

**Republic of North Macedonia**  
**Ministry of Agriculture, Forestry and Water Economy**

**Agriculture Modernization Project**  
**(AMP)**

***(P168014)***

**Project Operations Manual**

September 15, 2023

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## ABBREVIATIONS AND ACRONYMS

ABP	Animal By-Products
AFP	Agri-food Platform
AFSARD	Agency for Financial Support of Agriculture and Rural Development
AMP	Agriculture Modernization Project
AREC	Agency for Real Estate and Cadastre
CA	Contracting Authority
CAP	Common Agricultural Policy
CCC	Collection and Conditioning Center
CMEF	Common Monitoring and Evaluation Framework
CMES	Common Monitoring and Evaluation System
CPF	Country Partnership Framework
DG AGRI	Directorate-General for Agriculture and Rural Development
DFIL	Disbursement and Financial Information Letter
EC	European Commission
EOI	Expressions of Interest
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FM	Financial Management
FVA	Food and Veterinary Agency
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GOM	Grant Operational Manual
GPN	General Procurement Notice
GRM	Grievance Redress Mechanisms
IA	Implementing Agency
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communications Technology
INDC	Intended Nationally Determined Contributions
IPA	Instrument of Pre-accession Assistance
IFR	Interim Financial Report
IPARD	Instrument for Pre-Accession Assistance for Agriculture and Rural Development
IPF	Investment Project Financing
IPMP	Integrated Pest Management Plan
IRR	Internal Rate of Return
MAFWE	Ministry of Agriculture, Forestry and Water Economy
M&E	Monitoring & Evaluation
MSDP	Market Support and Direct Payments
NBNM	National Bank of North Macedonia
NEA	National Extension Agency
NPV	Net Present Value
PDO	Project Development Objective
PEMP	Public Enterprise for Management of Pasture
PFM	Public Finance Management
PFS	Project Financial Statements

PIP	Project Implementation Plan
PMEF	Performance Monitoring and Evaluation Framework
PMT	Project Management Team
POM	Project Operations Manual
PPSD	Project Procurement Strategy for Development
RFP	Request for Proposals
SDG	Sustainable Development Goal
SOE	Statement of Expenditure
STEP	Systematic Tracking of Exchanges in Procurement
TSA	Treasury Single Account
UNDB	United Nations Development Business
WA	Withdrawal Application
WB	World Bank

## **THE PURPOSE OF THE PROJECT OPERATION MANUAL (POM)**

1. The purpose of this Project Operations Manual (POM) is to assist those that are involved in the coordination, management and implementation of the AMP, including the Project Management Team (PMT), the Project Technical Committee (PTC); staff of the Ministry of Agriculture, Forestry and Water Economy (MAFWE, the lead Implementing Agency (IA)), the Agency for Financial Support of Agriculture and Rural Development (AFSARD, i.e. the Paying Agency), the Food and Veterinary Agency (FVA), the Agency for Real Estate and Cadastre (AREC), the National Extension Agency (NEA), and the Public Enterprise for Management of Pasture (PEMP).
2. It aims to: (i) provide guidance on roles and responsibilities of all institutions and individuals involved in project implementation; (ii) ensure enhanced implementation of the project in accordance with the World Bank procurement, financial management, and environmental and social standards requirements; and (iii) increase transparency and accountability, while contributing to the achievement of better results. It describes in detail the activities that will be financed by the project to achieve the agreed project development objectives and result framework.
3. Guidelines and procedures laid out in the POM are consistent with the Project Legal Documents (Loan Agreement for the IBRD Loan and Grant Agreement for the EU Grant), Project Appraisal Document (PAD), World Bank Procurement Regulations, Financial Management and Environmental and Social Standard requirements. Amendments to the POM can be made through out project implementation as deemed necessary to ensure that it remains relevant and useful overtime, as recommended by MAFWE, but they are subject to World Bank review and clearance.
4. The primary user of the POM is the PMT, including the Project Director, Project Coordinator, Component/Sub-component Leaders, technical, procurement, financial, environmental and social standards and operational staff and consultants. The POM should be shared with the staff of agencies and/or institutions involved in project coordination, management and implementation both at the national and local level, as well to all national or international consultants that will be engaged in the project.
5. The POM should be read in conjunction with the Project Appraisal Document (PAD), PPSD, ESMF, GRM and IPMP.

## **I. THE AMP GENERAL INFORMATION**

### ***The project summary***

6. The total Project cost is EUR 50 million, of which EUR 46 million is IBRD loan and EUR 4 million is EU grant.

### ***PDO, PDO indicators, and Components***

7. The Project Development Objective (PDO) is to improve competitiveness in targeted agricultural sub-sectors and strengthen agricultural public sector readiness for EU accession.

### ***The PDO indicators are the following:***

8. **Farmers adopting improved agricultural technology** (Definition: this indicator measures the number of project beneficiaries who have adopted an improved agriculture technology promoted by the project. This refers to beneficiaries' acquired knowledge and innovation in modern production and processing techniques, including better pest and disease control, improved production practices, and climate-smart practices, which will allow them to be more competitive in the market. The information will be disaggregated by category of technology adopted, gender and youth/non-youth).
9. **Percentage of agricultural produce marketed in compliance with quality standards.** (Definition: This outcome indicator measures the (expected positive) change in quality of beneficiary farmers' marketed agricultural produce by using information from the produce class sorting at the Collection and Conditioning Centers (CCCs) for the main project-supported commodities. Improvements of produce quality are expected to relate to food safety, food hygiene and product quality classifications. Data will be disaggregated by crop, quality classifications and destination markets (domestic and export).
10. **Share of EU CAP 2021-2027 Performance Monitoring and Evaluation Framework Indicators recorded in North Macedonia** (Definition: This indicator measures the change of the Monitoring and Evaluation system for agricultural and rural development policy design and implementation supported by the project in terms of its coherence with the European Union's: Common Agricultural Policy post-2020 requirements, as envisaged in the CAP post-2020 Performance Monitoring and Evaluation Framework.)
11. **Tons of animal by-products safely disposed annually at the ABP facility** (Definition: This indicator measures the change of safely disposed ABP at the project-supported facility, in compliance with EU requirements. Data will be disaggregated by ABP classification.)

### ***Brief description of project components***

12. Project objectives will be achieved through implementing interventions planned under the following components/sub-components and activities described below:

#### **Component 1: Agriculture Sector Competitiveness (EUR32.0 million, IBRD)**

- Sub-component 1.1 - Access to Training and Advisory Services (EUR1.30 million).
- Sub-component 1.2 - Agriculture and Food Distribution Systems (EUR30.7 million).

#### **Component 2: Institutional Capacity for EU Accession (EUR13.0 million; EUR9 million IBRD; EUR4 million EU)**

- Sub-component 2.1 – Evidence-Based Policy-Making (EUR6.5 million, IBRD).
- Sub-component 2.2 - IPARD Implementation Capacity (EUR2 million, IBRD).
- Sub-component 2.3 - Safe Disposal of ABPs (EUR8.5 million, EUR4.5 million (IBRD); EUR 4 million (EU IPA grant)

### Component 3: Project Management: (EUR1 million, IBRD)

*Table 1: Overview of Project Proceeds*

Category	Amount of the Loan (Expressed in EUR)	Amount of the Grant Allocated (Expressed in EUR)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training and Operating costs for parts 1.1 (a), 1.2, 2.1, 2.2 and 3 of the Project	40,385,000		100%
(2) Matching Grants under part 1.1 (b) of the Project	1,000,000		100% of the amounts disbursed under the Matching Grants
(3) Goods, works, non-consulting services, consulting services, Training and Operating costs for part 2.3 of the Project	4,500,000	4.000.000	56% of the Loan proceeds 44% of the Grant proceeds
(4) Front-end fee	115,000		Amount payable pursuant Section 2.03 of the Agreement in accordance with Section 2.07 (b) of the General Conditions
(%) Interest rate Cap or Interest rate Collar Premium	0		Amount due pursuant to Section 4.05 (c) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>46,000,000</b>	<b>4.000.000</b>	

### *Project description by component*

#### Component 1: Agriculture Sector Competitiveness (EUR32.0 million, IBRD)

- The objective of Component 1 is to enhance farm-level competitiveness and foster agricultural produce aggregation and market integration of farmers. Proposed interventions under the component focus on technical assistance (through training and advisory services) and off-farm infrastructure investments to complement existing IPARD measures in on-farm productivity-enhancing investments. It includes the following two sub-components:
- 14. Sub-component 1.1 - Access to Training and Advisory Services (EUR1.30 million).** The objective of the sub-component is to support the provision of high-quality training and advisory services for agricultural producers and agribusinesses in two formats: First, it will support targeted trainings on specific topics relevant for beneficiaries of the Collection and Conditioning Centers (CCCs) and the Agri-food Platform (AFP) both of which are to be established through the support under sub-component 1.2 in the project areas i.e., one CCC each in Resen, and



Strumica and an AFP in Skopje. Training topics are envisioned to include but not limited to: improvement of crop varieties specifically for exports; Global Good Agricultural Practices (GAP); organic agriculture, and climate smart techniques. These trainings will be extended also to the NEA advisors, to improve their capacity i.e., enhance their knowledge and skill. Second, it will provide financial support to producers and agribusinesses throughout North Macedonia in the form of matching grants for on-demand advisory services to be provided by qualified advisors. Given the existing advisory services by NEA or local government agricultural service staff that primarily support producers' applications for IPARD funds, the project-supported advisory services are expected to improve the knowledge and skill of farmers and agribusinesses in production and post-harvest practices, business management skills<sup>1</sup>, marketing, etc. This will be done through the establishment of an Advisory One-stop Shop that is expected to strengthen the attractiveness of the CCCs to be established under sub-component 1.2. **A pool of regional experts will be set up to support the on-demand advisory service provision to producers and agribusinesses in North Macedonia. To this end, announcements will be made seeking expressions of interest from experts who can provide high-quality assistance and advisory services to agricultural households and businesses.**

15. Specifically, sub-component 1.1 will provide financing for technical assistance (TA) and consultants' services to: (a) carry out a skills needs and training analysis (training needs assessment (TNA)) of agricultural producers and processors in the project areas; (b) develop a database of vetted local consultants (trainers and advisory service providers) with extensive knowledge and expertise of providing training and advisory services in various fields, including agricultural production/processing, distribution, business planning and management, product innovation, marketing and sales and others; (c) develop a manual of the principles and application procedures for project technical advisory services, including eligibility criteria, contribution ceilings etc.; (d) develop and carry out a public awareness and information dissemination program about the project's training and advisory support program; and (e) the provision of approved eligible technical advisory services to farmers. The information dissemination activities and the management of application process for technical advisory assistance will be managed under the responsibility of the MAFWE and the NEA branch offices.
16. The project will finance a minimum 50 percent of the cost of the technical advisory services per eligible approved recipient farmer, based on comparable cost-sharing activities in other projects in the region. Criteria to be considered in the application would also include support to "public goods" elements, such as agri-environmental practices to reduce GHG emissions, adoption of water/energy efficient technologies, and climate-smart technologies<sup>2</sup>, or for specific support to women, young and small farmers. The sub-component – through technical advisory services – would also promote the adoption of digital technologies in this sub-component, including online platforms, videos, and other e-extension tools, to attract North Macedonia's young agricultural labor force (40 percent of the agricultural land holders were under 45 years old in 2013).
17. **Sub-component 1.2 - Agriculture and Food Distribution Systems (EUR30.7 million).** The objective of this sub-component is to develop sustainable and competitive food storage and distribution systems to benefit producers, processors, distributors, and consumers. The food storage and distribution systems to be constructed through the project support will improve 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 operationalization of two CCCs i.e., one each in Resen and Strumica municipalities, and an AFP in Skopje suburban area, composed of a wholesale market and a logistics area. Specifically, the sub-component will support: (a) technical assistance for the preparation of feasibility studies, and business plans; conducting environmental and social impact assessments; preparation of detailed designs; and construction supervision plans

(1) <sup>1</sup> Given the increased regulation and transparency on the issue of labor standards in the agribusiness value chain in the EU (such as formulated in the 2015 Modern Slavery Act), trainings will ensure to highlight the need to comply with these regulations related to seasonal, casual and transient workers.

(2) <sup>2</sup> These may include Technical Assistance to identify climate-smart technologies such as soil-crop management, improved livestock feeding, conservation tillage, windbreak barriers, mulching/soil cover, improved irrigation efficiency, water storage/rain harvest, shading/anti-hail nets, manure treatment, drainage, use of biofertilizers, compost, integrated pest management, solar refrigeration, solar heating systems and energy efficiency equipment in processing facilities, appropriate grain storage to limit pest infestations among others.

for all three facilities; (b) civil works for the construction of three facilities; and (c) operational guidance for the start-up of activities. The facilities are expected to be built on state-owned land and will be owned by the State. The CCCs will be managed through a PPP arrangement i.e., public delegation service contract to a private operator (cooperatives and/or agri-food sector company). Regarding the AFP, two options have been identified: (a) a PPP arrangement i.e., a public delegation service contract to a private experienced operator; and (b) a public delegation service contract to a semi-public company, with technical assistance for training of local personnel to operate and guide the operation of the market for several years. Which option is more suitable for this facility will be decided after the preparation of the feasibility study.

## **Component 2: Institutional Capacity for EU Accession (EUR13.0 million, EUR9 million IBRD, EUR4 million EU)**

18. The objective of Component 2 is to enhance public support services, including the capacity to design and deliver effective support to the agriculture sector. It includes following three sub-components:

19. **Sub-component 2.1 – Evidence-Based Policy-Making (EUR6.5 million, IBRD).** The objective of the sub-component is to build the capacity of the MAFWE by supporting the establishment of a M&E system that ensures effective agricultural and rural development policy design and implementation; and by establishing an information system for effective and efficient management of state-owned agriculture land. It will support technical assistance, goods, trainings, and study tours to strengthen the MAFWE's capacity for effective M&E and evidence-based policy making. Specifically, technical assistance will be provided for:

- *Establishing a M&E system* consistent with Common Agricultural Policy (CAP) post-2020 requirements, as described in the recent legislative proposals of the EC. The M&E system will allow to record all relevant indicators -- context, output, result, and impact -- as envisaged in the CAP post-2020 Performance Monitoring and Evaluation Framework (PMEF) to guide evidence-based decision making in both agriculture and rural development policy, including associated data collection, surveys, and evaluations.
- *Strengthening MAFWE's capacity* to re-design the existing Direct Payment scheme in a manner that facilitates compliance with current EU farm income support measures and integration of rural development measures into a common policy framework.
- *Mapping of data currently collected* (in terms of both variables and software/hardware environment) to assess (a) the needs for and identify data variables to be stored in the platform and (b) the necessary software and hardware infrastructure. The sub-component will provide support to establish one integrated data platform that includes all relevant data associated with agriculture and rural development that is currently compiled by various MAFWE Departments, AFSARD, NEA, State Statistical Office, and others for decision making at central level.
- *Identifying a set of agriculture and rural development performance and impact indicators* that can guide evidence-based policy decision-making aligned with the CAP 2021-2027 PMEF.
- Development of data update and quality control procedures.
- *Facilitating the creation and functioning of an agricultural and rural development evaluation system*, including support for ex-ante, ex-post, and thematic evaluations to be carried out by independent experts.
- *Creating an information system* to improve climate knowledge as well as an information platform with key climatic variables and data to be available to all agricultural stakeholders at the national level.

20. Goods provided for these aspects will include the necessary software and hardware to store existing historical data into both the integrated platform and the satellite databases specific to MAFWE Departments and Institutions in order for all databases to be compatible between them and at the same time, able to transmit data variables to the integrated platform, in accordance with future policy analysis needs. Training for building MAFWE capacity on M&E and policy analysis capacity as well as evaluation quality control and on the use of evaluation findings for policy analysis.
21. Sub-component 2.1 will also strengthen MAFWE capacity to manage state-owned agriculture land and provide technical assistance, advisory services, and goods (where required):
- Assisting MAFWE in drafting Government policy on state land administration and management and of relevant legal framework updates;
  - Improving data quality and records of leased state arable land and pastures with the AREC;
  - Designing and creating a temporary inventory for state arable land and pastures;
  - Supporting the data migration on leases of arable land from the MAFWE electronic system, out of maintenance since 2012, from spreadsheets and paper records of MAFWE and PEMP, into a temporary inventory to allow use of the data while developing the new state agriculture land management information system;
  - Establishing a new state agriculture land management information system, including equipment and software, assuring interoperability with the systems of AREC, MAFWE, the Paying Agency (Farm Register) and other institutions;
  - Ensuring data migration from the temporary inventory into a new state agriculture land management information system and creating a publicly accessible inventory for state agriculture land in support to transparency and good governance; and
  - Analyzing and reengineering of business processes in state agriculture land management to achieve better efficiency and transparency.
22. While project support is limited to strengthening MAFWE capacity to manage state-owned agriculture land, a better managed state-owned agriculture land is expected to support the development of the agricultural land market, both related to leasing and ownership, which in turn will facilitate the consolidation efforts supported under other projects.
23. **Sub-component 2.2 - IPARD Implementation Capacity (EUR2 million, IBRD).** The objective of sub-component 2.2 is to strengthen AFSARD's (Paying Agency) capacity for better and enhanced implementation of the IPARD accredited measures, in particular Measure 101 "Investments in physical assets of agricultural holdings", and Measure 103 "Investments in physical assets concerning processing and marketing of agricultural and fishery products" which will receive an increase in allocation of EU grant contribution of EUR9.1 million, as well as future measures planned to be accredited, including the "Improvement and development of rural infrastructure" measure. AFSARD has recruited some 46 new staff (June 2019) and is expected to recruit an additional 21 staff to ensure adequate staff numbers capacity for the implementation of the accredited measures (as assessed in the workload analysis). The sub-component would support: (a) the renovation of a suitable office building to be identified by the Government to accommodate increased AFSARD staff; and (b) office furniture and information technology equipment.

### **Sub-component 2.3 - Safe Disposal of ABPs (EUR8.5 million, EUR4.5 million IBRD; EUR 4 million EU IPA grant)**

24. The objective of sub-component 2.3 is to support the establishment of an ABP safe disposal system compliant with the provisions stipulated in the EU negotiations Chapter 12 Food safety, veterinary and phytosanitary policy the establishment of a safe disposal of ABPs system. The support includes technical assistance, civil works, and goods required for the establishment of an ABP safe disposal system. The support also includes 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. Ultimately, this sub-component is expected to significantly reduce GHG emissions from livestock disposal.

#### A. Safe Disposal of Animal By-Products

25. Animal by-products (ABPs) not intended for human consumption are a potential source of risks to public and animal health. To protect human health, control animal diseases and protect the environment, safe management of animal by products should be established as part of the horizontal food safety system in the country. In addition, according to the relevant European Union (EU) legislation on ABP, the Republic of North Macedonia is required to establish efficient national system for management of ABP, in compliance with the criteria and requirements covered under the EU legislation. This is a pre-condition for successful completion of the negotiations within Chapter 12 – Food safety, Veterinary and Phytosanitary policy, in the process of accession of the Republic of North Macedonia to the membership into the EU.
26. The main purpose of establishing efficient national system for management of ABP, including collection and processing of ABP is to provide rules for handling and processing ABP, their circulation, safe removal, and utilization, as well as a satisfactory degree of protection of public health, animal health protection, safety of food and animal feed and environmental protection. With the established system is expected to significantly reduce GHG emissions from livestock disposal following the establishment of an ABP safe disposal system that is in line with national and EU legislation. The national system should provide institutional and operational capacity for management and non-harmful removal of ABP and at the same time, protection of public health and the environment.
27. In the Republic of North Macedonia, this area is regulated by the Law on by-products of animal origin and 15 by-laws - Regulations, which derive from it and regulate the collection, transport, removal, procedure, processing, processing, conversion, storage, placing in trade, distribution, use and non-harmful disposal of by-products of animal origin. These national rules are aligned with European rules.
28. Currently, there is no organized system for the collection, disposal, or use of ABPs. Almost all ABPs are disposed by burying in landfills or pits. These also include ABPs that are generated from food production facilities and from dead livestock. Operators with food of animal origin who are also generators of ABPs in their own facilities have established an internal system of selection by category of by-products during the production process, but due to the absence of a complete system, the selected categories of by-products are mixed in one category when leaving the facility where they are generated. The removal from the facilities is carried out by the Public Utility Companies with which the operators have concluded a contract for collection and disposal. This waste eventually ends up as municipal waste in city landfills.
29. The first activity undertaken under this sub-component will cover the following phases:
- Phase I: Site selection, Development of Feasibility Study, Environmental & Social Impact Assessment (ESIA), and Urban Planning.

- ❖ Activity 1.1: Site selection
  - ❖ Activity 1.2: Development of Feasibility Study and Business Plan, Schematic Design and Initial Environmental and Social Impact Assessment/Environmental and Social Management Plan
  - ❖ Activity 1.3: Urban planning of the site
30. Regarding the site selection, the proposed two locations in the Municipality of Rosoman will be assessed by the consultancy and proper site will be selected accordingly. Both locations will require transformation process of the land from agriculture to construction.
- Phase II: Detailed Design Development and Finalization of Environmental & Social Impact Assessment (ESIA) together with Environmental and Social Management Plan and Feasibility Study;
    - ❖ Activity 2.1: Development of Detailed Design according to national legislation and FIDIC standards;
    - ❖ Activity 2.2: Finalization of site-specific ESIA/ESMP based on the detailed design;
  - Phase III – Technical Assistance during bidding documents preparation and Civil Works Contract Management.
    - ❖ Activity 3.1: Technical Assistance during the preparation of the bidding documents for construction of the ABPs Rendering Plant;
    - ❖ Activity 3.2: Technical Assistance – Extended Design Services;
31. Besides these activities, as part of Sub-Component 2.3, it is envisioned to support civil works for construction of ABP facility, consulting services for supervision of the civil works, and purchase of equipment for the newly build ABP facility, special trucks, and containers.
32. **Component 3 Project Management: (EUR1 million, IBRD).** It aims at supporting MAFWE in the efficient implementation of the project, assuring compliance with fiduciary (financial management, procurement), environmental and social safeguards, and M&E requirements according to the agreed project implementation arrangements. Specifically, the component will support technical assistance, goods and incremental operational costs associated with the establishment of the Project Management Team (PMT), which will be staffed with a Project Director, Project Coordinator, Component Leaders, Procurement Specialist, Financial Management Specialist, Safeguards Specialist, and Technical Specialists. Staff and civil servants of the MAFWE, AFSARD, PEMP, AREC, FVA, NEA and FVA will be appointed as Component Leaders for the relevant activities. The PMT will also manage the project's grievance redress mechanism (GRM) and citizen engagement (CE) activities. Support for project implementation will also include provision of technical assistance for the day-to-day coordination, additional technical support, as needed, as well as for fiduciary (procurement, financial management) and safeguards (environmental, social) requirements; training, equipment, and incremental operating costs to support project management and monitoring. It will also support financial audits and surveys as required for monitoring and evaluation of project results and impacts.

## II. IMPLEMENTATION SCHEDULE

33. The implementation schedule of the AMP is described below, and it will be updated during project implementation as and when required.

**Table 1.1: Project Implementation Schedule**

Component 1 - Agriculture Sector Competitiveness					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Sub-component 1.1: Access to Training and Advisory Service</b>					
Targeted training /1					
Setting up of the database/awareness					
On-demand Advisory grants 2/					
<b>Sub-component 1.2: Agriculture and Food Distribution System</b>					
<b>a. Collection and Conditioning Centers - Resen and Strumica</b>					
Feasibility studies and business plans, ESMPs, Detailed Designs for both CCCs					
Construction one tender 2 lots					
Equipping x 2					
Supervision of civil works (5% of cw)					
Study visits (50/50 Resen and Strumica)					
TA for CCC Management and Operations (50/50 Resen and Strumica)					
<b>b. Agri-food platform - Skopje</b>					
Feasibility study and business plan & ESIA & Detailed Design for AFP					
TA x preparing bidding doc/D-B-O or D-O+B					
Construction					
Equipping					
Supervision of civil works (5% of cw)					
Study visits					
Component 2: Institutional Capacity for EU Accession					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Sub-component 2.1 – Evidence-Based Policy-Making</b>					
<b>Activity 1</b>					
Establishment of an Integrated Data Platform - cons 1					
Establishment of an Integrated Data Platform - cons 2 IT					
Hardware and Software					
Strengthening Monitoring Capacity					
Policy Analysis Capacity Building					
assessment					
development of analytical tool					
capacity building					
Creation of an Evaluation system					
Enumerators					
<b>Activity 2</b>					
Policy and legal framework					
Improving data quality on state agriculture land					

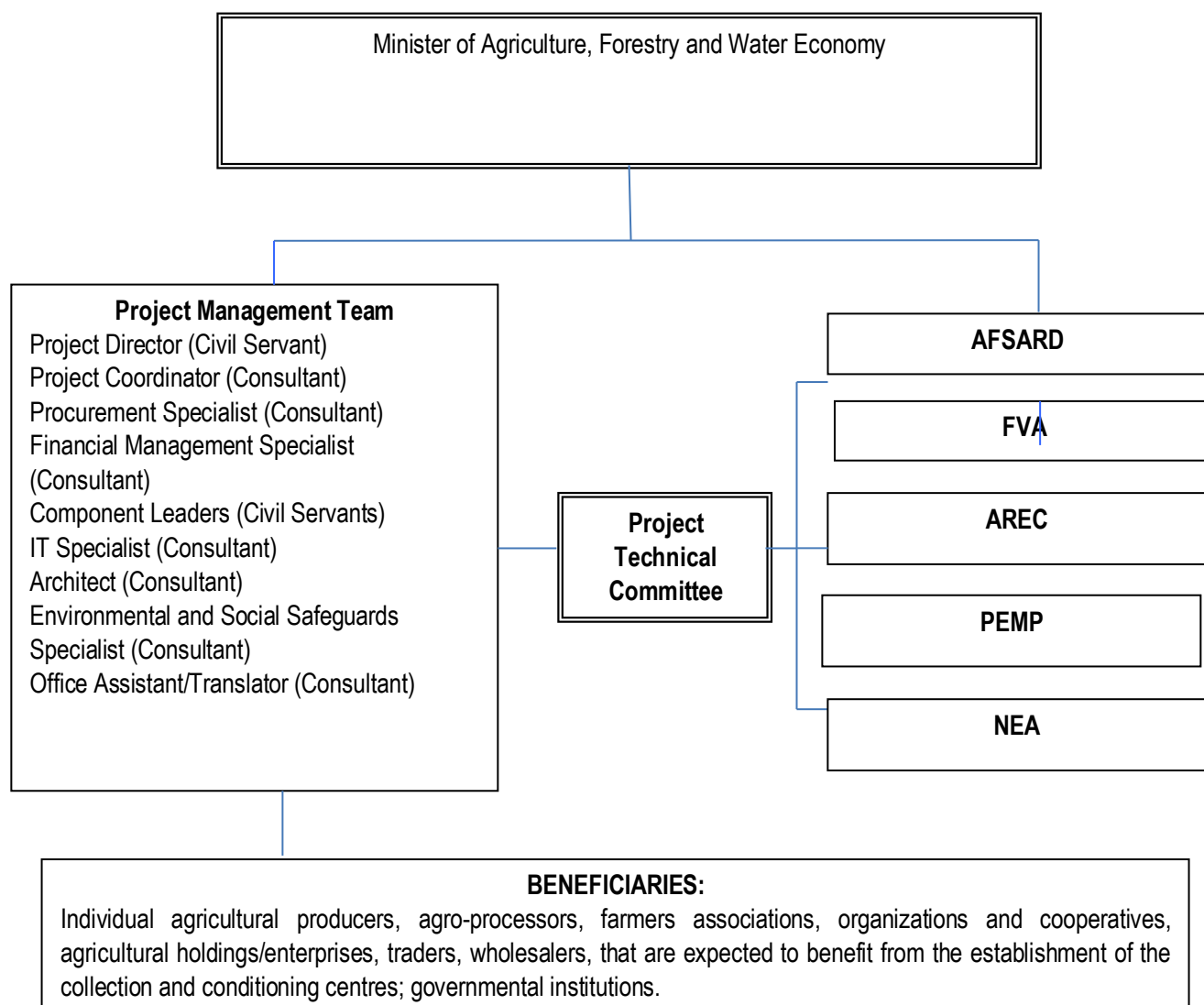
assigning land ownership title					
sub-dividing parcels in co-ownership					
elaborates for recorded leases					
Design and creation of temporary inventory for state agriculture land					
Analysis and reengineering of business processes					
Analysis of leasing contracts and data input into a temporary inventory					
Technical Specifications for state agriculture land management information system, hardware, and other software					
State agriculture land management information system implementation including supply and installation of hardware and software					
<b>Sub-component 2.2 - IPARD implementation capacity</b>					
ESMP & Detailed Design					
Refurbishment of PA premises					
Supervision (5% of total amount for construction)					
Equipment (IT and furniture) - detail below					
<b>Sub-component 2.3: Safe disposal of animal by-products (ABP)</b>					
Business plan & ESIA & Detailed Design					
Infrastructure for the rendering plan e/					
Equipment for a plant with capacity 4 tons/hour					
Supervision (8% of total amount of construction)					
Special trucks (6+1)					
Special containers (250)					
<b>Component 3: Project Management</b>					
<b>Item</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>a. Project Management</b>					
Project Coordinator					
Procurement Specialist					
Financial Management Specialist					
Environmental and Social Safeguards Specialist (part-time)					
Office Assistant/Translator					
Architect (part-time)					
IT Specialist (part-time)					
Office Equipment					
PC Desktop					
Laptop					
Training					
Incremental Operating Costs					
Financial Management Software					
Vehicles					
<b>b. Project monitoring</b>					
Monitor implementation of Stakeholders Engagement Plan					
FM Audit					
Mid Term Review Survey					
Final Survey					
Beneficiaries Survey					

## Project implementation arrangements

### Roles of implementing agencies and coordination bodies

34. The Ministry of Agriculture, Forestry and Water Economy (MAFWE) is the lead implementing agency (IA). Other institutions that will be involved in project implementation include AFSARD, FVA, AREC, NEA, PEMP and international and local service providers. Project implementation will be mainstreamed into the MAFWE's structure as well as other institutions involved in implementing Project funded activities, including AFSARD, FVA, AREC, NEA and PEMP.

