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ANNEX

**IPARD**



THE REPUBLIC OF SERBIA  
Ministry of Agriculture, Forestry and  
Water Management



Co-funded by  
the European Union

**THE REPUBLIC OF SERBIA  
MINISTRY OF AGRICULTURE, FORESTRY AND WATER MANAGEMENT**

**IPARD III PROGRAMME  
FOR THE REPUBLIC OF SERBIA  
FOR THE PERIOD 2021 - 2027**

July, 2023

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## **LIST OF ABBREVIATIONS**

AB - Accounting Body  
ADWCA – Areas with Difficult Working Conditions in Agriculture  
AH – Agricultural holding  
AKIS – Agricultural Knowledge and Innovation Systems  
APV - The Autonomous Province of Vojvodina  
AWU - Annual Work Unit  
BFF - Budget Fund for Forests  
CAP – Common Agricultural Policy  
CBC – Cross Border Cooperation  
CEFTA - Central European Free Trade Agreement  
CIS – Commonwealth of Independent States  
CLLD - Community Led Local Development  
CSF - Classical swine fever  
CSO – Civil Society Organisation  
DAL - Directorate for Agricultural Land  
DAP - Directorate for Agrarian Payments  
DESI – Digital Economy and Society Index  
DG AGRI – Directorate-General for Agriculture and Rural Development  
DG SANTE - Directorate-General for Health and Food Safety  
EBRD – European Bank for Reconstruction and Development  
EC - European Commission  
EU - European Union  
FADN - Farm Accountancy Data Network  
FAO - Food and Agriculture Organisation  
FFPA – Financial Framework Partnership Agreement  
FSS – Farm Structure Survey  
FWC - Framework Contract  
GAEC - Good agriculture and environmental condition  
GDP - Gross Domestic Product  
GI - Geographical indications  
GES - Greenhouse gas emission  
GHG - Green House Gas  
GHP - Global Health Programmes  
GMO - Genetic modified organism  
GMP - Good Manufacturing Practice  
GO - Governmental Organisation  
GVA - Gross Value Added  
HACCP - Hazard Analysis Critical Control Point  
HNV - High Nature Value  
HNVF - High Nature Value Farming  
IA – IPARD Agency  
IACS - Integrated Administration and Control System  
IEA – International Energy Agency  
IPA - Instrument for Pre-Accession Assistance  
IPA MC - IPA Monitoring Committee

IPARD - Instrument for Pre-Accession for Rural Development  
ISO - International Organisation for Standardization  
KTOE - Kilo Tons of Oil Equivalent  
LAG - Local Action Group  
LDS - Local Development Strategy  
LEADER - French acronym, standing for - *Liaison Entre Actions de Développement de l'Économie Rural*  
– meaning - Links between the rural economy and development actions  
LFS - Labour Force Survey  
LPIS – Land Parcel Identification System  
LSGU - Local self-government units  
LU – Livestock unit  
MA/IPARD MA - IPARD Managing Authority  
MAFWM - Ministry of Agriculture, Forestry and Water Management  
MC – Monitoring Committee  
MDG - Millennium Development Goal  
M&E – Monitoring and Evaluation  
MESTD - Ministry of Education, Science and Technological Development  
MoU – Memorandum of Understanding  
NAO - National Authorising Officer  
NARDS - National Agriculture and Rural Development Strategy  
NGO - Non-governmental organisation(s)  
NIPAC - National IPA Coordinator  
NRDN - National Rural Development Network  
NRDP - National Rural Development Programme  
NRDS - Network for Rural Development of Serbia  
NUTS - The Nomenclature of Territorial Units for Statistics  
OECD - Organisation for Economic Cooperation and Development  
PDO - Protected Designation of Origin  
PE – Public Enterprise  
PGI - Protected Geographical Indication  
PHRD Grant – Policy and Human Resources Development Grant  
pLAG - Potential Local Action Group  
PMEF – Performance Monitoring and Evaluation Framework  
PRAG - Practical Guide to Contracting Procedures for EU External Actions  
PSAWMF - Provincial Secretariat for Agriculture, Water Management and Forestry  
PVCA - Plan for Visibility and Communication Activities  
RAS - Recirculating Aquaculture Systems  
RD - Rural Development  
R&D – Research and Development  
RES – Renewable Energy Sources  
RS - Republic of Serbia  
SA - Sectoral Agreement  
SAA - Stability and Association Agreements  
SCAP - Serbia Competitive Agriculture Project  
SEPA – Serbian Environmental Protection Agency  
SME - Small and Medium Enterprises  
SMR - Statutory Management Requirements

SORS - Statistical Office of the Republic of Serbia  
SCTM - Standing Conference of Towns and Municipalities  
SWG RRD – Regional Rural Development Standing Working Group in South Eastern Europe  
SWOT - Strengths, Weaknesses, Opportunities and Threats  
TA - Technical Assistance  
TB – Technical Bodies  
Toe - Tonne of oil equivalent  
UAA - Utilised Agricultural Area  
ULO - Ultra Low Oxygen  
UN – United Nations  
UNDP - United Nations Development Programme  
USAID - United States Agency for International Development  
VAT - Value Added Tax  
WFD - Water Framework Directive of the European Union

## 1. TITLE OF IPA RURAL DEVELOPMENT PROGRAMME AND IPARD OBJECTIVES

IPARD III Programme for the Republic of Serbia for the period of 2021 - 2027.

## 2. BENEFICIARY COUNTRY

### 2.1. Geographical area covered by the IPARD III Programme

The territory of the Republic of Serbia (RS) is administratively organised in municipalities, cities and the city of Belgrade, as well as two autonomous provinces, as a form of territorial autonomy<sup>1</sup>.

According to the national Nomenclature of Territorial Units for Statistics (NUTS), the territory of the RS is classified in three levels of NUTS regions (*Table 1*), as follows: two NUTS 1 regions, five NUTS 2 regions, and 25 administrative districts (excluding Kosovo\* and Metohija<sup>2</sup>) - NUTS 3.

*Table 1: NUTS regions covered by the Programme*

NUTS level	Code	Region	Area*, km <sup>2</sup>	Number of settlements	Population on 30.06.2019,**	
					Total	Population per 1 km <sup>2</sup>
		<b>SERBIA - TOTAL</b>	<b>77,589</b>	<b>4,709</b>	<b>6,945,235</b>	<b>90</b>
I	RS1	SERBIA – NORTH	24,848	624	3,546,149	143
II	RS11	Belgrade Region	3,234	157	1,694,056	524
II	RS12	Region of Vojvodina	21,614	467	1,852,093	86
I	RS2	SERBIA - SOUTH	52,741	4,085	3,399,086	64
II	RS21	Region of Šumadija and Western Serbia	26,493	2,112	1,908,641	72
II	RS22	Region of Southern and Eastern Serbia	26,248	1,973	1,490,445	57

Source: The Statistical Office of the Republic of Serbia (SORS)

\*The data of the Republic Geodetic Authority (RGA)

\*\*Estimation

The IPARD III Programme shall be implemented on the entire territory of the RS (excluding Kosovo\* and Metohija<sup>2</sup>)<sup>3</sup>.

<sup>1</sup> Law on Territorial Organisation of the Republic of Serbia (“Official Gazette of the RS”, No. 129/07, 18/16, 47/18 and 9/20 – another law and its subsequent modifications).

<sup>2</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244(1999) and the ICJ Opinion on the Kosovo\* declaration of independence.

<sup>3</sup> All data provided in the IPARD III Programme excludes data for Kosovo\* and Metohija.

### 3. DESCRIPTION OF THE CURRENT SITUATION, SWOT AND IDENTIFICATION OF NEEDS

#### 3.1. General socio-economic context of the geographical area

The RS was identified as a potential candidate for EU membership during the Thessaloniki European Council summit in 2003, and in 2009 the RS formally applied for EU accession. In 2010, the process to ratify the Stabilization and Association Agreement (SAA) began, and the European Council granted the RS the status of a candidate country on 1<sup>st</sup> March 2012, based on the Commission’s Opinion on the RS’s membership application adopted in October 2011.

The country is located at the crossroads of Central and Southeast Europe and is the central part of the Balkans region, spreading over an area of 77,589 km<sup>2</sup> (excluding Kosovo\* and Metohija). According to Census from 2011, the RS had a population of 7,186,862 and according to the Statistical Office of the Republic of Serbia (SORS) estimation from 2020, it had a population of 6,899,126. In rural areas referred to as “other settlements” the RS covers 40.6% of the population. 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 was 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.

According to SORS data in 2020 gross domestic product (GDP) amounted to EUR 37,550.0 m at constant prices and real GDP decreased in 2020, related to the previous year, equalled 0.9%. In year 2020 the following sectors had the most significant share in GDP formation: sector of processing industry (13.3%), wholesale and retail trade and repair of motor vehicles sector (11.3%), real estate sector (7.0%), agriculture, forestry and fisheries sector (6.3%) and construction sector (5.4%). The gross added value of the primary sector was 6.3% in 2020 (Statistical Yearbook of Serbia 2021, SORS). The macroeconomic indicators of the RS in period 2012 - 2020 are presented in the *Table 2*.

*Table 2: Macroeconomic indicators for the RS, 2012 - 2020*

Indicator	Year								
	2012	2013	2014	2015	2016	2017	2018	2019	2020 <sup>1)</sup>
GDP* (EUR m)	31,968.8	32,893.6	32,370.7	32,955.4	34,055.6	34,771.2	36,334.2	37,908.1	37,550.0
GDP per capita (EUR)	4,676.7	5,082.9	4,973.2	5,037.1	5,210.8	5,588.4	6,142.7	6,624.0	6,783.0
Unemployment rate (%)	24.6	23.0	19.9	18.2	15.9	14.1	13.3	10.9	9.5
Export of goods and services (EUR m)	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
Import of goods and services (EUR m)	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
Balance (EUR m)	-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)

## **Administrative system**

There are 197 cities/municipalities, which form the basic units of local self-government and 6,158 settlements. The RS (excluding Kosovo\* and Metohija) is organised into 25 districts. Belgrade city constitutes a district of its own and it is a separate territorial unit established by the Constitution and law.

There is no official definition of rural areas in the RS. The classification of settlements used by the SORS (“urban settlements” and “other settlements”) is based on the legal criterion for determining urban settlements, while settlements outside this category are classified as other settlements.

According to the OECD definition<sup>4</sup> of rural areas, in the RS the rural area accounts for 79.5% of the country’s territory, encompassing about half of the total population (58.7%). The average population density in the RS is about 90 inhabitants per km<sup>2</sup>. In rural areas it measures 58 inhabitants per km<sup>2</sup> and in urban areas 399 inhabitants per km<sup>2</sup>.

For the purposes of IPARD III Programme, based on OECD criteria/and in line with territorial classification of the RS, all territory of the RS can be considered as a rural area, excluding the areas of settlements with density of population above 150 inhabitants per km<sup>2</sup> of the 27 cities and the Belgrade City (Annex 18.10. List of settlements outside rural areas).

In case of Measure 5: Implementation of local development strategies – LEADER approach, the rural area defines settlements with up to 25,000 inhabitants (according to the last SORS Census data).

The territory of Areas With Difficult Working Conditions in Agriculture (ADWCA), including mountain areas, is prescribed by the Rulebook<sup>5</sup> (Annex 18.3. List of settlements in mountain areas). The status of ADWCA is granted for a period of three years to the settlements on the territory of the RS that meet one of the following criteria:

1. are located at an altitude of  $\geq 500$  m (mountain areas),
2. are located within the boundaries of the national park area determined by the Law on National Parks<sup>6</sup>,
3. are located in devastated areas in accordance with the Decree on establishing a single list of development of the region and LSGU<sup>7</sup>.

The level of development of municipalities is determined by applying the development

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<sup>4</sup> Rural areas defined according OECD criteria at municipality level with a density of population less than 150 inhabitants per km<sup>2</sup>.

<sup>5</sup> Rulebook on Areas with Difficult Working Conditions in Agriculture (“Official Gazette of the RS”, No. 132/21 and its subsequent modifications).

<sup>6</sup> Law on National Parks (“Official Gazette of the RS”, No. 84/15, 95/18 – other laws and its subsequent modifications).

<sup>7</sup> Decree on establishing a single list of development of the region and local self-government units for 2014 (“Official Gazette of the RS”, No. 104/14 and its subsequent modifications).



indicators, based on the Law on Regional Development<sup>8</sup> and the methodology for calculating the level of development of municipalities adopted by the Government. According to the development level, municipalities are divided into four groups: the first group is above the national average, in the second group the development level ranges from 80% to 100% of the national average, in the third group the development level ranges from 60% to 80% of the national average and in the fourth group the development level is below 60% of the national average.

### Demographic characteristics and trends

According to the SORS estimation for 2019, the overall population of the RS is 6,945,235 (excluding Kosovo\* and Metohija). Key demographic challenges are: a negative rate of natural increase per 1,000 inhabitants (-5.3% in 2019), population ageing (the average age of the population is 43.3 years), high and growing aging index (144.1) and age dependency ratio (53.8), low fertility rate (1.52 children per woman) and negative internal migration balance. At the same time, key demographic indicators of the EU in 2019 are the following ones: the crude rate of natural population change is – 1.1, the average age of the population is 43.7 years, age dependency ratio is 31%, fertility rate (1.56 children per woman). In comparison to the overall demographic picture of the RS, the situation in regard to population and demographic trends in rural areas is getting worse. In the period between two censuses (2002 - 2011), there was a prominent decline of rural population of 10.9%, resulting in the share in total population of 40.6%. There are significant regional differences, with the Region of Southern and Eastern Serbia recording the strongest depopulation trends, whereas the Region of Šumadija and Western Serbia is the only prevalently rural region, with 52.6% of its population being rural. Rural areas are also characterised by more intensive aging process - the share of children and youth is significantly declining and the share of the elderly population is growing.

Table 3: Population by type of regions, 2019

Type of region	Population				Population by age groups (%)		
	Total (000)	%	% of female	Internal migration balance	< 15 years	15 – 64 years	≥ 65 years
Predominantly urban region	1,694	24.4	52.8	7,724	15.1	65.3	19.6
Intermediate region	1,644	23.7	51.2	665	14.3	65.2	20.5
Predominantly rural region	3,607	51.9	50.6	- 8,389	13.9	64.8	21.3

Source: SORS

<sup>8</sup> “Official Gazette of the RS”, No. 51/09, 30/10, 89/15 and its subsequent modifications.

The depopulation of rural areas is a consequence of low birth rate and of intense migrations from rural to urban areas or even abroad, as well. The depopulation is more stressed in the rural female population rather than in the male population. The lack of job opportunities, low wages, undeveloped infrastructure, limited access and low quality of education and health services, as well as access to financial social assistance, partially explain the poverty and migration from rural areas. The share of the population emigrating from rural areas is higher among women than men, as well as among the younger population (15 - 35 years), which significantly affects the loss of work capable and fertile population from rural areas and deepens further depopulation trends.

*Table 4: Internal migratory balance by type of regions, 2019*

Age category	Predominantly urban region		Intermediate region		Predominantly rural region	
	Male	Female	Male	Female	Male	Female
<b>0-4</b>	- 35	- 50	19	37	16	13
<b>5-10</b>	11	7	32	43	- 43	- 50
<b>10-14</b>	96	52	- 2	13	- 94	- 65
<b>15-24</b>	947	1,207	96	148	- 1,043	- 1,355
<b>25-34</b>	1,692	2,125	93	54	- 1,785	- 2,179
<b>35-44</b>	414	317	0	- 21	- 414	- 296
<b>45-54</b>	159	229	- 27	13	- 132	- 242
<b>55-64</b>	34	182	19	45	- 53	- 227
<b>65 year and more</b>	91	246	53	50	- 144	- 296
<b>SERBIA</b>	3,409	4,315	283	382	- 3,692	- 4,697
<b>% of population 15-34 years</b>	77.41	77.22	66.78	52.88	76.60	75.24

Source: SORS

### **Labour market**

Basic labour market indicators in the RS point to positive, albeit not very progressive trends: on the one hand the growth of activity and employment rates, on the other hand a drop in unemployment and inactivity rates. Total number of employed persons in 2019 amounted to 2.2 m. Activity and employment rates in rural areas are traditionally higher than in urban areas. However, there are significant gender and generational gaps, particularly when activity and employment rates are taken into the consideration within the rural population. Rural women have much lower activity and employment rates than men do. Young women are in the most unfavourable position because of the lowest activity and employment rates and much higher unemployment and inactivity rates.

Table 5: Activity, employment, unemployment and inactivity rate of the working age population (15-64 years) in 2019 (%)

Rate	The Republic of Serbia			Male		Female		Gender gap	
	Total	Urban	Other	Urban	Other	Urban	Other	Urban	Other
Activity rate	68.1	67.8	68.7	73.2	77.4	62.6	59.2	10.6	18.2
Employment rate	60.7	59.8	62.1	64.7	70.7	55.1	52.9	9.6	17.8
Unemployment rate	10.9	11.8	9.5	11.7	8.7	12.0	10.7	-0.3	-2.0
Inactivity rate	31.9	32.2	31.3	26.8	22.6	37.4	40.8	-10.6	-18.2

Source: SORS

The share of low skilled workers (without education and with primary education) in urban areas is 6.8%, while in rural areas that number rises to 30.5%. Employment rate in agriculture is permanently declining, but agriculture still remains a predominant employment sector. People working in agriculture accounted for 452,700 in 2019, i.e. 15.6% of population over 15 years (13.4% of the population of working age). Total employment in agriculture, forestry and fishery sector in the RS is 11.5%.

In year 2020 in the sector of forestry and wood industry 20,637 employees were registered in furniture production, which is 8.6% more than in 2019, while 17,020 employees were registered in wood processing (growth of 0.9% compared to the 2019) and 9,216 employees were registered in the production of paper and paper products (growth of 9.5% compared to 2019). In the sector of forestry and forest felling, 6,807 employees were registered, which is 4.1% more than in the 2019. These four sectors of forestry account for 2.5%<sup>9</sup> of total employment in the RS.

The general and specific rights of formally employed persons in the agricultural sector and the food system of the RS are regulated by the Labour Law<sup>10</sup>, Law on Pension and Disability Insurance<sup>11</sup> and other relevant national legislation, while the rights of seasonal workers in the agriculture, forestry and fishery sector are regulated by the Law on Simplified Work Engagement on Seasonal Jobs in Certain Activities<sup>12</sup> and enable seasonal workers to exercise their labour rights. Additionally, employees are entitled to safety and health at work, which is regulated by the Safety and Health at Work Law<sup>13</sup>, as well as by the Law on Ratification of the Convention relating to Safety and Health in Agriculture – Convention 184<sup>14</sup> - especially relating to the following categories of workers: the young, women and temporary and seasonal

<sup>9</sup> <https://api.pks.rs/storage/assets/Sumarstvo.%20Q3%202020.pdf>

<sup>10</sup> “Official Gazette of the RS”, No. 24/05, 61/05, 54/09, 32/13, 75/14, 13/17 – Decision of the CC of the RS, 113/17 and 95/18 - authentic interpretation and its subsequent modifications.

<sup>11</sup> “Official Gazette of the RS”, No. 34/03, 64/04 - Decision of the CC of the RS, 84/04 – other law, 85/05, 101/05 – other law, 63/06 - Decision of the CC of the RS, 5/09, 107/09, 101/10, 93/12, 62/13, 108/13, 75/14, 142/14, 73/18, 46/19 - Decision of the CC of the RS, 86/19 and 62/21 and its subsequent modifications.

<sup>12</sup> “Official Gazette of the RS”, No. 50/18 and its subsequent modifications.

<sup>13</sup> “Official Gazette of the RS”, No. 101/05, 91/15 and 113/17 – other law and its subsequent modifications.

<sup>14</sup> “Official Gazette of the RS - international agreements”, No. 2/19 and its subsequent modifications.

workers.

### Farm structure

According to the results of the Farm Structure Survey (FSS) in 2018, there were 564,541 agricultural holdings (AHs), out of which the vast majority (99.7%) were family AHs. The number of AHs is decreasing in all regions, whereas the average AHs size increased from 5.4 ha (Census of Agriculture in 2012) to 6.2 ha (FSS in 2018). Compared to the Census of Agriculture 2012, the results of the FSS 2018 indicate a slight increase in the area of the UAA (from 3,437.4 ha to 3,475.9 ha, respectively). The AHs of up to 5 ha are dominant (71.7% of total number of AHs), yet they occupy only 23.2% of total UAA, indicating a high duality of AHs structure (*Table 6*).

*Table 6: Land resources by farm size classes, 2018*

Land resources	Ref. unit	Total	<1 ha	1≤ha<2	2≤ha<5	5≤ha<10	10≤ha<50	50≤ha<100	ha≥100
Agricultural holdings	No.	564,541	111,876	110,893	182,253	96,262	58,010	3,825	1,422
	%	100.0	19.8	19.6	32.3	17.1	10.2	0.7	0.3
Utilised agricultural area	ha (000)	3,475.9	58.7	159.9	589.2	665.2	1,045.7	256.2	701.0
	%	100.0	1.7	4.6	17.0	19.1	30.1	7.4	20.2
Average farm size	ha	6.2	0.6	1.4	3.2	6.9	53.4	67.0	493.0
Unutilised agricultural land	ha (000)	290.0	20.8	22.1	36.0	18.6	10.1	8.4	174.0
Wooded area	ha (000)	972.3	102.7	145.9	254.3	188.9	118.9	58.6	103.0
Other land	ha (000)	440.6	18.0	13.7	28.8	32.6	27.1	32.0	288.4
Total agricultural land	ha (000)	5,178.7	200.2	341.6	908.3	905.4	1,201.7	355.1	1,266.5

Source: SORS

The FSS in 2018 results indicate that there is a very high share of farms whose holders are older than 65 years (42.8%). Most farm managers in the RS (54%) have experience gained exclusively through practice, 38% have completed high school in the field that is not related to agriculture and only 3% have secondary education in the field of agriculture. In 2018, 7% of farm managers attended agriculture courses. The agricultural education of farm managers is on low level, whether formal or informal.

### General characteristics

With the perspective of future accession of the RS to the EU, it is important to support the specialised, viable sectors to prepare for future compliance to the EU standards and competition on the market.

The agricultural sector in the RS is a low-investment production system that uses minor amount of chemicals which results in high input prices that are often too high for the majority of small farmers. Improper application of agrotechnical measures in plant production, small percentage of irrigated areas, insufficient utilisation of genetic potential and imbalanced livestock nutrition are all major factors in the plant and livestock production fluctuations of the RS. High input prices and loan repayment for equipment and mechanisation represent a challenge for the volume of investments, resulting in the production which is highly dependent on weather conditions.

A major part of the primary agriculture sector is excluded from the commercially oriented agri-food chain due to low production volumes, for which the producers cannot provide an equable product quality in sufficient quantity. In such a context, a major challenge for producers is the capability to meet the requirements in order to maintain as large domestic market share as possible.

Shortage of modern systems and facilities for storage and distribution, including silos, evident deficit of information and communication systems and lack of professional support affect large number of producers, especially in terms of both product quality and availability.

Investments that will reduce the technological development gap among the competitors and alleviate consequences caused by climate change are mostly required in the field of primary agricultural production and processing.

Small farms, with their key products which are consumed in the region, contribute significantly to regional availability and provide access to food for their households and communities, as well. Traditional production techniques maintain diversity in rural economies and also conserve the environment. In that aspect, Short Supply Chain should continue building bridges between small farms and urban consumers. Additionally, agri-environmental measures can also diversify the range of income sources from small farms and help them promote their assets.

Current needs of producers and processors are based on stable income and business environment, as well as achieving economic and environmental sustainable development. The potential of the agri-food sector lies in the increase of the food chain efficiency and competitiveness through IPARD investments.

Farm infrastructure, technology, productivity and cost-effectiveness of primary production should be improved in the RS by building or reconstructing facilities, introducing biosecurity systems, improving genetic potential, as well as optimising the animal welfare, veterinary public health, environmental protection and nutrition. IPARD III Programme can contribute to consolidation of supply of primary products by small and medium scale AHs which will lead to their joint investments and expansion of the value chain.

In order to make a more significant progress in increasing production, competitiveness and export, it is necessary to review the measures and give higher priority to investment support. Therefore, cooperation in the agriculture sector is the key to the success and preservation of small farmers. Joint investments in physical assets, such as investments in storage capacities,

or sorting and packaging capacities, aim at raising mutual trust, bringing producers together and strengthen their position in the market.

It is necessary to work systematically with the aim of increasing overall production and quality, building stronger relationships between producers and processors, environmental sustainability, including innovation, digital skills building, improving quality and food safety standards, developing new and promoting Serbian traditional products, and in addition to CEFTA, expanding export to the EU and other foreign markets.

Investments in the processing sector need to be double folded: green-field investments into new facilities and updating of the existing ones. According to the sector analysis, investments in construction and reconstruction of buildings and new equipment for the purpose of meeting EU standards are needed in the food processing industry.

For the majority of the small farm producers, direct sale is the most important market channel. Types of direct sale of small farm products are as follows: farmers' market, farm gate sale, roadside sale, sale through tourism and catering etc. The most significant direct market channel is farmers' market with the total turnover of agri-food products approx. 20% of the total value of the sale and purchase of agri-food products (FAO, 2019). In addition to the abovementioned, a special type of placement of agricultural products by small farmers refers to the barter transactions between value chain participants (food-processing companies, cooperatives, buyers/traders, integrators) and farmers themselves. Under this system, farmers concluding contracts with processing companies, cooperatives or integrators, are provided with necessary inputs, in exchange for crop surplus sales upon harvest. The value of this type of cooperation is estimated for at least EUR 100 m (USAID, 2013, FAO 2019).

