



Project
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EUROPEAN UNION

EU TWINNING PROJECT AZ/15/ENI/AG/01/18

"Strengthening the capacity of the Ministry of Agriculture to improve effectiveness and efficiency of state support to agriculture"

Main achievements and results



mipaaf

ministero delle politiche
agricole alimentari e forestali



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EU Twinning AZ/15/ENI/AG/01/18 “Strengthening the capacity of the Ministry of Agriculture to improve effectiveness and efficiency of state support to agriculture”, financed by the European Union, was implemented by the Italian Ministry of Agricultural, Food and Forestry Policies (MiPAAF) as Lead-Partner including its operational Agencies (AGEA-Agricultural Payment Agency, CREA-Council for Agricultural Research and Economics and ISMEA-Institute of Services for the Agricultural and Food market), together with the Lithuanian National Paying Agency under the Ministry of Agriculture (NPA) and the Polish Agency for Restructuring and Modernisation of Agriculture (ARMA) as Junior Partners.

Beneficiaries of the activity were the Ministry of Agriculture of the Republic of Azerbaijan and AKIA the “Agrarian Credit and Development Agency” under the Azerbaijani Ministry of Agriculture.

Twinning Overall objective

The Overall objective of the Twinning project was to contribute in improving the performance of the agricultural sector thereby implementing Government policy on diversification of the economy, decreasing regional disparities, and improving rural livelihoods.

Twinning Specific objective

The Specific objective of Twinning was to strengthen Ministry of Agriculture capacity to define, programme and administer effective state support to agriculture and rural development, in line with relevant EU policy principles, best practices, and current challenges on climate change and sustainability, while not losing competitiveness and equitable income for farmers.

Results per Component

Component 1: Strengthened Ministry of Agriculture Capacity in Subsidy Policy Analysis, Formulation, Monitoring, Reporting and Evaluation

Result 1	Achievement
Current subsidy policy assessed for effectiveness and compliance with likely future obligations under the WTO Agreement on Agriculture (AoA).	<p>Twinning assessment highlighted that the current Azerbaijani subsidy policy is not compliant with likely future obligations under the WTO Agreement on Agriculture (AoA). The current subsidy policy falls under the WTO "Amber Box" definition because it concerns measures that combine price support with aid coupled to production or subsidies directly related to production quantities, which may generate trade or production distorting effects according to WTO rules.</p> <p>The present "planting/sowing subsidy" provides also for expenditure compensation for inputs purchasing. This might determine an increase in the use of chemical inputs (kg/ha) that must be properly monitored to control effects on soil and water resources.</p> <p>Twinning proposed a gradual reform of the subsidy system with the introduction of basic environmental commitments and good agronomic practises to be respected by farmers. The introduction of "EU rural development-type" investments was also suggested.</p> <p>Training support on policy evaluation methodology and advise on smooth switching from coupled to decoupled subsidies was provided. Calculation of "Amber Box" reduction deriving from the schemes suggested by Twinning was also conducted. A Training for Azerbaijani officials on the contents of Twinning Result 1 was carried out.</p>

Result 2	Achievement
Policy options developed for improving effectiveness and efficiency and compliance of domestic support with likely future requirements.	<p>Twinning proposed a set of alternative subsidy schemes for the sheep, cattle, buffalo, and beekeeping sectors, inspired by the EU voluntary-coupled support but adapted to Azerbaijan. The proposed support measures concern a payment per livestock herd (or beehive) conditioned to the respect by farmers of basic animal welfare, hygiene requirements and good breeding conditions as well as the registration of the supported animals which is in the process of being expanded in Azerbaijan for livestock population.</p> <p>The proposed measures are a practical solution to support with subsidies the registration of animals by farmers and promote the respect of the mentioned basic conditions for the livestock sector.</p> <p>Moreover, Twinning suggested a simplified policy option: the Small Farm Scheme (SFS) dedicated to farms below 2 hectares with a single payment per hectare for a specific list of arable crops (cereals, oilseeds, protein crops, and vegetables) which represent 80% of the agricultural area cultivated in Azerbaijan by the small farms. This allows to group in a single scheme, crops that can be easily alternated, providing small farmers the choice of what to grow according to their personal or market needs. From an administrative point of view the impact is large, substantially reducing the number of applications to be processed for the smallest farms, which represent 60% of all applicants, with the introduction of a simplified control mechanism. Furthermore, a standard application form was developed concerning the existing AKIA credit support, enabling the collection of new data about applicants, farms, and the requested investments. The collection of these data enables precise monitoring and assessment of credit intervention. A Training for Azerbaijani officials on the contents of Twinning Result 2 was also conducted.</p>

