



**THE REPUBLIC OF SERBIA**  
**MINISTRY OF AGRICULTURE, FORESTRY AND WATER MANAGEMENT**  
**DEPARTMENT FOR MANAGEMENT OF IPARD PROGRAMME**  
**(Managing Authority)**

**ANNUAL IMPLEMENTATION REPORT**  
**ON THE IPARD II PROGRAMME FOR 2020**

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**The Eight session of the IPARD II Monitoring Committee**  
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## LIST OF ABBREVIATIONS

AAS – Agriculture Advisory Services  
AD – Administrative district  
AIR – Annual Implementation Report  
AH – Agricultural holding  
AP – Autonomous Province  
AWU – Annual Work Unit  
CAP – Common Agricultural Policy  
CEFTA - Central European Free Trade Agreement  
CIS - Central Information System  
COELA - Working Party on Enlargement and Countries Negotiating Accession to the EU  
DAP – Directorate for Agrarian Payments  
DEGURBA – Degree of urbanization  
DG AGRI – Directorate-General for Agriculture and Rural Development  
DG SANTE – Directorate-General for Health and Food Safety  
EU – European Union  
EC – European Commission  
FAO – Food and Agriculture Organization  
FwA – Framework Agreement  
GDP – Gross domestic product  
GVA – Gross value added  
IA – IPARD Agency  
IACS - Integrated Administration and Control System  
IPA – Instrument for Pre-Accession Assistance EU  
IPARD – Instrument for Pre-Accession Assistance in Rural Development  
IPARD OS – IPARD Operating Structure  
IT – Information Technologies  
LAG – Local Action Group  
LSGU – Local self-governments unit  
LDS - Local development strategies  
LEE – List of eligible expenditures  
LEADER - *Liaison entre Actions de développement de l'Economie Rurale* (fr.)  
LPIS - The Land Parcel Identification System  
MA – Managing Authority  
MAFWM – Ministry of Agriculture, Forestry and Water Management  
MEI – Ministry for EU integration  
NAO – National Authorizing Officer  
NAO SO – National Authorizing Officer Support Office  
NBS – National Bank of Serbia  
NF – National Fund  
NIPAC – National IPA Coordinator  
NRDP – National Rural Development Programme  
OSCs - On-the-spot checks  
PVCA - Plan of Visibility and Communication Activities of the IPARD II Programme for period 2014-2020  
RS – Republic of Serbia  
SA – Sectoral Agreement  
SCTM - Standing Conference of Towns and Municipalities  
SMEs - Micro, small and medium-sized enterprises and entrepreneurs  
SORS – Statistic Office of the Republic of Serbia  
UAA – Utilized Agricultural Areas  
WLA – Work Load Analyses

## EXECUTIVE SUMMARY

The Second Annual Implementation Report on the IPARD II Programme contains information regarding the implementation of the 4<sup>th</sup> policy area, agriculture and rural development of the Republic of Serbia. The Managing Authority have prepared the Annual Report covering the period from the 1<sup>st</sup> January to 31<sup>st</sup> December 2020, pursuant to Article 59 (1) of the Sectoral Agreement. A significant contribution to the preparation of the Report was provided by the IPARD Agency, the National Authorizing Officer Support Office, the National Fund, as well as the Ministry of European Integration (MEI) and the Sector for International Cooperation, MAFWM.

The IPARD II Programme was officially approved by the European Commission on 20<sup>th</sup> January 2015 by the Decision of the EC C (2015) 257 (the last modification – Decision of the EC C (2021) 2585 dated 9<sup>th</sup> April 2021).

The main goal and purpose of the IPARD II Programme is to support agricultural producers and processors, as well as population of rural areas in the Republic of Serbia, to gradually increase their capacities and potentials in order to prepare timely and properly for the fulfilment of European standards and laws in the field of agriculture, agri-food industry and environmental protection. The IPARD II Programme defines measures that provide financial support to the sector of primary agricultural production, sector of processing and marketing of agricultural and fishery products, agri-environment-climate and organic farming, implementation of local development strategies, as well as support for the diversification of economic activities in rural areas of the Republic of Serbia. Sectors which will receive support have been defined in each measure. Also, in the IPARD II Programme, in addition to the above measures, the measure “Technical Assistance” is envisaged.

By the Decision of the EC PRE/2016/001/RS/CLO, dated 26<sup>th</sup> February 2018, the Letter of closure with recommendations for Measure 1 “Investments in physical assets of agricultural holdings” and Measure 3 “Investments in physical assets concerning processing and marketing of agricultural and fishery products” was obtained, while Financing Agreement between the Government of the Republic of Serbia and the European Commission for IPARD II assistance for agriculture and rural development under the Instrument for Pre-Accession Assistance IPA II came into force on 6<sup>th</sup> June 2018. The Letter of closure with condition and recommendations for Measure 7 “Farm diversification and business development” and Measure 9 “Technical Assistance” was obtained by Decision of the EC PRE/2019/008/RS/CLO, dated 31<sup>st</sup> March 2020. After entrustment of Measure 7 and Measure 9 under the IPARD II Programme, on 1<sup>st</sup> October 2020 was signed the Amendment on Financial Agreement and came into force on 17<sup>th</sup> November 2020.

From the beginning of the IPARD II Programme implementation up to 31<sup>st</sup> December 2020, nine public calls have been published. A total of 583 applications were approved, with total public support in the amount of approx. EUR 45.0 m and the EU contribution in the amount of approx. EUR 33.8 m. For Measure 1, 526 applications were approved, with a total public support in the amount of approx. EUR 29.1 m and the EU contribution in the amount of approx. EUR 21.8 m, while for Measure 3, 57 applications were approved with a total support in the amount of approx. EUR 16.0 m and the EU contribution in the amount of approx. EUR 12.0 m. A total of 232 applications were rejected and 162 applications were withdrawn with the EU contribution in the amount of approx. EUR 31.0 m. By 31<sup>st</sup> December 2020, 217 applications were paid, with a total public support in the amount of approx. EUR 12.9 m. and the EU contribution in the amount of approx. EUR 9.7 m. Out of the total EU funds allocated for 2014-2020 (EUR 175.0 m), 20.3% has



been approved for all measures by the end of 2020. Out of the total amount of EU contribution approved, 64.6% related to Measure 1 and 35.4% to Measure 3.

By the end of 2020, EU support in the total amount of EUR 9.7 m was paid, which contributed to the execution rate of 5.5% out of the total EU contribution, while execution rate for Measure 1 is 8.7% and 4.6% for Measure 3. In 2020, compared to the Annual Implementation Report 2019, progress was made in the financial implementation concerning of EU support, from EUR 4.6 m (2.6%) to EUR 9.7 m (5.5%).

The experience gained during IPARD II period have a great importance on the development of the IPARD III Programme of the Republic of Serbia, as well as the acquired practical experience of the recipients in the implementation of EU-funded projects.

## INTRODUCTION

The Republic of Serbia is fully committed to the European integration process, aware that this process requires significant changes in the field of agriculture and rural development. IPARD II Programme is the starting point for the implementation of reform steps in the field of rural development. Existence of strong political will of the Government of the Republic of Serbia is of the great importance for the successful implementation of the IPARD II Programme, as well as a broad social consensus on the importance of IPARD support for further development and improvement of competitiveness in the agriculture and rural development sectors.

IPARD II Programme is the most important programme of pre-accession assistance for rural development and the first document in the field of agriculture and rural development of the Republic of Serbia approved by all European Union members in January 2015. The main goal and purpose of this Programme is to support agricultural producers and processors, as well as population of rural areas in the Republic of Serbia, to gradually increase their capacities and potentials in order to prepare timely and properly for the fulfilment of European standards and laws in the field of agriculture, agri-food industry and environmental protection.

The Programme defines measures that provide financial support to the sector of primary agricultural production, sector of processing and marketing of agricultural and fishery products, as well as support for the diversification of economic activities in rural areas of the Republic of Serbia. Priority sectors for investments are the Milk sector, Meat sector, Fruit and Vegetable sector, Other crops sector, Egg sector and Grape/Wine sector. The measures support investments in the construction and/or reconstruction of facilities, as well as the procurement of new machinery, equipment and new technologies.

Improvement of the quality of life in rural areas and reduction of poverty, a more equal share in the distribution of income and economic opportunities are important aspects of sustainable development of rural areas, that the Republic of Serbia strives for. In that respect, sustainable development of rural areas requires a good coordination of all policies related to rural areas and their resources. Mitigation of problems for those who are leaving the sector of agriculture and promotion of pattern of equity can make a significant contribution to sustainable development. Creating favourable living and working conditions and retention of young people in rural areas, providing more attractive jobs and equal opportunities for their families is one of the main goals of the policy that should ensure a more balanced regional development of the Republic of Serbia.

One of the conditions for using the funds of this Programme was the establishment of a complementary support system at both national and local level, in which there is no double financing from public funds for the same type of investment, and which contributes synergistically to reducing regional discrepancies.

A thorough and intensive promotion of the IPARD II Programme caused a great interest among potential recipients. This supports the fact that 1,748 applications were submitted within nine published public calls during the programme implementation period until the end of 2020. IPARD support is available through four entrusted measures: Measure 1 - Investments in physical assets of agricultural holdings, Measure 3 - Investments in physical assets concerning processing and marketing of agricultural and fishery products, Measure 7 – Farm diversification and business development and Measure 9 – Technical Assistance.

The purpose of reporting is to show the progress in the implementation of priorities and measures related to the achievement of the objectives of the IPARD II Programme on the basis of financial realization, in relation to common and specific indicators and quantified target values.

The report consists of eight chapters which include an overview of macroeconomic indicators, applied measures to improve the quality and efficiency of IPARD II Programme implementation, financial obligations and expenditures per measures, activities undertaken related to programme evaluation, use of other international financial support instruments, financial flows review by measures, as well as activities for the implementation of the communication and visibility plan.

The Annual Implementation Report on the IPARD II Programme in the Republic of Serbia for 2020 includes cumulative financial data, obtained by monitoring the implementation of the Programme on the basis of the Common monitoring and evaluation tables. The processed data are presented in the form of tables and graphs.

The Report on the implementation of the IPARD II Programme for 2020 financial year was prepared by the Managing Authority in cooperation with the IPARD Agency, the National Authorizing Officer Support Office, the National Fund, the Ministry of European Integration and the Sector for International Cooperation, MAFWM.

## 1. CHANGES IN THE GENERAL CONDITIONS IN SERBIA (MACRO-ECONOMIC CONTEXT, SOCIO-ECONOMIC TRENDS AND AGRICULTURAL POLICY) AND THEIR IMPLICATIONS ON THE IMPLEMENTATION OF THE IPARD II PROGRAMME

### 1.1 Macro-economic trends, structural characteristics of the economy and situation in agriculture and rural areas

According to data of the Statistical Office of the Republic of Serbia (SORS), in 2019 gross domestic product (GDP) amounted to EUR 33,040.8 m at constant prices and real GDP growth, relative to 2018, was 4.2%. The most significant share in GDP formation, viewed per industry, in 2019 had: sector of processing industry (13.7%), wholesale and retail trade and repair of motor vehicles (11.4%), real estate sector (6.9%), agriculture, forestry and fisheries sector (6.0%) and construction sector (5.7%). In 2019, the gross added value of the primary sector was 6.0% (Statistical Yearbook of Serbia 2020, SORS). The macroeconomic indicators of the Republic of Serbia (RS) in period 2012-2020 are presented in the Table 1.

**Table 1: Macroeconomic indicators for the Republic of Serbia**

	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>GDP* (m EUR)</b>	29,118.4	29,958.1	28,433.9	28,119.2	28,494.4	29,504.9	31,600.3	33,040.8	-
<b>GDP per capita (EUR)</b>	4,677.0	5,083.0	4,973.0	5,034.0	5,203.0	5,581.0	6,137.5.0	6,625.27.0	-
<b>Unemployment rate (%)</b>	24.6	23.0	19.9	18.2	15.9	14.1	13.3	10.9	9.5
<b>Export of goods and services (m EUR)</b>	9,579.7	12,467.4	12,668.0	11,414.4	12,700.4	14,504.4	16,417.8	16,753.8	16,606.5
<b>Import of goods and services (m EUR)</b>	16,147.9	17,536.3	17,234.3	15,253.6	16,127.5	18,705.4	22,087.1	22,810.6	22,342.9
<b>Balance (m EUR)</b>	-6,568.2	-5,068.9	-4,566.3	-3,839.2	-3,427.1	-4,201.0	-5,669.3	-6,056.7	-5,736.4

Source: SORS

\* Constant prices (values, chain-linked volume measures, reference year 2010)

### The foreign trade exchange

When it comes to the foreign trade exchange of the RS, the export of goods and services reached a value of approx. EUR 16.6 b in 2020, while, on the other hand, the import reached a value of approx. EUR 22.3 b. In the entire observed period, the RS recorded a negative foreign trade balance, which was the lowest in 2016 and the highest at the beginning of the observed period. The European Union (EU) is most important foreign trade partner of the RS. The agri-food sector has achieved a positive foreign trade balance since 2005 and it amounted to EUR 1.3 b in 2020.

In 2020 the value of the export of agri-food products reached the level of EUR 3.1 b, where the highest value is achieved by export to EU market. The import of agri-food products reached value of EUR 1.8 b in 2020.

Considering the structure of foreign trade exchange of the RS in 2019, the share of primary agricultural products was dominant, with a share of 69.0% in the total value of exchange in all categories of agricultural products, while the processed agricultural products export participated with 29.0%. There is a noticeably higher share of primary agricultural products in both the export structure and the import structure.

The most represented product group in export in 2020 was cereals, which participated with 27.3% of the total value of agri-food products export, while the share of vegetables and fruit was 27.0%. In addition to these two product groups, tobacco and tobacco products (12.4%), beverages (6.6%) and various food products (5.9%) also had a high share in the structure of agri-food products export. In 2020, the most represented products in import by value were vegetables and fruit (25.5%), coffee, tea, cocoa, spices and manufactures thereof (12.0%) and beverages and tobacco and tobacco products (tobacco and tobacco products 11.6% and beverages 5.6%).

Out of all markets to which the RS exports its agri-food products, the most significant is the EU market with share of 48.5% in the structure of total export of this product group in 2020. Also, the EU market is the most important market in terms of agri-food products import, i.e. 65.4% of the total value of import of this product group import was imported from this market. In addition to the EU market, a significant export partner is the CEFTA countries market with share of 24.3% of the value of agri-food products export during 2020. Agri-food products import from the CEFTA countries market was approx. 9.7% in the total value of this product group import.

## **Employment**

Employment is being decreased in the primary sector and the share of primary sector in total employment was 14,6% in 2020. Observed per region, the largest share of employment in sector of agriculture, forestry and fishery was achieved in the Šumadija and Western Serbia Region (50.4%), while the lowest share is in the Belgrade Region (4.6%).

Unemployment rate in the RS in 2020 was 9.5% and compared to 2019 has decreased (10.9%), while the unemployment rate of the rural population in 2020 was 8.8%.

High rates of unemployment and inactivity are present in the young population and more in the young population in urban areas than in rural areas, and at the same time more in young women than in young men. The assisting household members are highly present in the employment structure in rural areas and it is particularly typical for female rural population, where more than one fifth of employed women work as assisting household members.

## **Micro, small and medium sized enterprises and entrepreneurs**

According to SORS data, in 2018 the number of micro, small and medium-sized enterprises and entrepreneurs (SMEs) amounted to 375,842, which represents 99.9% of the total number of enterprises. Entrepreneurs are dominant in the SMEs structure with a share of 72.6%. Viewed by the type of activity, the largest share in the structure of SMEs has wholesale and retail trade and repair of motor vehicles (26.0%), while the share of 1.8% of SMEs was recorded in the field of agriculture, forestry and fishery. The total number of employees in SMEs is 917,116, where the

share of processing industry is dominant in the structure of SMEs with 27.1%, while in the field of agriculture, forestry and fishery is 2.5%. Table 2 shows the number of enterprises by size and by number of employees, in total and in the sector of agriculture, forestry and fishery.

**Table 2: Enterprises in the Republic of Serbia by size and number of employees in 2018**

	Entrepreneurs	Micro enterprise	Small enterprise	Medium-sized enterprises	SMEs
Number of enterprises	272,969	89,137	11,219	2,517	375,842
Number of enterprises in the agriculture, forestry and fishery sector	2,805	3,361	372	90	6,628
Number of employees	271,721	161,247	225,030	259,118	917,116
Number of employees in the agriculture, forestry and fishery sector	1,751	4,703	7,881	8,265	22,600

Source: "Enterprises by size and entrepreneurs in the Republic of Serbia (2016-2018)", SORS

Gross value added (GVA) of the SMEs sector in 2018 amounted to EUR 12,565.97 m, which is an increase of 22.1% compared to 2016 (EUR 10,294.0 m). During 2018, the agriculture, forestry and fishery sector within the SMEs generated GVA in the amount of EUR 316.3 m.

A total of 15,203 business entities that made up the SMEs sector participated in the export of goods in 2018, which is an increase of 2.9% compared to 2016. When it comes to the value of exports of goods of the SMEs sector in 2018, exports of goods amounted to EUR 6.2 b, of which the agriculture, forestry and fishery sector realized the value of exports of EUR 189.0 m.

### Basic characteristics of agricultural production in the Republic of Serbia

According to "Farm Structure Survey", conducted in 2018, 564,541 agricultural holdings (AH) were identified in the RS and compared to data from Census 2012, the number of AHs decreased by 10.6%. Family AHs have the highest share (even 99.7%) in the AH structure. In the Šumadija and Western Serbia Region 43% of AHs are located. Average age of AH holders is 60 years for a man and 65 for a woman. Knowledge in a field of agriculture 95.3% of AH holders have acquired by engaging in this activity, while a formal education in the field of agriculture has acquired 4% AH holders. Also, the data obtained from conducted Farm Structure Survey, 2018 show that the average size of AH in the RS is 6.2 ha, which is an increase compared to 2012 when the average size of AH was 5.4 ha. The largest number of AHs (38.5%) is smaller than 2 ha, 32.3% of AHs is between 2-5 ha, 0.7% of AHs has an estate ranging in its size between 50 and 99 ha, while 0.3% AH has an estate size over than 100 ha. Table 3 shows the number of AHs by estate size.

**Table 3: Agricultural holdings by estate size**

	Estate size (ha)								
	0 ha	<2 ha	2-4,9 ha	5-9,9 ha	10-19,9 ha	20-29,9 ha	30-49,9 ha	50-99,9 ha	>100ha
Number of AHs	5,290	217,480	182,253	96,262	40,876	11,072	6,062	3,825	1,422
% of total number of AHs	0.9	38.5	32.3	17.1	7.2	2.0	1.1	0.7	0.3

Source: *Farm Structure Survey, 2018, SORS*

The utilized agricultural areas (UAA) in the RS cover 3,475,894 ha according to the Farm Structure Survey, 2018. The structure of the UAA shows that 74% is comprised of arable land (arable land and gardens), 20% make up meadows and grassland while permanent crops make up only 6%. The area under organic farming in 2019 is 21,266 ha, i.e. 0.6% of the total area of the UAA.

The share of mixed AHs is predominant in the RS. Specialized production is dominant in the crop production sector, especially in the Vojvodina Region. The average economic size of AH in RS is EUR 8,610, however, this is more than four times lower value than the EU average.

## 1.2. Population

According to Census from 2011, the RS had a population of 7,186,862 and according to SORS population estimation from 2019, it had a population of 6,945,235. In rural areas, considered as “other settlements” in the RS, 40.6% of the population lives. More than 50% of the population in the Šumadija and Western Serbia Region represents rural population which makes it the region with the largest number of rural population in the RS. The average age of the population is 43.3 years in 2019. Viewed by type of settlements, in urban areas the average age of the population is 42.3 years, while in rural areas the average age of the population is 44.9 years. The age structure of population in 2019 is showed in Table 4.

**Table 4: Age structure of population in 2019**

Age structure of population	Number of inhabitants	Share in total population, %
0-14 age	992,589	14.29
15-64 age	4,515,716	65.02
65 and more	1,436,930	20.69
<b>Total</b>	<b>6,945,235</b>	<b>100</b>

Source: *SORS*

In the educational structure of the population, according to the Census of population from 2011, the majority of the population has completed secondary education (48.9% of the total population). Primary education has 20.8% of the population, while population with high education have the lowest share in the educational structure (5.7%).

## 1.3. Agriculture and Rural Development Policy

The long-term strategic direction of agricultural development in the RS is defined by the Strategy of Agriculture and Rural Development of the Republic of Serbia for the period 2014-2024 (“Official Gazette of the RS”, No. 85/14), which encompasses the vision, strategic goals and



directions of agriculture and rural development of the RS in the ten-year period. The future directions of agricultural development in the RS are defined in accordance with the process of alignment of national agricultural and rural development policies with the EU acquis in the field of agriculture and rural development.

The Strategy of Agriculture and Rural Development of the Republic of Serbia for the period 2014-2024 was the basis for the adoption of medium-term development documents in the field of agriculture and rural development, namely the National Programme for Agriculture for the period 2018-2020 (“Official Gazette of the RS”, No. 120/17), and the National Rural Development Programme 2018 - 2020 (“Official Gazette of the RS”, No. 60/18). These programmes contain detailed triannual plans and a timetable for the implementation of the measures, as well as the basic activities of adjusting the national agricultural and rural development policy to the relevant EU Common Agricultural Policy (CAP) schemes in the pre-accession period.

Budget funds intended for the implementation of agricultural and rural development measures on an annual basis are defined by the Law on the Budget of the Republic of Serbia for one calendar year, within the budget allocated to the MAFWM. Every year the Decree on Allocation of Subsidies in Agriculture and Rural Development defines the volume of funds, types of subsidies and maximum amounts by type of subsidies for current year.

### **Policy of sustainable management of resources and improvement of the quality of life in rural areas**

Part of rural development policy relates to sustainable management of natural resources and environmental protection, as well as improvement of the quality of life in rural areas and reduction of poverty.

Sustainable management of resources and environmental protection are the basis for ensuring the long-term stability and quality of domestic agricultural production in conditions of increasing risks in the global food market. The specific character of agricultural production, is reflected in its high dependence on the volume and quality of limited natural resources. For that reason, necessary response to climate change, protection of agricultural land from permanent change of purpose, reduction of greenhouse gas emissions, protection of biodiversity and typical rural landscapes, rational use of water resources, forests and other natural resources in rural areas require the designing of a new support policy with due respect to the concept of multifunctional agriculture.

Investments in non-agricultural activities, as well as establishment of new businesses are essential for development and competitiveness of rural areas. Economic and farm diversification of AHs are necessary for growth, employment and sustainable development in rural areas and should contribute to a better territorial balance, both in economic and social terms, directly increasing the farming households and rural population income.

#### **1.3.1. Negotiations with European Union, commitments in negotiations**

In accordance with the Decision on establishment of the Coordination body for the pre-accession process of the Republic of Serbia to the European Union (“Official Gazette of the RS”, No. 84/13, 86/13, 31/14, 79/14, 92/15, 23/18 and 36/19), MAFWM is the main carrier of negotiations for the three negotiating chapters, as following: Chapter 11 – Agriculture and rural development, Chapter 12 – Food safety, veterinary and phytosanitary policy and Chapter 13 – Fisheries. Besides that, the representatives of MAFWM take part in the work of 18 more negotiating chapters.



The first Intergovernmental Conference between the RS and the EU held on 21<sup>st</sup> January, 2014 in Brussels formally opened negotiations on the RS accession to the EU. After the negotiation process was initiated, the process of analytical examination of legislative screening process (screening) started in order to check and evaluate the alignment of the RS legislation with the EU acquis. On 5<sup>th</sup> February 2020, the European Commission (EC) adopted a new methodology for the EU accession process, which aims to establish a credible perspective of EU membership. According to the new methodology, the chapters are divided into six clusters (except for chapters 34 - Institutions and 35 - Other issues) and the Council of the European Union officially adopted this new methodology in its conclusions of 25<sup>th</sup> March 2020.

Until the end of the reporting period, the RS has opened 18 negotiating chapters (Chapter 4 - Free movement of capital, Chapter 5 - Public Procurement, Chapter 6 - Company Law, Chapter 7 - Intellectual Property Law, Chapter 9 - Financial Services, Chapter 13 - Fisheries, Chapter 17 - Economic and Monetary Policy, Chapter 18 - Statistics, Chapter 20 - Enterprise and Industrial policy, Chapter 23 - Judiciary and Fundamental Rights, Chapter 24 - Justice, Freedom and Security, Chapter 29 - Customs Union, Chapter 30 – External Relations, Chapter 32 - Financial Control, Chapter 33 - Financial and budgetary provision and Chapter 35 - Other Issues and provisionally closed two negotiating chapters (Chapter 25 - Science and research and Chapter 26 - Education and culture).

Five negotiating positions were submitted to the EU Council and that for Chapter 2 – Freedom of movement for workers (23<sup>rd</sup> July 2018), Chapter 3 - Right of establishment and freedom to provide services (5<sup>th</sup> December 2019), Chapter 14 - Transport Policy (29<sup>th</sup> October 2018), Chapter 21 - Trans-European networks (29<sup>th</sup> October 2018) and Chapter 27 - Environment and climate changes (27<sup>th</sup> January 2020).

Chapters that are ready or are in advanced stage of preparation for the opening, where the EU Council adopted Screening reports and the RS has received an invitation for submission of the negotiating position are: Chapter 10 - Information Society and Media (the second Draft of Negotiation position was submitted to the EC for consultations on 13<sup>th</sup> March 2019) and Chapter 28 - Consumer and Health Protection (the final Draft Negotiating position was sent to the EC on 4<sup>th</sup> March 2020 for consultations).

Chapters for which the EC has submitted the screening findings and for which they have established benchmark(s) for the opening are: Chapter 1 - Free movement of goods (two benchmarks), Chapter 8 - Competition Policy (six benchmarks), Chapter 11 - Agriculture and rural development (two benchmarks), Chapter 12 - Food safety, veterinary and phytosanitary policy (three benchmarks), Chapter 15 – Energy (two benchmarks), Chapter 16 – Taxation (one benchmark), Chapter 19 - Social Policy and Employment (one benchmark) and Chapter 22 - Regional policy and coordination of structural instruments (one benchmark).

EC has not adopted Screening report for Chapter 31 – Foreign, Security and Defence Policy and no screening was conducted for Chapter 34 – Institutions.

## **Chapter 11 - Agriculture and rural development**

The EC has submitted the Screening report for the Chapter 11 which was presented on 27<sup>th</sup> February, 2015 on the Committee for EU Council enlargement. After the Council adopted the Report, on 17<sup>th</sup> June 2015 the chairman of the Committee of Permanent Representatives (COREPER II) addressed a letter on behalf of the EU Member States informing that the RS is not ready to initiate the negotiating process in Chapter 11 and that is necessary to fulfil two benchmarks in order to open the negotiating process. The opening benchmarks for Chapter 11 were:

- That the RS ought to present an Action Plan to the EC, which will serve as a basis for the transposition, implementation and enforcement of the EU acquis in agriculture and rural development;
- That the RS ought to submit the request for entrustment of budget implementation tasks for IPARD II to the EC, in accordance with the provisions of EC Implementing Regulation 447/2014.

### **The first benchmark for initiating the negotiating process in Chapter 11**

On 18<sup>th</sup> October, 2018 the RS Government adopted the Action plan for transposition, implementation and enforcement of the EU acquis in the field of agriculture and rural development. The Action plan was submitted to the EC on 1<sup>st</sup> November 2018.

### **The second benchmark for initiating the negotiating process in Chapter 11**

The RS officially received information that the entrustment of budget implementation tasks for IPARD II Programme Measure 1 and Measure 3 has been successfully completed on 26<sup>th</sup> February, 2018. Financing Agreement is signed on 29<sup>th</sup> May 2018 and entered into force on 12<sup>th</sup> June 2018 when the Ministry of Foreign Affairs sent an official letter to the DG AGRI that all formalities have been completed in accordance with the RS legislation. At the end of March 2020, Measure 7 and Measure 9 from the IPARD II Programme were entrusted. Amending Financing Agreement is signed on 1<sup>st</sup> October 2020 and entered into force on 17<sup>th</sup> November 2020.

The EC assessed that the RS had met both benchmarks for opening the negotiating process in the Chapter 11 and submitted its Opening Benchmark Assessment Report to the Working Party on Enlargement and Countries Negotiating Accession to the EU (COELA) on 11<sup>th</sup> February 2018. So far, the Report has been approved by 18 Member States.

According to the EC Progress Report for the RS in 2020, for Chapter 11 some progress has been made in particular through the submission of the second package for entrustment with implementation of the instrument for pre-accession assistance for rural development (IPARD II) in November 2019, as well as with taking first steps for the establishment of the integrated administration and control system (IACS).

### **Preparation of Negotiation Position for the Chapter 11**

MAFWM, with the support of IPA 2015 Technical Assistance Project: “Capacity building for the alignment with the acquis in the areas of agriculture, rural development, food safety, veterinary and phytosanitary policy” has started activities on preparation of negotiation position for Chapter

11, which is described in more detail in the Chapter 5.1 Assistance provided under other IPA components.

### 1.3.2. Legal and Institutional Framework

The legislative framework which defines the implementation of the IPARD II Programme in the RS include:

- Framework Agreement between the Republic of Serbia and the European Commission on the arrangements for implementation of Union financial assistance to the Republic of Serbia under the Instrument for Pre-Accession Assistance (IPA II) (“Official Gazette of the RS”, International Agreements, No. 19/14);

The Framework Agreement defines the principles of the management and implementation of IPA II assistance between the EU and the RS.

- Sectoral Agreement between the Government of the Republic of Serbia and the European Commission setting out provisions for the management and implementation of Union financial assistance to the Republic of Serbia under the Instrument for Pre-Accession Assistance in the policy area Agriculture and rural development (IPARD);

The Sectoral Agreement (SA) complements the Framework Agreement (FwA) and defines the specific provisions applicable for the implementation of the IPARD II Programme. The amendments on the SA came into force on 26<sup>th</sup> November 2020.

- Financing Agreement between the Government of the Republic of Serbia and the European Commission on behalf of the European Union for IPARD II assistance for agriculture and rural development under the Instrument for Pre-Accession Assistance IPA II;

Financing Agreement sets out the EU and the RS financial commitments for the IPARD II Programme for the period 2014-2020 and are define the provisions for the entrustment of budget implementation tasks. After entrustment of Measure 7 and Measure 9 under the IPARD II Programme, on 1<sup>st</sup> October 2020 was signed the Amendment on Financial Agreement and came into force on 17<sup>th</sup> November 2020.

- Law on Agriculture and Rural Development (“Official Gazette of the RS”, No. 41/09, 10/13 and 101/16);

This Law regulates the objectives of the agricultural policy and rural development policy and the manner of their enforcement, Register of Agricultural Holdings, record keeping and reporting in agriculture, as well as monitoring the implementation of this Law. This Law also stipulates the rules of the special procedure for the implementation and control of the IPARD Programme.

- Decision on adopting the IPARD Programme for Republic of Serbia for the period 2014 – 2020 (“Official Gazette of the RS”, No. 30/16, 84/17, 20/19, 55/19 and 38/21);

IPARD II Programme defines measures that provide financial support to the primary agricultural production sector, the processing and marketing of agricultural and fishery products sector, as well as to support the diversification of the economic activities in rural areas of the RS.

- Regulation on the designation of a body to audit the management system of the European Union's pre-accession assistance programs under the Instrument for Pre-Accession Assistance (IPA II) ("Official Gazette of the RS", No. 86/15);

This Regulation designates the Governmental Audit Office of EU Funds for the Audit Authority in accordance with Article 12, item 3, sub-item c) Framework Agreement between the Republic of Serbia and the European Commission on the rules for the implementation of European Union financial assistance to the Republic of Serbia under the Instrument for Pre-Accession Assistance (IPA II) and Article 5 of Annex A to the said Agreement.

- Regulation on the management of European Union pre-accession assistance programs under the Instrument for Pre-Accession Assistance (IPA II) for the period 2014-2020 ("Official Gazette of the RS", No. 10/19);

This Regulation regulates in detail the manner of managing the European Union (EU) Pre-Accession Assistance programs in the Republic of Serbia, which are financed from the Instrument for Pre-Accession Assistance (IPA II) for the period 2014-2020 years, responsible persons and bodies, as well as the manner in which their mutual relations are regulated, and in connection with the preparation, coordination, implementation, monitoring, evaluation and reporting on the implementation of IPA II funded programs in case the European Commission entrusts budget execution to certain programs to the Republic of Serbia.

- Decision on the establishment of a Working Group for the implementation of activities related to the entrustment of indirect management of the IPARD Programme ("Official Gazette of the RS", No. 5/17, 86/18 and 27/19);
- Decision on the appointment of responsible persons and bodies for the management of the programs of pre-accession assistance of the European Union within the Instrument for Pre-Accession Assistance (IPA II) for the period 2014-2020 ("Official Gazette of the RS", No. 26/19);

Those Decisions determinate responsible persons and bodies for the management of the programmes of pre-accession assistance of the EU within the Instrument for Pre-Accession Assistance (IPA II) for the period 2014-2020: National IPA Coordinator, Technical Secretariat of the National IPA Coordinator, the National Authorizing Officer, bodies in the Management Structure of the National Authorizing Officer, bodies in the Operating Structure for the management of the action programmes, persons and bodies in the Operating structure for the management of the cross-border cooperation programmes, bodies in the Operating Structure for the management of the IPARD Programme and the Body for the suppression of irregularities and frauds in the treatment of financial funds of the EU.

- Rulebook on IPARD subsidies for the investments in physical assets of agricultural holdings ("Official Gazette of the RS", No. 84/17, 112/17,78/18 and 67/19);

The Rulebook prescribes in more detail the recipients of IPARD subsidies for investments in physical assets of agricultural holdings under the IPARD Programme of the RS for the period 2014-2020, amount of subsidies; as well as conditions, manner and implementation procedure under the IPARD II Programme.

- Rulebook on IPARD subsidies for the investments in physical assets concerning processing and marketing of agricultural products and fishery products (“Official Gazette of the RS”, No. 84/17, 23/18, 98/18 and 82/19);

The Rulebook prescribes in more detail the recipients of IPARD subsidies for investments in physical assets concerning processing and marketing of agricultural products and fishery products under the IPARD Programme of the RS for the period 2014-2020, amount of subsidies, as well as conditions, manner and implementation procedure under the IPARD II Programme.

- Rulebook on IPARD Subsidies for the farm diversification and business development (“Official Gazette of the RS”, No. 76/20);

The Rulebook prescribes in more detail the recipients of IPARD subsidies for farm diversification and business development under the IPARD Programme of RS for the period 2014-2020, amount of subsidies, as well as conditions, manner and implementation procedure under the IPARD II Programme.

- Rulebook on entry in the Register of Agricultural Holdings and renewal of registration, as well as on the conditions for passive status of agricultural holdings (“Official Gazette of the RS,” No. 17/13, 102/15, 6/16, 46/17, 44/18-dr. law, 102/18 and 6/19);

This Rulebook prescribes the conditions and manner of registration and keeping of the Register of Agricultural Holdings (hereinafter: the Register), the application form for registration and renewal of registration of AH, forms of attachments, documentation attached to the application for registration and renewal of registration, the manner of keeping the data entered in the Register, the manner of renewing the registration in the Register, as well as the conditions for the passive status of the AH.

- Rulebook on environment protection criteria that recipients of IPARD subsidies shall meet (“Official Gazette of the RS”, No. 26/19);

The Rulebook prescribes environmental protection criteria that shall be met by recipients of IPARD subsidies.

- Rulebook on methodology for determining the reference prices of goods and services within investment when calculating IPARD subsidies (“Official Gazette of the RS”, No. 84/18);

The Rulebook prescribes in more details the methodology for determining the reference prices of goods and services within investment when calculating IPARD subsidies.

- Memorandum of Understanding between the Managing Authority and the IPARD Agency for the Management and Implementation of the IPARD II Programme for the period 2014-2020 in Republic of Serbia;

The purpose of this Memorandum of Understanding is to regulate cooperation and establish implementing arrangements between the Managing Authority and the IPARD Agency for communication, exchange of information, including the power to require information and permission to access documents according to the procedures, the standards to be met and the procedures to be followed for effective and efficient implementation of the IPARD II Programme.

- Memorandum of Understanding between the National Authorising Officer, the Managing Authority and the IPARD Agency;

The purpose of this Memorandum of Understanding is to regulate in more detail the relationship between the National Authorising Officer (NAO), the Managing Authority (MA) and the IPARD Agency (IA) regarding the indirect management of IPARD II Programme once the RS was entrusted with budget implementation tasks.

- Agreement on the Implementation of the Technical Assistance Measure under IPARD II Programme 2014 – 2020;

This Agreement establishes more closely the method and the procedure for implementation of the Measure “Technical Assistance” of the IPARD II Programme.

- Protocol on the manner and conditions for keeping the accounts opened at the Ministry of Finance – Treasury administration for the purpose of the management of the programme of pre-accession assistance of the European Union in the field of Agriculture and Rural Development (IPARD II) within the Instrument for Pre-Accession Assistance (IPA II) for the period 2014-2020;

The Protocol regulates in more detail the mutual relationship of the parties regarding the manner and conditions for keeping accounts opened with the Ministry of Finance - Treasury Directorate for the purpose of managing the IPARD II Programme in cases where the EC entrusts the budget implementation tasks of this Programme to the RS.

- Manual of Procedures for Implementation of the IPARD II Programme, Manual version 1.3. from 8<sup>th</sup> of December 2020;
- Rulebook on internal organization and systematization of working positions in the Ministry of Agriculture, Forestry and Water Management.

### **1.3.3. National support schemes**

Subsidies in agriculture and rural development are implemented on the basis of Law of subsidies in agriculture and rural development (“Official gazette of the RS”, No. 10/13, 142/14, 103/15 and 101/16) and relevant by-laws, which define the criteria for eligibility to subsidies, as well as eligibility modes.