### **3.2. Performance of the agricultural, forestry and food sectors**

The RS GVA of agriculture, forestry and fishery sector has increased by 14% from 2015 to 2019, although with some fluctuations (*Table 7*). In 2019 it amounted EUR 2,737 m, which is 42.9% of the EU-27 average. In 2019, in comparison with regional countries, the RS achieved higher GVA of agriculture (EUR 2,609 m) than Slovenia (EUR 516 m), Croatia (EUR 1,266 m) and Bulgaria (EUR 1,318 m), but significantly less than Romania (EUR 7,638 m).

The labour productivity of agriculture, forestry and fishery sector has increased by 25.4% from 2015 to 2019 and it was 6,046 EUR per employee in 2019, which is 30% of the EU-27 average (19,960 EUR/AWU). Still it is 7% higher than the EU-27 minimum level achieved by Romania (5,671 EUR/AWU). Compared to the regional EU member states, both Slovenia (6,882 EUR/AWU) and Croatia (6,081 EUR/AWU) have higher labour productivity than the RS.

For agri-processing sector, the GVA increased by 6.4%, while employment increased by 0.3%. Consequently, labour productivity increased by 6.1% in the observed period. The agri-processing sector in the RS had a labour productivity level of 14,371 EUR per employee in 2019, which is 28% of the EU-27 average (51,219 EUR/AWU, in 2018). The EU-27 minimum labour productivity level is achieved by Bulgaria (11,217 EUR/AWU, in 2019). The labour productivity level in the RS is 28% higher than in Bulgaria and smaller compared to Croatia

(by 64%) and Slovenia (by 114%).

Both for agriculture and agri-processing sector, there is a need to increase the levels of total factor productivity and labour productivity. In particular, in agri-processing sector there is an urgent need for acting in order to be competitive with the countries in the region in the coming years.

*Table 7: Main indicators of the importance of the agri-food sector of the RS (2015 - 2019)*

Indicator	Year				
	2015	2016	2017	2018	2019
<b>Gross Value Added in current prices (in EUR m)</b>					
Agriculture, Forestry and Fishery	2,400	2,470	2,360	2,721	2,737
Total GVA in agri-processing	1,375	1,414	1,449	1,419	1,463
- Manufacture of food products	1,051	1,107	1,119	1,077	1,127
- Manufacture of beverages	267	237	240	268	253
- Manufacture of tobacco products	57	70	90	74	83
<b>GDP Share (%)</b>					
Agriculture, Forestry and Fishery	6.7	6.8	6.0	6.3	6.0
Manufacture of food products	2.9	3.0	2.9	2.6	2.3
Manufacture of beverages	0.7	0.6	0.6	0.6	0.5
Manufacture of tobacco products	0.2	0.2	0.2	0.2	0.2
<b>Employment</b>					
Agriculture, forestry, and Fishery (000)	497.8	506.1	481.1	451.0	452.7
- Share in total employment (%)	19.5	18.6	17.2	15.9	15.6
Agri-processing (000)	101.5	106.4	105.8	110.1	101.8
Share in total employment (%)	4.0	3.9	3.7	3.9	3.6
<b>Labour productivity (EUR/per employee)</b>					
Agriculture, Forestry and Fishery	4,821	4,880	4,905	6,033	6,046
Agri-processing	13,547	13,289	13,696	12,888	14,371
<b>Agri-food foreign trade</b>					
Export (in EUR m)	2,605	2,922	2,823	2,854	3,238
- Share in total export (%)	21.6	21.8	19.4	17.5	18.5
Import (in EUR m)	1,489	1,362	1,617	1,714	1,868
- Share in total import (%)	9.1	7.8	9.5	7.8	7.8

Source: SORS

The structural changes in the economy have led to the continuous decline of the agriculture sector's share in the GDP, while the value of agricultural output has been increasing, albeit with prominent annual variations.

The agri-food export of the RS has been growing, but its structure indicates that the sector is still primarily a raw material supplier, with an unfavourable export-import unit value ratio and a deteriorating export-import coverage ratio (from 2.1 in 2016 to 1.7 in 2019). Primary agricultural commodities achieved a significant share of foreign trade, both in export (approx. 75%) and import (65%).

The main indicators presented in *Table 7* show that, despite agriculture's substantial contribution to economic growth, there is still a lot of possibilities for its transformation into a modern and competitive sector, generating new, high-quality jobs, guaranteeing stable income,

contributing to sustainable utilisation of resources, and improving environment and the economy of rural areas. Agricultural output growth rates are highly dependent on weather conditions, due to adverse climate and environmental change. Land productivity has stagnated, while labour productivity has increased, primarily due to out-migration and part of the labour force leaving the sector. On the other hand, these changes in the rural labour market have slowed down generational renewal and the structural transformation of the agriculture sector.

The adoption of the National Agriculture and Rural Development Strategy (NARDS) in 2014, as well as of amendments to laws governing the implementation of agricultural and rural development policies gave the initial impetus for establishing a long-term and stable agricultural policy framework. However, the full implementation framework was defined only several years later (in late 2017) with the adoption of the National Agriculture Programme and the National Rural Development Programme (NRDP), while the IPARD II Programme was adopted in early 2015.

Total paid support for rural development from the national budget (MAFWM, PSAWMF, LSGU) and EU budget for IPARD II Programme, in the period 2015 - 2019 amounted EUR 333.8 m (26.7% of the total budget for agriculture and rural development), where the MAFWM funds had a share of 73% out of the total national budget.

Also, in the period 2015 – 2019, the MAFWM launched the Public Calls for the allocation of funds under the Annual Programme for the Use of the Budget Fund for Forests of the RS. Total paid support for afforestation, forest care, forest protection – maintenance and construction of fire lines, protection of forests from diseases and pests, forest seed production and forest planting material production, as well as the construction and reconstruction of forest amounted EUR 4.6 m.

## **Milk and dairy sector**

### ***Background and key figures***

In the RS, milk production is challenged by many issues, from lack of stable farm income, mostly inefficient production, to weak position of dairy farms in the value chain. Low milk yield, mostly obsolete equipment and facilities that do not adhere to sufficient hygiene practices, are not a good base for milk quality improvement and compliance with the food safety and environmental standards. Additionally, current policy measures are implemented through direct payments per liter of milk. Introduction of the milk quality criteria is planned in the future. In spite of significant decline in the number of small farms and milking herds, dairy sector in the RS is keeping the production stable and mostly self-sufficient.

Competitiveness issues, particularly in relation to reforms proposed by the Green Agenda for the Western Balkans and the European Green Deal, the dairy sector in the RS is rarely challenged by sustainability issues, efficient use of resources, animal welfare or waste reduction. There is a discrepancy between smaller and larger producers, where generally smaller farms are unable to cover their own labour costs, while larger farms are conditioned with efficiency production and milk quality investments. Overall, dairy sector depends on the commitment of many farmers to continue dairy production despite market situation. Also, dairy



sector in the RS is not characterised by a high level of innovation in the primary milk production.

Inadequate manure disposal can cause environmental problems. The IPARD Programme supports investments related to the storage and distribution of manure and reaching the EU standards in the field of environmental protection. National standards related to manure disposal are determined by the Rulebook on conditions to be met by animal waste facilities and plants for processing and treatment of animal waste<sup>15</sup>.

Table 8 gives the overview of the key figures in the sector and value chain.

Table 8: Key indicators for milk and dairy sector

Indicator	Number
Value/trend of Sector growth	RSD 44.3 bn (EUR 376.7 m) average growth trend + 5%
Total Export/trend Export	USD 85 m (EUR 71.6 m) 2018, USD 72.2 m (EUR 60.8 m) 2012 - 2018/export grow at a rate of 5.2% annually in the 2018, but the actual growth rate is 1.4% if the trade specific of 2018 is included.
Number of dairy farmers	116,292 in 2018 (compared to 155,859 in 2012)
Number of employees in the dairy industry (Serbian Business Registry, 2019)	5,289
Number of agricultural households involved in dairy farming (FSS, 2018)	116,292
Number of agriculture households specialized for dairy farming (FSS, 2018)	19,556
Dairy cows /farm in average	3.6
Total number of dairy cows (FSS, 2018)	424,156
Total milk yield	1,475 thousand m tons in 2018
Average yield in RS/EU average (2018)	3,660 kg/cow / 7,346 kg/cow
Milk distributed and processed in the processing establishments	828,777 tons
Active dairy establishments	approx. 100 (out of 230 in the Registry of the Veterinary Directorate)

Source: MAFWM

Compared to several years ago (2012 as the baseline year), the summary statistics indicates moderate fluctuations, with almost identical challenges – large number of agricultural households with only a few dairy cows, significant share of milk consumed and processed on the farm. Cattle are raised on 116,292 farms and less than 18,000 producers receive a milk premium. The reason for this is largely because small producers are not able to deliver the required quantity of milk of 3,000 litres at the quarterly level, which is the minimum eligibility requirement for a premium.

<sup>15</sup> “Official Gazette of the RS”, No. 94/17 and 94/19 and its subsequent modifications.

Maintaining the level of production is necessary for self-sufficiency, but is not guaranteed in the future, especially in light of the inevitable and demographic trends in the smallest household group, which is still supplying a significant share of milk to the market. In order to increase production in other sizes of AHs, and overall increase of the size of herd and milk, apart from the breed improvements in the new flock, the investments in the infrastructure are crucial both for farms and the processing sector, as well.

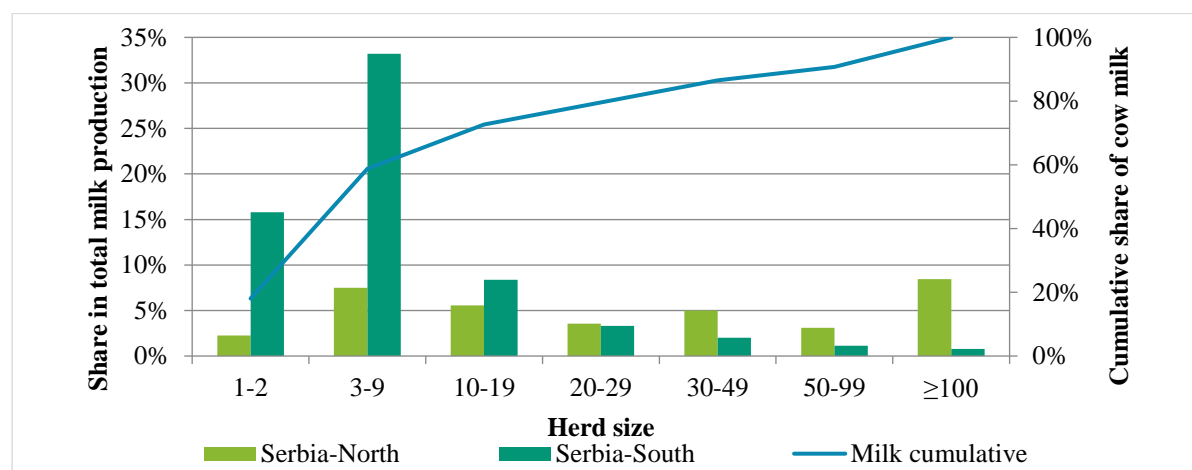
In the previous decade, the primary milk production remained steady despite turbulent changes of the demographics. Following the global and previously anticipated trends, the overall size of the flock is reduced. The decrease in number to 425,000 cows (2018 to 2012) is compensated with productivity growth, so overall production remains stable to about 1.5 bn litres annually.

The average milk yield has increased by 20%, to an approx. 3,500 litres per year. Although it is significantly lagging behind the European average (7,346 kg/cow/year), improvement in breed and genetic composition, production technology, feeding farm infrastructure and farm management all contribute to this positive trend. The 2018 average yield of 3,520 litres per cow, has significant variations in the range up to 8,000 litres, which was recorded on a number of large farms in the Region of Vojvodina.

Milk production in the RS continues to rely on family’s AHs with up to 10 dairy cows. Individually very small productions, in aggregation these AHs supply up to 59% of all fresh milk in the RS.

In the structure of the agricultural holders involved in the production of cow milk, the most prominent group are the farms in the Serbia-South, where farms with 1-2 and 3-9 cows from this region contribute to half of the RS milk production. In the Serbia-North, the most important group is the households with the size of the base flock of 10 or more heads that produce 25% of milk in the RS.

Chart 1: Supply of cow’s milk in the RS by production regions



Source: SORS

A major challenge for dairy farmers is improvement of hygiene standards in order to comply with the EU criteria that have been adopted in the RS legislation. It is expected that the milk parameters, mainly milk hygiene, will become a key requirement for financial support.

However, latest data indicate a large variation in milk quality, total number of somatic cells in milk, total number of bacteria, as well as presence of residual antibiotics. Milk hygiene parameters are a particular challenge as, according to the samples from the report of the National Laboratory for Milk Quality, half of the samples do not fulfill the milk quality criteria. The quality and hygiene of raw milk are regulated by two legal documents:

- Rulebook on Veterinary-Sanitary Requirements and General and Special Conditions of Hygiene of Food of Animal Origin, as well as on the Conditions of Hygiene of Food of Animal Origin (“Official Gazette of the RS”, No. 25/11, 27/14 and its subsequent modifications);
- Rulebook on Quality of Raw Milk (“Official Gazette of the RS”, No. 106/17 and its subsequent modifications).

The milk quality monitoring, conducted in 2018 (Veterinary Directorate) on a sample of 12% of agricultural producers who are eligible for a milk premium, found that milk quality differs and that the main issues are related to insufficient hygiene of the dairying, mammary glands health, cooling, i.e. the technology of raw milk obtaining. The monitoring was conducted on a sample of 2,696 milk producers, who deliver milk to dairy farms. The most common situations that occur are: firstly, the total number of somatic cells in milk, secondly, the total number of bacteria, then other indicators of food safety and milk quality, such as antibiotic residues in milk, protein content, milk fat, etc.

Both producers and processors in the dairy sector need a modernisation of current equipment and facilities. This includes not only the construction, adaptation and equipping of facilities, but also the management of by-products, installation of facilities and equipment for biogas and energy production, construction of disinfectant barriers, other biosafety equipment, etc.

Current dairy sector challenges are very similar to the challenges present from the beginning of the IPARD II Programme. While it appears that this sector has stagnated, it certainly needs further investments to improve food safety compliance, encourage higher stages in processing and focus on higher quality of dairy food products, particularly those with certificates of quality. Both producers and processors need to implement better use of inputs and adopt good practices and management, particularly in food safety standards and efficient value chain organisation. Number of AHs that will be supported through Measure 1 - Investments in physical assets of agricultural holdings is 790 (*Table 9*).

*Table 9: Potential recipients in the Milk sector within Measure 1*

Potential recipients	Number of dairy farmers
Eligible AHs	790
Eligible AHs (%)	0.7
Below threshold	114,602
Below threshold (%)	99

Source: MAFWM

### ***Processing industry***

The dairy processing sector is pressured and polarised between a few large processors and the remaining majority doing their best to meet the requirements of the upcoming categorisation, adoption of standards, better technologies, marketing and promotion. Dairy sector in the RS provides often marketable products at higher added value that can also be produced on a smaller scale, directly on the farm, largely contributing to rural development and household sustainability.

The share of milk purchased for dairy processing in industrial and artisan dairies grows continuously and in 2018 has reached 57%, which is a 10% increase comparing to the decade before. Still around 40% is consumed and processed at the farm level and that “on farm processing” increasingly becomes part of the official market channels and controls.

Out of all dairies from the Registry of the Veterinary Directorate (230), more than half (124) have the installed processing capacities up to 10,000 litres, however their total processing adds to only 10% of all milk that flows through dairy processing. At the same time, the 10 largest dairies process 65% of all milk purchased within the dairy processing value chain. These figures indicate serious challenges that the dairy sector will face when adopting EU standards, as the small establishments will take strong impact unless provided financial and technical assistance. At the beginning of 2020, the list of EU approved third country establishments included 14 establishments from the RS.

Apart from the obvious dominance of the large capacities regarding the share of processed raw milk, some of the common problems in dairy processing include high average production costs, problems with liquidity, inadequate standard enforcement, lack of milk collection points which fulfill hygiene and sanitation requirements.

### ***Market and trade***

The focus on competitiveness and expansion of the product range for the purpose of better market differentiation is in line with consumer demands, which is particularly important, as the dairy sector had a negative trade balance for the first time in 2018. This is partially a result of cross-border production capacity integration, where the domestically present international companies increased import in the RS.

Traditionally focusing on the regional markets, particularly Montenegrin and North Macedonian markets, dairy sector in the RS needs to increase the focus on its distinctive high-quality products and brands that are well known on the CEFTA market. The promising trend of cheese export to the Russian Federation and some openings on the EU market show the positive prospects for the increased export trade.

Apart from the adoption of the food safety and quality standards, the promotion and communication of specific products properties and characteristics can further expand their presence on the international market. There is a mild trend of increased import to meet consumption needs. The export of all categories of dairy products is growing, with cheese and fermented products at the lead.

Promoting the transparent systems that address the consumer needs for safe, high quality product together with responsible production, needs to be a part of the future strategic sector development through the IPARD III programming period. This will also address the future changes in the food and dairy markets, enable market reorientation and increase competitiveness of the RS dairy sector.

*Table 10: Export, import and net trade of milk and dairy products expressed in milk equivalents in the period 2014 until 2018*

	2014	2015	2016	2017	2018
<b>EXPORT</b>					
<b>Milk and sour cream</b>	10,954	9,547	7,392	7,085	12,605
<b>Powder milk</b>	791	1,209	2,151	121	593
<b>Fermented milk products</b>	11,855	13,047	12,083	10,918	5,568
<b>Butter</b>	4,723	5,242	4,894	5,510	6,365
<b>Cheese</b>	34,508	31,487	32,284	37,764	45,500
<b>Total:</b>	62,830	60,532	58,805	61,398	70,631
<b>IMPORT</b>					
<b>Milk and sour cream</b>	11,742	11,048	11,973	14,167	18,489
<b>Powder milk</b>	6,540	6,966	5,724	7,086	10,676
<b>Fermented milk products</b>	6,763	6,599	4,867	5,804	10,892
<b>Butter</b>	1,962	3,031	7,223	10,682	10,595
<b>Cheese</b>	10,677	10,200	10,802	15,038	22,992
<b>Total:</b>	37,684	37,844	40,590	52,777	73,645
<b>TRADE BALANCE</b>					
<b>Net trade</b>	25,146	22,687	18,214	8,621	-3,013
<b>Self-sufficiency level:</b>	102.8%	102.9%	101.8%	101.3%	99.96%

Source: MAFWM

## Meat sector

### *Background and key figures*

Having in mind the contribution of agriculture, forestry and fishery sector in the GDP and GVA and the structure of the value of agricultural outputs and livestock production in the RS, the meat sector in previous years contributed to GDP between 1.12% and 1.33%, and to GVA between 1.24% and 1.54%. In the period from 2013 to 2018, the livestock sector including dairy on average contributed 30.4% of the agriculture production value, while in 2019 the animal production (including milk, eggs and other animal products), on average contributed 29.7% of the total agriculture production value. The highest value of livestock production in 2019 was achieved within the production of pigs (EUR 539.5 m) and cattle production (EUR 275.0 m), while poultry in the total value of livestock production amounts EUR 127.6 m and sheep and goat EUR 90.0 m (SORS).

According to the Census of Agriculture 2012, about 77.5% of total AHs (489,364) are involved in livestock production. Cattle are held on about 177,000 holdings, pigs on 355,000, sheep on 155,000 and poultry on 414,000 AHs.

In previous years, there has been a dramatic decrease in the number of animals in the RS, primarily pigs and cattle. The decline in the number of cattle and pigs is a result of expensive production (higher prices of feed and fuel). Comparing the number of animals on 1<sup>st</sup> December 2018 with 1<sup>st</sup> December 2006, in the RS the total number of cattle is lower by 20.61%, pigs by 30.43% and poultry by 2.19%, and the number of sheep is higher by 10.03% and goats 20.99%.

According to the data of the Veterinary Directorate from December 2019, the total number of facilities for breeding and fattening is 6,346, of which 1,970 are for cattle, 2,037 for pigs, 756 for sheep, 86 for goats and 1,497 for poultry (*Table 11*).

*Table 11: Number of facilities for livestock breeding and fattening*

Number of registered facilities for livestock breeding and fattening							
Cattle		Pigs		Sheep and goats		Poultry	
No. of heads	No. of registered facilities	No. of heads	No. of registered facilities	No. of heads	No. of registered facilities	No. of heads	No. of registered facilities
1-9	47	1-49	69	1-49	89	1-4,999	380
10-19	161	50-99	134	50-99	135	5,000-6,999	152
20-29	203	100-199	426	100-149	158	7,000-9,999	101
30-39	170	200-299	268	150-199	92	10,000-19,999	270
40-49	168	300-499	298	200-299	91	20,000-24,999	37
50-99	531	500-999	179	300-499	75	25,000-29,999	21
100-199	188	1,000-2,999	117	500-599	28	30,000-39,999	33
200-299	58	3,000-4,999	27	600-799	24	40,000-49,999	18
300-499	51	5,000-6,999	10	800-999	24	50,000-69,999	15
500-999	62	7,000-9,999	11	1,000-1,999	12	70,000-99,999	25
1,000-1,999	31	10,000-14,999	21	2,000-3,999	13	100,000-119,999	6
2,000-4,999	11	15,000-19,999	12	> 4,000	4	120,000-149,999	5
5,000-9,999	-	20,000-49,999	21	-	-	150,000-199,999	9
>10,000	-	>50,000	2	-	-	>200,000	17
Capacity data are not available	289	Capacity data are not available	442	Capacity data are not available	108	Capacity data are not available	408
Total number of facilities for fattening							
<b>Cattle</b>	<b>1,970</b>	<b>Pigs</b>	<b>2,037</b>	<b>Sheep and goats</b>	<b>842</b>	<b>Poultry</b>	<b>1,497</b>

Source: MAFWM, December 2019

The vast majority of livestock breeding and fattening facilities in the RS must be reconstructed or rebuilt to meet the requirements of animal husbandry and welfare standards, as well as environmental standards, bearing in mind the particular importance of improving biosecurity on farms, manure management and use of renewable energy sources. It is necessary to modernise the production infrastructure and equipment in order to achieve better sustainability and competitiveness, and the production itself must be more economical and efficient.

The future of livestock farming, which is relatively labour intensive and employs most of agricultural workforce in rural areas, is not just a question of agricultural development, but it is also related to the process of rural development. Therefore, policy measures for predominantly small sized farms are planned under the NRDP and for small and medium farms under the IPARD Programme. Support for small farms is focused on the increase of incomes and economic self-sufficiency and the support for medium-sized farms is focused on the

improvement of efficiency and competitiveness. Demarcation between different donor programmes is described in the Chapter 10.3. Farmers from the *Table 12* will be supported through Measure 1 - Investments in physical assets of agricultural holdings.

*Table 12: Potential recipients in the Meat sector within Measure 1*

Potential recipients	Number of registered facilities for livestock breeding and fattening/number of farms				
	Cattle	Fattening Pigs	Sheep	Goats	Broilers
Eligible farms	1,228	910	203	27	632
Eligible farms (%)	73.1	57.1	26.9	31.4	58.0
Farms below threshold	411	629	427	47	380
Farms below threshold (%)	24.4	39.4	56.5	54.7	34.9
Capping	42	56	126	12	77
Capping (%)	2.5	3.5	16.7	14.0	7.1

Source: MAFWM

### ***Processing industry***

At the beginning of December 2019, in the Register of the Veterinary Directorate of Approved Establishment there were 361 red meats (cattle, pigs, sheep, horses) and 78 white meat (poultry) slaughterhouses, meat cutting and meat processing establishments, as follows:

- Combined establishments for red meat slaughtering, cutting and processing (235);
- Combined establishments for slaughtering, cutting and processing of poultry (35);
- Establishments for slaughtering cattle, pigs, sheep and horses (105);
- Poultry slaughterhouses (21);
- Establishments for slaughtering and cutting red meat (21);
- Establishments for slaughtering and cutting of poultry (22).

*Table 13: Number of approved slaughterhouses in the RS based on the daily slaughter capacity*

Cattle		Pigs		Sheep		Poultry	
No. of heads	No. of approved slaughterhouses	No. of heads	No. of approved slaughterhouses	No. of heads	No. of approved slaughterhouses	No. of heads	No. of approved slaughterhouses
1 - 9	109	1 - 19	55	1 - 19	35	≤ 4,999	50
10 - 19	56	20 - 49	63	20 - 49	45	5,000 - 7,999	4
20 - 49	47	50 - 99	69	50 - 99	41	8,000 - 19,999	7
50 - 99	16	100 - 199	30	100 - 199	17	20,000 - 49,999	7
100 - 199	20	≥ 200	34	≥ 200	15	≥ 50,000	0
≥ 200	1	-	-	-	-	-	-
<b>Total</b>	<b>249</b>	-	<b>251</b>	-	<b>150</b>	-	<b>68</b>

Source: MAFWM, December 2019

*Table 14: Number of approved meat cutting and meat processing establishments in the RS based on the daily capacity (kg)*

Quantity (kg)	Red meat cutting	Red meat processing	Poultry meat cutting	Poultry meat processing
≤ 499	20	51	6	11
500 - 999	20	30	10	2
1,000 - 1,999	32	40	11	7
2,000 - 2,999	14	20	9	1
3,000 - 3,999	8	11	1	3
4,000 - 4,999	1	5	3	1
≥ 5,000	39	41	16	8
<b>Total</b>	134	198	56	33

Source: MAFWM, December 2019

The current overall slaughterhouse capacity certainly exceeds the demand of the local market and in future with more consistent implementation of domestic standards and adoption of the EU standards the number of these facilities will significantly reduce. It is estimated that 44% of beef, over 14% of officially slaughtered sheep meat and almost 78% of pig meat (45% pork and 33% bacon) is consumed as a processed product, therefore, the secondary processing sector is extremely important.