**Picture 3.1: Project Organizational Structure**



35. The MAFWE is responsible for the overall management, coordination and results monitoring of the Project. A Project Management Team (PMT) to be established under the auspices of the MAFWE will oversee Project implementation and M&E.

36. The PMT will be composed of:

- Project Director (Civil Servant)



- Project Coordinator (Consultant)
  - Procurement Specialist (Consultant)
  - Financial Management Specialist (Consultant)
  - Component/Sub-component Leaders (Civil Servants)
  - IT Specialist (Consultant)
  - Architect (Consultant)
  - Environmental and Social Standard Specialist (Consultant)
  - Office Assistant/Translator (Consultant), and
  - Other experts as and when needed.
37. The MAFWE will assign a Project Director, who should be a civil servant while consultants of the PMT will be local and recruited on competitive basis. The consultants include Project Coordinator, Procurement Specialist, Financial Management Specialist, IT Specialist, Architect, Environment and Social Standards Specialist and Office Assistant/Translator.
38. The MAFWE, through an official letter signed on June 20, 2022 (No. 02-5487/8), has already assigned Project Director and Component Leaders for Component 1 and Sub-Component 2.1. Component Leaders for Sub-Component 2.2 and 2.3 are from the AFSARD and FVA respectively.
39. The Project will finance the recruitment of consultants and for ensuring day-to-day coordination, management, and implementation of the project, as well as to ensuring fiduciary and environmental and social standards compliance, while civil servants i.e., staff of the MAFWE and other agencies will be appointed as component coordinators and focal points for the various activities.
40. The main responsibilities of the PMT include:
- (i) Day-to-day Project coordination and management;
  - (ii) Coordination and cooperation among various implementing agencies;
  - (iii) Coordination with stakeholders, the Bank and co-financiers;
  - (iv) Preparation of annual work plan and budget;
  - (v) Preparation and update as necessary of procurement plan;
  - (vi) Preparation of quarterly unaudited financial reports and annual audited financial statements;
  - (vii) Monitoring and evaluation of Project activities, including monitoring and reporting of safeguards compliance and Gender action plan;
  - (viii) Preparation of semi-annual and annual progress reports;
  - (ix) Briefing to the Minister of AFWE on the status of Project implementation; and
  - (x) Systematic filing of all Project-related documents (including procurement and financial management).
41. The main responsibilities of the Project Director:
- Report to the Minister on the progress of the Project implementation,
  - Coordinate Project activities among the agencies involved in project implementation, and other relevant stakeholders, including development partners;
  - Monitor contract management, and ensure timely procurement of goods, services, and Consultants' recruitment;

- Ensure timely implementation of project activities;
- Facilitate dialogue with the donors on relevant policy issues;
- Approve semi-annual/annual work-program, project budget and progress reports;
- Convene regular meetings of the Technical Committee;
- Convene monthly coordination meetings with the PMT to review project implementation and coordinate project activities;
- Manage project activities in compliance with the Legal Agreements (AMP is expected to have two Legal Agreements between the Republic of North Macedonia and the World Bank, one for IBRD Loan and one for the Grant to be funded by the EU and administered by the Word Bank for the co-financing of the project sub-component 2.3), and the Project Operational Manual;
- Ensure that project component activities are being implemented on an effective and timely manner and bring to the attention of the management of the implementing agencies and to the Bank any obstacles that are impeding the effective implementation of activities;
- Provide substantive briefings and other assistance as required to Bank missions.

42. The main responsibilities of the Project Coordinator include:

- Preparation of consolidated project progress report (including technical, financial and procurement aspects) on a semi-annual basis and upon request of the Project Director;
- Initiate preparation/ Review of terms of reference for consultancy assignments;
- Management inputs of the relevant stakeholders for the review process of the consultancy reports and deliverables;
- Follow-up on the Project agreed actions;
- Coordination and management of day-to-day Project implementation activities;
- Leading the initiation of proposed Working Groups in the specific areas of work;
- Facilitation of the application of the guidelines and methodologies provided by the Project;
- Coordination and regular communication with the World Bank;
- Processing of the internal government procedures related with Project supported activities;
- Preparation of supporting documents, including annual work plan and budget;

43. Further a **Technical Committee** chaired by the Project Director will be established to ensure coordination at the technical level. The Technical Committee will be led by the Project Director and will consist of Project Coordinator, component coordinators/leaders and focal points, as well as any additional staff as necessary will be needed to ensure coordination of the project operational aspect. The committee will include any technical staff on a case-by-case base according to the topics to be discussed, and it will meet at the least once a month to ensure that the progress is in line with planned activities, or organize extra ordinary meetings in case it would identify bottlenecks or solutions needed to move forward.

44. Relevant units within MAFWE, as well as those AFSARD, NEA, AREC, FVA and PEMP and other entities, will be responsible for the technical implementation of project activities (i.e., preparing terms of references and technical specifications, preparing training programs, supervising consultants, participating in procurement evaluation committees, etc.).

### ***Project coordination arrangement***

45. The Implementing Agency has a vital role in planning, organizing, communication, control functions and in monitoring and evaluation processes. Overall leadership, coordination, and control of the project rests with MAFWE.
46. Activities envisaged to strengthen the management of state-owned agriculture land will require strong and continuous cooperation and guidance of knowledgeable senior representatives of the following core institutions: the MAFWE, AREC and PEMP.
47. The proposed collaboration is formalized (Decision 02-5487/10 from June 20, 2022) within the AMP through the establishment of an Inter-institutional working group on state-owned agriculture land management. This working group is composed of nominated representatives of the MAFWE Sector for registration, improvement, management and sale of agriculture land, the AREC and PEMP, and their deputies. The chair of the working group is the MAFWE Sector for registration, management, improvement, and sale of state-owned agriculture land representative (an employee with a double role: a working group member and a chair). Members will work together on all activities listed in the activities described in the sub-component. Meetings will be held as needed.

### ***Project management role***

48. Coordination of the Project will be ensured at national, and regional and basin levels thorough the following administrative arrangement:

#### **National Level:**

49. MAFWE, as a lead IA, is responsible for the overall coordination and management of the project. This will be done in consultation with other relevant institution, including AFSARD, FVA, PEMP, NEA (including the regional offices) and AREC. A special role in this direction will be played both by the Technical Committee, chaired by the Project Director and supported by the Project Coordinator, Component Leaders, and focal points, as well as any additional staff as necessary units that will be established to ensure coordination at the operational level.

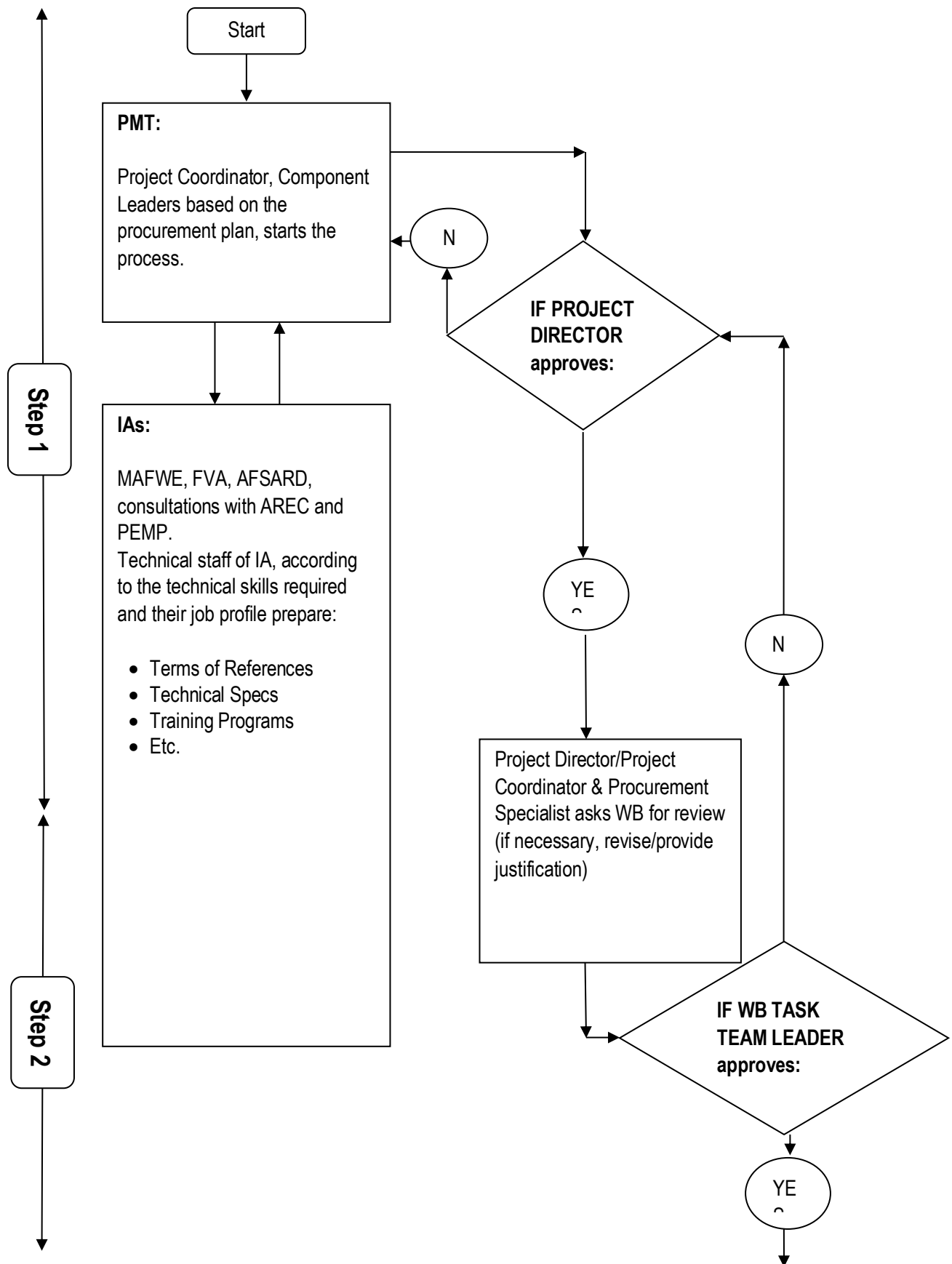
#### **Municipal Level:**

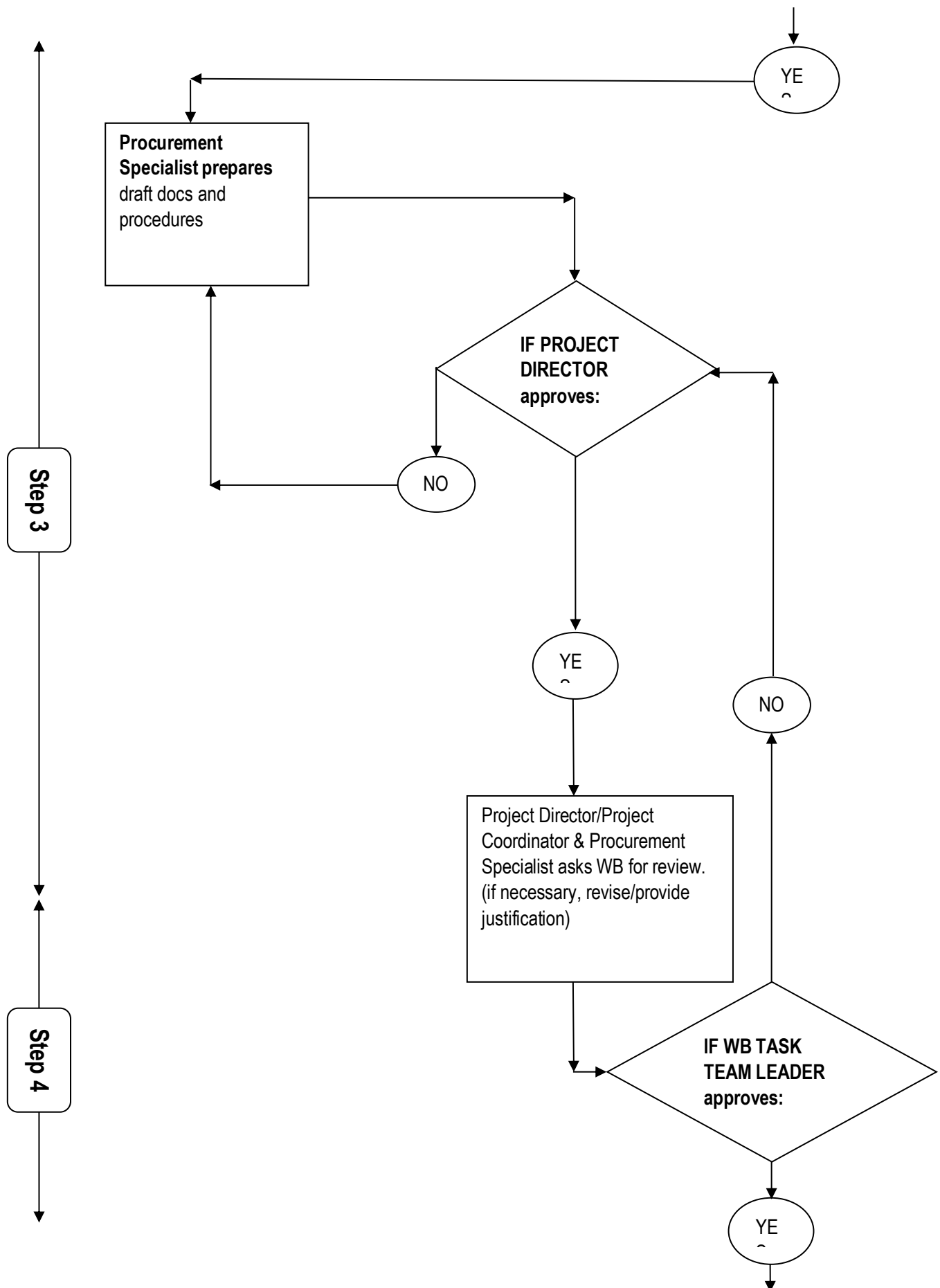
50. The MAFWE/PMT will be responsible for coordination of project activities among the different participating local structures, such as: the Municipalities of Resen and Strumica, for the construction of the CCCs, Municipality of Rosoman for the Animal-By-Product Facility and Municipality of Gazi Baba for the construction of the Agri Food Platform. Under sub-component 2.1 (activity 2), for the purpose of sub-division of parcels activity regular communication will be also established with all AREC regional offices.

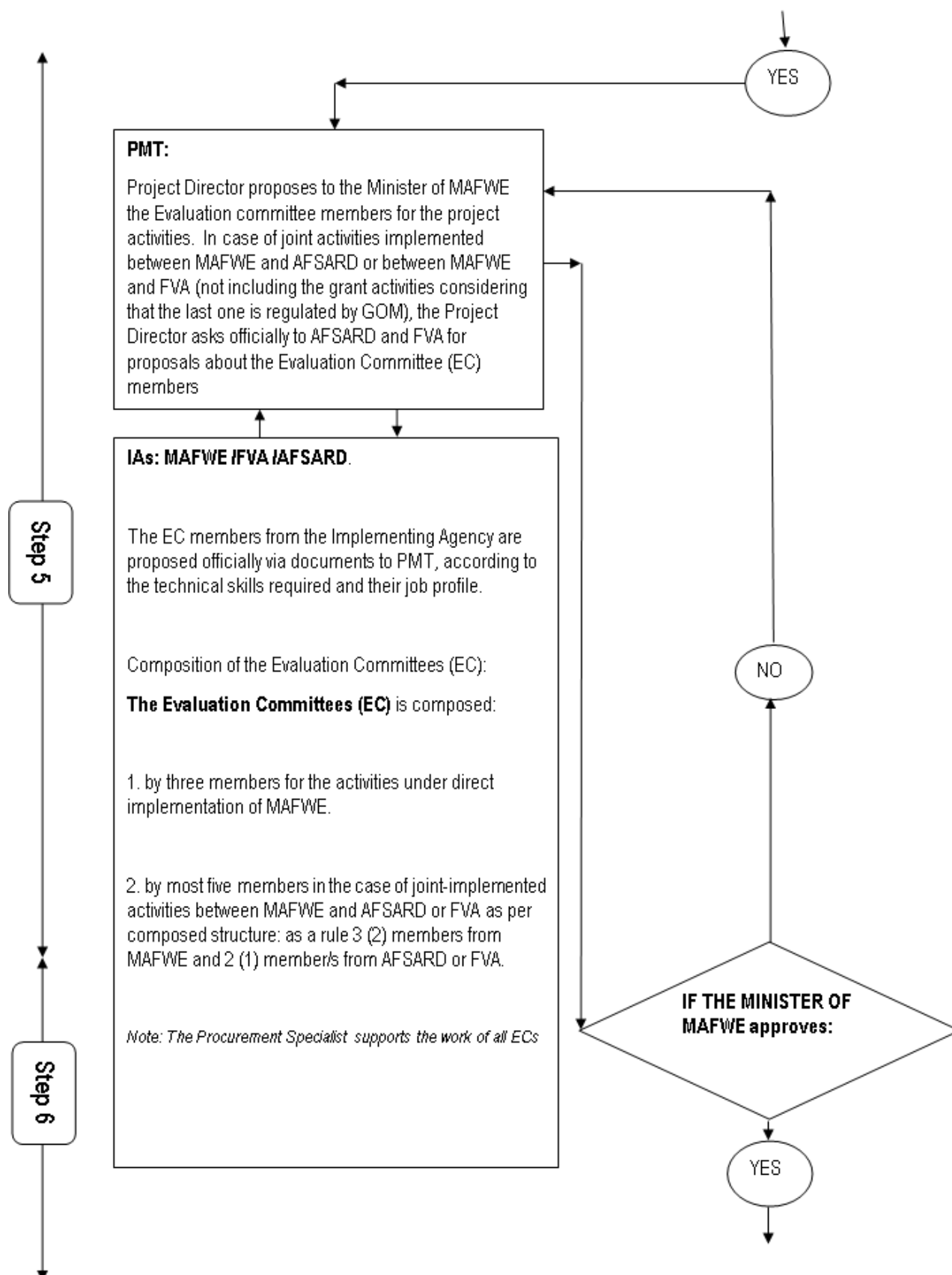
### ***Flow of documents***

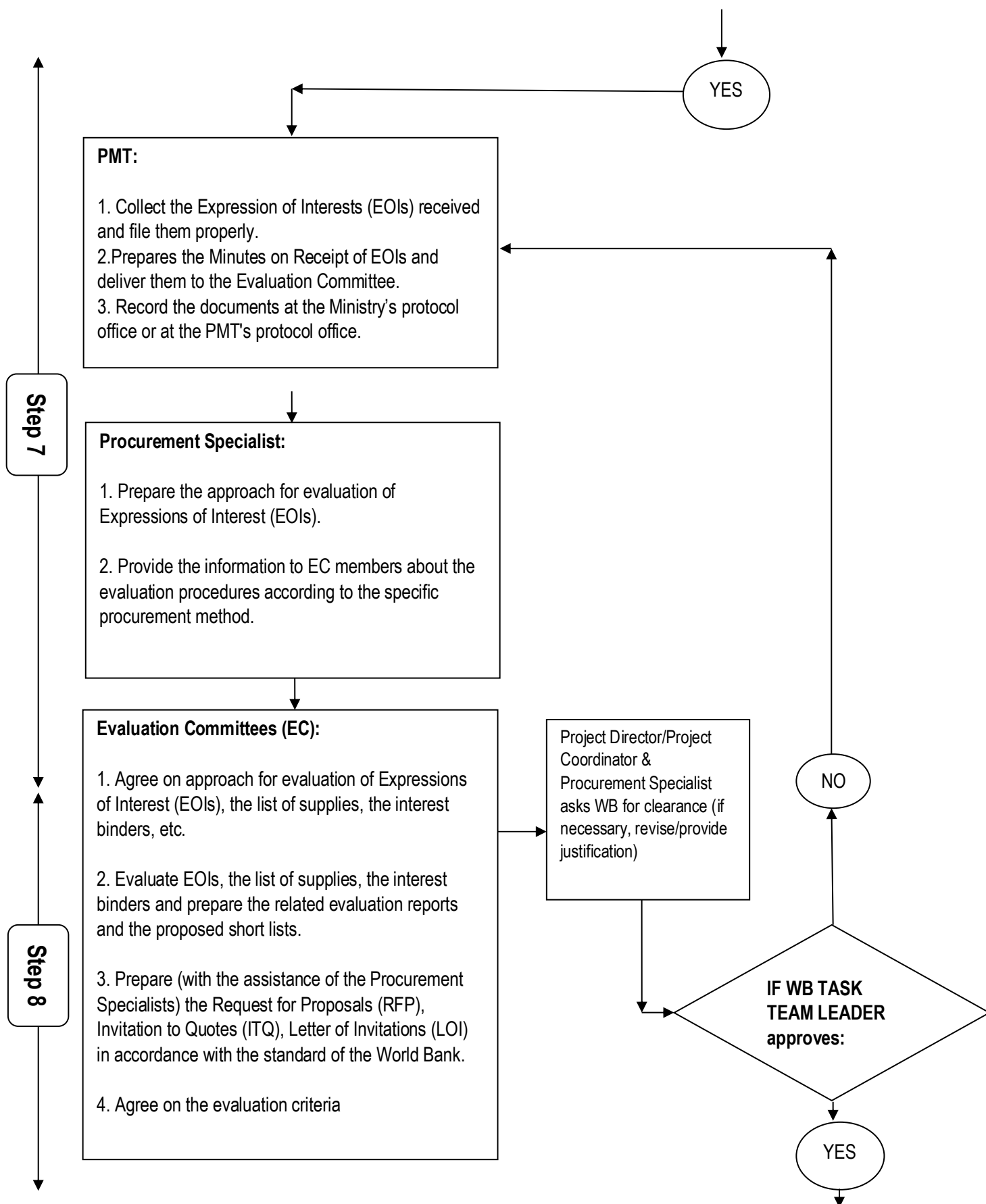
51. The flow of documents and stages of activity implementation and responsible person/institution are given in the scheme below:

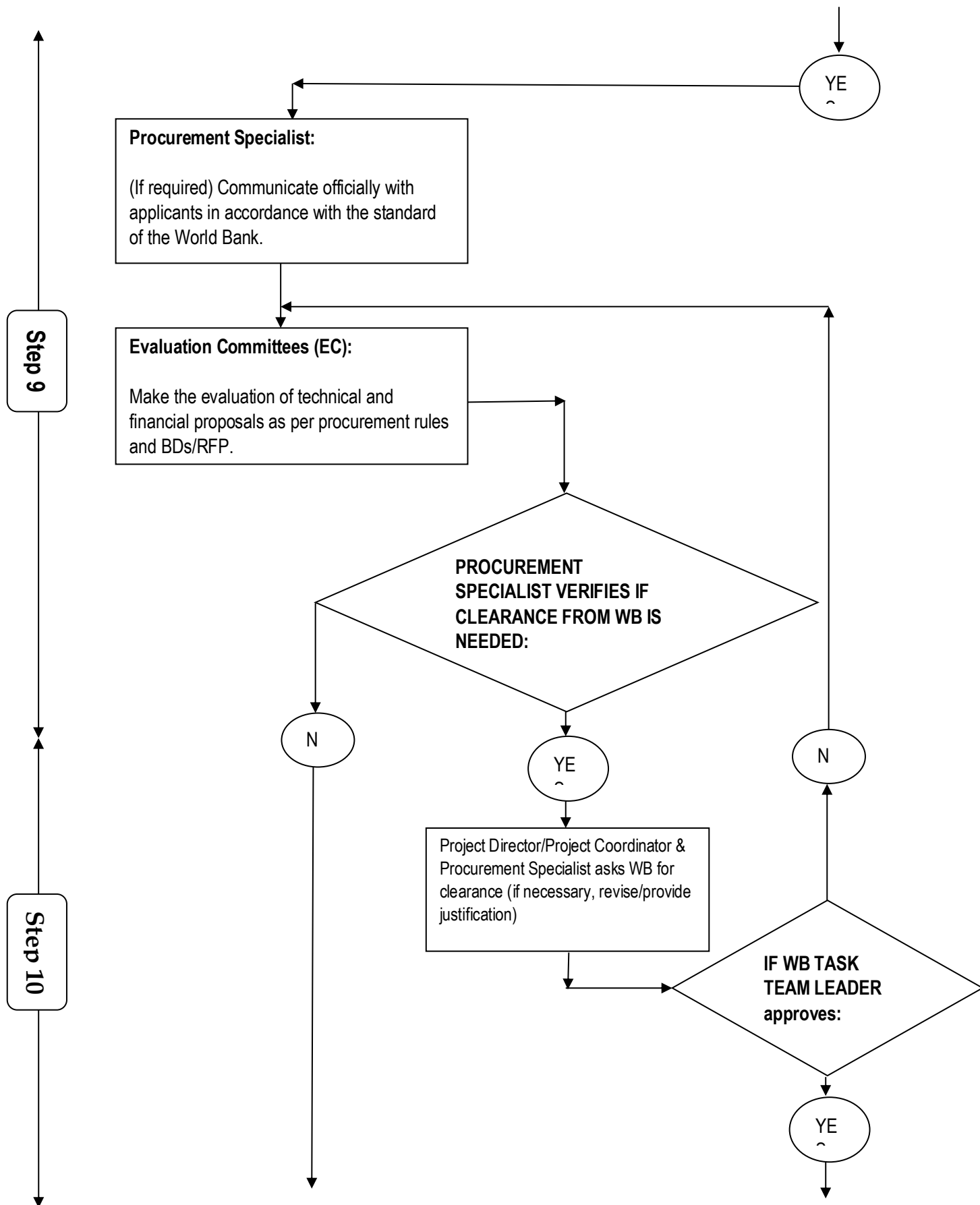
**Picture 3.2: Stages of Activities Implementation and Responsible Person/Institution**



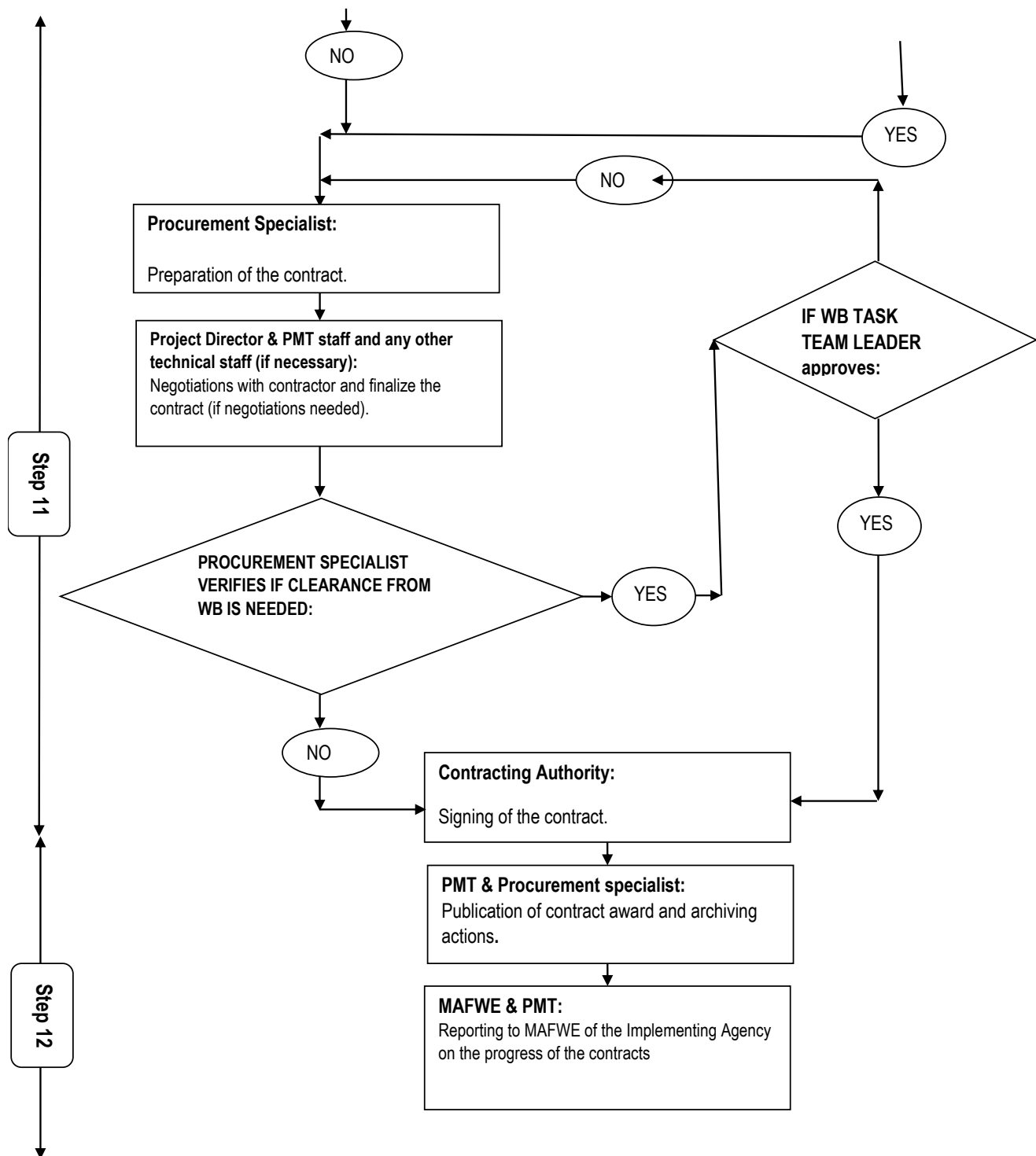












**Table 1.2: Overall Action Document Flow and Responsible Person/Institution**

<b>Steps</b>	<b>Description</b>	<b>Responsible Authority</b>
1	<p>PMT through Project Director/Coordinator writes a note to the Implementing Agency informing on the procurement, its method, and steps to be taken.</p> <p>PMT through Project Coordinator and/or Component Leaders will work together with the Implementing Agency in the preparation of:</p> <ul style="list-style-type: none"> <li>• Terms of References</li> <li>• Technical Specifications</li> <li>• Training Programs</li> <li>• Etc.</li> </ul> <p>Project Director pre-approves the above documents (from PMT) and it goes to step 2.</p>	Project Director, Project Coordinator, Component Leaders, Implementing Agency
2	Submit draft TOR for review and comments to the World Bank. If the TORs are approved by the World Bank, the process follows the step 2 otherwise the process starts again from step 1.	Project Director/Project Coordinator in collaboration with Procurement Specialist.
3	<p>Procurement Specialist prepares: PROCUREMENT DOCS &amp; Procedures (with input from technical staff when required).</p> <p>Project Director conducts a formal check of the material and If Project Director approves them, the process follows the step 4 otherwise the process starts again from step 3.</p>	Procurement Specialist.
4	<p>Submit PROCUREMENT DOCS &amp; Procedures for review and comments to the World Bank.</p> <p>If the PROCUREMENT DOCS &amp; Procedures are approved by the World Bank, the process follows the step 5 otherwise the process starts again from step 3.</p>	Project Director/Project Coordinator in collaboration with Procurement Specialist.

