2013, 436/2009, 606/2009 and 607/2009).

During the course of 2015, the adoption of a new Law on Spirit Drinks is also planned and this will include provisions on geographical indications for spirit drinks.

Rules applicable to the definition, description, presentation, labeling and protection of geographical indications of aromatized wine, aromatized wine based beverages and aromatized wine based cocktails ('aromatized wine products') needs to be established.

Table 17: Implementation measure –Quality schemes

Activity	Body responsible	Timeline
Adoption of a Law on Spirits drinks	MARD	Q4 2015
Adoption of the Law on Quality Schemes in line with Regulation (EU) No 1151/2012	MARD	Q4 2016
Adoption of bylaws in line with the Law on Quality Schemes	MARD	2017-2018
Creation of a public register on protected geographical indications (foreseen under existing law)	MARD	Q4 2017
Training for control body	MARD	Ongoing
Integration of agricultural producers into registered quality schemes (allocation of support funds to producer groups in preparation for the registration process (assistance in developing product specification, analyses, education for producers for implementation of internal controls))	MARD	Ongoing
Raising the awareness of producers and consumers on the importance of quality schemes (information-education campaigns)	MARD	Ongoing
Administrative staff training	MARD Certification Body	Ongoing
Establishment of procedures and guidelines for the enforcement of rules with regard to labeling and presentation in the wine sector	MARD	2017

9 ORGANIC PRODUCTION

Main requirements of the acquis

The main requirements of the *acquis* with regard to organic farming are set out in the following legislation:

- Council Regulation (EC) No. 834/2007 of 28th June 2007 on Organic Production and the Labeling of Organic Products and repealing Regulation (EEC) No. 2092/91.
- Commission Regulation (EC) No. 889/2008 of 5th September 2008 lays down detailed rules for the implementation of Council Regulation (EC) No. 834/2007 on Organic Production and the Labeling of Organic Products with regard to organic production, labeling and control.
- Commission Regulation (EC) No. 1235/2008 of 8th December 2008 lays down detailed rules for the implementation of Council Regulation (EC) No. 834/2007 regarding arrangements for the import of organic products from third countries.

Situation in Montenegro

Organic production in Montenegro is governed by the Law on Organic Production (Official Gazette of Montenegro 56/2013). A control system is in place, while supervision over the work of the control body is carried out by the Ministry and it is accredited and works under the surveillance of the Accreditation Body of Montenegro.

The Law on Organic Production is harmonised with the Council Regulation (EC) No. 834/2007 on the Organic Production and Labeling of Organic Products, which has been fully applied, except for the provisions that refer to imports from third countries and the use of the EU logo.

Rulebook on more detailed rules for plant and livestock production was adopted at the end of 2014. It lays down detailed rules and conditions for organic plant and livestock production, conditions for use of authorized products and substances, the manner of use for the aforementioned products and substances, the dosage and period in which they may be used and relevant transition periods (conversion). This rulebook has been fully aligned with Commission Regulation (EC) No. 889/2008 which lays down detailed rules on organic production, labeling and control.

Proposed Action

Legal Framework and Implementation

Full harmonisation with the EU *acquis* is planned to be achieved by the end of 2017.

It is necessary to develop rulebooks laying down detailed rules on the control system, on organic production signs and on special requirements in terms of labeling, rules on processing, packaging, transport and storage of organic products as well as rules for aquaculture animals and production rules for seaweed. These bylaws will be harmonised with the Commission Regulation (EC) No. 889/2008 laying down detailed rules on organic production, labeling and control and the Commission Regulation (EC) No. 1235/2008 concerning the imports of organic products from third countries.

The Rulebook on Control Systems will define clear rules about supervision requirements, the frequency of audits, checklists for control bodies etc. Montenegro will establish procedures for implementing detailed rules regarding arrangements for the import of organic products in accordance with the EU *acquis*. It is expected that the official MARD web page will be updated by the end of 2015; this will provide information to the public concerning databases on seed and other planting material, and will provide lists of certified organic operators and control bodies approved within the territory of Montenegro.

The ministry will continuously supervise control bodies through regular annual official controls. Control bodies shall, at least once a year, carry out physical inspections of all operators. Additionally, control bodies

will carry out random unannounced visits to evaluate the risks associated with the non-compliance of organic production rules.

Cooperation will be established with the Accreditation Body in order to exchange information on the supervision of the work of control bodies.

Through Agro-Budget measures (rural development measures), support will be provided to producers in the area of organic production; support will be further continued in order to further promote production. It is expected that under the IPARD programme, organic producers and processors will be able to develop infrastructures on their farms and in their processing facilities. In this way, the pronounced seasonal character of production will be alleviated. Producers will have the opportunity of processing their primary products and will thus be able to ensure continuity in both production and marketing.