In the RS, a large number of slaughterhouses, meat cutting and meat processing establishments are old, with outdated technology and equipment, and do not meet EU environmental standards.

Modernisation of the meat processing industry is imperative in order to increase productivity, competitiveness, overall performance and fulfil the EU requirements. In addition, these investments will facilitate better product positioning in the domestic market and contribute to increased export.

The RS farms are not sufficiently equipped with machinery. Farm buildings and the associated infrastructure needs to be improved. This can be achieved through investments for upgrading and equipping of existing facilities and construction of new ones. Investment support for improvement of nutrition, quality of the breeding material and facilities for housing of animals have to be established, along with support for manure handling, storage and distribution according to the EU standards.

Modernisation in respect of veterinary, health and environment protection standards is vital. Currently, required standards have only been introduced by a small number of meat processing plants that have licenses to export to the EU market. Apart from that, the RS meat production shows a low degree of utilisation of established production capacities and low level of specialisation in specific products. Technological infrastructure of slaughterhouses and meat processing plants is also low.

There is a need to target interventions of the IPARD III Programme towards recipients that are



able to fully comply with the EU standards. Thus, investments in this sector should be focused on appropriate livestock housing, animal welfare, manure management and use of renewable energy sources, but above all on farm biosecurity. Priorities include the replacement of poor technical equipment and old buildings and introduction of new technologies and modes of livestock production processes in compliance with food safety, environmental protection and animal welfare standards. These are requirements for farms of all sizes. Furthermore, there is a need to improve mechanisation.

Investments to meet EU food safety and environmental protection standards are a priority. Additionally, investments should be aimed at market orientation of production, utilisation of existing market niches, creating new sales outlets, introducing new technologies, etc.

### ***Market and trade***

According to Chamber of Commerce and Industry of Serbia, the annual production of meat in the RS for twenty years has declined from 650,000 to 450,000 tons. From the minimum meat production of 441,000 tons in 2013, there was an increase in production, which in 2018 amounted to 517,000 tons.

Out of the total value of the RS agricultural production in 2019, livestock production value represents approx. 29%. Total livestock production value in 2019 was EUR 1.49 bn which is 15% higher compared to 2015. The value of livestock production observed per type of animal is as follows: cattle production amounted to EUR 275.5 m, pigs amounted to EUR 540.4 m, poultry EUR amounted to 127.9 m and sheeps and goats amounted to EUR 90.2 m (Statistical Yearbook 2020, SORS).

The fragmentation of livestock production and inadequate breed composition, especially in the pig sub-sector, represent reality in the RS, which increases the cost of production and makes it uncompetitive. As a result, the RS produces about 75 kg of meat per capita, and production is primarily focused on the needs of the domestic market, which consumes approximately as much as it is produced.

The RS has appropriate prerequisites to be competitive in the beef production, but trends are quite weak, and export production is low that not even 10% of the approved EU quotas for baby beef export at preferential conditions are used.

The SAA with the EU and the CEFTA agreement have created new opportunities to increase agricultural export to Europe. For meat and meat products, the main export partners of the RS are Bosnia and Herzegovina and Montenegro, and import partners are Croatia, Germany, Spain, Hungary, Bosnia and Herzegovina and the Netherlands.

The RS agriculture will require further development to capitalise, first on the markets which are available through the EU Interim Trade Agreement, and later to the enlarged market through full membership of the EU.

Without adequate financial resources a larger number of establishments will not be able to meet the requirements of the new national regulations harmonised with EU regulations and consequently stop working.

## Fruit sector

### *Background and Key Figures*

The value of fruit production in 2018 was RSD 68.8 bn (EUR 585.5 m) in producer prices for the current year, which is the third largest agricultural production after the production of grain and industrial plants. In the value of the total production of agricultural goods and services - fruit sector makes from 9.7% to 14.2% of the value in the period 2014-2018, depending on the year.

Since agriculture is an important source of income in rural areas, there is still fluctuation of producers from one agricultural sector to another. They are often focused on fruit growing. A fruit production requires certain level of knowledge, but investments in physical assets are needed as well, in order to achieve results efficiently. Fruit production in the last 10 years was around 1.4 m tons (average production in 2013 - 2017 was 1.6 m tons due to the extremely fertile 2013). In 2010 and 2012, there were crises in terms of declining production due to extreme weather conditions (drought), while in 2013 it made a large increase primarily due to the growth of apple and plum production. Extensive plum production still has a great impact on the total fruit production in the RS, because plums, in addition to apples, are dominant in the structure of production. In 2018, there were 185,880 ha under fruit orchards in the RS. The most common plantations are plum, apple, raspberry and cherry orchards.

The fruit growing performance is not limited and conditioned by the production area, thus correlation between the acreage and the producers is not an objective criterion. According to data from the latest FSS 2018, 98.7% of AHs have fruit orchards with less than 5 ha UAA, while only 1,392 of potential recipients have more than 5 ha under fruit orchards. According to the FSS, out of 66,712 AHs specialized in perennial production (89.9% orchards), 52,123 sell their own products, 20,016 sell directly to consumers and 8,157 AHs spend more on the own farm than they sell. In the Belgrade Region, 66% sell more than 50% of their products, in the regions of Vojvodina 48.5%, Šumadija and Western Serbia 32% and Southern and Eastern Serbia 41%.

*Table 15: Number of households per type of fruit production and UAA*

Type of fruit production	Utilised agricultural area, ha						
	0.5≤ha<1	1≤ha<2	2≤ha<5	5≤ha<10	10≤ha<20	20≤ha<50	ha≥50
<b>Apple</b>	5,598	2,962	1,506	266	96	29	17
<b>Pear</b>	1,107	588	306	55	10	3	2
<b>Peach</b>	1,201	1,134	696	80	4	3	0
<b>Nectarine</b>	299	229	125	20	4	1	0
<b>Apricot</b>	1,924	1,381	588	42	10	1	0
<b>Sweet cherry</b>	1,608	820	357	28	12	2	0
<b>Sour cherry</b>	5,806	3,714	1,671	202	47	16	11
<b>Plum</b>	32,601	13,075	3,608	184	47	6	1
<b>Quince</b>	805	349	91	12	1	1	0
<b>Walnut</b>	968	621	96	10	1	3	0
<b>Hazelnut</b>	896	446	379	57	29	8	2

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<b>Raspberry</b>	11,614	3,433	602	44	6	3	0
<b>Blackberry</b>	2,268	458	76	2	1	0	0
<b>Blueberry</b>	135	88	33	1	11	0	1
<b>Total</b>	66,830	29,298	10,134	1,003	279	76	34

Source: SORS

The fruit sector is currently the most competitive sector in the RS agriculture. According to the competitiveness Index<sup>16</sup>, 6 out of the 10 most competitive agricultural products include fruits, primarily raspberry and stone fruit. Raspberry is the most competitive agricultural product, with export of frozen raspberry averaging USD 253 m (EUR 213 m) annually over the 2014 - 2018 period. In 2018, production in the RS was 127,010 tons and, over the past 6 years, production has grown faster compared to the average global growth rate of raspberry production. From 2014 to 2018, area under raspberry cultivation increased from 14,792 ha to 22,654 ha.

The most competitive stone fruit is frozen sour cherry. The country's competitiveness is based on specific characteristics of varieties suitable for industrial processing and positive export trends over the previous period. In recent years, sweet cherry production has been modernised, with organised and intensive cultivation leveraging attractive varieties.

Table 16: Fruit production in the RS (in tons)

Fruit	Year						
	2012	2013	2014	2015	2016	2017	2018
<b>Apple</b>	243,987	516,411	403,936	431,759	400,473	378,644	460,404
<b>Pear</b>	48,413	88,224	64,510	71,895	60,799	52,291	53,905
<b>Plum</b>	297,446	606,599	421,529	354,890	471,442	330,582	430,199
<b>Walnut</b>	12,577	19,058	16,198	16,637	13,630	12,276	9,272
<b>Strawberry</b>	26,507	28,929	23,307	26,036	22,938	30,106	21,735
<b>Raspberry</b>	70,320	74,682	82,683	97,165	113,172	109,742	127,010
<b>Blackberry</b>	12,911	17,415	21,430	27,547	26,716	28,334	35,062
<b>Sweet cherry</b>	18,184	23,433	21,880	23,041	20,697	27,323	19,153
<b>Sour cherry</b>	101,860	145,606	103,404	105,150	96,769	91,660	128,023
<b>Apricot</b>	22,632	29,967	30,354	27,611	25,617	41,320	25,414
<b>Peach</b>	64,317	64,989	64,096	65,684	56,709	54,585	50,249
<b>Quince</b>	10,961	15,754	14,239	15,119	12,172	10,378	12,318
<b>Hazelnut</b>	-	3,366	3,343	4,151	4,142	4,196	5,429

Source: SORS

The fruit production quality is high for the majority of producers. The intensive orchards are prevailing in apple, pear, peach, sweet cherry and berries production. The Vojvodina Region has the largest number of intensive fruit orchards (77%), contrary to the Šumadija and Western Serbia Region, where orchards with the largest surface areas are based, however only 47.21% are under intensive orchards. There are still extensive plum and sour cherry orchards.

<sup>16</sup> The methodology of competitiveness analysis is based on Porter's Diamond Theory of National Competitive Advantage, in the work of Aiginger (1997), which considers price and qualitative competitiveness, as well as the Balassa index, which deals with the impact of export on competitiveness.

Innovations and technology developments in the sector are constantly needed and further investments are more than welcome in order improve the fruit production quality.

*Table 17: Orchard areas and irrigated orchard areas per region*

<b>Vojvodina Region</b>	<b>Belgrade Region</b>	<b>Šumadija and Western Serbia Region</b>	<b>Southern and Eastern Serbia Region</b>
out of 19,160 ha of orchard areas, 9,179 ha i.e. 47.91% is being irrigated	out of 12,851 ha of orchard areas, only 804 ha i.e. 6.26% is being irrigated	out of 100,004 ha of orchard areas, 15,701 ha i.e 15.70% is being irrigated	out of 50,908 ha of orchard areas, 6,268 ha i.e. 12.31% is being irrigated

Source: SORS

### ***Processing Industry***

There are 5,000 registered companies in agricultural processing sector of the RS, out of which, 32% operate in the fruit and vegetable sector. The largest share of export is taken by the fruit and vegetable processing sector. The fruit sector had the highest growth during the 2012 – 2017 period.

In the fruit sector, the largest share in total income is held by companies, with operating revenues between RSD 1 and 5 bn (EUR 8.5 and 42.5 m) (36% of total revenues of companies examined). At the same time, the same group of large companies has the largest share in export (45%) and in import (54%). The total value of import from these companies amounts to RSD 354 m (EUR 3 m), while export is RSD 1.6 bn (EUR 13.6 m). The fruit sector is different from companies in other sectors: there are no companies with revenues over RSD 5 bn (EUR 42.5 m), and those in other sectors have over 50% share of total revenues in the sector, and over 50% of the number of employees. Diversified processing models, as well as purchasing competition, represent the very base of the sector's competitiveness.

Fruit processing capacity for freezing berry and stone fruits is concentrated in Šumadija and Western Serbia Region. In the entire region, there are 394 cold storages with a capacity of more than 278,000 tons or 58.5% of the total capacity in the RS. The potential for further growth is evident as export of frozen raspberry in the period from 2014 to 2018 amounted to USD 253 m (EUR 213 m), with a positive export growth and demand trends on the EU market and across other regions.

### ***Market and Trade***

The value of fruit export in the period 2013 - 2018 amounted to USD 694.3 m (EUR 584.8 m) per year. In the period 2014 - 2018, a faster growth of fresh fruit export from the RS is evident in relation to world growth. The growth of fresh fruit export was led by the growth of apple export due to privileged access to the market of the Russian Federation.

The highest value of export in 2018 was achieved in raspberries with USD 230.2 m (EUR 193.9 m), which is almost 39.5% in relation to the total value of fruit export. With USD 101.4 m (EUR 85.4 m) the apple is the second fruit species in terms of export value, followed by cherries with USD 54.2 m (EUR 45.7 m) and blackberries with USD 36.6 m (EUR 30.8 m).

Investments in food safety and phytosanitary infrastructure, marketing, cooperation,

postharvest technologies and practices are mostly needed in the fruit sector in order to modernise production and boost competitiveness.

## Vegetable sector

### *Background and Key Figures*

The average value of production of goods and services in the vegetable sector is RSD 43.7 bn (EUR 371.6 m), in 2018 the value was RSD 39.3 bn (EUR 334.2 m). The average share of the vegetable sector in the total value of agricultural production of goods and services for the period 2007 - 2018 is 8.7% and in 2018 vegetables had a share in the total production of goods and services of 7%, which puts it in sixth place after the livestock, cereals, fruits and industrial crops.

The analysis of FSS 2018 data provides information on the number of vegetable producers in the RS and their economic strength. Among AHs of specialised types of production, 8,126 farms (1.43%) are specialised in the production of vegetables, flowers and other horticulture, of which 2,281 AHs, or 28% of the total specialised AHs for this type of production produce indoors, and 45% have established open field production. Distribution of specialised AHs is evenly distributed per region, except Belgrade Region which has 10% share, while other regions (Vojvodina, Šumadija and Western Serbia, Southern and Eastern Serbia) have approximately same shares of 30%.

AHs specialising in vegetables, floriculture and other horticulture have an average economic size of EUR 10,576, which puts them in the third place of the most economically strong AHs compared to other types. This is a worse position for vegetable AHs compared to data from the Census of Agriculture 2012, when this type of AHs had the highest average economic strength. The division of AHs according to the legal status of the holder shows that family AHs, which are main holders of vegetable production in the RS have particularly lower economic strength (EUR 9,051) compared to legal entities and entrepreneurs (EUR 73,876).

Outdoor production is still more represented in the total production of vegetables and flowers and has a share of 62% compared to 38% of indoor production. Active economic entities registered for fruit and vegetable processing and production of fruit and vegetable juices employed 10,034 employees in 2018.

*Table 18: Number of AHs specialized for vegetables, floriculture and ornamental plants production*

AHs	Number of AH per size of utilised agricultural area						Total
	< 1 ha	1.01 ha-2 ha	2.01 ha-5 ha	5.01 ha-10 ha	10.01ha-50ha	50 ha<	
No. of AHs (Open field)	404	370	689	792	1,168	291	3,712
No. of AHs (Protected area)	383	146	444	638	590	79	2,281
<b>Total</b>	<b>787</b>	<b>516</b>	<b>1,133</b>	<b>1,430</b>	<b>1,758</b>	<b>370</b>	<b>5,993</b>

Source: SORS

Vegetables are produced in the RS on about 120,000 ha (ten-year average), which makes 3.5% of the total arable land. The RS is the 67<sup>th</sup> country in the world and the 10<sup>th</sup> country in Europe in terms of areas under vegetables. The total average vegetable production in the last 10 years is 1.7 m tons with an average annual rate of decline of 4%.

The structure of production of vegetables in the RS is dominated by tuberous (potato) and fruitful (tomatoes, peppers, melons and watermelons and cucumbers) vegetables, while leafy vegetables (cabbage and kale) also have a significant share. Production has stabilised at 1.7 - 1.8 m tons, and visible oscillations occur in years with extreme climatic conditions - drought, floods and hail. The distribution by regions is even; all regions except the Region of Belgrade have approximately the same shares. In the last decade, the professionalisation of producers and the concentration of production of certain types of vegetables in particular regions have been expressed.

Vegetables production quality has substantially improved over the last ten years, there were significant investments in machinery and storage capacities (machinery investments prevailing). Professional producers apply modern technology, as the biggest ones are at the level of the EU leading producers. Irrigation of vegetables production is highly represented, according to the FSS 2018 around 56,000 ha have been irrigated, which makes nearly half of total production under vegetables.

*Table 19: Production of vegetable*

Production (000) t	Year							Structure 2012-18 (%)
	2012	2013	2014	2015	2016	2017	2018	
<b>Total</b>	1,498	1,813	1,512	1,708	1,821	1,647	1,300	<b>100.0%</b>
<b>Potatoes</b>	578	767	592	639	714	589	488	38.7%
<b>Tomatoes</b>	156	175	128	147	160	171	132	9.5%
<b>Peas</b>	33	32	21	44	41	38	29	2.1%
<b>Cabbages and kale</b>	304	304	261	289	290	263	209	17.0%
<b>Onion</b>	30	32	43	46	58	33	28	2.4%
<b>Peppers</b>	89	100	114	165	228	199	135	9.1%
<b>Beans</b>	10	13	11	13	13	13	11	0.8%
<b>Melons and watermelons</b>	190	255	228	242	208	247	199	13.9%
<b>Carrots</b>	47	65	50	64	49	31	22	2.9%
<b>Cucumbers</b>	55	64	53	53	55	58	43	3.4%
<b>Garlic</b>	6	7	11	7	5	5	4	0.4%

Source: SORS

### ***Processing Industry***

Processing is often seen as adding value to products, when it comes to vegetable production this is not a rule. Fresh products have higher value and products of lower quality are processed.

Companies engaged in vegetable processing, in most cases, process fruit as well. According to the available MAFWM data, the list of cold storage capacities, facilities for canning and processing of fruits and vegetables make approx. 65% and facilities for production of fruit and vegetable juices 35%. Processing of vegetables participates with a share lower than 10%.

Facilities for freezing are mainly located in the Vojvodina Region, out of which 24% are exclusively for vegetable freezing, while 75% of freezing facilities freeze vegetables as a part of wide range of agricultural products they process.

The share of fresh vegetables is 37%, while the share of processed products is 63%, in the total export of vegetables from the RS (averagely in the period 2013-2018).

The growth of frozen vegetable export has been constant in the last 10 years, driven primarily by the growth of demand in the countries of the CEFTA region. The growth of consumption of frozen products is a general trend in the world for both vegetables and fruits.

According to available data, 99% of 631 analysed companies meet the required specific eligibility criteria of the IPARD Programme.

*Table 20: Number of companies registered for other processing and preserving of fruit and vegetables and juice production in the sector of processed F&V per acceptable criteria*

Number of companies	Turnover greater than EUR 50 m	Turnover less than EUR 50 m	Total balance (total assets) greater than EUR 43 m	Total balance (total assets) less than EUR 43 m	No. of employees more than 250	No. of employees less than 250
Number of companies engaged in other processing and canning of fruits and vegetables	2	593	0	595	3	592
Number of companies engaged in the production of fruit and vegetable juices	3	34	2	35	2	35

Source: Agency for Business Registers

### ***Market and Trade***

The total average export (2013 - 2018) of vegetables is about USD 160 m (EUR 134.8 m), while the contribution to the total export of agriculture is about 5%. Within the agricultural production, vegetables sector is the sixth most exported sector, after fruits, tobacco, cereals, beverages and oilseeds. Of the six most exported sectors, vegetables are third in average annual growth of 10% after tobacco and oilseeds. In the vegetable sector, important structural changes have taken place over the last decade, with producers specialising in the production of specific vegetable or groups of vegetables.

Vegetable export of the RS has had stable growth trend in the last six years with an annual rate of 8.3%. In export structure, processed vegetables make approx. 70% share and fresh 30%, but export of fresh vegetables is growing at an average annual rate of 22% while export of processed vegetables at a rate of 4%. Vegetable export has a stable growth trend, in the last 10 years' export has increased in 2018 for 85% compared to 2008. The highest growth in export was recorded for cucumbers and gherkins with an average annual growth rate of 50%, followed by carrots with a growth of 39%, tomatoes with 29% and onions with growth of 18%. The largest share in the total export of fresh and processed vegetables is taken by mixtures of frozen vegetables with 19%, followed by potatoes with 14%, and peppers with 11%.

Dominant RS vegetable markets are regional markets, followed by the EU market and the Russian Federation.

Regarding the fulfilment of food safety standards in the vegetable sector, the main legal documents are in place, implementing regulations and control measures. Laws on pesticides, plant health and breeders' rights are partially harmonised with the EU legislation. Important gaps remain, especially when it comes to enforcement and control.

Due to short production cycle in the vegetable sector, timely reaction is essential. Therefore, predictability and long-term stability of the overall economic policy are important. There is major necessity for the improvement of food safety and phytosanitary infrastructure, marketing, cooperation and postharvest technologies and practices.

### ***Cereals and industrial crops***

#### ***Background and key figures***

The largest area of agricultural land in the RS is used for cereal production and it occupies around 66% of the total harvested area. Production of cereals in the RS is one of the biggest components of an agricultural output, with a share of 42.5% of overall value of plant production (average for period 2007 - 2018). Maize is the most represented crop, with over 1.2 million of ha sown, followed by wheat with approx. 500,000 ha. Due to the large sown areas under cereals and good climatic conditions for production, cereals production is among sectors with the highest value of the primary production, which is additionally increased by further processing. The production of cereals satisfies the needs of the domestic processing industry and provides some quantity for export.

Nevertheless, the RS has lower yield cereals than the EU average. For example, the average wheat yield in the RS in 2019 was 4.4 t/ha, which is 84% of the EU-27 average, while the average maize yield (7.6 t/ha) represents 91.8% of the average maize yield of the EU-27. There is a need for increased yields, especially in case of wheat, and an improvement of the agri-technology, as well as modernisation of storing capacities on crop farms, which could be achieved through IPARD support. The reasons for lower crop yields compared to most of the EU countries, are: quality of land irrespective of limited use of mineral fertilisers, low level of technology used, not enough of quality storage facilities, outdated technology in processing plants, high level of extensive production linked with small land plots, lack of good infrastructure needed for export, mechanisation used in crop production is outdated, in particular with regard to environmental protection, inadequate agricultural practices, lack of suitable crop rotation, inefficient systems for knowledge transfer, use of uncertified seeds, inadequate use of fertilizers and insufficient financial resources, etc.

Around 400,000 ha of arable land is under industrial crops (19% of total harvested area). The largest share of areas under oleaginous plant is in the territory of Vojvodina Region, where processing capacities are also located. Sunflower, soya beans and oilseed rape record increase of surface, production and export. On the other side, production of sugar beet and sugar is decreasing, as a result of low interest for growing among farmers due to low prices.

Industrial crops contribute with 13.8% of overall value of plant production. The RS is a



significant exporter of sunflower oil, different soybean products and in previous period sugar.

*Table 21: The position of the RS in the production and export of industrial crops on the European and world market*

Industrial crops	Production		Export	
	World	Europe	World	Europe
Sunflower	19 <sup>th</sup>	11 <sup>th</sup>	13 <sup>th</sup>	10 <sup>th</sup>
Soybean	18 <sup>th</sup>	4 <sup>th</sup>	23 <sup>rd</sup>	14 <sup>th</sup>
Oilseed rape	40 <sup>th</sup>	25 <sup>th</sup>	-	-
Sugar beet	18 <sup>th</sup>	12 <sup>th</sup>	14 <sup>th</sup>	13 <sup>th</sup>

Source: SORS

The RS has good production results and yield in industrial crops, which is higher than the European average in case of sunflower and soybean. For example, the average sunflower yield in the RS in 2019 was 3.1 t/ha, which is 37% higher than the EU-27 average, while the average soybean yield was 3.1 t/ha, which is 21% higher than the EU-27 average. This is not case with a yield of sugar beet (especially not sugar per ha), as well as in case of oilseed rape. The RS is part of the world market and without any restrictions trade with cereals and industrial crops. Consequently, prices follow world commodity prices and the RS as main producer and exporter of cereals and industrial crops in CEFTA region. Annually production of cereals and industrial crops varies from 13 - 15 m tonnes in the last 10 years, which requires significant logistical capacity for storage, road and river transport, export and processing.

Like in other sectors of the RS agriculture, in the sector of cereals and industrial crops, the structural changes are being made, where the basic characteristic is farm enlargement and reduction of their numbers, primarily those with small surfaces. It is a sector where the average AH size is the largest, due to the low revenue per unit and consequently need for significant number of hectares to ensure sufficient revenues. That is an explanation why a small number of AHs are specialized exclusively for cereals and industrial crops.

Cereals are the most cultivated crop in the RS in terms of the number of farms engaged in this production and the share in total harvested area. According to the FSS 2018, 77% of all households are producing some type of cereals. Average AH size in cereals production is 3.9 ha and this is an increase, compared to the Census of Agriculture 2012. In comparative analysis Census of Agriculture 2012/FSS 2018, the biggest change is in the group of small AHs (up to 2 ha), that decreased in number for nearly 43,000 AHs, but total number of AHs have smaller decreasing rate. High number of small households have changed a sector of production (to vegetables, livestock or fruits) or had increased the harvested area. The biggest growth in the number of AHs is in the groups in range from 2 to 50 ha, with increase over 22,000. AHs over 50 ha make 1.1% of all AHs with cereals production and they cultivate over 25% of harvested area under cereals.