In the reporting period, the following types of subsidies were implemented:

- direct payments,
- rural development measures,
- specific subsidies,
- credit support.

#### **Direct payments**

In terms of budget allocations, direct payments are the most important type of subsidies, and they were realized through premiums, production subsidies and recourse. The only type of premium is the milk premium, in the amount of RSD 7 (seven) per litre of cow, sheep and goat raw milk, delivered in the previous quarter. In order to be eligible for the premium for cow milk, it is



necessary that the premium recipient delivers at least 3,000 litre of cow's milk per quarter to dairies, or at least 1,500 litres in areas with difficult working conditions in agriculture.

Subsidies for plant production are implemented as basic subsidies for plant production as area payment per hectare, while subsidies in livestock farming are implemented through subsidies for: quality breeding animals, animals for fattening, suckler cows, per bee hive, breeding of beef cattle for production of calves and production of fish for consumption.

## **Measures for rural development**

**Subsidies for competitiveness improvement** are realized through support for investments in the physical assets of the agricultural holdings, investments in processing and marketing of agricultural and food products and fishery products, as well as through the risk management measure.

*Support for investments in the physical assets of agricultural holdings* has an objective to improve the production structure of the holdings through measures for: establishing the new perennial fruit plantations, vines and hops; support for the improvement of primary agricultural production through the procurement of new machinery and equipment for the improvement of primary plant production; the procurement of new machinery and equipment for the improvement of primary livestock production; the procurement of quality breeding animals; the construction and equipment of facilities; procurement of new machines and equipment for the improvement of digitalization of livestock agricultural production; procurement of a new tractor and electrification of the field. The level of support for investments in physical assets of the agricultural holdings is 50% of the investment value, except for field electrification, where the level of support for investments of this type is 90%. For investments that are realized in areas with difficult working conditions in agriculture, the intensity of support is 65% of the value of the investment.

*Support for investments in processing and marketing of agricultural and food products and fishery products* refers to: processing and marketing of agricultural and food products in wine production sector and processing and marketing of agricultural and food products in the spirits sector; procurement of control and registration labels for agri-food products and wine; procurement of equipment in the meat sector, milk sector, wine sector, spirits and beer production sector; processing and marketing on the AH. Subsidies are provided in the amount of 50% of the value of the realized eligible investment excluding the amount of the added value tax or 65% out of this value in the areas with difficult working conditions in the agriculture.

*The risk management measure* is based on regressing part of the cost of insurance premiums for crops, fruits, perennials, nurseries and animals and is realized through reimbursement of 40% of paid insurance premiums (45% for areas with difficult working conditions in agriculture) or in the maximum amount of 70% of the paid insurance premium in the Morava, Zlatibor and Kolubara administrative districts.

**Subsidies for sustainable resource management** aimed at conservation and improvement of environment and natural resources are implemented through following measures:

- Conservation of animal genetic resources;
- Conservation of plant genetic resources;
- Organic production (support for plant and livestock production);
- Sustainable use of agricultural land;

- Sustainable use of forest resources.

The measure Conservation of agricultural and other areas of high natural value, although established within the National Rural Development Programme for the period 2018-2020, has not been implemented so far.

**Subsidies for income diversification and improvement of quality of life in rural areas** include a set of measures aimed at support of non-agricultural activities related to improving the quality of life in the countryside.

**Subsidies for the preparation and implementation of Local Development Strategies** include support for the preparation and implementation of Local Development Strategies and it is paid to the maximum aid intensity of 100%.

**Subsidies for improvement of the system of knowledge creation and transfer** include support for the development of technical-technological, applied, developmental and innovative projects in agriculture and rural development, as well as support for the providing advice and information to agricultural producers, associations, cooperatives and other legal entities in agriculture and rural development. These subsidies were implemented as a form of support to agricultural advisory services, with the aim of improving advisory activities in agriculture and rural development.

### **Specific Subsidies**

This type of subsidies indirectly affects agricultural production through financing activities related to improving the quality of production and promotional activities. They include subsidies for the implementation of breeding programmes - selection measures, subsidies for promotional activities in agriculture and rural development (measures and actions in agriculture) and subsidies for production of planting material, certification and clone selection.

### **Credit support**

Credit support is based on subsidizing a portion of the interest of the credit and can be obtained for the purpose of investment into livestock, crop production, fruit growing, viticulture, vegetable growing and floriculture, investment in agricultural machinery and equipment, as well as the procurement of animal feed. Higher aid intensity is provided to AHs which are operating in areas with difficult working conditions in agriculture, to farmers up to 40 years of age and women.

### **Allocated funds for subsidies in agriculture and rural development**

According to the Decree on Allocation of Subsidies in Agriculture and Rural Development for 2020 ("Official Gazette of the RS" No. 1/20, 13/20, 27/20, 52/20, 75/20 and 106/20) the allocated funds for subsidies in agriculture and rural development amounted to EUR 299.5 m. Out of that, EUR 199.9 m was allocated for direct payments, EUR 62.8 m for rural development measures, , EUR 2.1 m for specific subsidies, for credit support was allocated EUR 5.1 m, while for IPARD subsidies allocated funds amounted to EUR 29.6 m.

When it comes to 2019, the total allocated funds for subsidies in agriculture and rural development amounted to EUR 344.1 m. For direct payments was allocated EUR 229.6 m, for rural development measures EUR 65.4 m, IPARD subsidies amounted to EUR 41.4 m, while the remaining amount was allocated for credit support and specific subsidies.



Allocated funds for agriculture and rural development in 2020 were decreased by 13% compared to funds allocated in 2019.

During 2019, approx. EUR 288.2 m was paid for subsidies in agriculture and rural development. The largest amount of budget funds was realized on the basis of direct payments (75%), while 21% of the total realized budget funds were spent on rural development measures.

On the implementation of direct payments in 2019 was spent EUR 215.9 m, out of which the largest amount (44%) of funds was realized on the basis of subsidies in livestock (EUR 95.6 m), while 33% of the budget for direct payments (EUR 70.6 m) was allocated for subsidies in crop production. Milk premiums amounted to EUR 49.7 m (23% of all direct payments).

For rural development measures in 2019 was paid EUR 59.2 m with the highest share of funds realized for investments in physical assets of agricultural holdings with 72% (EUR 42.6 m).

For credit support during 2019 EUR 5.4 m was paid (1.9% of the total realized subsidies), while EUR 1.7 m was paid for specific subsidies (0.5% of the total realized subsidies).

Regarding IPARD subsidies, by the end of 2019, the total public support in the amount of EUR 6.1 m was paid (total payment referred to Measure 1). Compared to the previous year, in 2020, some progress was made in the financial implementation of support and paid funds amounted to EUR 6.8 m for Measure 1 and Measure 3, which cumulatively amounts to EUR 12.9 m by the end of 2020.

## **2. ASSESSMENT OF THE PROGRESS ACHIEVED OF PRIORITIES AND MEASURES IN RELATION TO THE OBJECTIVES OF THE IPARD II PROGRAMME ON THE BASIS OF COMMON AND PROGRAMME SPECIFIC INDICATORS AND TARGET VALUES**

### **2.1. General framework**

Priorities of the EU financial assistance to the Republic of Serbia, for the period 2014–2020, are related to fulfilling of the accession criteria. One of the key supporting areas, within the IPA II, is agriculture and rural development - IPARD aimed at strengthening the competitiveness of the agri-food sector and gradually adjusting to the EU standards for hygiene, food safety, animal welfare and environmental protection.

Assistance within the IPARD II Programme will contribute to achieving the following objectives:

- development of human and physical resources, food safety increase by IPA II recipients and the capacity of the agri-food sector to deal with the competitive constraint, as well as gradual alignment of the sector with the EU standards, particularly with those relating to the hygiene and environmental protection, with a concern for a balanced territorial development of rural areas,
- directing investment support through the management and control system which is in accordance with good standards of modern public administration management, where relevant state structures apply standards identical to those applied in similar organisations in EU member states.

Specific objectives of the IPARD II Programme are defined within each IPARD measure.

#### **Measure 1 - Investment in the physical assets of agricultural holdings**

The objectives of this measure include providing support to primary agricultural producers in the process of alignment with rules, standards, policies and practices of the EU; ensuring support for economic, social and territorial development, for the purpose of smart, sustainable and inclusive growth, through a development of physical capital; ensuring answer to climate change challenges by promoting efficient utilisation of resources; productivity increase and the quality of products together with a reduction of production costs; improvement of competitiveness of local producers with the adjustment to the requirements of the domestic and foreign market. Eligible sectors for investment in realization of the aforementioned objectives are Milk, Meat, Egg, Fruit and Vegetable, Grape sector, as well as Other crops sector (cereals, oil crops, sugar beet).

#### **Measure 3 - Investments in physical assets concerning processing and marketing of agricultural and fishery products**

Objectives of this measure include strengthening of the agri-food sector competitiveness by investing in its modernisation for the purpose of a more efficient production; progressive alignment with the EU rules and standards related to environmental protection, food safety and product quality, animal welfare and traceability in the food chain and waste management; strengthening of the competitiveness of the agri-food industry in selected sectors through adjustment to the requirements of national and foreign markets; technical and technological improvement of the sector, and ensuring answer to climate change challenges by promoting energy from renewable

sources. Eligible sectors for investments are Milk processing, Meat processing, Egg processing, Fruit and Vegetable processing sector, as well as the Wine sector.

### **Measure 7 – Farm diversification and business development**

The objectives of this measure are to support the insufficiently diversified economy of rural areas, which is highly dependent on the sector of agricultural production and use of natural resources. In this sense, support through Measure 7 contributes to improving employment opportunities in rural areas and increasing household income, as well as increasing the attractiveness of rural areas as places to work and live, in order to reduce the outflow of population from these areas.

Through Measure 7, potential recipients can get support for a wide range of investments such as construction and reconstruction of accommodation facilities; landscaping of the yard; construction of recreation grounds; construction of tasting and food and beverage sales; bicycle procurement; display website catering and tourist offers; procurement of equipment for energy production from renewable sources, etc.

### **Measure 9 – Technical Assistance**

The objectives of this measure are to provide support in the implementation and monitoring of the IPARD Programme, as well as in its possible subsequent modification. Within the support for the implementation and monitoring of the Programme through Measure 9, specific objectives can be defined as follows: support for monitoring of the Programme; support to adequate flow of information and publicity; support to studies, visits and seminars; support for external expertise; support for evaluation of the Programme; support to potential LAGs and preparation for the LEADER measure; as well as support for the national rural development network.

## **2.2. Review of the progress achieved and quality analysis of meeting the measures objectives**

From the beginning of the implementation of the IPARD II Programme until December 31<sup>st</sup> 2020, nine public calls were published and closed for application submission (which is two public calls more compared to the previous Annual Report). The last public call for applications for project approval for IPARD support for Farm diversification and business development was announced on 8<sup>th</sup> June 2020, with a deadline for submission of applications 30<sup>th</sup> October 2020.

Five public calls were published under **Measure 1**:

- *The First call* for investments in physical assets of agricultural holdings for the purchase of new equipment, machinery and mechanization was published on 25<sup>th</sup> December 2017 and closed on 26<sup>th</sup> February 2018 with allocated funds in the amount of EUR 8,368,901, of which the EU contribution is EUR 6,276,676. The call is closed;
- *The Second call* for investments in physical assets of agricultural holdings for the purchase of a new tractor was published on 4<sup>th</sup> January and closed on 26<sup>th</sup> February 2018 with allocated funds in the amount of EUR 4,653,363, of which the EU contribution is EUR 3,490,023;
- *The Third call* for investments in physical assets of agricultural holdings for the construction and equipment of facilities and the purchase of new equipment, machinery and machinery (without tractors) was published on 22<sup>nd</sup> October 2018 and closed on 9<sup>th</sup> January 2019 with allocated funds in the amount of EUR 25,502,411, of which the EU contribution is EUR 19,126,808;

- *The Fourth call* for investments in physical assets of agricultural holdings for the purchase of a new tractor was published on 24<sup>th</sup> September and closed on 25<sup>th</sup> November 2019 with allocated funds in the amount of EUR 10,280,718, of which the EU contribution is EUR 7,710,519;
- *The Fifth call* related to investments in physical assets of agricultural holdings for the construction and procurement of new equipment, machinery and mechanization (without tractors) was published on 24<sup>th</sup> September and closed on 23<sup>rd</sup> December 2019 with allocated funds in the amount of EUR 33,036,730, of which the EU contribution is EUR 24,777,485.

Three public calls were published under **Measure 3**:

- *The First call* for investments in physical assets related to the processing and marketing of agricultural and fishery products for the purchase of new equipment, was published on 27<sup>th</sup> March and closed on 28<sup>th</sup> May 2018 with allocated funds in the amount of EUR 7,405,712, from of which the EU contribution is EUR 5,554,284. The call is closed;
- *The Second call* within this measure for investments in construction and procurement of new equipment was published on 18<sup>th</sup> December 2018 and closed on 11<sup>th</sup> March 2019 with allocated funds in the amount of EUR 29,749,633, of which the EU contribution is EUR 22,312,225;
- *The Third call* under this measure was published on 26<sup>th</sup> November 2019 and closed on 24<sup>th</sup> February 2020 with allocated funds in the amount of EUR 46,039,335, of which the EU contribution is EUR 34,529,501.

One public call was published under **Measure 7**:

- *The First call* for investments related to the farm diversification and business development was published on 1<sup>st</sup> July and closed on 30<sup>th</sup> October 2020, with allocated funds in the amount of EUR 20,001,446, of which the EU contribution amounting to EUR 15,001,085.

The results of the analysis presented in the Report were obtained on the basis of data from the monitoring tables for the implementation of the IPARD II Programme submitted by the IPARD Agency, attached to the Report (Annex 1). Analytical overview within this report is based on final data of the IPARD Agency for the First calls for Measure 1 and Measure 3, while for all other calls preliminary data were used. All presented data relate to processed and applications in a process (decisions on rejection of applications, withdrawal, approval and payment), while the final amount of eligible expenditures is indicated for the approved and paid applications.

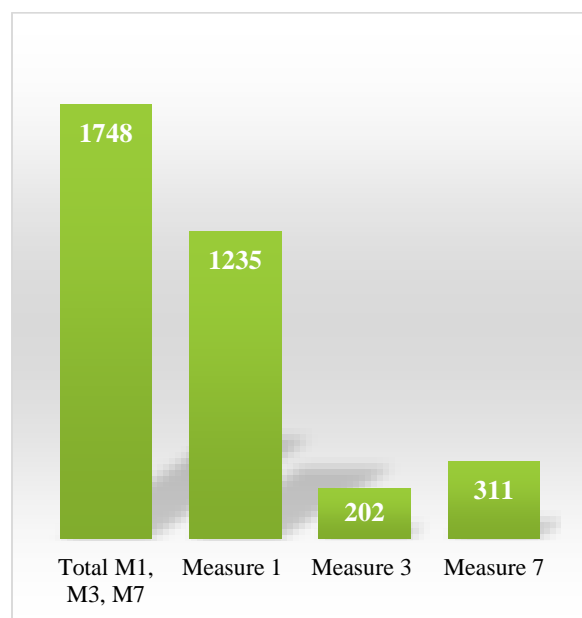
Out of the total number of submitted applications (1,748), more than half of the applications were processed (959, i.e. 55%). There are 771 applications in the processing procedure (44%), while 18 applications are in the appeal procedure.

By the end of 2020, the total requested expenditures for investments for 1,748 submitted applications amounted to EUR 373.2 m (estimated support: EUR 216.5 m). With 1,235 submitted applications (70.7%) and requested expenditures for investment in the amount of EUR 193.6 m

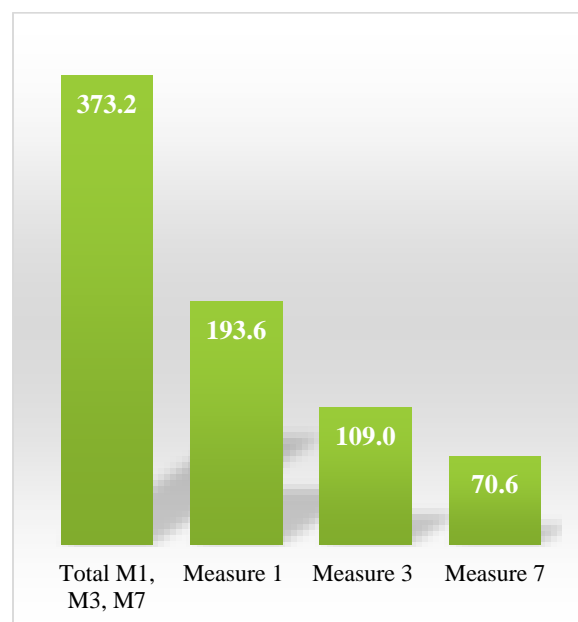
(51.9%), Measure 1 occupies the first position according to both indicators. For Measure 3, 202 applications were submitted with the total requested expenditures for investment in the amount of approx. EUR 109.0 m, while 311 applications were submitted by potential recipients within the First Public Call for Measure 7, with the requested expenditures for investment in the amount of EUR 70.6 m. All the above data are illustrated by graphs 1a and 1b.

**Graph 1: Total number of submitted applications and requested expenditures, Measure 1, Measure 3, Measure 7**

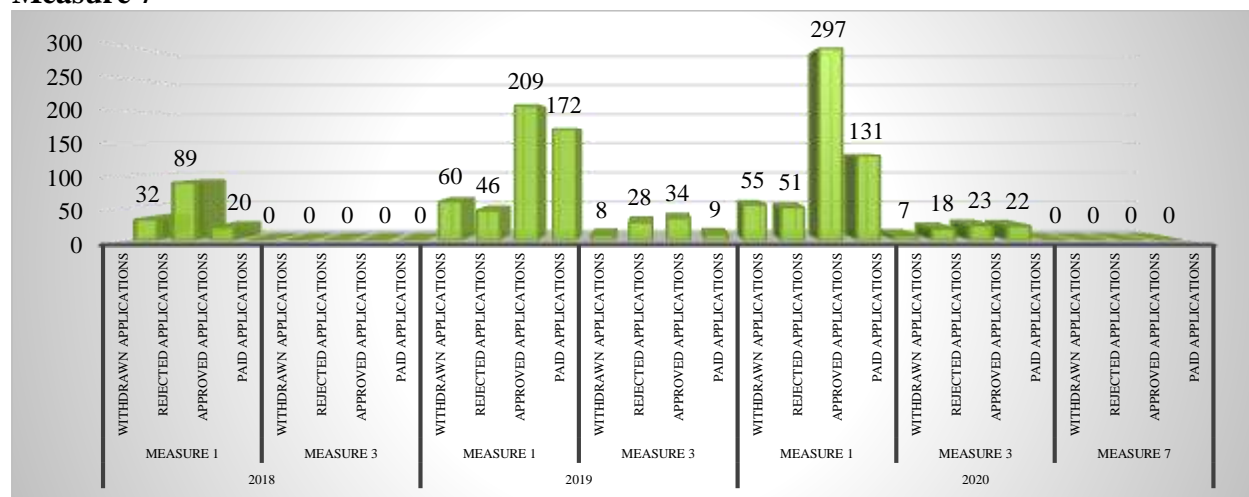
**1a: Submitted applications**



**1b: Requested expenditures (m EUR)**



Observed by **years of application submission**, the number of approved applications for Measure 1 and the number of paid applications for Measure 3 recorded a continuous increase, while other indicators by measures in the observed period were oscillating. A positive trend in the analysed three-year period of the programme implementation is the permanent increase in the total number of approved applications (from 20 in 2018 to 320 in 2020) and the continuous decrease in the number of rejected applications (from 89 in 2018 to 69 in 2020). The total number of paid applications, as well as the withdrawal of applicants, records cyclical trends: increase in 2019 compared to 2018 and decrease in 2020 compared to 2019 (Graph 2, more detailed in Annex 2: Tables 2-7).

**Graph 2: Status regarding the applications by year of submission, Measure 1, Measure 3, Measure 7 \***

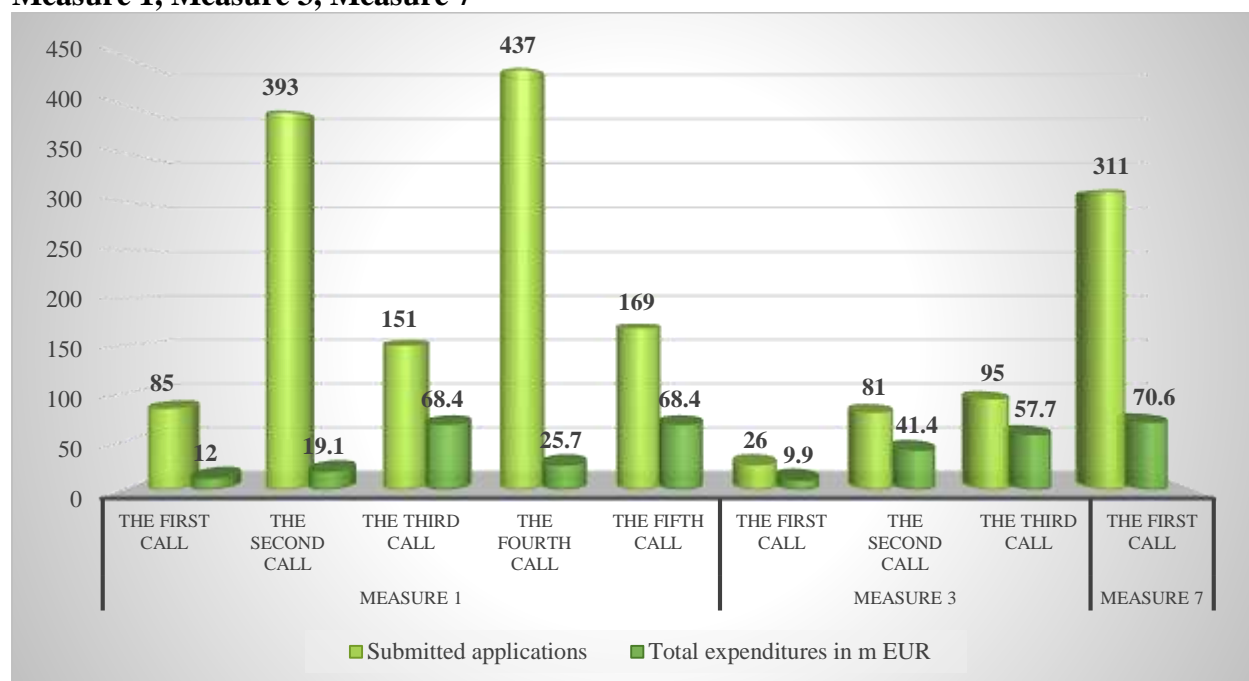
\* The adopted decisions and requirements in the processing procedure are included

Out of the total number of submitted applications under Measure 1, 13 are unclassified (without attached business plan or without evidenced specific data on the type of production, of which six applications are without specified sector, subsector, as well as without the stated total/eligible investment expenditures), which represents 82 unclassified applications less compared to the Annual Implementation Report (hereinafter: AIR) for 2019. A total of 24 applications are without the stated requested amount of investments (83 applications less compared to AIR 2019). Under Measure 3, 17 applications are unclassified (without the specified type of investment), of which 13 applications do not specify the sector and subsector, which is one unclassified application less compared to AIR 2019.

Observed **per call** for all measures, the largest number of applications were submitted by potential recipients under the Fourth Call for Measure 1 for the purchase of a new tractor (437 applications), while, on the other hand, the largest amount of requested expenditures for investment was realized under the First Call for Newly entrusted Measure 7 (EUR 70.6 m).

Under **Measure 1**, the largest number of applications was submitted within the calls related to the purchase of tractors (393 for the Second Call and 437 applications for the Fourth Call), followed by the Fifth (169) and the Third Public Call (151), while the smallest number of applications was submitted within the First Public Call (85). From the point of view of requested expenditures for investment for calls under Measure 1, the largest requested expenditures related to the Third Public Call (EUR 68.4 m), having in mind that under this call, in addition to investments for the purchase of equipment and machinery, investments for the construction of facilities were eligible. Within Measure 3, with a total of 202 submitted applications and requested expenditures for investment of approx. EUR 109 m, there is an evident continuous increase in both the number of submitted applications and the total requested expenditures for investment. Accordingly, the largest number of applications and requested expenditures was realized in the Third Call (95 applications - share: 47.0%, EUR 57.7 m - share: 52.9%). When it comes to the First Call for Measure 7, potential recipients submitted 311 applications, with total requested expenditures for investment of EUR 70.6 m (Graph 3; more detailed data in Annex 2: Table 1).

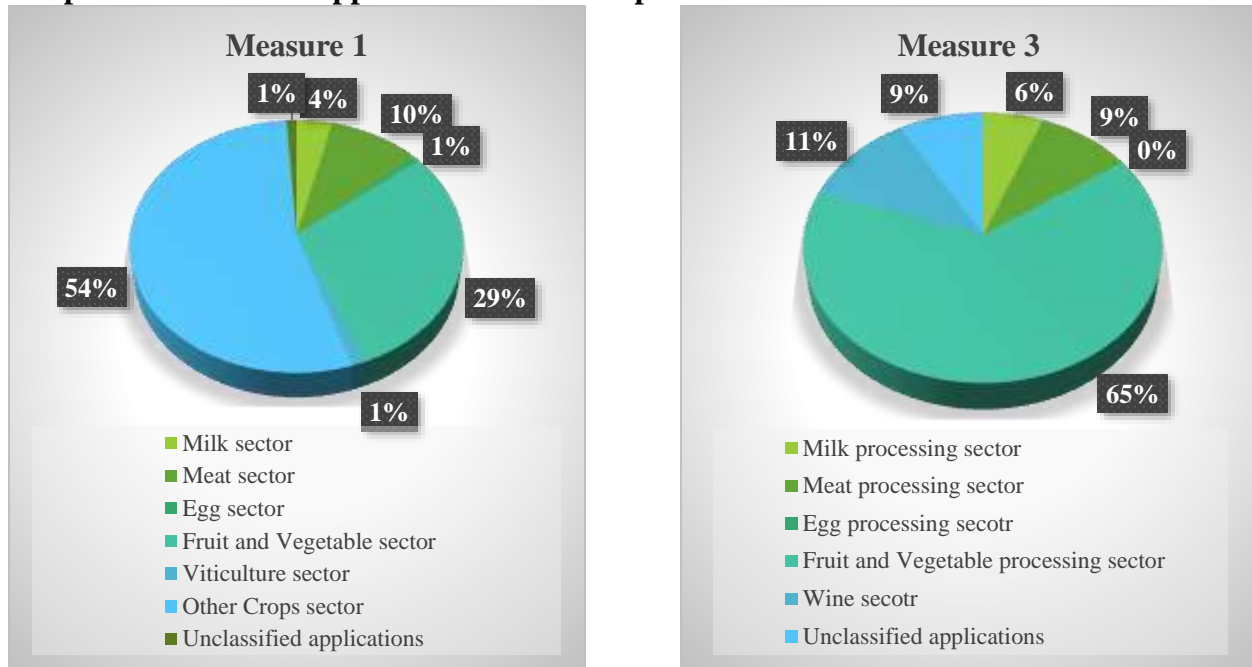


**Graph 3: Applications submitted and requested expenditures for investment per call, Measure 1, Measure 3, Measure 7**

Observed per measure, with 1,235 submitted applications (70.7%) and requested expenditures for investment in the amount of EUR 193.6 m (51.9%), Measure 1 is dominant from the point of view of recipient's interest, both in terms of the total number of submitted applications (which is primarily the result of a large number of submitted applications for purchase of tractor) and from the point of view share in total requested expenditures for investment. The newly entrusted Measure 7 with 17.8% share in the total number of submitted applications occupies the second position, while Measure 3 achieves the second position from the point of view of share in the total amount of requested expenditures for investment (29.2%), which characterizes it as a high-capital measure, with average value of investment per submitted application (EUR 539,659). At the same time, the average value of the investment per submitted application for Measure 7 is EUR 226,998 and the lowest is under Measure 1 (EUR 156,755), due to the large share of submitted applications for purchase of tractors under this Measure.

Observed **by sector**, the largest number of IPARD applications (submitted, approved and paid) refers to the Other crops sector (665, 352, 125 applications, respectively) - almost half of the total number of submitted applications. A significant number of applications also refer to the Fruit and Vegetable sector (496 submitted, 156 approved and 62 paid applications), as well as within the Meat sector (141, 45, 20 respectively). Other sectors have a significantly smaller share in the total number of submitted, approved and paid applications (more details in Annex 1: Tables O.1.b and O.3. b, and Annex 2: Tables 8-10).

From the point of view of the total number of submitted applications for project approval for IPARD support, the dominant participation is in the Other crops sector within Measure 1 and the Fruits and Vegetables sector within Measure 3 (Graph 4).

**Graph 4: Structure of applications submitted per sector**

Under **Measure 1**, in the total number of submitted applications (1,235) the Other crops sector (cereals, oilseeds, sugar beet) has the largest share of 54% (665 applications), with the largest share of the subsector of cereals (86%). It is followed by the Fruit and Vegetable sector with 30%, i.e. 365 applications (of which 310 applications were submitted for fruits and 55 applications for vegetables). The Meat sector participates with 10% (122 applications), with the largest share of the sub-sector of pigs (44%) and cattle (29%), while the dairy sector participates with 4% (47 applications). Out of the total number of submitted applications, 13 applications (1%) are unclassified. Compared to AIR 2019, progress has been made in all sectoral indicators, while the number of unclassified applications is reduced.

Regarding **Measure 3**, in relation to the total number of submitted applications (202), the dominant share of applications for Fruit and Vegetable processing sector is 131 (65%), while other sectors have a significantly lower share in the total number of submitted applications: Wine sector 23 (11%), Meat processing sector 19 (9%), Milk processing sector 12 (6%), while no application was submitted within the investments for Egg processing sector. Out of the total number of submitted applications, 17 applications (8%) are unclassified. Except in the Egg processing sector, all other sectors compared to the previous AIR 2019 increased in terms of the number of submitted applications, while reducing the number of unclassified applications.

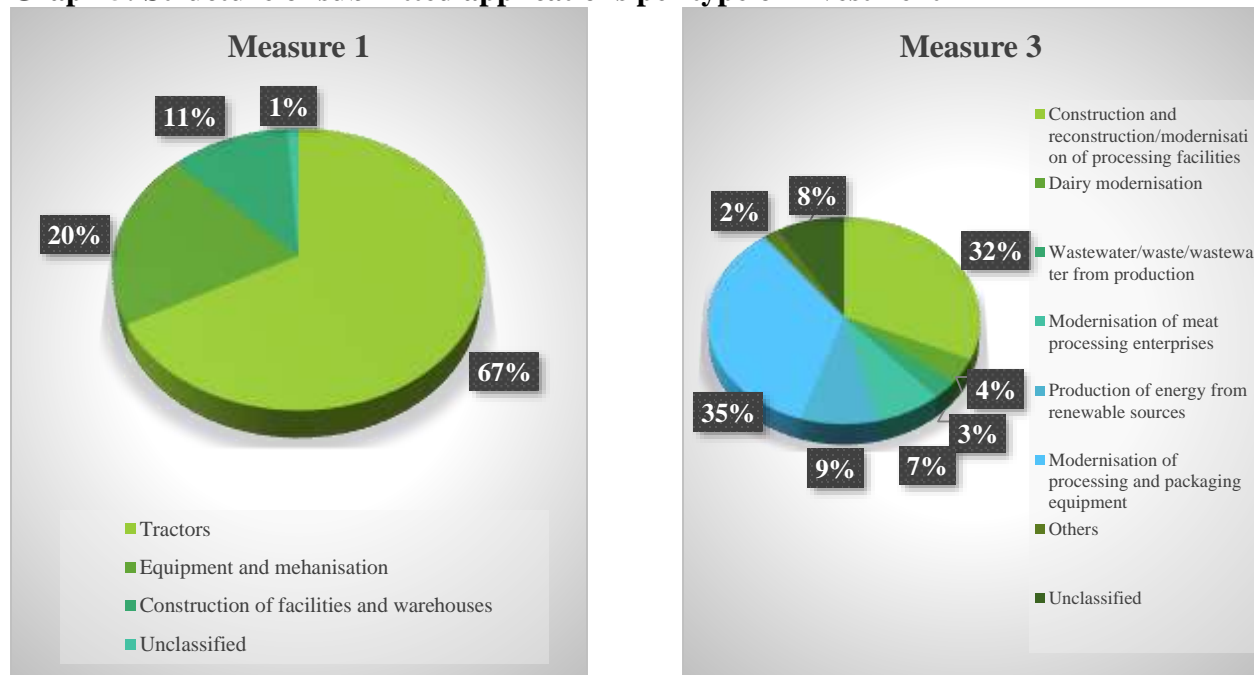
Regarding **Measure 7**, in terms of the number of submitted applications, potential recipients expressed by far the greatest interest in investments for the setting of tourist homesteads and recreational zones: 198 applications (63.7%), while for investments in renewable energy resources 15 applications (5%) were submitted. Out of the total number of submitted applications, 29 applications are considered as unclassified applications (9%).

Observed per **type of investment, within Measure 1**, out of the total number of submitted applications (1,235), the largest number of applications referred to the purchase of new tractors (830 applications, i.e. 67%), while other groups of investments in the total number of submitted applications have a significantly lower share: equipment and machinery (excluding tractors) 20%,



construction/modernisation of facilities 11%. Remaining applications (1%), until 31<sup>st</sup> December 2020, are recorded as unclassified (Graph 5). Compared to AIR 2019, the number of submitted applications for a tractor has increased, but at the same time the share of this type of investment in the total number of submitted applications has decreased. Other types of investments (equipment and machinery without tractors and construction/modernisation of facilities) compared to previous reporting increased both in absolute and relative terms, while the number of unclassified applications decreased significantly (from 95 to 13 applications).

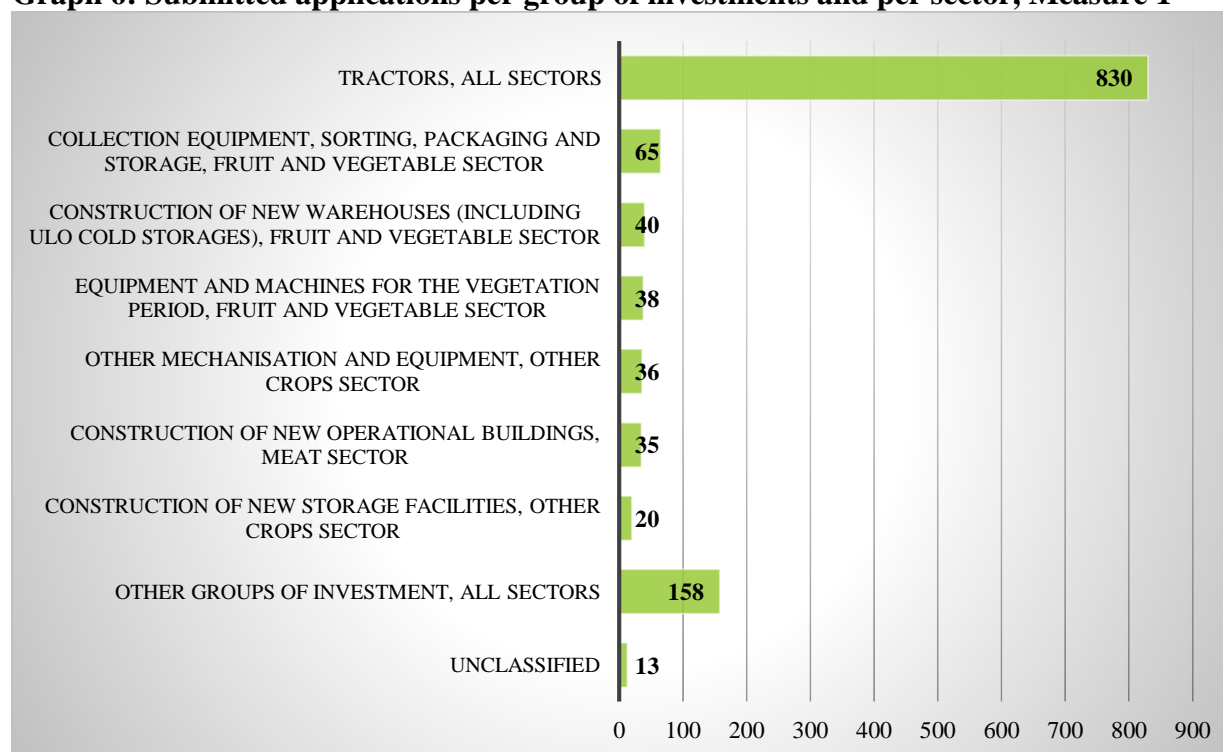
**Graph 5: Structure of submitted applications per type of investment\***



\* In case the potential recipients of the IPARD support submits an application for project approval for several investments, the dominant group of investments is determined on the basis of the financially dominant investment.

The largest number of submitted applications for project approval for IPARD support for purchase of tractor was realized within the Other crops sector (603, i.e. 73%), then in the Fruit and Vegetable sector (159, i.e. 19%), while the Meat, Milk and Grape sector in the total number of submitted applications for tractors achieved a significantly lower share (45 applications or 5%, 14 applications or 2%, or nine applications or 1% respectively).

In addition to tractors, under **Measure 1**, potential recipients also expressed significant interest in the procurement/construction of: collection, sorting, packaging and storage equipment (Fruit and Vegetable sector), warehouses - including ULO cold storages (Fruit and Vegetable sector), equipment and machinery for the vegetation period (Fruit and Vegetable sector), other machinery and equipment (Other Crops sector), operational buildings (all sectors), as well as for the construction of new storage facilities in the Other Crops sector. The share of these investment groups (excluding tractors) is 19%. All other investment groups (for all sectors) have a share of 13% in the total number of submitted applications (Graph 6).