5	<p><b>Project Director proposes the Evaluation Committees (EC):</b></p> <p>Project Director asks officially to IAs for proposals about the Evaluation Committee EC members if the activity is implemented jointly between MAFWE and FVA or between MAFWE and AFSARD;</p> <p>and /or</p> <p>Project Director proposes to the Minister of MAFWE the EC members for the activities under direct implementation of MAFWE</p> <p>The EC members from the Implementing Agency (FVA or AFSARD) are proposed officially via documents to PMT, according to the technical skills required and their job profile.</p> <p><b>Composition of the Evaluation Committees (EC):</b></p> <p>The Evaluation Committees (EC) is composed:</p> <ol style="list-style-type: none"> <li>1. by three members for the activities under direct implementation of MAFWE</li> <li>2. by five members in the case of joint-implemented activities between MAFWE and FVA and as per composed structure: as a rule, 3 members from MAFWE and 2 members from AFSARD.</li> </ol> <p><b>Note:</b> <i>The Procurement Specialist supports the work of all ECs.</i></p>	<p>Project Director in collaboration with Component Coordinators and Implementing Agency (FVA or AFSARD)</p>
6	<p>Appointment of the evaluation committees (EC). PROCUREMENT DOCS &amp; Procedures</p> <p>If the Minister of MAFWE approves the evaluation committees (EC), the process follows the step 7 otherwise the process starts again from step 5.</p>	<p>Minister of MAFWE</p>

7	<p><b>PMT:</b></p> <ol style="list-style-type: none"> <li>1. Collect the Expression of Interests (EOIs) received and file them properly.</li> <li>2. Record the EOIs received at the Ministry's protocol office and/or at the PMT's protocol office.</li> <li>3. Prepare the Minutes on Receipt of EOIs and deliver them to the Evaluation Committee.</li> </ol> <p><b>Procurement Specialist:</b></p> <ol style="list-style-type: none"> <li>1. Prepare the approach for evaluation of Expressions of Interest (EOIs).</li> <li>2. Provide the information to EC members about the evaluation procedures according to the specific procurement method.</li> </ol> <p><b>Evaluation Committees (EC):</b></p> <ol style="list-style-type: none"> <li>1. Agree on approach for evaluation of Expressions of Interest (EOIs), the list of supplies, the interest binders, etc.</li> <li>2. Evaluate EOIs, the list of supplies, the interest binders and prepare the related evaluation reports and the proposed short lists with help from PS.</li> <li>3. Prepare (with the assistance of the Procurement Specialists) the Request for Proposals (RFP), Invitation to Quotes (ITQ), and Letter of Invitations (LOI) in accordance with the standard of the World Bank.</li> <li>4. Agree on the evaluation criteria.</li> </ol>	PMT, Procurement Specialist and Evaluation Committee
8	<p>Submit to the World Bank for clearance (No Objection) the documents prepared under step 7.</p> <p>If the documents prepared under step 7 are approved by the World Bank, the process follows the step 9 otherwise the process starts again from step 8.</p>	Project Director / Project Coordinator in collaboration with Procurement Specialist.

9	<p><b>Procurement Specialist:</b></p> <p>Communicate officially with applicants in accordance with the standard of the World Bank.</p> <p><b>Evaluation Committees (EC):</b></p> <p>Make the evaluation of technical and financial proposals as per procurement rules and BDs/RFP.</p> <p>Procurement Specialist verifies if the documents prepared under step 9 need clearance from the World Bank, the process follows the step 10 otherwise the process starts again from step 11.</p>	Evaluation Committee and Procurement Specialist
10	<p>Submit to the World Bank for no objection the documents prepared under step 9, as per procurement rules.</p> <p>If the documents prepared under step 9 are approved by the World Bank, the process follows the step 11 otherwise the process starts again from step 9.</p>	Project Director / Project Coordinator in collaboration with Procurement Specialist.
11	<p><b>Procurement Specialist:</b> Prepares the contract.</p> <p><b>Project Director &amp; PMT staff and technical staff where necessary:</b> Make negotiations with contractor and finalize the contract (if negotiations needed).</p> <p>Procurement Specialist verifies if the document prepared under step 11 needs clearance from the World Bank and if needed the document goes to Bank otherwise the process starts again from step 12. Submit the contract to the Contracting Authority for signing.</p>	Procurement Specialist
12	<p><b>Contracting Authority:</b> Signing of the contract.</p> <p><b>PMT &amp; Procurement specialist:</b> Publication of contract award and archiving actions.</p> <p>The implementation of the contract and reporting to MAFWE by the PMT on the progress of the contract implementation.</p>	MAFWE as Implementing Agency

52. The PMT, which is responsible for everyday communication and project implementation, reviews the papers, reports, or documents, and based on the nature of it, takes the necessary actions. If the nature of the action relates to the Departments of MAFWE (responsible for technical, financial, legal matters etc.) or other IAs, the PMT writes a note to the Minister of MAFWE, or the person delegated by the Minister's Order asking him/her to authorize their involvement in line with existing procedure applied by MAFWE.
53. The daily communication with the Bank should be kept through the Project Director or Project Coordinator judging on the importance of the issue or action.

#### 4. PROJECT MONITORING AND EVALUATION SYSTEM

##### *Project Monitoring and Evaluation*

54. The MAFWE via the PMT is responsible for the design and implementation of the M&E system. The component/sub-component leaders will be responsible for the M&E activities of their respective component/sub-component and data collection and monitoring of outcomes and results will occur at the level of the various institutions involved in implementation (CCCs, AFP, MAFWE, AFSARD, FVA), while the project-level M&E data compilation will be centralized with the Project Coordinator. The Project Coordinator will provide semi-annual progress reports, including agreed monitoring variables based on the Results Framework. If needed, adjustments to the agreed monitorable variables can be made at mid-term during project implementation.
55. The M&E arrangements for this project will build primarily on the continuous monitoring of all project activities planned under the various components/sub-components by the Component/Sub-component Leaders and Project Coordinator. To ensure that the project is implemented as planned, several project outputs and performance indicators (in addition to Project Development Objective Indicators) were developed and agreed. These indicators will be the basis for monitoring implementation and take corrective action when necessary.
56. Project progress will be reported regularly by the PMT. The data collected will be presented in semi-annual progress reports, to be shared with the Bank, prior to implementation support missions. These progress reports should also include a chapter reporting on safeguards and financial utilization. The Bank will carry-out joint semi-annual implementation support missions to review the implementation progress, and at times more frequent missions may be launched, including fiduciary and environmental and social compliance, and maintenance of a constructive dialogue between the Project 's major stakeholders. Technical and environmental audits of the works carried out during the project will also provide inputs to the progress reports.
57. The MAFWE PMT will prepare and submit to the Bank and other implementing agencies semi-annual/annual progress monitoring report.
58. The Project will design and maintain internet pages for wider dissemination of the results and progress.

##### *PDO Level Results Indicators*

59. The PDO indicators measuring the Project's impact are:

- (i) **Farmers adopting improved agricultural technology.** (Definition: this indicator measures the number of project beneficiaries who have adopted an improved agriculture technology promoted by the project. This refers to beneficiaries' acquired knowledge and innovation in modern production techniques, including better pest and disease control, improved production practices, and climate-smart practices, which will allow them to be more competitive in the market.)
- (ii) **Percentage of agricultural produce marketed in compliance with quality standards.** (Definition: This indicator measures the changes in quantity and quality of marketed agricultural produce by using information from the records of the Collection and Conditioning Centers (CCCs) on (a) volume purchased from beneficiary farmers and (b) produce class sorting

for the main project-supported crops. Improvements are expected in terms of volume bought by the CCCs and the quality of the produce, reflecting enhancements related to food safety, food hygiene and product quality classifications.)

(iii) **Share of EU CAP 2021-2027 Performance Monitoring and Evaluation Framework Indicators recorded in North Macedonia.** (Definition: This indicator measures the change of the Monitoring and Evaluation system for agricultural and rural development policy design and implementation supported by the project in terms of its coherence with the European Union's Common Agricultural Policy post-2020 requirements, as envisaged in the CAP post-2020 Performance Monitoring and Evaluation Framework.)

(iv) **Tons of animal by-products safely disposed annually at the animal by-product facility.** (Definition: This indicator measures the change of safely disposed ABP at the project-supported facility, in compliance with EU requirements.)

Indicator (i) will be disaggregated by gender.

### ***Monitoring and Evaluation***

60. The PMT will ensure monitoring and evaluation of project outcomes and results. They will be supported by technical assistance to carry out baseline survey as necessary and follow up surveys (impact evaluations) prior to the mid-term review and at project closing considering the agreed Project Results Framework, Project Outcome indicators and Intermediate Outcome Indicators.
61. Three surveys should be carried out during the project life: baseline, midterm, and final impact assessments at years 1, 3 and 5 respectively, using separately contracted consulting assignments. The objective of each assignment is to assess the social, environmental, and economic impacts of the project, including on individual households and communities living in the project areas. Specifically, the baseline impact assessment will assist the identification of routine indicators to be recorded on the database.

### ***Reporting***

62. As part of the monitoring process, the PMT will be responsible for generating project reports to record the progress of the project. Regarding the Financial Management and Disbursement, reporting requirements have been detailed in following sections of this manual. Regarding overall reporting, the PMT is tasked to prepared semi-annual reports not later than 30 (thirty) days after the end of the period covered by the report. The semi-annual report should be maximum 20 pages, excluding annexes. It should comprise:
  63. Overall implementation progress of activities in the last 6 months, including:
    - Work completed versus work scheduled
    - Reasons for delays, if any, and proposed measures to address them
    - Revised works schedule as necessary
    - Project-related issues requiring resolution
    - Forecasts of resources and time required for the duration of the project
    - Successes and failures experienced; lessons learned
    - Annual Work Plan
    - Updated Procurement Plan
    - Any other relevant topic
  64. Financial progress including:
    - Disbursement tables with details on components, actual for 6 months, and cumulative

- Funds spent versus budgets
- Financial projections
- Specific WB and EU expenditures.

65. Environmental and Social Standards:

- Update on the implementation status of environmental and social standards compliance, including requirements.

66. Monitoring and Evaluation:

- Updated Results Framework (attached below): Project Outcome Indicators and Intermediate Outcome Indicators

67. The PMT should also keep records of Technical Committee and Working Group meetings, record of decisions taken. Minutes of the meetings, if any, should be shared with the WB for information.

### ***Results monitoring***

68. The results monitoring is based on the agreed Results Framework and targeted annual performance objectives which will be used to track overall progress of AMP.

69. The Results Framework is given in the Table 4.1 below:



Table 1.3: Results Framework

NORTH MACEDONIA: Agricultural Modernization Project (P168014)

Results Framework							
COUNTRY: North Macedonia							
Agriculture Modernization Project							
Project Development Objectives(s)							
Improve competitiveness in targeted agricultural sub-sectors and strengthen agricultural public sector readiness for EU accession.							
Project Development Objective Indicators							
Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Improve competitiveness in targeted agricultural sub-sectors							
Farmers adopting improved agricultural technology (CRI, Number)		0.00	50.00	125.00	200.00	275.00	350.00
Farmers adopting improved agricultural technology - Female (CRI, Number)		0.00	8.00	20.00	30.00	40.00	50.00

Farmers adopting improved agricultural technology - male (CRI, Number)	0.00	42.00	105.00	170.00	235.00	300.00
Percentage of supported produce marketed that comply with quality standards (Percentage)	40.00	40.00	50.00	60.00	70.00	75.00
Strengthen agricultural public sector readiness for EU accession						
Share of EU CAP 2021-2027 Performance Monitoring and Evaluation Framework Indicators recorded in North Macedonia (Percentage)	0.00	10.00	30.00	50.00	60.00	70.00
Tons of animal by-products safely disposed at the project-supported ABP facility (Tones/year)	0.00	0.00	0.00	0.00	4,000.00	4,880.00

## Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Improve sector competitiveness in targeted agricultural sub-sectors							
Database of vetted agricultural advisers established (Yes/No)		No					Yes
Percentage of female agricultural advisers registered in the database (Percentage)		0.00	0.00	10.00	15.00	20.00	30.00
Farmers reached with agricultural assets or services (CRI, Number)		0.00	0.00	300.00	700.00	1,100.00	1,500.00
Farmers reached with agricultural assets or services - Female (CRI, Number)		0.00	0.00	45.00	105.00	165.00	225.00
Satisfaction of agricultural services beneficiaries (Percentage)		0.00	0.00	0.00	60.00	65.00	70.00
Farmers engaged in new/formalized commercial transactions (Number)		0.00	0.00	0.00	100.00	250.00	400.00

Female farmers engaged in new/formalized commercial transactions (Number)	0.00	0.00	0.00	10.00	25.00	40.00
Satisfaction of Collection and Conditioning Centers and Agri-Food Platform users (Percentage)	0.00	0.00	0.00	60.00	65.00	70.00
Percentage of loss in post-harvest produce (Percentage)	30.00	30.00	30.00	27.00	23.00	20.00
Operational capacity of Collection and Conditioning Centers and Agri-Food Platform (Percentage)	0.00	0.00	0.00	0.00	50.00	80.00
Operational capacity of CCC in Resen (Percentage)	0.00					80.00
Operational capacity of CCC in Strumica (Percentage)	0.00					80.00
Operational capacity of AFP in Skopje (Percentage)	0.00					80.00
Percentage of women working at project-supported Collection and	15.00					30.00

Conditioning Centers (Percentage)							
<b>Strengthen agricultural public sector readiness for EU accession</b>							
Number of MAFWE staff trained on M&E system and evaluation quality control (cumulative) (Number)	0.00	0.00	5.00	10.00	15.00	20.00	
Hectares of leased agriculture land recorded in the project-supported state agriculture land management information system (Number)	0.00	0.00	0.00	0.00	40,000.00	100,000.00	
Percent of AFSARD staff with office space in compliance with EU pre- accession requirements (Percentage)	30.00	30.00	30.00	50.00	65.00	80.00	
<b>Project Management</b>							
Percentage of beneficiaries who report that effective engagement processes have been established (Percentage)	0.00	60.00	65.00	70.00	75.00	80.00	
Grievance Redress Mechanism established for all project activities (Yes/No)	No	No	Yes	Yes	Yes	Yes	

Monitoring & Evaluation Plan: PDO Indicators					
Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility Collection
Farmers adopting improved agricultural technology	<p>This indicator measures the number of farmers (of agricultural products) who have adopted an improved agricultural technology promoted by operations supported by the World Bank.</p> <p>NB: "Agriculture" or "Agricultural" includes: crops, livestock, capture fisheries, aquaculture, agroforestry, timber and non-timber forest products.</p> <p>Adoption refers to a change of practice or change in use of a technology that was introduced or promoted by the project.</p> <p>Technology includes a change in practices compared to currently used practices or technologies (seed preparation, planting time, feeding schedule, feeding ingredients, postharvest storage/ processing, etc.). If the project introduces or promotes</p>	Annual	MAFWE	<p>Survey. In the context of the project, this indicator measures the number of project beneficiaries who have adopted an improved agriculture technology promoted by the project through training and advisory services. This refers to beneficiaries' acquired knowledge in modern production techniques, including better pest and disease control, improved production practices, and climate-smart practices. The information will be disaggregated by category of technology adopted, gender and youth/non-youth.</p>	MAFWE

	<p>a technology package in which the benefit depends on the application of the entire package (e.g., a combination of inputs such as a new variety and advice on agronomic practices such as soil preparation, changes in seeding time, fertilizer schedule, plant protection, etc.), this counts as one technology.</p> <p>Farmers are people engaged in farming of agricultural products or members of an agriculture related business (disaggregated by men and women) targeted by the project.</p>				
Farmers adopting improved agricultural technology – Female					
Farmers adopting improved agricultural technology – male					
Percentage of supported produce marketed that comply with quality standards	<p>This indicator measures the (expected positive) changes in the quantity and quality of marketed agricultural produce by using information from the records of the Collection and Conditioning Centers (CCCs) on (a) volume purchased from beneficiary farmers and (b) the produce class sorting at the</p>	Annual	Baseline: Data from Faculty of Agricultural Sciences and Food of the Saint Cyril and Methodius University of Skopje	Production information from Collection and Conditioning Centers	MAFWE/Collection and Conditioning Centers

	CCCs for the main project-supported crops. Improvements are expected in terms of volume sold to the CCCs by beneficiary farmers and the quality of the produce, reflecting enhancements in are expected to related to food safety, food hygiene and product quality classifications Data will be disaggregated volume sold by crop, quality classification, and destination market (domestic or export).				
Share of EU CAP 2021-2027 Performance Monitoring and Evaluation Framework Indicators recorded in North Macedonia	This indicator measures the progress of the Monitoring and Evaluation (M&E) system for agricultural and rural development policy design and implementation supported by the project in terms of its coherence with the European Union's Common Agricultural Policy post-2020 requirements, as envisaged in the CAP 2021-2027 Performance Monitoring and Evaluation Framework (PMEF). The European Commission has proposed for PMEF 2021-2027, 35 Output Indicators, 38 Result Indicators	Annual	MAFWE	Review of M&E system data	MAFWE



	and 28 Impact Indicators. 50 Context Indicators are discussed for 2021-2027. The indicator measures the PMEF 2021-2027 indicators recorded in North Macedonia as a percentage share of PMEF Indicators adopted by the EU.				
Tons of animal by-products safely disposed at the project-supported ABP facility	This indicator measures the (expected positive) change of safely disposed ABP at the project-supported facility.	Semi-annual	FVA/ABP Facility	Records ABP Facility	FVA/ABP Facility

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#### Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Collection
Database of vetted agricultural advisers established	This indicator measures the (expected positive) change in farmers' access to quality advisory services through the establishment of a national database for vetted agricultural advisers.	Annual	MAFWE	Verification and analysis of database	MAFWE
Percentage of female agricultural advisers registered in the database	This indicator measures the percentage of female advisers in the project-supported	Annual	MAFWE	Analysis of database	MAFWE

	national database for vetted agricultural advisers.				
Farmers reached with agricultural assets or services	<p>This indicator measures the number of farmers who were provided with agricultural assets or services as a result of World Bank project support.</p> <p>"Agriculture" or "Agricultural" includes: crops, livestock, capture fisheries, aquaculture, agroforestry, timber, and non-timber forest products. Assets include property, biological assets, and farm and processing equipment. Biological assets may include animal agriculture breeds (e.g., livestock, fisheries) and genetic material of livestock, crops, trees, and shrubs (including fiber and fuel crops). Services include research, extension, training, education, ICTs, inputs (e.g., fertilizers, pesticides, labor), production-related services (e.g., soil testing, animal health/veterinary services), phyto-sanitary and food safety services, agricultural marketing support services (e.g., price monitoring,</p>	Annual	MAFWE/AFSA RD/CCCs/AFP /ABP Facility	<p>Surveys/Records. In the context of the project, this indicator includes the number of farmers who (i) requested and received demand-driven advisory services provided by the project, (ii) who received targeted trainings provided by the project, (iii) who gained access to project-supported CCCs, (iv) who gained access to the project-supported AFP, (v) who received enhanced supported from AFSARD (i.e Paying Agency) due to increased capacity, (iv) who gained access to the services of the ABP facility.</p>	MAFWE/AFSARD/CCCs/AFP/ABP Facility

	export promotion), access to farm and post-harvest machinery and storage facilities, employment, irrigation and drainage, and finance. Farmers are people engaged in agricultural activities or members of an agriculture-related business (disaggregated by men and women) targeted by the project.				
Farmers reached with agricultural assets or services – Female		Annual	MAFWE/AFSARD/CCCs/AFP/ABP Facility	Records/Surveys	MAFWE/AFSARD/CCCs/AFP/ABP Facility
Satisfaction of agricultural services beneficiaries	This indicator measures the satisfaction rate expressed by participants of the project-supported (i) demand-driven advisory services and (ii) targeted trainings, in the scorecards used for participatory feedback. The information will be disaggregated by sex. The feedback from the satisfaction surveys will also be used to modify training and advisory activities.	Annual	Citizen Engagement Scorecards	Survey/Scorecards	MAFWE/Advisers/Trainers
Farmers engaged in new/formalized commercial transactions	This indicator measures the formation of commercial	Baseline/Endline	Survey	Survey	MAFWE

	transactions between a producer and buyer(s) that are either new or previously existing but not formalized through a contract. It captures a producer's ability to sell products that meet the demand requirements of a (new) market/buyer, such as the project-supported the CCCs and AFP.				
Female farmers engaged in new/formalized commercial transactions		Baseline/Endline	Survey	Survey	MAFWE
Satisfaction of Collection and Conditioning Centers and Agri-Food Platform users	This indicator measures the satisfaction rate expressed by the users of the project-supported CCCs and AFP users in the scorecards used for participatory feedback in the citizen engagement activities. The information will be disaggregated by sex.	Annual	Citizen Engagement Scorecards on CCCs and AFP	Surveys/Scorecards	MAFWE/CCCs/AFP
Percentage of loss in post-harvest produce	This indicator measures the (expected negative) change in produce loss given technical training and demand-driven advisory services on improved production management, as well as support post-harvest	Annual	Records of Collection and Conditioning Centers	Records of Collection and Conditioning Centers	Collection and Conditioning Centers

	infrastructure provided by the CCCs.				
Operational capacity of Collection and Conditioning Centers and Agri-Food Platform	This indicator captures the operational capacity of the project-supported CCCs and AFP. The data will be collected separately for the Resen CCC, the Strumica CCC, and the Skopje AFP. Key milestones to achieve operational capacity are (i) construction achieved, (ii) managing company operational, and (iii) commercial activity of the facilities operational.	Annual	CCCs, AFP	Records of CCCs/AFP	MAFWE/CCCs/AFP
Operational capacity of CCC in Resen		Annual	CCC Resen	Records of CCC Resen	MAFWE/CCC Resen
Operational capacity of CCC in Strumica		Annual	CCC Strumica	Records of CCC Strumica	MAFWE/CCC Strumica
Operational capacity of AFP in Skopje		Annual	AFP	Records of AFP	MAFWE/AFP
Percentage of women working at project-supported Collection and Conditioning Centers	This indicator measures the percentage of females working at the project-supported CCCs. Where possible, the data will distinguish by type of job.	Baseline/Endline	Employment records of CCCs	Employment records of CCCs	CCCs/MAFWE
Number of MAFWE staff trained on M&E system and evaluation quality control (cumulative)	This indicator measures a change in the MAFWE staff capacity on direct payments and rural development measures to use information from the project-supported	Annual	MAFWE	Training documents	MAFWE

	Integrated Monitoring and Evaluation Data Platform coherent with the EU CAP's post-2020 PMEF requirements.				
Hectares of leased agriculture land recorded in the project-supported state agriculture land management information system	This indicator measures the number of hectares of leased arable land and pastures, managed by MAFWE and PEMP, expected to be recorded in the project-supported state agriculture land management information system.	Annual	MAFWE/PEMP	Statistics generated in the state agriculture land management information system	MAFWE
Percent of AFSARD staff with office space in compliance with EU pre-accession requirements	This indicator measures the (expected positive) change in North Macedonia's AFSARD (i.e. Paying Agency) capacity to operate in compliance with EU pre-accession requirements. The main related activities include the refurbishing of the necessary office space for the number of staff required for Paying Agency to implement IPARD measures.	Annual	AFSARD	Verification of AFSARD capacity/Survey	MAFWE/AFSARD
Percentage of beneficiaries who report that effective engagement processes have been established	This indicator measures the project's use of effective citizen engagement processes, such as scorecards or focus group discussions.	Bi-annual	MAFWE	Surveys/MAFWE data collection from beneficiaries	MAFWE

Grievance Redress Mechanism established for all project activities	This indicator is is related to citizen engagement efforts of the project.	Semi-annual reports on GRM details	MAFWE/GRM	Analysis GRM data	MAFWE
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### III. PROCUREMENT ARRANGEMENTS

#### *Procurement framework*

#### 1) PROCUREMENT

70. The Bank's Procurement Framework (PF) effective as of July 1, 2016, will be governing procurement under the AMP. Procurement of contracts for goods, works non-consulting and consulting services financed from the project, will be carried out in accordance with the World Bank Procurement Regulations for Investment Project Financing (IPF) Borrowers – Procurement in IPF of Goods, Works, Non-Consulting and Consulting Services, (Regulations) issued in July 2016, revised November 2017, and August 2018 <sup>3</sup>. The Bank's Standard Procurement Documents (SPD) will be used as required by the Regulations. They are all accessible at [www.worldbank.org/procurement](http://www.worldbank.org/procurement). The project will be subject to using the Bank's electronic platform **Systemic Tracking of Exchanges in Procurement (STEP)**. STEP will be used by the PIU initially to create and later to revise Procurement Plan for the project, and to monitor performance, manage procurement procedures and store related documentation for all steps in a procurement activity.
71. **Project Procurement Strategy for Development (PPSD):** As required by the PF, a Project Procurement Strategy for Development (PPSD) was prepared. The PPCSD is the basis for the procurement arrangements under the project. It includes details on Project overview, strategic assessment of the operating context and Borrower's capability to manage procurement, procurement risk analysis, procurement objectives, procurement approach options and recommendations, preferred arrangements for low value low risk contracts, and a summary procurement plan. The PPCSD addresses how procurement activities will support the development objectives of the project and deliver the best value for money under a risk-based approach. It also provides an adequate justification for the selection methods in the Procurement Plan. The level of details and analysis in the PPCSD are proportionate to the risk, value, and complexity of the project procurement. The PPCSD also provides information on the procurement specific risks and the proposed mitigation measures. The proposed procurement and review thresholds applicable to the project are aligned with the Bank's most recent Thresholds for Procurement Approaches and Methods. The procurement and review thresholds relevant for the project are indicated in the PPCSD and provided at the end of this section as well.
72. **Procurement Plan:** The project Procurement Plan for the entire duration of the project was prepared. Its final version was agreed at project negotiations. The procurement plan provides the basis for procurement methods, as well as the procurement review arrangements. All contracts shall be grouped in packages, to the extent possible, to encourage broader competition. The summary procurement plan includes as a minimum (i) a brief description of the goods, works, non-consulting services and consulting services required for the project; (ii) the proposed method of procurement; (iii) the Bank's oversight arrangements; (iv) timeline for initiation of procurement, contract commencement and completion. The initial procurement plan will be created in STEP. It will be updated at least once a year or on an as-needed-basis. After the Bank review and issue a no-objection to

<sup>3</sup> <http://pubdocs.worldbank.org/en/178331533065871195/Procurement-Regulations.pdf>



the Procurement Plan in STEP, it will be published on the Bank's external website. All updates of the Procurement Plan will be automatically published after Bank issues a no-objection to it.