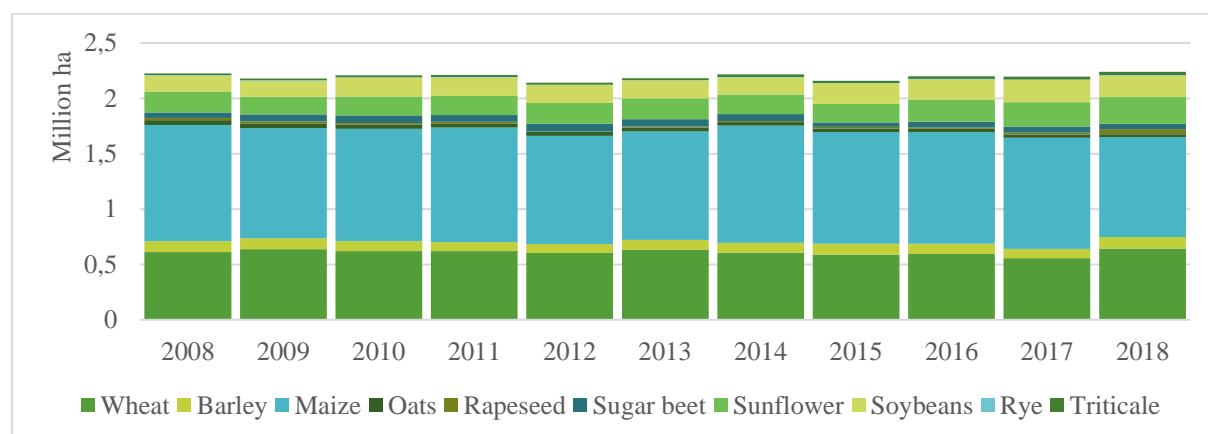
Table 22: Number of AHs and area under cereals (wheat, rye, barley, oats, grain maize and other cereals for grain)

UAA (ha)	Number of holdings	Number of holdings (%)	UAA (ha)	UAA (%)
≤ 2	128,695	29.50	103,012	6.05
> 2 – 5	157,362	36.07	296,610	17.42
> 5 - 10	89,446	20.50	330,145	19.39
> 10 - 20	39,107	8.96	286,766	16.84
> 20 - 50	16,732	3.83	271,961	15.97
> 50 - 100	3,715	0.85	156,403	9.18
> 100	1,271	0.29	257,933	15.15
<b>Total</b>	<b>436,328</b>	<b>100.00</b>	<b>1,702,829</b>	<b>100.00</b>

Source: FSS 2018, SORS

In production per regions, Vojvodina Region dominates with a share in production of 72% and 61% in harvested area, next is the Region of Šumadija and Western Serbia with production share of 13% and area share of 18%. The Region of Southern and Eastern Serbia makes 11% of total production on 17% of harvested area, Belgrade Region produces 4% of cereals and has the same share in harvested area. Average yields are the highest in Vojvodina Region, followed by Šumadija and Western Serbia Region and then Southern and Eastern Serbia Region.

Chart 2: Total harvest area of cereals and industrial crops in the RS



Source: SORS

Cereals and industrial crops sector need different types of storage capacities in different stages of production and processing. However, the most dominant form of storage capacities for cereals and industrial crops is the storage facility for grain products, such as wheat, maize, soy, sunflower, soybeans and sunflower meals. Such storage capacities include: different types of silos, both floor and combined warehouses. The most prevalent are the silos (81% in total capacity, or 78% in all registered numbers). The assumption is that many objects that are not registered for storage are used as floor or combined warehouses, so their number is probably larger. Warehouses with the capacity of 10 - 50,000 tonnes are predominant in number (44%). The RS does not have enough storage facilities for grains. Additionally, they are not well distributed, energy efficient and technologically updated, what resulted with significant losses

and high cost. Estimated storage capacity is approximately 4 m tonnes of grains, while production is close to 12 m tonnes. The RS is missing storage facilities at ports, which will allow trade by quick loading and unloading grains prepared for export.

The cereals and industrial crops sector has developed different types of processing. The milling is a typical way of cereal, oilseeds and sugar beets processing. Additionally, there are many other ways of processing that use cereals and industrial crops, like extraction of protein from soya then production of animal feed, confectionary, pasta and market oil extractions, etc.

In the production of animal feed, there is a large number of craft objects and feed mixers, while industrial facilities are generally related to warehouses and mills. It is estimated that there are more than 750 industrial facilities in total, out of which 111 have capacity to produce more than 10 tons of concentrate per hour.

The bread-making industry has processing capacity for 2.5 m tons of wheat. Bread and pastries production is organised into objects of industrial and artisan type. According to official statistics, there are 3,408 facilities, out of which 3,023 are smaller facilities and about 120 are large industrial plants. Pasta is produced industrially in six facilities, while the number of trade facilities is much higher, and is estimated to be in around 600 buildings. Pasta production amounts to about 35,000 tons annually, which is about 60 % of actual capacity. Capacity is evenly distributed, and a larger number of artisanal facilities are present and in parts of Southern Serbia. There are two factories for the production of starch with an annual processing capacity of 140,000 tons of maize and they are both operational.

Currently, there is one plant for the production of bio-ethanol in the RS which was built in 2007 in Šid, with an annual capacity of 100,000 tons. The factory is able to produce bio-diesel meeting the EU quality standard EN 14214.

### ***Market and trade***

Cereals and industrial crops value chain is mainly well developed. It is long and diversified, ending at local and export market. The RS is the 10<sup>th</sup> world's and the 5<sup>th</sup> European exporter of maize and the 22<sup>nd</sup> world's and the 17<sup>th</sup> European exporter of wheat. Maize from the RS is exported mostly to CEFTA and EU countries, as well as in Singapore, South Korea and other countries of Asia. Various soy products are exported in dozens of countries around the world, sunflower and sunflower oil in thirty countries, predominantly European. Value chain is characterized by numerous participants.

The average export of cereals and industrial crops, either as a primary or primarily processed product, amounted to USD 934 m (EUR 786.7 m) in the period 2014-2018. Primary produced cereals and industrial crops greatly contribute to increasing competitiveness and export. Processed products, such as sugar in the confectionery industry, cereals in animal feed, etc., also contribute to the competitiveness and export growth. However, the export trend lags behind the world by 0.98% and also in comparison with the main competitors, especially in comparison with the CIS countries, which record an average growth of 6.8% per year. The basic reason for Serbia's declining trends is decrease in grain and sugar price.

Nevertheless, despite the positive development of the crop sector in recent years, the farms are

insufficiently equipped with technical equipment and machinery.

The RS is on the way to create a mechanism for the risk assessment of applications to import or grow biotech crops and products. By the Law on Genetically Modified Organisms<sup>17</sup> (GMO) cultivation and trading of GMO is forbidden. There remains strong resistance to accepting biotech crops and products derived from GMO crops.

## Egg sector

### *Background and key figures*

Poultry production, with two main production lines - breeding broilers and production of eggs, is the most represented branch of livestock production on the AHs in the RS. Nearly seven, out of 10 AHs of all types, are breeding poultry. At the same time, poultry is the most industrialized branch of agriculture, where as many as 37.3% of poultry are being kept in only 225 AHs in the status of legal entities and entrepreneurs. According to the value of production, the poultry occupies the third place in livestock breeding, with a share of 12%. According to the official data from Statistical Yearbook 2020, the production of hen eggs and broilers participate with 4.9% in the total value of agricultural production in 2019. The importance of poultry is growing both in the world market and in the market of the RS. Eggs are one of the highest quality food for daily consumption and belong to a group of high-protein foods with high biological value and nutrition.

A large number of small farms are characterized by the traditional way of production of several categories and types of poultry and small production capacities, while products are used mainly for the needs of their own household. Even 96.85% of households have less than 50 laying hens, which represents 46.67% of the total number of hens in the RS.

*Table 23: Number and structure of households where the laying hens are kept in the RS*

No. of laying hens	No. of households	Structure (%)	No. of hens	Structure (%)
<b>1 - 49</b>	282,096	96.85	4,198,266	46.67
<b>50 - 99</b>	7,629	2.62	420,740	4.68
<b>100 - 299</b>	1,002	0.34	119,063	1.32
<b>300 - 499</b>	111	0.04	36,706	0.41
<b>500 - 999</b>	87	0.03	51,844	0.58
<b>1,000 - 2,999</b>	178	0.06	263,204	2.93
<b>3,000 - 4,999</b>	55	0.02	195,402	2.17
<b>≥ 5,000</b>	124	0.04	3,710,810	41.25
<b>Total</b>	<b>291,282</b>	<b>100.00</b>	<b>8,996,035</b>	<b>100.00</b>

Source: FSS 2018, SORS

<sup>17</sup> “Official Gazette of the RS”, No. 41/09 and its subsequent modifications.

Table 24: Total number and structure of egg producers

No. of laying hens	No. of households
5,000 – 10,000	89
10,000 – 25,000	30
25,000 – 50,000	17
50,000 – 100,000	7
100,000 – 150,000	4
150,000 – 200,000	4
≥200,000	2
<b>Total</b>	<b>153</b>

Source: MAFWM, March 2019

On the other hand, production takes place in the facilities of medium and bigger capacity, with the usage of a high level technology with partially or fully mechanised work operations and with feeding of complete mixtures of concentrated feed, which contributes to high bearing capacity and excellent production results. On 124 farms with more than 5,000 hens, there are approximately 3.7 m hens, i.e. 41.25% of the total number in the RS.

The SORS systematically and continuously collects and publishes data on the number and capacity of laying hens and the total number of eggs carried in the RS. The data are identical to those shown in the FAOSTAT database<sup>18</sup>.

According to the analysis of the Poultry Association, until 2012 the import of eggs and egg products was greater than export and in recent years the trend has been changed. The difference between import and export has been significantly reduced. During 2016 the import was about 4.7 m consumer eggs and about 68.5 m eggs through products (predominantly melange (egg) powder and powdered yolks), while 41.5 m eggs and around 6.3 m eggs through products were exported. In 2017, about 7.56 m eggs were imported and about 75 m eggs through products and about 42 m eggs were exported and approximately 6 m eggs through products were exported as well.

Eggs from the RS are exported exclusively in Bosnia and Herzegovina, Montenegro and North Macedonia, while egg products are imported in huge quantities from the EU countries, despite the fact that there are two approved facilities for egg processing in the RS.

Green markets in the RS have the most significant place in the direct marketing of agricultural products. The share of turnover in the green market in the total turnover of poultry and eggs was 56.65%. Total value of turnover of agricultural products in the green markets in the RS in 2018 compared to 2017 is higher by 5.8%. The turnover of broilers and eggs has a share of 13.3% in the total value of agricultural products in the green markets in 2018 (SORS).

<sup>18</sup> <http://www.fao.org/faostat/en/#data>

There are two approved egg processing facilities in the RS: “Takovo” - Indija and “Melange” - Valjevo, out of which one is producing only for its own needs. During 2018, a total of 225,000 kg of dried and 15,000 kg of liquid products were produced, from which approximately 30,000 kg were exported. After the introduction of the new IT system of the Veterinary Directorate in 2018, it is possible to trace the import of all different egg products.

Quantities of imported dried melange (egg powder) and dried egg yolks during the second half of 2018 are equivalent to 36 m eggs. Based on the analysis of the quantities of produced and imported egg products in the RS, it can be concluded that nearly 70% of the needs have been fulfilled through the import.

Depending on the structure, the production of eggs in the RS is represented in three different types: extensive production in rural households for self-consumption, semi-intensive or intensive production of smaller volume and intensive high-efficiency production.

Extensive production of eggs in the rural households is generally of a small volume and it is intended for self-consumption. In certain periods of the year, these households have surplus of eggs, which are directly placed on the market<sup>19</sup> in quantities up to 500 eggs per week, i.e. 10,000 eggs per year. The selling area is their own municipality and neighbouring municipalities, and the selling chains can be a household, a local green market, home-delivery (“door to door” sale), a local retail store and local events.

Producers with semi-intensive or intensive production of smaller volume are breeding hens in facilities approved by the Veterinary Directorate with a capacity between 350 and 5,000 hens. The total number of these producers is about 800, and most of these AHs are operative and well organised family farms on a local level.

There are approximately 150 holdings with intensive production in the RS, which annually sell 1.5 bn eggs on the market and supply distribution centres or direct retail chains and facilities, out of which 15-20 producers own the biggest production share.

Harmonisation of national legislation with the EU legislation brings imposes on producers additional costs related to animal welfare, food safety and environmental protection. Economic researches have shown that the application of EU legislation increases the costs of egg production on an average of 16%. For each hen, floor area of at least 750 cm<sup>2</sup> in enriched battery cages should be provided, which is a large increase in the surface compared to 550 cm<sup>2</sup> in non-enriched battery cages. The provisions of the Rulebook on the Conditions for Animal Welfare<sup>20</sup> must be applied till the end of 2023.

## **Viticulture**

### ***Background and Key Factors***

The grape production sector in the RS is very specific, since it is distinguished by a large

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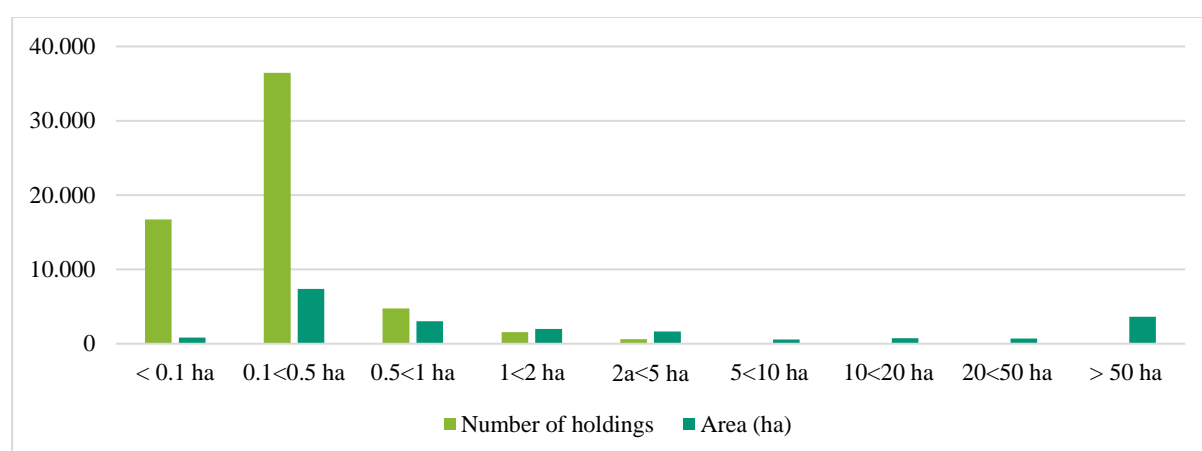
<sup>19</sup> In accordance with the Rulebook on Small Quantities of Primary Products (“Official Gazette of the RS”, No. 111/17).

<sup>20</sup> “Official Gazette of the RS”, No. 57/14 and its subsequent modifications.

number of grape producers who have vineyards of small areas. Based on the FSS 2018, approximately 60,000 AHs own vineyards, which is almost 11% of the total number of listed AHs. The structure of the viticulture and wine production is quite heterogeneous, however, minor family holdings have a major share in the production.

Approximately one third covers the holdings that have extremely small vineyards or vineyards smaller than 0.1 ha. The largest group of grape growing holdings (about 60%) are grape producers that have vineyards of small areas, that is, vineyards from 0.1 to less than 0.5 hectares. On the other hand, only 20 wineries in the RS, covered by the FSS 2018, had vineyards of 50 ha or more. Based on the data of the Statistical Yearbook 2020, the share of wine production in the total value of agricultural production was 8.17% in 2019.

*Chart 3: Area under vineyards (ha) and number of inventory listed holdings with vineyards; 2018*



Source: SORS

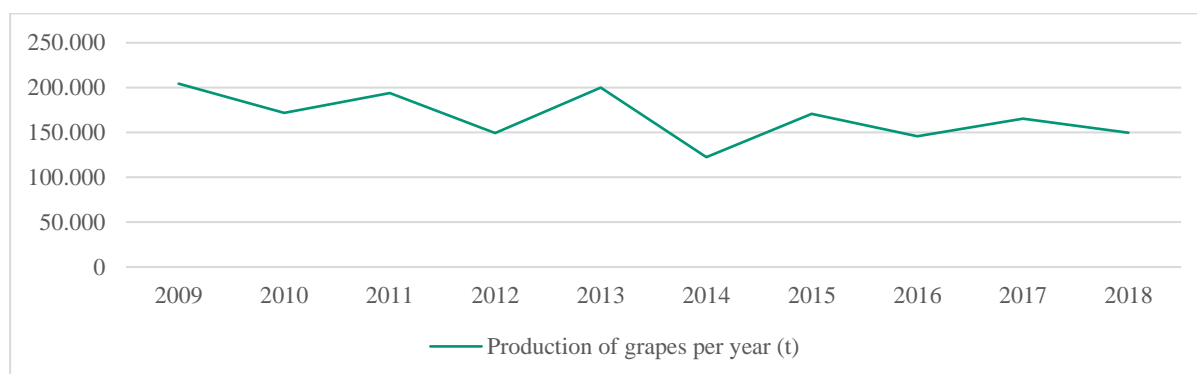
### ***Grape production***

Compared to the total production of fruits and grapes, grape production participates with approximately 10% in the total quantity of produced fruit, according to the SORS.

Based on data from the SORS from 2018, the area under vineyards is 22,150 ha, of which 21,328 ha are vineyards in fertility.

According to the data from the Vineyard Register from March 2019, 3,997 grape producers were registered with 19,265 vineyard parcels. Within the Vineyard Register there is an area of 6,501.63 ha of vineyards for mainly commercial purpose.

In the period 2009-2018, the average annual produced quantity of grapes is 167,363 t.

*Chart 4: Production of grapes per year (t), 2009-2018*

Source: SORS

Although there are modern vineyard plantations, due to the high costs of growing and maintaining vineyards, the quality of production predominantly has a lower technological level. The fragmentation of vineyard plots, obsolete vineyards, the absence of certified cloned plants from autochthonous, regional and domestic varieties, the outdated mechanisation and equipment to modern vineyard production, as well as inadequate protection against diseases and pests, are some of the problems of viticulture production in the RS.

### ***Processing industry***

The RS has a very long tradition in wine production, which has been based in the previous period on large socialistic systems with vast capacities, while nowadays it is mainly based on family wineries of micro, small and medium capacities. Significant number of state owned processing capacities, with a few exceptions, has not been privatized or has undergone an unsuccessful privatization process, which leads to abandonment of vineyards and great reduction in the area under vineyards in all wine-growing areas of the RS.

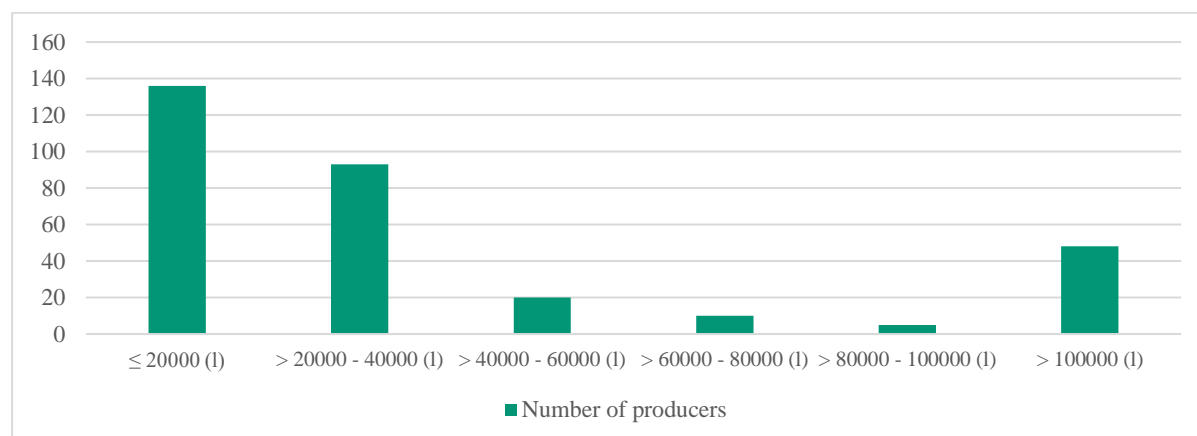
Based on the data from the Winery Register (2019), there are 353 wineries engaged in wine production in the RS, out of which 310 wineries are market-oriented with the total maximum grape processing capacities of approximately 195 m kg of grapes. Moreover, 312 wineries have a maximum wine production capacity of 71,520,850 l.

The structure of wine producers in the RS is similar to the structure of grape producers, where wineries with very low wine production capacity prevail. Namely, more than a half, i.e. 136 wineries have capacities for wine production below 20,000 l. A significant number of wineries (93) have slightly higher capacities (from 20,000 l to less than 40,000 l) for wine production, but there is still insufficient number of large capacities for competitive wine production.

There are 48 wineries with the largest wine production, each with a capacity of 100,000 litres and more, out of which 13 wineries have more than 1 m litters of annual production each.



Chart 5: Number of wine producers registered in the Winery Register by maximum available capacities for annual wine production, 2019



Source: MAFWM, Winery Register

General weaknesses in wine production are insufficiently controlled fermentation systems and cold stabilization systems of wine, as well as the lack of modern equipment, suitable inert winery vessels, good quality vessels for wine aging and other equipment, appliances and containers. In case of a low-capacity of wine producers, there is a need for the improvement of maintaining adequate temperature and upgrading of facilities and vessels hygiene.

### ***Production quality level***

There is legal compliance in the RS with regard to the categorization of wine products and systems of geographical indications (GI). Share of production of high quality wines with GI (the so-called PDO/PGI wines) is not satisfactory. Inadequate conditions and capacities for the production of high quality wines, i.e. outdated equipment and vessels in certain wineries, in addition to other technical and administrative obstacles largely affect the limited production of wines with geographical indications.

Table 25: The ratio of production of wine without geographical indications and wine with geographical indications, 2016-2018

Quality wine category	Year		
	2016	2017	2018
Wine without GI	92%	85%	85%
PGI	3%	7%	8%
PDO	5%	8%	7%

Source: MAFWM

### ***Market and trade***

The supply of the Serbian market with domestic wine is not sufficient enough for own needs, and the import of wine is at least twice as large as export, both in terms of quantity and value of wine.

The SAA with the EU and the CEFTA Agreement allowed the export of wine to these markets. The RS is unable to respond to the demands of these markets in a quantitative manner.

According to the SORS data, in the period 2009 - 2018, the RS exported in average 12 m litres of wine annually, with value of EUR 13 m. In the same period, the total import of wine was 25 m litres with the total value of EUR 25 m, which resulted in negative balance, both in terms of quantity and value.

According to the SORS data for the abovementioned period, a positive foreign trade balance was achieved with the EU countries in terms of wine quantities (798,100 l), but a negative average annual balance in terms of value (EUR 3,384,700).

An important part of wine trade is carried out with other countries, the only country where the RS achieves a positive balance, both in terms of quantity (4,444,300 l) and in terms of value (EUR 4,486,500) for the observed period is the Russian Federation.

The primary objective of the IPARD III Programme in this sector is modernisation and compliance with the EU standards. Viticulture and wine production, like any other agricultural production increase environmental pollution. In this regard, modernisation in this sector is necessary, especially introduction of modern machinery, equipment in wineries, renewable energy sources, etc. Such investments should contribute to the improvement in eliminating certain pollutants and establish sustainable industry. All of this, together with preserving biodiversity, is in line with the Green Agenda for the Western Balkans and the European Green Deal. Investments under the IPARD III Programme will be implemented within wine-growing areas that are zoned under the most suitable climate, soil and topographical conditions. As a result, the use of pesticides in the future planted vineyards will be significantly reduced thus ensuring better quality of grapes and wine.

AHs engaged in grape production need to be modernised and renew their mechanisation in order to be more effective in carrying out agri-technical and amphelo-technical measures in modern viticulture with the aim to reduce the negative impact on the environment, as well as to introduce new production technologies. It is necessary to provide the producers of table grapes with suitable storing conditions in order to achieve better competitiveness.

When it comes to grapevine nursery, the IPARD III Programme shall contribute to the production of quality vine planting material of proper phytosanitary categories, through investments in facilities, equipment, mechanisation, as well as mother planting.

The IPARD III Programme should enable the implementation of the EU requirements and strengthening of the competitiveness of wine/wine products and aromatized wine products. These expected results are to be achieved through: the construction and equipping of modern production facilities, the modernisation of equipment for the production of wine/wine products and aromatized wine products, then through installation of modern internal laboratories and through meeting other needs aimed at improving product quality, as well. Producers of wine/wine products and aromatized wine products also have the need to be supported in terms of production of value-added products. Subsidies for improving the quality of wine include support for programmes related to the analysis of wine quality, the establishment of a geographical indication of wine and internal control of wine production with geographical origin.

## **Fishery sector**

### ***Background and key figures***

Being a landlocked country, the RS does not administer any activities related to marine fishery, nor possesses any fishing vessels operating at sea or ocean under the flag of the RS. Thus, the fishery is restricted to fresh waters. Fisheries represent only a small segment of the RS economy. Inland fisheries sector in the RS operates through aquaculture (production of fish and other organisms from the tariff line), inland fisheries and processing of fish.

Aquaculture is practiced on warm water farms (carp), coldwater farms (trout) and recirculating aquaculture systems (RAS). The number of fish farms registered within the Veterinary Directorate is 149, out of which 77 are carp farms, 68 are trout farms and 4 are farms for rearing of sterlet (RAS systems). The total area under carp farms registered at the SORS in the last decade has varied between 6,492 and 8,940 hectares (potentially approx. 14,000 ha) and under trout farms between 33,255 m<sup>2</sup> and 814,411 m<sup>2</sup> (potentially approx. 14 ha). Carp farms are mainly located in Vojvodina and trout farms in mountainous areas.

The main obstacles for the development of fishery sector are: a small number of fish farms; a distinguished number of abandoned ponds; the absence of diversification in aquaculture – both modern rearing systems and species cultivated; the lack of modern production equipment and means of transport for live and fresh fish; large pressure of ichthyophagous birds (cormorants, herons, stork) and mammals (otters) on farmed fish; fish poachers; lack of fish larvae, fry and juveniles that underwent selective breeding process for stocking of ponds, as well as larvae, fry and juveniles of autochthonous fish species for stocking and reintroducing in open waters; poor representation of attractive freshwater fish products in the fish processing sector; insufficient number of cooling systems and cold stores in production.