**Graph 6: Submitted applications per group of investments and per sector, Measure 1**

Within the group of investments related to **equipment and machinery (excluding tractors)**, the largest number of submitted applications for project approval was realized for the procurement of equipment for harvesting, sorting, packaging and storage, in the Fruit and Vegetable sector (65 applications). Within the group of investments for **construction/reconstruction**, the greatest interest was for the construction of new storage facilities in the Fruit and Vegetable sector (67 applications), as well as in the Meat sector (42 applications, especially for the construction of new operational buildings).

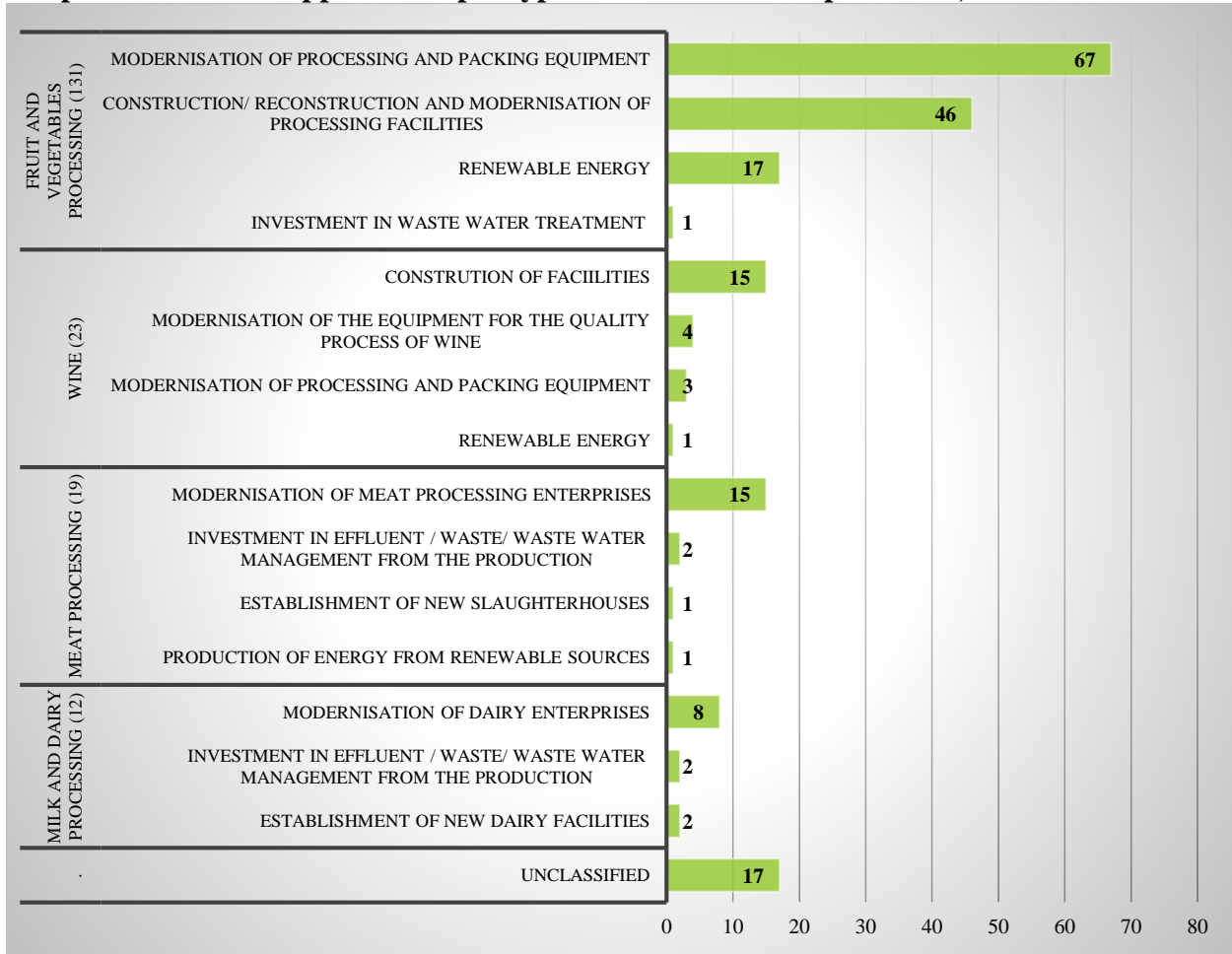
The largest number of requested investments refers to plant production (1,046 submitted applications), while in the field of livestock production 176 applications were submitted. According to the findings of the Ongoing evaluation of the IPARD II Programme, the reason for the small number of applications in the field of livestock production (Meat, Milk and Eggs sector) is primarily insufficient knowledge of potential recipients in the field of environmental standards (minimum national and EU standards), as well as their insufficient knowledge of the possibilities of using the IPARD Programme for this type of investment.

For investments in the field of environmental protection, 24 applications were submitted for project approval, as follows: for manure storage and manure handling equipment (12 applications in the Meat sector and five applications in the Milk Sector), for investments in renewable energy sources (one applications in Fruit and Vegetable sector and one application in the Meat sector), as well as two applications for investments in construction of facilities for waste water treatment, effluent and waste management in the Meat sector.

Regarding **Measure 3**, out of the total number of submitted applications for project approval (202), about two thirds referred to applications within the Fruit and Vegetable processing sector (131 applications), primarily for investments in the modernisation of processing and packaging

equipment (67 applications) and for construction/reconstruction/modernization of processing facilities (46 applications). Other types of investments have a smaller share in the total number of submitted applications under Measure 3 (Graph 7).

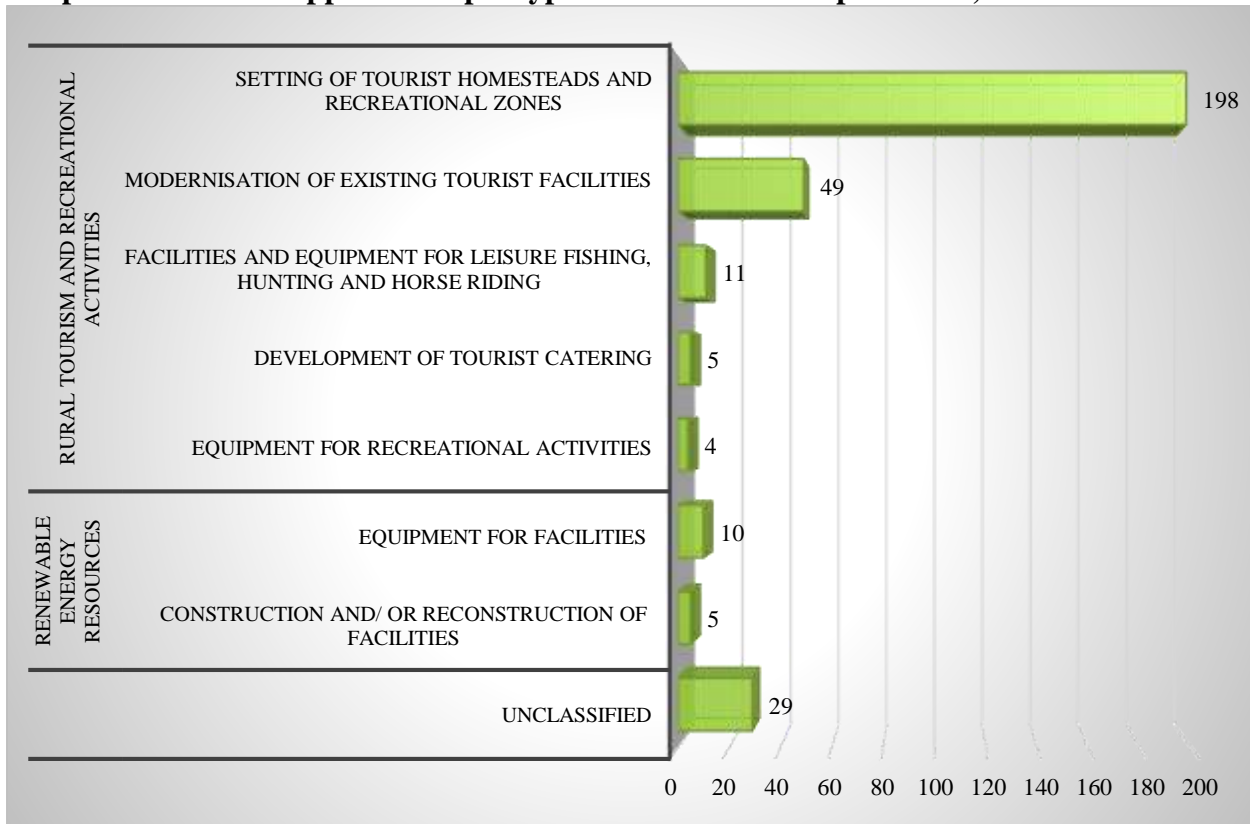
**Graph 7: Submitted applications per type of investment and per sector, Measure 3**



As many as 23 applications related to environmental protection (about 11% of the total number of submitted applications under this Measure, which represents a significant improvement compared to 2019), of which 19 applications were submitted for investments in renewable energy sources (especially within the Fruit and Vegetable sector), while a total of five applications were submitted for investments in wastewater treatment. There is also a decrease in the number of unclassified applications compared to previous reporting period (due to the type of investment and/or sector wasn't specified).

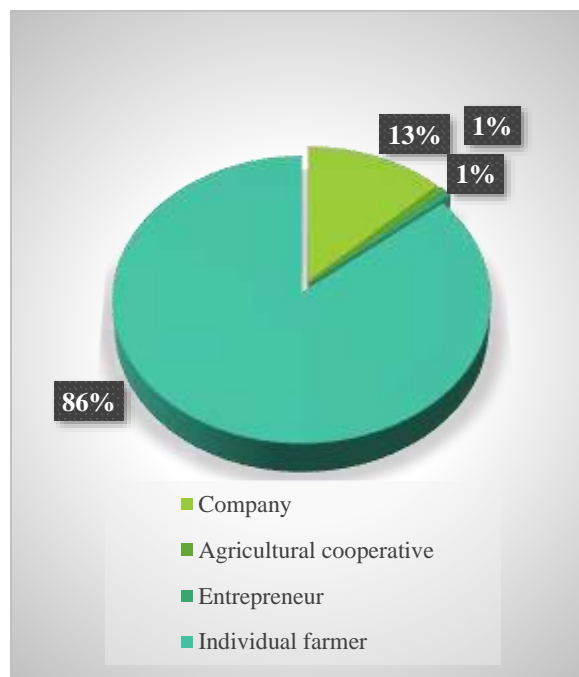
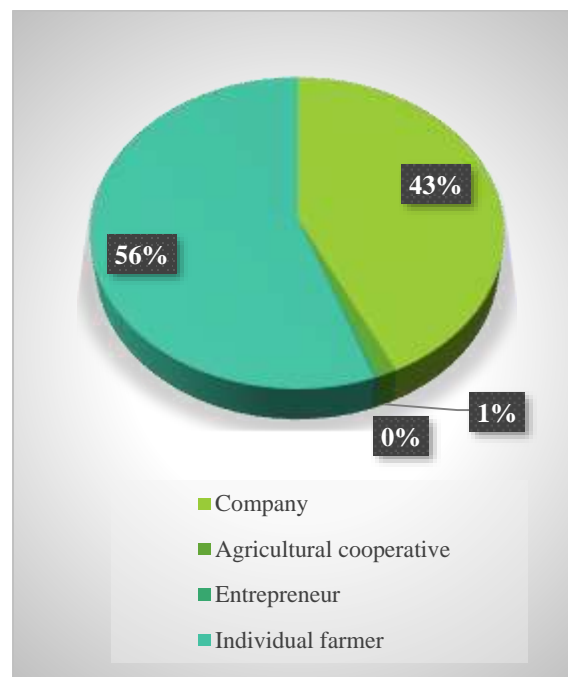
Observed per calls, given that the largest amount of requested expenditures was realized under Measure 7, it can be stated that this contributed to the greatest interest of potential recipients for investments in setting of tourist homesteads and recreational zones (198 applications), as well as for investments for modernisation of existing tourist facilities: 49 applications (Graph 8).

**Graph 8: Submitted applications per type of investment and per sector, Measure 7**



According to the type of recipients, in the total number of submitted IPARD projects, natural persons (individual farmers) have a share of 86.1% (decrease compared to previous reporting period by 2.4 percentage points), entrepreneurs have a share of 0.6%, while legal entities (companies and agricultural cooperatives) participate with 22.6%.

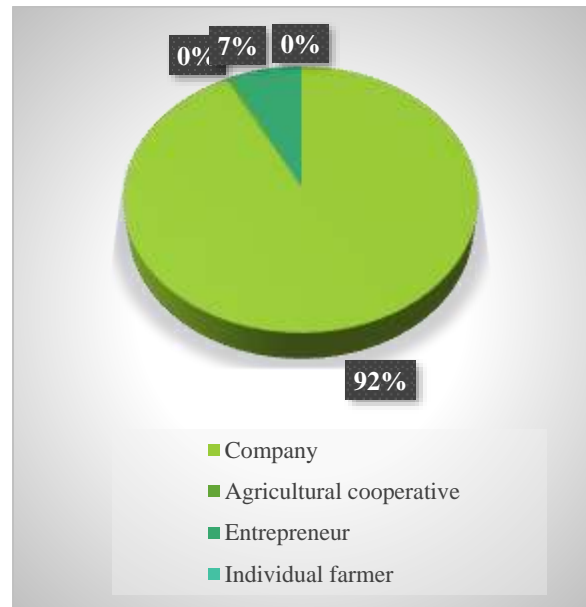
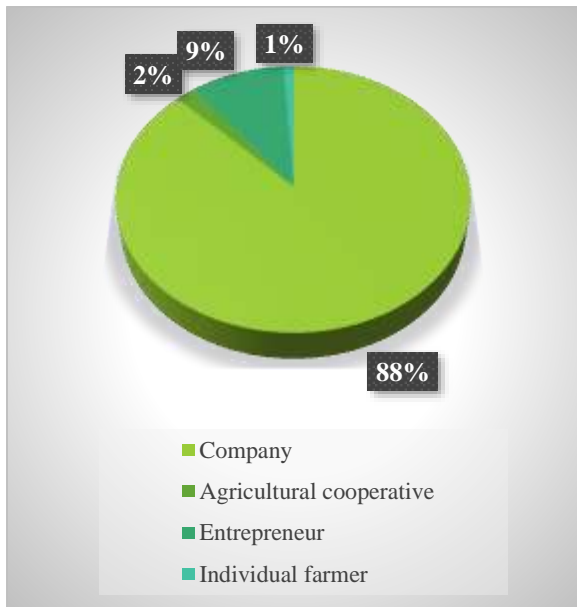
In the total number of submitted applications under Measure 1, individual farmers have a dominant share of 86.1%, companies have a share of 12.6%, while agricultural cooperatives and entrepreneurs have a significantly lower share of 0.6%. Although the share of natural persons (individual farmers and entrepreneurs) in the total number of submitted applications for Measure 1 is dominant (87%), the share of this category of recipients in the total requested expenditures for investment (EUR 193.6 m) is significantly lower (55.8%), with a tendency to decrease of this share in relation to previous reporting period (AIR 2019): by 2 percentage points for submitted applications and even by 7 percentage points for share in requested expenditures for investment (Graph 9). This especially refers to the First Call, where the share of natural persons in the total number of submitted applications is 73%, and in the total requested expenditures for investment 39%, while on the other hand legal entities with share in the total number of submitted applications with only 27% in total requested expenditures for investment, participate with a significant share of 61%, which results in four times higher average value of investments per submitted application for legal entities compared to natural persons.

**Graph 9: Structure of submitted applications and requested expenditures for investment per type of recipient (%), Measure 1****Submitted applications****Requested expenditures for investment**

Under Measure 1, the largest number of applications were submitted by natural persons (individual farmers and entrepreneurs) under the Second and Fourth Calls (about 97%). For both of these calls, the subject of procurement was the purchase of a new tractor. The lowest share in the total number of submitted applications was realized by natural persons within the Third Call (60.3%). In the structure of applications submitted by natural persons within all calls, individual farmers have an absolutely dominant share in the total number of submitted applications in relation to entrepreneurs (from 97% in the Fifth to 100% in the Third Call). Legal entities (companies and agricultural cooperatives) achieved the largest share in the total number of submitted applications within the Third Call (39.7%). Agricultural cooperatives have a negligible share in the total number of submitted applications with a tendency of a slight increase in the number of submitted applications in each subsequent call, with the exception of the Fourth Call (up to 1.8% in the Fifth Call). The number of applications submitted by agricultural cooperatives is: one application in the First, two applications in the Second and Third and three applications in the Fifth Call.

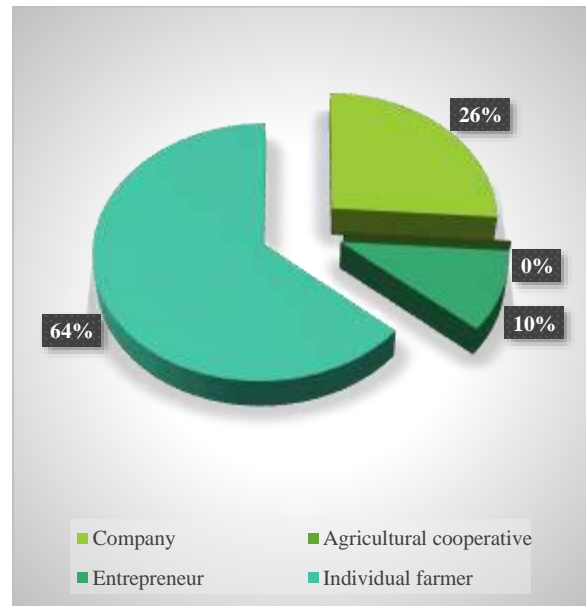
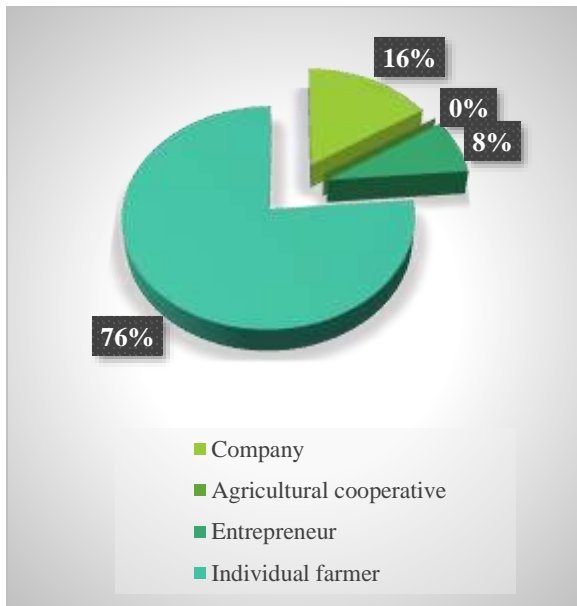
When it comes to **Measure 3**, the opposite proportions were achieved in relation to Measure 1: out of a total of 202 submitted applications, 181 applications refer to legal entities: companies and agricultural cooperatives (90%, of which companies participate with 87.6%), while 19 applications were submitted by entrepreneurs. Although individual farmers as natural persons are not eligible recipients under Measure 3, the number of applications submitted by individual farmers was two and they were rejected due to ineligibility (Graph 10).

**Graph 10: Structure of submitted applications and requested expenditures for investment per type of recipient (%), Measure 3**  
**Submitted applications** **Requested expenditures for investment**



Based on the available information regarding the submitted applications under the First Call for Measure 7, a similar structure is observed from the point of view of share of certain types of recipients as in the case of Measure 1: 84% of applications submitted by natural persons and 16% of applications submitted by legal entities (Graph 11).

**Graph 11: Structure of submitted applications and requested expenditures for investment per type of recipient (%), Measure 7**  
**Submitted applications** **Requested expenditures**

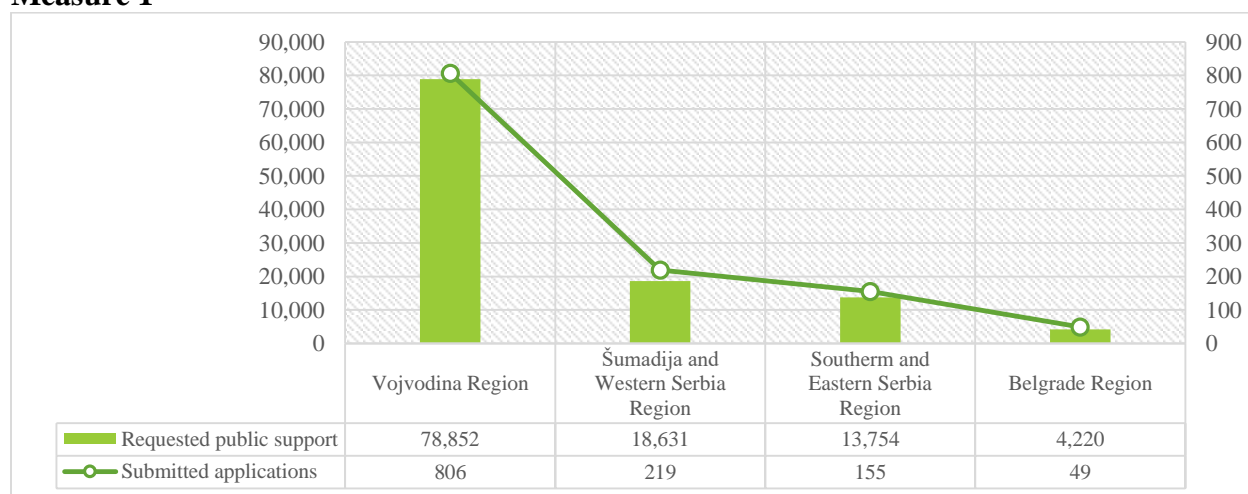




Although dominant, a slightly lower share compared to the share in the number of submitted applications is realized by natural persons in terms of the amount of requested expenditures for investment (74%) compared to legal entities (26%).

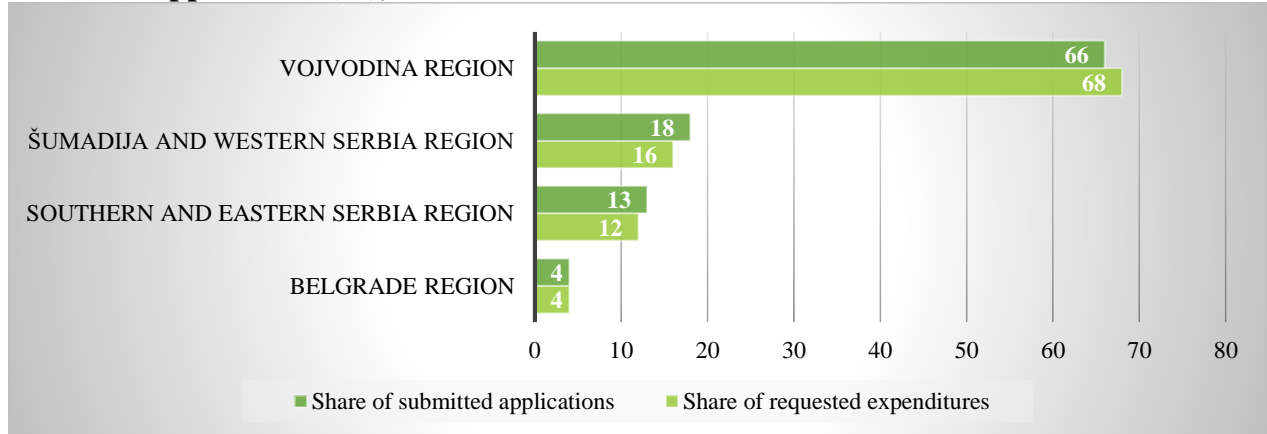
Observed **by region**, within **Measure 1**, the Vojvodina Region achieves a dominant share both in the number of total submitted applications for project approval and in the amount of requested public supports. The share of the Vojvodina Region in the total number of submitted applications under Measure 1 is 66% (806 applications), while in the total requested public support this region participates with 68%: EUR 79 m. In the total number of submitted applications for project approval, the Šumadija and Western Serbia Region participates with 18% (219 applications), and in the total requested public support with 16% (EUR 19 m). The Southern and Eastern Serbia Region achieved a share of 13% and 12%, respectively (155 applications and EUR 14 m, respectively) in the total number of submitted applications for project approval, as well as in the total requested public support, while the Belgrade Region participated in the total submitted applications and the total requested public support amounts to 4% each: 49 applications, i.e. EUR 4.2 m (Graph 12).

**Graph 12: Submitted applications and requested public support (000 EUR) per region, Measure 1**



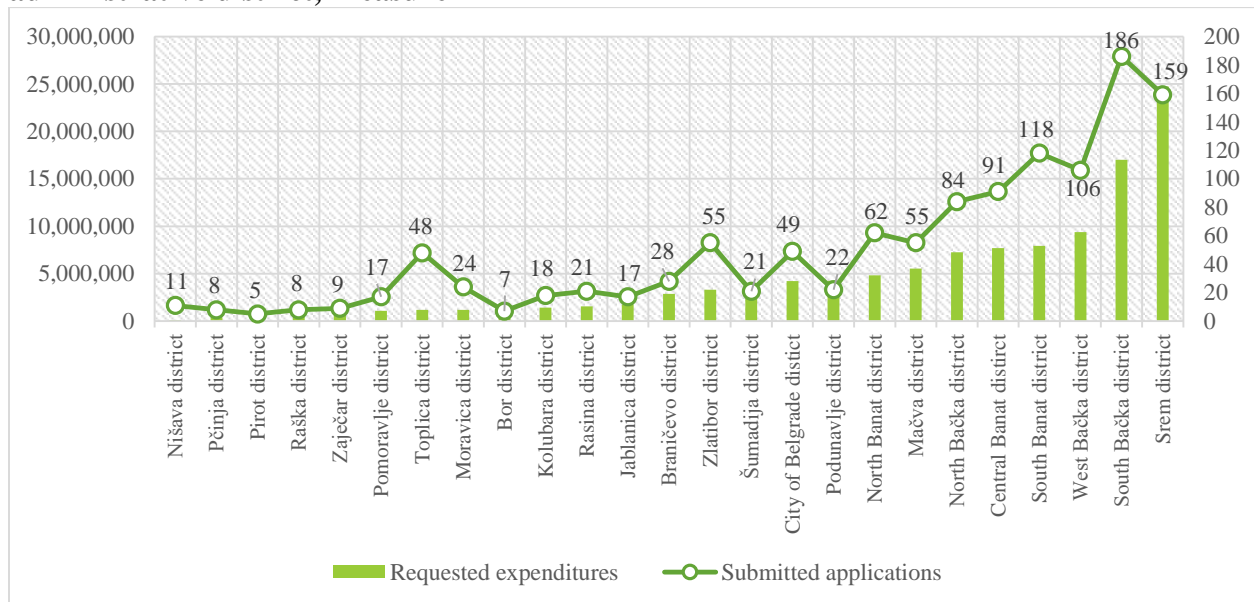
Compared to the AIR 2019, the participation of individual regions in the total number of submitted applications has not changed significantly. In relation to the previous annual reporting, the difference in the amount of total requested public support between the first two positioned regions (Vojvodina Region and Šumadija and Western Serbia Region) is still significant: fourfold and amounts to EUR 60 m.

**Graph 13: Share of regions in total requested public support and in total number of submitted applications (%), Measure 1**



Based on available data by region up until 31<sup>st</sup> December 2020, the average amount of requested public support for the submitted applications for Measure 1 in relation to the previous annual reporting was increased by EUR 19,787 or 27% and amounts to EUR 93,943. The above-average amount of requested public support per submitted application is realized by the Vojvodina Region (EUR 97,831), while other regions achieved the value of this indicator below EUR 90,000 (in the range from EUR 85,073 to 88,735).

**Graph 14: Number of submitted applications and requested public support (EUR) per administrative district, Measure 1**



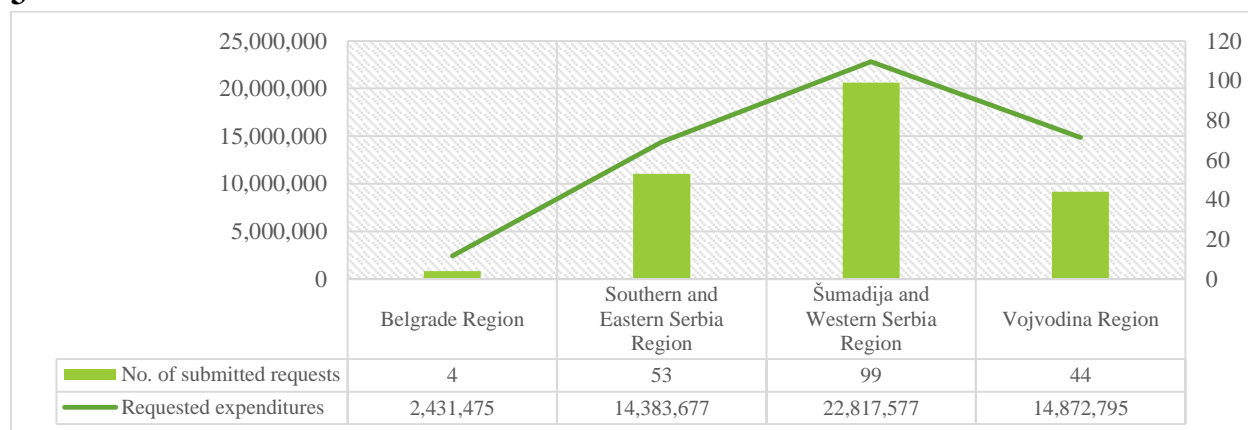
The largest number of submitted applications for project approval was realized by two administrative districts (AD) of the Vojvodina Region: Južnobački (186) and Sremski (159). In the total amount of requested public support, the first six positions belong to the administrative districts of the Vojvodina Region, with the first positioned Srem AD (EUR 24.7 m). On the other hand, the amount of requested public support is below EUR 1 m was reported by three administrative districts of the Southern and Eastern Serbia Region: Nišava, Pčinja and Pirot (Graph



14). At the same time, the AD that achieved the highest average value of investments per submitted application also belong to the Southern and Eastern Serbia Region (Podunavski: EUR 192,612 and Borski: EUR 185,955), which primarily stems from the smaller number of submitted applications in these districts relative to the national/regional average.

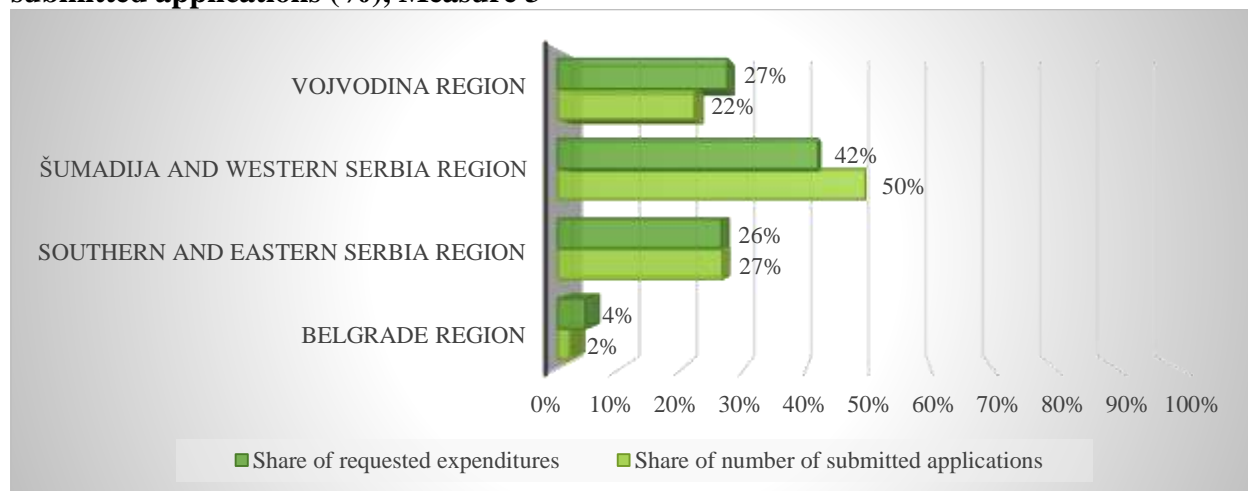
Under **Measure 3**, the largest share of the Šumadija and Western Serbia Region is in the total requested public support (EUR 22.8 m), as well as in the submitted applications (99), then follows: Vojvodina Region with the total amount of requested public support of EUR 14.9 m for 44 submitted applications, Southern and Eastern Serbia Region with EUR 14.4 m of total requested public support for 53 submitted application and the Belgrade Region with the lowest values for the analysed indicators: EUR 2.4 m for 4 submitted applications (Graph 15).

**Graph 15: Submitted applications and requested public support (EUR) per region, Measure 3**



Although the share of the Region of Šumadija and Western Serbia in the total number of submitted applications is significant (50%), this indicator for this region shows a decrease compared to AIR 2019 (by 2 percentage points). From the point of view of share in the above indicator, the following are: Southern and Eastern Serbia Region (27%) and Vojvodina Region (22%), while the Belgrade Region has the lowest share in the total number of submitted project proposals: 2% (Graph 16).

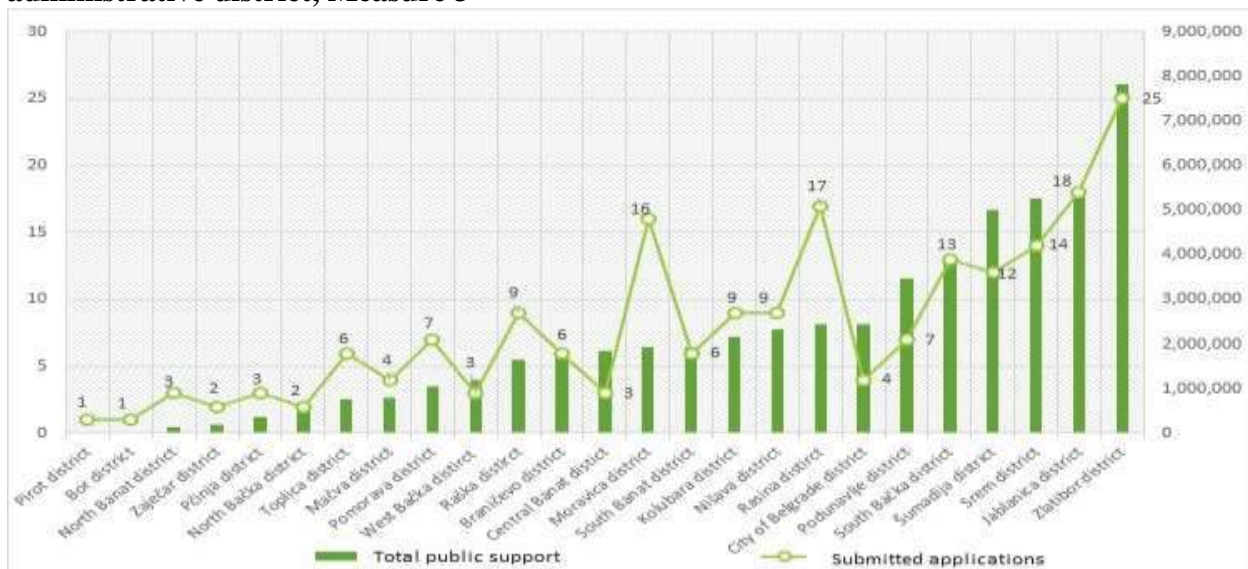
**Graph 16: Share of regions in total requested public support and in total number of submitted applications (%), Measure 3**



Based on available data by region up until 31<sup>st</sup> December 2020, the average amount of requested public support for the submitted application for Measure 3 in relation to the previous annual reporting was increased by EUR 16,288, or 6% and amounts to EUR 272,528. Although the Šumadija and Western Serbia Region achieved the largest share in the total number of submitted applications for project approval and the amount of total requested public support, the above-average amount of requested public support per submitted request is realized by Belgrade Region: EUR 607,869 and Vojvodina Region: EUR 338,018, while the remaining two regions according to this indicator, achieved a value below EUR 300,000.

The average value of the requested public support per submitted application under Measure 3 is at a significantly higher level compared to this derived indicator for Measure 1 (EUR 93,943), which is understandable given the significantly higher average value of investments under Measure 3 compared to Measure 1, as well as a smaller number of submitted project proposals under Measure 3 compared to Measure 1.

**Graph 17: Number of submitted applications and requested public support (EUR) per administrative district, Measure 3**



The largest share of the of Šumadija and Western Serbia Region in the total number of submitted project proposals and in the total amount of requested public support is contributed by the dominant position of the Zlatibor district on both indicators (25 applications: 12.5% and requested public support EUR 7.8 million: 14.3%). In addition to the Zlatibor, Jablanica, Srem and Šumadija AD realize the amount of the total requested public support above EUR 5 m. The largest number of administrative districts with the lowest number of applications for project approval for Measure 3 refers to the administrative districts of the Southern and Eastern Serbia Region: Piroć and Bor administrative district, one submitted application each (Graph 17).

### Measure 7

Within the First Call for Measure 7, the dominant position from the point of view of submitted project proposals and requested public support was achieved by the Zlatibor AD (74 submitted applications with requested total public support in the amount of EUR 10.8 m). The next AD in terms of the total number of submitted applications is Moravica (27 applications, EUR 2.9 m), while from the point of view of the total requested public support, the second position is held by

Srem AD (EUR 5 m within 26 submitted applications). Within this Measure, the AD of Šumadija realized 17 submitted applications with a total requested public support in the amount of EUR 4.1 m.

**Note:** The part of the Report related to the regions and the AD does not include applications for project approval that did not have a specified place of investment (six applications for Measure 1, two applications for Measure 3 and 16 applications for Measure 7).

### 2.3. Achievement of the proposed objective

Out of the total number of submitted IPARD projects by the end of 2020 (1,748), the following applications were processed: 583 decisions on project approval were made, 217 applications were paid, and 394 applications were rejected – including withdrawn applications (Table 5).

