

Agriculture Modernization Project

The Ministry of Agriculture, Forestry and Water Economy of the Republic of North Macedonia (MAFWE) has received financing in the amount of EUR 46 million (US\$50.5 million equivalent) from the World Bank toward the cost of the Agriculture Modernization Project, and it intends to apply part of the proceeds to payments for goods, works, related services and consulting services to be procured under this project. For Sub-component 2.3 - Safe disposal of animal by-products MAFWE will receive a grant in the amount of EUR 4.0 million through the European Union's Instrument for Pre-Accession Assistance funding mechanism.

The project will include the following components:

Component 1: Agriculture Sector Competitiveness (EUR32.0 million) aiming at enhancing farm-level competitiveness and fostering agricultural produce aggregation and market integration of farmers. The component activities focus on technical assistance (through training and advisory services) and off-farm infrastructure investments to complement existing investments in on-farm productivity-enhancing investments. It includes the following two sub-components:

- **Sub-component 1.1 - Access to Training and Advisory Services (EUR1.30 million).** The sub-component aims at providing high-quality training and advisory services for agricultural producers and agribusinesses in two formats: targeted trainings on specific topics relevant for the beneficiaries of the Collection and Conditioning Centers (CCCs) and the Agri-food Platform (APF) to be established under sub-component 1.2 in the project areas (Resen, Strumica, Skopje); and financial support to producers and agribusinesses throughout North Macedonia in form of matching grants for on-demand advisory services by qualified advisors.
- **Sub-component 1.2 - Agriculture and Food Distribution Systems (EUR30.7 million).** This sub-component aims to develop sustainable and competitive food storage and distribution systems to benefit producers, distributors and consumers. The newly constructed centers will include storage capacity to help agricultural producers adapt to the risk of extreme climatic changes by preserving their produce during harsh winters and hot summers. The sub-component will support the development and operation of two collection and conditioning centers (CCC) in Resen and Strumica municipalities, and an Agri-food Platform (AFP) in Skopje suburban area, composed of a wholesale market and a logistics area. Specifically, the sub-component project will support: (a) technical assistance for the preparation of feasibility studies, business plans, environmental and social impact assessments, and detailed designs and construction supervision plans for all three facilities; (b) civil works for the construction of three facilities; and (c) operational guidance for the start-up of activities.

Component 2: Institutional Capacity for EU Accession (EUR13.0 million) aiming at enhancing public support services, including the capacity to design and deliver effective support to the agriculture sector. It includes following three sub-components:

- **Sub-component 2.1 – Evidence-Based Policy-Making (EUR6.5 million).** The sub-component will support the establishment of monitoring and evaluation (M&E) system for agricultural and rural development policy design and implementation, and information system for management of state-owned agriculture land. It will provide technical assistance, goods, training and study tours to strengthen the MAFWE capacity for effective M&E and evidence-based policy making;
- **Sub-component 2.2 - IPARD Implementation Capacity (EUR2 million)** aims to strengthen Agency for Financial Support in Agriculture and Rural Development (AFSARD) capacity required for the implementation of the IPARD accredited measure. The sub-component would support: (a) the renovation of a suitable office building to be identified by the Government to accommodate the AFSARD staffing increases; and (b) office furniture and information technology equipment;
- **Sub-component 2.3 - Safe disposal of animal by-products (ABP) (EUR4.5 million (IBRD); EUR 4.0 million (EU IPA grant))** will support technical assistance, civil works, and goods required for the establishment of an ABP Safe Disposal System compliant with the provisions stipulated in the EU negotiations Chapter 12 Food safety, veterinary and phyto-sanitary policy. This will also include support for the operationalization of an ABP control system along the entire chain (production, separation, storage, transport, and disposal and/or processing); training of inspectors and business operators; establishing documented procedures and check lists for the approval of establishments and inspection thereof, completing the alignment as necessary of the legal and regulatory framework in line with the current and relevant EU acquis; and launching a public information and awareness campaign for the food production and processing industry.

Under **Component 3**, in order to strengthen the capacity of the Project Management Team (PMT), an International Procurement Consultant will be hired on a part time basis to provide assistance to the PMT with complex, high value contracts.