Potential for the development of fisheries sector in the RS and available resources is large and significant. The most important resources are: large, open barren areas of land in Vojvodina, which cannot be used for agriculture and are suitable for the construction of carp ponds; available water resources; abundance of raw ingredients for the production of fish feed; already existing underused capacities for the production of extruded fish feed; already developed modern common carp and rainbow trout selective breeding programmes; fish processing capacities constantly increasing; potential for a considerable increase in the placement of fish on the domestic market; a huge deficit of fish in the EU market; continuous increase in fish consumption in Europe and worldwide. All of the mentioned facts point to evidence that the RS can reverse the trend in foreign trade, from deficit to a huge surplus in a short period of time.

Introduction of fisheries sector to the IPARD III Programme is extremely important in order to overcome existing issues in this sector, as well as to employ current potential for the development of fisheries sector which the RS possesses. Utilisation of unused barren land areas and water resources for the construction of new fish farms would be a rational way of using natural resources and it would increase the freshwater fish production. Reconstruction of existing fish farms and facilities, acquiring of modern equipment, changing legislation for the

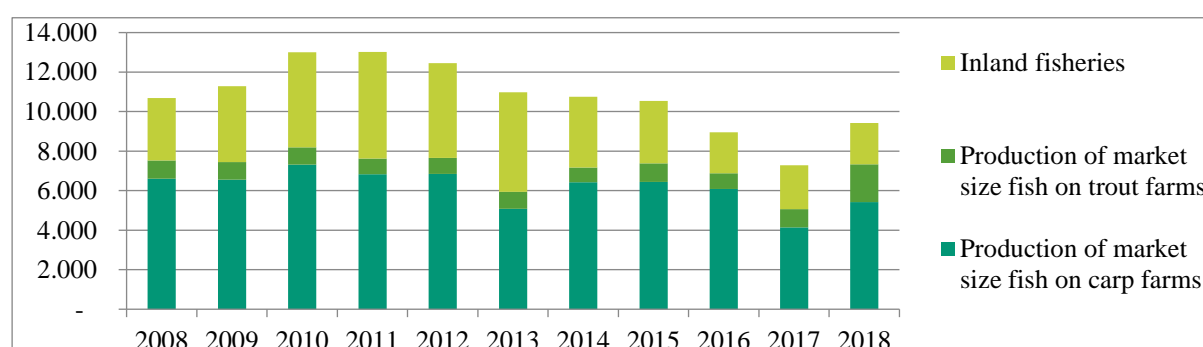
protection of ponds from ichthyophage birds and mammals, as well as the improvement of production technology would create prerequisites for growth and more economical fish production on existing fish farms. Supporting fisheries sector through the construction of new, as well as the reconstruction and equipping of the existing fish processing facilities, excluding ports or new auction halls, would increase the capacity of the fish processing sector, which would have a positive impact on the quantity and diversity of fish products. Strengthening the fisheries sector through the IPARD III Programme would enable prerequisites in order to: increase fish consumption in the RS, improve export capacity and reduce the negative impact on the environment. All those measures collectively will have a positive impact on strengthening the Serbian economy, environmental protection and population health.

The primary objective of the IPARD III Programme in the fishery sector is support to primary producers and processors in gradual alignment with the EU rules, its standards, policies and practices.

Fish species that are grown are: carp (*Cyprinus carpio*), bighead carp (*Aristichthys nobilis*), silver carp/white bighead (*Hypophthalmichthys molitrix*), grass carp (*Ctenopharyngodon idella*), wels catfish (*Silurus glanis*), zander/pike-perch (*Sander/Stizostedion lucioperka*), northern pike (*Esox lucius*) and rainbow trout (*Oncorhynchus mykiss*). The following species are also grown but in smaller capacities: brown trout (*Salmo trutta m. fario*) and Danube sturgeon (*Acipenser queldenstaedti*), Fish fry for the purposes of river and lake stocking: greyling (*Thymallus thymallus*), Danube salmon/huchen (*Hucho hucho*) and freshwater bream (*Abramis brama*).

Total fish production in the period 2008-2018 varied between 7,278 tonnes (5,070 tonnes from aquaculture and 2,208 tonnes from inland capture fisheries), recorded in 2017 and 13,013 tonnes (7,629 from aquaculture and 5,384 tonnes from inland capture fisheries), recorded in 2011 (Chart 6).

Chart 6: Total fish production in the RS (2008 – 2018) in tons



Source: SORS

The carp is the species that is farmed the most (about 70%). The production takes place in semi-intensive and intensive systems. Semi-intensive systems are used in carp ponds, while intensive production is applied in trout farms, cage and RAS systems. However, even though very rarely, intensive production is present in carp ponds as well. Commercial fishing (from large rivers: Danube, Sava and Tisza) is carried out by commercial fishermen.

The RS is at around average level in the total quantity of produced fish (from aquaculture only) in comparison with the EU member states, i.e. 12 EU member states produced lower quantities of fish than the RS.

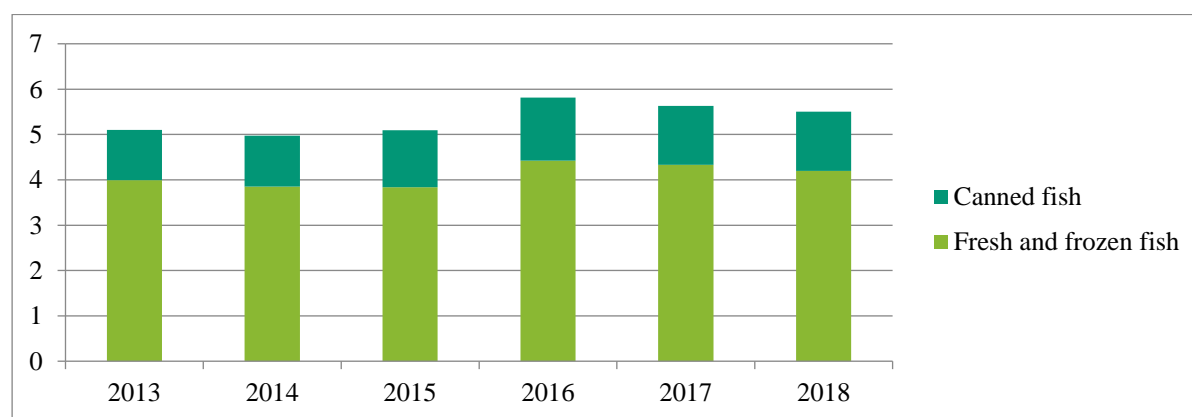
Out of the existing ponds (warm water and cold water) with a production capacity of over 10 tons, there are 46 ponds of potential recipients under Measure 1. Given that specific criteria provide support for construction of new ponds (through greenfield investments), it can be expected that the number of ponds, with the production capacity of over 10 tons per year, will be significantly increased during the period 2021-2027. About 140 potential recipients could be expected. The potential number of recipients under Measure 3, with the processing capacity of over 200 kg per day, is about 40, including those who will increase the existing capacity.

### ***Market and trade***

Number of registered companies for processing of fish is 61 (including 5 terrestrial snail processing companies, since molluscs belong to the same tariff series as fish), out of which 16 are on the approved list for fish export to the EU. Processing companies are mainly importing marine fish (tuna and salmon) from Norway and Indonesia, and after processing process, they are exporting products to the CEFTA and EU countries. The products are dominated by fillets (55%) and canned fish (20%).

Average annual fish consumption per capita in the RS is between 5 and 6 kg, according to the SORS data (*Chart 7*), which is 3 to 4 times less than European and world average. Compared to the EU member states for annual fish consumption, the RS is sharing the last place with Hungary.

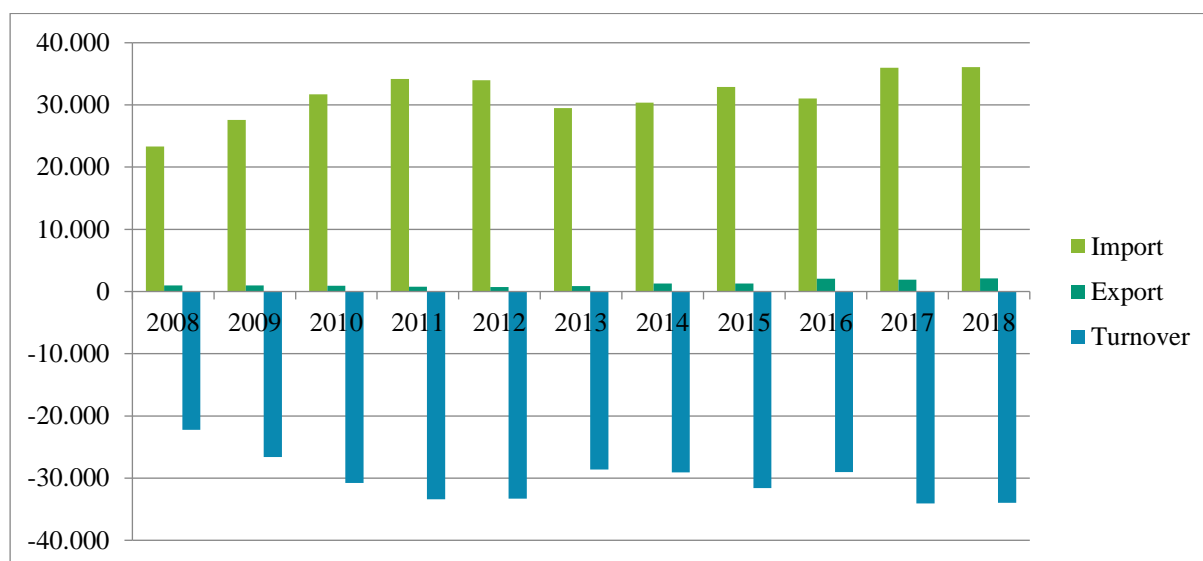
*Chart 7: Annual fish consumption per capita (2013-2018) in kg*



Source: SORS

Fish import in the RS is constantly increasing. Of the total amount of consumed fish in the RS 75% is imported fish. During the last decade, it ranged from 23,336 tonnes (in 2008) with market value of USD 69 m (EUR 58,1 m), to 36,089 tonnes (in 2018) worth USD 102 m (EUR 85,9 m) (*Chart 8*). Fish export from the RS is mainly based on processed fish products (mainly from imported marine fish) and has been significantly increased from 697 tonnes (valued at USD 4,1 m (EUR 3,5 m)) exported in 2012 to 2,095 tonnes exported in 2018 (valued at USD 17,5 m (EUR 14,7 m)) (*Chart 8*).

Chart 8: Total fish import, export and turnover (2008 – 2018) in tons



Source: SORS

Priorities in the Fishery sector include construction of new aquaculture production facilities, reconstruction of the existing and upgrading infrastructure on fish farms, as well as improvement of the existing and introduction of new: technologies, species and practices in fish production in compliance with food safety, then farm biosecurity, environmental protection and fish welfare standards. Raising and upgrading (through the reconstruction of already existing infrastructure, its upgrading, expanding and equipping) of storage capacities for freshly caught fish on ponds and with legal entities engaged in the purchase of fish from commercial fishermen and marketing of freshly caught fish from open waters.

Agriculture holdings engaged in fish production need to be modernised and to improve their mechanisation and equipment on fish farms in order to be more effective in carrying out agro-technical and ichthyologic measures in modern aquaculture. Additionally, many fish farms need to have protection from ichthyophagous birds and mammals. AHs should base fish production on rearing fish larvae, fry and juveniles originated from the selective breeding programmes.

Investments in building new fish processing capacities, reconstruction of the existing capacities, upgrading the infrastructure, and improvement for the equipment for processing and packaging, as well as for meeting the EU food safety and environmental protection standards are very important. Furthermore, there is a need to improve technological fish processes, products and packaging diversification aiming to achieve better position in the domestic and international market.

### **Producer organisations, producer groups, cooperatives and short value chains**

Producer organisations, producer groups and short value chains are not yet regulated by the

national legislation. A cooperative is a legal entity<sup>21</sup>, which represents a special form of organisation of natural persons, which, by operating on cooperative principles, realises its economic, social, cultural and other interests, and which manages and controls the operations of the cooperative. A cooperative member is a natural person and operates in total or partially through a cooperative, i.e. who sells his/her products or services through a cooperative, procures products or uses services necessary to perform his/her activity or otherwise directly participates in performing activities for which the cooperative was founded. Agricultural cooperatives can be cooperatives of general type or specialized (crops, fruit, vegetable, vineyard, livestock, beekeeping, etc.).

Agricultural cooperatives in the RS support their members, who mostly live and work in rural areas, to achieve successful business by providing better working conditions. Together with their contribution to fostering the economic position, cooperatives have a significant role in preserving rural areas from depopulation and improvement of the social environment.

The main activities of agricultural cooperatives refer to contracting production with members, which includes the procurement of raw materials, services, storage and joint sale of their products. In addition to contracting production, a significant number of members also have their own agricultural production. Successful cooperatives have storage capacities, modern mechanisation, and some of them even have processing capacities.

There are a total of 5,079 cooperatives, out of which 2,030 are active, of which 80% are agricultural cooperatives. The number of cooperatives that generate business revenues is 1,300. From 2017, 850 new cooperatives have been established, from which 35.5% generate business revenues. Also, 80% of this number are agricultural cooperatives. The newly established ones have an average of 6 members, while the cooperatives that were established earlier have an average of 11 members. There are 35,000 direct founders and about 100,000 subcontractors in the cooperatives.

### **Description of advisory system**

The Agriculture Advisory Service (AAS) is organised in a network of 34 agricultural advisory services, with more than 250 advisors employed. The details on organisation of AAS and activities planned and implemented by them is described in detail in Chapter 17.

The key barriers preventing large number of family farms from accessing value chain integration are issues related to knowledge and innovation, food safety, hygiene and traceability, which often require new investments and services and may raise the running costs, which together discourage farmers from replacing current practices.

The farmers' needs for advisory services, as well as access to it, depends on the sector, region and farm size. Big, commercially oriented farms and companies mostly rely on direct links with input suppliers and importers and on the latest foreign technology.

The MAFWM has taken numerous steps to ensure quality of advisory work, first and foremost

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<sup>21</sup> Law on Cooperatives (“Official Gazette of the RS”, No. 112/15 and its subsequent modifications).

with introduction of licensing system dedicated to agriculture advisors. The system of regular trainings of advisors is implemented. It is evident that great efforts have been made into selection, design and delivery of trainings for agriculture advisors. Through the realisation of educational modules, knowledge is transferred from the creators of knowledge to the agricultural producers. In this way, a link is created between scientific-research institutes, faculties and agricultural producers, where the role of AAS is very important.

The MAFWM supports the measure “Subsidies for the development of technical, technological, applied, development and innovative projects in agriculture and rural development” whose beneficiaries are faculties, scientific-research institutes and innovation centres. AAS has a significant role in the realisation of these projects and obligation to transfer the latest knowledge and innovations to agricultural producers, associations, cooperatives and other legal entities in agriculture.

Pursuant to the Law on Subsidies in Agriculture and Rural Development (LSARD)<sup>22</sup>, the subsidies for *Knowledge transfer* include:

1. Subsidies for the development of technical, technological, applied, development and innovative projects in agriculture and rural development;
2. Support for the provision of advice and information to agricultural producers, associations, cooperatives and other legal entities in agriculture.

Furthermore, there are funds provided by the directorates within the MAFWM (Directorate for Agricultural Land (DAL) and Budget Fund for Forests (BFF)), which were used for activities for knowledge transfer and promotion.

Total budget support to the improvement of the system of knowledge creation and transfer provided by the MAFWM, DAL and BFF amounted to approximately EUR 18 m for the period 2015-2019.

### **Availability of capital for credits**

The total agricultural loan portfolio of banks in the RS has recorded a steady growth and diversification of credit products offered to farmers. These include short-term business loans for working capital and investment loans for purposes such as the purchase of a house, machinery, equipment or land, or for the construction and renovation of farm buildings. Lending conditions are tailored to the specifics of agriculture and are flexible in terms of grace periods, differing repayment periods, variable repayment schedules, contract collateralization and more (FAO, 2020).

The factors determining banks' loan decisions include the borrower's creditworthiness, the business performance of clients and historical data. Most of the banks are unwilling to provide loans to unregistered agricultural holder due to the high estimated risk of losses. Problems that agricultural holders face in obtaining bank loan are related to lack of financial information and

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<sup>22</sup> Law on Subsidies in Agriculture and Rural Development (“Official Gazette of the RS”, No. 10/13, 142/14, 103/15 and 101/16 and its subsequent modifications).



high debt to asset ratios (EIB, 2017). Banks are more active in lending to agricultural holders in Vojvodina Region, where the demand for finances is highly concentrated. There is no comprehensive or detailed official breakdown of lending to the agricultural sector in the RS. The estimations are that the agriculture lending portfolio is of approximately EUR 600 m, out of which the loans made to agricultural households only is approximately EUR 350 m.<sup>23</sup>

Serbian commercial banks are by far the largest formal lenders to agriculture, accounting for over 55% of the official sum of lending to the agricultural sector. This includes corporate and agribusiness SMEs lending, loans to registered agricultural holders, as well as retail-type individual loans for agricultural purposes. Generally, banks offer a wide-range of loan products to the agricultural sector. The legal and regulatory framework in the RS prevents the existence of a microfinance sector (i.e. direct lending by non-banks), so basically the supply of microfinance services is very limited. As for now, micro credits are provided only through banks, while control is performed by donors and tax authorities.

Collateral requirements depend on the banks' business policy, but the most commonly used collaterals are promissory notes, litigation of related parties or other legal entities, mortgage on agricultural land, facilities or equipment.

The MAFWM facilitates low interest rates for loans intended to individuals, AHs and SMEs via a number of partner commercial banks. In 2018 budget support to interest rate for agricultural loans amounted to EUR 4.9 m for approximately 7,000 approved loans.

Besides subsidies of the MAFWM, the Guarantee Fund of the Autonomous Province of Vojvodina (APV) is also available to potential IPARD recipients, for financing investments in agriculture. This institution provides guarantees to commercial banks for recipients residing or having their office registered in the territory of the APV. Guarantees are provided in the amount of 80% of the approved loan.

Furthermore, the Development Fund of the APV approves loans intended for the implementation of approved IPARD projects for recipients of all categories covered by IPARD calls. The interest rate ranges from 1% to 3% depending on the degree of development of the location of investment, as well as the collateral. The anticipated loan repayment period can be up to 7 years, with a grace period of up to 24 months included.

However, some restrictions still make farmers reluctant to obtain loans, primarily due to the business strategy of banks, reflected in the exit from small agricultural loans, which leads to an increase in the total loan portfolio while reducing the number of loan recipients. On the other hand, the decline in the number of clients is not a result of a low demand but it is due to changes in banks' strategies.

### **Agricultural and food research and innovation systems**

Further progress of the economy and society in the RS, including the agri-food sector as its integral part is increasingly based on knowledge as a key resource. Increased number of

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<sup>23</sup> Central Bank of Serbia, <http://nbs.rs/internet/cirilica/80/potrazivanja.html>

challenges (climate change, migration, demographic trends, security, etc.) can only be tackled with new knowledge. Science should provide solutions for dealing with challenges that are impossible to predict, like the COVID-19 pandemic, which may appear in the future.

The main actors in the Agricultural Knowledge and Innovation System (AKIS) are divided among four groups: the public sector, the private sector, the research and education sector and the non-governmental sector. Connection between all the links in the chain is crucial. The AKIS has not been formalized as a system in the RS, although initiatives for its formation are present for more than a decade. The role of the AAS is extremely important, because it is the most significant link that connects recipients with the creators of new technologies. It is difficult to expect that results of any research or educational institution can reach a high number of end recipients. Thus, a well-organised AAS is extremely important for the transfer of the results stemming from the research, innovation, technology and development of sustainable agricultural production.

The funding of research and development in relation to the gross domestic product in the RS is less than 1% (well below the EU-28 average of 2.06%, according to Eurostat). However, new knowledge and technologies in the agri-food sector are, for the most part, generated by projects funded by the Ministry of Education, Science and Technological Development (MESTD) and the Secretariat for Science and Technological Development of the APV.

There has been a visible increase in the degree of innovation in the agriculture sector, with several enterprise start-ups beginning to provide new technology related to climate change mitigation and adaptation. Recent data from the MESTD show that electronics, telecommunications and information technologies are the most successful research areas in terms of the number and commercialization of new technical results, while biotechnology and agriculture are the most successful in the number of patents. Of the total number of patents in technological development projects funded by MESTD, 57% belong to biotechnology and agriculture (MESTD, 2017).

The public research system pays little attention to applied research related to the specific needs of family agricultural holdings. Priorities often are not aligned with the real needs of producers on agricultural holdings and industry, since the research activities agenda is largely driven by academic achievements and recognition by scientific community, much less by practical relevance and successful adoption and implementation.

It is necessary to strengthen the reputation and give greater importance to the research, innovation and knowledge transfer in the agri-food sector in the RS. This can be achieved through the educational system from its early stages and through various forms of media influence and promotion of IPARD projects based on innovation and new technologies.

### **Forestry sector**

The forestry of the RS represents a significant part of sustainable development of rural areas and has an important role in protecting land from erosion, protection of water sources, preservation of biodiversity, but it is also the main source of raw materials for the export - oriented wood industry. The RS is considered to be a medium forested country. Out of the total

surface area (without the territory of AP Kosovo\* and Metohija), approximately 29% is under forests (7.1% in the APV, and 37.6% in the Central Serbia).

The total forested area in the RS extends over 2,237,511 ha, of which more than half includes the area of privately-owned forested land (57%), while the state sector holds 963,458 ha, which is approximately 43% of the total forested area (*Table 26*).

According to the SORS<sup>1</sup>, the coverage of forests in the RS has increased in the period 2014 - 2017 by 68,765 ha, and the average annual increase was 22,921 ha.

*Table 26: Structure of forested land (ha) by ownership, per region, 2017*

Land (ha)	Republic of Serbia	Belgrade Region	Region of Vojvodina	Region of Šumadija and West Serbia	Region of South and East Serbia
State-owned forested land	963,458	15,455.26	120,290.8	403,731.19	423,980.75
Privately-owned forested land	1,274,053	46,531.95	11,162.1	576,482.16	639,876.79
<b>Forested land – total</b>	<b>2,237,511</b>	<b>61,987.21</b>	<b>131,452.9</b>	<b>980,213.35</b>	<b>1,063,857.54</b>

Source: SORS

### *Natural characteristics of forests*

All forests in the RS, based on the indicator of preservation, are included in five categories. Dominant category of forests is pure stands of broadleaved species with 59%, then mixed stands of broadleaved species with 29.3%, pure stands of conifers with 8.7%, mixed stands of broadleaved species and conifers with 2.4%, and mixed coniferous stands whose participation is modest and amounts to 0.6% in the total overgrown area. There are 49 species of trees, with broadleaved species dominating (40) in relation to coniferous (9).

Overall, the condition of state forests can be characterized as satisfactory, which is supported by the fact that the average volume in these forests is 196 m<sup>3</sup> ha<sup>-1</sup> and current volume increment is 4.7 m<sup>3</sup> ha<sup>-1</sup>. The percentage of growth is 2.4%, which among other things, indicates the stability of stands in state forests. The private-owned forests have an average volume of 136 m<sup>3</sup> ha<sup>-1</sup>. The percentage of growth in these forests is slightly higher in relation to state forests and amounts to 2.6%.

### *Forests management in the RS*

Forestry management in the RS is based on the principles of sustainability of yield (maintaining the balance between yield and forest growth), multi-functionality and nature close manner of management. Persistence and sustainability of management are principles that have found their place in sectoral policies, national strategies and legal acts as the basic instruments for the implementation of defined goals for sustainable forest management.

The Forestry Development Strategy in the RS defines that forests are managed sustainably, i.e. that they are managed and used in such a way and to such an extent as to maintain their biological diversity, improve productivity, regenerative capacity, vitality to present and future fulfilment of environmental, economic and social functions. This Strategy is directly related to

the Sustainable Development Strategy of the RS as an umbrella document that defines the basic principles of sustainable development of the state and society and thus contributes to the forestry sector and to the overall sustainable development at the national and global level.

For all forests in the RS, whether in state or private ownership, planning documents for forest management are prepared.

In the RS, currently professional advisory work in privately owned forests is performed by public forest management companies and public companies of national parks, for forests located in the area of national parks. In addition, there are currently more than 5 associations in the RS that perform professional and technical work in the forests of their members.

### ***Challenges in the forestry sector***

Technical and technological, as well as organisational obsolescence and insufficiently developed forest road network causes the difficulties in the forest management. The main problems in forest management refer to privately owned forests, which cover slightly less than half of the total forest area and are characterized by poor conditions and fragmentation of parcels as well as unsolved property. The state of Cadastre of forests and forest land in the RS is characterized by numerous shortcomings, the most important are as follows: incomplete records of the actual state of the cadastre, out-of-date records on changes in the cadastral and in land use and unmarked borders between parcels owned by different owners.

Furthermore, the current state regarding education in forestry sector led to having a large number of insufficiently qualified staff, unable to cope with the growing challenges and modern achievements in the sector. This results in unsatisfactory scope and quality of scientific research that does not meet the current needs of forests and forestry.

The sustainable development of the forests and forestry can be ensured by reducing the migration of the rural population, improving the unfavorable demographic structure and comprehensively improving the living conditions in rural areas.

### **3.3. Environment and land management**

There are neither defined requirements for complying with the Statutory Management Requirements (SMR) in the RS, nor with the good agricultural and environmental conditions (GAECs) in terms of environmental protection, public health, animal and plant health protection, and animal welfare. Although cross-compliance requirements are not established yet, Serbian legal framework contains requirements and conditions relating to soil, water, biodiversity and landscape management, as well as fertiliser and plant protection products, which can be considered as equivalent at different degrees to the relevant mandatory EU standards and conditions (baseline). The baseline is a part of description of Measure 4 - Agri-environment-climate and organic farming measure.