**Table 5: Review of submitted, approved, paid and rejected/withdrawn IPARD applications**

Measure	Submitted requests		Approved requests		Paid requests		Rejected requests			
	Number	EUR	Number	EUR	Number	EUR	Number	EUR	Withdrawn	
									Number	EUR
Measure 1	1,235	87,116,643	526	21,808,384	191	6,645,923	333	22,956,977	147	6,331,596
Measure 3	202	40,879,142	57	11,945,784	26	3,043,987	61	8,093,093	15	2,475,407
Measure 7	311	22,901,957	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,748</b>	<b>150,897,742</b>	<b>583</b>	<b>33,754,168</b>	<b>217</b>	<b>9,689,909</b>	<b>394</b>	<b>31,050,070</b>	<b>162</b>	<b>8,807,003</b>

Out of the total number of submitted IPARD applications for project approval, 583 applications were approved (33.4%), with the approved investment expenditures in the amount of EUR 33.8 m. In relation to AIR 2019, there is an increase in the approval of applications compared to the number of submitted applications by 11 percentage points, i.e. 122%, follow by increase in the approved amount of EU contribution by EUR 18.8 m (for 125%). A total of 217 projects were paid, with the amount of EUR 9.7 m, which represents an increase in the number of paid projects compared to AIR 2019 by 49.7%, as well as in the total paid amount by EUR 5.1 m (i.e. by 112%), while the share of paid applications in the total number of submitted applications remained the same (12.4%). Despite the increase in approvals and payments on an annual basis, remain high rates of rejected applications, as well as withdrawn in relation to the total number of submitted applications (13% of rejected applications and 9% of withdrawn applications).

Progress in reaching the target values of output indicators, as well as result indicators for IPARD measures are presented in the following tables.

**Table 6: Output indicators and targets for Measure 1**

Type of Indicator	Indicator	Realization			Realized in total from 2014 -2019	Target value 2014-2020	Execution rate (%)
		2018	2019	2020			
Output indicator	Number of projects supported	0	145	46	191	720	26.5
	Total volume of investments (EUR)	0	9,645,783	4,370,020	14,015,802	168,977.778	8.3
Targets	Number of holdings performing modernisation projects	0	145	46	191	600	31.8
	Number of holdings progressively upgrading towards EU standards	0	145	46	191	380	50.3
	Number of holdings investing in renewable energy production	0	0	0	0	60	0
	Number of holdings investing in livestock management in view of reducing N2O and methane emissions (manure storage)	0	0	0	0	120	0

In 2018, no decision on the payment of IPARD support under **Measure 1** was adopted, bearing in mind that it was the first year of implementation of the IPARD II Programme. Up until 31<sup>st</sup> December 2020, the execution rate for the output indicators “Number of projects supported” (191) and “Total volume of investments, EUR” (EUR 14 m) was 26.5% and 8.3% respectively. Observed by years of programme implementation, the largest realization of IPARD support was achieved in 2019 (EUR 9.6 m of paid funds for 145 projects), whereby the execution of the output indicator “Number of projects supported” for Measure 1 was 20%, and for the indicator “Total volume of investments” was 6%, while in 2020 a lower execution rate was achieved for both output indicators: 6.3% (46 paid projects), or 2.6% (EUR 4.4 m paid) respectively.

A higher level of execution by the end of 2020 was achieved for output indicator related to modernisation of production (31.8%), and especially for indicator progressively upgrading toward to reach EU standards (50.3%).

Regarding the implementation at the programme level (Table 6.4 of the IPARD II Programme), the total execution rate for the indicator “Number of projects having received IPA support in agri-food sector and rural development” is 15.1% (increase compared to AIR 2019 by 5.1 percentage point), while the realization of the programme indicator “Total investment generated via IPA in agri-food sector and rural development” in the same period was achieved at the level of 6.1%, which is an increase compared to the previous AIR by 3.5 percentage points. At the same time, compared to the previous annual reporting, progress was made in terms of achieving the execution rate for indicators at the programme level: “Number of enterprises performing modernisation projects in the agri-food sector” (20.4%) and “Number of economic entities progressive upgrading towards EU standards” (25.7%).

Within **Measure 3**, the first year of payment of IPARD projects is 2020, while until 31<sup>st</sup> December 2020 the execution rate for the indicators “Number of projects supported”, “Number of enterprises performing modernisation projects” and “Number of enterprises that are progressively upgrading towards EU standards” is 5.6%. Compared to achieved results under Measure 1, Measure 3 has a higher execution rate for financial than operational indicators. Execution rate of financial indicator “Total volume of investment, EUR” (17.2%) is significantly higher compared to the abovementioned operational indicators (Table 7).

**Table 7: Output indicators and targets for Measure 3**

Type of Indicator	Indicator	Realization			Realized in total from 2014 -2019	Target value 2014-2020	Execution rate (%)
		2018	2019	2020			
Output indicator	Number of projects supported	0	0	26	26	463	5.6
	Total volume of investment (EUR)	0	0	8,466.018	8,466.018	165,893.333	17.2
Targets	Number of enterprises performing modernisation projects	0	0	26	26	463	5.6
	Number of enterprises progressively upgrading towards EU standards	0	0	26	26	463	5.6
	Number of enterprises investing in renewable energy production	0	0	0	0	46	0
	Number of jobs created (gross)	0	0	0	0	160	0

Submitted applications under the First Call for Measure 7, which was published in 2020, are being processed and by the end of 2020, there were no paid projects.

### 3. FINANCIAL COMMITMENTS AND EXPENDITURE BY MEASURE, SUMMARY OF THE ACTIVITIES UNDERTAKEN IN RELATION TO THE EVALUATION PLAN

The IPARD II Programme defines the total indicative EU contribution for the period 2014-2020 in the amount of EUR 175 m. Interest earned on the IPARD II euro account, opened with the NBS, according to the NF, since the beginning of the IPARD II Programme implementation, is EUR 0.00.

**Table 8: Maximum indicative EU contribution\* for IPARD funds for period 2014-2020 (EUR)**

Year	2014	2015	2016	2017	2018	2019	2020	2014 - 2020
<b>Total (EUR)</b>	-	15,000,000	20,000,000	25,000,000	30,000,000	40,000,000	45,000,000	<b>175,000,000</b>

Source: IPARD II Programme, 2019, "Official Gazette of the RS," No. 20/19

\* Contributions are indicative as the amounts are defined on an annual basis within the EU budget

Within the total public support for entrusted investment measures (M1, M3 and M7), 75% of the amount refers to the EU contribution, while the national contribution is 25% of public support, and in the case of Measure 9 the EU contribution is 85% and national co-financing is 15% (Table 9). The largest amounts, both total public support and EU contribution, are allocated to Measure 1, Measure 3 and Measure 7. The largest share in the total IPARD fund has Measure 1 with the amount of total public support of EUR 101,386,667, while the amount of EU contribution was EUR 76,040,000 (43.5%). In the total allocated EU contribution, Measure 3 has a share of 37.4% and Measure 7 with 8.6%.

**Table 9: Financial plan per measure in EUR, 2014-2020**

Measure	Total public support (EUR)	EU contribution (EUR)	EU contribution (%)	National contribution (EUR)	National contribution (%)
Investments in physical assets of agricultural holdings	101,386,667	76,040,000	75	25,346,667	25
Investments in physical assets concerning processing and marketing of agricultural and fishery products	87,346,667	65,510,000	75	21,836,667	25
Agri-environment-climate and organic farming measure	10,294,118	8,750,000	85	1,544,118	15
Implementation of Local Development Strategies – LEADER approach	5,833,333	5,250,000	90	583,333	10
Farm Diversification and business development	20,000,000	15,000,000	75	5,000,000	25
Technical Assistance	5,235,295	4,450,000	85	785,295	15
<b>Total</b>	<b>230,096,080</b>	<b>175,000,000</b>	-	<b>55,096,080</b>	-

Source: IPARD II Programme, 2019, "Official Gazette of the RS" No. 20/19



During the reporting period, the IA submitted 19 requests for funds to the NF and all of them were approved. For the submitted and approved requests for funds, NF transferred funds to IA, which made payments to 72 recipients.

By the end of 2020, decisions on the project approval were approved in the amount of EUR 33,754,168 (EU contribution), which represents 19.3% of the total IPARD support provided by the indicative financial plan (increase compared to AIR 2019 by 10.7 percentage points). Of the total approved amount of IPARD support, 64.6% refers to Measure 1, and 35.4% to Measure 3, which represents 28.7% and 18.2% of the indicative plan, respectively (Table 10).

**Table 10: Financial implementation of EU contribution per IPARD measure (EUR)**

Measure	Total public support	EU contribution				
		Indicative financial plan	Approved amount	Paid amount	Approved (%)	Paid (%)
Measure 1	101,386,667	76,040,000	21,808,384	6,645,923	28.7	8.7
Measure 3	87,346,667	65,510,000	11,945,784	3,043,987	18.2	4.6
Measure 4	10,294,118	8,750,000	0	0	0	0
Measure 5	5,833,333	5,250,000	0	0	0	0
Measure 7	20,000,000	15,000,000	0	0	0	0
Measure 9	5,235,295	4,450,000	0	0	0	0
<b>Total</b>	<b>230,096,080</b>	<b>175,000,000</b>	<b>33,754,168</b>	<b>9,689,910</b>	<b>19.3</b>	<b>5.5</b>

Source: IPARD II Programme, 2019, "Official Gazette of the RS" No. 20/19

By the end of 2020, as many as EUR 9,689,910 of the total amount of the EU contribution was paid, of which 68.6% of the payment referred to Measure 1, and 31.4% to Measure 3, with the execution rate of the indicative EU contribution of 8.7% and 4.6% respectively (Table 10).

Compared to the previous reporting year (2019), significant progress has been made in terms of utilisation of EU contribution for Measure 1 and Measure 3, especially for Measure 1. In 2020, compared to 2019, there was an increase in the total approved amount of EU contribution by a significant 150% (Table 11).

**Table 11: Utilisation of EU contribution per year (EUR)**

Measure	Indicative financial plan	2019				2020				Index 2020/2019	
		Approved amount	%	Paid amount	%	Approved amount	%	Paid amount	%	Approved amount	Paid amount
Measure 1	76,040,000	6,395,818	8.4	4,577,520	6.0	21,808,384	28.7	6,645,923	8.7	341.0	145.2
Measure 3	65,510,000	7,125,573	10.9	0	0	11,945,784	18.2	3,043,987	4.6	167.6	-
Measure 7	15,000,000	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>175,000,000</b>	<b>13,521,391</b>	<b>7.7</b>	<b>4,577,520</b>	<b>2.6</b>	<b>33,754,168</b>	<b>19.3</b>	<b>9,689,910</b>	<b>5.5</b>	<b>249.6</b>	<b>211.7</b>

Source: IPARD II Programme, 2019, "Official Gazette of the RS" No. 20/19

In the 2020 financial year, one call was published - the First Call for Measure 7 and the Third Call for submission of applications for Measure 3 was ongoing.

In 2020, the payment of EU contribution in the total amount of EUR 5.1 m (EUR 2.1 m for Measure 1 and EUR 3.0 m for Measure 3), which increased the total paid EU contribution in 2020 compared to 2019 by 11.7% (Table 12).

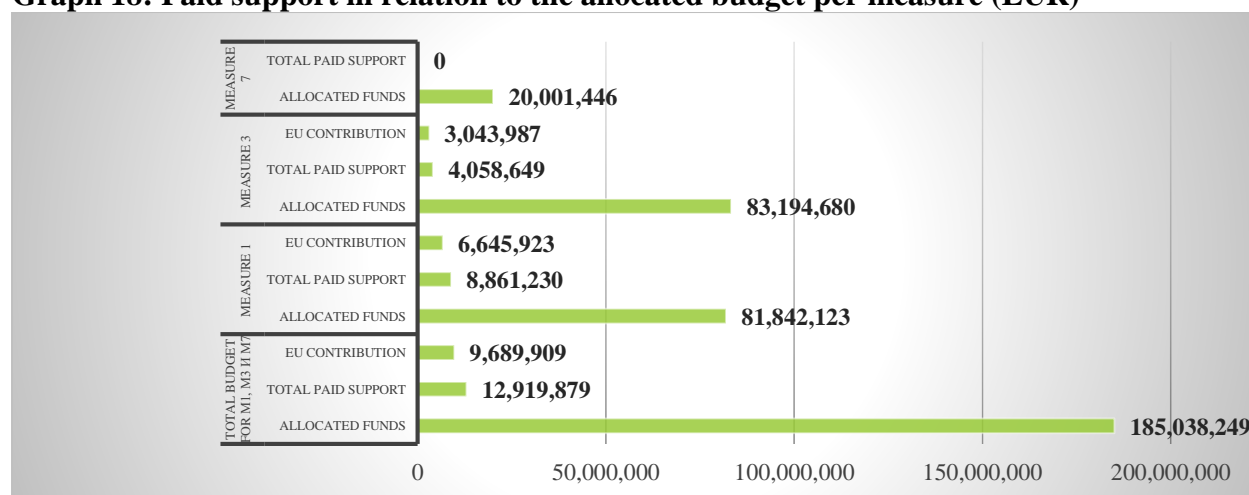


**Table 12: IPARD allocations per year and paid EU contribution in 2019 and 2020 (EUR)**

	2014	2015	2016	2017	2018	2019	2020	2014 - 2020
<b>Total IPARD support</b>	-	15,000,000	20,000,000	25,000,000	30,000,000	40,000,000	45,000,000	<b>175,000,000</b>
<b>Measure 1</b>	-	7,535,248	9,900,325	10,622,224	11,199,743	17,002,434	19,780,025	<b>76,040,000</b>
<b>Measure 3</b>	-	7,464,752	10,099,675	8,690,276	9,162,757	13,910,066	16,182,475	<b>65,510,000</b>
<b>Measure 7</b>	-	-	-	2,000,000	5,000,000	4,000,000	4,000,000	<b>15,000,000</b>
<b>Paid EU contribution</b>	-	0	0	0	0	4,577,520	5,112,390	<b>9,689,910</b>
<b>Measure 1</b>	-	0	0	0	0	4,577,520	2,068,403	<b>6,645,923</b>
<b>Measure 3</b>	-	0	0	0	0	0	3,043,987	<b>3,043,987</b>
<b>Measure 7</b>	-	0	0	0	0	0	0	<b>0</b>

In relation to the total amount of paid EU contribution (EUR 9.7 m), in 2020 it achieved a share of 52.8%, and in 2019 47.2%. Execution rate of EU contribution in relation to the overall financial plan is 2.6% in 2019 and 2.9% in 2020. At the same time, with the total paid amount of the EU contribution of EUR 9.7 m, up until 31<sup>st</sup> December 2020, the execution rate in relation to the total allocated funds (EUR 175 m) was 5.5%, where the realisation of the total EU contribution for Measure 1 is 8.7%, and for Measure 3 this relative indicator is 4.6%.

The realization of the total public support in relation to allocated budget per published public calls is presented in Graph 18.

**Graph 18: Paid support in relation to the allocated budget per measure (EUR)**

Within the nine public calls published so far for all entrusted IPARD measures, the realization of the total allocated budget in relation to paid total public support amounted to 7.0%, for Measure 1 (for five published calls) 10.8%, for Measure 3 (for three announced calls) 4.9%, while for the newly entrusted Measure 7 within the First published call, up until 31<sup>st</sup> December 2020, there were no paid projects (Graph 18).

By the end of 2020, two calls were closed: The First Call for Measure 1 and the First Call for Measure 3. Out of the total number of approved projects under the First Call for Measure 1, no

application for payment was submitted for ten approved applications, as well as under the First Call for Measure 3, no application for payment was submitted for three approved projects.

**Table 13: Completed Public Calls per IPARD measure, 2020**

Measure/call		Submitted applications	Public support (EUR)	Rejected applications	Public support (EUR)	Withdrawn applications	Public support (EUR)	Approved applications	Public support (EUR)	Paid applications	Public support (EUR)
Measure 1	First call	85	7,209,545	25	2,077,058	18	814,188	42	6,234,202	32	2,801,390
Measure 3	First call	26	4,964,531	8	2,213,023	3	394,564	15	4,466,028	12	1,693,447
<b>Total</b>		<b>111</b>	<b>12,174,077</b>	<b>33</b>	<b>4,290,080</b>	<b>21</b>	<b>1,208,751</b>	<b>57</b>	<b>10,700,230</b>	<b>44</b>	<b>4,494,836</b>

## **4. MEASURES TO IMPROVE THE QUALITY AND EFFICIENCY OF THE IPARD PROGRAMME IMPLEMENTATION**

During the reporting period, there were no personnel changes in the Management and IPARD Operating Structure.

### **4.1. Managing Authority Activities**

The Managing Authority is responsible for preparing and implementing the IPARD II Programme, as follows:

- drafting the IPARD II Programme and any amendments to it;
- the controllability and verifiability of the measures defined in the IPARD II Programme;
- the selection of measures under each call for submission applications, the eligibility conditions and the financial allocation per measures and per calls;
- development and updating of the appropriate national legal basis for IPARD II Programme implementation;
- assisting and supporting the IPARD II Monitoring Committee work.

The Managing Authority is responsible for establishing a reporting and information system to gather financial and statistical information on progress of the IPARD II Programme, on the basis of information provided by the IA. The reporting and information system shall contribute to the compilation of annual and final reports on IPARD II Programme implementation, which the Managing Authority shall submit to the IPARD II Monitoring Committee, NAO, NIPAC and EC.

The Managing Authority shall prepare an Annual Action Plan for the envisaged activities under the Measure 9, reports on the progress of the implementation of the Evaluation Plan, as well as on the progress of the implementation of the Plan of Visibility and Communication Activities.

Proposal for the Fourth modification of IPARD II Programme has been prepared by the MA in cooperation with the IA and was adopted on the 7<sup>th</sup> session of the IPARD II Monitoring Committee held on 30<sup>th</sup> October 2020. The main changes are related to the modifications of financial tables and reallocations between measures.

The Third modification of the List of Eligible Expenditures (LEE) for Measure 1, Measure 3, Measure 7 and Measure 9 was approved by EC letter Ref. Ares (2020)1736264 as of 24<sup>th</sup> March 2020.

The Fourth modification of the LEE for Measure 1, Measure 3, Measure 7 and Measure 9 was approved by EC letter Ref. Ares (2020)7488440 as of 10<sup>th</sup> December 2020. This modification is in line with the Audit Authority recommendations and refers to better explanation of the expenditures and technical clarifications.

Due to the start of implementation of new entrusted Measure 7, Rulebook on IPARD subsidies for farm diversification and business development (“Official Gazette of the RS”, No. 76/20), was adopted and entered into force on 29<sup>th</sup> May 2020.

## Risks encountered in implementing the IPARD II Programme and actions taken

In the reporting period, the MA in coordination with the IA, undertook activities in order to identify and eliminate risks and deficiencies affecting the implementation of the IPARD II Programme with the aim of IPARD II Programme improvement. The activities stated in the Table 14 are related to three modifications of the LEE and modifications of the rulebooks for Measure 1 and Measure 3 undertaken after modifications of the IPARD II Programme in order to improve the efficiency of implementation.

**Table 14: Activities in risk mitigation and deficiencies in the implementation of the Measure 1 of the IPARD II Programme**

Risks in the implementation of the measure (verifiability and controllability)	Mitigating Actions	Overall assessment
1. Potential risk for the Implementation of the two new sectors in IPARD Programme (grape and egg production)	Meetings with experts who worked on the preparation on sectoral analyses for Grape sector and Egg sector, communication process with stakeholders, MC members and DG AGRI	Prepared: <ul style="list-style-type: none"> <li>• sectoral analyses;</li> <li>• the Third modification of the IPARD II Programme</li> </ul>
2. Potential risk to define specific eligibility criteria for the egg sector and grape sector	Following the elaboration of sectoral analyses and communication process, specific criteria have been defined in cooperation with all representative stakeholders. The specific criteria were further agreed at the regular MA and IA meetings. Operating Structure meetings are held every week.	Harmonized specific eligibility criteria for two new sectors (egg sector and grape sector)
3. Need for new definition of specific eligibility criteria for the nursery production in fruit and viticulture sector, because producers engaged in nursery production cannot meet the specific criteria as fruit producers.	Following the elaboration of sectoral analyses and communication process, specific criteria have been defined in cooperation with all representative stakeholders. The specific criteria were further agreed at the regular MA and IA meetings.	Harmonized specific eligibility criteria in nursery production
4. Potential risk for implementation of Measure 1 due to introduction of new group of investments in fruit sector (investment in establishing and restructuring of fruit plantations (purchase of perennial planting material - except annual plants), including soil preparation)	Regular MA and IA meetings. Meetings with representatives of agrarian policy sector and consultations with MC members and DG AGRI	Amendment to the Rulebook on IPARD subsidies for the investments in physical assets of agricultural holdings ("Official Gazette of the RS", No. 84/17, 112/17,78/18 and 67/19)
5. a) During application processing, a risk was identified in defining the location of investment, so the definition of the location of investment was specifically indicated in the	Regular MA and IA meetings.	Amendment to the Rulebook on IPARD subsidies for the investments in physical assets of agricultural holdings ("Official Gazette of the RS", No. 84/17, 112/17, 78/18 and 67/19)

<p>rulebook, which is stated in the application for project approval.</p> <p>b) Risk was identified in determining the size of legal entities.</p> <p>c) The risk is identified for potential recipients who will invest in the procurement and installation of equipment in already existing facilities to submit application for project approval with building permit enclosed, issued by local self-governments (excluding use permit in the project approval stage).</p> <p>d) The risk was identified that the potential recipients cannot submit official financial statements at the time of submission of application for the previous calendar year.</p>		<p>with technical clarifications, definitions, specific criteria, necessary application documentation and a List of Eligible Expenditures were adopted.</p>
<p>6. A risk has been identified with small producers in the fruit and vegetable sector, with mixed farms, who are not able to meet animal welfare standards.</p>	<p>Regular MA and IA meetings. Meetings with representatives of Sector for agrarian policy , technical bodies and consultations with MC members and DG AGRI</p>	<p>The Second Modification of the IPARD Programme and Amendments to the Rulebook on IPARD subsidies for the investments in physical assets of agricultural holdings (“Official Gazette of the RS”, No. 84/17, 112/17 and 78/18), by which a derogation from the verification of national standards on AH up to 15 ha in the Fruit and Vegetable sector was adopted, in such a way that the standards are checked only in the sector of investment to which the application relates and not on the entire AH, as it was previously defined.</p>
<p>7. Potential risk for implementation of Measure 1 due to introduction of new group of investments in Meat sector, (keeping/breeding of heavy lines parent flocks)</p>	<p>Regular MA and IA meetings. Meetings with representatives of agrarian policy sector and consultations with MC members and DG AGRI</p>	<p>Amendment to the Rulebook on IPARD subsidies for the investments in physical assets of agricultural holdings (“Official Gazette of the RS”, No. 84/17, 112/17 and 78/18)</p>
<p>8. The risk was identified that applicants with small plantations could apply for large storage capacities and then after the realization of the investment they were engaged only in trade and not in their own production.</p>	<p>Regular MA and IA meetings and consultations with MC members and DG AGRI</p>	<p>Amendments to the Rulebook on IPARD subsidies for the investments in physical assets of agricultural holdings (“Official Gazette of the RS”, No. 84/17, 112/17 and 78/18). Definition of Specific eligibility criteria in the fruit and vegetable sector. (for storage facilities, however, capacities have to be met at the beginning of investment)</p>

<p>9. The need has been identified to enable open-field vegetable producers with more than 50 hectares and less than 100 hectares to use IPARD support to increase competitiveness</p>	<p>Regular MA and IA meetings and consultations with MC members and DG AGRI</p>	<p>The Second Modification of the IPARD Programme and Amendments to the Rulebook on IPARD subsidies for the investments in physical assets of agricultural holdings (“Official Gazette of the RS”, No. 84/17, 112/17 and 78/18). Definition of specific eligibility criteria for Vegetables sector (from max 50 ha to max 100 ha)</p>
<p>10. It was determined that the greatest burden in the number of submitted applications and the amounts of requested support for Measure 1, and that there is significantly less interest in Measure 3 - which refers to processing. For that reason, it is necessary to reallocate the budget between measures, in order to exclude the risk that the funds intended for farmers and processors will be returned to the EU budget (de-commitment). Also, it was determined that the funds allocated to Measure 5 (the measure is not entrusted) may remain unspent, and it is necessary to reallocate the funds to Measure 1.</p>	<p>Regular MA and IA meetings and consultations with NAO and DG AGRI</p>	<p>The fourth modification to the IPARD II Programme include budget reallocation. The allocations for Measure 5 from 2017, 2018, 2019 and 2020 are reallocated to Measure 1. The allocation for Measure 3 for 2020 is reallocated to Measure 1.</p>
<p>11. A risk has been identified that a certain number of young farmers (up to 40 years of age on the day of adoption of the decision on project approval) during the administrative processing of the application will exceed the limit of 40 years. In this situation, they lose the right to an additional 5% of support and additional points.</p>	<p>Regular MA and IA meetings and consultations with NAO and DG AGRI</p>	<p>The definition of a young farmer has been changed by the fourth modification to the IPARD II Programme. Young farmer is considered to be a person who is under 40 years of age at the time of submitting the application for project approval in accordance with changed definition. The amendment is in line with the amendment to the Sectoral Agreement..</p>

**Table 15: Activities in risk mitigation and deficiencies in the implementation of the Measure 3 of the IPARD II Programme**

Risks in the implementation of the measure (verifiability and controllability)	Mitigating Actions	Overall assessment
<p>1. Potential risk for the implementation of the Measure 3 implementation in Egg and Wine sector</p>	<p>Meetings with experts who worked on the preparation on sectoral analyses for Grape sector and Egg sector, communication process with stakeholders, MC members and DG AGRI</p>	<p>Prepared:</p> <ul style="list-style-type: none"> <li>• sectoral analyses;</li> <li>• the Third modification of the IPARD II Programme</li> </ul>

<p>2. Risk was identified regarding defining specific eligibility criteria for the Egg processing and Wine sector</p>	<p>Specific criteria have been defined in communication process with all representative stakeholders. The specific criteria were further agreed at the regular MA and IA meetings.</p>	<p>Amendments to the Rulebook on IPARD subsidies for the investments in physical assets concerning processing and marketing of agricultural products and fishery products (“Official Gazette of the RS”, No. 84/17, 23/18, 98/18 and 82/19) to harmonize specific eligibility criteria in two new sectors (egg and wine)</p>
<p>3. a) During application processing, a risk was identified in defining the location of investment, so the definition of the location of investment was specifically indicated in the rulebook, which is stated in the application for project approval. b) Difficulties in defining related legal entities have been identified. c) The size of legal entities needed to be further defined. The rulebook should define specific eligibility criteria for new sectors</p>	<p>Regular MA and IA meetings.</p>	<p>Amendments to the Rulebook on IPARD subsidies for the investments in physical assets concerning processing and marketing of agricultural products and fishery products (“Official Gazette of the RS”, No. 84/17, 23/18, 98/18 and 82/19) with technical clarifications, definitions, specific criteria, necessary application documentation and a List of Eligible Expenditures were adopted.</p>
<p>4. In 2018 budget implementation tasks for Measure 7 and Measure 9 were not entrusted and it was necessary to reallocate the budget in order to eliminate the risk of returning the funds intended for potential recipients of these measures to the EU budget (de-commitment).</p>	<p>Regular MA and IA meetings and consultations with NAO and DG AGRI</p>	<p>By the Second Modification of the IPARD II Programme the budget reallocation from 2015 and 2016 was carried out for Measure 7 and Measure 9 to the budget for Measure 3</p>

#### 4.1.1. Statement of Assurance

In accordance with Article 59 (2) of FwA IPA II and Article 46 (1) of SA, NAO submitted to EC Annual Management Declarations for 2020 regarding the IPARD II Programme implementation. An Annual Management Declaration covers:

- the overall responsibility for the financial management of EU funds in the RS and for the legality and regularity of the underlying transactions;
- the responsibility for the effective functioning of the management and internal control systems under IPA II.



NAO confirmed statements in the Annual Management Declarations submitted by the IPARD Operating Structure based on direct and continuous supervision and monitoring of the proper functioning of the Internal Control System set up for the implementation of the IPARD II Programme for the period 2014-2020.

NAO gave an emphasis to the following three areas in the Annual Management Declarations for 2020:

- **Timely implementation of the IPARD Programme for the period 2014-2020:** In order to ensure timely implementation and absorption of IPARD funds, special attention will be given to regular monitoring and supervising key processes and enhancing the collaboration between MS, MA and IA. One of the tools to be used will be regular meetings between the Management Structure and Operating Structure in order to share and discuss the ongoing tasks and issues.
- **Staff capacity in all IPARD Bodies**, focusing on:
  - further recruitment of staff in line with Work Load Analysis (WLA);
  - applying different tools and mechanisms for retaining staff;
  - continuous training and improving institutional capacity.
- **Implementation of Retention policy for staff within IPARD bodies:** The highest levels of the Serbian authorities have acknowledged the retention policy issue as one of the priorities and further actions, apart from the changing of the Decree and introducing new systematisation acts, will be continued in the next period for the entire IPA/IPARD structure. The NAO and MS bodies give full support to all IPARD bodies in achieving the common goal of increasing the absorption of IPARD funds and keeping the system stable and efficient.
- **Changes of the legal base and procedural framework:** In order to ensure effective implementation of IPARD II Programme the Working Group within the MAFWM have initiated necessary activities for change of the Serbian legislation and consequently the procedures that will significantly improve the working processes in terms of complexity and time consumption.

#### 4.2. NAO – National Fund Activities

During the reporting period, IA submitted 19 Requests for funds (RfFs) to the NF and all of them were approved. For submitted and approved RfFs the NF transferred funds to the IA, which executed payments to the 72 recipients, out of which 46 for Measure 1 and 26 for Measure 3 (total value paid to the recipients: EUR 6,816,518.71, EU contribution: EUR 5,112,389.09, national contribution: EUR 1,704,129.62). Two RfF were submitted and approved in 2019, but payments were executed in 2020.

The NAO SO, during the reporting period, actively monitored and supervised the functioning of the system established for the implementation of the IPARD II Programme, through analysis of available data and reports, regular meetings, as well as on-the-spot checks in accordance with the annual plan.

## Changes in the legal base

The Agreement between the Government of the RS and the EC amending the Financing Agreement 2014-2020 from June 2018, entered into force on 17<sup>th</sup> November 2020. This Agreement sets out:

- the valid deadline for the eligibility of expenditure of the budgetary commitment for the financial year 2016 until 31<sup>st</sup> December 2020. Union's financial commitments for the execution of the IPARD II Programme for the Republic of Serbia for the period 2014-2020 remain unchanged;
- the provisions for entrustment of budget implementation tasks to the Republic of Serbia for additional two measures: Measure 7 - Farm diversification and business development and Measure 9 – Technical Assistance.

Amendments of Sectoral Agreement proposed by EC letter Ref. Ares (2020) 5409750 as of 12<sup>th</sup> October 2020 concerns measures which were proposed to diminish the negative impact of the COVID-19 crisis on the implementation of the IPARD II Programme. Amended Sectoral Agreement was adopted by Government Conclusion 05 No: 337-9499/2020-1 as of 26<sup>th</sup> November 2020.

## Changes in the procedures:

In the reporting period, NAO SO has submitted one request for changes of the procedures as a result of updating of the Annexes within Measure 7 and Measure 9, as well as due to technical corrections for existing measures. The proposed changes did not affect the entrustment requirements neither was substantial according to the guidance on significant changes received from EC.

All proposed changes were assessed and approved by NAO. New version of MS procedures is valid as of 1<sup>st</sup> of January 2021.

Due to amended Financing Agreement, entered into the force on 17<sup>th</sup> November 2020, changes in the procedures were also initiated in order to consolidate Manuals of procedures regarding Measure 7 and Measure 9 for MA and IA. New versions of IPARD procedures were adopted in the Managing Authority as of 08/12/2020 and IPARD Agency as of 10/12/2020.

### 4.3. IPARD Agency Activities

According to the Rulebook on Internal Organisation and Systematization of Work Posts in the MAFWM which entered into force on 22<sup>nd</sup> January 2020, the number of systematized working posts within the Directorate for Agrarian Payments is 282, out of which 235 are working on implementation of the IPARD II Programme.

The total number of employees in the DAP was 258 on 31<sup>st</sup> December 2020 (156 permanent employees and 102 contracted employees), out of which 148 IPARD staff (126 permanent employees and 22 contracted employees).

The public competition for filling 31 vacancies, which was announced in August 2019, has ended and 18 employees were hired after this public competition (out of which 16 are IPARD staff).

During 2020, the IA has prepared forms of acts for dealing with applications for approval of IPARD projects and applications for approval of IPARD subsidies for:

- Fourth and Fifth Public Call for Measure 1,
- Second and Third Public Call for Measure 3, as well as
- First Public Call for Measure 7.

Changes in national and EU regulations relevant to the work of the IA were regularly monitored, and daily and monthly reporting on changes in regulations was performed.

Draft contracts, agreements and memorandum regulating the relations of the IA with other bodies and institutions related to the implementation of the IPARD Programme have been prepared, and coordination and supervision activities in the procedures of their conclusion were also performed.

When it comes to the **exceptional situations**, in total 13 requests for exception were submitted, out of which nine were approved, one was partially approved, two were rejected and for one request the NAO estimated that the situation described in the request was not treated as exceptional. In 2020, in total, four Requests for exception have been submitted, out of which three were approved in order to overcome the difficulties caused by the COVID-19 virus pandemic.

During 2020 the IA has not submitted any proposal for change of procedures to the NAO. Entering into force the Financial Agreement on 17<sup>th</sup> November 2020, implementation of Measure 7 and Measure 9 have been started. Regarding this, procedures of the IA that support these measures entered into force on 10.12.2020.

The challenges of the IA are related to COVID-19 pandemic, which has unequivocally affected the work, insufficient number of employees and turnover of employee, incompleteness of submitted documentation, document and data management, slow work of processors due to the need to prove the origin for each individual item of investment.

#### **4.3.1. Controls, carried out per measure and irregularities detected**

##### **On-the-spot checks by the Management Structure**

During the reporting period and in accordance with on-the-spot checks (OSCs) plan for 2020, NAO SO performed four OSCs in the IA and one in MA, including one visit to the selected recipient for Measure 3 in January 2020. The state caused by COVID-19 pandemic affected the performance of other OSCs.

The checks were focused on the working and horizontal processes. The purpose of these OSCs was to review whether the processes of IA and MA are applied according to the entrusted procedures, whether the established system for implementation of IPARD II Programme functions effectively and efficiently and to check the investment on the field.

Processes that were selected for checks in the IA are: project approval, OSC before project and payment approval, payment approval and horizontal matters, irregularities, risk management and management declaration. Documents were collected in advance, reviewed desk-based, discussed and checked during OSC. Two OSCs in November/December 2020 were desk-based reviewed due to COVID-19 pandemic.

Main findings were: the inconsistency in the template of the same checklist in Serbian and English version; the missing answers that had to be provided in the checklists; the unclear or wrong references that had to be provided in the checklists; the discrepancy in the verification and the conclusions drawn from it; insufficient justification of the ineligible amount in the Decision on the project approval; lack of communication to the recipients on the templates to be used for the project modification; the non-compliance in the answers from A1 and A2 provided in the checklists; the missing signature and dates in the checklists; the use of different versions of the checklists compared to the valid version of the Manual of Procedure in force. In addition, each report also includes follow-up of findings issued in previous OSC reports. Recommendations were given and will be monitored by NAO SO during next on-the-spot checks.

Regarding the visit to the recipient, it was found that the investment is in use, marked and in accordance with characteristics given in the documents.

During OSC in MA in June 2020, subject of the control was horizontal processes related to horizontal matters, irregularities, risk management and management declaration. Recommendation were given on the basis of latest Risk register received in the December 2020 and were related to reducing the number of reported risks and their reformulation, in order to be better understood.

Additionally, NF performed desk based check during September/October 2020 in the IA. The focus of the desk based check was payment of two recipients paid through RfF from the IA to the NF for the Measure 1 and Measure 3. One finding was related to incorrect filling of the Annex DAP 05-01.15 Reconciliation of the executed payments.

### **On the spot checks performed by the IPARD Agency**

IPARD Agency has carried out a total of 227 on-the spot controls in 2020, out of which 78 were regular pre-approval checks, 86 regular pre-payments and 35 after payment (ex-post) checks. Of the total number of checks performed, 28 were supplementary: five supplementary pre-approval checks, 21 supplementary pre-payment checks (including hidden works check) and two additional ex-post checks.

During the implementation of on-the spot control in 2020, one withdrawal of the applicant in Measure 1 within the Second Public Call was recorded, as well as one deviation from the taken obligations in the ex-post phase. In eight pre-payment controls, the controllers noted a partial deviation from the payment request. It is indicative that these are investments in construction and anti-hail protection systems, for which, due to the very nature of the investment, it is to be expected that the request for payment is not absolutely harmonized with the situation on-the spot. Also, in three cases of control before approval, non-compliance with specific eligibility criteria was recorded, i.e. the realization of the investment has stated before the decision on project approval was adopted.

Of the total number of controls, 174 controls were conducted in Measure 1, which includes control of specific eligibility criteria, which is still a heavy burden and requires additional efforts in the engagement of controllers. In 2020, ex-post controls were done for the first time. There was no pre-approval control within the Fourth Public Call for Measure 1 because the decision on the exceptional situation were approved due to coronavirus pandemic. It could be pointed out that in 26 controls before payment under this Public Call in 2020, there were not record deviations in relation to the submitted applications of recipients.

Besides that, during the reporting period, there were nine late payments. Total rate of amount of late payments is 8.8 %. Five payment applications has been rejected by the IA during their controls in the process of the payment approval. The appeals which were submitted by recipients to appeal commission within the MAFWM, was found to be justified. Positive decisions were made unfortunately exceeding the six months' deadline, therefore, causing the late payments.