73. **The General Procurement Notice (GPN)** and all procurement notices for contracts following international market approach will be also published in United Nations Development Business (UNDB) and on the World Bank's external website through STEP. Procurement notices for contracts following national market approach will be published on the [electronic system](#) for public procurement, hosted by the Public Procurement Bureau and on the website of the [Ministry of Agriculture, Forestry and Water Economy](#).

### **Procurement Management**

74. The PMT will be established under the MAFWE for the implementation of the AMP and will be responsible for the day-to-day implementation of the activities. The PMT will carry out day-to-day project management activities including procurement, financial management, reporting and project M&E. PMT will procure and manage all relevant procurement packages under the project, not limited only to review of draft tender documents, approval of Bid Evaluation Documents as well as approval of Contract conclusion.

### **Procurement Implementation and Arrangements**

75. **Goods** – Goods and equipment estimated to cost US\$1,000,000 or more per contract will be procured through *Request for Bids (RFB)-international market approach*. Goods and equipment estimated to cost less than US\$1,000,000 per contract will be procured through *Request for Bids-local market approach (RFB)*. Contracts for readily available off-the-shelf goods estimated to cost less than US\$100,000 equivalent may be procured through *Requests for Quotation-local market (RFQ)* based on requesting quotations normally from not fewer than 3 (three) firms. The World Bank sample for Requests for Quotation-local market *approach* shall be used. Use of *Direct Selection method for goods* shall be consistent with justifications per the World Bank's Procurement Regulations for IPF Borrowers. Direct Selection will be in accordance with paras. 6.8 to 6.10 for Goods, Works, and Non-Consulting Services of the Procurement Regulations. The Procurement Plan shall specify the circumstances under which such methods may be used.
76. **Works** – Works estimated to cost US\$5,000,000 and more per contract will be procured through *Request for Bids-international market approach (RFB)*. Works estimated to cost less than US\$5,000,000 per contract will be procured through *Request for Bids-local market approach (RFB)*. Contracts for simple works estimated to cost less than US\$ 200,000 equivalent may be procured through *Requests for Quotation-local market (RFQ)* based on requesting quotations normally from not fewer than 3 (three) firms *Direct Selection method for works* shall be consistent with justifications per the World Bank's Procurement Regulations for IPF Borrowers. Use of Direct Selection will be in accordance with paras. 6.8 to 6.10 for Goods, Works, and Non-Consulting Services of the Procurement Regulations. The Procurement Plan shall specify the circumstances under which such methods may be used.
77. **Consultant Services and Training** – Consultancy services to be provided by consultancy firms will be selected through the following selection methods, according to the provisions of the applicable Procurement Regulations and respective Request for Proposals, as relevant: *Quality and Cost Based Selection (QCBS)*, *Quality Based Selection (QBS)*, *Fixed Budget Selection (FBS)*, *Least Cost Selection (LCS)* and *Selection based on Consultants'*
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*Qualifications (CQS) Individual Consultants (IC)* will be selected in accordance with Section VII of the World Bank's Procurement Regulations for IPF Borrowers. Use of *Direct Selection method for firms and individuals* shall be consistent with justifications per the World Bank's Procurement Regulations for IPF Borrowers. Direct Selection will be in accordance with paras. 7.13-7.15 for Consulting Services of the Procurement Regulations. The Procurement Plan shall specify the circumstances under which such methods may be used. As agreed in the Procurement Plan, national selection through advertisement in the national media/press may be used when the nature, scope, and/or value of the Consulting Services is unlikely to attract foreign competition and there are adequate qualified national Consultants to carry out the assignments. Contracts for consulting services estimated to cost 300 000 equivalents may be advertised only on national media/press. If foreign Consultants wish to participate in national selection, they may do so. When approaching the national market, the country's own procurement procedures may be used as specified in Paragraphs 5.3 to 5.6.

78. **"Incremental Operating Costs"**, as defined in the Loan and Grant Agreements, means reasonable incremental expenses incurred on account of implementation of the Project, including, *inter alia*, office supplies and other consumable goods, office rent, internet and communications costs, support for information systems, translation costs, bank charges, utilities, travel, transportation, per diem, accommodation costs (lodging), salaries of PMT staff, and other reasonable expenditures directly associated with the implementation of the Project, on the basis of annual budgets acceptable to the Bank, excluding salaries of the civil service employees.

### **Oversight**

79. The procurement and review thresholds for the project are set based on the High procurement risk rating for the project.
80. The Bank's Procurement and Review Thresholds as per procurement plan will apply:

Thresholds for Procurement Approaches and Methods (€ thousands)							
Works			Goods, IT, and non-consulting services			Shortlist of national consultants	
Open international $\geq$	Open national <	RfQ $\leq$	Open international $\geq$	Open national <	RfQ $\leq$	Consulting services $\leq$	Engineering and construction supervision $\leq$
5,000	5,000	200	1 000	1 000	100	300	N/A
Review Arrangements							
First contract for each approach and method and all > 3 000  Direct Selection all > 80 000			First contract for each approach and method and all > 1 500  Direct Selection all > 80 000			First contract for each approach and method, all TORs and all contracts > 500 Individual consultants all TORs and all contracts > 200 000  Direct Selection all >10 000	

### **Post Review Ratio**

81. Contracts not subject to the World Bank's prior review will be post reviewed by the Bank's procurement Specialist assigned to the project during the Bank's implementation support visits and/or during regular post-reviews by the Procurement Specialist on a sampling basis, i.e., 1 out of every 5 contracts. Post review ratio is 20 percent.

### **Anti-corruption measures**

82. It is the Banks' policy to require that Borrowers (including beneficiaries of Bank loans), bidders, suppliers, contractors and their agents (whether declared or not) subcontractors, sub-consultants, service providers or suppliers, and any personnel thereof, observe the highest standard of ethics during the procurement and execution of Bank-financed contracts. In pursuance of this policy, the Bank may take actions as described in Section III- *Fraud and Corruption* and Annex IV- *Fraud and Corruption* of the World Bank's Procurement Regulations for IPF Borrowers. Date of applicable Regulations is incorporated in the loan agreement, in definitions annex, while Procurement Plan and Anti-Corruption Guidelines are incorporated in the General conditions for IBRD Investment Projects Financing.
83. The MAFWE shall ensure that the Project is carried out in accordance with the AC Guidelines e.g. The Bank's Anti-Corruption Guidelines ("Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants") dated October 15, 2006, and revised in January 2011 as of July 1, 2016.
84. The Bank team intends to maintain close oversight and will carry out prior review of all major contracts according to the thresholds that will be regularly reviewed and adjusted as needed in the procurement plan.
85. The following measures will be applied to mitigate governance and corruption risks:
  - Training of fiduciary staff starting from project launch and periodically thereafter; training will be customized to the procedures and methods required for the next 12-month periods. The relevant project staff shall attend relevant Regional Procurement Workshops periodically organized by the Bank.
  - Prior review: There will be close implementation support by the Bank's operational and procurement accredited staff. This will include but is not limited to technical prior review of ToR, technical documentation for the first set of buildings to be retrofitted under the Project, all civil works contract amendments introducing new items or quality of materials, as well as other aspects, as reflected in the Governance and Accountability Action Plan and/or agreed with the Bank team during implementation of the project.
86. Publication of SPNs, Request for Expressions of Interest (REOI) and Contract Award Notices. All procurement notices for contracts following international market approach will be also published in United Nations Development Business (UNDB) and on the World Bank's external website through STEP. Procurement notices for contracts following national market approach will be published on the electronic system for public procurement, hosted by the Public Procurement Bureau at <https://www.e-nabavki.gov.mk/PublicAccess/home.aspx#/international-donor-announcements> and on the website of the MAFWE at [www.mzsv.gov.mk](http://www.mzsv.gov.mk). Contract Award Notices subject to contracts procured following international market approach will be published online through STEP at UNDB and the Bank's external website. Contract Award Notices subject to contracts procured following national market approach will be published on the MAFWE website and for the sub-projects on the MAFWE and the respective municipality's websites.

- Debarred Firms is automatically ensured through STEP. Debarred firms or individuals are not given opportunities to compete for Bank-financed contracts.
- Complaints will be handled in accordance with the provisions of the applicable Procurement Regulations.
- Monitoring of contract awards will be addressed through STEPS: All contracts are required to be signed within the validity of the bids/proposals and, in case of contracts subject to prior review, promptly after the Bank's "no objection" is issued. The Procurement Plan format will include information on actual dates (of "no objections" and award) and will be monitored for undue delay which will be reviewed on a case-by-case basis to identify the reasons. The MAFWE will maintain up-to-date procurement records available to Bank staff and auditors.
- Monitoring of payment against physical progress: Monitoring reports prepared for the Bank will be customized to include a form to monitor physical progress compared to payment installments.
- Timeliness of payments: Payment to contractors, suppliers and consultants will be monitored through semi-annual IFRs to ensure timely payments. The MAFWE will maintain a system/database (acceptable to the Bank) covering procurement, contract administration and financial management to (a) monitor all commitments and unpaid obligations, (b) ensure sufficiency of uncommitted funds before entering into obligations, (c) track payments to ensure that payments to suppliers and contractors are paid without delay according to the conditions of the contract.

87. The MAFWE will observe the Bank's anti-corruption measures and will not engage services of firms and individuals debarred by the Bank.

### ***Eligibility and Conflict of Interest***

88. Bank policy addresses eligibility (Section III) and noncompliance (Section III), as a basis for ineligibility, in the World Bank's Procurement Regulations for IPF Borrowers.

### ***Evaluation Committee***

89. The implementing agency needs to ensure that qualified bid/proposal evaluation committees are formed in a manner acceptable to the Bank. The Evaluation Committee, appointed by the MAFWE, is responsible for evaluation of bids for civil works and goods and EOI for services, including technical and financial proposals for consultant services and preparing recommendations on contract award for the best evaluated bid or proposal.
90. The Evaluation Committee will consist of three to five qualified members, depending on the size and complexity of assignment, including a chairperson. If required, the Bank will review qualifications and experience of proposed members of evaluation committee(s) to avoid nomination of unqualified or biased candidates. Once an activity has commenced all information is considered confidential and no communication with interested consultants, contractors may take place. Prior to commencing the selection process/bidding process each committee member is expected to sign declaration of impartiality. The process of evaluation of proposals in selection of consultant's services as well as evaluation of bids in procurement of goods/works shall be confidential and will be conducted in accordance with Annex X- *Evaluation Criteria* of the World Bank's Procurement Regulations for IPF Borrowers. If the MAFWE lacks the expertise to carry out the evaluation, it should hire an independent consultant to assist the evaluation committee.
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91. Evaluation reports and award recommendations made by the evaluation committee shall be furnished to the Bank for no objection if the contract is subject to its prior review, or for review and award for contract subject to post review. Then the designated decision-making authority will sign contracts for the procurement of goods, services, technical services and/or consultant services.
92. In case of rebidding, the call for bids in a repeated procurement process shall be made only after obtaining the Bank's approval. Any act of nonconformity by any of the parties participating in the process shall be regulated in accordance with the respective provisions of the World Bank's Procurement Regulations for IPF Borrowers.

### ***Complaints management and dispute resolution systems***

93. Complaints will be resolved in accordance with the provisions of the applicable Regulations. They will be registered in STEP. Please mind that there is a stand still period. It is also reflected in STEP.
94. Any complaint sent to the MAFWE must be in writing and the remedies/final decision taken should also be documented.
95. **MAFWE shall** promptly send an acknowledgment letter to the complainant. The complaint process shall be kept confidential and the MAFWE shall keep the records of all complaints received at any procurement or contract execution phase (Bidding, Bid/proposal evaluation, etc.). Complaints need to be addressed within 7 to 10 business days. All records of the complaints shall be maintained by the MAFWE for the entire life of the project. A project website may be maintained where anyone can view a complaint made by firm/bidder.

### ***Record Keeping***

96. MAFWE **shall** maintain systematically the records of the entire procurement process. The documentation with respect to each contract not subject to prior review during Project implementation and up to two years after the closing date of the Project should be kept on file. This documentation would include: (i) signed original of each contract and all subsequent amendments or addendums; (ii) all documents, and correspondence related to the procurement and implementation of the contract; and (iii) payment invoices or certificates, as well as the certificates for the inspection, delivery, completion, and acceptance of goods, works, and non-consulting services etc. All valuable documents i.e., all kinds of securities, financial proposals, etc. shall be kept in secured place.

### ***The World Bank Standard Procurement Documents***

97. Further to article 5.25 of the World Bank's Procurement Regulations for IPF Borrowers, for international competitive procurement, the Borrower shall use the Bank's Standard Procurement Documents (SPDs), available on its external website at [www.worldbank.org/procurement/standarddocuments](http://www.worldbank.org/procurement/standarddocuments). For Procurement involving national competitive Procurement, the Borrower may use its own Procurement Documents, acceptable to the Bank. In accordance with aforesaid the Borrower shall use Standard Sample Procurement document for national competitive procurement, acceptable to the Bank, as described below.
  98. The World Bank has standard and sample bidding documents which must be used for different procurements (works, goods and technical services not related to consultant services) and for the employment of individual consultants. The purpose of the sample bidding documents is to facilitate the implementation agency's task of preparing its own bidding documents and request for proposals specific to the need of the Project based on the sample documents.
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**Table 2: Procurement of Goods, Works, and Non-Consulting Services Ministry of agriculture (in accordance with the World Bank's Procurement Regulations for IPF Borrowers)**

STAGE	Request for Bids-local market	Request for Quotations-local market
	RFB-NCB equivalent, Works	RfQ- SHOPPING equivalent, Goods
Notification and Advertising	<p>Invitations for bids will be advertised as Specific Procurement Notices in a national language.</p> <p>It will be published a shorter version of the advertisement text, including the minimum relevant information, in the national press provided that the full text is simultaneously published in the official gazette or on a widely used website or electronic portal with free national and international access.</p> <p>The time allowed for the bidders to prepare and submit their bids shall be twenty-one (21) - thirty (30) calendar days.</p>	<p>Send the Request for Quotations- Invitation to Quote equivalent to suppliers, (from the previously prepared list of qualified suppliers) by letter, fax, or email.</p>
Preparation and Issuance of Bidding Documents	<p>The World Bank Sample Bidding Documents (SBDs) shall be used.</p> <p>Depending on the procurement method, the bidding documents may be issued in the National Language.</p>	<p>The request for quotations shall indicate the description and quantity of goods, as well as desired delivery time and place.</p>
Clarifications and Corrections	<p>The MAFWE/PMT may issue clarifications and corrections to the bidding documents stemming or not stemming from consultations held by the participants.</p> <p>All documentation concerning the bidding process shall be retained in the file.</p>	<p>The MAFWE/PMT may issue clarifications and corrections to the invitation to quote stemming or not stemming from consultations held by the participants.</p> <p>All documentation concerning the bidding process shall be retained in the file.</p>
Submission of Bids	<p>The original and copies (the number of copies is specified in the bidding document data sheet) shall be submitted in <b>separate</b> sealed envelopes indicating the name and address for receipt of bids, name of the project and number of the bidding package.</p> <p>The place, date and closing time for submission of bids shall be specified.</p> <p>Late bids shall be rejected.</p> <p>The alteration and withdrawal of bids shall be permitted before the date and time of bid opening.</p>	<p>The original and copies shall be submitted in one envelope indicating the name and address for receipt of quotations, name of the project and number of the price quotation.</p> <p>Submission of minimum three quotations</p> <p>The time allowed for the bidders to prepare and submit their quotations shall be seven (7) – ten (10) calendar days.</p> <p>The place, date and closing time for submission of quotations shall be specified.</p>
Public Opening of Bids	<p>No bid shall be rejected at the public opening for any reason, except for being submitted late.</p> <p>The bids shall be opened publicly in the presence of the bidders who submitted their bids and choose to attend.</p> <p>The minutes of the bid opening shall be prepared and send to the WB for information.</p>	N/A

STAGE	Request for Bids-local market RFB-NCB equivalent, Works	Request for Quotations-local market RfQ- SHOPPING equivalent, Goods
Evaluation of Bids/ Quotations	<u>Clarification of bids:</u>  The evaluation process is confidential. Requests for the clarifications by the evaluation committee of the bids shall be made only in writing. During the process of clarification, no changes in the price or substance of the bid shall be requested or accepted.	The evaluation of quotations shall be based on at least three price quotations.
	<u>Preliminary examination:</u>  Eligibility  The bid shall, if it was required in the bidding documents, be signed by the legally authorized representative.  The bid security shall be sufficient (in price and duration); besides, it shall be issued in the name of the MAFWE.  The bid shall substantially meet the following requirement: the terms of performance and supplies shall not materially differ from the required specifications or contractual conditions.	<u>Preliminary examination</u>  Eligibility.  The quotation shall be signed by the legally authorized representative.  The quotation shall substantially meet the following requirement: the terms of performance and supplies shall not materially differ from the required specifications or contractual conditions.
	<u>Correction of arithmetical errors.</u>  Unit prices shall prevail over total prices. Quantities in letters shall prevail over numbers. The evident errors in the allocation of decimal points shall be corrected.  If the bidder does not accept arithmetic corrections, the bid can be rejected, and the bid security can become effective.	<u>Correction of arithmetical errors.</u> Unit prices shall prevail over total prices. Quantities in letters shall prevail over numbers. The evident errors in the allocation of decimal points shall be corrected.  If the bidder does not accept arithmetic corrections, the quotation can be rejected.
	<u>Evaluation and Comparison of the Bids.</u>  Only the bids substantially complying with the bidding requirements are considered for evaluation.	<u>Evaluation and Comparison of the quotations.</u> Only the quotations substantially complying with the bidding requirements are considered for evaluation.
	<u>Procurement of Works.</u>  Price is the dominant factor.  Adjustments are made for nonmaterial deviations.  Adjustments are made for discounts.  Changes in the price are not considered.	.
	<u>Post qualification</u>  If bidders have not been prequalified, we shall determine whether the bidder whose bid has been determined to offer the lowest evaluated cot has the capability and resources to effectively carry out the contract as offered in the bid.  The same parameters as in the prequalification shall be used.	



STAGE	Request for Bids-local market	Request for Quotations-local market
	RFB-NCB equivalent, Works	RfQ- SHOPPING equivalent, Goods
	<p>Only the bidder whose bid is the lowest evaluated is subject to post qualification examination. If that bidder fails post qualification, the next ranked bidder should then be subject to post qualification examination.</p> <p>It is based on additional information included in the proposal.</p> <p>Post qualification is a prerequisite for contract award.</p>	
Preparation of Evaluation Report	Upon completion of the evaluation, the evaluation committee shall prepare a report on the technical and financial evaluation of the bid along with its recommendation of the winning firm.	Upon completion of the evaluation, the evaluation committee shall prepare a report on the technical and financial evaluation of the quotations along with its recommendation of the winning firm.
Notification of Contract Award	<p>Upon receiving the Bank's "no objection" to the evaluation report, the notification of contract award will be sent to the selected bidder, accompanied by the contract for signing.</p> <p>Within fifteen (15) days the bidder shall return the signed contract and provide performance security.</p>	<p>Upon receiving the Bank's "no objection" to the evaluation report, the notification of contract award will be sent to the selected bidder, accompanied by the contract for signing.</p> <p>Within fifteen (15) days the bidder shall return the signed contract.</p>
Contract Award	<p><u>Criteria for Award.</u> The bid that is substantially responsive to the bidding documents.</p> <p>The bid that offers the lowest evaluated cost and the bidder is qualified for the contract execution.</p> <p>The winner may not be asked to modify the offered prices.</p> <p>The amount of the contract may be increased or reduced by the percentage (%) specified in the bid data sheet.</p>	<p><u>Criteria for Award.</u> The quotation that is substantially responsive to the invitation to quote and offers the lowest evaluated cost.</p>
Contract Signature	After the performance security and the contract signed by the winning bidder have been provided, the contract will be signed by the Minister, the commencement order will be issued, and the bid securities will be returned to the bidders who were unsuccessful.	After the contract signed by the winning bidder has been provided, the contract will be signed by the Minister, the commencement order will be issued.

**Table 3: Selection and Employment of Consultants MAFWE (in accordance with the World Bank's Procurement Regulations for IPF Borrowers)**

Stages	Selection Based On Consultants' Qualifications (CQS)
Preparation of Terms of Reference (TOR's) and Cost Tables	TOR's supported by calculations on estimated costs / staff months/ available budget, etc. where applicable should be prepared following the World bank's Procurement Regulations for IPF Borrowers. The responsibility for these activities rests with the interested Technical Unit. The type of contracts should also be determined. The terms of reference shall be furnished to the Bank for its "no objection". The technical unit shall establish evaluation criteria for the firm.

Stages	Selection Based On Consultants' Qualifications (CQS)
Notification and Advertising	<p>Request for Expressions of Interest (REOI) will be published in the project website, and notice board, send electronically to potentially interested consultants and through dissemination of information about the assignment to professional associations, etc.; Simultaneously a shorter version of the advertisement text has to published, including the minimum relevant information, in the national press provided that the full text is simultaneously published in the official gazette or on a widely used website or electronic portal with free national and international access.</p> <p>The REOI will include summary from ToR and shall at a minimum include the following information applicable to the assignment: required qualifications and experience of the firm, but not individual experts' bio data and conflict of interest provisions.</p> <p>If necessary, seek via email additional information/clarification from interested candidates;</p>
Evaluation of EOIs	<p>Firms having the required experience and competence relevant to the assignment shall be assessed and compared, and the best qualified and experienced firm shall be selected;</p> <p>Select the best qualified and experienced firm.</p> <p>The evaluation report has to be sent to the World Bank for no objection in case of prior review which is first contract.</p>
Preparation and Issuance of the Request for Proposals	<p>The request for proposals (RFP) issued by the World Bank shall be used; the Bank's prior approval is required at this stage. Only the selected firm shall be asked to submit a combined technical and financial proposal and, if such proposal is responsive and acceptable, be invited to negotiate a contract.</p>
Clarifications and Corrections	<p>The MAFWE-PMT may issue clarifications and corrections to the Request for Proposals, stemming or not stemming from consultations held by the participants, and everything shall be recorded in the file.</p>
Submission of Proposal	<p>The proposal shall be submitted in original and copy in separate sealed envelopes (the envelopes shall be submitted at the same time). The envelope shall indicate the name and address give for receipt of proposals, name of the project and number of the tender. <u>Submission of Proposals</u></p> <p>The participant shall prepare and submit their proposal within fifteen (15) calendar days, as indicated in RFP data sheet. The place, date and closing time for submission of proposals shall be specified.</p> <p>Late proposals shall be rejected.</p> <p>The alteration and withdrawal of proposals is allowed prior to the date and time of opening.</p>
Opening of Proposal	<p>The Client shall open the Proposal immediately after the deadline for its submission in the presence of the Consultant's authorized representatives who choose to attend (in person, or online if this option is offered in the Data Sheet). The opening date, time and the address are stated in the Data Sheet.</p>
Evaluation of Proposal	<p>Evaluation of the quality only. Once the evaluation of the technical proposal has been finalized and the qualifying mark equalling or exceeding the required minimum has been met, the financial proposal will be opened for arithmetical review. The</p>

Stages	Selection Based On Consultants' Qualifications (CQS)
	committee shall then review the financial proposals. Arithmetical errors shall be corrected.
Invitation to Negotiate Contract	If the received proposal is responsive and acceptable, that firm will be invited to negotiate a contract. The evaluation committee negotiates the Contract with the firm and prepares minutes of negotiations (that shall be signed by both parties). The Draft Negotiated Contract with Minutes of Negotiation has to be sent to the World Bank for no objection.
Contract Signature	Upon recipient of no objection, the MAFWE shall proceed to formalize the contract award. The first step is to sign the contract.
Publication of Contract Award Information	The contract award information (the name of the selected firm) shall be published in a national newspaper or in an appropriate website

#### **IV. 6. FINANCIAL MANAGEMENT**

##### ***Financial Resource***

99. To achieve its objectives and perform its functions, the AMP mobilizes and operates with World Bank (IBRD) loan resources transferred to the PMT within the MAFWE. The component 2.3 "Safe Disposal of Animal By-Products", is funded by World Bank (IBRD) loan resources (56%) and EU Grant (44%) resources administrated by World Bank.

##### ***Use of Financial Resources***

100. The financial resources at the disposal of AMP will be used exclusively for financing of goods, works, non-consulting services, and consulting services, Training and Operating Costs and Matching Grants for activities as described in the project components.

#### **FINANCIAL MANAGEMENT AND ACCOUNTING PRINCIPLES**

##### ***Implementing Entity***

101. The MAFWE through its PMT, which has been mandated with a specific assignment of coordinating and managing the project, will act as the overall implementing agency for the AMP. The AMP PMT will include qualified and experienced financial management specialists that will perform the financial management function of the project. Under these temporary staffing arrangements, no single person has control and responsibility over all stages of a transaction, and there are several layers of controls performed by various PMT and Ministerial functions over contracting, approval of invoices and payments under the projects. The Project Director will direct and supervise the implementation activities.

##### ***Accounting Policies***

102. The accounting books and records are maintained on the cash receipts and payment basis in conformity with the related requirements of the World Bank's financial reporting guidelines and in compliance with the relevant provisions set out in the Loan Agreement. On this basis, cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred.
103. The Project accounts are kept in local currency i.e., in Macedonian Denars ("MKD"). The Project financial statements will be presented in EUR as this will be the reporting currency of the Project. Additionally, the PMT will ensure that its accounting policies and procedures also comply with the accounting principles and methodologies for budget users set by the Ministry of Agriculture.

##### ***Accounting standards***

104. The accounting systems will: (i) reliably record and report all financial transactions, assets, and liabilities of the AMP, and (ii) provide adequate financial information for AMP managing and monitoring activities. PMT will ensure that its accounting policies and procedures also comply with the accounting principles and methodologies set up by the MAFWE.

##### ***Accounting Management***

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105. Day-to-day management of accounting is the responsibility of the Financial Management Specialist who reports directly to the Project Director.

#### **PROJECT FINANCIAL MANAGEMENT SYSTEM (PFMS)**

106. The Project Financial Management System (PFMS) acceptable to the Bank, which will keep the accounts for the AMP will be established. The PFMS should be designed to accomplish the following objectives:

- Regular and precise record keeping and denoting of all projects financial accounting transactions according to the requirements, needs and applications of the legislative of the Republic of North Macedonia and the World Bank;
- Produce Financial reports for two separate groups of users: i) World Bank reporting requirements – as per forms and principals laid down in the WB guidelines applicable for the IBRD Loan and the EU Grant, and ii) statutory reporting requirements – in accordance with the Macedonian legislation;

107. The basic principles are designed to ensure that the accounting records are complete, relevant and reliable, and that the accounting practices are followed consistently from one period to another, so that financial reporting is comparable. These terms are defined as follows:

- Complete: all appropriate transactions have been recorded in accordance with the accounting procedures manual;
- Relevant: accounting information is relevant when accounting transactions are recorded and reported in timely fashion; all accounts should be updated and reconciled monthly and reports should be issued no less frequently than each quarter. Financial information provided by the FMS influences the decisions of users by helping them evaluate past, present or future events or correcting their past evaluation;
- Reliable: information is reliable when it is free from material error, when it is neutral: that is, it is free from bias, and it can be depended upon to represent faithfully that which it either purports to represent or could reasonably be expected to represent;
- Comparable: users must be able to compare the financial statements of the Project over time to identify trends in its financial position and performance. Hence, the measurement and display of the financial effects of like transactions must be consistent over time

108. The PFMS include:

- Proper accounting system;
- Internal Controls system;
- Interim un-audited Financial Reports (IFRs);
- Auditing and monitoring of Project activities;
- Accounting and Financial Flows;
- Financial Control System.

#### **Information system**

109. It was agreed with the PMT that accounting data would be backed up on a regular basis. MAFWE uses the Treasury system for its accounting and reporting. The Treasury system was assessed by the diagnostic work in Macedonia and found to be sound with reliable reporting and ex-ante controls. The reporting is based on the Treasury reporting but due to the complexity of the project design and need for reliable and transparent timely information, Edusoft software is used for project accounting and reporting and supplements Treasury reports. Edusoft application is widely used for project accounting and financial arrangements for the projects in North

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Macedonia and is considered a satisfactory system for reliable and accurate project information. It provides reliable accounting information. IFRs will be generated automatically by the software.