In addition to constant work in the process of harmonisation of national regulation with the EU standards, additional programmes and measures are needed, as well. Addressing the issue of protection and improvement of the environment is one of the general principles that are

introduced in all IPARD measures. Additionally, it leads to the creating of opportunities for the circular economy in agri-food sector and rural economies through support for investment and innovation in sustainable production and processing, in such a way to reduce waste generation and increase the resilience of rural areas to climate change and biodiversity loss.

### ***Risks of land abandonment and marginalization***

Due to grassland abandonment and decrease in livestock production, big areas of grasslands are under successions into shrubby vegetation and forests. The majority of abandoned land is located in the central and southern-eastern parts of the RS, where, in some municipalities it reaches up to 30-40%. Reasons behind this trend are various and include ageing of farming population, remote land where certain natural conditions make viable farming more difficult, small size of holdings and fragmentation of land, the lack of access roads and related infrastructure, degradation of land and on-going disputes on ownership and inheritance.

### ***Impact of climate change on agriculture and the need for adaptation***

Analysis of observed climate changes in the territory of the RS during the period 1960 – 2012 has shown that air temperature has increased, rainfalls have become heavier, precipitation distributions altered, growing seasons have been extended, and winters have become shorter.<sup>24</sup>

Climate change impact assessment on agriculture sector was primarily focused on how changes in temperature and precipitation affect crop yield. Expected climate change will increase the length of the vegetation period and shift the growing season to earlier dates (up to 20-30 days on average by year 2100) affecting crop management, including crop selection in the future and required time for field works. Dry periods will have the greatest impact on the spring crops that are not irrigated, if the crop cultivars are not adapted to higher temperature. More intense and frequent occurrences of heat waves will increase production risk and reduce crop and livestock production.

Based on climate scenarios, more erosion by water can be expected in mountainous regions. In the long term, the effects of extreme weather conditions can reduce land fertility and significantly impair its function. In addition, assessment of climate change impacts shows that there will be a particular challenge to protect plants in the coming decades from different pests.

In order to timely adjust to climate change in the agricultural sector implementation of various adaptation measures is needed.

### ***Biodiversity linked with agriculture and forestry***

The Nature Protection Programme of the Republic of Serbia for the period 2021 - 2023<sup>25</sup> includes an overview of the status of biological diversity and the most important factors threatening the biodiversity, as well as measures and activities for improving public policy for nature protection and conservation of biological diversity. Resources of RS's agriculture are

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<sup>24</sup> Second National Communication of The Republic of Serbia under the United Nations Framework Convention on Climate Change, 2017, Ministry of Environmental Protection of the Republic of Serbia.

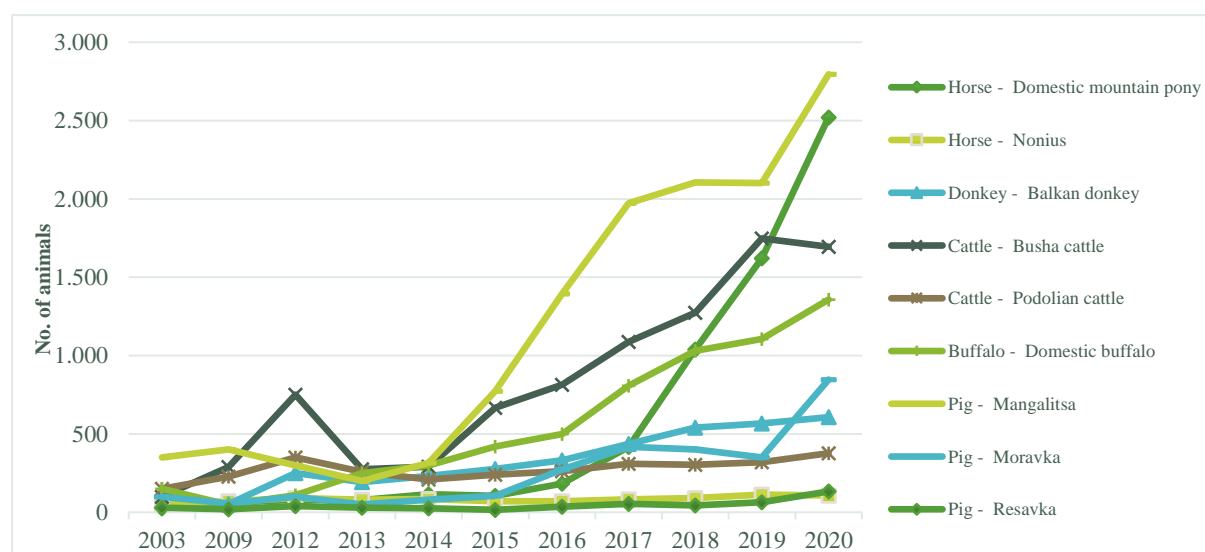
<sup>25</sup> The Nature Protection Programme of the Republic of Serbia for the period 2021-2023 was adopted at the 57<sup>th</sup> session of the Government of the Republic of Serbia on May 20, 2021.

very rich and estimated at 700-800 varieties and species. Biodiversity is endangered by intensification of agricultural production, monoculture production and the use of agro-chemicals.

According to estimates, the flora of the RS contains around 4,000 species out of total of 11,000 plant species in Europe. Domestic institutions hold around 15,000 samples of cultivated plants in the form of seeds and about 3,500 samples of fruit trees and vines, mainly originating from the RS and other Western Balkans countries. The national *ex-situ* collections of plant genetic resources, managed by the plant gene bank, comprise of a total of 4,300 samples. In nature, there are approximately 1,000 wild relatives of cultivated plants *in-situ*. In addition, there are over 400 known species of medicinal plants officially registered. There are 150 species that are legally protected from use and transport. As there are about 1,800 honey plants for use in agriculture, there is a great potential of developing habitats for pollinators.

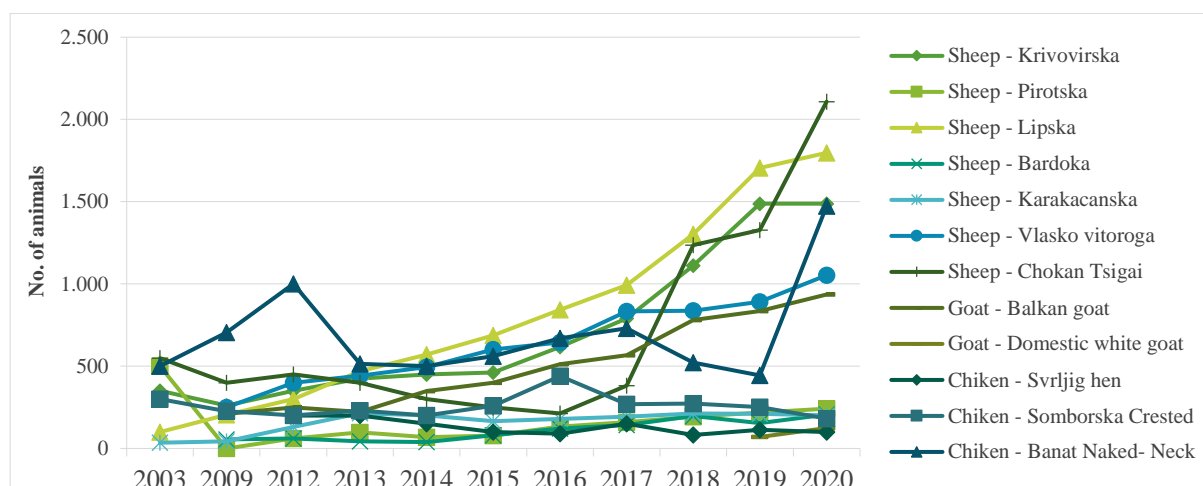
Regarding the animal genetic resources, more than 44 autochthonous and exotic breeds of domestic animals have been noted in the RS (*Chart 9* and *Chart 10*). The conservation and sustainable use of animal genetic resources directly contribute to the conservation of biodiversity, favouring sustainable production systems, promotion of local products, as well as the development of the region as a whole.

*Chart 9: Trend of autochthonous domestic species*



Source: MAFWM

Chart 10: Trend of autochthonous domestic species



Source: MAFWM

Nearly 12,000 km<sup>2</sup> of agricultural land in the RS is considered High Nature Value<sup>26</sup> (approximately 19% of the total agricultural area and 13% of the total territory of the RS). Areas of the HN VF are still not formally designated.

The total protected nature area covers around 678,000 hectares (approximately 7.6% of the total surface area of the RS<sup>27</sup>), for a total of 473 protected sites. In 2018, agricultural land within the protected areas occupied 13.2% (Corine Land Cover 2018, SEPA).

The Ecological Network of Serbia is comprised of 101 areas and it represents an assembly of functionally connected or spatially close ecologically significant areas, which through their biogeographic presence and representativeness notably contributes to the conservation of biodiversity and sustainable utilisation of resources, including the ecologically significant areas of the EU NATURA 2000. Up to now, 61 sites have been nominated for the European Emerald Network. In 2020, 79 Important Bird Areas<sup>28</sup> with the total coverage of 2,579,364 hectares (33.29% of the territory of the RS), 62 Important Plant Areas encompass a surface of 747,300 ha (8.5% of the territory of the RS) and 40 Prime Butterfly Areas covering 903,643 hectares (10.2% of territory of the RS) have been identified<sup>29</sup>. Eleven Ramsar sites cover a total area of 130,444 ha or 1.68% of territory.<sup>30</sup>

Forest genetic resources and forest ecosystems consist of 282 tree species, of which about 250 are autochthonous. The presence of 88 wild fruit tree species in 18 genera is of particular importance. Animal biodiversity of forest ecosystems is characterized by the presence of 46

<sup>26</sup> Agriculture and environment in the Republic of Serbia, 2016, SEPA.

<sup>27</sup> State of the Environment Report in the Republic of Serbia for 2019, 2020, SEPA.

<sup>28</sup> BirdLife International (2021) Country profile: Serbia; <http://www.birdlife.org/datazone/country/serbia> (accessed April 04 2021).

<sup>29</sup> Sixth national report to the United Nations Convention on Biological Diversity, 2019, Ministry of Environmental Protection of the RS (<https://www.cbd.int/doc/nr/nr-06/rs-nr-06-en.pdf>).

<sup>30</sup> <https://www.ramsar.org/wetland/serbia> (accessed August 10, 2021).

species of amphibians and reptiles, 352 species of birds<sup>31</sup> and 94 species of terrestrial mammals<sup>26</sup>.

### ***Water Quality***

The alignment of the national legislation with the EU *acquis* on water quality is evaluated as moderate by the EC<sup>32</sup>. The Water Law<sup>33</sup> is partially aligned with the Water Framework Directive (WFD).<sup>34</sup> The full transposition of the WFD will be achieved by the new law. The Water Management Strategy<sup>35</sup> has been adopted and constitutes a master plan for the implementation of water sector reforms aimed at achieving water management standards at the national, regional and local levels. Requirements of the Nitrates Directive shall be transposed into the national legislation. Baselines and thresholds for nutrient management and application of good agricultural practices still need to be further defined.

Untreated wastewaters are still the main source of water pollution in the RS. Surface monitoring network covers the most important rivers, while smaller streams are not monitored. In 2019, water quality monitoring was performed on 70 profiles on 49 watercourses, 7 profiles on the canal network and 1 accumulation. Groundwater monitoring is implemented in aquifers which is considered to be important for water supply. In 2019 water quality monitoring was performed on 53 piezometers. Water quality at all measuring points demonstrates excellent and good ecological status. The amount of nitrate in all catchment areas, as well as in the entire territory of the RS in the period 2009 - 2018, was not noteworthy. According to the indicator that monitors the nitrate content, the water quality in the watercourses of the RS has improved in the period 2016 - 2018<sup>36</sup>. Low concentration of nitrates is present in the rivers. In the Sava River Basin, a growing (unfavourable) trend of orthophosphate in the period 2009 - 2018 was determined. In other catchment areas and at the level of the RS, an insignificant trend of orthophosphate has been determined. According to the orthophosphate content, the rivers of the RS do not have a good ecological status at 21% of measuring points in the period 2009 - 2018. An unfavourable (growing) trend was determined in seven (15%) measuring points in the same period.

According to the national waste management strategy for the period 2010 - 2019<sup>37</sup>, waste management in farms is inadequate (there are no facilities for wastewater treatment or facilities to store manure). New waste management strategy has not been adopted yet.

Regarding pesticide pollution, analysis of percentage of river monitoring stations where the Environmental Quality Standard, as annual average for various pesticides is exceeded (%) in

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<sup>31</sup> Red Book of Fauna of Serbia III – Birds, 2018.

<sup>32</sup> SWD (2020) 352 final, Serbia 2020 Report, European Commission.

<sup>33</sup> The Water Law (“Official Gazette of the RS”, No. 30/10, 93/12, 101/16, 95/18 and its subsequent modifications).

<sup>34</sup> Directive 2000/60/EC of the European Parliament and of the Council.

<sup>35</sup> The Water Management Strategy (“Official Gazette of the RS”, No. 3/17).

<sup>36</sup> State of the Environment Report in the Republic of Serbia for 2019, 2020, SEPA.

<sup>37</sup> Waste Management Strategy for the period 2010-2019 (“Official Gazette of the RS” No. 29/10).



the period 2012 - 2019, shows that there are no exceedances (SEPA).

Despite of increase in the area of irrigated agricultural land during the period 2010 - 2019, only 1.35% or 46,863 ha of the UAA was irrigated in 2019. For the irrigation purpose, in 2019, a total of 67,692 m<sup>3</sup> of water was abstracted. There is no data on the quality of the irrigation water.

### ***Greenhouse Gas Emissions***

Air quality in the RS is regulated by the Law on Air Protection<sup>38</sup>, which forms the basis for implementation of the strategy, plans and programmes in the area of air protection. The RS is increasing its efforts to reduce air pollution. In 2020, the National Emission Reduction Plan of the Main Pollutant Emissions from Old Large Combustion Plants was adopted. Furthermore, the RS is reducing its emissions also through permitting procedures (IPPC permits) with implementation of the IPPC Directive, transposed in the Serbian legal system through the Law on Integrated Prevention and Control of Pollution of Environment.<sup>39</sup>

Based on the greenhouse gas (GHG) Inventory, in 2018 the total estimated GHG emissions in the RS (without sinks) amounted to 62,682.5 Gg CO<sub>2</sub> eq, with share of emissions from the agriculture sector of 7.29%. In 2018, the total emissions of greenhouse gases with sinks were of 58,132.13 Gg CO<sub>2</sub> eq, which is an increase of 5% compared to 2000. The share of emissions from the agriculture sector with sinks was 7.87%. The most significant contribution to the total quantity of emissions of long-range air pollutants in 2018 results, is from the energy sector (NO<sub>x</sub> - 53.52% and SO<sub>2</sub> – 89.56%) followed by agriculture (85.30% for NH<sub>3</sub>). Air emission indicators show an increase in NH<sub>3</sub> after year 2005. Emissions of PM<sub>10</sub> are constant for the whole period and share from agriculture amounts to 13.31%. The share of agriculture in non-methane volatile organic compounds emissions is of 17.37%. According to the latest data, methane emissions (CH<sub>4</sub>) from agricultural sector decreased, and nitrous oxide (N<sub>2</sub>O) emissions slightly fluctuated in the same sector in the period 1990 - 2018.

### ***Soil Quality and Erosion***

The types of soil in the RS are very diverse, which is the result of great heterogeneity of geological structure, climate, vegetation and microfauna.

The main threats to soil quality are: soil compaction, reduction of organic matter, soil acidification, soil pollution and erosion. The occurrence and progress of soil erosion is one of the major soil degradation processes and a cause of deteriorated soil quality. It is estimated that soil erosion (of various degrees) affects about 80% of agricultural soil. Approximately, 88% of the total surface of the RS is affected by water-erosion and 25% by wind-erosion. In the central and hilly-mountainous regions water erosion is predominant, while in the north of the RS, wind erosion prevails, affecting approximately 85% of the agricultural soil with an annual loss of

<sup>38</sup> The Law on Air Protection (“Official Gazette of the RS” No. 36/09, 10/13 and its subsequent modifications).

<sup>39</sup> The Law on Integrated Prevention and Control of Pollution of Environment (“Official Gazette of the RS”, No. 135/04 and 25/15 and its subsequent modifications).

over 0.9 ton of soil per ha.<sup>40</sup>

Soil quality is also affected by uncontrolled and inadequate dumping of waste and by contamination stemming from industrial complexes. Around 709 potentially contaminated and contaminated sites were identified in 2017. The largest number of registered sources of local soil pollution is related to municipal waste disposal and industrial and commercial activities. In period of 2007 - 2017, there was increase in the number of investigated sites, as well as remediation activities and its number was the highest in 2017. Based on the data obtained through systematic fertility control done by organisations authorised by the MAFWM, the content of organic carbon in the surface layer of soil was calculated for Central Serbia in the period 2010 - 2018. The analysis shows that most samples had the content of organic carbon ranging between 1% and 2%, which can be considered as low. In general, the distribution of the content of organic carbon at 0 - 30 cm showed higher values in Central Serbia, where forest land occupies a larger area than agricultural land.<sup>41</sup>

The analyses of 5,200 soil samples in Central Serbia indicate a low level of tested pesticides. These results could reflect that there is no contamination with pesticide residues.<sup>42</sup> In 2014, the content of pesticide residues in 100 samples from the territory of Central and Eastern Serbia was examined. The obtained results show that the found content of almost all tested pesticide residues is at a low level which is consistent with the results of previous investigation.<sup>43</sup>

### ***Renewable energy***

By the Decision of the Ministerial Council of the Energy Community of 18<sup>th</sup> October 2012 (D/2012/04/MS-EnZ), the RS has undertaken the obligation to increase the share of renewable energy sources in its gross final energy consumption to 27% by year 2020, as well as to implement the Directive 2009/28/EC, which refers to the promotion of the use of renewable energy sources. In 2013, the National Action Plan for the Use of Renewable Energy Sources was adopted<sup>44</sup>, which among other things, aims to encourage investment in renewable energy sources, while biannual reports of its implementation are valuable source of data.

The share of renewable energy sources in the gross final energy consumption in 2019 was 21.44%. In 2009, the legal framework with subsidy measures was established and until December 2020, 265 new facilities have been built for the production of electricity from renewable energy sources, with a total installed capacity of 514,262 MW. Data on the availability and use of biomass sources for energy purposes are not available, nor is the data on

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<sup>40</sup> Vidojevic and Manojlovic, 2007, Overview of the soil information and policies in Serbia. In: Status and prospect of soil information in south-eastern Europe: soil databases, projects and applications. Hengl T., Panagos P., Jones A. and Toth G. (eds.) Office for Official Publications of the European Communities, EUR 22646EN, Scientific and Technical Research series, ISSN 1018-5593, 87-98.

<sup>41</sup> Environment in Serbia in the period 2004-2019, SEPA.

<sup>42</sup> The State of soil Report in the Republic of Serbia, 2009, SEPA.

<sup>43</sup> Agriculture and environment in the Republic of Serbia, 2016, SEPA.

<sup>44</sup> The National Action Plan for the Use of Renewable Energy Sources (“Official Gazette of the RS”, No. 53/13).

the use of agricultural land for growing crops intended for energy production.<sup>45</sup> Primary energy consumption in 2019 amounted to 15.34 Mtoe, and compared to 2018 this increased by 1.3%. In the structure of primary energy consumption, in the same year, the share of fossil fuels dominates with 86.9%, and the share of renewable energy sources is 13.1%.<sup>46</sup>

As stated in the Energy Sector Development Strategy of the RS<sup>47</sup>, biomass represents significant energy potential, estimated at 3.448 m tons (61% of the renewable energy potential). The largest part of this is biomass wood potential -1.53 Mtoe and agricultural biomass potential -1.67 Mtoe, while the potential of biodegradable municipal waste is estimated at 205,000 toe. Biodegradable waste (except municipal waste) includes also used cooking oils and animal waste (slaughterhouse waste) in total amount of 0.043 Mtoe/year. Biomass potential is available across the whole territory, whilst wood biomass is mostly located in Central Serbia and agricultural biomass in the Vojvodina Region. Nevertheless, while the level of use of wood (forest) biomass potential is relatively high (66.7%), agricultural biomass potential is not used sufficiently (about 2%), while the biodegradable municipal waste potential is not used at all.

### ***Use of Fertilisers in Agriculture and manure management***

Analysis of the Census of Agriculture 2012 data shows that in 2012, mineral fertilizers were used on 67% of agricultural land, manure from livestock farms on 12% and 21% of agricultural land was receiving no fertilization. Mineral fertilizers were used on 491,157 AHs (77.8% of all AHs) covering an area of 2,298,574 ha, while organic fertilizers were recorded on 314,299 (49.8%) households, covering the area of 400,276 ha. Furthermore, assessment of manure management shows that 95% of farms keep manure in heaps in open space without protection against leakage to surface waters or groundwater, which indicates that livestock manure management practices are very poor. In addition, livestock farms lack specialised equipment to transport and effectively apply livestock manure on the fields, as well as manure storage facilities with appropriate capacities. Recent data on consumption of mineral fertilizers are not available.

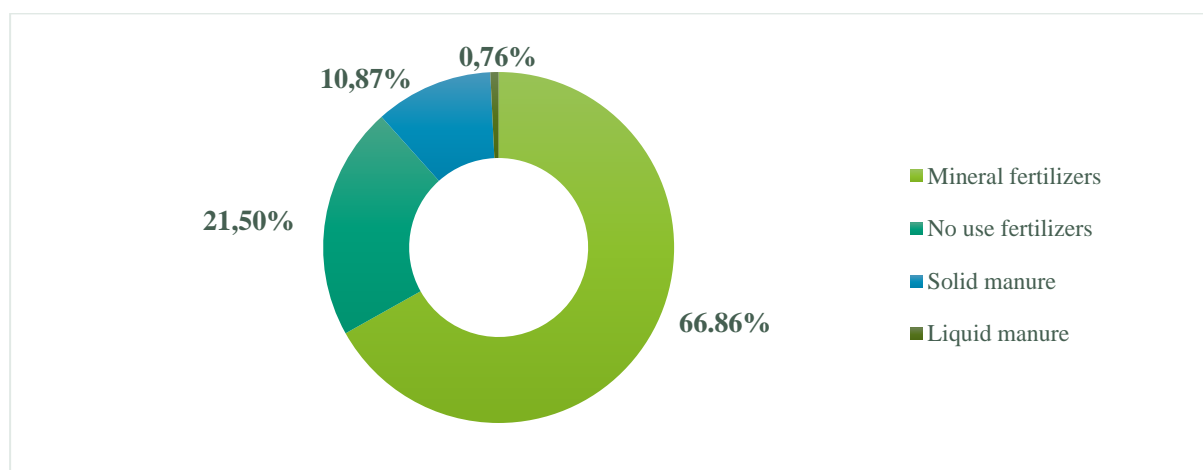
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<sup>45</sup> Progress Report on the Implementation of the National Renewable Energy Action Plan of the Republic of Serbia for 2018 and 2019, 2021, The Ministry of Mining and Energy.

<sup>46</sup> Energy Balance of the Republic of Serbia for 2020 ("Official Gazette of the RS", No. 94/19).

<sup>47</sup> The Energy Sector Development Strategy of the Republic of Serbia ("Official Gazette of the RS" No 101/15).

Chart 11: Fertilizers application on agricultural land (2016)



Source: SEPA

### *Use of pesticides in agriculture*

According to the Census of Agriculture 2012 data, pesticides were used on 455,103 AHs (72.1%), on an area of 2,107,311 ha. The Plant Protection Directorate of the MAFWM approves the import of pesticides. According to the Directorate’s data, herbicides have the largest share in the total quantities of imported pesticides in the period from 2015 - 2019, followed by fungicides (Table 27).

Table 27: Total amount of imported pesticides for period 2015 – 2019

Quantity (t)	Year				
	2015	2016	2017	2018	2019
<b>Total amount of imported pesticides</b>	13,378	12,795	14,136	13,448	14,423

Source: MAFWM

This stable level of import follows trend of sales of pesticides in EU countries, which has remained stable over the period 2011 - 2018. The total volume of pesticides sold annually in EU is around 360,000 t. The major groups of pesticides which recorded the highest sales volumes in 2019 were fungicides and bactericides followed by herbicides, haulm destructors and moss killers.

The Law on Plant Protection Products<sup>48</sup> provides a basis for system for monitoring of applied and traded quantities of pesticides.

### *Use of antibiotics in veterinary medicine*

In accordance with the regulations governing the field of medicines, dispensing of the antibiotics in medicine and veterinary medicine is possible only with a prescription.

<sup>48</sup> The Law on Plant Protection Products (“Official Gazette of the RS”, No. 41/09, 17/19 and its subsequent modifications).

Data on the total amount of antibiotics placed on the market shown that trade of antibiotics in veterinary medicines decreased during period 2015 – 2019 (*Table 28*).

*Table 28: Total amount of antibiotics placed on the market (2015 – 2019)*

Quantity (kg)	Year				
	2015	2016	2017	2018	2019
<b>Total amount of antibiotics placed on the market</b>	76,480	75,519	72,178	70,856	64,905

Source: MMDAS

According to the MMDAS data, in veterinary medicine the most often used medicines are anti-infective medicines for systemic use.<sup>49</sup>

### ***Organic Farming***

Organic production is regulated by the Law on Organic Production<sup>50</sup>, which entered into force on 1<sup>st</sup> January 2011, by which the MAFWM is designated as a competent authority.

Records on organic production are aggregated from annual reports prepared by control bodies, authorised by the MAFWM, in order to perform controls and certification activities. Data on areas under organic production in the period from 2011 to 2019 show an increase of arable land from 3,008 ha in 2011 to 15,915 ha in 2019, whilst for meadow/pasture areas this increased from 3,327 ha to 5,350 ha during the same period. Overall, the total area increased from 6,335 ha to 21,265 ha (*Table 29*).