Result 3	Achievement
Draft legal base for new direct support measures developed and agreed.	<p>Twinning prepared a draft law for introducing a legal definition of farm-based agritourism in Azerbaijan and related conditions and policy support. The activity took into consideration the agritourism Guidelines developed by Twinning (in Result 7) and the existing domestic legislation. Twinning proposed clear conditions for farmers to offer agritourism related services. This will mark a distinction with the other forms of rural tourism and touristic-commercial activities, contributing to develop a specific identity for the agritourism sector in Azerbaijan.</p>

Result 4	Achievement
Framework established for linking obligations relating to environment, land management, public and animal health, as well as animal welfare to subsidy payments.	<p>The concept promoted by Twinning is to link area-based subsidies not only to income support but also to basic environmental standards to be respected by farmers. This will allow to widen the subsidy effect and to promote minimum water and soil protection across Azerbaijan.</p> <p>The activity concerned the drafting of basic environmental commitments, adapted for Azerbaijan, with preparation of a related roadmap.</p> <p>The ban on burning arable stubbles and a mandatory minimum distance for use of fertilizers and pesticides along watercourses and near water springs (so called "buffer strips") were proposed as basic preconditions to be respected by farmers receiving subsidies.</p> <p>Voluntary and reinforced environmental commitments were also prepared with the proposal of additional payments for restricted number of farmers operating in vulnerable areas with critical environmental conditions to be addressed. The respect of these voluntary actions aims at contrasting soil erosion in sloping arable land, enlarging buffer strips along watercourses with specific pollutions problems and introducing green cover in fruit orchards to achieve soil conservation, release of organic nitrogen and to contain the depletion of nutrients.</p> <p>A Training for Azerbaijani officials on the contents of Twinning Result 4 was also conducted.</p>

Result 5	Achievement
Farm Data Monitoring System (FDMS) further aligned with EU Farm Accountancy Data Network (FADN) standards and used for policy analysis.	<p>Twinning proposed a partial revision of the Azerbaijani FDMS questionnaire with the inclusion of new variables and necessary improvements to make FDMS able to fully analyze the economic trends of the Azerbaijani farms. Procedures for calculation of Standard Results, Standard Outputs and for the definition of farm typology and economic size were also prepared. Twinning provided indications for the use of census and other statistical, administrative, data for improving the representativeness of the FDMS sample.</p> <p>A Training for Azerbaijani officials on the contents of Twinning Result 5 was conducted at the Agro-Research Centre in Baku.</p>

Component 2: Improved MoA Capacity for Rural Development Programming and Implementation

Result 6	Achievement
Analysis of the current rural development programme and programming methodology.	<p>The activity highlighted the need for a coherent national strategy for rural development in Azerbaijan with well-targeted investments and measurable impacts.</p> <p>Azerbaijani officials were introduced to EU rural development programming and implementing methodology. Twinning prepared two rural development pilot programmes for two local areas (Ismayilli and Lankaran). The two drafted pilot programmes included: context and SWOT analysis, identification of needs, strategy description, and a proposed set of specific Rural Development Measures for the two pilot areas. In this respect, ten rural development measure fiches were drafted by Twinning concerning: agritourism, cooperation among small farmers, basic services and quality of life in rural areas, development of rural tourism and handicraft activities, maintenance, restoration and upgrading of cultural and natural heritage of villages. A national measure fiche for future support in Azerbaijan to "Advisory services, farm management and farm relief services" was also prepared. The aim of this activity was to concretely demonstrate how rural development programming and measures are prepared according to EU methodology and taking into account the Azerbaijani conditions.</p> <p>The introduction in Azerbaijan of principles related to the EU Project Cycle Management, such as measurable context analysis, target setting, selection of projects according to objective criteria, monitoring and evaluation, will help to increase the impacts of the investments promoted in rural areas.</p>