Remaining four late payments occurred due to delays in acquiring necessary documentation from other institutions and delays in performing on-the spot controls caused by COVID-19 pandemic. This all resulted in slower payment applications processing and the applications couldn't be approved within six months' deadline.

### **Identified irregularities:**

During the reporting period, two irregularity signals were registered in the Register of Irregularity signals of the IA, out of which one is confirmed as irregularity without financial impact.

During the administrative resolving of payment approval, employee in the Department for Implementing International Assistance, Department for Payments Approval, reported an irregularity signal related to the Measure 3 within First Public Call. After the necessary checks performed in accordance with the established procedure, the decision was made that the reported signal represents an irregularity case. Amount of irregularity is EUR 34,988.88 (out of which EUR 8,747.29 is national contribution and EUR 26,241.59 is EU contribution). The confirmed irregularity had no financial impact, so there was no refund. The complete procedure for irregularity case confirmation was conducted by the NAO/NAO SO.

For the second reported irregularity signal, IA processed with checks and procedure was concluded without confirmation of the irregularity.

### **4.3.2. Audit Missions**

Audit Authority performed System Audit regarding IPARD II Programme in the period April-August 2020 and final audit report was received in October 2020. The functioning of the management and control system in all institutions of the IPARD system was checked, as well as the control of applications for Measure 1 - Investments in physical assets of agricultural holdings and Measure 3 - Investments in physical assets concerning processing and marketing of agricultural and fishery products.

There are five major, 22 intermediate and eight minor findings. The most significant findings were related to: the non-compliance of the published LEE per measure with the LEE approved by the EC; non-compliance with methodology for calculation of reasonableness of expenditures; inconsistent application of the procedure prescribed for the reporting process; untimely recording and reporting of extraordinary situations/exceptions; project approval despite facts identified during on-the spot check. IPARD bodies has provided comments to the Audit Authority and have taken steps to address the recommendations of the Audit Authority.

In addition, Audit Authority performed audit of operations for 2019, in the period September-December 2020 and final report was received in December 2020. There are one major, two intermediate and one minor finding, all addressed to IA. Major finding is related to non-compliance with the Rulebook on IPARD subsidies for investments in physical assets of agricultural holdings.

In November 2020, DG AGRI conducted IT audit (engaged external company PwC from Belgrade). Letter of closure is received in February 2021 and the Audit Authority should report on the progress in the implementation of these recommendations in its Annual Audit Activity Report.

Concerning the review of the request for entrustment of budget implementation tasks to the RS for Measure 7 and Measure 9 of the IPARD II Programme, in the letter of closure Ares(2020)4050421 dated 31/07/2020, the Serbian authorities should implement the Action plan for replacement of the short-term contracts of all Assistants-Directors in the IA with long-term or permanent contracts and NAO is requested to report on a quarterly basis of the state of play of implementation, starting from October 2020. Concerning the rest of the recommendations indicated in DG AGRI letter with reference Ares (2020)1854944 dated 31/03/2020, the NAO shall report on the state of implementation within the proposed deadlines and annually in the Management Declaration as well.

#### **4.4. Monitoring Committee activities**

Examining the achieved results of IPARD II Programme, as well as meeting the objectives defined for certain measures and progress in usage of the financial resources present some of the functions performed by the Monitoring Committee.

The IPARD II Monitoring Committee is composed of representatives of the competent state authorities and bodies, relevant economic, social and environmental partners and it is chaired by a senior representative of the MAFWM with the voting right. On the other hand, the EC, NIPAC, the NAO and the OS participate in the work of the IPARD II Monitoring Committee without voting rights. IPARD II Monitoring Committee sessions are held at least twice in 12 months. The Managing Authority acts as a Secretariat of the IPARD II Monitoring Committee and in accordance with it, prepares information, analyses and reports on the implemented activities about what it reports the IPARD II Monitoring Committee. The successful functioning of the Monitoring Committee is achieved by providing a quorum, i.e. by the presence of 2/3 members of the IPARD II Monitoring Committee at regular sessions. From the beginning of the IPARD II Programme implementation a total of seven IPARD II Monitoring Committee session have been held.

**The Seventh session of the IPARD II Monitoring Committee** was held on 30<sup>th</sup> October 2020 in Belgrade. Due to the epidemiological situation caused by the corona virus, the Seventh session was held through online conference call and physical presence of the maximum permitted number of IPARD II Monitoring Committee members in the room. At the session it was reported that on 31<sup>st</sup> March 2020, a positive response from the EC was received regarding entrustment package for budget implementation tasks for Measure 7 and Measure 9. Also, the IPARD II Monitoring Committee members were presented the results of IPARD Public Calls, the first Annual Implementation Report on the IPARD II Programme for the period 2018-2019, which was adopted in the written procedure on 16<sup>th</sup> June 2020, as well as the results of the implemented promotional activities. The Proposal of the Fourth modification of the IPARD II Programme, the Proposal of the amendment of the Action Plan for Technical Assistance for 2020 and the Proposal of the Action Plan for Technical Assistance for 2021 were adopted by consensus. The results of the audit of the IPARD system, conducted by the Governmental Audit Office of EU Funds, as well as the Ongoing evaluation of the IPARD II Programme, conducted by the Institute of Agricultural Economics, were also presented at the session.



## **4.5 Monitoring and Evaluation systems**

The Managing Authority and the IPARD II Monitoring Committee monitor the efficiency and quality of the IPARD II Programme implementation, about which they inform EC. The programme is monitored through operational and financial indicators presented in the IPARD II Programme. The Managing Authority is responsible for the process of organisation and management of the monitoring and reporting system related to the IPARD II Programme implementation. Information collected after a previous consultation with the IA and EC, is presented to the members of the IPARD II Monitoring Committee in the form of the Annual Implementation Report on the IPARD Programme. The IPARD Agency delivers data timely to, the Management Structure (NAO SO and NF) and the MA. Also, the IA prepares reports at requests.

### **4.5.1 Ensuring and coordinating the monitoring activity**

In accordance with duties undertaken pursuant to the Memorandum of Understanding concluded between the IPARD Agency and the Managing Authority, the IA has been regularly reporting to the MA on the implementation of the IPARD II Programme. Data are delivered on the basis of Common Indicator Tables for monitoring and evaluation of the IPARD II Programme and other reports prepared. Common Indicator Tables for monitoring and evaluation of the IPARD II Programme include all relevant information presented as operational and financial indicators. Also, the IA provides information on conducted checks, detected irregularities, as well as additional information and data on the implementation of the IPARD II Programme. Annex 1 of this Report contains cumulative Tables for monitoring and evaluation of the IPARD II Programme, with cut-off date 31<sup>st</sup> December 2020.

Data collection and reports preparation are performed in an Excel documents form. In order to improve the efficiency and quality of work, during 2019 the IA started preparation of a software for data collection for producing of reports. Introduction of a software solution for electronic submission of documents is planned, that will decrease, significantly the possibility of human error, prevent submission of incomplete applications and considerably improve the efficiency and quality of work.

### **4.5.2 Programme Evaluation Activities**

The obligation to implement the IPARD II Programme evaluation is prescribed by the Sectoral Agreement. During 2019, the Managing Authority, undertook necessary activities for engagement of independent experts for evaluation of the IPARD II Programme during its implementation (ongoing evaluation). The priority objective of the evaluation concerns the improvement of quality, efficiency and consistency in the Programme implementation.

The public procurement procedure for awarding the service contract – for engaging an independent expert for evaluation of the IPARD II Programme, was initiated on the basis of the Law on Public Procurement (“Official Gazette of the RS”, No. 124/12, 14/15 68/15 and 91/19), by launching of an open public procurement procedure. Funds for the execution of the contract were provided from national budget, and the contract with the winning bidder, the Institute of Agricultural Economics Belgrade, was signed on 30<sup>th</sup> September 2019. The evaluation of the IPARD II Programme was conducted in the period from 30<sup>th</sup> September 2019 by the end of March 2020.



A more detailed overview of the Ongoing evaluation of the IPARD II Programme, as well as progress in the implementation of the Action Plan for the implementation of the evaluation recommendations is presented in Chapter 7 of this Report. In addition, this chapter includes the next steps regarding the implementation of the IPARD Programme evaluation activities.

#### **4.6. Activities undertaken for the solution of problems related to the IPARD II Programme implementation**

##### **Overcoming the risk of de-commitment**

On 22<sup>nd</sup> October 2020, the letter requesting an extension of the deadline for absorption of IPARD funds from allocation for 2017, from n+3 to n+5, with an updated Action Plan for improvement of the absorption of IPARD funds in 2020 and an Action Plan for improvement of the absorption of IPARD funds in 2021 was sent to the EC by MAFWM. On 17<sup>th</sup> November 2020 the EC approved by letter the extension of the deadline for the absorption of IPARD funds to the n+4 period. With amendment to the Financing Agreement, was enabled that funds planned by the IPARD II Programme for implementation by the end of 2020, to be used by the end of 2021.

The Action Plan, which foresees activities that will contribute to improving the absorption of IPARD funds, is referring to:

- Additional employment and opening new working posts in in the MA and the IA;
- Simplification of the IA's procedures and digitalization of the administrative procedure;
- Amendment to the Law on Agriculture and Rural Development;
- Beginning of the implementation of Measure 7 and Measure 9;
- Increased cooperation with the AAS and the Chamber of Commerce and Industry of Serbia;
- Increased educational and promotional activities.

##### **The proposal for the IPARD II Programme modifications**

The Managing Authority has prepared the Proposal for the Fourth modification of the IPARD II Programme. This Programme modification includes changes in financial tables where the IPARD funds are reallocated per years and measures. Funds are reallocated from non-entrusted measures to entrusted measures as follows:

- Financial funds for Measure 4 from the allocations for 2017, 2018, 2019 and 2020 have been reallocated to Measure 7 to allocations for 2017, 2018, 2019 and 2020;
- Financial funds for Measure 5 from allocations for 2017, 2018, 2019 and 2020 have been reallocated to Measure 1 to allocations for 2017, 2018, 2019 and 2020;
- Financial funds for Measure 9 from allocations for 2017 and 2018 have been reallocated to Measure 7 to allocations for 2017 and 2018;
- Financial funds for Measure 3 from the allocation for 2020 have been reallocated to Measure 1 and to allocation for 2020.

Beside to the modifications of financial tables, the Proposal for the Fourth IPARD II Programme modification also refer to the financial demarcation in order to prevent double financing of rural tourism through IPARD Measure 7 and national measure, as follows:

- The maximum amount of support for the national measure is up to EUR 20,000;
- The minimum amount of support for IPARD Measure 7 is EUR 20,000.

Furthermore, in line with the amendments of the SA, a new definition of the term “young farmer” was included in the Proposal for the Fourth modification of the IPARD II Programme, according to which a young farmer is a person who is under 40 years of age at the time of submission of application for project approval, rather than at the time of adoption of a Decision on project approval.

The Proposal for the Fourth IPARD II Programme modification was approved on the Seventh session by the members of the IPARD II Monitoring Committee and on 30<sup>th</sup> November 2020 was submitted to the EC for approval. By the Implementing Decision of the EC No. C (2021) 2585 of 9<sup>th</sup> April 2021, the Proposal of the Fourth modification to the IPARD II Programme was adopted by the EC. The Conclusion of the Government of the RS, 05 number: 48-3420/2021 of 15<sup>th</sup> April 2021, on the adoption of the Programme on Amendments to the IPARD Programme for the RS for the period 2014-2020 approved the Fourth modification to the IPARD II Programme.

#### **4.7. Utilisation of Technical Assistance within the IPARD II Programme**

Entrustment of budget implementation tasks for Measure 9 - Technical Assistance was envisaged for the second phase of IPARD II Programme implementation. One of the major goals of the IPARD OS in 2020 was to finish entrustment process for Measure 9. The Letter of closure with condition and recommendations for the inquire PRE 2019/008/RS was provided by DG AGRI at the end of March 2020 and the Amendment to the Financial Agreement between the RS and the EC entered into the force on 17<sup>th</sup> November 2020, by which implementation of IPARD Measure 9 is enabled.

MA has prepared proposals with amendments to the annual Action Plans for implementation of Measure 9 for 2020 and 2021 that were adopted on the Seventh session of IPARD II Monitoring Committee.

With the aim to support IPARD OS in the initial phase of implementation of the IPARD II Programme newly entrusted measures and to contribute effectively to all activities of the MA during preparation of the IPARD III Programme, the nine-month FwC SIEA 2018 project: “Support to IPARD Managing Authority and IPARD Agency with the implementation of IPARD measures” formally started through the introductory online meeting held on 26<sup>th</sup> October 2020.

According to the project ToR and approved work plan, during two 5-day training sessions for PRAG procurement, the relevant MA and IA staff, has prepared drafts for four ToRs and two tender dossiers for implementation of Annual Action Plan for Measure 9 for 2021.

Furthermore, expert assistance from the same project was used for proposed amendments to the Law on Agriculture and Rural Development with the goal to include advance payment from IPARD fund, according to the recent modifications of SA and IPARD II Programme and the Rulebook for Measure 1 accordingly. Roadmap and particular IPARD III Programme chapters as well as preparation of measure *fiche* for Measure 6 were developed through experts’ assistance.

Within the IPA 2015 project: “Strengthening the capacity for planning and implementation of agricultural policy in Serbia in accordance with the EU CAP” expert assistance was engaged for sectoral analyses, preparation of specific parts of IPARD III Programme and development of measure *fiches* for Measure 4, Measure 5 and Measure 7.

UNDP project: “Strengthening rural competitiveness and the productivity of the agribusiness sector” has provided assistance to development of analyses of budgetary support to agriculture and rural development for IPARD III Programme introductory chapters.

The project financed by NAP GCF, implemented by UNDP in cooperation with the MAFWM, “Advancing medium and long-term adaptation planning in the Republic of Serbia” has provided analysis considering sector-specific requirements for IPARD III programming, in relation to the European Green Deal and Green Agenda for the Western Balkans.

#### **4.8. Steps taken for involving the local authorities in the implementation of the IPARD II Programme**

In order to provide demarcation and avoid overlapping of the IPARD II Programme with programmes of support measures for implementation of agricultural policy and rural development policies for the territories of local self-governments and the AP Vojvodina, local and regional authorities of the RS were involved in the IPARD II Programme modification and in the consultation process.

Funds for the implementation of local and regional agricultural and rural development programmes are provided annually in the budgets of the AP Vojvodina and local self-governments. These programmes are adopted by the competent authority of the AP Vojvodina and local self-governments, with the previous approval of the MAFWM.

MAFWM gives approval to the form and content of the programmes of support measures for the implementation of agricultural policy and rural development policies for the territory of the AP and local self-governments, as well as the form of the report on the implementation of agricultural and rural development measures, according to the Rulebook on the form and content of the support programmes for the implementation of agricultural policy and rural development policies and the form of the report on the implementation of agricultural and rural development measures (“Official Gazette RS” No. 24/15, 111/15, 110/16, 16/18 and 87/19).

Compliance with the legal provisions is determined by the MAFWM through the procedure of issuing the Decision on granting prior approval to the programmes of support measures for the implementation of agricultural policy and rural development policies for the territory of the AP and local self-governments.

During 2019, 121 support programmes were approved with approx. EUR 26 m budget and the approx. EUR 21 m of support was paid to final recipients. In 2020, 113 support programmes were approved, with approx. budget of EUR 23 m.

During the implementation of IPARD II Programme, AP Vojvodina and local self-governments have active roles as IPARD II Monitoring Committee members and until now they have actively participated in all sessions held. In that respect they are regularly and timely informed on state of play in implementation and amendments of IPARD II Programme and relevant rulebooks.

According to the approved Plan of Visibility and Communication Activities (PVCA), local authorities are foreseen to take part as supporting services to the implementation of IPARD II Programme. AP Vojvodina and local self-governments are providing the potential recipients with the latest information related to financing opportunities, calls and implementation of the IPARD II Programme, as well as on the occasion of the events organized by AP Vojvodina and Standing Conference of Towns and Municipalities (SCTM). Promotional materials are also disseminated

through electronic rural network of local self-governments. Local and regional authorities require continuous capacity building to support potential recipients to prepare project approval applications and business plans. They are involved in all national, regional and local information events organized by IPARD OS.

In order to prepare for implementation of the IPARD LEADER measure, during 2019 and 2020, local authorities were involved in preparation of Local Development Strategies (LDS) through national support measure based on LEADER approach. In this respect, 21 LDSs were approved in 2020, out of 22 potential LAGs supported for development of LDSs in 2019.

#### **4.9. Steps taken for ensuring the publicity of the IPARD II Programme**

Publicity of the IPARD II Programme is ensured through different types of technical assistance. Printing of the promotional material, participation at the online Agricultural Fair, as well as organisation of the Seventh session of the IPARD II Monitoring Committee are supported within IPA 2015 project: “Strengthening the capacity for planning and implementation of agricultural policy in Serbia in accordance with the EU CAP” in 2020.

Due to COVID 19 pandemic, promotional activities in 2020 were reduced and implemented through online events mainly.

Promotional activities were also related to development of one IPARD promotional video, IPARD promotional video broadcasting on national TV channel, printing of promotional IPARD materials.

In order to promote the IPARD II Programme, TV video on promotion of rural tourism development within IPARD Measure 7, with total value of EUR 5,415.00, was created during August 2020. The video for the announcement of the call was intended for broadcasting through the national TV service, as well as for publishing on the official websites of MAFWM and DAP.

Within the IPARD promotion campaign: “Well invested IPARD returns well”, EUR 19,910.00 is disbursed for broadcasting of IPARD promotional video on the national TV service (Public Media Institution Radio-Television of Serbia).

Design and printing service for promotional IPARD materials, in amount of EUR 4,250.00 included: 600 Guidelines for national support measure based on LEADER approach and 1,000 Guidelines for (potential) recipients for IPARD Measure 7 – Farm diversification and business development. Printed materials were disseminated to the AAS, Provincial Secretariat for Agriculture, Water Management and Forestry and local self-governments.

The Guides for (potential) recipients for national support measure based on LEADER approach and IPARD Measure 7 have been prepared and published on the web pages of the MAFWM and the DAP (<http://www.minpolj.gov.rs/ipard-program-2014-2020/> and <http://uap.gov.rs/ipard-ii-u-srbiji/>).

The web pages of the MAFWM and the DAP contain all relevant information for (potential) recipients. In the reporting period 580,780 users visited those pages. In the year 2020 new chat application was launched on the DAP web page.

Bi-monthly newsletter “IPARD in focus” was initiated at the end of 2019 and it is disseminated to more than 2,000 e-mail addresses regularly. In the reporting period, seven newsletters have been published. For the newest information on events, announcements, calls and rules regarding the implementation of the IPARD II Programme and preparation of the IPARD III Programme in

Serbia, IPARD MA accounts on Instagram (@ipardnadlanu) and Facebook (IPARD na dlanu) have been created for the general public and (potential) recipients.

Detailed overview of the implemented activities in 2020 under the Plan of Visibility and Communication Activities of the IPARD II Programme for the period 2014-2020 is presented in the Chapter 8.

#### **4.10. Data to demonstrate that Union funds are complementing funding available in Serbia**

In the accordance with the Budget System Law (Article 68a) and the Instruction for the Preparation of the Budget of the RS issued by the Minister of Finance, Budget Beneficiaries are responsible for the proper planning (in line with the proposed schedule of implementation) of the national contribution (including the non-eligible expenditure to be financed from the national resources such as bank charges, exchange rate losses, etc.). National contribution shall not be used for any other purpose. However, Budget beneficiaries, who do not plan sufficient amount of the national contribution, shall make reallocations from its other appropriations and/or programmes.

The National Fund, under the responsibility of the NAO, checks and confirms that the Ministry in charge of Agriculture properly plans budget appropriations for the IPARD II Programme. The IPARD Agency and the Managing Authority (only for the TA Measure), within the financial plan of the Ministry in charge of Agriculture are responsible for planning appropriate provisions within their scope of responsibilities and in accordance with the IPARD II Financial Plan. National Fund provides the opinion to the Budget Department of the Ministry of Finance on the existence and correctness of the funds planned for the national public co-financing and other non-eligible expenditure to be covered from the national resources as well as amounts planned for recovery of irregularities, financial corrections and overpayments, before the funds are included in the annual Budget Law of the Republic of Serbia.

Starting from the year 2016 the IA planned the necessary funds for the implementation of the IPARD II Programme in the annual Law on Budget of the Republic of Serbia and the MA started planning the funds necessary for the implementation (pre-financing) of the Measure 9 from the 2020.

## **5. IPARD II PROGRAMME CO-ORDINATION WITH OTHER COMMUNITY PREACCESSION INSTRUMENTS AND FINANCIAL INSTRUMENTS FROM INTERNATIONAL SUPPORT**

### **5.1 Assistance provided under other IPA components**

By adopting the European Commission Decision C (2014)1722 of 20<sup>th</sup> March 2014 on conferring management powers relating to component I, the EC transferred the rights and obligations to manage EU pre-accession assistance programs under IPA component I to accredited responsible persons and bodies in the RS.

Under the decentralised (indirect) management system of the financial assistance under IPA rules, the following bodies and persons responsible for management, implementation, control and audit of IPA financial assistance shall be designated in accordance with Article 3 of the Decree on the decentralized management of EU pre-accession assistance under IPA (“Official Gazette of the RS – International Agreements”, No. 124/07). In the following text, each project is marked for indirect management \* IM and \* DM direct management - directly contracted by EU Delegation.

#### **IPA 2014**

\*IM Twinning project “Strengthening capacities for implementation and further development of the legislative framework in the field of organic production and food quality policy” is aimed at strengthening the capacities of the Ministry in the area of organic production and food quality policy of GI products. Total budget: EUR 1,139,971. Beneficiary administration: MAFWM. Final beneficiary: Agricultural Policy Sector. Deliverables: strengthened capacity, knowledge and awareness of producers and stakeholders in the field of GI food products; GI food control scheme developed; aligned national legislation with EU acquis in the field of GI food products and organic products; improved knowledge in the field of organic production; and organic product control scheme established. The contract with the selected Twinning partner, i.e. Italian-French-Austrian consortium, will be implemented in the period February 2018 - February 2021.

#### **IPA 2015**

\*DM Technical Assistance Project: “Strengthening the capacity for planning and implementation of agricultural policy in Serbia in accordance with the EU Common Agricultural Policy” to support the negotiations in Chapters 11 and 12 is conducted in all parts of the MAFWM involved in this process. The project is coordinated by the International Cooperation Sector. Implementation start date: January 2019. The implementation period is expected to be extended by the end of 2021. Total budget amounted to EUR 3.2 m.

#### **IPA 2016**

\*IM Twinning project “Improvement of forest management in Serbia as a contribution to climate change adaptation and mitigation” will be implemented by the selected Austrian - Slovakian consortium. The project is fully funded under IPA 2016 in the amount of EUR 1 m, was contracted on 14<sup>th</sup> December 2020 and the planned duration is 24 months. Final beneficiary: Forest Directorate. Overall objective: to improve forest governance in Serbia in line with EU standards and requirements.



\*DM IPA Technical Assistance Project “Reinforcement of Animal Health and Welfare” – implementation period: 11 June 2019 - 9 June 2021. Total budget: EUR 1.4 m. Final beneficiary is Veterinary Directorate, MAFWM. Animal welfare related deliverables: improved animal welfare standards in accordance with EU legislation and practice.

### **IPA 2017**

\*IM Service Contract “Support to the IPARD Operating Structure (Managing Authority and IPARD Agency)” is funded under unallocated IPA 2017. It is currently in the phase of ToR drafting. Implementation start date: October 2021. Contract value: EUR 0.7 m. Term: 12 months. The first component refers to capacity building of the MA for the implementation of IPARD III and the second to the capacity building of the IA for the implementation of IPARD II Programme and preparation for the implementation of the IPARD III Programme.

### **IPA 2018**

\*DM Framework Agreement “Support to IPARD Operating Structure (Managing Authority and IPARD Agency)” is funded under unallocated IPA 2018. Total cost: EUR 0.3 m. It is intended to support the implementation of IPARD measures 7 and 9, support the development of IPARD III Programme and the development of a part of the rural development software. Project start date: 26<sup>th</sup> October 2020. Contract duration: nine months. Deliverables: MA supported in the final phase of entrustment and the initial phase of implementation of IPARD II measures 7 and 9; IPARD Agency supported in the implementation of measures 7 and 9; IT solution for rural development developed, etc.

\*IM Twinning contract “Strengthening and adaptation of administrative capacities for introduction of the Organization of Agricultural Markets” was approved on 12<sup>th</sup> October 2020. It is funded under unallocated IPA 2018 and it is in the phase of ToR drafting in cooperation with the Agricultural Policy Sector. Contract value: EUR 1.8 m without national co-funding. Contract duration: two years.

### **IPA 2019**

\*DM Project “Support to disaster risk reduction and climate resilient agriculture” – total budget: EUR 2.5 m. The project will be implemented by the Food and Agriculture Organization of the United Nations (FAO) by the EU Delegation direct contract award. Duration: four years, until 2025. Project objective: to strengthen extension services, train employees at the local and central level, support farmers, etc.

### **IPA Support to IPARD OS**

1. FwC proposal “Support to IPARD Operating structure (Managing Authority and IPARD Agency) for the implementation of IPARD Programme” was sent to the EU Delegation on 21<sup>st</sup> February 2020. Proposal will be considered on the Working Group for unallocated funds. It is planned to have implementation through direct management. Project will focus on the implementation aspects of the IPARD II assistance. Within the project, the focus is on further strengthening of the capacities of the MA and IA and assisting in the initial phase of the implementation of IPARD Measure 7 and Measure 9. Special attention shall be put on upgrading



the IT solution and support throughout the process of transition from manual to electronic processing of applications for exercising rights to IPARD support.

2. Technical assistance project “Support to IPARD Operating Structure 2 (Managing Authority, IPARD Agency and Advisory services)” is planned to be funded from approved unallocated funds, after completion of the FwC contract. It would be implemented through indirect management, with the period of implementation of one year. Focus of the project should be on preparing procedures and all related documents for entrustment of the IPARD Measure 4 and Measure 5, including further improvement IT solutions for rural development and IT System audit for preparation of e-accreditation. Furthermore, one of the goals is as preparation for next programming period.

### **World Bank projects**

PHRD Grant “Strengthening agriculture sector capacities for evidence-based policy making”. Implementation start date: February 2020. Duration: three years. Total Project Cost: approx. EUR 1.6 m. Project objective: to strengthen the monitoring and evaluation capacity and systems of the MAFWM and its decentralized services for evidence-based strategic planning in agriculture and rural development. Project components: a) capacity building for evidence based policy making, and b) project management and administration, monitoring and evaluation, knowledge dissemination. The project is being implemented as planned.

### **UNDP projects**

Project “Strengthening rural competitiveness and the productivity of the agribusiness sector”, was implemented by UNDP. National funding: approx. EUR 0.08 m. Swiss Cooperation Agency co-funding: approx. EUR 0.2 m. Duration: February to December 2020. Project objectives: to contribute to the rural competitiveness and higher productivity of targeted regions and accelerate impact and resource allocation of existing financial instruments. The project had two components.

### **Cooperation with FAO**

CPF - Country Programming Framework is a document signed by FAO representatives on behalf of the Organization in the form of agreements with individual member countries that serves as a framework document for the implementation of FAO-funded projects. This document identifies three priority areas to be supported by FAO by approx. EUR 0.8 m, for a period of four years. CPF includes three priority areas, namely: development of agricultural production of small, family farms, improvement of living standards in rural areas for women and men and creation of a supportive environment for sustainable agricultural production, strengthening resilience to natural disasters and climate change; improving sustainable management of natural resources and increasing the competitiveness of the agricultural and food production sectors by market chain modernisation.

The regional Technical Cooperation Project “African swine fever preparedness in the Balkans” is implemented in cooperation with the Veterinary Directorate. Total budget: approx. EUR 0.4 m.

The Technical Cooperation Project “Capacity building for the alignment with the acquis in the area of agriculture, rural development, food safety, veterinary and phytosanitary policy” is underway in the Agricultural Policy Sector. Total budget: approx. EUR 0.04 m. Activities have

been completed. A project proposal for a future project is to be developed and brochures are to be completed by the end of the year.

The development of FAO-funded Project “Capacity building and assistance to the development of support services for organic agriculture in Serbia”, aimed at increasing the capacity for organic production in the RS, is underway. Total budget: approx. EUR 0.3 m.

Project “State of play assessment and identification of the needs of employees in the Ministry of Agriculture, Forestry and Water Management for developing gender sensitive policies”. Total cost: EUR 0.05 m. The activities have been completed, and the final workshop remains to be held.

The Technical Cooperation Project is underway, which will be financed by FAO in the amount of approx. EUR 0.3 m, which has the topic of reducing the risk of natural disasters in agriculture and agriculture resistant to climate change.

The implementation of the project “Preservation of genetic resources of *Bos brachyeros europaeus* on Stara Planina” should start soon. Total budget: approx. EUR 0.05 m.

### **Projects funded by loans**

The Law on ratification of the Loan Agreement between the Republic of Serbia and International Bank for Reconstruction and Development entered into force in the mid-February 2020, for the Competitive Agriculture Project in the total amount of EUR 45.8 m. The Closing Date is 31<sup>st</sup> December 2024. The objective of the Project is to improve agri-food market linkages for targeted beneficiaries.

## **5.2 Complementarity of IPARD II Programme with NPRD**

The Strategy of Agriculture and Rural Development of the Republic of Serbia for the period 2014-2024 is the basis for the adoption of operational documents in the field of agriculture and rural development, namely:

- IPARD II Programme of the Republic of Serbia for the period 2014-2020,
- The National Rural Development Programme 2018 – 2020 and
- National Agriculture Programme 2018-2020.

Potential risks of overlapping of **IPARD II Programme with NPRD** are: supportive measures, type of investment, as well as potential recipients. The risk of overlapping is the most expressed in primary agricultural production, which is realized through Measure 1 in IPARD II Programme, because this measure covers wide range of sectors (milk, meat, fruit, vegetable, other crops, egg and viticulture) and a large number of potential recipients.

IPARD II Programme of the Republic of Serbia for the period 2014-2020, Chapter 10. Information on the Complementarity of the IPARD II Programme with Measures Funded by Other (National or International) sources, contains the explanation of how the complementarity of IPARD measures and national rural development measures will be ensured. Point 10.3 of the IPARD II Programme, is a table that clearly defines the demarcation between: eligible recipients, measures and investments supported through the two programmes mentioned (IPARD II Programme and NRDP for the period 2018-2020). After the adoption of the IPARD II Programme by the EC, the adoption of the NRDP by the Government of the RS, must comply with the demarcation table of the IPARD II Programme (Point 10.3).

Measure for Improvement of Economic Activities in the Countryside through Support of Non-agricultural Activities envisaged by the NRDP, was implemented in 2019. The purpose of this measure is to support smaller investments in rural tourism and to equip craft and art workshops. In order to demarcation with IPARD Measure 7, in the Fourth Modification of the IPARD II Programme, the financial delimitation was determined in such a way that the maximum support which is determined from the national budget, is lower than the minimum value of support in the IPARD Measure 7. As well, after the entrustment of the measure “Farm diversification and business development” and publication of the First Public Call, the competition for the national measure in 2020 was not announced.

Support programmes for the implementation of agricultural policy and rural development policies for the territory of the AP and local self-governments must not conflict with national rural development programmes and the clear demarcations with IPARD II Programme have to be respected. The Law on subsidies in Agriculture and Rural Development stipulates that support to the implementation of agricultural and rural development policies in the AP and LSGU may not contradict with national programmes adopted in accordance with the law governing agriculture and rural development. MAFWM gives approval to AP and local self-governments for their programmes for agriculture and rural development, thus providing control mechanism and preventing overlapping of recipients, supportive measures and type of investments of IPARD II Programme and local programmes for rural development.

## 6. FINANCIAL TABLES AND EXPENDITURES PER MEASURES

IPARD II funds in the RS are managed in accordance with the signed Protocol on the manner and conditions of bank account management within the NBS for the purposes of managing EU pre-accession assistance programs under the Instrument for Pre-Accession Assistance (IPA II) for the 2014-2020 period (hereinafter: The Protocol). The basis for depositing funds is covered in Article 15 of the Protocol, according to which funds must be deposited in accordance with the last Contract which regulates the attitude towards the management of the RS exchange rate by the NBS. In accordance with the above-mentioned agreement, the NBS is obliged to pay interest at the *EONIA/EURIBOR* interest rate depending on the maturity of the deposit. From the moment of receiving IPARD II funds, both interest rates are negative. In the case that the value of interest rates is sufficiently increased, deposits will be realized.

The first financial change was implemented within the Second modification of the IPARD II Programme and approved by the members of the IPARD II Monitoring Committee on 20<sup>th</sup> November 2018. The mentioned financial change was officially approved by the EC by Decision C (2018) 8691 on the implementation of the second modification, on 14<sup>th</sup> December 2018. The Second modification to the IPARD II Programme reallocated the budget funds from Measure 7 and Measure 9 allocation for 2015 and 2016 to the budget for Measure 3 (Table 16). The reallocation of budget funds was performed in order to eliminate the risk of de-commitment of IPARD funds, considering that the entrustment budget implementation tasks for Measure 7 and Measure 9 was not obtained until 2020. The financial change provided an additional EUR 3.3 m for Measure 3.

**Table 16: Budget breakdown by measure 2014-2020 after the Second Modification of the IPARD II Programme**

Measure	EU Contribution							
	2014	2015	2016	2017	2018	2019	2020	2014-2020
Investments in physical assets of agricultural holdings	-	7,535,248	9,00,25	10,622,224	11,199,743	17,002,434	19,780,025	<b>76,040,000</b>
Investments in physical assets concerning processing and marketing of agricultural and fishery products	-	6,164,752 + 1,000,000 (M7 2015) + 300,000 (M9 2015) = <u>7,464,752</u>	8,099,675 + 1,500,000 (M7 2016) + 500,000 (M9 2016) = <u>10,099,675</u>	8,690,276	9,162,757	13,910,066	16,182,475	<b>65,510,000</b>
Agri-environment-climate and organic farming measure	-	-	-	2,187,500	2,187,500	2,187,500	2,187,500	<b>8,750,000</b>
Implementation of Local Development Strategies - LEADER approach	-	-	-	500,000	1,000,000	1,900,000	1,850,000	<b>5,250,000</b>
Farm diversification and business development	-	-	-	2,000,000	5,000,000	4,000,000	4,000,000	<b>15,000,000</b>
Technical Assistance	-	-	-	1,000,000	1,450,000	1,000,000	1,000,000	<b>4,450,000</b>
<b>Total</b>	<b>-</b>	<b>15,000,000</b>	<b>20,000,000</b>	<b>25,000,000</b>	<b>30,000,000</b>	<b>4,000,000</b>	<b>45,000,000</b>	<b>175,000,000</b>

Source: IPARD II Programme

In accordance with the Second modification to the IPARD II Programme, the percentage allocation of EU contribution for Measure 7 and Measure 9 is zero (0), while for Measure 3 it amounts to 49.77% (Table 17).

**Table 17: EU contribution by measure 2014-2020 after the Second Modification of the IPARD II Programme (%)**

Measure	EU Contribution						
	2014	2015	2016	2017	2018	2019	2020
Investments in physical assets of agricultural holdings	-	50.23	49.50	42.49	37.33	42.51	43.96
Investments in physical assets concerning processing and marketing of agricultural and fishery products	-	49.77	50.50	34.76	30.54	34.78	35.96
Agri-environment-climate and organic farming measure	-	-	-	8.75	7.29	5.47	4.86
Implementation of Local Development Strategies - LEADER approach	-	-	-	2.00	3.33	4.75	4.11
Farm diversification and business development	-	-	-	8.00	16.67	10.00	8.89
Technical Assistance	-	-	-	4.00	4.83	2.50	2.22
<b>Total</b>	<b>-</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: IPARD II Programme

The current financial plan for the reporting period relating to the financial year 2020 for the purpose of preparing this Report is shown in Table 9 in Chapter 3.

**Note:** The second financial modification was approved within the Fourth modification of the IPARD II Programme at the Seventh session of the IPARD II Monitoring Committee held on 30<sup>th</sup> October 2020, as well as by the EC Decision No. C (2021) 2585 of 9<sup>th</sup> April 2021. The financial plan based on the Fourth modification to the IPARD II Programme will be the basis for the analysis of the IPARD budget implementation within the AIR 2021.

Cumulative data on the IPARD II Programme implementation indicate that, by the end of 2020 within nine published calls (five for Measure 1, three for Measure 3 and one for Measure 7) a total of 1,748 applications were submitted (1,235 for Measure 1, 311 for Measure 7 and 202 for Measure 3) with the total requested public support in the amount of EUR 216.5 m: EUR 116.2 m for Measure 1, EUR 54.5 m for Measure 3 and EUR 45.9 m for Measure 7 (Table 18).