Fragmented production and a small processing capacity make producers' associations much more important. With support from TAIEX, training will be provided to producers in order to increase their awareness regarding the importance of associations, and to inform them of applicable EU legislation and other issues that are of importance to them.

Support for the establishment and promotion of direct sale channels for organic products is planned (produce markets where organic products will be presented) in order to present them effectively to consumers and to ensure that regulations in terms of organic product labeling are observed. An additional marketing channel that will be explored is the tourism sector.

Administrative staff training is planned (ministry, advisory services, control body representatives) using Twinning, TAIEX and other support instruments such as the Better Training for Safer Food Program (BTSF).

Table 18: Implementation measure – Organic production

Activity	Body responsible	Time line
Rulebook on Terms for Entry in the Register of Organic Producers	MARD	Q3 2015
Rulebook on Control Systems	MARD	Q4 2015
Rulebook on Organic Production Logos and Special Requirements in Terms of Labeling	MARD	Q3 2016
Rulebook on Processing, Packaging, Transport and Storage of Organic Products	MARD	Q4 2016
Rulebook on Production Rules for aquaculture animals and production rules for seaweed	MARD	Q4 2017
Official update of the web page	MARD	Q4 2015
Establishment of specific procedures on the import of organic products	MARD Customs Administration	2019
Education of producers	MARD	Ongoing

ADMINISTRATIVE CAPACITY

ADMINISTRATIVE CAPACITY Assesment of HR Needs (2015-2020)		2014	2015	2016	2017	2018	2019	2020	Total
TOTAL		55	29	40	16	22	16	7	185
II. HORIZONTAL ISSUES		43	25	40	16	22	16	7	169
1. Direct Payments + CMO Specific Standards Concerning Production and the Marketing of Certain Products		7	1	0	1	1	0	0	10
	Director's Office - Director	1							1
	Department for Livestock Breeding	3			1				4
	Department for Plant Production	3	1			1			5
2. Paying Agency		36	24	39	15	20	15	7	156
2.1	Director's Office - Director	3	0	4	2				9
	Director	1		1	1				3
	Public Relations and EU Affairs			2					2
	Processing the Management of Documents			1					1
	Security Officer				1				1
	Risk Management and Irregularities	2							2
2.2	Internal Audit Department	0	2	1	1				4
			2	1	1				4
2.3	Sector for General and Legal Affairs	0	4	2	2				8
	General Affairs		2	2	1				5
	Legal Affairs		2		1				3
2.4	Department of Information Technology	0	4	2		2			8
	Infrastructure		2	1		1			4
	SW Development		2	1		1			4
2.5	Database Department	4	2	1		1			8
	Farm Register	3							3
	LPIS	1	2	1		1			5

2.6	Sector for Direct Support	0	2	4	2	2			10
	Administrative Controls		1	2	1	1			5
	Authorization of Payments		1	2	1	1			5
2.7	Department for Structural Support	10	5	2					17
	Administrative Control	5	4	1					10
	Authorization of Payments	5	1	1					7
2.8	Department for CMO Measures	0	0			2	2	1	5
	Administrative Controls					1	1	1	3
	Authorization of Payments					1	1		2
2.9	Department for On-the-Spot-Control	9	5	2		2	2		20
	Direct Payment Controls			2		2			4
	Structural Measures Controls	9	5						14
	CMO Controls						2		2
2.10	Finance Sector	10							10
	Financial Affairs	5							5
	Accounting and Debt Management	5							5
	Reporting								0
2.11	Regional Offices			21	8	11	11	6	57
	Regional Office in Podgorica			3	2	2	2	1	10
	Regional Office in Nikšić			3	2	2	2	1	10
	Regional Office in Pljevlja			3	1	2	2	1	9
	Regional Office in Bijelo Polje			3	1	2	2	1	9
	Regional Office in Berane			3	1	2	2	1	9
	Regional Office in Bar			3	1		1		5
	Regional Office in Herceg Novi			3		1		1	5
3. Farm Accountancy Data Network (FADN)				1	0	1	1		3
III. COMMON MARKET ORGANISATION (CMO) - Horizontal Measures		2	1						3
IV. RURAL DEVELOPMENT POLICY		9	2	0	0	0	0	0	11
	Director's Office - Director	1							1

	Programming	5							5
	Monitoring and Evaluation	2	1						3
	Coordination and Public Relations	1	1						2
V. QUALITY SCHEMES		1⁶							1
VI. ORGANIC PRODUCTION		0	1						1

⁶The same person can be employed for the implementation of quality schemes in organic production