Result 7	Achievement
Proposal for the introduction of the EU rural development framework and best practice	<p>Twinning prepared an Action Plan on key stages (legislative, institutional, capacity building, resource allocation, payment, control, monitoring, and evaluation) for the set-up of a national multi-annual Rural Development Programme in Azerbaijan.</p> <p>The proposed Programme is intended to solve the current fragmentation of initiatives in rural areas, while supporting new investments, especially for small and medium farms, with measurable impacts.</p> <p>In this regard, a specific Twinning activity was devoted to set-up an agritourism system in Azerbaijan. Farm-based agritourism is not yet widespread in Azerbaijan and legally defined. Twinning prepared technical Guidelines to fill this gap, developing a specific agritourism concept for Azerbaijan according to local conditions, and detailing the needed institutional governance and regulation for the development of the sector. A national conference on this topic was organized by Twinning in Baku (17th February 2022) with the involvement of Azerbaijani and EU authorities and with a large participation of the public and the press.</p>

Component 3: Enhanced MoA capacity for transparent and effective administration and control of subsidy payments

Result 8	Achievement
Legal basis proposed for administration and control of subsidy payments based on IACS principles (Integrated Administration and Control System).	<p>A specific analysis concerned the area-based subsidy in Azerbaijan ("planting/sowing subsidy") for which corrective actions, in the short and medium term, were identified by Twinning.</p> <p>Examination of legal basis and drafting of effective solutions to manage, control, and pay subsidies were prepared by Twinning according to EU IACS principles.</p> <p>The activity aimed at simplifying and reducing the administrative burden for farmers in submitting subsidy applications and improving AKIA performance on administrative checks for eligibility, management, and control of "planting/sowing subsidy"</p>

Result 9	Achievement
Consolidated MoA capacity for administering subsidy payments through the use of the ISSP (Information System for Subsidy Policy).	<p>Revision of the Azerbaijan ISSP informatic system and comparison with similar IT platforms in the EU was conducted. Technical recommendations, based on EU IACS principles and components (i.e., LPIS, Area Monitoring System, Geospatial Application and controls using Remote Sensing methodology) were provided to improve the Azerbaijani informatic system for subsidy management (EKTIS).</p> <p>Trinwing prepared an Action Plan aiming at upgrading the current area-based subsidy management system ("planting/sowing subsidy"). Specific actions were indicated to solve concrete problems concerning the correct calculation of agricultural areas declared by subsidy applicants. Instructions were provided for gradual implementation in Azerbaijan of a LPIS (Land Parcel Identification System) according to EU experience and systematic use of Remote Sensing equipment (satellite).</p> <p>Such simplified application process (paperless) supports operative steps for substituting the current on-the-spots controls with highly precise satellite monitoring.</p> <p>The expected impact of the solutions identified by Twinning will contribute to improve the transparency, effective administration, and control of area-based subsidy ("planting/sowing subsidy), lowering the administrative burden on farmers and simplifying the work for AKIA.</p> <p>The improved system for area-based subsidy declaration and control will generate a positive impact as well on national budget in terms of costs saving.</p> <p>Finally, a Manual of procedures for implementation of the alternative subsidy schemes defined in Result 2 was provided.</p> <p>A Training for Azerbaijani officials on the contents of Twinning Result 8 and 9 was also conducted.</p>

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Junior partners:

National Paying Agency under the Ministry of Agriculture" (NPA) – Lithuania



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