**Table 18: Overview of submitted, approved and paid applications per measure and call**

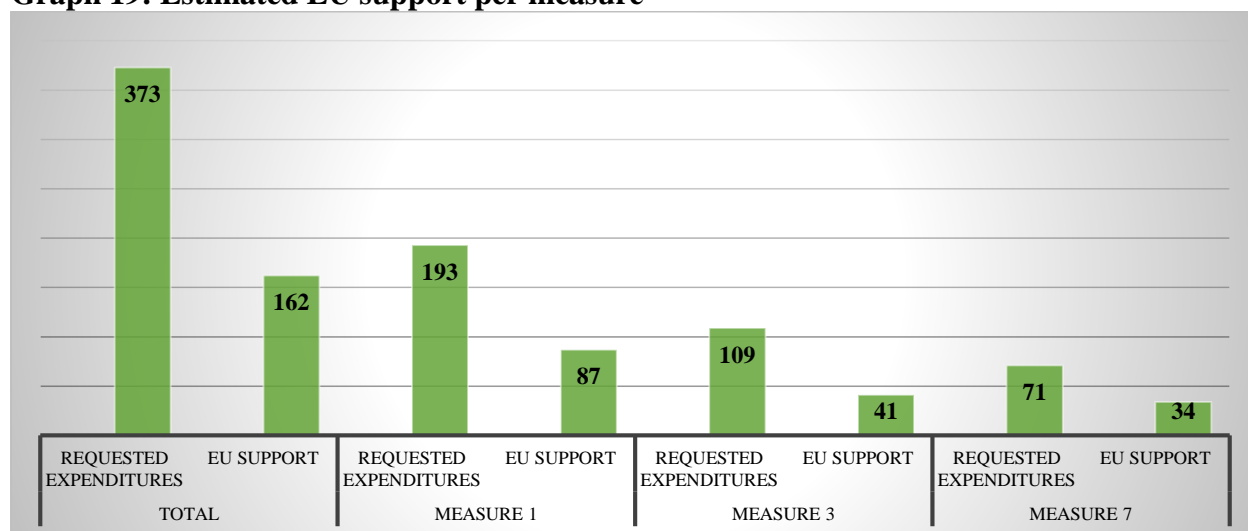
IPARD II Measure	Call	Submitted applications			Decisions on the approval of applications/amendments in force			Paid applications		
		Number of applications	Total Public Support (EUR)	EU Support	Number of applications	Total Public Support (EUR)	EU Support	Number of applications	Total Public Support (EUR)	EU Support
Measure 1	1	85	7,209,545	5,407,159	42	3,784,815	2,838,611	32	2,801,390	2,101,042
Measure 1	2	393	11,456,265	8,592,199	171	4,776,414	3,582,310	128	3,833,069	2,874,802
Measure 1	3	151	41,038,915	30,779,186	59	10,457,768	7,843,326	22	1,859,740	1,394,805
Measure 1	4	437	15,420,763	11,565,572	237	8,806,107	6,604,580	9	367,031	275,273
Measure 1	5	169	41,030,036	30,772,527	17	1,252,742	939,556	0	0	0

## Annual Implementation Report on IPARD Programme for 2020

Total Measure 1		1,235	116,155,524	87,116,643	526	29,077,845	21,808,384	191	8,861,230	6,645,923
Measure 3	1	26	4,964,531	3,723,399	15	2,233,014	1,674,761	12	1,693,447	1,270,085
Measure 3	2	81	20,684,660	15,513,495	42	13,694,699	10,271,024	14	2,365,202	1,773,902
Measure 3	3	95	28,856,330	21,642,248	0	0	0	0	0	0
Total Measure 3		202	54,505,522	40,879,142	57	15,927,713	11,945,784	26	4,058,649	3,043,987
Measure 7	1	311	45,887,565	34,415,674	0	0	0	0	0	0
Total Measure 7		311	45,887,565	34,415,674	0	0	0	0	0	0
Total M1+M3+M7		1,748	216,548,611	162,411,459	583	45,005,558	33,754,169	217	12,919,879	9,689,909

Total requested EU support up until 31<sup>st</sup> December 2020 amounts to EUR 162.4 m, of which 53.6% refers to Measure 1 (EUR 87.1 m), 25.2% to Measure 3 and 21.2% to Measure 7. Observed per call, the largest amount of requested EU support refers to the Third and Fifth call for Measure 1 (EUR 30.8 m), and the lowest amount of support is within the First call for Measure 1 and Measure 3. Compared to AIR 2019, the total number of submitted applications increased by 49% and the requested EU support by 115%.

**Graph 19: Estimated EU support per measure**



By the end of 2020, in the process of processing the submitted applications, a total of 394 applications (22.5%) were rejected and withdrawn, with the amount of estimated EU support of EUR 31 m: 19% of the estimated total requested EU support (Table 18). Of the stated number of applications, 232 were rejected by a decision (58.9%), while 162 applications (41.1%) were withdrawn. Observed per measure, the largest number of applications was rejected or withdrawn under Measure 1: 84.5% in relation to the total number of rejected and withdrawn applications, i.e. 27% in relation to the total number of submitted applications under this Measure. Under Measure 3, out of the total number of submitted applications, 30% of applications were rejected or withdrawn.

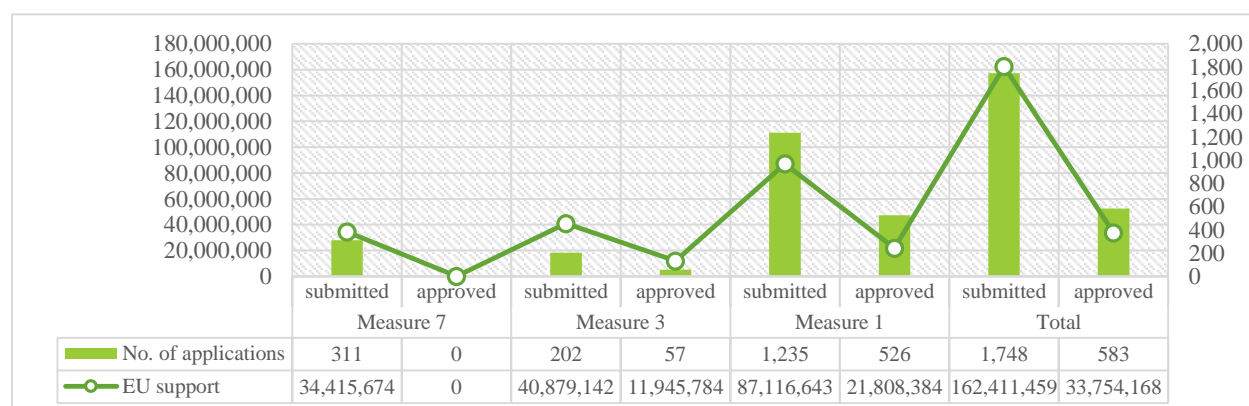
**Table 19: Financial overview of the IPARD II Programme implementation per measure (EUR)**

Measure	Approved projects		Rejected or suspended projects		Paid projects		EU Support (%)		
	Number	EU Support	Number	EU Support	Number	EU Support	Approved/ Requested	Paid/ Requested	Paid/ Approved
Measure1	526	21,808,384	333	22,956,977	191	6,645,923	25.0	7.6	3..5
Measure3	57	7,125,573	61	8,093,093	26	3,043,987	17.4	7.4	4.,7
Measure7	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>583</b>	<b>33,754,168</b>	<b>394</b>	<b>31,050,070</b>	<b>217</b>	<b>9,689,909</b>	<b>22.4</b>	<b>6.4</b>	<b>28.7</b>

An indicator of the share of total approved EU support in the total requested EU support (22.4%) increased slightly compared to AIR 2019, the share of paid in relation to requested EU support (6.4%) remained unchanged compared to the previous annual reporting, while the share of paid support in relation to the approved EU support (28.7%) decreased in the analysed period. A more detailed analysis of the above-mentioned data generally indicates an increase in the share of approved support in relation to the requested EU support for Measure 1, as well as that of paid support in relation to the requested and approved EU support for Measure 3, and a decrease in the percentage share of approved support in relation to the requested EU support for Measure 3, as well as that of paid support compared to requested and approved EU support for Measure 1 in relation to the previous annual reporting.

## 6.1 Contracted projects

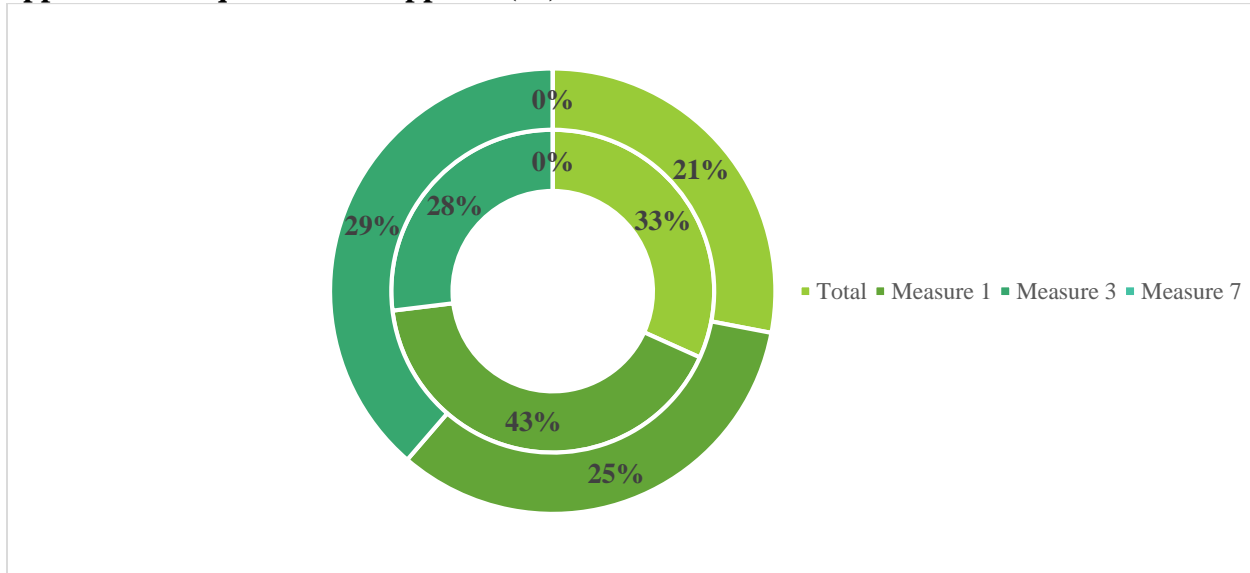
In 2020, 583 decisions on project approval for IPARD support were adopted (EUR 33.8 m), which represents an increase in the number of approved applications compared to AIR 2019 for 340 applications (an increase of 122%) and for EUR 20.3 m of approved EU support. The average amount of total approved EU support per application, as of 31<sup>st</sup> December 2020, amounted to EUR 57,897 (slight increase compared to AIR 2019). For Measure 1 in the reporting period, 297 applications were approved (EUR 18.6 m of EU support) - an increase compared to AIR 2019, while 23 decisions on project approval were adopted for Measure 3 (EUR 6.4 m of EU support) - a reduction compared to AIR 2019.

**Graph 20: Approved applications and EU support in relation to submitted applications/requested EU support (EUR)**



In relation to the total number of submitted applications and the estimated total EU support, up until 31<sup>st</sup> December 2020, 33.4% of applications and 20.8% of EU support was approved (Graph 20). The largest number of approved applications refers to Measure 1 (526), while 57 applications were approved under Measure 3. At the same time, the largest share of approved applications in the total number of submitted applications is under Measure 1 (42.6%), while Measure 3 achieves a higher share in approved support (29.2%) compared to share in submitted applications: 28.2% (Graph 21).

**Graph 21: Share of approved applications and EU support in relation to submitted applications/requested EU support\* (%)**



\*Outer ring: the share of approved in the total requested EU support;  
Inner ring: the share of approved in the total number of submitted applications

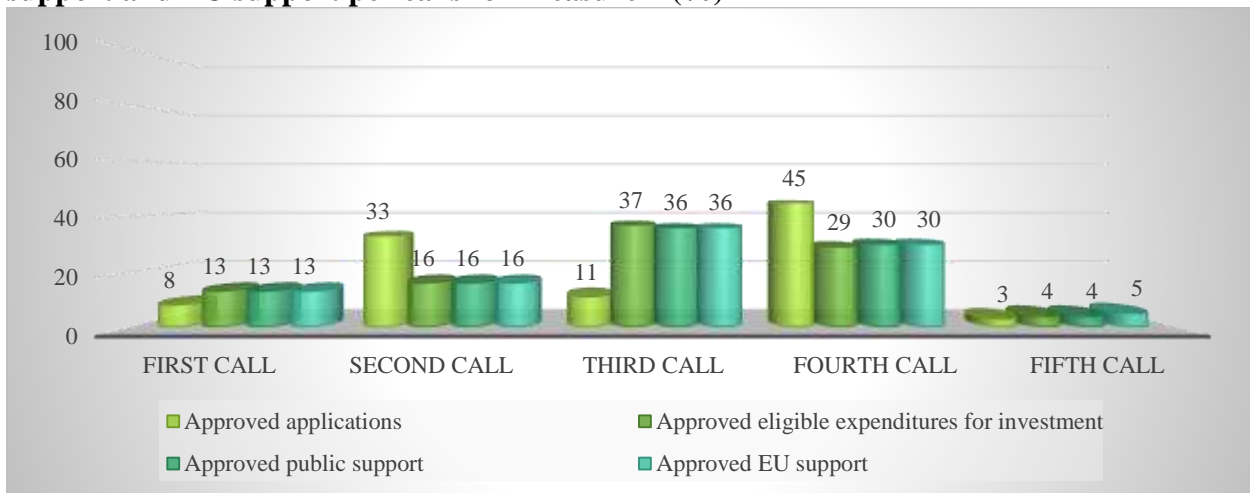
### Measure 1

The IPARD Agency adopted 526 decisions on project approval out of the total number of submitted applications under Measure 1: 42.6%, which represents a significant increase in the number of approved applications compared to AIR 2019, by 21.1 percentage points, with total approved eligible expenditures for investment in the amount of EUR 46.6 m (increase by 29.8 percentage points) and the amount of approved total public support of EUR 29.1 m, of which EU contribution is EUR 21.8 m (an increase of 13.9 percentage points). Compared to the previous annual reporting, the following dynamics of significant increase of individual indicators was achieved: 130% for approved applications and 177% for approved total public support and for approved EU support. The average amount of approved EU support per application up until 31<sup>st</sup> December 2020, amounted to EUR 41,461. According to the years of Programme implementation, in 2020, the largest number of decisions on project approval has been adopted (297), i.e. 56.5% of the total number of approved IPARD projects (Annex 2: Table 2).

**Observed per Call**, in relation to 2019, there have been significant changes. By far the largest number of approved applications was realized in the Fourth Call (237 applications, i.e. 45% of the total approved projects), while at the same time the largest amount of approved EU support was realized within the Third Call (EUR 7.8 m, i.e. 36% of total approved EU support). Accordingly, the average amount of approved EU support per application is at a significantly higher level when

it comes to the Third Call (EUR 132,938) compared to the Fourth Call (EUR 27,867), which is understandable given that the subject of the investment in the Fourth Call is the procurement of tractors, while the Third Call, in addition to the procurement of equipment and machinery, also includes the construction and equipping of facilities. This call recorded a significantly lower average value of the investment per approved application (EUR 44,067) compared to the First Call (EUR 148,433) and the Fourth Call (EUR 153,615) (Graph 22).

**Graph 22: Share of approved applications, eligible expenditures for investment, public support and EU support per calls for Measure 1 (%)**



Within the *First Call*, **42** decisions on project approval were adopted, which is 8% of the total number of approved applications for Measure 1 and 49% of the total number of submitted applications under this Call. Approved eligible expenditures for investment under this Call amounted to EUR 6.2 m, which represents 13% of the total amount of approved eligible expenditures for Measure 1 and 52% of the total requested expenditures under this Call. Approved EU support amounted to EUR 2.8 m, which is 13% of the total approved public support for Measure 1. This call for Measure 1 is closed in regard to paid applications. No payment request was submitted for ten approved projects. Ex-post control will be carried out within a period of five years from the moment of payment.

Within the *Second Call*, **171** decisions on project approval were adopted, which make 33% of the total number of approved applications for Measure 1 and 44% of the total number of submitted applications under this Call. The approved eligible expenditures under this call amounted to EUR 7.5 m, which represents 16% of the total amount of approved eligible expenditures for Measure 1 and 39% of the total requested expenditures under this Call. The total approved EU support amounted to EUR 3.6 m, which is 16% of the total approved EU support for Measure 1.

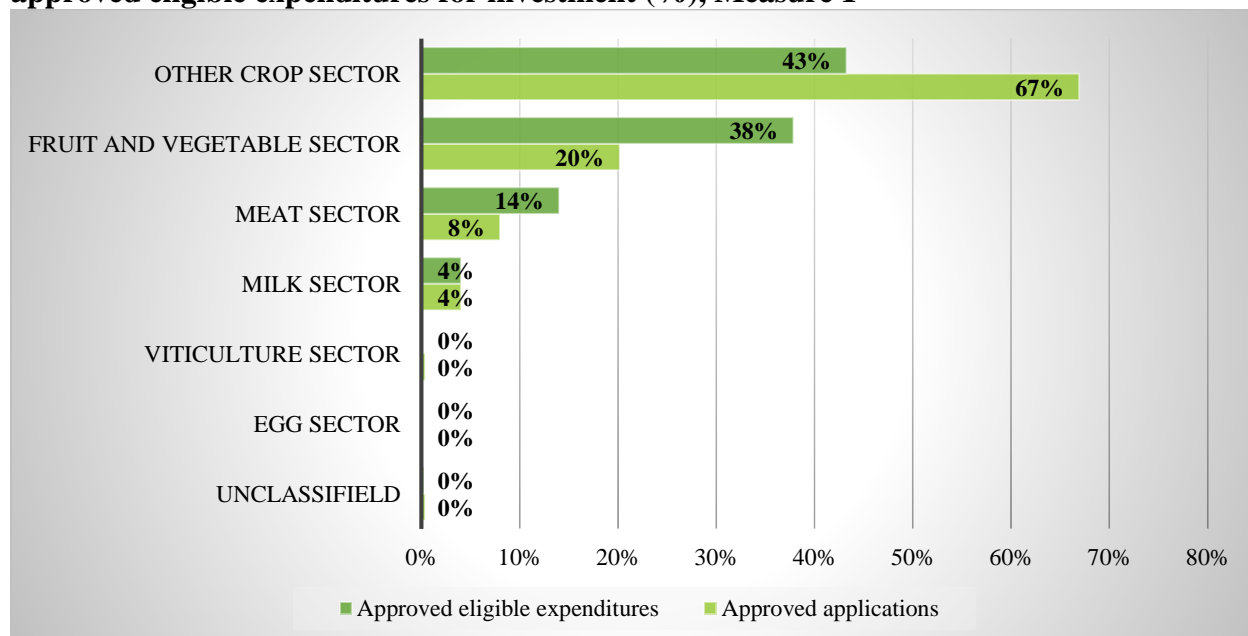
Within the *Third Call*, **59** decisions on project approval were adopted, which makes 11% of the total number of approved applications for Measure 1 and 39% of the total number of submitted applications under this Call. The approved eligible expenditures for investment under this Call amounted to EUR 17.3 m, which represents 36% of the total amount of approved eligible expenditures for Measure 1 and 25% of the total requested expenditures under this Call. The total approved EU support amounted to EUR 7.8 m, which is 36% of the total approved EU support for Measure 1.

Within the *Fourth Call*, **237** decisions on project approval were adopted, which amounts to 45% of the total number of approved applications for Measure 1 and 54% of the total number of submitted applications under this Call. Approved eligible expenditures for investment under this Call amounted to EUR 13.7 m, which represents 29% of the total amount of approved eligible expenditures for Measure 1 and 53% of the total requested expenditures under this Call. The total approved EU support amounted to EUR 6.6 m, which is 30% of the total approved EU support for Measure 1.

Within the *Fifth Call*, **17** decisions on project approval were adopted, which makes 3% of the total number of approved applications for Measure 1 and 10% of the total number of submitted applications under this Call. The approved eligible expenditures under this Call amounted to EUR 2.0 m, which is 4% of the total amount of approved eligible expenditures for Measure 1 and 3% of the total requested expenditures under this Call. The total approved EU support amounted to EUR 0.9 m, which is 5% of the total approved EU support for Measure 1 (Annex 2: Table 1).

Observed **by sector**, the largest share, both in the total number of approved applications and share in the number of total approved eligible expenditures for investment under Measure 1 is realized by the Other Crops sector (352 approved applications, 67% share and EUR 12 m, 43% share). The Fruit and Vegetable sector has a higher share in the total number of approved eligible expenditures under Measure 1 compared to the share in the total approved applications (38% and 20%, respectively), which is presented on Graph 23. During the reporting period, no decision for project approval was adopted in the Egg Sector, although seven applications have been submitted within this Sector.

**Graph 23: Share of sectors in total number of approved applications and the amount of approved eligible expenditures for investment (%), Measure 1**



By far the largest number of submitted and approved applications in the Other Crops sector refers to the Cereals Subsector (86% of approved applications), and in the Fruit and Vegetable sector, the Fruit Subsector (85%). Within the Meat sector, from the point of view of approved applications, the Subsector of Pigs and the Subsector of Cattle achieve almost equal share (joint participation in

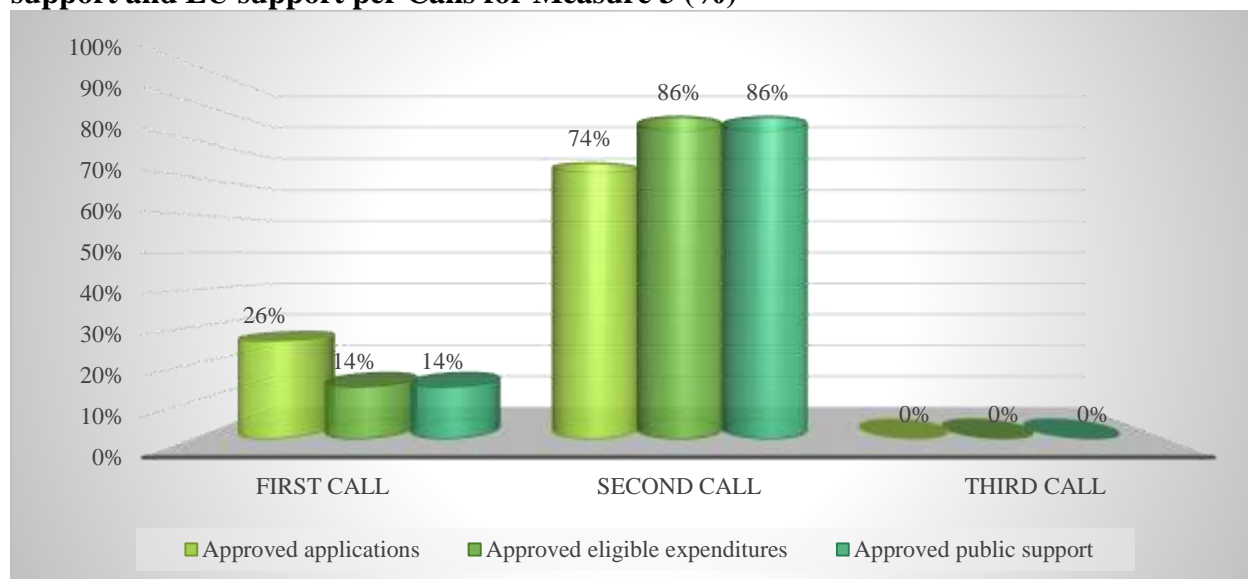
the total number of approved applications is at the level of approx. 78%). In the Dairy Sector, 23 applications for dairy cattle breeding were approved. A similar analogy of the share of the mentioned sub-sectors is followed by the “Approved public support” indicator. The Fruit and Vegetable sector and the Meat sector achieved a higher share in the total eligible expenditures for investment in relation to the share in the total number of approved applications under Measure 1. The Other Crops sector and the Viticulture sector achieved a higher share in the total number of approved applications in relation to share in the total approved eligible expenditures for investment. The dairy sector, up until 31<sup>st</sup> December 2020, achieved an equal share in both the total approved applications for Measure 1 and the total approved eligible expenditures for investment (Graph 23). The average value of the investment per approved application is the highest in the Fruit and Vegetable sector and the Meat sector (approx. EUR 99 thousand), and it is at least twice as high as in the other sectors.

According to the *type of investment*, the largest number of approved applications (501 applications) referred to equipment, machinery and mechanisation (including tractors), while other approved applications referred to investments in construction and the equipping of facilities (23 applications). Also, the largest amount of eligible expenditures for investment (78%) was approved for the purchase of new equipment, machinery and mechanisation (EUR 21.7 m), while for the construction and equipping of facilities, the amount of EUR 6.0 m (22%) was approved. With 408 approved applications (an increase compared to AIR 2019 by 242 approved applications), tractor procurement is the dominant type of investment in all sectors: EUR 12.6 m of eligible expenditures for investment have been approved (an increase compared to the previous annual report by EUR 8.2 m), followed by collection, sorting, packaging and storage equipment in the Fruit and Vegetable sector with 25 approved applications (EUR 3.8 m of approved eligible expenditures). The average amount of approved eligible expenditures for an investment per application for a tractor is EUR 30,983, and when it comes to the collection, sorting, packaging and storage equipment the amount was EUR 153,660.

### Measure 3

Regarding Measure 3, 57 decisions on project approval were adopted (28% of the total number of submitted applications under this Measure), with approved eligible expenditures for investment in the amount of EUR 31.9 m and total public support of EUR 15.9 m, of which the EU contribution is EUR 11.9 m. This represents a significant increase compared to the previous report, by 23 approved applications, i.e. by 68%, by EUR 13 m for approved eligible expenditures, i.e. 69% and by EUR 6.4 m for approved public support, i.e. by 67%. Within Measure 3, the average amount of approved EU support per application was EUR 209,575, which is five times higher compared to this indicator for Measure 1. Observed per year of programme implementation, in 2020, there was a smaller number of decisions on project approval (23) compared to 2019 (34), which represents 40.4% of the total number of approved IPARD projects (Annex 2: Table 3).

Observed per **call**, by far the largest number of approved applications was realized in the Second Call (42 applications, i.e. 74% of the total approved projects), with, in the same time, the largest amount of approved EU support (EUR 10.3 m, which represents 87% of the total approved EU support under this Measure). The average amount of approved EU support per application is at a significantly higher level under the Second Call (EUR 244,548) compared to the First Call (EUR 111,651), which is understandable considering that Second Call included investments in the construction and equipping of facilities in addition to procurement of equipment (Graph 24).

**Graph 24: Share of approved applications, eligible expenditures for investment, public support and EU support per Calls for Measure 3 (%)**

Within the *First Call*, **15** decisions on project approval were adopted, which makes 26% of the total number of approved applications for Measure 3 and 58% of the total number of submitted applications under this call. Approved eligible expenditures for investment under this call amounted to EUR 4.5 m, which represents 14% of the total amount of approved eligible expenditures for Measure 3 and 46% of the total requested expenditures under this call. Approved EU support amounted to EUR 1.8 m, which is 15% of the total approved public support for Measure 3. This call for Measure 3 is closed when it comes to paid applications. Out of the total number of approved projects within this call, for three projects no application for payment was submitted. Ex-post control will be carried out for a period of five years since the moment of payment.

Within the *Second Call*, **42** decisions on project approval were adopted, which makes 74% of the total number of approved applications for Measure 3 and 52% of the total number of submitted applications under this call. Approved eligible expenditures for investment under this call amounted to EUR 27.4 m, which represents 86% of the total amount of approved eligible expenditures for Measure 3 and 66% of the total requested expenditures under this call. The total approved EU support amounted to EUR 10.3 m, which is 86% of the total approved EU support for Measure 3.

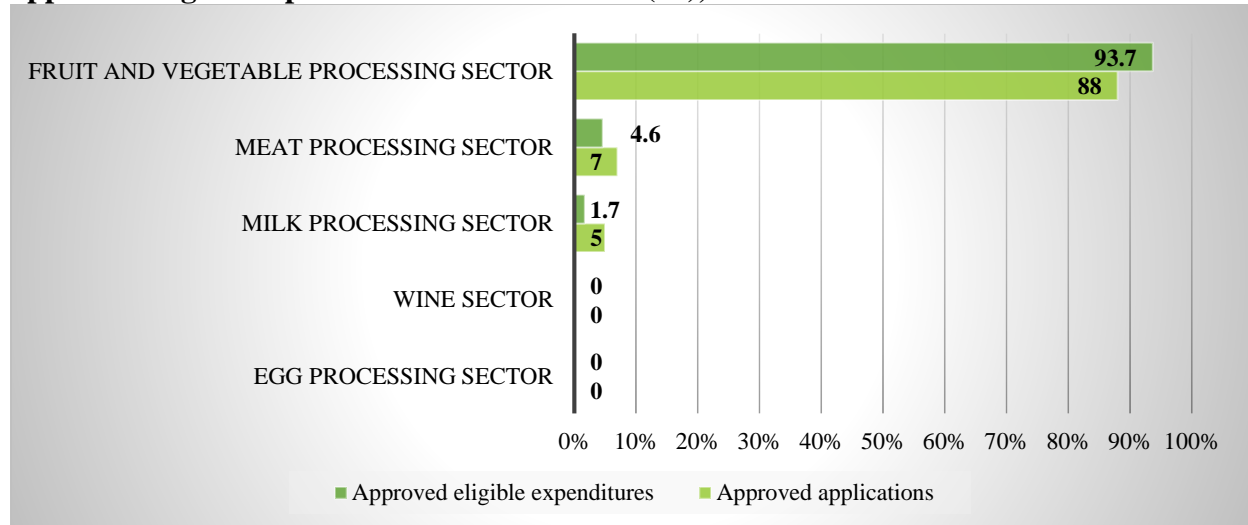
Within the *Third Call*, up until 31<sup>st</sup> December 2020, there were no approved application submitted by potential recipients of support.

**Observed per sector**, the largest share under Measure 3, both in the total number of approved applications and in the total approved eligible expenditures for investment, is realized by the Fruit and Vegetable processing sector (50 approved applications, i.e. 88% and EUR 14.6 m, i.e. 94%). The Fruit and Vegetable processing sector has a higher share in the number of total approved eligible expenditures under Measure 3 compared to the share in the total approved applications (93.7% and 88%, respectively), which is presented on Graph 25. The Milk processing sector and the Meat processing sector achieved a significantly lower share in the total number of approved applications under Measure 3, while within the Egg processing sector and the Wine sector no



decision on project approval was adopted, bearing in mind that within the Wine sector, 23 applications for project approval were submitted and in the Egg processing sector there were no submitted applications by potential recipients.

**Graph 25: Share of sectors in total number of approved applications and the amount of approved eligible expenditures for investment (%), Measure 3**



In the Fruit and Vegetable processing sector, the largest number of approved applications is in relation to investments in fruit and vegetable processing equipment (26 applications, i.e. 52% of approved applications), while for the construction and reconstruction of fruit and vegetable processing facilities 17 applications were approved, i.e. 34%. In the Meat processing sector, investments for pork processing and investments in slaughterhouses took an equal share in the total number of approved applications. When it comes to the Milk processing sector, the largest number of approved applications refers to investments in dairy, as well as wastewater treatment. The average value of investment per approved application is the highest in the Fruit and Vegetable processing sector (EUR 291,902), followed by the Meat processing sector (EUR 179,570), while the lowest was realized within the Milk processing sector (EUR 87,258).

Observed per *type of investment*, the largest number of approved applications under Measure 3 related to the modernisation of processing and packaging equipment (28 approved applications), as well as investments for the construction/reconstruction and modernisation of processing facilities (18 approved applications) within the Fruits and Vegetables processing sector. By the end of 2020, the significantly lower number of approved applications referred to investments in the modernisation of meat processing enterprises, as well as investments in renewable energy production, Fruit and Vegetable processing sector (with three approved applications each).

The average amount of approved eligible expenditures for investments per application in the modernisation of processing and packaging equipment of fruit and vegetable processing is EUR 330,325 and for investments in the construction/reconstruction and modernisation of processing facilities of fruit and vegetable processing this indicator amounts to EUR 231,244. In the Meat processing sector, the average value of investments per approved application for investments in modernisation of meat processing enterprises is EUR 235,537 and compared to other sectors this derived indicator reaches the lowest average amount per approved application in the Milk processing sector for investments in modernization of dairy enterprises: EUR 86,650.

## Measure 7

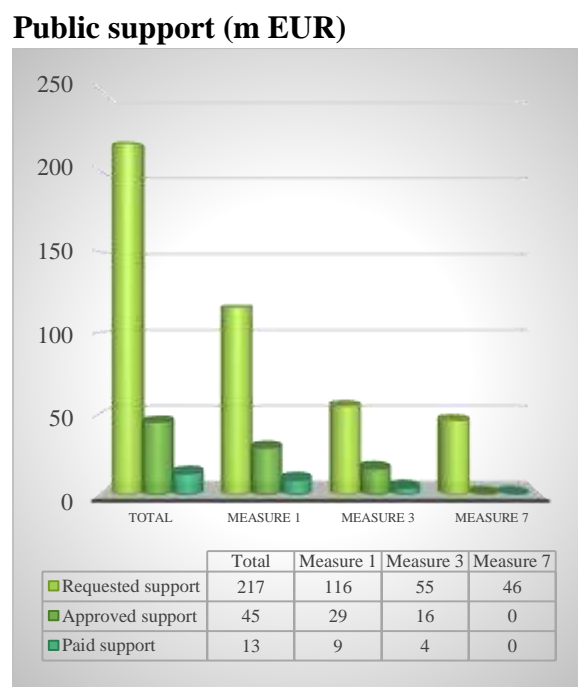
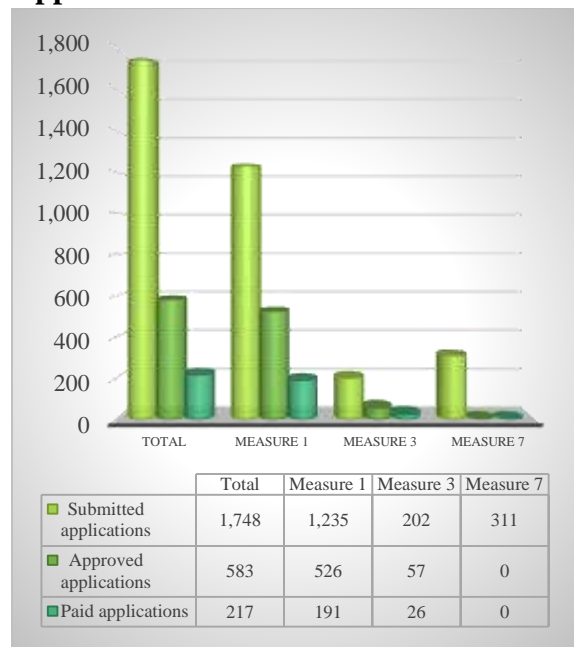
No projects were approved under Measure 7, up until 31<sup>st</sup> December 2020.

### 6.2 Completed projects

By the end of 2020, 217 decisions on the payment of IPARD support were adopted (EUR 9.7 m of paid EU support), which represents an increase in the number of paid applications compared to AIR 2019 by 72 adopted decisions on project payment, and by EUR 5.1 m of paid EU support. Of the total amount of paid EU support, EUR 6.5 m was paid from the 2016 allocation, while EUR 3.2 m was paid from the 2017 allocation. Observed per measure, within Measure 1 from the allocation for 2016, EUR 5.3 m was paid and from the allocation for 2017 EUR 1.3 m. When it comes to Measure 3, from the allocation for 2016, EUR 1.2 m was paid, while EUR 1.9 m was paid from the allocation for 2017. In 2020, approx. EUR 5.1 m of EU support (EUR 1.9 m from the 2016 allocation and EUR 3.2 m from the 2017 allocation) was paid.

The average amount of paid EU support per application with cut-off date 31<sup>st</sup> December 2020, amounted to EUR 44,654 (a significant increase compared to AIR 2019: by EUR 13,085 per paid application). Measure 3 achieves a significantly higher average amount of paid support per application (EUR 117,076) compared to this indicator for Measure 1 (EUR 34,795). In 2020, 46 applications (EUR 2.8 m of paid public support) were paid for Measure 1, which is a significant decrease compared to the number of paid applications in 2019 under this Measure (145), as well as in the amount of paid public support (EUR 6.1 m) and 23 applications were paid for Measure 3 (EUR 4.1 m of paid public support), which is a significant increase in terms of payment for Measure 3 compared to 2019.

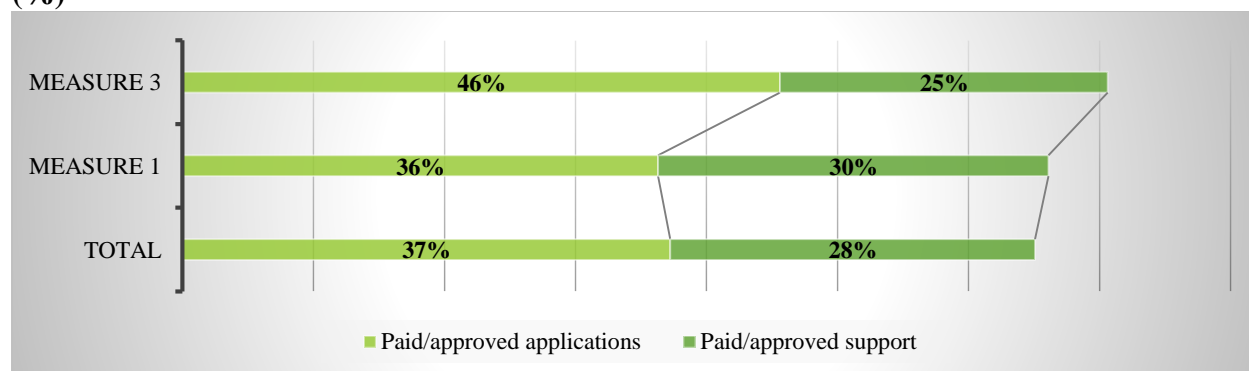
**Graph 26: Paid applications and EU support in relation to submitted/approved applications/public support**





In relation to the total number of submitted applications and estimated total support up until 31<sup>st</sup> December 2020, 12.4% of applications (217) and 6% of total support were paid: amounting to EUR 12.9 m (Graph 26). The largest number of paid applications refers to Measure 1 (191), while 26 applications were paid under Measure 3. At the same time, the largest share of paid applications in the total number of submitted applications within the measure refers to Measure 1 (15.5%), while Measure 3 has a share of paid in relation to submitted applications amounting to 12.9%. The share in the paid support in relation to the requested support is at approx. the same level for both measures: about 7.5% (Graph 26).