110. The PMT financial management specialist will record, classify, report, and interpret AMP project financial data. To keep necessary financial records and prepare financial statements, the PMT financial staff will follow the accounting cycle, a six-step process including:

- analysis of transactions from source documents into an appropriate number of debits and credits to be entered into accounting records;
- recording transactions in a journal for later posting to the general ledger;
- posting the general ledger at the end of each month of operations;
- adjusting general ledger at the end of each quarter;
- closing and balancing the ledger at the end of the year;
- preparing financial statements in IFR format.

111. The accounting structure should reflect the sources of funds (WB Loan and EU Grant proceeds), project component, disbursement categories for WB Loan and EU Grant, location of activities performed and relevant expense accounts, broken down into the various types of expenditures for the project. The accounting structure should be able to produce financial reports that show budgetary items related to the current project financial data to measure performance in the implementation of the project.

### ***Internal Control System***

112. The AMP internal control system should be able to ensure that financial records are reliable and complete. In particular, the internal control system should ensure proper recording and safeguarding as well as transaction control.

113. Key internal controls to be applied for the project include:

- appropriate authorizations and approvals;
- segregation of duties;
- different persons being responsible for different phases of transaction;
- reconciliations between records and actual balances, as well as with third parties should be performed on regular basis;
- complete original documentation should exist to support project transactions.

114. Adequate procedures and controls will be instituted and applied in practice for WB loan and EU Grant. The respective procedures are designed to ensure use of funds for intended purposes.

115. Key internal control procedures include:

- clear identification of the project name and number to avoid/prevent double financing of the activity;
  - clear description of eligibility criteria for beneficiaries;
  - clear description of eligibility criteria for projects;
  - clear description of component regarding eligible percentage covered by different financial sources (WB Loan and EU Grant)
  - procedures and processes of monitoring of grants implementation, including reporting back;
  - clear segregation of activities financed under the AMP;
  - separate accounting and recording for AMP;
  - flow of funds.
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116. Bank Statements of the Designated Accounts of the Loan and the EU Grant are received, by the PMT, when transactions take place, and Treasury Account Bank Statements on regular basis. Based on the Bank Statements/Treasury Account Bank Statement, the PMT Financial Management Specialist will record executed payments and perform due reconciliation of the bank balances for each account of the WB Loan and of the EU Grant.

### ***Interim Financial Reports***

117. Interim Financial Reports (IFRs) will be regularly provided in accordance with the World Bank requirements, as well as the reports requested by the Government of the Republic of North Macedonia. Project management oriented IFRs will be used for monitoring and supervision of AMP. The format of the IFRs is included as Annex 11 of the POM. The PMT will produce a full set of separate IFRs for each calendar quarter throughout the life of the AMP project. They will be due 45 days (about 1 and a half months) after each quarter end. The IFRs will comprise the following reports presented in the agreed format:

- Designated Account statement;
- Project balance sheet
- Sources and Uses of funds
- Uses of Funds by Project Activity;

118. The accounting for the project is cash basis with additional information provided for commitments on signed contracts.

### ***Auditing of Project activities***

119. The project's financial statements will be audited in accordance with terms of reference acceptable to the Bank by a private audit company acceptable to the Bank, and the audit report will be submitted to the Bank at the latest 6 months after the end of the period audited. The annual cost of the audits of the project will be covered by the project from the IBRD loan funds.

### ***Financial Control System***

120. All transactions must be reflected by supporting documentation. The process of registering the supporting documents is the first step for record keeping.

#### ***a) Cash Control***

121. A Petty Cash Fund is established to have small amounts of cash in Denar (MKD) for immediate payment of such items as office supplies, taxi fares, delivery charges, fuel, pay tolls, etc. All Petty Cash operations will be in line with the relevant articles from the Law on payment operations. The ceiling of Petty Cash Account will be regulated by the Decision for petty cash maximum issued by the MAFWE. Whenever the petty cash fund drops below a certain balance it should be replenished through a withdrawal from the Project Designated Account. All disbursements from the petty cash fund must be documented with a corresponding receipt.

122. A system of internal control is established to ensure that petty cash amounts are protected from theft or embezzlement. The Office Assistant/Translator manages the Project Petty Cash, and the Financial Management Specialist oversees cash control. Internal control procedures include the following:

- Cash is under lock;

- Statement of cash flow reflecting both cash receipts and cash disbursement records;
- Regular maintenance of the cash counts sheet by the Office Assistant/Translator and periodical entrance of each petty cash expenditures into the general bookkeeping ledger with allocation of appropriate account. Bookkeeping is done by the Financial Management Specialist.
- Regular reconciliation between the physical cash, accounting and cash counts records;
- Random control of the cash operations by the individuals who are not financial staff of the PMT.

#### ***b) Fixed Asset Control***

123. The internal control of fixed assets such as furniture, equipment, and office accessories and any other assets procured under the Project is to be maintained by the PMT. All employees are responsible and accountable for fixed assets in their possession. The controls over fixed assets include maintaining assets register, verifying the existence and condition of assets periodically and developing policies for authorization of asset disposal

- An Assets Register should be established with an entry for each asset. Each asset should be given a unique reference number for identification purposes. The register will contain information about where and when the item was purchased; how much it cost; reference number or serial number and depreciation. The Assets Register should be checked by an inventory committee at the end of each calendar year and any discrepancies will be reported and appropriate action taken.
- Regular maintenance (e.g. vehicles and equipment) and budgeting funds for these purposes will help to improve safety and prolong the life the assets, as well as preserving their value.

124. Any acquired or donated assets will be recorded in a Fixed Asset Record if the item has a value of EUR 300 or more. This record will include a description of the asset, date received, cost or estimated value, location, and an indication if it was purchased or donated. The financial management specialist will maintain the Fixed Asset Record.

#### ***Bank accounts management and Flows of Funds and Documents***

125. Project funds will flow from: (i) the Bank, either as an advance via a two Designated Accounts (one for IBRD Loan and other for EU Grant) to be opened in the NBRNM, which will be replenished under transaction-based disbursement method, and managed as described below in the section on disbursement arrangements, or, if specific need arises, through direct payments to suppliers; and (ii) Government of North Macedonia, where payments will be executed by order of MAFWE via the treasury system.

126. The transaction-based disbursement method will be used for the Project. Once the Project becomes effective a Designated Accounts will be opened in the NBRNM, to which the funds will be transferred from the World Bank. A mirror Denar accounts are opened within the Treasury Single Account to serve as an operating account for withdrawals from the foreign currency accounts. The mirror accounts are credited only with amounts coming from the Designated Accounts. The Denar account is, in essence, a zero or immaterial balance account, with all spending taking place through it, with a corresponding transfer of the Denar-equivalent amount from the foreign exchange account. The Designated Accounts will be managed and operated by PMT.

127. All payments under **the AMP** will be managed and operated centrally, i.e., directly from the PMT. The payment for all components will be managed from treasury account in regard to the Loan and the EU Grant, the latter regarding the percentage stated in the EU Grant agreement for sub-component 2.3. In that case, when payments to local suppliers are made, then a corresponding amount of foreign currency is exchanged in Denars and credited to the Denar mirror account. From there, the amount is transferred to the respective supplier. If a payment needs to be made to a foreign supplier in foreign currency, then the foreign currency equivalent amount is converted to Denars and credited to the mirror Denar account. The Denar account is then debited with the



transaction amount, the Denars are converted to the appropriate foreign currency, and the respective amount transferred to the supplier. This flow of funds is followed even if the Designated Account and the payment due to the supplier are in the same currency. This ensures that the mirror Denar account, as part of the Single Treasury Account, captures all amounts paid to suppliers in the Treasury system.

128. The Ceiling for the Designated Accounts are indicated in the Disbursement Letters for the AMP in relation with the Loan and the EU Grant. Applications for replenishment of the Designated Accounts will be submitted quarterly or more frequently if needed. Documentation requirements for replenishment would follow standard Bank procedures as described in Disbursement Handbook and would be in line with the Disbursement letters for the WB Loan and EU Grant arrangements.

129. The procedure of receiving and proceeding the documentation is the following:

- The PMT receives from contractors'/suppliers' documentation for payment (pro-invoices, invoices, interim certificates for works request for funds etc.) and registers it in the /Ministry archives writing down the number and the date, as well as putting the stamp;
- The engineer/project manager reviews the received documentation in line with the signed contract and if acceptable signs the documentation.
- The procurement specialist reviews and signs the documentation received.
- The financial management specialist reviews and approves the documentation and put his/her initials on it.
- The checked documentation afterwards is submitted to the Project Coordinator and to the Project Director.
- After its verification by the Project Coordinator and Project Director, the documentation is once again submitted to the financial management specialist in order documents for payments to be prepared. The two separate payment documents will be prepared if the activity is eligible for payment from Loan and EU Grant based on the relevant financing percentages stated in the documents. The documents for payment prepared by the financial management specialist are submitted to the authorized signatures to be signed. In the end, the financial management specialist makes the payment from the relevant designated/ treasure account in relation to the eligible percentages covered and enters it in the books.

130. All disbursements (payments) for local expenditures to suppliers, contractors, consultants, etc., from the IBRD loan funds and EU Grant proceeds will be made in the local currency of Republic of North Macedonia (MKD) and for reporting purposes converted into EUR. The following disbursement method may be used under the Project:

- Advance to designated accounts;
- Direct payment from the IBRD Loan and EU Grant account (amount covered by eligible percentage of expenditure to be financed to a third party for amounts due).

131. World Bank Form "Application for Withdrawal" - Form 2380 together with the Summary Sheet when supporting documentation is required or Statement of Expenditure (SOE) when submitting applications without documentation will be used for any withdrawals of the AMP's Loan and /EU Grant funds.

## CONTRACT MANAGEMENT ARRANGEMENTS

132. **Financial monitoring of the contract.** After a contract is signed, the FMS establishes a Contract Payment Record with an initial commitment equal to the contract amount, indicating contract date, payment schedule, and contract term. Subsequent amendments, (revisions, extensions) to the contract will be identified separately and linked to the original contract. As invoices are received, its number, date, description, and amount are noted,

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together with payment date and amount; at any given moment the undisbursed portion of the amount committed shall be the difference between the initial commitment and the sum of payments already made.

133. **Receipt and acceptance of the invoices.** Invoices are submitted by the contractor, consultant and supplier as specified in the contract. The format of the invoices should abide to the enforced tax legislation in North Macedonia. Each invoice shall clearly specify the goods and/ or services provided; the corresponding work performed or be supported by a statement of works as appropriate. The invoices show the costs, taxes shown separately, of the work done, the amount of any withholding for the mobilization advance, the total to be paid; the contractor/ supplier bank account details to which payments should be made, and the pertinent reference to the accompanying statement of works. Invoices are dated and signed by the contractors'/suppliers' authorized representative. From the project side, the invoices will be signed by the project director or project coordinator for MAFWE.

#### ***Acceptance of deliverables/goods/works:***

134. **Consulting services:** The consultant services deliverables/ reports are accepted and certified by the component leader and verified by project director. Once the Component Leader has accepted the report/deliverable, informs the Project Coordinator and Project Director in writing. In case of time - based consultant contracts, except for the PMT staff, the consultant timesheet will be approved by the Component Leader.
135. **Works:** An acceptance committee will be established by the Minister of MAFWE with representatives from final project beneficiary - component leader, in case of AFSARD and AFV, and PMT for stage or final acceptance of the performed works. During the acceptance process, the acceptance committee will consult on issues with the engaged consulting company responsible for the detailed design. Once the acceptance committee receives a signed certificate of completion by the Civil Works Project Manager for the completed works, they shall prepare and submit to the Minister of MAFWE for signing a decision for handover.
136. **Goods and non-consulting services:** Once the contract for goods is signed, the Minister of MAFWE will establish a committee for qualitative and quantitative acceptance of the purchased and delivered goods. For goods (equipment) where beneficiary is AFSARD or FVA, the qualitative and quantitative acceptance procedure is conducted by a joint committee established with a decision signed by the Minister of MAFWE based on the official request of the AFSARD Director or FVA Director. The committee will inspect goods whether in compliance with the technical specifications. The goods receipt note will accompany the acceptance form.

#### ***Invoice processing/payments***

137. The financial management specialist performs the following checks.
- Verify the legal conformity of the invoice
  - Check the exact provision of the contract with regard to the Payment
  - Verification of unit rates, prices and quantities;
  - Verification of supporting documents (invoices; interim payment certificates; monthly statements; actual re-measurement; timesheets; proofs of actually incurred expenditures; bills of lading; insurance policies; manufacturers' authorization; deliverables; operational acceptance; taking over certificate; bank guarantees etc. as applicable);
  - Existence of required approvals (duly certified monthly statements and interim payment certificates; signed timesheets; Engineer's, site engineer and PMT Director's approvals; approval of Beneficiary's Coordinator on the deliverables etc. as applicable);
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- Check if the requested amounts have not been already paid;
- Verification of invoices (correct name, address, identification information and bank account of the payee);
- Check if the payee's information in the invoice is the same as in the contract and previous payments;
- Check if the payment request fits the payment schedule/milestones in the contract;
- Check if the appropriate percentage recovery of the advance payment has been deducted;
- Availability of funds and applicable payment method (payment from Designated Accounts; Direct Payment; etc.)

138. Preparation of a payment order for the amount to be paid to the contractor's/supplier's bank account as specified in the corresponding invoice. For sub-component 2.3, 56% of the total amount of the invoice will be paid from the IBRD Loan and 44% from the EU Grant.

139. Recording of the payments in the contract payment record.

140. **Payment orders.** Payment orders are prepared and signed by the FM specialist and also signed by the Project director and the Minister of MAFWE. The Treasury office within Ministry of Finance will process payments by accepting payment orders, together with accompanying supporting evidence, that PMT will prepare.

**Note 1:** Staff and local consultants' remuneration: these are computed monthly by FM specialist on a single document/spreadsheet for each Project Consultant, based on approved Monthly Reports/timesheets (if time based); the Project Director and Project Coordinator approves the payment. Payments are made to relevant employees/consultants via transfer to a bank account, no later than the fifth day of the current for the previous month.

**Note 2:** Petty Cash balances: IA aims to minimize petty cash balances out of Project funds and this should have typically zero balance.

**Note 3.** Sample list of necessary documentary evidence for payments: The payment is the basic procedure to be used for disbursement of Loan funds. All payments should be made against valid supporting documentation, according to the Disbursement Handbook. No payments may be executed without a duly signed Contract. When a contract is signed, the contract amount is considered as committed from Loan funds and in case of activities under Sub-component 2.3 also from EU Grant funds.

141. For Civil Works and non-consulting services:

- Bank Guarantee – for Advance payment,
- Bank Performance Guarantee /performance bond– for whole duration of the contract,
- Contract documents – for all payments, including duly approved Interim Payment Certificate or Monthly Statements (from the supervision company, technical committee, and project director)
- Final acceptance of works or operational acceptance for final payment and retention release.

142. For Goods and Non-Consulting Services:

- Bank Guarantee – for Advance payment,
  - Bank Performance Guarantee/Performance Bond – for contract implementation
  - Contract documents – for all payments, including Certificate of Origin, delivery documents (CMR, customs declarations, transport documents), bills of lading; insurance policies; manufacturers' authorization, certificate of original
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- Acceptance or installation protocol – for final payments.
- Goods receipt note.
- Transfer to other sites documentation if applicable

143. For Consulting Services and Training:

- Bank guarantee – for advance payment (if required),
- Contract documents – for all payments,
- Progress reports and acceptance report – for partial payments,
- Final report and acceptance report– for the final payment,
- Proof for actually incurred expenditures for reimbursable and consultants' fees,
- Approved timesheets if applicable,
- Study tour accounting records and documentary evidence of expenses, including lists of participants and training details.

144. For Advances and Per Diem (if not foreseen in consultant contract):

- Decision for business trip abroad, approved and signed by the Minister of Agriculture, forestry and Water Economy;
- Per diems are approved and calculated in accordance with the decree on expenses for business trips and moving abroad that are recognizable as current expenses to state administration bodies (Official Gazette of RNM no. 50/200,64/2001,110/2008,82/2010,12/2012,05/2013,01/2014 и 90/2014).

## **TRAVEL ARRANGEMENTS AND STUDY TOURS/TRAINING**

### ***Field visit***

145. The PMT and MAFWE staff or local departments' staff would have to travel to the Project area for the implementation progress coordination, site checking and supervision. They also may travel with the consultants to accompany them in their site visits.

146. The travels of Project staff are authorized by the Project Director and signed by the Minister as per MAFWE procedures in place, who also provide them with the statement of objectives for that particular travel. The Financial Management specialist would process for the reimbursement of the travel expenses upon submission of the "Trip Order form" by the staff, attached Statement of Expenditures and receipts/invoices. Not later than one week after the field visit, a brief field report should be prepared by the staff, summarizing the key findings of the field visit.

### ***Training and study tours***

147. The project funds allocated for training and study tours, would be spent based on specific Terms of References, and accompanied with cost estimates, that would be cleared with the Bank prior to undertaking the study/training travel. Advances on per diem and reimbursable are computed by FM specialist on a single document for each employees/consultant based on the order of the Project Director. Upon completion of the study/training travel the participants will prepare a report with the main findings and lessons learned and present it to the PMT and World Bank for information, not later than 10 working days after the trip return date.

148. Upon submission of the proof of actually incurred expenditures: actual travel receipts, board passes, hotel accommodation invoice, other relevant receipts, and proof of the purpose of the visit (attendance certificate), if necessary, the FM specialist computes the amount to be returned to the project account. Trip actual expenditure

report is signed by the FMS and the traveler. Cash receipt note is raised, if applicable. These documents should be submitted no later than **10 working days** from the trip return date.

## PROJECT OPERATING COSTS

149. In addition to staff salaries, include the following expenditures:

- Vehicle(s) fuel, annual taxes, insurance and maintenance
- Office Communication Expenses (mobile and landline phones, fax, internet)
- Office/equipment maintenance and clerk
- Travel expenses and per diems

150. The modalities of using of Fuel are described below:

- With a withdrawn order signed from the Project Director would be withdrawn the quantity of fuel as it is defined in the contract with the supplier.
- The entrance of supplied quantity of fuel, filling the entrance-sheet.

Responsible for the implementation of fuel procedures will be the Project Financial Specialist.

151. Contract management process

- FM plays a key role in contract management process, contributing mainly to the performance of the following activities. The contract management manual is an integral part of this manual.

152. Setting internal arrangements:

- Establishing internal procedures (hierarchy, communication, level of authority, flow of documents, verification and acceptance procedures, payment procedures, internal audit etc.)
- Kick-off meeting with the contractor/ consultant:
- Review of contract documents - priority and inter-correlation of contract documents; conditions of contract; Terms of Reference; payment schedules and covenants; implementation milestones (deliverables, reports etc.);
- Review of applicable legislation and any obligations deriving in connection to the execution of the contract in the Client's country (e.g., contract registration; fiscal registration of Consultant in the Client's country; applicable tax regime, reporting obligations to other Government agencies etc.);
- Establish a comprehensive reporting system between the parties (level, frequency, templates for reports for each party involved);

153. Processing advance payments/verification of advance payment guarantee and performance security:

- Amount;
- Validity;
- Issuing bank/certified signatures;
- Unacceptable deviations/conditions.

154. Verification of insurance policies for traveling abroad:

- Coverage;
  - Validity;
  - Amounts;
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- Exclusions;
- Deductibles;
- All terms and conditions that may render the policies invalid under certain circumstances or events;
- Any provisions regarding notification requirements;
- Proof of payment of insurance premiums;

155. Review and approval of payment applications:

- Check the exact provision of the contract with regard to the Payment
- Well established mechanism for the verification and approval of payment documents –four eyes principle.
- Verification of unit rates, prices and quantities;
- Verification of supporting documents (invoices; interim payment certificates; monthly statements; actual re-measurement; timesheets; proofs of actually incurred expenditures; bills of lading; insurance policies; manufacturers' authorization; deliverables; operational acceptance; taking over certificate; bank guarantees etc. as applicable);
- Existence of required approvals (duly certified monthly statements and interim payment certificates; signed timesheets; Engineer's or Project Director's or Project Coordinator's approvals; approval of Client's Coordinator on the deliverables etc. as applicable);
- Check if the requested amounts have not been already paid;
- Verification of invoices (correct name, address, identification information and bank account of the payee);
- Check if the payee's information in the invoice is the same as in the contract and previous payments;
- Check if the payment request fits the payment schedule/milestones in the contract;
- Check if the appropriate percentage recovery of the advance payment has been deducted;
- Availability of funds and applicable payment method (payment from Designated Accounts; Treasury mirror Accounts Direct Payment; etc.)

156. Inspections and tests (where applicable):

- Inspections at delivery to project sites;
- Site inspections;
- Testing of materials and workmanship;
- Sampling;
- Verification of deliverables

157. Remedies against non-performing contractors:

- Penalties for failure to meet contract obligations, if provided in the contract, upon denial approval or acceptance of non-compliant goods, defective work, sub-standard materials or incomplete deliverables, and rejection of non-performing consultants.
- Penalties for failure to meet functional guarantees;
- Actions against the Performance Security;
- Termination of Contract.

158. Acceptance / Taking over Certificate:

- Check if all the functional guarantees are met and all tests on completion have been successfully passed; Acceptance of goods (check against delivery lists and technical specifications) and services (check if all comments and recommendations have been incorporated in the Final Report);
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- Inventorying procedures;

159. Warranty / Defects Liability Period:

- Ensure that Performance Security/Retention Money Bank Guarantee and insurance policies (where applicable) are still valid and enforceable for the duration of the warranty period;

160. Final Acceptance / Performance Certificate:

- Ensure the Contractor has no outstanding obligations, duties or debts;
- Release Performance Security/ Retention Money Bank Guarantee;
- Final Payment (if applicable).

161. Termination of Contract:

- Check the exact provisions of the Contract with regard to the Termination by the Employer;
- Assess Contractor's claims and remedies;
- Ensure that all Contractor's reasonable claims have been properly addressed and all due amounts have been paid;
- Contingency planning.

162. Claims and settlement of disputes:

- Check the exact provisions of the Contract with regard to the settlement of disputes and costs incurred (in terms of time, money and resources);
- Check if the contract management team has consistently and correctly enforced the conditions of contract;
- Duly document Contractor's deviations from the specifications and conditions of contract (very important for later arbitration/adjudication procedures or to defend Employer's case in court)

## **ACCOUNTING SYSTEM AND SOFTWARE PACKAGE FEATURES**

### ***Accounting System and Software Package Features***

163. The project accounting system will be based on an adequate project management application to account for all project transactions. The application will generate financial reports following the formats acceptable by the Bank.

164. The "Accounting Software" required, is a compatible and readily available off-the-shelf software package.

165. Thus, the accounting system will:

- (i) record project related transactions separately for each funding source, including Government Contribution if any,
  - (ii) capture sources of funding and their use for Project funds;
  - (iii) exchange rates of local currency towards the currency of the IBRD Loan and EU Grant and the currency of the transactions;
  - (iv) prepare IFRs acceptable to World Bank;
-

- (v) maintain contract management data, track all payments in respect of a particular contract, commitment and liability.

166. All transactions will be recorded with relevant characteristics, including the following:

- A) Expenditure categories,
- B) Project components and additional levels of subordinated subcomponents,
- C) Sources of funding.
- D) Identified by contract

167. This will enable to capture all information needed for compiling replenishment reports (SOEs). Also, the system will be accommodated to use the budgeting information for each category, component, sub-component, and source of financing.

168. The accounting software will capacitate the following outputs:

- Development of Chart of Accounts
- Design of formats of various accounting books, records, and statements
- Preparation of Budgets
- Contract Management System
- Covering of the whole project, i.e., all sources of funds for the project and all utilization of funds.
- The package ensures:
- Ability to account under cash basis of accounting.
- Includes a fixed asset/inventory management registry
- Ability to export data (e.g., to Excel, etc.)
- Ability to track the report on multiple project
- Multi-language
- Multi-currency
- Ability to track and report on flexible reporting cycles (e.g., monthly, quarterly, etc.)
- Ability to track and report by project funds
- Ability to track and report by project component
- Ability to generate financial report formats with a clear audit trail (e.g., no additional revisions need in a spreadsheet which would modify an audit trail)
- Capacity to customize reports
- Internal security features adequate (e.g., cannot delete posted transactions, controlled access, password protection)
- Support readily available for technical issues and training
- Capacity to track the following data: actual, budget, forecast and life of project
- Payroll management system

The accounting journal entries and accounting data will be recorded in the system by the PMT/Financial Management Specialist.

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### ***Accounting policies***

169. Accounting policies/procedures to be applied in the project (besides standard accounting policies/procedures used for Budget entities) will include the following major assumptions:

- cash accounting as the basis for recording transactions;
- reporting should be done in MKD and in Euro (the currency of the disbursements); and
- aggregated project IFRs should be prepared covering all components, subcomponents, activities and sources of funds.

### ***Currency***

170. The functional currency of the project is Macedonian denars (MKD). Thus, the records of receipts and payments for the Project are maintained in MKD and in currency of the disbursements (EUR).

171. Transactions denominated in currencies other than MKD are converted at the National Bank of North Macedonia official rates in effect on the date of such transactions. Foreign currency monetary assets and liabilities are translated at the rates in effect on the last day of the reporting period. Foreign currency non-monetary assets and liabilities are translated at historical rates.

### ***Fiscal year***

172. Fiscal year of the project accounts lasts from January 1 till December 31 of the calendar year.

### ***Chart of accounts***

173. The chart of accounts is the accounting group scheme for activities to be carried out by the contracts. A chart of accounts is one of the ways of classifying the accounting data of the Project in a manner that will promote its use, lead to better management, and achieve more meaningful accountability. The major classifications according to which the chart of accounts will be classified should be divided into sub-accounts. Accounting records for all project expenditure will be maintained by category, source of financing and component.

### ***Accounting Journal entries***

174. The FM specialist classifies reports and interprets project financial data. To keep necessary financial records and prepare financial statements he/she should follow these steps:

- a) Analysis of transactions from source documents into an appropriate number of debits and credits to be entered into accounting records
  - b) Record of transaction using an internal number to identify the record
  - c) Posting of the transaction (in case of the error the cancellation of the record is impossible; to correct the record is necessary to make the reversal and then to record the right transaction);
  - d) For transaction in currency different from MKD, it is necessary to enter the daily average rate of exchange;
  - e) Records of the reversals (in case of errors) and adjustments are made under "Adjustments and reversal
  - f) Records all the data for the contracts, taken by the Procurement Specialist. Incremental operating costs are directly declared as an expense and are not necessary to open contracts for them.
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- g) Preparation of Quarterly Reports: They can be generated in EUR or in local currency (MKD).
- h) One copy of the printed Quarterly Reports must be saved in a file, and from the moment of the preparation of these Reports, no other transaction can be entered in that Quarter.

### **Back up**

175. Weekly back up data files with data being stored in support electronic (external hard disc) in secure place.

### **Financial closing and reporting procedures**

176. The procedures that would be performed by the Financial Management Specialist at the end of each reporting period include:

- a) close monthly project accounting books within 5 working days from the end of the month;
- b) close timely yearly project accounting book, within 10 working days from the end of the year;
- c) check the mathematical accuracy of the IFRs inputs with the accounting records;
- d) check the opening figures of the IFRs with the closing figures of the previous quarter;
- e) check the IFRs figures for consistency between the various reports (Statement of Sources and Uses of Funds, Uses of Funds by Project Activities, Designated Account Statements, and Contract Monitoring);
- f) **monthly** treasury and bank accounts statements reconciliation with project accounting records (within 5 working days from the end of the month);
- g) **monthly** WB disbursement records reconciliation with project accounting books; and
- h) **inventory and fixed assets** stock taking at least **once per year** and more often if needed (within a month from the end of the year).
- i) **At the end of each quarter**, a reporting procedures check-list, indicated that all the above steps are completed, is prepared by the FM specialist, and approved by the project coordinator. The checklist will be filed together with the IFRs in the reports folder and a copy will accompany the Interim Financial Reports when submitted to the Bank.

### **Interim Financial Reports**

177. Project management-oriented Interim Financial Reports (IFRs) will be used for project monitoring and supervision. The PMT director will be responsible for the quarterly reports for the project. The financial reports will be prepared by the FM specialist and certified by the Project Director/Project Coordinator. The reports will be submitted to Bank within 45 days after the calendar quarter-end.

178. The following basic IFRs are to be produced by PMT for the project:

- Designated Account (DA) Statement (format is attached in Annex 11)
  - Project balance sheet;
  - Sources and uses of funds (format is attached in Annex 11);
  - Uses of funds by project / activity (format is attached in Annex 11);
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### ***Annual project financial statements***

179. The annual project financial statements will be presented according to cash based IPSAS and prepared in EUR.

The following statements will be part of the annual project financial statements:

- Project sources and uses of funds;
- Uses of funds by project activities
- Bank account reconciliation statements
- Summary of SOEs
- Notes to the project financial statements, including project liabilities and commitments.

180. The annual project financial statements must be prepared by both IAs, which manage project funds, MAFWE. MAFWE is responsible for the consolidation of the document.

### ***Periodic processing schedule***

181. The FM Specialist periodically will follow procedures for the software operation (e.g., backup of data, maintenance of data), for manual procedures (e.g. formal reconciliation of bank account and treasury account statements to project accounting records, reconciliation of WB disbursement records), agreed project reporting schedules.