*Table 29: Area under organic plant production (2011-2019)*

Area (ha)	Year								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Arable land	3,008	5,364	5,355	7,999	13,398	12,929	11,875	13,723	15,915
Meadows and pastures	3,327	976	2,873	1,549	1,900	1,429	1,548	5,531	5,350
<b>Total area</b>	<b>6,335</b>	<b>6,340</b>	<b>8,228</b>	<b>9,548</b>	<b>15,298</b>	<b>14,358</b>	<b>13,423</b>	<b>19,254</b>	<b>21,265</b>

Source: MAFWM

The share of area under organic production from the total utilised agricultural area in 2019 was 0.61%. The stated number of hectares does not include areas used for the collection of organic wild berries, mushrooms and medicinal plants, given that there is no official methodology based on which data can be obtained on the total area of organic wild plants from natural habitats. The number of producers increased from 213 in 2011 to 534 in 2019. If we include co-operators who are under group certification, total number of producers and co-operators, was 6,261 in 2019.

Of the total arable land in 2019 in organic farming (*Table 30*), fruit production is the most

<sup>49</sup> The Regulation on the National Program for the Control of Bacterial Resistance to antibiotics (“Official Gazette of the RS”, No. 8/19) and its subsequent modifications.

<sup>50</sup> The Law on Organic Production (“Official Gazette of the RS”, No. 30/10 and 17/19 - other law) and its subsequent modifications.

predominant with 33.45%, followed by cereals (30.08%), industrial crops (13.98%) and fodder (11.29%) medicinal and aromatic plants (1.63%) and vegetables (1.15%).

*Table 30: Organic plant production in 2019*

Plant production	Area (ha)		
	Conversion period	Organic	Total
Cereals	2,048	2,741	4,789
Industrial crops	127	2,103	2,230
Vegetables	42	142	184
Fodder plants	890	908	1,798
Fruits	2,159	3,165	5,324
Medical and aromatics plants	24	235	259
Other*	746	586	1,332
Total arable land (ha)	6,034	9,881	15,915
Pastures/meadows (ha)	1,505	3,845	5,350
<b>Total (ha)</b>	<b>7,539</b>	<b>13,726</b>	<b>21,265</b>

\*crop-free areas, isolation belts, fallow land and other crops

Source: MAFWM

In terms of organic livestock production, the numbers of heads/units are shown in *Table 31*.

*Table 31: Structure of organic livestock production in 2019*

Livestock	Sheep	Pigs	Cattle	Goats	Poultry	Horses	Bees (hives)
Number of animals	6,099	315	3,556	536	17,751	88	9,969

Source: MAFWM

In the last few years in the RS, along with increasing total area under organic farming, intense development of domestic market has been noticed. Especially there is development in the organic products' marketing channels, although the majority of the organic products is exported. Despite the positive trends on domestic market, which are the most visible in cities, the market for organic products is still underdeveloped. Analysis of the organic market and development of the market information system for organic products, published in 2020, include valuable data on organic market value in the RS. The analysis also provides recommendations on how to increase consumers' trust in organic products.<sup>51</sup>

### ***Protective and Protected Forests and Forests with Fire Risks***

The Law on Forests<sup>52</sup> governs the conservation, protection, planning, cultivation, use, management and monitoring of issues relevant to forests and forestland.

According to the law, protective forests are forests whose priority function is to protect the soil

<sup>51</sup> Organic Production in Serbia, At a Glance 2020, National Association Serbia Organica, German Development Cooperation (GIZ), Ministry of Agriculture, Forestry and Water Management (<https://serbiaorganica.info/wp-content/uploads/2021/03/Organic-production-in-Serbia-2020-ENG-online.pdf>).

<sup>52</sup> The Law on Forests ("Official Gazette of the RS", No. 30/10, 93/12, 89/15, 95/18 - other law) and its subsequent modifications.

from erosion, protection of water supply sources, hot and thermo-mineral and mineral springs and spas, protection of the upper limit of vegetation, protection of facilities (water reservoirs, railways, roads) and settlements.

Some of the largest protected forest areas are Nature Park “Stara Planina”, Nature Park “Golija”, Nature Park “Zlatibor”, Nature Park “Radan”, which are all managed by the Public Enterprise (PE) “Srbija šume” as the largest manager of protected areas in Serbia. The PE “Srbija šume” manages protected areas on a land surface area of 338,619.84 ha, which makes up ca. 49.9% of the total surface area of protected areas in the RS. The surface area structure of the protected areas by ownership is as follows: state-owned – 159,786.39 ha (47%); private and other ownership – 178,833.45 ha (53%). Of the total surface area of the protected areas, 9,336.97 ha (2.8%) are under 1<sup>st</sup> degree of protection regime, 63,125.61 ha (18.6%) – under 2<sup>nd</sup> degree protection regime and 266,157.26 ha (78.6%) – under 3<sup>rd</sup> degree protection regime.<sup>53</sup>

Statistics show that the frequency of fires, as well as the total area burned, is increasing from year to year. The growth of fire hazards and damage can be linked to climate change. Development of the fire hazard forecasting system in the RS is in progress, as it is recognised as a high priority.<sup>54</sup> In the RS, forest managers define plans for forest protection, in accordance with the Law on Forests. These include operational maps in case of fire. Fire risk mitigation is designated as part of action plans in the planning documents for forest management. Although conifers are more present in Western Serbia, most fires occur in Eastern Serbia, where deciduous species predominate.<sup>55</sup> Damages from fires in 2019 were recorded on an area of 1,079 ha, with a damaged wood volume of 3,397 m<sup>3</sup>.<sup>56</sup>

*Table 32: Overview of different forest types according to fire risk*

Degree of threat	Forests
I	Stands and cultures of black and white pine and larch
II	Stands and cultures of spruce, Douglas fir and other conifers
III	Mixed stands of conifers and deciduous trees
IV	Stands of hornbeam and oak
V	Stands of beech and other deciduous trees
VI	Shrubs and bushes

Source: MAFWM

### 3.4. Rural economy and quality of life

The population trends in the RS reflect the semi-modern society, with still high percentages of rural population and agriculture’s contribution to the overall economy.

Demographic trends in rural areas are characterised by a steady decline in population, increase in average age, decline in birth rate and fertility rate, which contribute to negative natural

<sup>53</sup> <https://srbijasume.rs/zasticena-podrucja/upravljanje-zasticenim-podrucjima/> (6<sup>th</sup> April 2021).

<sup>54</sup> Project “Hazard forecasting and early fire detection in the Republic of Serbia”, 2020.

<sup>55</sup> The Fire Protection Strategy for the period 2012-2017 (“Official Gazette of the RS”, No. 21/12).

<sup>56</sup> Statistical Yearbook of the Republic of Serbia, 2020, SORS.

growth, along with pronounced migration from rural to urban areas or even abroad. The lack of job opportunities, low wages, undeveloped infrastructure, limited access and low quality of education and health services, as well as access to financial social assistance, partially explain the poverty and migration from rural areas. Women are more likely to suffer from unemployment, lower salaries, higher job instability and limited access to social protection and other critical resources, and more likely migrate (FAO, 2020), hence depopulation is more stressed in the rural female than in the male population.

Differences in the labour market between urban and rural areas and between regions are visible in the age structure of workers, structure of employment by professional status and sectors of activity. The rural population enters the labour market at a younger age (6.7% of rural labourers are 15-24 years old), and works longer (10.3% of rural labourers are over 65 years old). Among the employed rural population, a much higher percentage of people is categorised as self-employed and helping family members, with the last category reserved mostly for rural women engaged on family farms. Rural workforce in the percentage of 56.1% represents the wage employees, 31.7% are self-employed and 10.1% are assisting family members without income (84.2, 10.7 and 0.8% respectively, in urban areas). The share of agriculture in total employment is particularly high in the Region of Šumadija and Western Serbia (23.1%), which is characterised by a high agrarian density (the ratio between agricultural workers and land resources), reflecting the risk of hidden unemployment.

Table 33: Employed persons by NUTS regions and type of settlements, 2019

Employees	Total	Serbia – North		Serbia - South		Type of settlement	
		Belgrade Region	Region of Vojvodina	Region of Šumadija and Western Serbia	Region of Southern and Eastern Serbia	Urban	Other
<b>Over 15 years age, (000)</b>							
<b>Total</b>	<b>2,901.0</b>	<b>740.5</b>	<b>768.1</b>	<b>812.4</b>	<b>580.0</b>	<b>1,675.5</b>	<b>1,225.5</b>
<b>Age structure (%)</b>							
15–24	5.3	4.2	6.7	4.9	5.4	4.3	6.7
25–34	21.3	24.1	22.4	18.9	19.7	22.8	19.3
35–44	26.6	29.9	27.3	24.5	24.3	29.9	22.0
45–54	23.7	23.5	23.7	23.4	24.6	24.4	22.8
55–64	17.3	15.4	16.6	19.5	17.5	16.1	18.9
65 and over	5.8	2.9	3.3	8.8	8.5	2.5	10.3
<b>Structure of employees by professional status (%)</b>							
Self-employed with employees	3.4	4.3	3.4	3.2	2.4	4.3	2.1
Self-employed without employees	19.6	11.2	15.7	26.0	26.5	10.7	31.7
Employed workers	72.3	83.4	78.1	60.7	66.8	84.2	56.1
Assisting household members	4.7	1.1	2.9	10.0	4.4	0.8	10.1

Source: SORS

When it comes to the income structure of rural households, the model is somewhat different. The largest part of the income of rural households is formed by salaries (38.6%), followed by pensions (30.5) and income from agriculture (10.4). Yet, the in-kind consumption of rural



households (8.5%) consisting of mostly food products, is relatively high reflecting high importance of the sector for food security. The households' income of the rural population is 8.5% lower than of urban households income and is 5.5% below the national average.

Table 34: Household income in money and in kind, by NUTS regions and type of settlements, 2019

Income	Total	Serbia – North		Serbia – South		Type of settlement	
		Belgrade Region	Region of Vojvodina	Region of Šumadija and Western Serbia	Region of Southern and Eastern Serbia	Urban	Other
<b>Monthly average</b>							
Income in money and in kind – total in RSD	66,880	77,186	63,487	64,427	62,416	69,124	63,228
Income in money and in kind – total in EUR	568.7	656.3	539.9	547.8	530.7	587.8	537.7
<b>Household income in money (%)</b>	<b>96.6</b>	<b>99.5</b>	<b>97.8</b>	<b>93.6</b>	<b>94.8</b>	<b>99.5</b>	<b>91.5</b>
Regular salaries and wages	49.3	57.3	49.8	43.9	44.4	55.3	38.6
Income outside regular employment	2.8	2.8	3.4	2.2	2.8	2.5	3.5
Pensions	32.3	32.7	31.6	31.9	33	33.2	30.5
Social insurance receipts	2.7	1.9	2.9	2.7	3.4	2.5	3.1
Income from agriculture, hunting and fishing	4.4	0.3	5.6	7.2	4.9	1.0	10.4
Income from abroad	1.1	0.7	1.6	0.9	1.4	1.1	1.2
Real estate related income	0.6	0.7	0.8	0.6	0.4	0.7	0.5
Donations and awards	0.7	0.8	0.6	0.7	0.8	0.7	0.7
Other receipts	2.7	2.3	1.5	3.5	3.7	2.5	3
<b>Household receipts in kind (%)</b>	<b>3.4</b>	<b>0.5</b>	<b>2.2</b>	<b>6.4</b>	<b>5.2</b>	<b>0.5</b>	<b>8.5</b>
Earned receipts in kind	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Natural consumption	3.3	0.4	2.1	6.3	5.1	0.4	8.4

Source: SORS

From the total number of 564,541 AHs, 12.3% perform other on-farm activities. The share of farms with diversified activities varies by region. Most of them are located in the Region of Šumadija and Western Serbia (64.3%), while in the Region of Vojvodina only 6.7% of farms have diversified incomes. A high and growing number of farms with diversified income in the Region of Šumadija and Western Serbia can be attributed to a larger number of AHs members on smaller average size. In addition, the structure of primary agricultural production is getting more diverse, which is dominant on AHs of mixed type of production.

Diversification of economic activities in the rural areas widens the range of services available to rural population and encourages products and services based on traditional knowledge and technology, natural resources and cultural heritage. Economic diversification should encourage growth, employment and sustainable development in rural areas, and thereby contribute to

better territorial balance, both in economic and social terms.

### ***Rural tourism***

Ministry of Trade, Tourism and Telecommunications has defined, among others, mountain tourism, spa and wellness tourism, health tourism, thematic paths and rural tourism as main touristic products, in the Tourism Development Strategy of the RS 2016 – 2025.

The objectives of this Strategy are: sustainable economic, environmental and social development of tourism, strengthening the competitiveness of the tourism industry and related activities in the domestic and international markets, increase of total share of the tourism sector in the GDP, as well as increase in the number of employees in the tourism sector, improving the overall image of the RS in the region, Europe and the world. The vision is that by year 2025 the RS will become a globally recognised tourist destination because of the established system of development and sustainable management of resources and coordination of activities of all entities important for the development of tourism.

Tourism indicators have been showing positive trends from 2014, both in numbers of arrival of tourists and in numbers of tourist nights. In year 2019, the total number of tourist arrivals amounted to 3.69 m (with foreign tourists share of 50 %) and total number of tourist nights was 10.07 m (with foreign tourists share of 40%). Accommodation and food service activities participate with 2.5% in total employment, 0.8% in total turnover and 1.2 % in total value added in the RS.

The Region of Šumadija and Western Serbia participated with 56.1% in total number of domestic tourist nights, followed by the Region of Southern and Eastern Serbia (23%). The realised number of tourist arrivals that have been using accommodation facilities shows that only 0.045% related to accommodation type classified as “Rural tourist households” in Serbia-North and 0.41% in Serbia-South (2019). From the total number of AHs, 302 are engaged in rural tourism. The majority of these AHs (62%) is located in the Region of Šumadija and Western Serbia, while 31% is located in the Region of Southern and Eastern Serbia, and only 4% in the Region of Vojvodina and 3% in the Belgrade Region. As reported by the MTTT, the total number of rural tourist households in the RS in April 2021 was 524.

*Table 35: Number of accommodation facilities categorised as rural tourist households*

<b>Type of categorised accommodation facility</b>	<b>No. of facilities</b>	<b>No. of accommodation units</b>	<b>No. of individual beds</b>	<b>No. of camping pitches</b>
<b>Rural tourist household</b>	524	1,633	3,100	56

Source: Ministry of Trade, Tourism and Telecommunications, April 2021

Regarding the attractiveness of tourist resorts, the most visited are administrative centers (Belgrade, Novi Sad and other bigger settlements), with share of 38.2%, followed by resorts classified as “others” 26.3%, spa resorts 18.2% (Vrnjačka Banja, Sokobanja etc.) and mountain resorts 17.3 % (Zlatibor, Kopaonik, Tara etc.).

***Rural infrastructure***

Rural infrastructure includes basic communal infrastructure<sup>57</sup>, as well as social infrastructure under the jurisdiction of LSGU. The basic responsibilities of LSGU related to infrastructure are legally defined.<sup>58</sup> The main recognised needs are related to the construction and reconstruction of municipality and unclassified roads, construction of water supply and sewerage systems, construction of facilities for storage and processing of municipal waste, production and distribution of thermal energy, installation of street lighting, setting up the Internet, construction of social infrastructure facilities (kindergartens, schools, health centers), etc. Based on the established needs, the following investments in rural infrastructure were identified: improvement of water supply, sewerage system and wastewater treatment, waste disposal, local/unclassified roads and energy supply.

The ministries responsible for establishing the legislative framework for implementing investments in rural public infrastructure are as follows: the Ministry of Construction, Transport and Infrastructure, the Ministry of Mining and Energy and the MAFWM. Regarding the management of rural infrastructure, the Law on Local Self-Government defines the basic competencies of LSGU, which represents the legal basis for the preparation and implementation of infrastructure projects in rural areas. In addition, general competencies of LSGU are specifically defined by laws regulating different sectors of public infrastructure (Law on Public Roads<sup>59</sup>, Water Law<sup>60</sup>, Law on Communal Activities, Energy Law<sup>61</sup>, etc.).

The inception stage in the process of infrastructure construction in rural areas is preparation of spatial planning documents that precisely elaborate plans for the development of these areas. Abovementioned documents are defined by the Law on the Spatial Plan of the RS from 2010 to 2020 year, the Law on Planning and Construction and relevant by-laws. Related to the preparation of planning documents, the Ministry of Construction, Transport and Infrastructure conducts public calls for budgetary financial allocation intended for co-financing the preparation of planning documents for LSGU in the territory of the RS. In addition, the Ministry without Portfolio, in charge of improving development of underdeveloped LSGUs in the RS, conducts public calls for supporting preparation of project-technical and planning documentation, as well as for improving infrastructure capacities of underdeveloped LSGU (EUR 2.7 m in 2021).

Utility infrastructure is in a significantly worse condition in settlements in rural areas compared to urban settlements. A significant problem in rural areas is the quantity and quality of delivered

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<sup>57</sup> Law on Communal Activities (“Official Gazette of the RS” No. 88/11, 104/16 and 95/18) and its subsequent modifications.

<sup>58</sup> Law on LSG (“Official Gazette of the RS”, No. 129/07, 83/14 - other law, 101/16 - other law and 47/18) and its subsequent modifications.

<sup>59</sup> Law on Public Roads (“Official Gazette of the RS” No. 41/18, 95/18 - other law) and its subsequent modifications.

<sup>60</sup> Water Law (“Official Gazette of the RS”, No. 30/10, 93/12, 101/16, 95/18 and 95/18-other law) and its subsequent modifications.

<sup>61</sup> Energy Law (“Official Gazette of the RS” No. 145/14, 95/18 - other law and 40/21) and its subsequent modifications.

water, because of lack of financial resources, unresolved property and legal issues and insufficient number of adequate projects in local governments, which led to limited water supply from public water supply systems.

In total 2,157,265 households are connected to the water supply systems (SORS, 2018). According to the SORS data for 2017, percentage of households connected on water supply system in the RS was 84.8%. Regions distinguish regarding this issue; the situation in AP Vojvodina is the most favourable, given that 96% of households are connected to the water supply system. In Southern and Eastern Serbia, only 67.3% of households are connected to the water supply system. The Water Management Strategy on the territory of the RS until year 2034<sup>62</sup> has described the state of the existing infrastructure systems as unsatisfactory due to the age and maintenance of the utilities. About 81% of the population is connected to public water supply systems. This percentage is the lowest in Central Serbia (71%), while it is considerably higher in Belgrade (92%) and in AP Vojvodina (91%). There are notable differences between municipalities, so in 30% of municipalities the connection is less than 50% of the national average, while in 19% of municipalities the connection is higher than 150% of the national average. About 70% of the population of the RS is supplied with water from groundwater resources. Inadequate maintenance often results in large losses, which in some systems amount to more than 30%, and causes compromising of water quality. Of the total number of city water supply systems, with physical and chemical malfunctions, 64% are those in the AP Vojvodina. The problem of inadequate water quality is present in smaller settlements. A special problem in rural areas is village's water supply systems that do not meet the standards prescribed for drinking water quality, and their transformation into the municipal water supply system.

The state of construction of the collection and sewerage system (primary and secondary sewerage network and main sewerage collectors) and municipal wastewater treatment plants is at a low level in relation to EU standards. From total number of households, 1,572,314 are connected to public sewerage systems (SORS, 2018). Most municipal wastewater, about 58%, is collected by public sewerage systems, of which only 12% have treatment systems. Tertiary treatment covers only 1.9% of the population, which refers to the sewage system in town of Subotica. The territorial disparities are significant, the highest percentage of the population connected to the public sewerage is in the Belgrade (85.9%) and Šumadija (72.6%) administrative districts. The lowest percentage is in Zapadnobačka (29.8%) and Nišava (33.5%) administrative districts, where the inhabitants are mostly connected to septic tanks. In 86 municipalities, there is no kind of wastewater treatment, what results in a direct discharge of wastewater into rivers, which pollutes the environment and endangers the health of residents (SORS, 2018).

Municipal waste management in rural areas does not meet current needs. Organised waste collection covers only 60% of the total population, and in rural areas there is either no organised collection or it is insufficient to meet the needs in these areas. The percentage of households connected on wastewater collecting system in 2017 in the RS was 60.6%. The most favourable

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<sup>62</sup> "Official Gazette of the RS", No. 3/17.

situation is in Belgrade Region (88.5%), while the most unfavourable situation is in Southern and Eastern Serbia, where only 47.4% of the population is connected to wastewater collecting system. The lowest number of inhabitants covered by organised waste collection is in the municipalities of Southern Serbia (20 - 25%). In year 2018, a total of 1.7 m tons of waste was disposed. All LSGUs adopt a local waste management plan, ensure the management of municipal, inert and non-hazardous waste on their territory, in accordance with the Law on Waste Management.

In total 144 LSGUs submitted data to Environmental Protection Agency<sup>63</sup> according to which on their territory public utility companies dispose waste in an organised manner at 137 unsanitary landfills, located in 111 LSGUs. Landfill age varies from 4 to 60 years. These are mainly landfills for which, in accordance with the Waste Management Strategy, remediation and closure are envisaged. At 117 locations (72%) landfills are covered, most often with soil or some other inert material, of which 15 landfills are covered daily, one per month, and 101 landfill according to the need. Data on illegal landfills were submitted by 131 LSGUs and reported the existence of a total of 2,305 illegal landfills in the RS, but this problem is in the process of being solved and positive tendency is present in the reduction of illegal landfills and dumps. Data on the dimensions and volume of the landfills are not fully reliable, because they are based on estimates, since for many of them there is no appropriate technical documentation. Several LSGUs have concluded an agreement on joint waste management and regional landfills can be build based on the concluded agreement.

A special challenge for the improvement of communal infrastructure is the situation of many small settlements scattered over a wide area. The largest number of inhabitants live in settlements that do not exceed 2,500 inhabitants, while on the other hand, about 21% of all settlements have less than 100 inhabitants, and these settlements are at risk of total depopulation.

In such circumstances, the maintenance and construction of road infrastructure under the jurisdiction of municipalities is a special challenge. On the entire RS territory, only 63% of municipality roads are considered as modern roads covered with pavement (asphalt, concrete and cube). The most favourable situation is in the Central Banat administrative district where 98.5% of municipal roads are modern roads, and the most unfavourable situation is in the Pčinja administrative district where only 31.1% of municipal roads belong to the category of modern roads.

Construction and re-construction of municipal or unclassified roads will contribute to the better traffic connections of rural settlements, but also it will improve social inclusion and strengthening of socio-economic fabric of rural areas. Higher level of social exclusion is present in rural areas. There is a need for all kinds of social infrastructure in rural areas. For example, in the field of education, the coverage of children aged 36 – 59 months attending an organised early childhood education program is lower in rural settlements (27.3%) compared to urban

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<sup>63</sup> Environmental Protection Agency Report “Waste management in the Republic of Serbia in the period 2011-2019”.

settlements (62.6%). One of the main reasons for low attendance to the early childhood education programs in rural settlements is the lack of organised transportation to the preschool institution.

Share of households in the RS that have the Internet connection in 2020 is 81%, which is an increase of 8.1% compared to 2018 and nearly three times increase compared to 2010.<sup>64</sup> Out of the total number of surveyed households that have the Internet connection, 90.5% of households use a fixed broadband connection, 71.9% of households have a mobile broadband Internet connection, and 0.7% use a mobile phone connection (via GPRS). Cable solutions are still very common, but introducing optic fibre solutions to households is in accelerated development<sup>65</sup>. The survey shows that 98.3% of households own a TV, 94.1% of households own a mobile phone, 74.3% of households own a computer and 52.3% own a laptop. Building a broadband network in rural areas is crucial for the inclusion of the population in the digital society. Dwellers in less populated or undeveloped areas are at disadvantage due to a lack of broadband Internet access. Broadband expansion in rural areas is not profitable enough for telecommunications operators, due to geographical isolation and low population density. Public institutions such as schools, across the RS will gain access to the high-speed broadband Internet through a digitisation project supported by the European Bank for Reconstruction and Development (EBRD). This project is implemented by the Ministry of Trade, Tourism and Telecommunications. Under this project, thousands of young people will get the opportunity for modern education, while enterprises in those areas will be able to operate better and more successfully.

### **3.5. Preparation and implementation of Local Development Strategies - LEADER**

There is an urgent need in the RS for the presence of civil society organisations in rural development. The beginning of the development of the bottom-up approach, relates to 2005, when the MAFWM launched a capacity building activity intended for rural civil society organisations. The rural civil society organisations started this activity as Regional Rural Offices and later formed the Network for Rural Development of Serbia. The introduction of LEADER came somewhat later, in late 2007, when the Provincial Secretariat for Agriculture, Water Management and Forestry (PSAWMF) of the AP Vojvodina together with UNDP started the process of training and establishing five potential Local Action Partnerships (pLAG) in five least developed LSGUs in Vojvodina: Irig, Alibunar, Čoka, Mali Idoš and Žitište<sup>66</sup>.

Preparation and implementation of Local Development Strategies – LEADER in the RS is a part of the National Rural Development policy, recognised as a specific measure (LEADER like).