**Graph 27: Share of paid applications/support in relation to approved applications/support (%)**



Up until 31<sup>st</sup> December 2020, the number of paid applications (217) in the total number of approved applications (583) has a share of 37%, while the stated share in terms of paid/approved support has a significantly lower share (28%). Measure 3 compared to Measure 1 achieved a significantly higher share of paid in relation to approved applications (46%) and at the same time a lower share in terms of support: 25% (Graph 27). Under Measure 7, no applications were paid until the end of 2020.

**Observed per call**, the largest number of both the total paid applications and EU support referred to the Second Call under Measure 1 (for 128 applications, EU support in the amount of EUR 2.9 m was paid). When it comes to the structure of total payments **per sector** up until 31<sup>st</sup> December 2020, the largest number of applications was paid within the Other Crops sector (primarily within the Cereals Subsector) for Measure 1: EUR 3.2 m (48.5% of total payments by sectors), followed by Fruit and Vegetable processing sector under Measure 3 with a total payment of EUR 2.7 m. Regarding **type of investment**, the largest payment volume by the end of 2020 was for tractors within Measure 1: EUR 3.2 m (48.5% of the total payment according to the type of investment), followed by the type of investment related to the modernisation of processing and packing equipment of fruits and vegetables under Measure 3 (EUR 2.1 m).

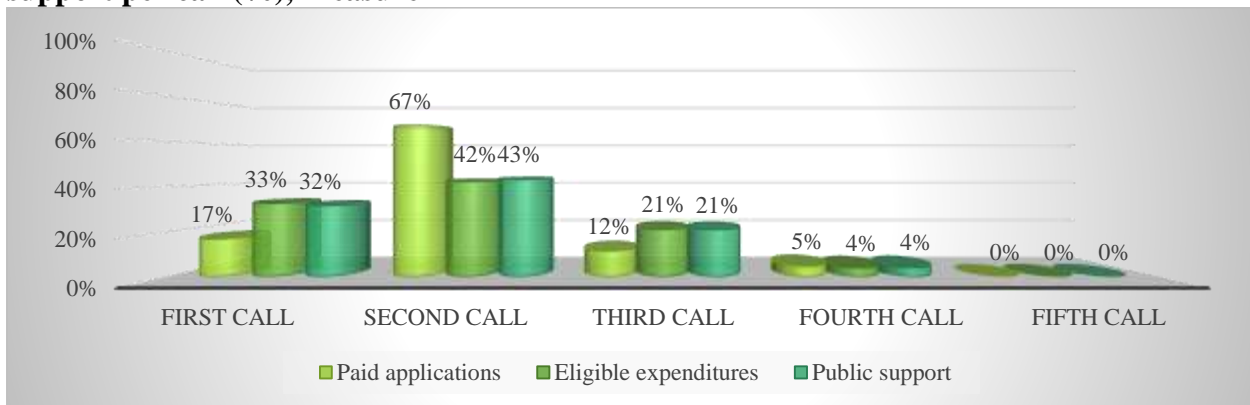
### Measure 1

Up until 31<sup>st</sup> December 2020, IA adopted a total of 191 decisions on project payment which is 15.5% in relation to the total number of submitted applications under Measure 1. The total amount of paid EU support was EUR 6.6 m. Observed per year of Programme implementation, the total number of paid applications under Measure 1 significantly decreased in 2020 compared to 2019 (45, i.e. 145 paid applications, respectively). The amount paid in 2020 is significantly lower compared to 2019 (EUR 2.7m compared to EUR 6.1 m). However, it should be noted here that in 2020, the largest number of decisions on project approval within this measure was adopted (297),

i.e. 56.5% of the total number of approved IPARD applications (Annex 2: Table 2). The average amount of paid EU support per application under Measure 1, up until 31<sup>st</sup> December 2020, amounted to EUR 34,795.

**Observed per call**, the largest number of both paid applications and paid EU support referred to the Second Call (128 applications, with paid support in the amount of EUR 2.9 m). Although this call is dominant viewed by total number of paid applications under Measure 1 (67%), the opposite is for the share in the total paid support (43%). At the same time, this implies a significantly lower average amount of paid support per application (EUR 22,459) within this call in relation to this indicator for other calls, according to the data up until 31<sup>st</sup> December 2020. The reason for this is the purchase of a tractor as a type of investment within this call.

**Graph 28: Share of paid applications, eligible expenditures for investment and paid public support per call (%), Measure 1**



Within the *First Call*, a total of 32 decisions on project payment were adopted, which make 17% of the total number of paid applications for Measure 1, 38% of the total number of submitted and 76% of approved applications within this call. Approved eligible expenditures for payment under this call amounted to EUR 4.6 m, which is 33% of the total amount of approved eligible expenditures to be paid under Measure 1, 38% of the total requested expenditures and 74% of the approved eligible expenditures for investment under this call. Approved EU support amounted to EUR 2.1 m, which represents 32% of the total paid EU support for Measure 1. This call for Measure 1 is closed from the point of view of paid applications. Ex-post control will be carried out within a period of five years from the moment of payment.

Within the *Second Call*, **128** decisions on project payment were adopted, which makes 67% of the total number of paid applications for Measure 1, 33% of the total number of submitted applications and 74.9% of approved applications within this call. Approved eligible expenditures for payment under this call amounted to EUR 5.9 m, which is 42% of the total amount of approved eligible expenditures for payment under Measure 1, 31% of the total requested expenditures and 79% of the approved eligible expenditures for investment within this call. The total approved EU support amounted to EUR 2.9 m, which is 44% of the total paid EU support for Measure 1.

Within the *Third Call*, **22** decisions on project payment were adopted, which makes 12% of the total number of paid applications for Measure 1, 15% of the total number of submitted applications and 37% of approved applications within this call. Approved eligible expenditures for payment under this call amounted to approx. EUR 3.0 m, which makes 21% of the total amount of paid eligible expenditures for Measure 1, 4% of the total requested expenditures and 18% of the

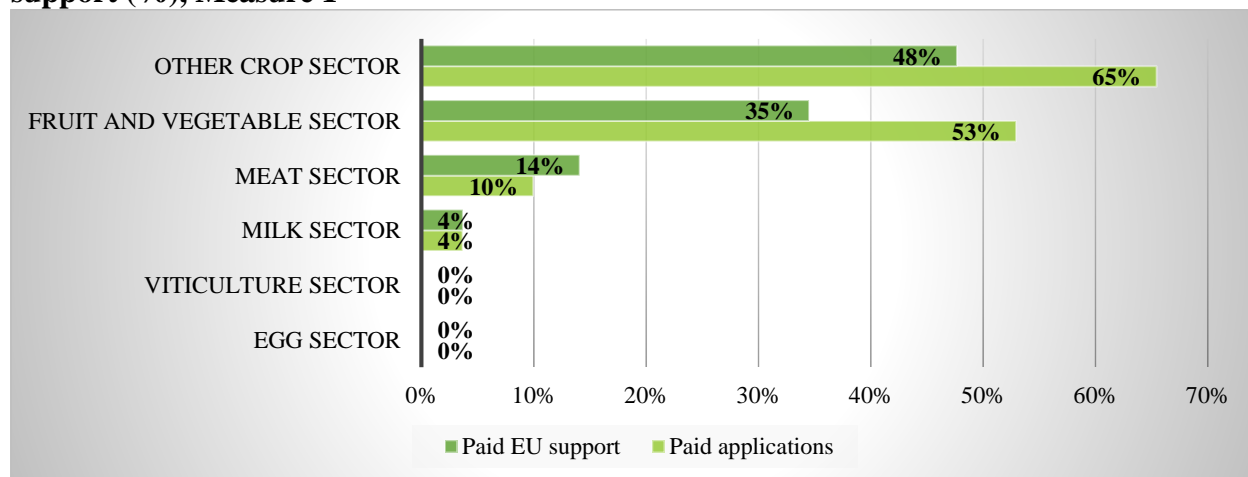
approved expenditures for investment under this call. The total approved EU support amounted to EUR 1.4 m, which is 21% of the total paid EU support for Measure 1.

Within the *Fourth Call*, 9 decisions on project payment were adopted, which makes 5% of the total number of paid applications for Measure 1, 2% of the total number of submitted applications, and 5% of approved applications within this call. The approved eligible expenditures for investment under this call amounted to EUR 563,831, which is 4% of the total amount of paid eligible expenditures for Measure 1, 2% of the total requested expenditures and 4% of the approved expenditures for investment under this call. The total paid EU support amounted to EUR 275,273, which is 4% of the total paid EU support for Measure 1.

Within the Fifth Call for Measure 1 up until 31<sup>st</sup> December 2020, there were no project payments (Annex 2: Table 1).

Observed **per sector**, the largest share, both in the total number of paid applications and the share in the total paid EU support under Measure 1 is achieved by the Other Crops sector (125 paid applications, share of 65% and EUR 3.2 m, share of 48%). The Fruit and Vegetable sector has a higher share in the total paid EU support under Measure 1 compared to the share in the total paid applications (35% and 21% respectively), which is presented in Graph 29. The dairy sector has seven applications payments up until 31<sup>st</sup> December 2020. In the reported period, no decision on project payment was adopted in the Egg sector, although seven applications were submitted within this Sector, as well as in the Viticulture sector where 16 applications were submitted and two projects were approved.

**Graph 29: Share of sectors in total number of paid applications and the amount of paid EU support (%), Measure 1**



By far the largest number of submitted and approved applications in the Other Crops sector refers to the Subsector of Cereals (107, i.e. 86% of paid applications), and in the Fruit and Vegetable sector, the Subsector of fruits (36, i.e. 90%). Within the Meat sector, when it comes to paid applications, the Subsector of Pigs and the Subsector of Cattle have almost equal participation (eight paid applications each, with a 42% share in the total number of paid applications). In the Milk sector, seven applications for dairy cows have been paid. A similar analogy of the participation of the mentioned subsectors is followed by the “Paid EU support” indicator. The Fruit and Vegetable sector and the Meat sector achieved a higher share in the total paid support in relation to the share in the total number of paid applications under Measure 1. The Other Crops

sector achieved a higher share in the total number of paid applications in relation to the share in the total paid support. The Milk sector achieved an equal share in both the total paid applications for Measure 1 and the total paid support (Graph 29). The average amount of paid support per application is the highest in the Fruit and Vegetable sector (EUR 57,360) and the Meat sector (EUR 49,319), in the Milk sector it reached EUR 35,095, and it was the lowest in the Other Crops Sector: EUR 25,350, given that the largest number of payments within this sector refers to tractors in the Cereals Subsector.

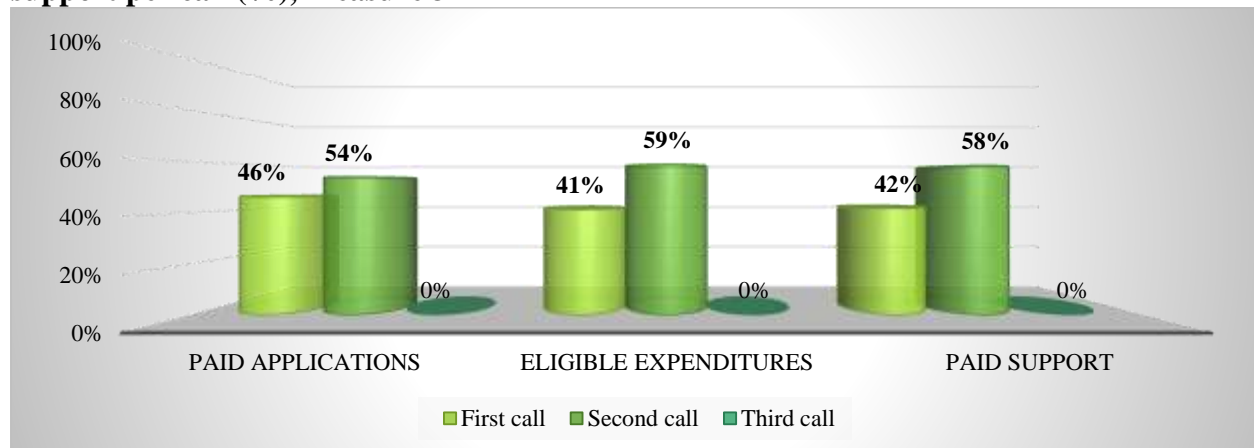
Observed by the **type of investment**, the largest number of paid applications (190) referred to equipment, machinery and mechanisation (including tractors), while one paid application referred to investments in the construction and equipping of facilities within the Meat sector. With 137 paid applications, the purchase of tractors is the dominant type of investment in all sectors: EUR 3.2 m of paid EU support, followed by equipment for harvesting, sorting, packaging and storage within the Fruit and Vegetable Sector with 18 paid applications (EUR 1.7 m of paid support). The average amount of paid EU support per application for a tractor was EUR 22,993, and when it comes to equipment for harvesting, sorting, packaging and storage the amount was EUR 93,192.

### Measure 3

When it comes to Measure 3, 26 decisions on the payment of projects were adopted (13% of the total number of submitted applications and 46% of approved applications within this Measure), with paid EU support in the amount of EUR 3.0 m. This is a progress compared to the previous annual reporting, as no payments under Measure 3 were recorded in the previous AIR. The average amount of EU support paid under Measure 3 was EUR 117,076, which is three times the average amount of EU support paid compared to this indicator for Measure 1. In 2020, 23 applications with public support in the amount of EUR 4.1 m were paid (Annex 2: Table 3).

Observed **per call**, a larger number of paid applications was realized in the Second Call (14 applications, i.e. 54% of the total approved applications), with the amount of paid EU support of approx. EUR 5.0 m, which represents 58% of the total paid EU support under this Measure. At the same time, the average amount of paid EU support per application was at a higher level under the Second Call (EUR 126,707) compared to the First Call (EUR 105,840), which is understandable given that the Second Call, in addition to the procurement of equipment, included investments in construction and the equipping of facilities (Graph 30).

**Graph 30: Share of paid applications, eligible expenditures for investment and paid EU support per call (%), Measure 3**



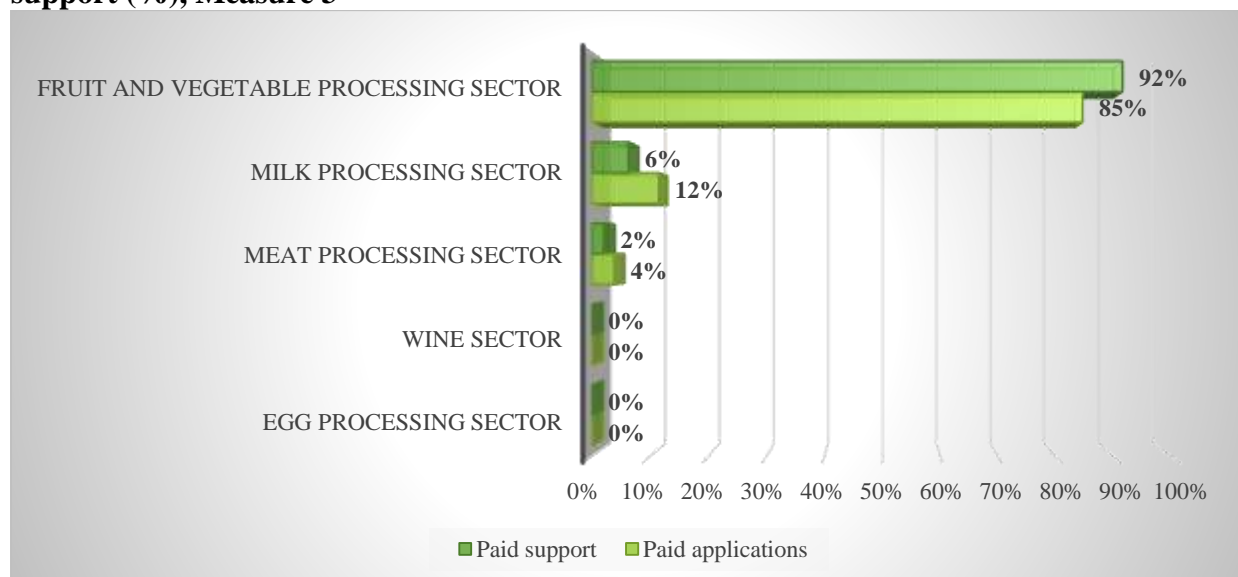
Within the *First Call*, **12** decisions on project payment were adopted, which makes 46% of the total number of paid applications for Measure 3, 46% of the total number of submitted applications and 80% of approved applications within this call. Approved eligible expenditures for payment under this call amounted to EUR 3.5 m, which is 41% of the total amount of approved eligible expenditures for payment under Measure 3, 35% of the total requested expenditures and 78% of approved eligible expenditures for investment under this call. The paid EU support amounted to EUR 1.3 m, which is 42% of the total paid support for Measure 3. This call for Measure 3 is closed when it comes to paid applications. Out of the total number of approved applications within this call, for three applications there were no application for payment submitted. Ex-post control will be carried out for a period of five years from the moment of payment.

Within the *Second Call*, **14** decisions on project payment were adopted, which makes 54% of the total number of paid applications for Measure 3, 17% of the total number of submitted applications and 33% of approved applications within this call. Approved eligible expenditures for payment under this call amounted to EUR 5.0 m, which is 59% of the total amount of approved eligible expenditures for payment under Measure 3, 12% of the total requested expenditures and 18% of the approved eligible expenditures within this call. The total paid EU support amounted to EUR 1.8 m, which makes 58% of the total paid support for Measure 3.

Within the *Third Call* for Measure 3, up until 31<sup>st</sup> December 2020 there were no project payments (Annex 2: Table 1).

Observed **per sector**, unlike in the case of Measure 1, the dominant share within Measure 3, both in the total number of paid applications and share in the total paid EU support, was achieved by the Fruit and Vegetable processing sector (22 paid applications, share of 85% and EUR 2.9 m, share of 92%). The Milk processing sector and the Meat processing sector have a higher share in the total paid applications compared to the share in the total paid support under Measure 3, while within the Wine sector and Egg processing sector there were no paid applications until the end of 2020, noting that 23 applications were submitted within the Wine sector and no application was submitted in the Egg processing sector (Graph 31).

**Graph 31: Share of sectors in total number of paid applications and the amount of paid EU support (%), Measure 3**



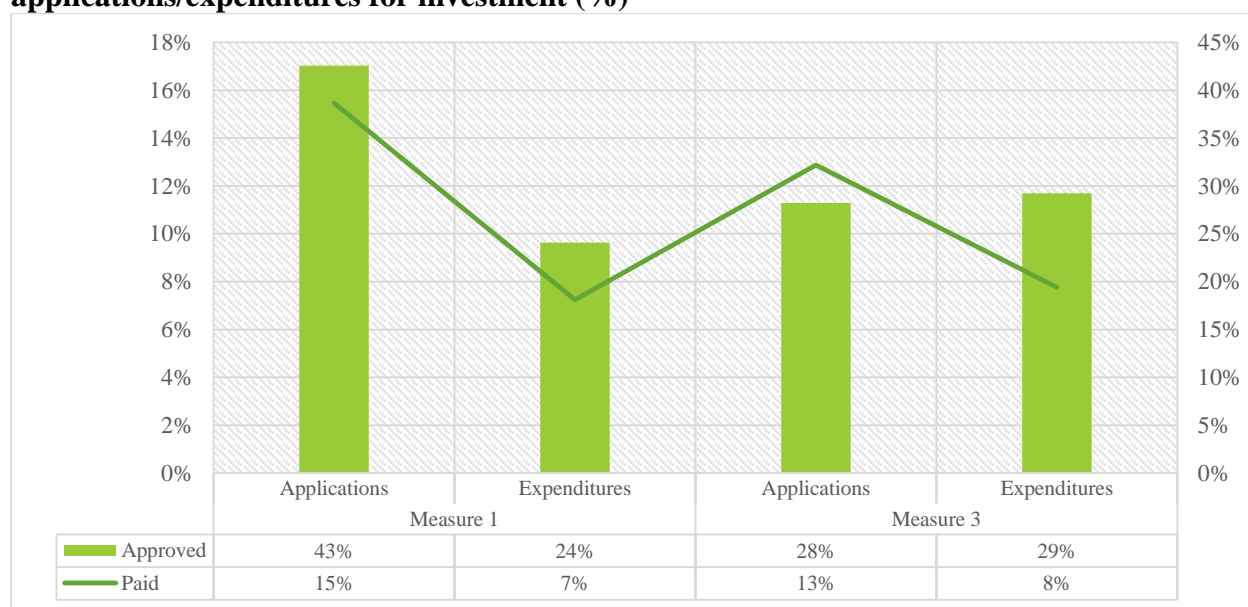


Observed **per sectors**, the Fruit and Vegetable processing sector is dominant with the largest number of paid applications (22 applications, i.e. 85%) and the total paid EU support in the amount of EUR 2.8 m (92%). The average amount of paid support per application was also the highest in the Fruit and Vegetable processing sector (EUR 126,453), while in the Meat processing sector and the Milk processing sector the average amount of paid support per application was EUR 67,688 or EUR 64,778 respectively.

The dominant **type of investment** in regard to paid applications under Measure 3 refers to the modernisation of processing and packaging equipment in the Fruit and Vegetable processing sector, with a total of 22 paid applications in the amount of EUR 2.8 m. For investments in the modernisation of dairy, two applications in amount of EUR 0.1 m were paid, and one application each for: construction/reconstruction and modernisation of fruit and vegetable processing facilities, the modernisation of meat processing enterprises, as well as investments for waste water/waste from the production in the Milk processing sector.

The average amount of paid EU support per application for investments in the modernisation of processing and packaging equipment in the Fruit and Vegetable processing sector is EUR 126,453 and is twice higher than this indicator within the Meat processing sector and the Milk processing sector.

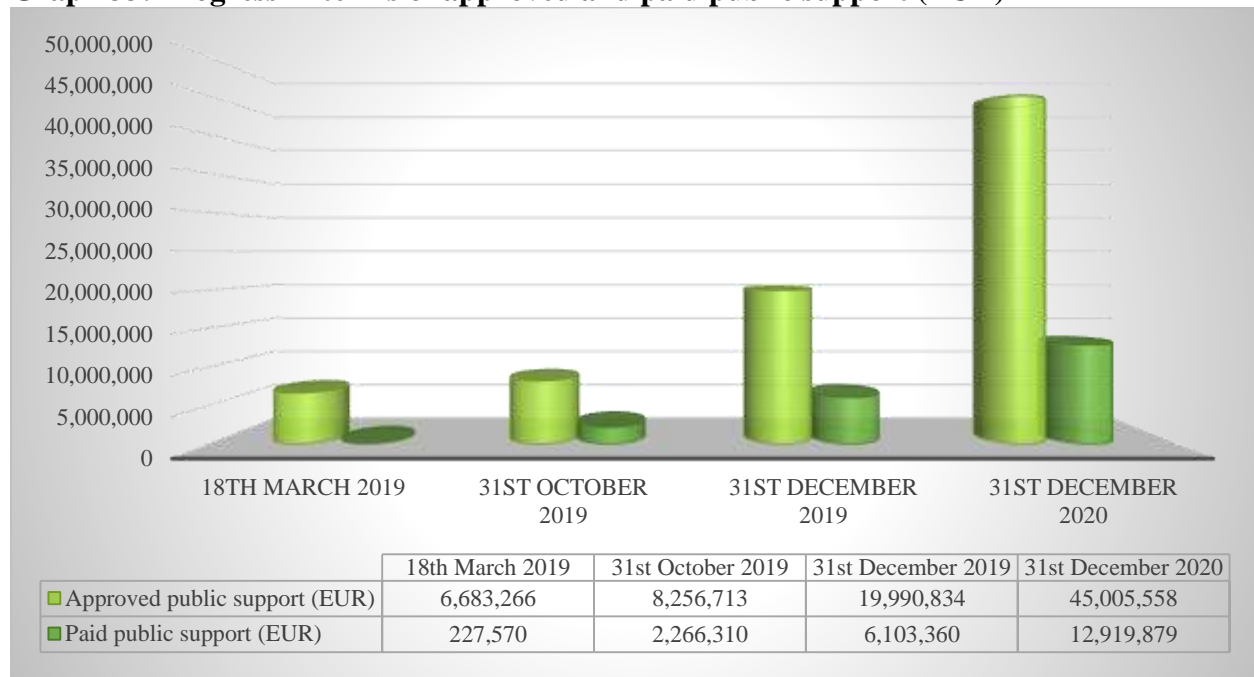
**Graph 32: Approved/paid applications/expenditures for investment in relation to submitted applications/expenditures for investment (%)**



Compared to the previous reporting period (AIR 2019), there is a significantly higher percentage of the approved applications for Measure 1 (43%) compared to Measure 3 (28%), while the percentage of paid applications in relation to the number of submitted applications for both measures was at approximately the same level. Regarding the approved expenditures for investment in relation to requested expenditures for investment, the situation is much different: the percentage of approved expenditures is higher than requested expenditures for Measure 3 (29%) compared to Measure 1 (24%), while both measures realize approximately equal percentage of approved expenditures for payment in relation to the requested expenditures (7% for Measure 1

and 8% for Measure 3). Under Measure 7, no projects were approved or paid during the reporting period.

**Graph 33: Progress in terms of approved and paid public support (EUR)**



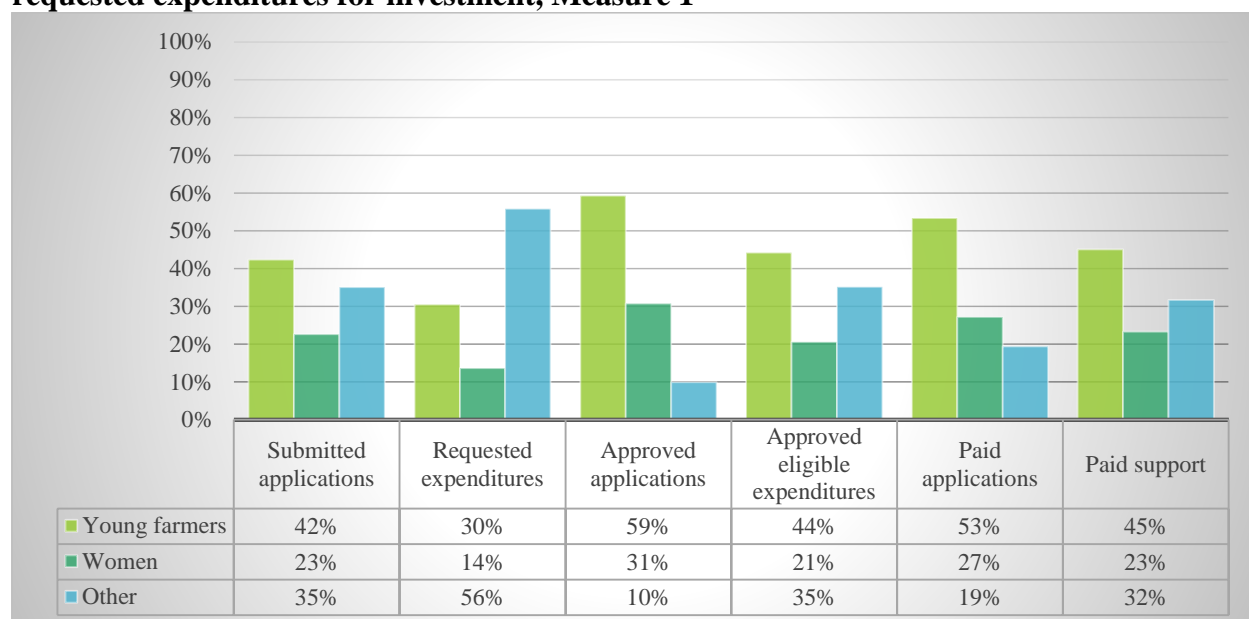
Since the last annual report, significant progress has been made in terms of total approved and paid public support. In 2020 compared to 2019, the total approved public support increased by EUR 25.0 m, i.e. by 125%. Although significant, the increase in paid public support is at a slightly lower level compared to approved support. The paid total public support in 2020 amounted to EUR 12.9 m cumulatively, which was an increase in this financial indicator compared to previous year by EUR 6.8 m, i.e. by 112%.

### 6.3 Sensitive sectors

Sensitive categories (young farmers and women) achieved a significant share both in the number of submitted applications (65%) and in the total requested expenditures for investment (44%) under Measure 1. In the total number of approved applications for Measure 1, the share of sensitive categories was 90%, while the share of sensitive categories in the total number of paid applications for this measure was 80%. The approved eligible expenditures for investment to young farmers and women under Measure 1 amounted to approx. EUR 30.0 m while the paid support amounted to approx. EUR 6.0 m (Graph 34).

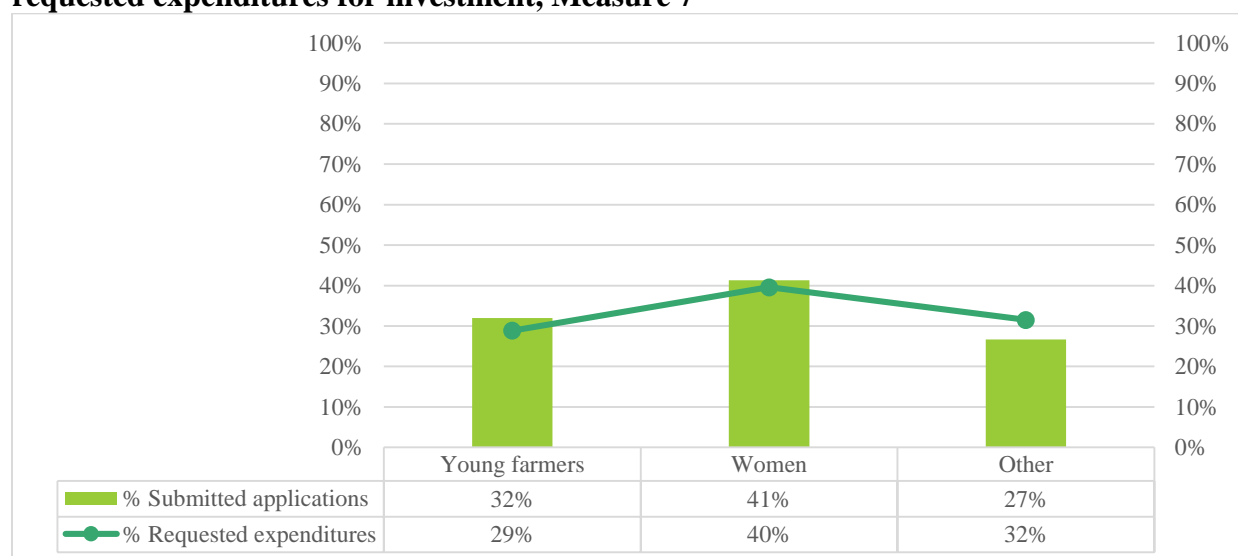


**Graph 34: Share of sensitive categories in the total number of submitted applications and requested expenditures for investment, Measure 1**



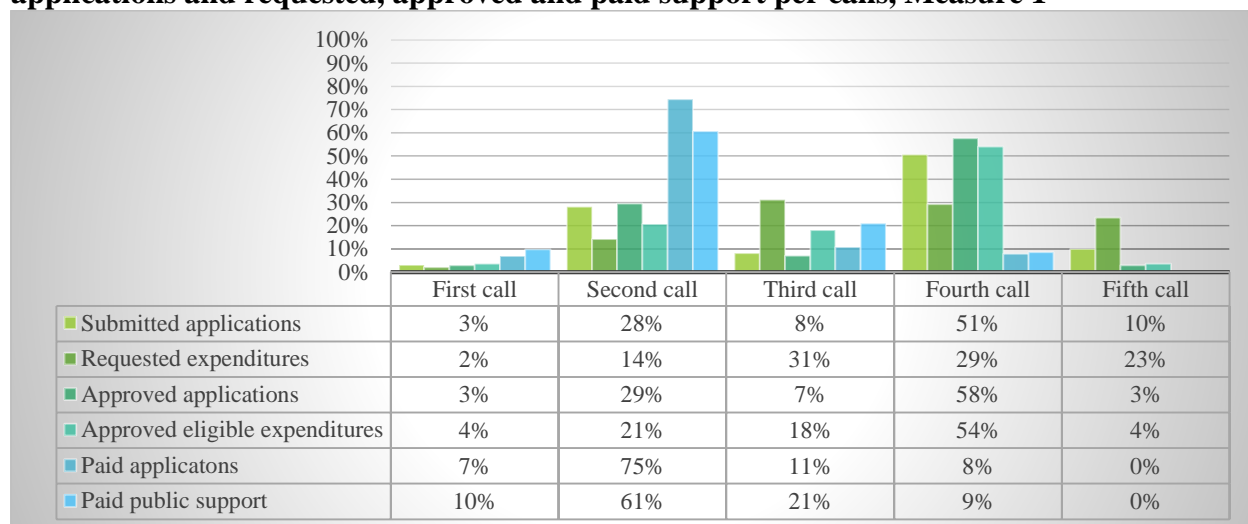
The total number of applications submitted by **young farmers** in Measure 1 was 523, which is an increase by 16% compared to the previous reporting period. The amount of requested expenditures for investment was EUR 59.0 m (an increase compared to previous reporting by 23%, with a share in the total requested expenditures of 30%).

**Graph 35: Share of sensitive categories in the total number of submitted applications and requested expenditures for investment, Measure 7**



In the total number of submitted applications under Measure 7, sensitive categories participated with 73%, while in the requested expenditures for investment a share of 69% was realized. Within the First Call for Measure 7, women achieved the largest share in the number of submitted applications and in the requested expenditures for investment, with 124 submitted applications and requested expenditures in the amount of EUR 28.0 m, i.e. 41% and 40%, respectively (Graph 35).

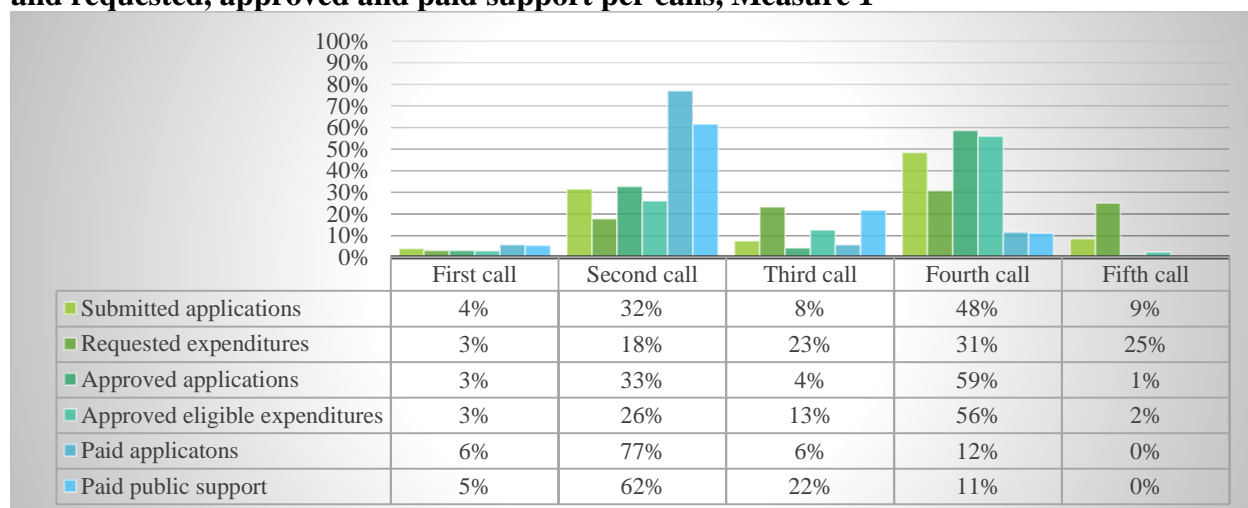
**Graph 36: Share of young farmers in the total number of submitted, approved and paid applications and requested, approved and paid support per calls, Measure 1**



Observed by call under Measure 1, **young farmers** achieved the most significant share in the total submitted applications within the call related to the purchase of a new tractor (Annex 3: Table 1). Under the Fourth Call, young farmers have a share of 51% in the total number of submitted applications and 29% of the total requested expenditures for investment, and within the Second Call they submitted 28% of applications with a share in the total requested expenditures of 14% (Graph 36). The largest amount of requested expenditures by young farmers was under the Third Call (approx. EUR 18.0 m), although the largest number of submitted applications was under the Fourth Call. This is understandable having in mind the higher total value of investments of submitted applications under the Third Call, which included the expenditures for construction, reconstruction and modernisation of facilities.