### **CONTROL PROCEDURES**

182. The control procedures adopted will ensure that financial records are reliable and complete. In particular, the control system will ensure proper recording and safeguarding of assets and resources, adherence to FM policies and orderly and efficient conduct of business.

#### **✓ Internal Controls:**

- **Authorization procedures:** all project expenditure transactions (procurement, invoice acceptance, payment and disbursements) are authorized in accordance with approved organizational chart and authorization limits and levels enforced in the IAs, to ensure only appropriate transactions are processed. These may include decision authority and payment authorities. The payment transactions will be validated and verified further by Treasury.
- **Segregation of duties:** Segregation of duties is one of the key concepts of internal controls. It is also one of the most effective internal controls in combating employee fraud. Segregation of duties contributes to an organization's system of checks and balances. The concept of segregation of duties is to separate the following responsibilities in each business process (\* for cash disbursements):
  - Custody of assets (MAFWE, AFV, ASFARD))
  - Record keeping (Project FM Specialist)
  - Authorization (Minister of MAFWE or the person delegated with Minister's Order))
  - Reconciliation (Preparer: Project FM Specialist Approval: Project Director or Project Coordinator)

183. Ideally, no individual employee should handle more than one of the above-noted functions in a process. When duties cannot be segregated, compensating controls should be considered. Compensating controls can be preventative, detective or monitoring controls that are executed by an independent, supervisory-level employee

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who does not have custody, record-keeping, authorization, or reconciliation responsibilities for the process. At least the following segregation of duties should be enforced, or compensating controls endorsed:

- Employees involved in the purchasing process should not be responsible for approving vendor invoices. Instead, this approval should be restricted to the employee who initiated and authorized the purchase requisition or a person independent of the purchasing function.
- Employees who are responsible for the receipt of goods from vendors should not be involved in the purchasing or cash disbursement process.
- Initiation and approval (release) of wire transfers should be segregated between two employees.
- The preparer of bank reconciliations should not have the responsibility for recording cash receipt or disbursement transactions. In addition, bank reconciliations should be reviewed and approved by an employee other than the preparer.
- The employee responsible for preparing and/or initiating a journal entry in the accounting system should not have responsibility for recording or approving journal entries\*. Compensating control: At month-end, the general ledger system generates a report of all journal entries recorded in the period for review and approval by an employee who does not have access to record transactions in the system. Journal entries should be reviewed/tested for accuracy, completeness, supporting documentation and appropriate account coding.

\*If MAFWE used, the four eyes principle is integrated in the architecture of the system.

## **Documentation**

184. The following minimum sets of files will be kept at the lead IAs:

- Activity/Tender files (are described in the Procurement section)
- Contract, Payment and Bank Statement Files for the IBRD Loan
- Contract, Payment and Bank Statement Files for the EU Grant
- Communications Files

## **Contract and payments files**

185. A contract and payments files contain all documents, correspondence and information possible after the award and signature of contract until its final closure (i.e., approval of final report and final payment executed).

186. A contract and payments files thus are kept for each individual contract resulting from an individual activity/tender. A contract and payments files typically contain the following sections, which are separated by the use of dividers:

- The Contract Payment Overview Sheet (updated for each payment).
  - The original signed version of the contract.
  - Original signed version of addenda and side letters (in chronological order).
  - Copies of payment orders
  - Original invoices including all original supporting documents (if any), invoice control sheets for each individual payment, payment execution approvals and payment information to contractors (as described in the above section)
  - Bank statements
  - Correspondence regarding the financial management of the contract.
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187. The use of dividers separating each section in the file will enable the user to quickly gather information about e.g., payment or the changes that affect the original contract by means of side letter etc.
188. Contract and payments files are kept by the FM Specialist in his/her office. To separate visually the contract and payments files for all different projects/ from different sources of funds it is proposed to label them in different color.
189. Bank statements A original bank statements confirming the details of payments and the latest available account balance, original payment orders, as addition of the payment files and the bank book. It is anticipated that they will be kept on an annual basis for ease of reference. Bank statement files are kept by the FM Specialist in his /her office.

### ***Communication documents***

190. All letters and document exchange with other entities will be kept in the archive unit of the MAFWE and Project office. The Minister of MAFWE or the person delegated by the Minister's Order of the MAFWE will be in charge as Signing Authority in providing answers to the third parties entities.

### ***External audit***

191. The audit will be performed annually by independent auditors acceptable to the WB, to examine the projects activities in accordance with TOR acceptable to IBRD.
192. Specific terms of reference are used for the Projects covered by this agreement and are cleared annually by the Bank. The audit scope will be extended to include a more detailed review (to be performed by the financial auditors) of the implementation of the Loan/ grant scheme.
193. The annual audited project financial statements together with the audit opinion and the Management letter would be submitted to IBRD within six months after the end of the calendar year (before June 30). The audited Project financial statements will be made publicly available in a timely fashion and in a manner acceptable to the Bank. MAFWE will publish the annual Project audit reports in its website within two months from submission.
194. The FM specialist will prepare an action plan to address and follow up the recommendations related to financial management from the auditors, State Audit Office, Internal Audit, and WB implementation support mission. All matters will be consolidated in single action plan document, where the individual/unit responsible will be identified. Follow up on the action plan will constitute an integral part of the monthly progress report.
195. Also, World Bank staff will conduct general supervision, including supervision of financial management, at least two or three times per year.
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## REPORTING

### a. DURING THE WHOLE DURATION OF THE AMP

196. The PMT must transmit to the World Bank, on a semi-annual and annual basis, a project progress report containing the following:

#### i. Project implementation

- Status on project implementation for the reporting period Specific issues encountered.

#### ii. Procurement implementation

- Bidding in progress;
- Contracts (in progress and new ones);
- Specific issues.

#### iii. Financial situation

- Disbursements;
- Situation of the accounts;
- Scheduled disbursements;
- Funding needs.

#### iv. Monitoring

- PDO Indicators;
- Intermediate indicators;
- Discussion on various indicators' results.

### b. IMPLEMENTATION OF WORKS CONTRACTS

#### i. Supervisor

197. During the work, the Supervisor must transmit reports to the PMT in a timely manner and in accordance with the provisions of the contract.

## MONITORING AND EVALUATION

### *Method for Monitoring and Evaluation System*

198. In view of establishing a correct and efficient Monitoring and Evaluation system, one should follow the guidelines set by the World Bank in Ten Steps to a Results-Based Monitoring and Evaluation System (ref 29672):

- Conducting a readiness assessment;
  - Agreeing on outcomes to monitor and to evaluate;
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- Selecting key performance indicators to monitor outcomes;
  - Setting baselines and gathering data on indicators;
  - Planning for improvement – selecting results targets;
  - Monitoring for results;
  - Using evaluation information to support a result-based management system;
  - Reporting the findings;
  - Using the findings;
  - Sustaining the M and E system within the organization;
  - Making results-based M and E work for you and your organization.
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## V. ENVIRONMENTAL AND SOCIAL SAFEGUARDS

### *Environmental and Social Standards*

199. For the social and environmental monitoring of projects activities during the implementation phase, the MAFWE, through the PMT which will include an Environmental and Social Specialist shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank. This will include implementation of the AMP in accordance with the Environmental and Social Commitment Plan (ESCP, Annex 15).
200. The Environmental and Social Standards” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank at <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework>.

### *Grievance Redress Mechanism*

201. Having an effective GRM in place will serve the objectives of: reducing conflicts and risks such as external interference, corruption, social exclusion or mismanagement; improving the quality of project activities and results; and serving as important feedback and learning mechanism for project management regarding the strengths and weaknesses of project procedures and implementation processes.
202. The GRM will be accessible to a broad range of Project stakeholders who are likely to be affected directly or indirectly by the project. These will include beneficiaries, community members, project implementers/contractors, civil society, media—all of whom will be encouraged to refer their grievances and feedback to the GRM.
203. The GRM can be used to submit complaints, feedback, queries, suggestions, or compliments related to the overall management and implementation of the AMP, as well as issues pertaining to sub projects that are being financed and supported by the AMP. The GRM's functions will be based on the principles of transparency, accessibility, inclusiveness, fairness and impartiality and responsiveness.
204. The timeline for complaint resolution at the MAFWE will be 15 days upon receipt of the complaint. The complainant will be informed on the outcome immediately and at the latest within 5 days of the decision.
205. The overall process for the GRM will be comprised of 6 steps: (1) uptake (2) sorting and processing (3) acknowledgment and follow up (4) verification, investigation, and action (5) monitoring and evaluation and (6) feedback.
206. The MAFWE will make quarterly reports available to the World Bank team on the implementation of the Project GRM. In addition, data on grievances and/or original grievance logs will be made available to World Bank missions upon request.
207. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed to address project-



related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, because of WB non-compliance with its policies and procedures.

208. As part of the Project activities the following steps have been undertaken:

- As part of the Project a fully operational web site has been established. The web site includes an e-mail for receiving the eventual complains and has attached a working version of the complaints form;
  - Within the frame of the project, a decision was made to establish the Grievance Redress Mechanism Committee;
  - Also, within the frame of the project a Grievance log register has been established.
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## **ANNEX 1 – RESPONSIBILITIES AND QUALIFICATIONS OF PROJECT DIRECTOR**

### **Project Director specific responsibilities:**

- Report to the Minister on the progress of the Project implementation,
- Coordinate Project activities among the Implementation agencies involved in project implementation, and other relevant stakeholders;
- Monitor contract management, and ensure timely procurement of goods, services, and Consultants' recruitment;
- Ensure timely implementation of project activities;
- Facilitate dialogue with the donors on relevant policies issues;
- Approve semi-annual/annual work-program, project budget and progress reports;
- Convene regular meetings of the Technical Committee;
- Convene monthly coordination meetings with the PMT to review project implementation and coordinate project activities;
- Manage project activities in compliance with the Legal Agreements (AMP is expected to have two Legal Agreements between the Republic of North Macedonia and the World Bank, one for IBRD Loan and one for the Grant to be funded by the EU and administered by the Word Bank for the co-financing of the project sub-component 2.3), and the Project Operational Manual;
- Ensure that project component activities are being implemented on an effective and timely manner and bring to the attention of the management of the implementing agencies and to the Bank any obstacles that are impeding the effective implementation of activities;
- Provide substantive briefings and other assistance as required to Bank missions.

### **Qualifications:**

#### Qualification (mandatory) criteria

- University Diploma in agriculture, natural sciences discipline or economy;
- At least 10 years of experience in the project implementation in the area of agriculture;
- Managerial experience and ability to lead and manage project teams, knowledge of project planning techniques and tools;
- Knowledge related to EU rural development, agricultural, and pre-accession policies and procedures, especially in Chapter 11, 12 and 13;
- Previous experience of working with international financial institutions and donors on similar projects
- Working experience with local authorities dealing with forestry, agriculture and water management
- Written and spoken fluency in English is essential;
- Computer literacy is essential.

Successful management of the project requires a dynamic person, with excellent communication skills, who is ready to work in a team and contribute to a positive team spirit.

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**ANNEX 2 – TOR PROJECT COORDINATOR****Terms of Reference****Project Coordinator****OBJECTIVE**

The objective of the services by the Project Coordinator is to undertake all activities and procedures for the project implementation, monitoring and reporting according to the Loan and Grant Agreement, including the applicable “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018 (collectively known as “Procurement Regulations”) as well as the “Anti-Corruption Guidelines (the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.) .

**SCOPE OF WORK**

The Project Coordinator will oversee day-to-day managing the PMT.

He/she will report to the Project Director.

She/he will organize, administer, and plan the day-to-day coordination and implementation of project activities.

He/she will be in charge with the administrative and technical decisions regarding the implementation of the AMP.

She/he will be responsible for ensuring efficient and timely implementation of project activities in accordance with World Bank operational policies and procedures.

He/she will be responsible for proper and timely monitoring and reporting on overall project.

**Specific tasks**

The specific functions and responsibilities of the Project Coordinator –include, but are not limited to:

- Manage the day-to-day implementation of the project by leading the staff of the PMT and implementation teams and by exercising technical oversight of specific contracts under the project.
  - Preparation of annual working plans including budget estimates for timely implementation of the Project and submitting it for approval to Project Director.
  - Ensuring effective and timely supervision of specific contracts; identifying technical issues and their effective resolution in coordination with the responsible Government agencies and the Bank.
  - Management and effective supervision of local and foreign consultants, including preparation of monitoring progress on deliverables under consultant contracts and providing feedback as necessary; general coordination of the work of the consultants consistent with the overall project implementation plan.
  - Ensuring effective and timely communication with government and non-government entities/agencies and donors involved and coherence in on-going and planned projects and programs.
  - Ensuring that clear working arrangements are established for collaborating with the Government of North Macedonia on all financial, accounting and procurement matters. This would include agreement on the responsibilities of the PMT on the budget process and release of funds, as well as the financial monitoring of all components.
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- Ensuring prudent management of project funds, including accounting, financial control, and audit procedures acceptable to World Bank, as well as the procurement of goods, works and services in accordance with World Bank guidelines.
- Ensuring that World Bank procedures are fully respected by all the consultants recruited during the project implementation.
- Providing technical oversight of specialized PMT staff to ensure transparent and accountable implementation of procurement and financial management rules established for the Project.
- Managing the project budget to meet day-to-day operating expenses of project components,
- Administrating and supervising all project activities.
- Preparation of semi-annual and annual project progress reports as requested by the Bank and donors as well as preparation of regular reports to the Government as requested.
- Monitoring the maintenance of Internet pages for wider dissemination of the results and reports and consultant's reports, etc.
- Other specific tasks for the project implementation if needed and requested from the Project Director (with confirmation from the Bank).

#### QUALIFICATIONS, EXPERIENCE AND EVALUATION

##### Qualification and experience (mandatory) criteria

- University degree in economy, agriculture or environmental engineering, or in absence of such 15 years of working experience in the above areas;
- At least 10 years of working experience after attainment of the university degree, but preferably 15 years of working experience;
- At least 10 years of working experience in managing international projects, including coordinating multidisciplinary teams, administrative and financial project management, project reporting and quality control;
- At least 5 years of working experience in agricultural projects;
- Knowledge of the Macedonian legal framework in the areas of agriculture and construction;
- Prior experience working with World Bank would be considered an asset;
- Excellent command of spoken and written English language;
- Computer skills, including word processing and spreadsheets

Evaluation grid for the position:

Evaluated expertise	Points
Qualifications and Skills	20
University degree in economy, agriculture, or environmental engineering, or in absence of such 15 years of working experience in the above areas	max 12
Excellent command of spoken and written English language	max 6
Computer skills, including word processing and spreadsheets	max 2
General Professional Experience	30
At least 10 years of working experience after attainment of the university degree, but preferably 15 years of working experience	max 30
Specific Professional Experience	50
At least 10 years of working experience in managing international projects, including coordinating multidisciplinary teams, administrative and financial project management, project reporting and quality control	max 15
At least 5 years of working experience in agricultural projects	max 15

Knowledge of the Macedonian legal framework in the areas of agriculture and construction	max 10
Prior experience working with World Bank	max 10
<b>Total</b>	<b>100</b>

Successful management of the project requires a dynamic person, with excellent communication skills, who is ready to work in a team and contribute to a positive team spirit.

#### **REPORTING**

The Project Coordinator will report to the Project Director.

#### **DURATION OF ASSIGNMENT**

The Project Coordinator is expected to work full time. The Consultant shall perform the Services during the period commencing **March 21, 2023** and continuing through **June 30, 2025**, or any other period that may be subsequently agreed by the parties in writing. The place of provision of services is location of MAFWE.

## **ANNEX 3 –TOR PROCUREMENT CONSULTANT**

### **TERMS OF REFERENCE FOR PROVIDING CONSULTING SERVICES OF Procurement Consultant**

#### **. BACKGROUND**

The Agriculture Modernization Project aims to improve the competitiveness in targeted agricultural sub-sectors and strengthen agricultural public sector readiness for EU accession. The project was approved by the Bank on January 30, 2020 and its closing date is June 30, 2025. The project is structured along three complementary components:

#### **Component 1: Agriculture Sector Competitiveness**

Component 1 aims at enhancing farm-level competitiveness and fostering agricultural produce aggregation and integration of farmers to domestic and/or export markets. The component activities focus on technical assistance (through training and advisory services) and off-farm infrastructure investments to complement existing IPARD measures in on-farm productivity-enhancing investments. It includes the following two sub-components:

Sub-component 1.1 - Access to Training and Advisory Services

Sub-component 1.2 - Agriculture and Food Distribution Systems

#### **Component 2: Institutional Capacity for EU Accession**

Component 2 aims 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

Sub-component 2.2 - IPARD Implementation Capacity

Sub-component 2.3 - Safe Disposal of ABPs

#### **Component 3: Project Management**

Component 3 aims to supporting MAFWE in the efficient implementation of the project, assuring compliance with fiduciary (financial management, procurement), environmental and social safeguards, and M&E requirements according to the agreed project implementation arrangements. Specifically, the component will provide technical assistance, goods and incremental operational costs associated with the establishment of the Project Management Team (PMT). The PMT will also manage the project's grievance redress mechanism (GRM) and citizen engagement activities. Support for project implementation will also include: provision of technical assistance for the day-to-day coordination, additional technical support, as needed, as well as for fiduciary (procurement, financial management) and safeguards (environmental, social) requirements; training, equipment and incremental operating costs to support project management and monitoring. It will also support financial audits and surveys as required for monitoring and evaluation of project results and impacts.

#### **OBJECTIVE**

The Ministry of Agriculture Forestry and Water Management (MAFWE) will engage the services of a Procurement Consultant to coordinate and implement procurement activities under the AMP. The Consultant shall be responsible for the efficient and timely procurement of all packages foreseen under the project including goods, works and technical services and selection of consultant services agreed in the loan procurement plan and required for the implementation of the AMP. The procurement of goods, works, technical services and consultant services under the AMP shall follow the applicable World Bank procurement and selection procedures (The World Bank Procurement Regulations for IPF Borrowers (*Regulations*); Procurement in Investment Project Financing: Goods, Works, Non-Consulting and Consulting Services, issued in July 2016, revised in November 2017).

The Procurement Consultant shall perform the tasks within this scope of services, ensuring that the relevant objectives are achieved within the time schedule and costs specified in the project documents. The Procurement Consultant shall work with a multidisciplinary team of civil servants, full-time and part-time consultants appointed or hired to complete particular tasks within the project. He/she shall observe the “Anti-Corruption Guidelines (the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.)

#### *Specific tasks*

- The Procurement Consultant shall perform the following tasks:
- Support and advise the PMT in update of the Procurement Plan;
- Cooperate with beneficiaries/institutions in order to obtain technical specifications/ Terms of Reference needed to prepare the procurement documentation;
- Coordinate and prepare invitations to quote/bids for procurement of works, goods and technical services, and requests for proposals for selection of consultants;
- Prepare and submit for publication announcements on procurement selection opportunities in relevant media editions as required for specific method of procurement/selection;
- Provide assistance to the evaluation committees during the evaluation process;
- Prepare evaluation reports and assist in the process of internal clearance within MAFWE;
- Prepare all relevant documents for review and no-objection to the Bank;
- Prepare draft contracts in accordance with the used procurement procedure and coordinate the activities related to preparing of the final contract version for signing;
- Ensure the publication of contract awards in the relevant media, in accordance with the Bank guidelines;
- Maintain and keep accurate filing system of the relevant procurement documents;
- Assist the Bank staff during procurement post-review missions;
- Work together with other PMT members in order to support the overall Project activities;
- Cooperate with the Bank procurement specialists and institutional employees in order to obtain the necessary information and ensure the timely Project procurement implementation.

#### **QUALIFICATIONS, EXPERIENCE AND EVALUATION**

##### **Qualification and experience (mandatory) criteria**

- University degree or equivalent in economics, management, Law or Business Administration or Procurement Management, or any other relevant professional area;
- Minimum 10 years of working experience after attainment of the university degree;
- Minimum of 5 years of professional experience in procurement. Experience in procurement under World Bank projects or other international organizations (e.g. EU Prague rules, UNDP, EBRD etc.) would be considered as strong advantage;
- Experience in working with government bodies is an advantage;
- Experience in all or either of the areas of procurement of goods, works and/or technical services; consulting services;
- Proficiency in legal terminology related to contracting;
- Excellent command of spoken and written English language;
- Computer skills, including word processing and spreadsheets.

Evaluation grid for the position:

Evaluated expertise	Points
Qualifications and Skills	20
University degree or equivalent in economics, management, Law or Business Administration or Procurement Management, or any other relevant professional area;	max 12
Excellent command of spoken and written English language	max 6
Computer skills, including word processing and spreadsheets	max 2
General Professional Experience	30
Minimum 10 years of working experience after attainment of the university degree;	max 30
Specific Professional Experience	50
Minimum of 5 years of professional experience in procurement	max 15
Experience in all or either of the areas of procurement of goods, works and/or technical services; consulting services;	max 15
Proficiency in legal terminology related to contracting	max 10
Experience in procurement under World Bank projects or other international organizations (e.g. EU Prague rules, UNDP, EBRD etc.) would be considered as strong advantage	max 5
Experience in working with government bodies is an advantage;	max 5
Total	100

## REPORTING

The deliverables produced by the Procurement Consultant shall include:

- Monthly work plan,
- Report on the execution of the monthly work plan,
- Other reports on project implementation status as required by MAFWE.

The deliverables are to be submitted to the Project Director and Project Coordinator.

## DURATION OF ASSIGNMENT

The Procurement consultant is expected to work full time. The Consultant shall perform the Services during the period commencing **May 5<sup>th</sup>, 2023** and continuing through **June 30, 2025**. The Consultant shall perform the Services under a probation period of 3 (three) months. During the probation period, the Consultant will be engaged for 30 (thirty) working days. After the probation period, the Consultant will be full-time engaged, subject to satisfactory performance and availability of the Consultant and business needs of the Client, the contract will continue to be in force until the planned completion date stated above paragraph 2 “Term” of this Contract, or any other period that may be subsequently agreed by the parties in writing. The place of provision of services is location of MAFWE.



## **ANNEX 4 –TOR FINANCIAL MANAGEMENT SPECIALIST**

### **TERMS OF REFERENCE FOR PROVIDING CONSULTING SERVICES OF FINANCIAL MANAGEMENT SPECIALIST**

#### **BACKGROUND**

The Agriculture Modernization Project aims to improve the competitiveness in targeted agricultural sub-sectors and strengthen agricultural public sector readiness for EU accession. The project was approved by the Bank on January 30, 2020, and its closing date is June 30, 2025. The project is structured along three complementary components:

#### **Component 1: Agriculture Sector Competitiveness**

Component 1 aims at enhancing farm-level competitiveness and fostering agricultural produce aggregation and integration of farmers to domestic and/or export markets. The component activities focus on technical assistance (through training and advisory services) and off-farm infrastructure investments to complement existing IPARD measures in on-farm productivity-enhancing investments. It includes the following two sub-components:

Sub-component 1.1 - Access to Training and Advisory Services

Sub-component 1.2 - Agriculture and Food Distribution Systems

#### **Component 2: Institutional Capacity for EU Accession**

Component 2 aims 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

Sub-component 2.2 - IPARD Implementation Capacity

Sub-component 2.3 - Safe Disposal of ABPs

#### **Component 3: Project Management**

Component 3 aims to supporting MAFWE in the efficient implementation of the project, assuring compliance with fiduciary (financial management, procurement), environmental and social safeguards, and M&E requirements according to the agreed project implementation arrangements. Specifically, the component will provide technical assistance, goods and incremental operational costs associated with the establishment of the Project Management Team (PMT). The PMT will also manage the project's grievance redress mechanism (GRM) and citizen engagement activities. Support for project implementation will also include provision of technical assistance for the day-to-day coordination, additional technical support, as needed, as well as for fiduciary (procurement, financial management) and safeguards (environmental, social) requirements; training, equipment and incremental operating costs to support project management and monitoring. It will also support financial audits and surveys as required for monitoring and evaluation of project results and impacts.

#### **OBJECTIVE**

The objective of the services by the Financial Management Specialist is to undertake all activities and procedures for ensuring that resources of the project are used efficiently and effectively and disbursed for their intended purpose and in accordance to the Loan and Grant Agreement, including the applicable "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018 (collectively known as "Procurement Regulations") as well as the "Anti-Corruption Guidelines (the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.).

*Specific tasks*

- Responsible to oversee all the financial issues of each of the Project components.
- Prepares and provides adequate and timely administrative and financial information to the MAFWE, Project Director and staff responsible for implementing the Project to enable them to make informed decisions.
- Make all Project related expenditures jointly with the Project director including co-signature of all checks and payment orders.
- Maintain the Project Special Account in accordance with IBRD procedures
- Prepare the annual budget.
- Follow-up the disbursements and control the implementation of the budget by the financing institutions and the Government.
- Responsible for closing the Project financial operations every month and for accounts reconciliation. Provide the management with updated financial information.
- Elaborate and update the Project's chart of accounts.
- Operate the Project's bank accounts jointly with Project director.
- Establish and maintain communication with the auditors in the process of annual audit of project financial statements.
- Review back-up information on project activities prior to effect payments (contracts, guarantees etc.)
- Control supporting documents that justify advances to the engaged experts and to contractors.
- Prepare, implement, and review annual budgeted funds versus actual expenditures.
- Prepare interim un-audited financial reports for the World Bank and annual project financial statements.
- Preparing Statements of Expenditures (SOEs) including monthly, by-annual and annual costs accounting statements with the analysis of the gaps.
- Safe custody of all financial records for review by Bank Missions and External Auditors
- Responsible for proper management of Project's funds.
- Liaison with banks maintaining the accounts of the Project
- Approve administrative and micro-project disbursements.
- Develop and implement internal control rules and regulations.
- Prepare and approve the personnel pay roll.

**QUALIFICATIONS, EXPERIENCE AND EVALUATION****Qualification and experience (mandatory) criteria**

- University degree in Economy, Finances, Accounting, or in absence of such 15 years of working experience in the above areas;
- At least 10 years of working experience after attainment of the university degree, but preferably 15 years of working experience;
- At least 10 years of working experience in financial management;
- At least 3 years of working experience in implementing projects;
- Good understanding of accounting principles and financial regulations;
- Experience working on projects in the area of agriculture would be considered an asset;
- Excellent command of spoken and written English language;
- Computer skills, including word processing and spreadsheets

Evaluation grid for the position:

Evaluated expertise	Points
Qualifications and Skills	20

University degree in Economy, Finances, Accounting, or in absence of such 15 years of working experience in the above areas	max 12
Excellent command of spoken and written English language	max 6
Computer skills, including word processing and spreadsheets	max 2
<b>General Professional Experience</b>	<b>30</b>
At least 10 years of working experience after attainment of the university degree, but preferably 15 years of working experience	max 30
<b>Specific Professional Experience</b>	<b>50</b>
At least 10 years of working experience in financial management	max 15
At least 3 years of working experience in implementing projects	max 15
Good understanding of accounting principles and financial regulations	max 10
Experience working on projects in the area of agriculture	max 10
<b>Total</b>	<b>100</b>

## REPORTING

The deliverables produced by the Financial Management Specialist shall include:

- Monthly work plan,
- Report on the execution of the monthly work plan,
- Other reports on project implementation status as required by MAFWE and in accordance to the Project operations manual

The deliverables are to be submitted to the Project Director and Project Coordinator.

## DURATION OF ASSIGNMENT

The Financial Management Specialist is expected to work full time. The Consultant shall perform the Services during the period commencing April 12th, 2022 and continuing through June 30th, 2025. The Consultant shall perform the Services under a probation period of 3 (three) months. After the probation period, subject to satisfactory performance and availability of the Consultant and business needs of the Client, the Contract will continue to be in force until the planned completion date stated in paragraph 2 the Standard Consulting Contract or any other period may be subsequently agreed by the parties in writing. The place of provision of services is location of MAFWE.

**ANNEX 5 –TOR ARCHITECT/ENGINEER (PART-TIME)****TERMS OF REFERENCE FOR PROVIDING CONSULTING SERVICES OF  
ARCHITECT/ENGINEER****BACKGROUND**

The Agriculture Modernization Project (AMP) aims to improve the competitiveness in targeted agricultural sub-sectors and strengthen agricultural public sector readiness for EU accession. The project was approved by the Bank on January 30, 2020 and its closing date is June 30, 2025. The project is structured along three complementary components:

**Component 1: Agriculture Sector Competitiveness**

Component 1 aims at enhancing farm-level competitiveness and fostering agricultural produce aggregation and integration of farmers to domestic and/or export markets. The component activities focus on technical assistance (through training and advisory services) and off-farm infrastructure investments to complement existing IPARD measures in on-farm productivity-enhancing investments. It includes the following two sub-components:

Sub-component 1.1 - Access to Training and Advisory Services

Sub-component 1.2 - Agriculture and Food Distribution Systems

**Component 2: Institutional Capacity for EU Accession**

Component 2 aims 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

Sub-component 2.2 - IPARD Implementation Capacity

Sub-component 2.3 - Safe Disposal of ABPs

**Component 3: Project Management**

Component 3 aims to supporting MAFWE in the efficient implementation of the project; assuring compliance with fiduciary (financial management, procurement), environmental and social safeguards, and M&E requirements according to the agreed project implementation arrangements. Specifically, the component will provide technical assistance, goods and incremental operational costs associated with the establishment of the Project Management Team (PMT). The PMT will also manage the project's grievance redress mechanism (GRM) and citizen engagement activities. Support for project implementation will also include: provision of technical assistance for the day-to-day coordination, additional technical support, as needed, as well as for fiduciary (procurement, financial management) and safeguards (environmental, social) requirements; training, equipment and incremental operating costs to support project management and monitoring. It will also support financial audits and surveys as required for monitoring and evaluation of project results and impacts.

**OBJECTIVE**

Architect/Engineer will be responsible for overseeing the building and reconstruction activities provided in the following subcomponents:

**Sub-component 1.2 - Agriculture and Food Distribution Systems** - 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 CCCs in Resen and Strumiça municipalities, and an 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. The facilities are expected to be built on state-owned land and will be owned by the State. The CCCs will be managed through a public delegation service contract to a private operator (cooperatives and/or agri-food sector company). Regarding the AFP, two options have been identified: (a) a public delegation service contract to a private experienced operator; and (b) a public delegation service contract to a semi-public company, with technical assistance for training of local personnel to operate and guide the operation of the market for several years.

**Sub-component 2.2 - IPARD Implementation Capacity** - Sub-component 2.2 aims to strengthen AFSARD (Paying Agency) capacity for the implementation of the IPARD accredited measures, in particular for Measure 101 "Investments in physical assets of agricultural holdings", Measure 103 "Investments in physical assets concerning processing and marketing of agricultural and fishery products" which will receive an increase in allocation of EU grant contribution of EUR9.1 million, as well as future measures planned to be accredited, namely the "Improvement and development of rural infrastructure" measure. AFSARD has recruited some 46 new staff (June 2019) and is expected to recruit an additional 21 staff by end of 2019 to ensure adequate staff numbers capacity for the implementation of the accredited measures (as assessed in the workload analysis). The sub-component would support: (a) the renovation of a suitable office building to be identified by the Government to accommodate increased AFSARD staff and (b) office furniture and information technology equipment. The renovation of the office building will include measures to increase energy efficiency, reduce GHG emissions, and increase climate resilience.

**Sub-component 2.3 - Safe Disposal of ABPs** - Sub-component 2.3 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 phytosanitary 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. Ultimately, this sub-component is expected to significantly reduce GHG emissions from livestock disposal.

## SPECIFIC TASKS

- Drafts ToRs for any consultancy for the design and supervision of construction/reconstruction activities and supports the preparation of the procurement documentation, including technical specifications and BoQs for construction/reconstruction works;
  - Monitor and report on the overall compliance of project investments with building standards in accordance with the principles, procedures and processes laid down in the national legislation and contracted documentation.
  - The consultant is responsible for "review of submitted designs", and confirming that:
    - (1) Technical documentation fully complies with the national standards and is complete in respect to description, technical details and bill of quantities;
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(2) All relevant permits that have been obtained according to national legislation, are complete and legally valid;

(3) Technical description and bill of quantities correspond to each other; and

(4) Technical specifications are prepared in such a way not to give preference to any particular manufacturer/producer.

- Support the verification of compliance of completed works with the design documents, including assessment of the quality of the used materials vis-à-vis defined standards. Alert PMT on any identified deviation regarding the quality of materials used and construction methods applied in comparison to the requirements of the relevant national legislation and the tender documentation;
- Review Giving advices on reports from companies that will do supervision and building works
- Visiting the building sites described above and preparation of reports;
- liaise with the national and local authorities responsible for building construction legislation,
- Participate as member of evaluation committees for opening, evaluation and comparison of bids/proposals for execution of works, design and supervision of construction/reconstruction activities;
- Assist the Project Director and Project Coordinator in the bid negotiations with the contractor, within the agreed deadline.
- Specialist will prepare a Final Report at the end of the defect's liability period no later than one week from the completion and delivery of works.
- Specialist is obliged to prepare and submit monthly reports to the Project Director and Project Coordinator, not later than 10 days after reporting period expired.

## QUALIFICATIONS, EXPERIENCE AND EVALUATION

### Qualification and experience (mandatory) criteria

- University degree in Civil engineering or Architecture;
- At least 10 years of working experience after attainment of the university degree;
- At least 7 years of professional experience in similar assignments in the area of supervision and/or works assignments related to adaptation, and/or reconstruction and/or construction of public facilities;
- Proven experience of the national legislation pertaining to urbanism, design, construction, and supervision, including all the procedures for obtaining construction licenses;
- Experience for project management/coordination of at least 2 construction projects of above 1MEUR;
- Experience with FIDIC contracts and/or contract management.
- Excellent command of spoken and written English language;
- Computer skills, including word processing and spreadsheets.

Evaluation grid for the position:

Evaluated expertise	Points
Qualifications and Skills	20
University degree in Civil engineering or architecture;	max 12
Excellent command of spoken and written English language	max 6
Computer skills, including word processing and spreadsheets	max 2
General Professional Experience	30
At least 10 years of working experience after attainment of the university degree	max 20
Proven experience of the national legislation pertaining to urbanism, design, construction, and supervision, including all the procedures for obtaining construction licenses	max 10

Specific Professional Experience	50
At least 7 years of professional experience in similar assignments in supervision and/or works assignments related to adaptation, and/or reconstruction and/or construction of public facilities	max 20
Experience for project management/coordination of at least 2 construction projects of above 1 MEUR	max 20
Experience with FIDIC contracts/and or contract management	max 10
Total	100

## REPORTING

The Architect/Engineer will report to the Project Director and will prepare:

- Monthly progress reports;
- Other reports on project implementation status as required by MAFWE and in accordance to the Project operations manual.

## DURATION OF ASSIGNMENT

The Architect/Engineer is expected to work part time under time-based contract arrangement with estimated staff time not to exceed 130 days per year. The contract is expected to commence in July 2022 and continue until June 2025. The place of provision of services is location of MAFWE and the construction sites.

**ANNEX 6 - TOR FOR PMT ENVIRONMENT AND SOCIAL SAFEGUARD SPECIALIST (PART-TIME)**

**TERMS OF REFERENCE**  
**Individual Consultant**  
**ENVIRONMENT AND SOCIAL DEVELOPMENT SPECIALIST**

**BACKGROUND**

The Agriculture Modernization Project (AMP) aims to improve the competitiveness in targeted agricultural sub-sectors and strengthen agricultural public sector readiness for EU accession. The project was approved by the Bank on January 30, 2020 and its closing date is June 30, 2025. The project is structured along three complementary components:

**Component 1: Agriculture Sector Competitiveness**

Component 1 aims at enhancing farm-level competitiveness and fostering agricultural produce aggregation and integration of farmers to domestic and/or export markets. The component activities focus on technical assistance (through training and advisory services) and off-farm infrastructure investments to complement existing IPARD measures in on-farm productivity-enhancing investments. It includes the following two sub-components:

Sub-component 1.1 - Access to Training and Advisory Services

Sub-component 1.2 - Agriculture and Food Distribution Systems

**Component 2: Institutional Capacity for EU Accession**

Component 2 aims 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

Sub-component 2.2 - IPARD Implementation Capacity

Sub-component 2.3 - Safe Disposal of ABPs

**Component 3: Project Management**

Component 3 aims to supporting MAFWE in the efficient implementation of the project; assuring compliance with fiduciary (financial management, procurement), environmental and social safeguards, and M&E requirements according to the agreed project implementation arrangements. Specifically, the component will provide technical assistance, goods and incremental operational costs associated with the establishment of the Project Management Team (PMT). The PMT will also manage the project's grievance redress mechanism (GRM) and citizen engagement activities. Support for project implementation will also include: provision of technical assistance for the day-to-day coordination, additional technical support, as needed, as well as for fiduciary (procurement, financial management) and safeguards (environmental, social) requirements; training, equipment and

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incremental operating costs to support project management and monitoring. It will also support financial audits and surveys as required for monitoring and evaluation of project results and impacts.

## **OBJECTIVE**

The Objective of this assignment is to ensure that all activities supported under the AMP are carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

The Environment and Social Safeguard Specialist shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (ESCP) and Stakeholder Engagement Plan (SEP). The Specialist will follow WB and national mentioned policies and practices. The Environment and Social Safeguard specialist will be part of the PMT.

## **SPECIFIC TASKS**

- Monitor and report on the overall compliance of project investments with environmental and social safeguards in accordance with the principles, procedures and processes laid down in the ESCP, SEP and Environmental and Social Management Framework (ESMF) and the Resettlement Policy Framework (RPF) and the Operational Manual.
- Prepare environmental and social screening documents, completing them and attesting that they are correct,
- Liaise with the national and local authorities responsible for environmental legislation, supporting preparation of TORs for preparation of Environmental and Social Assessment/Environmental and Social Impact Assessment (ESA/ESIA) documents,
- Comment on draft ESA/ESIAs, preparation of site-specific environmental management and monitoring plans
- Support the supervision of Environmental and Social Management Plans (ESMP) implementation
- Prepare semi-annual environmental safeguards supervision reports by June 1 and December 1 of each calendar year
- Support the Bank environmental safeguards expert and social safeguards expert during supervision missions and undertake follow-up actions as necessary
- Ensure that requirements of the ESMF are followed and occasional (semi-annual) updates of environmental chapter are made to reflect changes in legislation during project implementation.

## **QUALIFICATIONS, EXPERIENCE AND EVALUATION**

### **Qualification and experience (mandatory) criteria**

- University degree Environmental Sciences, Environmental Engineering, Environmental Policy or a related field, or in absence of such 15 years of working experience in the above areas;
  - At least 7 years of working experience after attainment of the university degree, but preferably 10 years of working experience;
  - At least 5 years of working experience in environmental affairs acquired with the public authority/ies or with international project/s.;
  - Experience acquired in World Bank Projects or similar projects of other international organizations would be considered an asset;
  - Knowledge of social issues would be considered an asset;
  - Excellent command of spoken and written English language;
-

- Computer skills, including word processing and spreadsheets

Evaluation grid for the position:

Evaluated expertise	Points
<b>Qualifications and Skills</b>	<b>20</b>
University degree Environmental Sciences, Environmental Engineering, Environmental Policy or a related field, or in absence of such 15 years of working experience in the above areas	max 12
Excellent command of spoken and written English language	max 6
Computer skills, including word processing and spreadsheets	max 2
<b>General Professional Experience</b>	<b>30</b>
At least 7 years of working experience after attainment of the university degree, but preferably 10 years of working experience	max 30
<b>Specific Professional Experience</b>	<b>50</b>
At least 5 years of working experience in environmental affairs acquired with the public authority/ies or with international project/s	max 30
Experience acquired in World Bank Projects or similar projects of other international organizations	max 10
Knowledge of social issues	max 10
<b>Total</b>	<b>100</b>

## REPORTING

The Environment and Social Safeguard Specialist will report to the Project Director and will prepare:

- Monthly progress reports;
- Other reports on project implementation status as required by MAFWE and in accordance to the Project operations manual.

## DURATION OF ASSIGNMENT

The Environment and Social Safeguard Specialist is expected to work part time under time-based contract arrangement with estimated staff time not to exceed 390 days for the entire duration of the contract. The contract is expected to commence in July 2022 and continue until June 30<sup>th</sup>, 2025 approximately half time, but not exceeding 130 working days per year. The place of provision of services is location of MAFWE.

## **ANNEX 7 - TERMS OF REFERENCE FOR OFFICE ASSISTANT/TRANSLATOR**

### **Individual Consultant Office Assistant/Translator**

#### **BACKGROUND**

The Agriculture Modernization Project (AMP) aims to improve the competitiveness in targeted agricultural sub-sectors and strengthen agricultural public sector readiness for EU accession. The project was approved by the Bank on January 30, 2020 and its closing date is June 30, 2025. The project is structured along three complementary components:

#### **Component 1: Agriculture Sector Competitiveness**

Component 1 aims at enhancing farm-level competitiveness and fostering agricultural produce aggregation and integration of farmers to domestic and/or export markets. The component activities focus on technical assistance (through training and advisory services) and off-farm infrastructure investments to complement existing IPARD measures in on-farm productivity-enhancing investments. It includes the following two sub-components:

Sub-component 1.1 - Access to Training and Advisory Services

Sub-component 1.2 - Agriculture and Food Distribution Systems

#### **Component 2: Institutional Capacity for EU Accession**

Component 2 aims 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

Sub-component 2.2 - IPARD Implementation Capacity

Sub-component 2.3 - Safe Disposal of ABPs

#### **Component 3: Project Management**

Component 3 aims to supporting MAFWE in the efficient implementation of the project, assuring compliance with fiduciary (financial management, procurement), environmental and social safeguards, and M&E requirements according to the agreed project implementation arrangements. Specifically, the component will provide technical assistance, goods and incremental operational costs associated with the establishment of the Project Management Team (PMT). The PMT will also manage the project's grievance redress mechanism (GRM) and citizen engagement activities. Support for project implementation will also include: provision of technical assistance for the day-to-day coordination, additional technical support, as needed, as well as for fiduciary (procurement, financial management) and safeguards (environmental, social) requirements; training, equipment and incremental operating costs to support project management and monitoring. It will also support financial audits and surveys as required for monitoring and evaluation of project results and impacts.

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## OBJECTIVE

The Office Assistant/Translator will be responsible to support the PMT with all administrative, operational and translation activities during Project implementation.

## SPECIFIC TASKS

- To support the PMT in all language-related issues during the project;
- To provide in-house interpretation services for the PMT at formal and informal meetings (consecutive, simultaneous; English-Macedonian and vice versa);
- Assist the Project Coordinator in organizing meetings including for World Bank missions and session of working groups/technical committees;
- Coordinate itineraries and logistics for visiting specialists, World Bank missions and other experts.
- To provide interpretation services at formal and informal meetings of the project outside Skopje (consecutive, simultaneous; English-Macedonian and vice versa);
- Translate and proofread Project materials, including text contained in figures, boxes, captions, sources and covers requires translation and proofreading;
- Draft routine correspondence and proofread materials using proper grammar, punctuation, and style;
- To organize the office administration in an effective way;
- Coordinate schedules taking priorities into account, monitors changes, and communicates the information to appropriate PMT staff members;
- Assists in preparation and logistical planning for various events, e.g. conferences, workshops, other types of events, etc.;
- Coordinate with relevant staff and helps and/or information on project-related matters and assigned task/project steps/timetables.
- Maintains current distribution lists, phone/address lists of project/product contacts, and distributes documents for the team.
- Assist the various Project's Specialists in carrying out Project activities;
- Other administrative and technical tasks.

## QUALIFICATIONS, EXPERIENCE AND EVALUATION

### Qualification and experience (mandatory) criteria

- University Degree in English language or social sciences;
- Minimum 3 years of experience in providing translation and interpretation services;
- Experience in administrative and office work and ability to operate all general office tasks with at least 3 years work experience in relevant position;
- Good coordination and organizational skills and teamwork spirit will be considered as advantage;
- Ability to maintain high level of accuracy in preparation and proceeding of documents;
- Computer skills, including word processing and spreadsheets;
- Excellent oral and written communication skills;

Evaluation grid for the position:

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Evaluated expertise	Points
General Professional Experience	40
University Degree in English language or social sciences	max 20
Computer skills, including word processing and spreadsheets	max 10
Excellent oral and written communication skills	max 10
Specific Professional Experience	60
Minimum 3 years of experience in providing translation and interpretation services	max 25
Experience in administrative and office work and ability to operate all general office tasks with at least 3 years work experience in relevant position	max 25
Ability to maintain high level of accuracy in preparation and proceeding of documents	max 10
Total	100

## REPORTING

The Office Assistant/Translator will report to the Project Director and will prepare:

- Monthly progress reports;
- Other reports on project implementation status as required by MAFWE and in accordance to the Project operations manual.

## DURATION OF ASSIGNMENT

The Office Assistant/Translator is expected to work full time. The Consultant shall perform the Services during the period commencing June 15<sup>th</sup>, 2022 and continuing through June 30<sup>th</sup>, 2025. The Consultant shall perform the Services under a probation period of 3 (three) months. After the probation period, subject to satisfactory performance and availability of the Consultant and business needs of the Client, the Contract will continue to be in force until the planned completion date. The place of provision of services is location of MAFWE.

## **ANNEX 8 - DRAFT TERMS OF REFERENCE FOR CONSULTING SERVICES ON DRAFTING POLICY AND LEGAL REGULATIONS RELATED TO MANAGEMENT OF STATE-OWNED AGRICULTURAL LAND**

The Government of the Republic of North Macedonia is undertaking efforts to modernize its agriculture sector to realize the economic and social benefits for future development and prosperity. The Government has requested the World Bank support for an Agriculture Modernization Project (AMP), which was approved by the World Bank Board on X and became effective on X.

The National Strategy for Agriculture and Rural Development 2014-2020 sets the objectives, policies, and measures for developing agriculture and rural areas in the country. The Strategy's key policy goal is "increasing the competitiveness of the North Macedonia agriculture and food industry, rural development and sustainable management of natural resources", with four specified priority areas: the improvement of technological and market infrastructure; strengthening integration in the agri-food sector; providing access to production factors; and improving rural infrastructure. The AMP would support the first three priority areas of the National Strategy. The project responds to the World Bank Country Partnership Framework 2019-2023 for North Macedonia objective, to improve connectivity and access to markets. The project is also in line with IBRD engagement goals, one of which is to contribute to a more productive rural economy with the potential to increase incomes for underserved groups that face greater barriers to achieving sustainable livelihoods, such as women, young people, and minority groups.

The AMP's objective is to improve the competitiveness of the North Macedonia's agriculture sector and strengthen public institutions in the framework of the country's accession process to the European Union (EU). The project is structured around three complementary components as follows:

- (i) Component 1: Agriculture Sector Competitiveness with its sub-component 1.1 Access to Training and Advisory Services, and sub-component 1.2 Agriculture and Food Distribution Systems;
- (ii) Component 2: Institutional Capacity for EU Accession with its sub-component 2.1 Evidence-Based Policy-Making, sub-component 2.2 IPARD Implementation Capacity, and sub-component 2.3; and Safe disposal of animal by-products; and
- (iii) Component 3: Project Management.

Sub-component 2.1 will also strengthen the capacity of the Ministry of Agriculture, Forestry and Water Economy (MAFWE) to manage state-owned agricultural land and provide technical assistance, advisory services, and goods; and more specifically, among other things, assist the MAFWE in the drafting of a government policy on state land administration and management and of relevant legal framework updates. There is currently no single, unified policy or law on public land, its administration, or its management. The responsibility for protecting and utilizing state land lies with different institutions depending on whether land is arable, pasture or forest. Management of arable state-owned land falls under the responsibility of the MAFWE, management of pastures under the responsibility of the Public Enterprise for Management of Pasture (PEMP), and management of forests under the Public Enterprise for State Forests "National forests". The project is focused on the management of agricultural land in state ownership, which means arable land and pastures.

Several reforms in the agriculture sector are ongoing, and the Food and Agriculture Organization of the United Nations (FAO) is already involved in providing technical assistance to the MAFWE. In 2019, the FAO funded project "Support to the privatization of state agricultural land" was completed. The main objective of the project was to analyze the current legal and institutional

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framework related to the sale and management of state-owned agricultural land, and to provide policy recommendations for the use of management and sale of state land to improve farm structures and ensure access of smallholders to additional land. This project complemented the ongoing EU-funded and FAO-implemented project “Mainstreaming the National Land Consolidation Program (MAINLAND)”.

## 2. Objectives

The objectives of the consultancy are to:

- (i) analyze policy and legal regulations regarding the management of state-owned agricultural land;
- (ii) draft a unified policy on public/state agricultural land administration and management, and
- (iii) draft proposed changes to the amended Law on agricultural land, amended Law on pastures, amended Law on the state agricultural inspectorate and related by-laws, referring to the management of state-owned agricultural land.

In the domain of agriculture, the National Strategy for agriculture and rural development for the period 2014-2020 was adopted in 2014, and in 2012, the National Strategy on land consolidation of agricultural land in the Republic of Macedonia for the period 2012-2020, and both strategies will expire in 2020. No other land-related policy is in force or under preparation, therefore a new policy on state land management must be drafted under this consultancy, being aligned with the international recognized best practices, and discussed with the stakeholders and the Client, the MAFWE.

State agricultural land is a valuable asset of the country and should play a more central role in achieving economic, social and environmental objectives. Its importance is well recognized in globally agreed principles for responsible governance; specifically, in the FAO Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National food Security (VGGT), endorsed by the Committee on World Food Security in 2012, in section 8. on Public land, fisheries and forests. Land issues are of critical importance not only for economic and social development, but also for generating growth, poverty reduction and good governance. Management of and control over land form a significant part of the identity and maintenance of rural society. State agricultural land management policy should be correlated with a more comprehensive land policy the preparation of which is expected to start in the next year or two.

The main laws in agriculture, relevant for the management of state-owned agricultural land, are the following: the Law on agricultural land dated 2007 with amendments, Law on pastures dated 1998 with amendments, Law on the sale of agricultural land in state ownership dated 2013 with amendments, Law on the state agricultural inspectorate dated 2009 with amendments and the Law on land consolidation of agricultural land dated 2013 with amendments. In this assignment, a revision of the relevant parts of the Law on agricultural land, Law on pastures and the Law on the state agricultural inspectorate must be drafted and discussed with all interested parties and the MAFWE.

The FAO-funded project “Support to the privatization of state agricultural land” provided general analysis of the existing policies and selected laws in the field, and it is expected that the FAO will draft proposed amendments to the Law on the sale of state-owned agricultural land by the beginning of 2020, to enable operationalization of the process. The analysis, recommendations and conclusions of the FAO funded project will be used as a base for more detailed and broadened analysis and for drafting proposals under this consultancy.

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There are several by-laws in force referring to the management of state-owned agricultural land, to arable land and pastures; among others, the Rulebook on the form, content, and manner of keeping the register of agricultural land in state ownership dated 2008. The new Rulebook on allocation of pastures in state ownership into short- and long-term use is under preparation to follow the Law on pastures amendments in 2019 in the procedure. There is a need to systematically review all relevant rulebooks and by-laws. Many of them are outdated, overlap, or not cover all the required content according to the current practice. The newly revised laws produced under this consultancy are expected to require a complete revision of existing by-laws and technical regulations which are to be produced under this consultancy.

### 3. Scope of Work and Tasks

The tasks the Consultant shall carry out are the following:

(i) Review of the current policy, legal and regulatory framework and documents related to management of state-owned agricultural land, including but not limited to the following:

- FAO VGGT, 2012;
- National strategy for agriculture and rural development for the period 2014-2020, 2014;
- National strategy on land consolidation of agricultural land in the Republic of Macedonia for the period 2012-2020, 2012;
- Law on agricultural land, 2007 with amendments;
- Law on pastures, 1998 with amendments;
- Law on the sale of agricultural land in state ownership, 2013 with amendments;
- Law on the state agricultural inspectorate, 2009 with amendments;
- Law on land consolidation of agricultural land, 2013 with amendments;
- Law on ownership and other real property rights, 2001 with amendments;
- Law on real estate cadastre, 2013 with amendments;
- Law on expropriation, 2012 with amendments;
- Law on denationalization, 1998 with amendments;
- Law on agriculture and rural development, 2010 with amendments;
- Report of the FAO funded project "Support to privatization of state agricultural land", 2019;
- Methodology for assessment of the market value of the real estate, 2012;
- Rulebook on the form, content and manner of keeping register of agricultural land in state ownership, 2008;
- Rulebook on the procedure and the deadline for giving into possession, and the form and content of the minutes, 2011;
- Rulebook on allocation of pastures in state ownership into short- and long-term use, 2019-2020;
- Other valid by-laws and regulations related to the management of state-owned arable land and pastures.

(ii) Prepare an overview of international experiences:

Use examples of countries such as Slovakia, Hungary and Slovenia to present ways and experience of managing state owned agricultural land with a special focus on the leasing of land. The Consultant shall review how these countries have overtime improved their management of state-owned agricultural land by improving policy, and strategic, institutional, legal, technical and information technologies (IT)- supported aspects of land operations. The Consultant shall advise the MAFWE and PEMP about how they could improve the current approach in managing arable land and pastures in state ownership in the areas of policy, strategy, legal framework, technical and IT-related support.

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(iii) Analyze the current situation and constraints on executing more efficient management of state-owned agricultural land with regard to policy and legal and regulatory framework. The analysis is to include the following:

- identification of good practices which according to national and international benchmarking are proposed to be kept or further developed;
- identification of issues, constraints and risks affecting the abilities of the MAFWE and PEMP to better fulfill their mandates;
- analysis of processes in leasing and monitoring of state-owned arable land and pastures.

(iv) Prepare a detailed plan for drafting policy and legal changes:

A detailed plan for drafting policy on the management of agricultural land in state ownership, and proposed amendments to the already amended Law on agricultural land, Law on pastures, Law on the state agricultural inspectorate, and related by-laws shall be produced with a brief description of each chapter. The proposed approach developed concept and main directions shall be approved by the MAFWE and PEMP before moving on to the following tasks.

(v) Conduct two workshops:

Two consecutive workshops shall be organized. The Consultant shall present a detailed plan for developing policy on the management of agricultural land in state ownership, including each chapter's concept, along with bringing up challenges and proposals for consideration. Similar, a separate workshop shall be organized to present a detailed plan for developing the proposed amendments to the laws and related by-laws. The workshops shall be to a great extent participatory and gather the MAFWE and PEMP representatives, as well as other representatives of the public sector, representatives of user societies and external users.

(vi) Prepare a draft policy and legal changes:

The Consultant shall prepare a draft policy on management of agricultural land in state ownership and the proposed amendments to the laws and related by-laws based on the concept and inputs from the MAFWE, PEMP and outcomes of the two workshops with various stakeholders.

(vii) Conduct the Final workshop:

The draft policy on the management of agricultural land in state ownership and the proposed amendments to the laws and related by-laws shall be presented at the final workshop, along with suggestions and comments. The final workshop shall be to a great extent participatory and gather the MAFWE and PEMP representatives, as well as other representatives of the public sector, representatives of user societies and external users. If possible, representatives of the selected countries under the international experience review will take part via videoconference.

(viii) Prepare the final draft of the policy and legal changes:

After the approval of the MAFWE and PEMP, all suggestions and comments made at the final workshop shall be considered and included in the final draft of the policy and legal and regulatory changes, where relevant.

#### 4. The Consultant's Reports and Deliverables

The reports and deliverables produced by the Consultant shall include:

(i) Initial report:

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The Consultant shall provide an Initial report to the Client for review and approval covering: (a) an international comparison overview with detailed analysis; (b) the analysis of the current situation and constraints; and (c) a detailed plan for drafting policy and legal changes; 2 months after the start of the service.

(ii) Two workshops:

The Consultant shall conduct two consecutive workshops to present and discuss a detailed plan for developing policy on the management of agricultural land in state ownership, and for developing the proposed amendments to the laws and related by-laws, in a period no longer than 10 working days after submitting the Initial report.

(iii) Draft policy and legal changes:

The Consultant shall provide a draft policy on management of agricultural land in state ownership and the proposed amendments to the laws and related by-laws, including the overview of international practice with a detailed analysis, and the detailed analysis of the current situation and constraints, to the Client for review and approval 2 months after the approval of the Initial report.

(iv) Final workshop:

The Consultant shall conduct a final workshop with a presentation of the draft policy on management of agricultural land in state ownership and the proposed amendments to the laws and related by-laws to the Client within 5 working days after the delivery of the draft policy and legal changes.

(vi) Final draft of the policy and legal changes:

Final draft of the policy and legal changes including comments made during the final workshop shall be provided to the Client for approval within 2 months after the approval of the draft policy and legal changes.

The Client shall provide comments or approvals to reports and deliverables provided by the Consultant within 10 working days. The Consultant shall update documents based on comments provided by the Client within 5 working days.

## 5. Qualifications and Experience

The Consultant shall be a legal or natural person registered with the competent registration body for performing the activities related to the subject of the assignment, or an association in the form of a joint venture, partnership or sub-contracting, with a legal or natural person as the lead partner that may include academia, institutes, non-governmental organizations and individuals with the following qualifications:

- (i) At least 10 years of proven experience and positive achievements in providing consultancy services to public authorities or public bodies;
- (ii) Proven experience in providing consultancy services in the field of management and undertaking analytical policy studies for the public sector (participation in the development of at least five regulatory and legal acts);
- (iii) Proven experience in providing consultancy services to public clients in the area of land administration and management, civil law and real property, policy studies; and
- (iv) Relevant financial capacity.

The team proposed to implement the assigned activities shall include the following key experts:

- (i) policy and legal expert (international);
  - (ii) policy and legal expert (national)
  - (iii) land management expert (national).
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The role of the team leader may be combined with the role of the national policy and legal expert or land management expert.