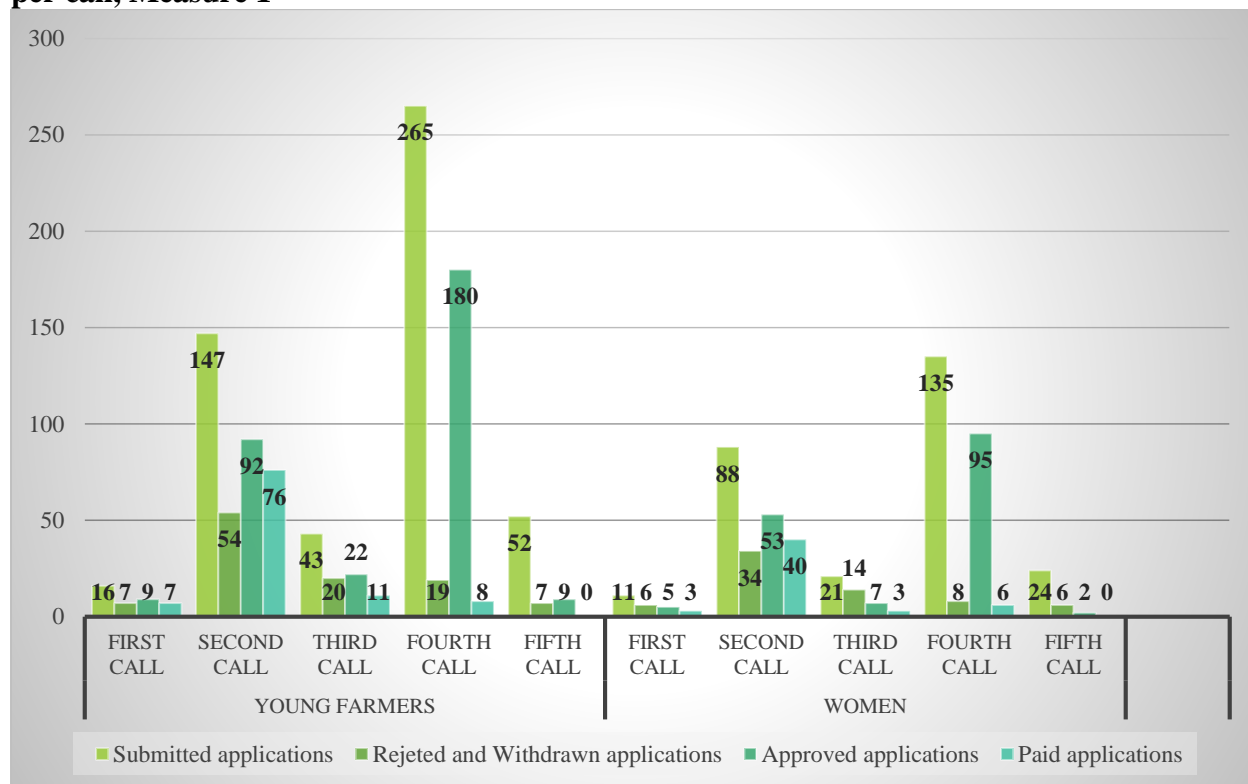
The total number of applications submitted by **women** within Measure 1 was 279 (23%), with the requested expenditures for investment amounting to EUR 26.4 m, which is an increase compared to the previous reporting period (Annex 3: Table 2).

**Graph 37: Share of women in the total number of submitted, approved and paid applications and requested, approved and paid support per calls, Measure 1**



Observed per call under Measure 1, women achieved the most significant share in the total submitted applications and requested expenditures for investment within the call related to the purchase of a new tractor (Annex 3: Table 2). Under the Fourth Call, women had a share of 48% in the total number of submitted applications and a share of 31% in the total requested expenditures, and within the Second Call they submitted 32% of applications with an 18% share in the total requested expenditures (Graph 37). The largest amount of requested expenditures by women was realized within the Fourth Call and amounted to EUR 8.1 m.

**Graph 38: Approved, rejected and withdrawn\* and paid applications of sensitive categories per call, Measure 1**

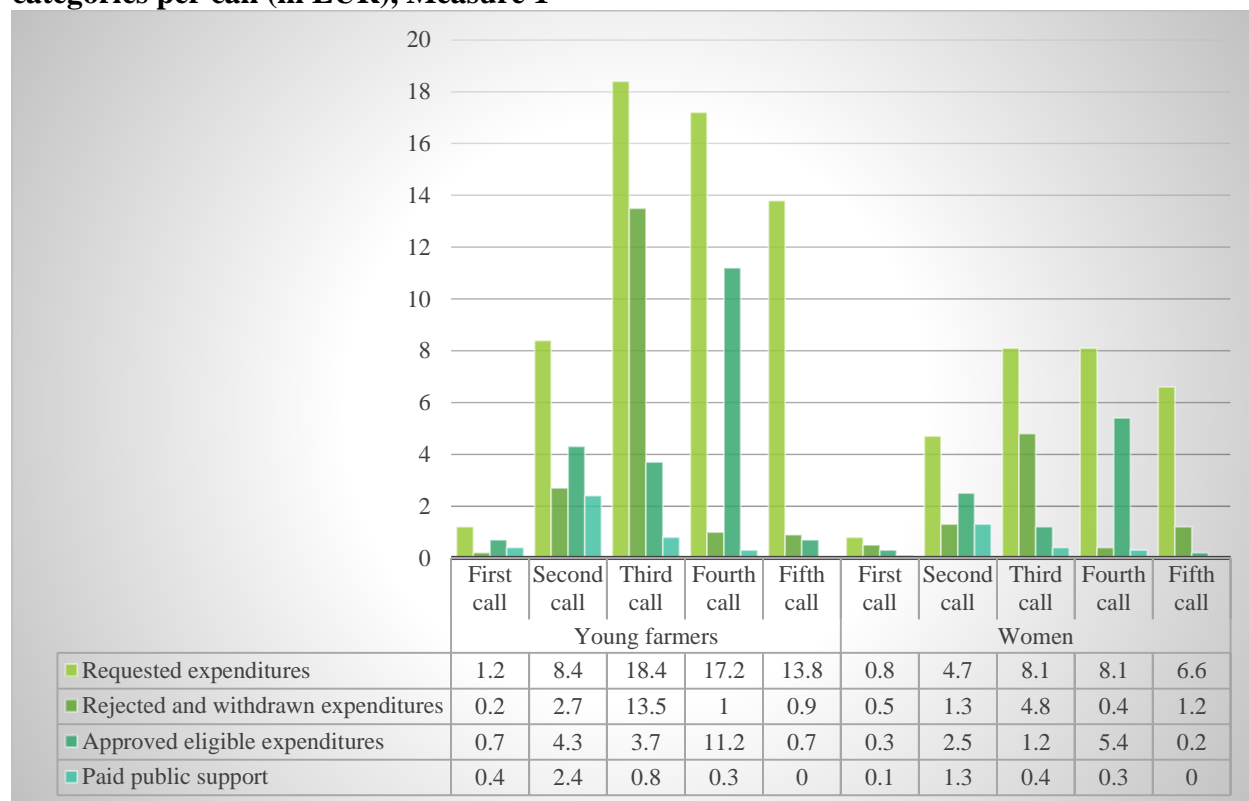


\*Withdrawn application due to applicant's withdrawal

The largest number of decisions on project approval for applications submitted by young farmers have referred to the Fourth Call (58%). Under the Second Call, there was the largest number of rejected and withdrawn applications (50% of the total number of rejected and withdrawn applications under Measure 1). Within the Second Call, the largest number of paid applications to young farmers was realized (76 applications, i.e. 74% of the total number of paid applications to young farmers).

The largest number of decisions on project approval for applications submitted by women referred to the Fourth Call (95 applications, or 59%). Under the Second Call, the largest number of applications was rejected and withdrawn (50% of the total number of rejected and withdrawn applications under Measure 1). Within the Second Call, the largest number of paid applications to women was realized (40 applications, i.e. 77% of the total number of paid applications to women).

Graph 38 presents data on the approved, rejected, withdrawn and paid applications by sensitive categories.

**Graph 39: Approved, rejected and withdrawn\* expenditures and paid support to sensitive categories per call (m EUR), Measure 1**

Observed per value, more than half of the approved eligible expenditures for investment young farmers has achieved under the Fourth Call (EUR 11.2 m or 54% of approved expenditures). Under the Third Call, there was the largest total amount of rejected and withdrawn expenditures of applications submitted by young farmers (EUR 13.5 m, or 23% of the total amount of requested expenditures for Measure 1). When it comes to paid public support, the largest share of young farmers was achieved under the Second Call (62% of the total paid support to young farmers for Measure 1).

The largest amount of approved eligible expenditures for applications submitted by women was under the Fourth Call (EUR 5.4 m or 19% of the total requested expenditures by women). The largest total amount of rejected and withdrawn expenditures for applications submitted by women was within the Third Call (EUR 4.8 m, or 17% of the total amount of requested expenditures), which is presented in Graph 39. When it comes to paid public support, the largest share of women was realized within the Second Call in the amount of EUR 1.3 m.

There is an increasing tendency in the interest of sensitive categories in investments related to the purchase of tractors. More detailed data related to sensitive categories is presented in Annex 3 of this Report.

#### 6.4 Sanctioned and cancelled projects

Out of the total of 1,748 submitted applications by the end of 2020, a total of 394 applications were rejected (22.5%), with the requested total public support amounting to EUR 41.4 m (19.1%),

of which 162 applications were withdrawn: 9% in relation to the total number of submitted applications (Table 20).

**Table 20: Review of rejected and withdrawn applications per measure and call**

IPARD II		Rejected and withdrawn applications, December 31, 2020		
Measure	Call	No. of applications	Total public support (EUR)	EU contribution (EUR)
Measure1	1	43	2,891,245	2,168,434
	2	175	4,117,912	3,088,434
	3	75	21,882,404	16,411,803
	4	27	802,468	601,851
	5	13	915,274	686,456
<b>Total</b>		<b>333</b>	<b>30,609,303</b>	<b>22,956,978</b>
Measure3	1	11	2,607,586	1,955,690
	2	39	5,521,151	4,140,863
	3	11	2,662,053	1,996,540
<b>Total</b>		<b>61</b>	<b>10,790,790</b>	<b>8,093,093</b>
Measure7	1	0	0	0
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total M1+M3+M7</b>		<b>394</b>	<b>41,400,093</b>	<b>31,050,071</b>

The largest number of rejected and withdrawn applications is within Measure 1 (333 applications), while the share of rejected and withdrawn applications in the total number of submitted applications was higher within Measure 3 (30%) compared to Measure 1 (27%). Observed by year, in 2020, a total of 131 applications were rejected and withdrawn, which represents a decrease in the total number of rejected and withdrawn applications (by a total of 11 applications) compared to 2019. In 2020, compared to 2019, the total number of rejected and withdrawn applications decreased (Annex 2: Tables 2 and 3).

**Measure 1** dominates in the total number of rejected and withdrawn applications (333, with the amount of total public support of EUR 30.6 m), which is understandable given that this is a larger number of total submitted and processed applications under this Measure. Out of the total number of submitted applications 27% were rejected or withdrawn, of which 186 applications were rejected, and 147 applications were withdrawn. An equal number of rejected and withdrawn applications (106) was recorded in 2020 and 2019, with an evident increase in rejected, and a reduced number of withdrawn applications compared to 2019. By far the largest number of applications was rejected/withdrawn under the Second Call (175), while the largest amount of rejected/withdrawn total public support was within Third Call (EUR 21.9 m, almost 72% of the total amount of rejected/withdrawn support). It is important to point out that in the total number of rejected applications, there was a significant number of withdrawn applications: 147 applications, or 44% (Annex 2: Table 11).

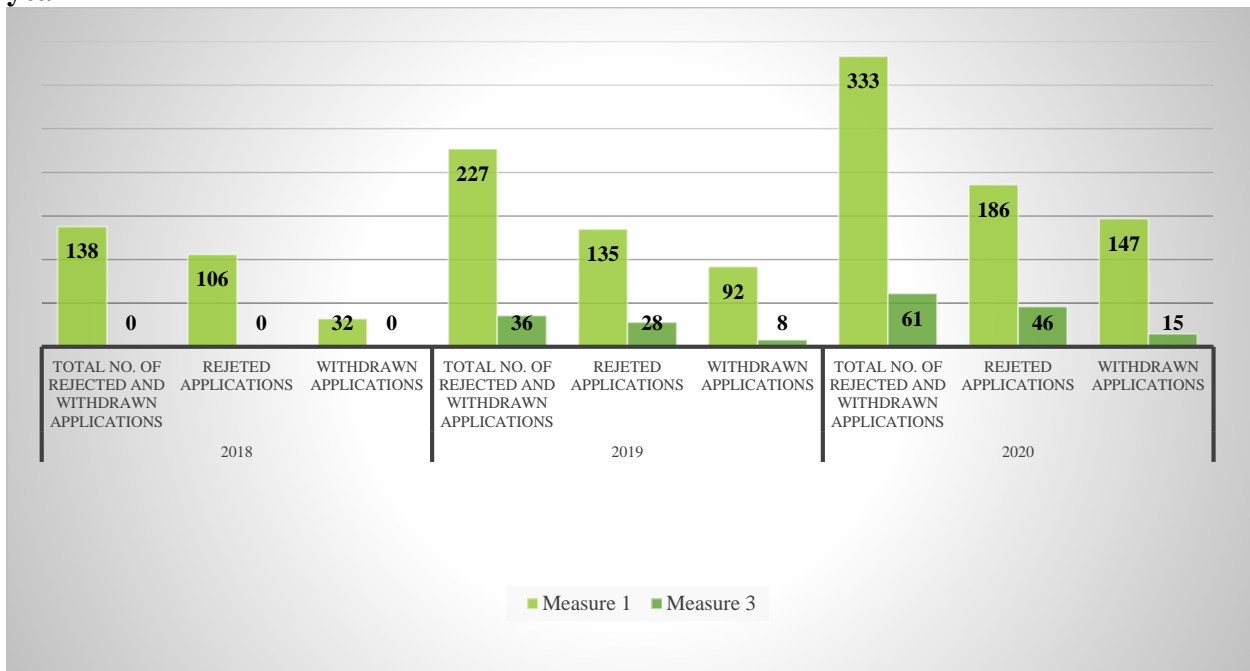
Under **Measure 3**, 61 applications were rejected and withdrawn (with the amount of public support of EUR 10.8 m), which represents 30% of the total number of submitted applications and 15% of

the total number of rejected and withdrawn applications. Cumulative data by the end of 2020 indicate an absolute increase in the number of rejected/withdrawn applications under this Measure compared to the previous reporting year (from 36 applications in 2019 to 61 applications in 2020) and a decrease in the share of rejected/withdrawn applications within Measures 3 in relation to the total number of submitted applications. Out of the total number of rejected/withdrawn applications, 46 were rejected, while 15 applications were withdrawn. Observed by year, there is an evident decrease in the number of rejected/withdrawn applications under this Measure (from 36 in 2019 to 25 applications in 2020), while the number of withdrawn and especially rejected applications decreased (from 28 to 18 applications) under this Measure. Observed per call under Measure 3, the number of rejected/withdrawn applications under the Second Call was dominant (39 applications and half of total rejected/withdrawn amount of public support under this Measure), of which 29 applications were rejected and 10 were withdrawn. Under Measure 3, the share of withdrawn applications was significantly lower (25%) in the total number of rejected/withdrawn applications compared to this indicator for Measure 1 (Annex 2: Table 11).

Within **Measure 7**, up until 31<sup>st</sup> December 2020, all submitted applications are being processed.

Observed cumulatively by years of Programme implementation, there is an increase in rejected/withdrawn applications for Measure 1 and Measure 3 (Graph 40). However, it is important to note the slowdown in the dynamics of growth in rejected/withdrawn applications by years calculated on the basis of chain indices (an increase of 91% in the total number of rejected/withdrawn applications in 2019 compared to 2018, and an increase of 50% achieved in 2020 compared to 2019 in rejected/withdrawn applications).

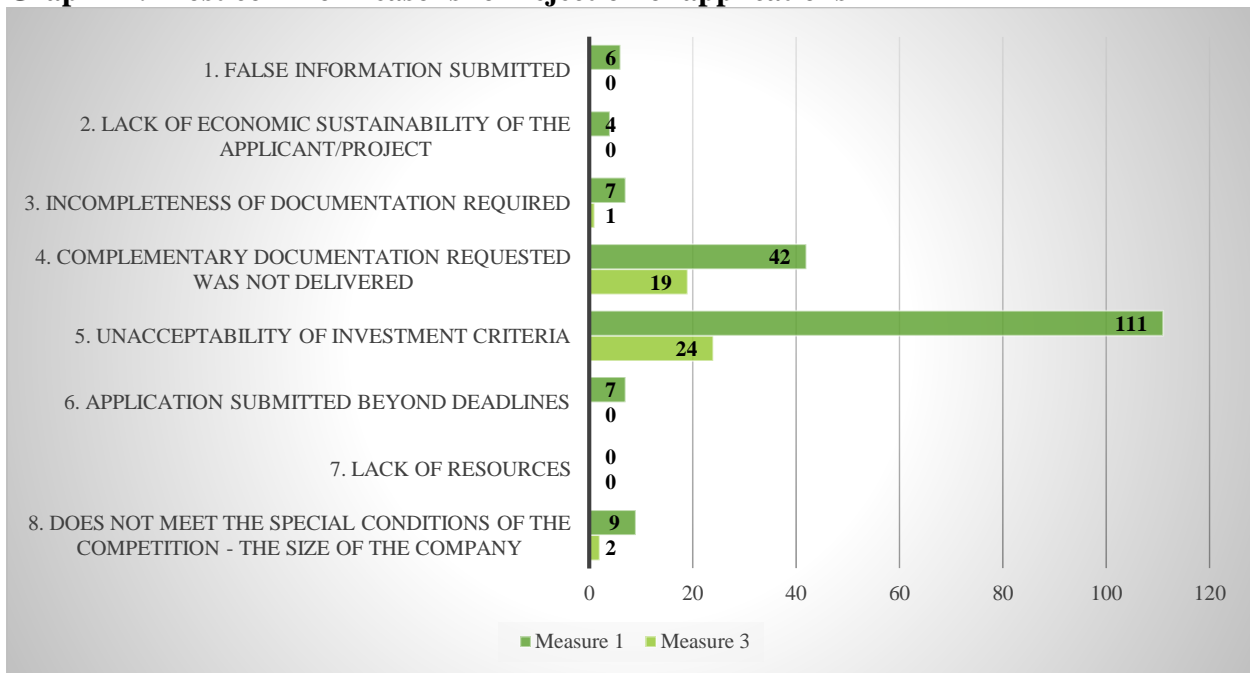
**Graph 40: Cumulative overview of rejected and withdrawn applications per measure and year**



The most common reasons for rejecting applications were related to unacceptability of investment criteria, not delivering requested complementary documentation, etc. The most common reasons

for project rejection are presented cumulatively in Graph 41 with an cut-off date 31<sup>st</sup> December 2020.

**Graph 41: Most common reasons for rejection of applications**



The dominant reason for rejecting applications for both measures is the unacceptability of investment criteria (111 for Measure 1 and 24 for Measure 3), the second is the failure to submit the required documentation after receiving the request for supplementation (42 for Measure 1 and 19 for Measure 3). The Second call for Measure 1, which was published in 2018, records the largest number of rejected applications (89), followed by the Third call for Measure 1 from 2019, with 45 rejected applications, while the largest number of rejected applications for Measure 3 was within the Second Call from 2019 (29 rejected applications).



## **7. SUMMARY OF THE EVALUATION ACTIVITIES IN RELATION TO THE EVALUATION PLAN**

Pursuant to the provisions of the SA, the MA is obliged to conduct an evaluation of the IPARD II Programme, which can be ex-ante and ex-post evaluation, as well as interim evaluation, when needs arising.

The Evaluation Plan was adopted at the First session of the IPARD II Monitoring Committee and contains activities for the implementation of the evaluation of the IPARD II Programme for the entire implementation period (including the n+3 funding rule). In the second half of 2019, the evaluation of the IPARD II Programme for the first two years of implementation (ongoing evaluation) has started. The evaluation of the IPARD II Programme was performed by the Institute for Agricultural Economics of Belgrade, engaged by the MAFWM for the needs of the MA. IPARD II Programme evaluation activities included assessment of the availability and quality of common context indicators defined by the IPARD II Programme and administrative simplification of the processing of IPARD applications. The evaluation of the IPARD II Programme was completed at the end of March 2020, when the Report on the conducted evaluation of the IPARD II Programme in the Republic of Serbia for the period 2017-2019 was submitted to the MA.

Report on the evaluation of the IPARD II Programme in the Republic of Serbia for the period 2017-2019 includes an overview of the implemented evaluation activities, with presented applied methodology, identified problems and proposals for measures to improve the quality of the IPARD II Programme implementation. An evaluation of the achieved results, the fulfilment of the planned goals, as well as the degree and scope of achieving the short-term goals of the IPARD II Programme was conducted. Also, the assessment of the availability of common context indicators, weaknesses and shortcomings in the process of their collection for the purpose of monitoring the effectiveness of the implementation of the IPARD II Programme was performed.

The most significant factors that influenced the deviation from the planned results of the IPARD II Programme implementation are: 1) delays in measures entrustment; 2) longer application processing period at all stages, due to huge number of incomplete applications; 3) uncertainty of the applicants in terms of IPARD support obtaining; 4) lack of opportunity to use IPARD support at the beginning of projects implementation; 5) narrow range of potential recipients within Measure 3 (inability to initiate start-up investments in particular sectors, facilities on DG SANTE list cannot apply, etc.); 6) complex procedures for submission of applications in terms of three offers and 7) insufficient awareness of recipients, which is reflected in non-fulfilment of the prescribed conditions and criteria.

In order to improve the implementation of the IPARD II Programme in the RS, based on the conducted evaluation, 18 recommendations were given regarding the availability and quality of common context indicators, while for administrative simplification of the processing of IPARD applications, a total of 45 recommendations were given: for the MA 11 recommendations, the IA 16 recommendations, the IPARD technical bodies four recommendations, the AAS six recommendations, the MAFWM six recommendations, one recommendation for LSGU and one general recommendation. Based on the given recommendations, the MA prepared an Action Plan for the implementation of the evaluation recommendations.

## **Implementation of the Action Plan for the implementation of evaluation recommendations**

I The evaluation of common context indicators included an assessment of the availability and quality of each individual indicator in all three groups of indicators defined by the IPARD II Programme (socio-economic, sectoral and environmental indicators). Within this project activity, an electronic database of all common context indicators was formed for the period 2012-2018. The evaluation results indicate that the largest number of socio-economic and sectoral indicators are available, that the official data producer is mostly SORS, the quality of these indicators is relatively high, and the collection and publication period is largely harmonized with Eurostat. The largest number of unavailable indicators and weaknesses in monitoring is in the group of environmental indicators.

### **Socio-economic indicators**

Within this group of indicators, four recommendations were given regarding the further harmonization of the monitoring methodology with the Eurostat methodology, as well as the implementation of classification of territorial units at the municipal level according to the degree of urbanization, in accordance with the DEGURBA methodology. Classification activities will begin after the 2021 Census of Population, Households and Dwellings.

### **Sectoral indicators**

Within this group of indicators, seven recommendations were given related to the establishment of statistics on monitoring labour consumption in agriculture in the AWU, the establishment of the indicator “Gross fixed capital formation in agriculture” according to the concept of economic accounts of agriculture, ensuring the availability of data for the indicator “Number of beds in collective tourist accommodation facilities” in publications and/or electronic database of the SORS, with the exclusion of the number of beds within the branch 559, as well as the establishment of the Central Information System (CIS, E tourists) in the field of catering and tourism, which would enable the SORS to download data on tourist traffic and accommodation facilities.

Labour consumption in agriculture in the AWU is not monitored within the economic accounts in agriculture, however, based on the conducted Farm Structure Survey from 2018, data on the AWU is available, while the following data related to this indicator will be available after the Census of Agriculture, which is scheduled for 2022.

The indicator “Gross fixed capital formation in agriculture” is currently not available according to the concept of economic accounts of agriculture, but is monitored according to the concept of national accounts.

Regarding the availability of the indicator “Number of beds in collective tourist accommodation facilities” the SORS takes over the data of the Central Information System (CIS, E tourists). Testing of the scope and quality of these data is underway and their availability is expected in 2021, as well as comparability with the previous period.

### **Environmental indicators**

In the group of environmental indicators, the largest number of those have not yet been established. The following indicators are still unavailable for monitoring: index of field birds on agricultural land, grasslands (according to protection status) and protected forests. Data on renewable energy production from agriculture and forestry are monitored by the SORS within the Annual Energy Balances with a methodology that is fully harmonized with the methodology of Eurostat for the

preparation of annual energy balances. Data related to the “Water Quality” indicator for 2020 will be available at the beginning of 2022.

The main obstacles to adapting and further developing the methodological basis for creating the set of environmental indicators, their implementation and standardization of monitoring refers to the lack of capacity (human resources, financial resources) that will ensure adequate implementation of the integrated environmental monitoring strategy (air, water and land). Development and harmonization with the EU methodology, as well as data collection implies the involvement of professional associates and volunteer work.

II Administrative simplification of the processing of submitted applications is based on the analysis of: public policies, laws and other regulations, key documents that represent the framework for the implementation of the IPARD II Programme, as well as available MA and IA reports. In order to implement this activity, a total of 45 structured interviews were conducted with representatives of MA, IA, Advisory Group (Sector for Rural Development, MAFWM), IPARD II Monitoring Committee members, representatives of technical bodies (Phytosanitary Inspection, Environmental Inspection, Agricultural Inspection and Veterinary Inspection), consulting agencies, as well as advisors. Five focus groups were held with rejected applicants and one focus group with approved IPARD recipients.

### **Recommendations for the Managing Authority and actions taken to implement the accepted recommendations**

Out of a total of 11 recommendations, the MA accepted five recommendations, one of which will be implemented for the programming period 2021-2027. Five recommendations were not accepted, while one recommendation is not relevant, because it is already being implemented.

The first accepted recommendation is that after the amendment of the IPARD Rulebook, a longer period of time should be left between the publishing of the public call and the modification of IA procedures for the implementation of the public call. In this sense, the implementation of this recommendation implies continuous cooperation between the MA and IA, whereby both parties participate in the process of amending the IPARD Rulebook, while the MA will provide a longer period of time from the adoption of the Rulebook to changes in procedures and public calls.

The second accepted recommendation was to improve the monitoring system of the IPARD II Programme through the establishment of additional indicators for monitoring. In this regard, the MA prepared a list of recommended indicators and held meetings with IA representatives in order to define the process and a precise time frame for monitoring the indicators.

The third accepted recommendation referred to the possibility of using loans with subsidized interest rates for the implementation of IPARD projects, which is also a recommendation given by the EC, that loans with subsidized interest rates are a permitted source of funding IPARD projects, i.e. do not represent double financing.

The fourth accepted recommendation referred to the establishment of a coordination body by the MA and IA in order to establish a special channel for informing the AAS.

Fifth recommendation to be taken into account in the preparation of the IPARD Programme for the period 2021-2027 refers to the introduction of a start - up model of support in the Milk processing sector under Measure 3.

### **Recommendations for the IPARD Agency and actions taken to implement the accepted recommendations**

Out of a total of 16 recommendations, the IA accepted eight recommendations in order to improve the implementation of the IPARD II Programme.

The first accepted recommendation was related to the introduction of LPIS and IACS systems and in this regard, activities were undertaken regarding the definition of LPIS and IACS systems, as well as their elements in the draft law on amendments to the Law on Agriculture and Rural Development.

The second accepted recommendation referred to the introduction of mandatory and complete documentation for submission of application for approval of the IPARD project. Work is ongoing to amend the Law on Agriculture and Rural Development, which would enable overcoming the submission of incomplete documentation for IPARD projects.

The third accepted recommendation referred to the limitation in the number of amendments to IPARD projects, which is also the subject of amendments to the Law on Agriculture and Rural Development.

The fourth accepted recommendation concerns the introduction of a central record of appeals received in the IA. In this regard, appeals are currently monitored internally in the IA, however, the introduction of a central record of received appeals needs to be regulated by the Law on Agriculture and Rural Development.

The fifth accepted recommendation referred to the publication of a list of consulting agencies for the submitted applications that were approved. Publication of this list to the general public is not possible, because it would violate the provisions of the Law on Personal Data Protection, as well as the Law on General Administrative Procedure, while the data may be available to the MA with the consent of the IA management.

The sixth accepted recommendation concerns the provision of direct access to IA with the necessary data of the Tax Administration. Activities are underway through the project “Support to the IPARD Managing Authority and the IPARD Agency in the implementation of IPARD measures”, which involves the integration of a software solution for rural development with the web services of the Tax Administration.

The seventh and eighth recommendations referred to the introduction of a software solution for electronic submission and processing of applications for IPARD projects. A software solution for rural development (RD IT) for electronic processing of IPARD applications has been developed. Currently, activities are being carried out that include the development of an office module that will enable the recording of documents and their movement. A module has been developed that enables the creation of reports based on the entered data (an upgrade of this module is also planned in the next period).

### **Recommendations for IPARD technical bodies and actions taken to implement the accepted recommendations**

The implementation of all recommendations concerning IPARD technical bodies is conditioned by the establishment of the IACS system.

### **Recommendations for AAS and actions taken to implement the accepted recommendations**

Out of a total of six recommendations for AAS, two recommendations were accepted, which referred to the development of two uniform requirements for all services in the RS, one to which recipients would apply for the assessment of eligibility and the other to help complete the tender documentation, as well as the development of control list for evaluation of IPARD potential recipients by agricultural advisor. For the implementation of these recommendations, checklists for AAS have been developed and a new advisory module “Identification of potential IPARD recipients” has been introduced.

### **Next steps**

When it comes to the implementation of evaluation activities in the coming period, during 2022, through the IPARD measure Technical Assistance, the implementation of ongoing evaluation of the IPARD II Programme is planned for the period 2020-2021. Implementation of the ex-ante evaluation of the IPARD Programme for the next programming period (2021-2027) is envisaged through a project implemented by the World Bank “Strengthening Agricultural Sector capacities for Evidence Based Policy Making”. In addition, the FwC SIEA project “Support to the IPARD Managing Authority and IPARD Agency in the implementation of IPARD measures” has provided support to the MA in development of the terms of reference for engagement of ex-ante evaluator for the IPARD III Programme.

The Evaluation Plan for the current programming period also envisages the obligation to conduct ex-post evaluation of the IPARD II Programme.

In order to improve the evaluation of the IPARD II Programme in the coming period, the Evaluation Plan for the current programming period will be updated, which will be adjusted to the current needs and dynamics of the Programme implementation.

## 8. ACTIVITIES CARRIED OUT FOR THE IMPLEMENTATION OF THE COMMUNICATION PLAN

Informing and promotion are important parts of successful implementation of the IPARD II Programme and contribute to visibility of the EU financial support. These actions are planned, implemented, monitored and evaluated within the framework of the IPARD II Plan of Visibility and Communication Activities for the period 2014-2020 (PVCA). The PVCA was prepared by the MA in cooperation with the IA, agreed with the EC and approved by the IPARD II MC on its First session. Increasing the awareness of the general public about the role of EU contribution to the rural development in the RS, ensuring of transparent information on the opportunities of the IPARD II Programme and making visible results achieved through the assistance provided by IPARD II Programme are the main goals of prepared PVCA. Successful management and implementation of the IPARD II Programme was insured by the timely, up to date and accurate information and publicity activities toward the target audience.

The successful implementation of IPARD measures and the ability of potential recipients to absorb IPARD funds depend directly on the quality of the applications submitted, the awareness of the recipients, inclusion of Agricultural Advisory Services and other parties in information chain to provide support.

The implementation of the PVCA and the promotion of IPARD II Programme of the RS has started after the First amendments to the IPARD II Programme, entrustment of budget implementation tasks and adoption of Rulebooks for the implementation of IPARD Measure 1 and Measure 3. Indicators for visibility and communication activities given for the 2020 is presented in Table 21. The majority of indicators are achieved in the reporting period.

**Table 21: Indicators for visibility and communication activities implemented in 2020**

Type of indicator	Indicator	Value on Dec 31, 2020	Target	Execution Rate
Output	Number of potential recipients attending information events	435	4,000	10.87
	Number of promotional events implemented	4	30	13.33
	Number of National events	7	5	Achieved
	Number of promotional materials disseminated	1,000 brochures	6,000	16.67
	Number of national and regional media, reached by informational materials (press conferences, press releases)	121 through agencies news (printed, electronic and the Internet media)	20	Achieved
	Number of sector stakeholders acting as multipliers (providing links to IPARD II website, distributing promotional materials)	6 (42 with AAS)	10	60.0
	Number of TV and/ or radio presentations	142	1 per call	Achieved



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	Number of press conferences organized	2	At least 5 national and at least 4 regional	22.22
	Number of press releases provided	29	At least 20	Achieved
	Number of people accessing the IPARD II website	582.780 approximately 48,565 per month	2,000	Achieved
Type of indicator	Indicator	Value on Dec 31, 2020	Target	Execution Rate
<b>Result</b>	Level of satisfaction from the informational events	95.5%	At least 80% satisfied by the content and organization	Achieved
	Number of publications/ articles, TV and radio reportages for the IPARD II Programme	921	60	Achieved
	Number of applications for grants per measure	M1: there were no calls in 2020 M3: 95 M7: 311	At least 80 for the M 1, 45 for the M 3 and 219 for M7	Achieved for M3 and M7

Source: DAP, processed by MA

During 2020, promotion of the IPARD II Programme was carried out through the activities of Agricultural Advisory Services (AAS) which are part of their Annual plan of activities to disseminate information on the IPARD II Programme opportunities to potential recipients through winter schools, tribunes, workshops, media, bulletins.

AAS are significant partners in activities related to the IPARD II Programme as well as in direct work with (potential) IPARD recipients. One two – days educational online module for 91 agricultural advisors on Identification and support to potential IPARD recipients for Measure 1 and Measure 7 was held in 2020. The lecturers were employees from the MA and the IA as well as representatives of relevant technical bodies.

Due to COVID - 19 pandemic, promotional activities in 2020 were reduced and implemented through online events. Promotion of the IPARD II Programme in 2020 was carried out through four online information events organized for representatives of local self-governments, agricultural cooperatives, farmer’s associations, consultants and regional development agencies. In this year, activities of the IPARD II Programme implementation were presented at the online Agricultural Fair.

In order to promote the IPARD II Programme, video on “Announcement of IPARD public call for Measure 7” was created in 2020, as well as 10 photos from the video shooting. This video was intended for broadcasting through the national TV service and for publishing on the official web pages of MAFWM and DAP.

Within the IPARD promotion campaign: “Well invested IPARD returns well”, in the period from 17<sup>th</sup> September to 29<sup>th</sup> October 2020, video for Measure 7 was broadcasted 63 times on the national TV service (Public Media Institution Radio-Television of Serbia), in the following programmes: “Morning Programme 1”, “Morning Programme 2”, “Daily News 2”, “Šarenica”, “Znanje



Imanje”, “Ovo je Srbija”.

In order to deliver the IPARD II Programme closer to the (potential) recipients and general public in pandemic conditions, the serial “At your service” was launched in cooperation with Agro TV (the first specialized television in the field of agriculture). Through positive examples and the presentation of procedures for obtaining IPARD subsidies, IPARD has become more accessible to the general public and (potential) recipients. Four episodes of this serial were recorded and broadcasted four times each on the Agro TV channel and could be downloaded from the Agro TV portal, and the YouTube channel.

Design, preparation and printing service of promotional material included 1,000 Guidelines for (potential) recipients for IPARD Measure 7 – Farm diversification and business development and 600 Guidelines for national support measure based on LEADER approach. Printed materials were disseminated to the AAS, Provincial Secretariat for Agriculture, Water Management and Forestry, local self-governments and IA.

The Guides for (potential) recipients for IPARD Measure 7 and national support measure based on LEADER approach have been prepared and published on the web pages of the MAFWM and the DAP (<http://www.minpolj.gov.rs/ipard-program-2014-2020/> and <http://uap.gov.rs/ipard-ii-u-srbiji/>). The web pages of the MAFWM and the DAP contain all relevant information for applicants and potential recipients. In the reporting period 580,780 users visited those pages. Due to the lack of direct communication with potential recipients, communication is strengthened via telephone, or e-mail, through the chat application provided on the very frequent DAP website (approximately 48,000 visitors per month).

Considering IPARD information channel established through e-mail address for questions [ipard.info@minpolj.gov.rs](mailto:ipard.info@minpolj.gov.rs) on actual public calls, more than 1,200 answers were prepared during the regular weekly meetings of IPARD OS and delivered to all interested parties. Via telephone line about 1,000 calls were provided on IPARD public calls related to Measure 1, Measure 3 and Measure 7 as support to (potential) recipients in 2020. Support to recipients has also been provided in minor extent (due to COVID-19 pandemic) through direct communication in the premises of the IA.

Bi-monthly newsletter “IPARD in focus”, initiated in 2019, has seven publications in 2020 and it is disseminated to more than 2,000 e-mail addresses regularly. For the newest information on events, announcements, calls and rules regarding the implementation of the IPARD II Programme and preparation of the IPARD III Programme in Serbia, Instagram (@ipardnadlanu) and Facebook (IPARD na dlanu) IPARD MA accounts have been created for the general public and (potential) recipients.

IPARD II Programme was also promoted through activities of AAS that disseminated information on IPARD II to the potential recipients through forums, workshops, media and bulletins. AAS provides trainings of (potential) IPARD recipients with no adequate formal education or experience in agriculture. Registration for attending 50 hours of lessons in the appropriate sector is enabled through web page of the Institute for Science Application in Agriculture (<https://www.psss.rs/licenciranje/ipard-50h.htm>). In the reporting period, 23 attendants of AAS covering Central Serbia and 23 attendants of AAS AP Vojvodina covering have successfully completed mentioned training (“IPARD 50 hours”) and received the final certificate.

During reporting period, AAS covering Central Serbia have prepared in total 62 business plans (out of 311 submitted applications) for potential recipients of IPARD support for Measure 7.

Implemented activities of AAS in Central Serbia and in AP Vojvodina are presented in Tables 22 and 23.

**Table 22: AAS Central Serbia**

Information tool	2016		2017		2018		2019		2020	
	No. of events held	No. of participants	No. of events held	No. of participants	No. of events held	No. of participants	No. of events held	No. of participants	No. of events held	No. of participants
Events (winter schools, stands, lectures, workshops)	299	7,439	311	7,300	327	6,618	144	4,632	180	4,439
Media (local TV, radio, newspapers)	163	/	366	/	126	/	195	/	141	/
Bulletin/Portal of Advisory Services	41	/	63	/	126	/	91	/	41	/

Source: AAS, processed by MA

**Table 23: AAS AP Vojvodina**

Information tool	2017		2018		2019		2020	
	No. of events held	No. of participants	No. of events held	No. of participants	No. of events held	No. of participants	No. of events held	No. of participants
Events (winter schools, stands, lectures, workshops)	108	2,020	220	4,306	49	756	66	1,252
Media (local TV, radio, newspapers)	34	/	90	/	5	/	3	/
Bulletin/Portal of Advisory Services	2	/	24	/	3	/	2	/

Source: AAS, processed by MA