As proof for the above-mentioned, the Consultant shall submit:

- (i) A proof of registration in the relevant register (not older than three months);
- (ii) Certificates of contractual parties on proper contractual execution substantiating the Consultant's relevant experience;
- (iii) A proof of financial capacity of the Consultant (referring to the Bidding documents)
- (iv) A proof that the Consultant's key personnel will include at least the following key experts available for the full duration of the assignment possessing the following qualifications:

Policy and legal expert (international):

- Relevant university degree, preferably degree in law with no less than 10 years of experience working on tasks or projects in the field of policy, strategy, civil law and legal reform in different countries, and on economic and business processes;
- At least 7 years of experience working on developing policy and strategic documents for public administration in different countries;
- International experience on land administration and management.

Policy and legal expert (local):

- Relevant university degree, preferably degree in law with no less than 10 years of experience working on tasks or projects in the field of policy, strategy, civil law and legal drafting in the Republic of North Macedonia, and on economic and business processes;
- At least 5 years of experience working on developing policy and strategic documents, and legal drafting for public administration in the Republic of North Macedonia;
- Knowledge of the policy and legislative framework in agriculture and real property registration in the Republic of North Macedonia shall be considered an advantage.

Land management expert (national):

- Relevant university degree, preferably in natural sciences, agriculture, geomatics engineering or land administration with no less than 10 years of experience working on tasks or projects in the field of land management and administration in the Republic of North Macedonia;
- At least 5 years of experience working on developing policy, strategic and legal review documents;
- Knowledge of the policy and legislative framework in agriculture and real property registration in the Republic of North Macedonia.

## 6. Reporting Requirements

The time schedule for deliverables shall follow the requirements presented in chapter 4. The Consultant's Reports and Deliverables.

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All reports shall be submitted in digital format MS Word and in three bound hard copies in two languages. Reports and all correspondence shall be submitted to the Client's representative (name, title, submission address, email address).

#### 7. Timing and Duration

The assignment shall be completed in the period of 7 months after signing the contract.

#### 8. Language

The official language of this assignment shall be Macedonian. All materials and reports produced by the Consultant shall be delivered to the Client in Macedonian and English language.

#### 9. Client's Input and Counterpart Personnel

As needed, the Consultant shall perform their tasks on the premises of the MAFWE, address, and PEMP, address.

The workshops required under this consultancy shall be conducted on the premises of the MAFWE or on any other location, organized by the MAFWE.

The Client will provide the Consultant all relevant policy and legal documents in Macedonian language, required to successfully complete the assignment.

Professional and support counterpart of the Client to the Consultant's team is (list/to be specified).

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## ANNEX 9 - ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

**Government of the Republic of North Macedonia  
Agriculture Modernization Project P168014**

**ENVIRONMENTAL and SOCIAL  
COMMITMENT PLAN (ESCP)**

**October 2019**

**December 16<sup>th</sup> 2019**

**Republic of North Macedonia  
Agriculture Modernization Project**

**ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN**

*The Government of the Republic of North Macedonia is planning to implement the Agriculture Modernization Project (the Project) by the Ministry of Agriculture, Forestry and Water Economy as the main implementing agency. The International Bank for Reconstruction and Development (hereinafter the Bank) has agreed to provide financing for the Project.*

*The Government of the Republic of North Macedonia will implement material measures and actions so that the Project is implemented in accordance with the Environmental and Social Standards (ESSs). The Environmental and Social Commitment Plan (ESCP) sets out material measures and actions, any specific documents and plans, as well as timing for each of these.*

*The Government of Republic of North Macedonia will also comply with the provisions of any other E&S documents required under the ESF and referred to in this ESCP, such as Environmental and Social Management Plans (ESMP), Resettlement Action Plans (RAPs), and Stakeholder Engagement Plans (SEP), and the timelines specified in those E&S documents.*

*The Government of Republic of North Macedonia is responsible for compliance with all requirements of ESCP even when implementation of specific measures and actions is conducted by the Ministry, agency or unit referenced in 1. Above.*

*Implementation of the material measures and actions set out in this ESCP will be monitored and reported to the Bank through the Government of Republic North Macedonia as required by the ESCP and the conditions of the legal agreement, and the Bank will monitor and assess progress and completion of the material measures and actions throughout implementation of the Project.*

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*As agreed by the Bank and the Government of Republic of North Macedonia, this ESCP may be revised from time to time during Project implementation, to reflect adaptive management of Project changes and unforeseen circumstances or in response to the assessment of Project performance conducted under the ESCP itself. In such circumstances, the Government of Republic of North Macedonia will agree to the changes with the Bank and will update the ESCP to reflect such changes. Agreement on changes to the ESCP will be documented through the exchange of letters signed between the Bank and the Government of Republic of North Macedonia/or MAFWE as its delegate. The Government of Republic of North Macedonia will promptly disclose the updated ESCP.*

*Where Project changes, unforeseen circumstances, or Project performance result in changes to the risks and impacts during Project implementation, the Government of Republic of North Macedonia shall provide additional funds, if needed, to implement actions and measures to address such risks and impacts, which may include environmental, health, and safety impacts, labor influx, gender-based violence.*

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MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBILITY ENTITY / AUTHORITY
<b>MONITORING AND REPORTING</b>			
A	<b>REGULAR REPORTING:</b> Prepare and submit to the Bank regular monitoring reports on the environmental, social, health and safety (ESHS) performance of the Project, including but not limited to the implementation of the ESCP, status of preparation and implementation of E&S documents required under the ESCP, stakeholder engagement activities, functioning of the grievance mechanism(s).	Every six months throughout the project implementation.	Project Management Team (PMT)
B	<b>INCIDENTS AND ACCIDENTS NOTIFICATION:</b> Promptly notify the Bank of any incident or accident related to the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers. Provide sufficient detail regarding the incident or accident, indicating immediate measures taken or that are planned to be taken to address it, and any information provided by any contractor and supervising entity, as appropriate. Subsequently, as per the Bank's request, prepare a report on the incident or accident and propose any measures to prevent its recurrence.	Immediately, and no later than 48 hours after knowledge about such accidents or incidents, report about the incident to the Task Team Leader of the Bank and detailed report no later than one week after the report of the incident	PMT/ Project Coordinator
C	<b>CONTRACTORS MONTHLY REPORTS</b> In contracts for works using the Bank's standard procurement documents, contractors are required to provide monthly monitoring reports to the PMT	Every month during the implementation of each civil works contract throughout the implementation of the Project	PMT/Contractors
<b>ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS</b>			
1.1	<b>ORGANIZATIONAL STRUCTURE:</b> Establish and maintain under the AMP project ,within the Ministry of Agriculture Forestry and Water Economy, organizational structure adequate to support E&S risk management, with qualified staff in sufficient numbers, including a Project Management Team (PMT) with a Project	The PMT, including the full-time Environmental and Social Specialist, should be established no later than two months after the effectiveness shall be	MAFWE

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBILITY ENTITY / AUTHORITY
	Coordinator and a full-time Environmental and Social Specialist. The PMT will support the Ministry of Agriculture and Forestry and Water Economy in the implementation of the project.	maintained throughout the Project implementation	
1.2	<b>ENVIRONMENTAL AND SOCIAL ASSESSMENT:</b> Prepare an ESMF to identify and assess the environmental and social risks and impacts of the Project and appropriate mitigation measures; identify procedures and responsibilities for addressing specific environmental and social risks of the project.	Prepare, consult upon and disclose the ESMF prior to the project appraisal Implement and update as needed throughout the project implementation	MAFWE/PMT
1.3	<b>MANAGEMENT TOOLS AND INSTRUMENTS:</b>  Screen any proposed subproject in accordance with the Environmental and Social Management Framework (ESMF) prepared for the Project, and, thereafter, draft, adopt, and implement the subproject Environmental and Social Management Plan (ESMP), as required, in a manner acceptable to the Bank.  Develop and implement procedures for managing service providers (Labor Management Procedures).  Develop and implement Stakeholder Engagement Plan (SEP). Develop RPF	Preparation of each ESMP for individual subprojects will be mandated by the outcome of the Environmental and Social Screening, as set forth in the ESMF. Once sites and final concept for the constructions needed, are defined, the ESMP will need to be completed with disclosure and public consultations between construction concept and final designs; once finalized the ESMPs shall be implemented throughout Project implementation  Draft LMP already prepared, LMP will be disclosed and consulted once finalized Maintain procedures throughout Project implementation	PMT and the MAFWE,



MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBILITY ENTITY / AUTHORITY
		Draft SEP acceptable to the Bank has been prepared. SEP will be consulted with stakeholders by Appraisal completion, November 15, 2019. SEP will be applied throughout Project Implementation	
1.4	<b>MANAGEMENT OF CONTRACTORS:</b> Incorporate the relevant aspects of the ESCP, including the ESMF and the Labor Management Procedures, into the ESHS specifications of the procurement documents with contractors. Thereafter ensure that the contractors comply with the ESHS specifications of their respective contracts.	Prior to the preparation of procurement documents. Supervise contractors throughout Project implementation.	Tendering documents will be prepared by PMT. The PMT, MAFWE will oversee the contractors' compliance with E&S obligation throughout contractual terms
<b>ESS 2: LABOR AND WORKING CONDITIONS</b>			
2.1	<b>LABOR MANAGEMENT PROCEDURES</b> Update, adopt, and implement the Labor Management Procedures (LMP) that have been developed for the Project	Throughout the Project implementation, adopt the project LMP for each works to be procured. Update and incorporate the LMP before the tendering process	PMT

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBILITY ENTITY / AUTHORITY
2.2	<b>OCCUPATIONAL HEALTH AND SAFETY (OHS) MEASURES</b> Prepare, adopt and implement occupational health and safety (OHS) measures specified in the ESMP. Where necessary, arrange for training for workers in jobs with increased risk of injury and damage to health	OHS measures are to be specified in each of the site specific ESMPs.	Project Coordinator (PMT) Funding from project resources
2.3	<b>GRIEVANCE MECHANISM FOR PROJECT WORKERS</b> Establish, maintain and operate a grievance mechanism for any Project-related labor and employment matters, easily accessible and promptly disclosed to Project workers, in line with ESS2 and labor laws in North Macedonia.	Mechanism maintained throughout Project implementation.	PMT/MAFWE
<b>ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</b>			
3.1	<b>RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT:</b> As part of sub-project specific ESMP, develop and implement measures and actions to manage wastes and hazardous materials, including recycling and re-use options Water/energy efficiency features shall be incorporated into the design of each sub-project and implemented as part of civil works.	During the development of specific ESMPs Maintained throughout Project implementation.	PMT
3.2	Develop and adopt Specific Waste Management Plan for the operation of Animal Byproduct Plant (ABP)	As part of the ABP detailed design	PMT
<b>ESS 4: COMMUNITY HEALTH AND SAFETY</b>			
4.1	<b>TRAFFIC AND ROAD SAFETY:</b> Develop and implement measures and actions to assess and manage traffic and road safety risks.	During the development of ESMPs Maintained throughout Project implementation.	PMT/Contractors

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBILITY ENTITY / AUTHORITY
4.2	<b>COMMUNITY HEALTH AND SAFETY:</b> Develop and implement measures and action to assess and manage specific risks and impacts to the community arising from Project activities, including in relation to Project Workers and any risks of labor influx.	During the preparation of ESMPs. Maintained throughout Project implementation.	
<b>ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT</b>			
5.1	The concrete impact on land acquisition can not be determined now. If it is the case, there will be no more than 50 to 100 PAPS. Highly unlikely that there will be resettlement. Screening process as set in the RPF , finalized and disclosed and consulted by appraisal, will indicate for each site the level of impact	RAPs will be prepared and implemented once the technical designs are ready Throughout Project implementation	PMT
5.2	<b>RESETTLEMENT PLANS:</b> Develop and implement RAPs consistent with requirements of the RPF and the ESS5	RAPs to be finalized prior to commencing of the specific works and to be followed throughout project implementation.	(PMT) and MAFWE
5.3	<b>MONITORING AND REPORTING</b> Report a progress on RAP implementation	During the RAP implementation	PMT
<b>ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES</b>			
6.1	<b>BIODIVERSITY RISKS AND IMPACTS:</b> As part of the preparation of site-specific ESMPs, develop and implement measures and actions to assess and manage risks and impacts on biodiversity, as related to each sub-project in accordance with the chance fine procedures and institutional responsibilities described in the ESMF.	During the preparation of ESMPs Throughout the Project implementation	PMT
<b>ESS 8: CULTURAL HERITAGE</b>			

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBILITY ENTITY / AUTHORITY
8.1	<b>CHANCE FINDS:</b> Develop and implement a chance finds procedures described in the ESMPs; if any cultural heritage objects, or intangible cultural heritage, are identified during the preparation of sitespecific ESMPs, respective provisions will be incorporated which would call for the civil works to be conducted in such a way as to avoid any potential adverse impacts on historical monuments and other tangible and intangible cultural heritage.	During the preparation of ESMPs Throughout the Project implementation	PMT
<b>ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE</b>			
10.1	<b>STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPELENTATION:</b> Prepare, update, adopt and implement the Stakeholder Engagement Plan (SEP).	Finalize SEP before Project appraisal Implement throughout the Project implementation	PMT
10.2	<b>PROJECT GRIEVANCE MECHANISM:</b>  Develop and implement a grievance mechanism for the entire Project.  The SEP includes a commitment to communicate to stakeholders the establishment of the grievance mechanism to ensure that affected stakeholders are aware of its existence and familiar with the process for submitting grievances to such grievance mechanism.	Two months after the project effectiveness.  Maintained throughout Project implementation	PMT (Project Coordinator)  Funding from the Project budget
10.3	<b>EVALUATE EFFECTIVENESS OF THE GRIEVANCE MECHANISM:</b> Analysis of the mechanism to determine if it needs adjustments to manage the claims received by beneficiaries belonging to vulnerable and disadvantaged groups and individuals. Adjustment of the mechanism based on the results of the analysis.	Evaluate effectiveness every six months during the Project implementation; adjust as necessary throughout Project implementation.	PMT (Project Coordinator)
<b>CAPACITY SUPPORT</b>			

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBILITY ENTITY / AUTHORITY
CS1	<p>The PMT, with support of third-party resources as needed (independent experts, NGOs, etc.) to be identified before implementation of capacity support initiatives, will design and implement training for targeted groups involved in the Project to improve their awareness of risks and mitigate the impacts of the Agriculture Modernization project. This ESCP proposes a preliminary training plan covering the following topics. This plan will be adapted to meet needs during Project implementation.</p> <p>As example, training may be required in:</p> <ul style="list-style-type: none"> <li>• ESS1: Environmental and Social Assessment</li> <li>• ESS2: Labor and working conditions</li> <li>• Stakeholder identification and engagement</li> <li>• Contents of the Environmental and Social Commitment Plan (ESCP)</li> <li>• Contents of the Stakeholder Engagement Plan (SEP)</li> </ul>	Throughout the Project implementation	MAFWE
	<p><b>Occupational Health and Safety Module:</b></p> <ul style="list-style-type: none"> <li>• Personal protection equipment</li> <li>• Workplace risk management</li> <li>• Prevention of work accidents</li> <li>• Health and safety rules</li> </ul> <p>Preparedness and response to emergency situations</p>	Throughout the Project implementation	MAFWE
	<p><b>Grievance Mechanism Module</b>, design and production of a training module addressing the following aspects:</p> <ul style="list-style-type: none"> <li>• Registration and processing procedure</li> <li>• Grievance redress procedure</li> <li>• Documenting and processing grievances</li> <li>• Use of the procedure by different stakeholders</li> </ul>	Throughout the Project implementation	PMT

**ANNEX 10 – BANK DIRECTIVE GUIDELINES ON PREVENTING AND COMBATING FRAUD AND CORRUPTION IN PROJECTS FINANCED BY IBRD LOANS AND IDA CREDITS AND GRANTS**

**Bank Directive Guidelines on Preventing and Combating Fraud and Corruption  
in Projects Financed by IBRD Loans and IDA Credits and Grants (revised as of July 1, 2016)**

**Bank Access to Information Policy Designation Public Catalogue Number LEGVP5.09-**

**DIR.117**

**Issued July 19, 2016 Effective July 1, 2016**

**Content**

These Guidelines are designed to prevent and combat Fraud and Corruption (as hereinafter defined) that may occur in connection with the use of proceeds of financing from the International Bank for Reconstruction and Development (IBRD) or the International Development Association (IDA) during the preparation and/or implementation of projects supported by Investment Project Financing (IPF). They set out the general principles, requirements and sanctions applicable to persons and entities which receive, are responsible for the deposit or transfer of, or take or influence decisions regarding the use of, such proceeds.

Applicable to IBRD, IDA

Issuer Senior Vice President and General Counsel, LEGVP

Sponsor Chief Counsel, LEGOP

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## GUIDELINES

### On Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants Dated October 15, 2006 and Revised in January 2011 and as of July 1, 2016

#### Purpose and General Principles

1. These Guidelines are designed to prevent and combat Fraud and Corruption (as hereinafter defined) that may occur in connection with the use of proceeds of financing from the International Bank for Reconstruction and Development (IBRD) or the International Development Association (IDA) during the preparation and/or implementation of projects supported by Investment Project Financing (IPF). They set out the general principles, requirements, and sanctions applicable to persons and entities which receive, are responsible for the deposit or transfer of, or take or influence decisions regarding the use of, such proceeds.
2. All persons and entities referred to in paragraph 1 above must observe the highest standard of ethics. Specifically, all such persons and entities must take all appropriate measures to prevent and combat Fraud and Corruption, and refrain from engaging in, Fraud and Corruption in connection with the use of the proceeds of the IBRD or IDA financing.

#### Legal Considerations

3. The Legal Agreement<sup>4</sup> providing for a Loan<sup>5</sup> governs the legal relationships between the Borrower<sup>6</sup> and the Bank<sup>7</sup> with respect to the project for which the Loan is made. The responsibility for the implementation of the project<sup>8</sup> under the Legal Agreement, including the use of Loan proceeds, rests with the Borrower. The Bank, for its part, has a fiduciary duty under its Articles of Agreement to “make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations.”<sup>9</sup> These Guidelines constitute an important element of those arrangements and are made applicable to the preparation and implementation of the project as provided in the Legal Agreement.

#### Scope of Application

4. The following provisions of these Guidelines cover Fraud and Corruption that may occur in connection with the use of Loan proceeds during the preparation and implementation of a project financed, in whole or in part, by the Bank. These Guidelines

(1) <sup>4</sup> References in these Guidelines to “Legal Agreement” include any Loan Agreement providing for an IBRD loan or Financing Agreement providing for an IDA credit or grant, any Guarantee Agreement providing for a guarantee by the Member Country of such IBRD Loan, any agreement providing for a project preparation advance or Institutional Development Fund (IDF) Grant, Trust Fund Grant or Loan Agreement providing for a recipient-executed trust fund grant or loan in cases where these Guidelines are made applicable to such agreement, and any Project Agreement with a Project Implementing Entity related to any of the above.

(2) <sup>5</sup> References to “Loan” or “Loans” include IBRD IPF loans as well as IDA IPF credits and grants, project preparation advances, IDF grants and recipient-executed trust fund grants or loans for projects to which these Guidelines are made applicable under the agreement providing for such grant and/or loan. These Guidelines do not apply to (i) Program for Results (PforR) financing or (ii) Development Policy Operations (DPOs), unless the Bank agrees with the Borrower on specified purposes for which Loan proceeds may be used, or (iii) IBRD/IDA guarantee operations.

(3) <sup>6</sup> References in these Guidelines to the “Borrower” include the borrower of an IBRD loan or the recipient of an IDA credit or grant or of a trust fund grant or loan. In some cases, an IBRD Loan may be made to an entity other than the Member Country. In such cases, references in these Guidelines to “Borrower” include the Member Country as Guarantor of the Loan, unless the context requires otherwise. In some cases, the project, or a part of the project, is carried out by a Project Implementing Entity with which the Bank has entered into a Project Agreement. In such cases, references in these Guidelines to the “Borrower” include the Project Implementing Entity, as defined in the Legal Agreement.

(4) <sup>7</sup> <sup>4</sup> References in these Guidelines to the “Bank” include both IBRD and IDA, whether acting in their own capacity or as administrator of trust funds financed by other donors.

(5) <sup>8</sup> References in these Guidelines to the “project” means the Project as defined in the Legal Agreement.

(6) <sup>9</sup> IBRD’s Articles of Agreement, Article III, Section 5(b); IDA’s Articles of Agreement, Article V, Section 1(g).

cover Fraud and Corruption in the direct diversion of Loan proceeds for ineligible expenditures, as well as Fraud and Corruption engaged in for the purpose of influencing any decision as to the use of Loan proceeds. All such Fraud and Corruption is deemed, for purposes of these Guidelines, to occur in connection with the use of Loan proceeds.

5. These Guidelines apply to the Borrower and all other persons or entities which either receive Loan proceeds for their own use (e.g., “end users”), persons or entities such as fiscal agents which are responsible for the deposit or transfer of Loan proceeds (whether or not they are beneficiaries of such proceeds), and persons or entities which take or influence decisions regarding the use of Loan proceeds. All such persons and entities are referred to in these Guidelines as “recipients of Loan proceeds”, whether or not they are in physical possession of such proceeds.<sup>10</sup>

6. These Guidelines apply to the procurement of goods, works, non-consulting services and consulting services financed (in whole or in part) out of the proceeds of a Loan from the Bank. Additional specific requirements relating to Fraud and Corruption in connection with such procurement are set out in Annex IV of the World Bank Procurement Regulations for Borrowers under Investment Project Financing, dated July 1, 2016, as the same may be amended from time to time.

### **Definitions of Practices Constituting Fraud and Corruption**

7. These Guidelines address the following defined sanctionable practices when engaged in by recipients of Loan proceeds in connection with the use of such proceeds:<sup>11</sup>

- a) A “corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.<sup>12</sup>
- b) A “fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly<sup>13</sup> misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.
- c) A “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.
- d) A “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party. e) An “obstructive practice” is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of the Bank’s contractual rights of audit or access to information.<sup>14</sup>

(7) <sup>10</sup> Certain persons or entities may fall under more than one category identified in paragraph 5 of these Guidelines. A financial intermediary, for example, may receive payment for its services, will transfer funds to end users and will make or influence decisions regarding the use of Loan proceeds.

(8) <sup>11</sup> Unless otherwise specified in the Legal Agreement, whenever these terms are used in the Legal Agreement, including in the applicable General Conditions, they have the meanings set out in paragraph 7 of these Guidelines.

(9) <sup>12</sup> Typical examples of corrupt practice include bribery and “kickbacks”.

(10) <sup>13</sup> To act “knowingly or recklessly”, the fraudulent actor must either know that the information or impression being conveyed is false, or be recklessly indifferent as to whether it is true or false. Mere inaccuracy in such information or impression, committed through simple negligence, is not enough to constitute fraudulent practice.

(11) <sup>14</sup> Such rights include those provided for, inter alia, in paragraph 9(d) of these Guidelines.



8. The above practices, as so defined, are referred to collectively and individually in these Guidelines as “Fraud and Corruption”.

### **Borrower Actions to Prevent and Combat Fraud and Corruption in connection with the Use of Loan Proceeds**

9. In furtherance of the above-stated purpose and general principles, the Borrower will:

- (a) take all appropriate measures to prevent Fraud and Corruption in connection with the use of Loan proceeds, including (but not limited to) (i) adopting appropriate fiduciary and administrative practices and institutional arrangements to ensure that the proceeds of the Loan are used only for the purposes for which the Loan was granted, and (ii) ensuring that all of its representatives<sup>15</sup> involved with the project, and all recipients of Loan proceeds with which it enters into an agreement related to the Project, receive a copy of these Guidelines and are made aware of its contents;
- (b) immediately report to the Bank any allegations of Fraud and Corruption in connection with the use of Loan proceeds that come to its attention;
- (c) if the Bank determines that any person or entity referred to in (a) above has engaged in Fraud and Corruption in connection with the use of Loan proceeds, take timely and appropriate action, satisfactory to the Bank, to address such practices when they occur;
- (d) include such provisions in its agreements with each recipient of Loan proceeds as the Bank may require to give full effect to these Guidelines, including (but not limited to) provisions (i) requiring such recipient to abide by paragraph 10 below; (ii) requiring such recipient to permit the Bank to inspect all accounts, records and other documents relating to the project required to be maintained pursuant to the Legal Agreement, and to have them audited by, or on behalf of, the Bank; (iii) providing for the early termination or suspension by the Borrower of the agreement if such recipient is declared ineligible by the Bank under paragraph 11 below; and (iv) requiring restitution by such recipient of any amount of the loan with respect to which Fraud and Corruption has occurred;
- (e) cooperate fully with representatives of the Bank in any investigation into allegations of Fraud and Corruption in connection with the use of Loan proceeds; and
- (f) in the event that the Bank declares any recipient of Loan proceeds ineligible as described in paragraph 11 below, take all necessary and appropriate action to give full effect to such declaration by, among other things, (i) exercising the Borrower’s right to terminate early or suspend the agreement between the Borrower and such recipient and/or (ii) seeking restitution.

### **Other Recipients of Loan Proceeds**

10. In furtherance of the above-stated purpose and general principles, each recipient of Loan proceeds which enters into an agreement with the Borrower (or with another recipient of Loan proceeds) relating to the Project will:

- (a) carry out its project-related activities in accordance with the above-stated general principles and the provisions of its agreement with the Borrower referred to in paragraph 9(d) above; and include similar provisions in any agreements related to the project into which it may enter with other recipients of Loan proceeds;
- (b) immediately report to the Bank any allegations of Fraud and Corruption in connection with the use of Loan proceeds that come to its attention;
- (c) cooperate fully with representatives of the Bank in any investigation into allegations of Fraud and Corruption in connection with the use of Loan proceeds;

(12) <sup>15</sup> References in these Guidelines to “representatives” of an entity also include its officials, officers, employees and agents

(13)

- (d) take all appropriate measures to prevent Fraud and Corruption by its representatives (if any) in connection with the use of Loan proceeds, including (but not limited to): (i) adopting appropriate fiduciary and administrative practices and institutional arrangements to ensure that the proceeds of the Loan are used only for the purposes for which the Loan was granted, and (ii) ensuring that all its representatives receive a copy of these Guidelines and are made aware of its contents;
- (e) in the event that any representative of such recipient is declared ineligible as described in paragraph 11 below, take all necessary and appropriate action to give full effect to such declaration by, among other things, either removing such representative from all duties and responsibilities in connection with the project or, when requested by the Bank or otherwise appropriate, terminating its contractual relationship with such representative; and
- (f) in the event that it has entered into a project-related agreement with another person or entity which is declared ineligible as described in paragraph 11 below, take all necessary and appropriate action to give full effect to such declaration by, among other things, (i) exercising its right to terminate early or suspend such agreement, and/or (ii) seeking restitution.

### **Actions by the Bank in Cases of Fraud and Corruption**

11. In furtherance of the above-stated purpose and general principles, the Bank has the right to sanction, in accordance with prevailing World Bank Group sanctions policies and procedures, any individual or entity<sup>16</sup> other than the Member Country<sup>17</sup>, including (but not limited to) declaring such individual or entity ineligible publicly, either indefinitely or for a stated period of time:
- (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank,
  - (a) if at any time the Bank determines<sup>18</sup> that such individual or entity has engaged in Fraud and Corruption in connection with the use of Loan proceeds;<sup>19</sup>
  - (b) if another financier with which the World Bank Group has entered into an agreement for the mutual enforcement of debarment decisions<sup>20</sup> has declared such individual or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the individual or entity has engaged in Fraud and Corruption in connection with the use of the proceeds of a financing made by such financier; or
  - (c) if the World Bank Group has found the individual or entity to be a non-responsible vendor on the basis of Fraud and Corruption in connection with World Bank Group corporate procurement.

### **Miscellaneous**

(14) <sup>16</sup> As in the case for bidders in the procurement context, the Bank may also sanction individuals and entities which engage in Fraud or Corruption in the course of applying to become a recipient of Loan proceeds (e.g., a bank which provides false documentation so as to qualify as a financial intermediary in a Bank-financed project) irrespective of whether they are successful.

(15) <sup>17</sup> For purposes of these Guidelines, "Member Country" includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to compete for and be awarded Bank-financed contracts in accordance with paragraph 3.22 of the World Bank Procurement Regulations for IPF Borrowers.

(16) <sup>18</sup> The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank.

(17) <sup>19</sup> The sanction may, without limitation, also include restitution of any amount of the Loan with respect to which Fraud and Corruption has occurred. The World Bank Group may publish the identity of any individual or entity declared ineligible under paragraph 11 of these Guidelines.

(18) <sup>20</sup> Also sometimes referred to as "cross-debarment."

12. The provisions of these Guidelines do not limit any other rights, remedies<sup>21</sup> or obligations of the Bank or the Borrower under the Legal Agreement or any other document to which the Bank and the Borrower are both parties. 15 17 Also sometimes referred to as “cross-debarment.”

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<sup>21</sup> The Legal Agreement provides the Bank with certain rights and remedies which it may exercise with respect to the Loan in the event of Fraud and Corruption in connection with the use of Loan proceeds, in the circumstances described therein.

**ANNEX 11 – INTERIM FINANCIAL REPORTS**



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