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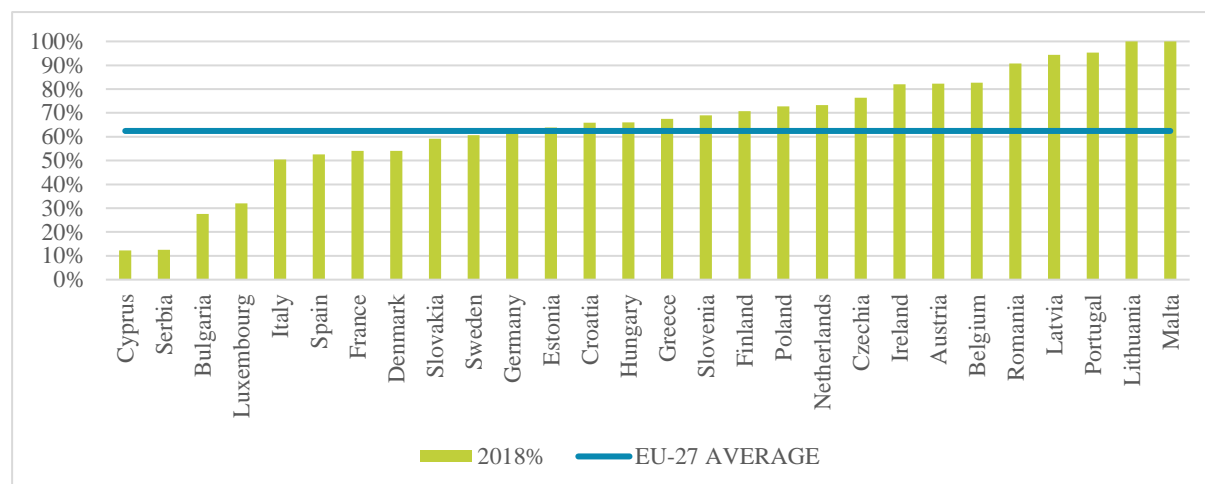
<sup>64</sup> “The survey on the use of information and communication technologies”, SORS, conducted on a representative sample of households, individuals aged 16 to 74 years and companies.

<sup>65</sup> Strategy for Development of New Generation Networks by 2023 (“Official Gazette of the RS”, No. 33/2018)

<sup>66</sup> The project was called “Strengthening Rural Social Capital and Networks” (UNDP Serbia) and it was a pioneering initiative in establishing LAGs in the RS. Project activities included: training on the LEADER approach, project cycle management, project development, financial planning, including mentoring. The best project proposals were awarded with EUR 5,000 to 12,000 per project.

Although the system is similar to the LEADER approach in the EU, this concept is still in its early stage of development in the RS. At that moment, 21 pLAGs cover 373,000 people which makes up 12.7% of the rural population covered by Local Development Strategies (*Chart 12*) which is low coverage of rural population with LDSs compared to the EU-27 average (62.42% in 2018).

*Chart 12: Percentage of rural population covered by the local development strategies*



Source: EC-DG AGRI - CMEF Indicator Data Explorer (EU-27, 2018), MAWFM (The Republic of Serbia, 2019)

The RS financed the establishment of pLAGs and their animation activities, as well as the preparation of LDS in the amount of RSD 2,000,000 (approximately EUR 17,000) in 2019 from the national budget. The reason for the lack of sustainability of current pLAGs is the fact that they have no system for collecting fees from members and they completely rely on public funding through various tenders or donors. After the entrustment of the LEADER measure under the IPARD III Programme, the national LEADER measure will not be further implemented.

During period 2009 to 2010, the project “Sustainable Tourism in the Function of Rural Development”<sup>67</sup> was carried out in 19 municipalities, and it served to train and support local communities in developing and implementing rural tourism development projects.

During 2009 another project<sup>68</sup> was launched in order to support LEADER like initiatives, in the areas Drina-Tara, Drina-Sava and Pčinja EU-funded project “Capacity Building for the Establishment and Implementation of the LEADER Initiative in the RS”<sup>69</sup> was implemented

<sup>67</sup> The project was implemented within the joint program of the United Nations, with the funds of the Kingdom of Spain, through the Millennium Development Goals Fund (MDG). Six local projects were implemented on the territory of 15 municipalities and they received USD 180,000 (EUR 151,668).

<sup>68</sup> This EU-funded area-based approach tested LEADER like initiatives in cross-border areas in several territories, with the support of the SWG and the EC. The results of the project showed that there is great interest and great opportunities for community-led initiatives, especially when they go with the funding of specific projects related to developed strategies in defined areas.

<sup>69</sup> The project contributed to strengthening human, technical, organisational and financial capacities for the overall support of the implementation of the LEADER approach within the MAFWM, but also the development of 21

from 2011 to 2013 in order to build capacity of MAFWM and develop pLAGs.

The PSAWMF has provided the financial support for pLAGs on its own territory<sup>70</sup>, from 2010 to 2015, which was the only institutional support to LEADER provided until the adoption of the national LEADER like measure.

For the implementation of the national LEADER like measure, the MAFWM has prepared the “Rulebook on Subsidies for Support of Programmes Related to the Preparation and Implementation of Local Rural Development Strategies (LDS)”<sup>71</sup> in 2019. This Rulebook envisages national support to the establishment of Partnerships for Territorial Rural Development, in accordance with the EU LEADER principles. The Rulebook defines support for:

1. preparation of the LDS, which includes the activities of establishing the Partnerships for Territorial Rural Development – potential Local Action Groups (pLAGs) and drafting the LDS of the partnerships;
2. implementation of LDS, which includes activities for implementation of priority projects defined in LDS (small projects).

The Public Call for subsidies for the establishment of pLAGs and development of LDS was published in June 2019. A total of 22 Agreements for granting subsidies for the preparation of LDS were signed by June 2020, and the process of establishing pLAGs shall be completed after the adoption of the LDS.<sup>72</sup> A Public Call for implementation of other activities (priority projects defined by pLAGs) shall be announced after the completion of the evaluation process of the 22 LDS received.

As there is high interest for the establishment of new Partnerships/pLAGs, another Public Call for the establishment of Partnerships and the development of LSD shall be announced. It is estimated that around 30 pLAGs will exist upon that Public Call.

IPARD Measure 9 - Technical Assistance will provide further financial support for the improvement of acquisition of skills for the preparation of pLAGs for the implementation of Measure 5 - Implementation of Local Development Strategies - LEADER approach.

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identified pLAGs. As a result, the project brought a set of measures, i.e. instructions for the introduction of the national LEADER measure.

<sup>70</sup> In the period of providing the support, funds of RSD 10,000,000 (EUR 85,040) were allocated, for financing the development of LDS, as well as for the implementation of the projects. Funds allocated on an annual basis were sufficient to co-finance the work of about 10 pLAGs.

<sup>71</sup> Rulebook on Subsidies for Support of Programmes Related to the Preparation and Implementation of Local Rural Development Strategies (“Official Gazette of the RS”, No. 3/19 and 159/20 and its subsequent modifications)

<sup>72</sup> The process of development of LDS has to be finished in the period of up to six months, after which the LDS are evaluated by the MAFWM Evaluation Commission.



3.6. Table of context indicators

Context Indicator Name	Measurement unit	Context Indicator Value	Year	Comment & source of verification
<b>Population</b>				
<b>1. Population numbers</b>				
<b>1.1. Total population – The RS</b>	No. of persons (in 000)	6,899	2020	<i>Comment:</i> 1.2. In accordance with national methodology. Type of settlement by the national methodology of the SORS has two categories: 1. Urban 2. Other <i>Source:</i> SORS
<b>1.2. Share of total population by type of region</b>				
Predominantly rural	%	38.8	2020	
Intermediate	%	n/a		
Predominantly urban	%	61.2	2020	
<b>1.3. Share of total population by sex</b>				
Males	%	48.7	2020	
Females	%	51.3	2020	
<b>2. Population density</b>				
<b>2.1. Population density</b>	No. of persons/km <sup>2</sup>	89.5	2020	<i>Source:</i> SORS, RGA
<b>3. Age structure of the population</b>				
<b>3.1. Share of total population by broad age groups</b>				<i>Source:</i> SORS
Less than 15 years	%	14.3	2020	
From 15 to 64 years	%	64.6	2020	
65 years or over	%	21.1	2020	
<b>3.2. Share of population by sex by broad age groups</b>				
<b>Males</b>				
Less than 15 years	%	15.1	2020	
From 15 to 64 years	%	66.3	2020	
65 years or over	%	18.6	2020	
<b>Females</b>				
Less than 15 years	%	13.5	2020	
From 15 to 64 years	%	63.0	2020	
65 years or over	%	23.5	2020	
<b>Total area</b>				
<b>4. Total area</b>				
<b>4.1. Total area (including inland waters)</b>	km <sup>2</sup>	77,589	2020	<i>Source:</i> RGA
<b>5. Land cover</b>				
<b>5.1. Artificial surface</b>	Total area in km <sup>2</sup> and in %	293,001; 3.7	2018	<i>Comment:</i> Corine Land Cover database.

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<b>5.2. Agricultural areas</b>	Total area in km <sup>2</sup> and in %	4,346,330; 54.7	2018	<i>Source:</i> Report on the state of the environment in the Republic of Serbia for 2018, SEPA, MEP, <a href="http://www.sepa.gov.rs/download/Izvestaj2018.pdf">http://www.sepa.gov.rs/download/Izvestaj2018.pdf</a>
<b>5.3. Natural grassland</b>	Total area in km <sup>2</sup> and in %	208,126; 2.6	2018	
<b>5.4. Forest including transitional woodland-shrub</b>	Total area in km <sup>2</sup> and in %	2,966,627; 37.3	2018	
<b>5.5. Wetlands and water bodies</b>	Total area in km <sup>2</sup> and in %	131,326; 1.7	2018	
<b>Labour market</b>				
<b>6. Employment rate in rural areas</b>				
<b>6.1. Total employment rate and by age groups</b>	%	▪ Age (15 and more): 49.1 ▪ Age (15-64): 61.3	2020	<i>Comment:</i> Type of settlement by the national methodology of the SORS has two categories: 1. Urban 2. Other. 6.3. Data refer to the type of settlement: Other. <i>Source:</i> SORS
<b>6.2. Total employment rate by sex and by age groups</b>	%	Age (15 and more) ▪ Male: 56.6 ▪ Female: 42.1 Age (15-64) ▪ Male: 67.7 ▪ Female: 54.8	2020	
<b>6.3. Total employment rate by age groups in rural areas</b>	%	▪ Age (15 and more): 51.9 ▪ Age (15-64): 62.3	2020	
<b>7. Unemployment rate in rural areas</b>				
<b>7.1. Total unemployment rate</b>	%	Age (15 and more): 9.0	2020	<i>Comment:</i> Type of settlement by the national methodology of the SORS has two categories: 1. Urban 2. Other. 7.3. and 7.4. Data refer to the type of settlement: Other. <i>Source:</i> SORS
<b>7.2. Youth unemployment rate</b>	%	Age (15-24): 26.6	2020	
<b>7.3. Total unemployment rate in rural areas</b>	%	Age (15 and more): 7.9	2020	
<b>7.4. Youth unemployment rate in rural areas</b>	%	Age (15-24): 25.1	2020	
<b>7.5. Total unemployment rate by sex</b>		Age (15 and more)		
Males	%	7.1	2020	
Females	%	9.1	2020	
<b>7.6. Youth unemployment rate by sex</b>		Age (15-24)		
Males	%	23.7	2020	
Females	%	27.7	2020	
<b>8. Employment by sector, by type of region, by economic activity</b>				
<b>8.1. Total employment</b>	No. of persons (in 000)	Age (15 and more): 2,894.8	2020	<i>Comment:</i> 8.3. Type of settlement by the national methodology of the SORS has two categories: 1. Urban 2. Other 8.4. The data are not available at this moment since the LFS data on total employment (employees + self-employed) are published only at aggregate NACE A*10 (sectors) level. The
Males	No. of persons (in 000)	Age (15 and more): 1,609.4	2020	
Females	No. of persons (in 000)	Age (15 and more): 1,285.3	2020	
<b>8.2. Share of total employment by sector and by sex</b>		Age (15 and more)		
Primary (Total, Males, Females)	%	▪ Total: 14.6 ▪ Male: 16.5 ▪ Females: 12.1	2020	

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Secondary (Total, Males, Females)	%	▪ Total: 27.9 ▪ Male: 35.1 ▪ Females: 19.0	2020	work on disaggregation of the employment is ongoing. <i>Source: SORS</i>
Tertiary (Total, Males, Females)	%	▪ Total: 57.5 ▪ Male: 48.4 ▪ Females: 68.9	2020	
<b>8.3. Share of total employment by type of region</b>				
Predominantly rural	%	43.5	2020	
Intermediate	%	N/A		
Predominantly urban	%	56.5	2020	
<b>8.4. Share of total employment by economic activity and by sex</b>				
Agriculture (Total, Males, Females)	%	N/A		
Forestry (Total, Males, Females)	%	N/A		
The food industry (Total, Males, Females)	%	N/A		
Tourism (Total, Males, Females)	%	N/A		
<b>Economy</b>				
<b>9. Gross Domestic Product (GDP) per capita</b>				
<b>9.1. Index of GDP expressed in PPS per inhabitant at national level</b>	Index of GDP in PPS per inhabitant	43.3	2020	<i>Source: Eurostat</i>
<b>10. Poverty rate</b>				
<b>10.1. Total poverty rate</b>	%	21.7	2020	<i>Source: Statistics on income and living conditions (SILC), SORS</i>
<b>10.2. Poverty rate by region</b>				
Serbia - north	%	N/A		
Serbia - south	%	N/A		
<b>10.3. Poverty rate by sex (at national level only)</b>				
Males	%	21.3	2020	
Females	%	22.1	2020	
<b>11. Gross value added by sector, by type of region, in agriculture and for primary producers</b>				
<b>11.1. Total GVA</b>	EUR m	38,885.4	2020	<i>Comment: Preliminary data. Source: SORS</i>
<b>11.2. GVA by sector (total and share of total GVA)</b>				
Primary	EUR m and %	2,968.3; 7.6	2020	
Secondary	EUR m and %	11,647.4; 30.0	2020	
Tertiary	EUR m and %	24,269.7; 62.4	2020	
<b>11.3. GVA in agriculture</b>	EUR m and %	2,830.6; 7.3	2020	
<b>11.4. GVA of primary producers, total and share of the primary production (agriculture) on the total value added generated by different participants of the food chain</b>	EUR m and %	N/A		

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(primary production, food manufacturing, food distribution and food service activities)				
<b>Farms and farmers</b>				
<b>12. Agricultural holdings (farms)</b>				
<b>12.1. Number of agricultural holdings</b>	No. of AHs	564,541	2018	<i>Source: FSS 2018, SORS</i>
<b>12.2. Agricultural size of the holdings - in utilised agricultural area (UAA) size classes</b>	No. of ha; No. of AHs	<ul style="list-style-type: none"> <li>▪ 0 ha: 40,566 AHs</li> <li>▪ less than 2 ha: 218,587 ha; 182,203 AHs</li> <li>▪ from 2 to 4.9 ha: 589,218 ha; 182,253 AHs</li> <li>▪ from 5 to 9.9 ha: 665,233 ha; 96,262 AHs</li> <li>▪ from 10 to 19.9 ha: 556,201 ha; 40,876 AHs</li> <li>▪ from 20 to 29.9 ha: 261,305 ha; 11,072 AHs</li> <li>▪ from 30 to 49.9 ha: 228,204 ha; 6,062 AHs</li> <li>▪ from 50 to 99.9 ha: 256,164 ha; 3,825 AHs</li> <li>▪ 100 ha or over: 700,982 ha; 1,422 AHs</li> </ul>	2018	
<b>12.3. Economic size of the holdings - in standard output (SO) classes</b>	EUR; AHs	<ul style="list-style-type: none"> <li>▪ less than EUR 2,000: 175 m EUR; 155,725 AHs</li> <li>▪ from EUR 2,000 to 3,999: 386 m EUR; 132,607 AHs</li> <li>▪ from EUR 4,000 to 7,999: 742 m EUR; 130,185 AHs</li> <li>▪ from EUR 8,000 to 14,999: 899 m EUR; 83,317 AHs</li> <li>▪ from EUR 15,000 to 24,999: 667 m EUR; 35,172 AHs</li> <li>▪ from EUR 25,000 to 49,999: 641 m EUR; 19,003 AHs</li> <li>▪ from EUR 50,000 to 99,999: 419 m EUR; 6,249 AHs</li> <li>▪ from EUR 100,000 to 249,999: 240 m EUR; 1,655 AHs</li> <li>▪ from EUR 250,000 to 499,999: 98 m EUR; 292 AHs</li> <li>▪ EUR 500,000 or over: 612 m EUR; 336 AHs</li> </ul>	2018	
<b>12.4. Average size of the holdings - physical (UAA)</b>	ha/AHs	6.2	2018	
<b>12.5. Labour force - in persons and in annual work units (AWU), total and by sex</b>	No. of persons, No. of AWU  person/holding  AWU/holding	<ul style="list-style-type: none"> <li>▪ Total: 1,336,940; 645,733</li> <li>▪ Female: 562,020; 247,860</li> <li>▪ Male: 774,919; 397,873</li> <li>▪ Person/holding: 2.4</li> <li>▪ AWU/holding: 1.1</li> </ul>	2018	
<b>13. Farm labour force</b>				

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<b>13.1. Total labour force and labour force by sex for the different categories of farm regular labour force:</b> sole holders working in the farm, members of sole holders' family working on the farm, family labour force (sole holders working in the farm + members of the sole holder's family working in the farm), non-family labour force	No. of persons (in 000) and AWU (in 000)	<ul style="list-style-type: none"> <li>▪ <i>Sole holders:</i> 559; 277</li> <li>- Female: 108; 45</li> <li>- Male: 451; 232</li> <li>▪ <i>Members of sole holder:</i> 758; 315</li> <li>- Female: 449; 186</li> <li>- Male: 309; 128</li> <li>▪ <i>Family labour force:</i> 1,317; 592</li> <li>- Female: 558; 231</li> <li>- Male: 760; 361</li> <li>▪ <i>Non-family labour force:</i> 20; 17</li> <li>- Female: 4; 4</li> <li>- Male: 15; 14</li> </ul>	2018	Source: FSS 2018, SORS
<b>13.2. Non-regular labour force (only AWU)</b>	No. of AWU (in 000)	37	2018	
<b>14. Age structure of farm managers</b>				
<b>14.1. Total number of farm managers</b>	No. of farm managers (in 000)	565	2018	Source: FSS 2018, SORS
<b>14.2. Number and share of farm managers by age group</b>	No. of farm managers (in 000) and %	<ul style="list-style-type: none"> <li>▪ ≤ 24 years: 2; 0.3</li> <li>▪ 25-34 years: 17; 3.0</li> <li>▪ 35-39 years: 21; 3.6</li> <li>▪ 40-44 years: 32; 5.7</li> <li>▪ 45-54 years: 109; 19.3</li> <li>▪ 55-64 years: 164; 29.0</li> <li>▪ 65 years and over: 220; 39.1</li> </ul>	2018	
<b>14.3. Ratio between young farm managers (less than 40 years) and farm managers of 55 years or older</b>	Young farm managers (less than 40 years)/ farm managers of 55 years or older	0.1	2018	
<b>15. Agricultural training of farm managers</b>				
<b>15.1. Number and share of farm managers by level of agricultural training</b>				Source: FSS 2018, SORS
Only practical agricultural experience	No. of farm managers and %	537,795; 95.3	2018	
Basic agricultural training	No. of farm managers and %	19,463; 3.4	2018	
Full agricultural training	No. of farm managers and %	7,283; 1.3	2018	
<b>15.2. Number and share of farm managers by age group and by level of agricultural training</b>				Source: FSS 2018, SORS

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Only practical agricultural experience	No. of farm managers and %	<ul style="list-style-type: none"> <li>▪ ≤ 24 years: 1,434; 0.3</li> <li>▪ 25-34 years: 14,944; 2.8</li> <li>▪ 35-39 years: 18,899; 3.5</li> <li>▪ 40-44 years: 29,997; 5.6</li> <li>▪ 45-54 years: 100,719; 18.7</li> <li>▪ 55-64 years: 156,993; 29.2</li> <li>▪ 65 years and over: 214,810; 39.9</li> </ul>	2018	
Basic agricultural training	No. of farm managers and %	<ul style="list-style-type: none"> <li>▪ ≤ 24 years: 263; 1.4</li> <li>▪ 25-34 years: 1,415; 7.3</li> <li>▪ 35-39 years: 1,175; 6.0</li> <li>▪ 40-44 years: 1,819; 9.3</li> <li>▪ 45-54 years: 6,303; 32.4</li> <li>▪ 55-64 years: 4,879; 25.1</li> <li>▪ 65 years and over: 3,609; 18.5</li> </ul>	2018	
Full agricultural training	No. of farm managers and %	<ul style="list-style-type: none"> <li>▪ ≤ 24 years: 16; 0.2</li> <li>▪ 25-34 years: 531; 7.3</li> <li>▪ 35-39 years: 464; 6.4</li> <li>▪ 40-44 years: 610; 8.4</li> <li>▪ 45-54 years: 1,668; 22.9</li> <li>▪ 55-64 years: 1,954; 26.8</li> <li>▪ 65 years and over: 2,040; 28.0</li> </ul>	2018	
<b>16. New farm managers and new young farm managers</b>				
<b>16.1. Number of new farm managers</b>	No. of new farm managers	N/A		
<b>16.2. Number of new young farm managers</b>	No. of new young farm managers	N/A		
<b>Agricultural land</b>				
<b>17. Agricultural area</b>				
<b>17.1. Total utilised agricultural area (UAA)</b>	No. of ha (in 000)	3,476	2018	
<b>17.2. Total and share of UAA by categories of land cover.</b> According to the definition applied in the Eurostat database, the categories of land use are as follows: arable land; permanent grassland; permanent crops; others	ha (in 000) and %	<ul style="list-style-type: none"> <li>▪ Arable land: 2,572; 74.0</li> <li>▪ Permanent grassland: 677; 19.5</li> <li>▪ Permanent crops: 205; 5.9</li> <li>▪ Others: 22; 0.6</li> </ul>	2018	Source: FSS 2018, SORS
<b>18. Irrigable area</b>				
<b>18.1. Total irrigable area</b>	No. of ha	437,985	2018	
<b>18.2. Share of the Utilised Agricultural Area (UAA)</b>	%	12.6	2018	Source: FSS 2018, SORS
<b>Livestock</b>				
<b>19. Livestock units</b>				
<b>19.1. Total number of livestock units</b>	No. of LSU	1,933,840	2018	
<b>19.2. Total number and share of livestock units by species.</b> According to the definition applied in the Eurostat database, the categories of livestock units are as follows: bovine; ovine; poultry; swine.	No. of LSU and %	<ul style="list-style-type: none"> <li>▪ Bovine: 677,743; 35.0</li> <li>▪ Ovine (sheep and goats): 201,821; 10.4</li> <li>▪ Poultry: 282,106; 14.6</li> <li>▪ Swine: 755,705; 39.1</li> <li>▪ Equidae and rabbits, breeding females: 16,465; 0.9</li> </ul>	2018	Comment: According to the Regulation (EC) No 1166/2008 in calculation of the number LSU included were also equidae and rabbits, breeding females. Source: FSS 2018, SORS

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20. Livestock density				
<b>20.1. Total livestock density - LSU/ha of utilised agricultural area (UAA)</b> It measures the stock of animals (cattle, sheep, goats, equidae, pigs, poultry and rabbits) converted in livestock units (LSUs) per hectare of utilised agricultural area (UAA)	LSU/ha	0.6	2018	Source: FSS 2018, SORS
<b>20.2. Grazing livestock density (grazing LSU/ha of fodder area)</b> It measures the stock of grazing animals (cattle, sheep, goats and equidae) per fodder area (consisting of fodder crops grown on arable land as well as permanent grassland). It is the ratio of the number of livestock units (LSUs) (converted from the number of animals using standard coefficients published by Eurostat, per hectare of fodder area	LSU/ha	0.2	2018	
Agricultural and farm income				
21. Farm income by type of farming, by region, by farm size and in areas facing natural and other specific constraints				
<b>21.1. Farm net value added by type of farming</b>	EUR per AWU	<ul style="list-style-type: none"> <li>▪ Field crops: 9,758</li> <li>▪ Horticulture in a protected area: 8,111</li> <li>▪ Outdoor horticulture: 14,313</li> <li>▪ Viticulture: 6,048</li> <li>▪ Fruit growing: 6,885</li> <li>▪ Dairy cattle breeding: 9,254</li> <li>▪ Pig farming: 11,076</li> <li>▪ Poultry farming: 28,079</li> <li>▪ Other grazing livestock: 9,408</li> <li>▪ Mixed: 7,501</li> </ul>	2019	<i>Comment:</i> The National FADN committee of Serbia adopted criteria for FADN field of survey - the threshold of the economic size of AHs is EUR 4,000; the EU 8 FADN types of farming are adjusted to 10 types in Serbia
<b>21.2. Farm net value added by region</b>	EUR per AWU	<ul style="list-style-type: none"> <li>▪ North Serbia: 171,143</li> <li>▪ South Serbia: 86,708</li> </ul>	2019	21.4. Farm income in Areas facing natural and other specific constraints according to national equivalent definition is 17 EUR per AWU, 9.
<b>21.3. Farm net value added by economic farm size</b>	EUR per AWU	<ul style="list-style-type: none"> <li>▪ EUR 4,000 - &lt; 8,000: 4,423</li> <li>▪ EUR 8,000 - &lt; 25,000: 9,914</li> <li>▪ EUR 25,000 - &lt; 100,000: 19,238</li> <li>▪ EUR 100,000 - &lt; 250,000: 28,270</li> </ul>	2019	
<b>21.4. Farm income in Areas facing natural and other specific constraints</b>	EUR per AWU	N/A		Source: FADN database
22. Gross fixed capital formation in agriculture				
<b>22.1. Gross Fixed Capital Formation (GFCF)</b>	EUR m (in current prices)	242.3	2019	<i>Comment:</i> As a substitute for this indicator, used are investments in fixed assets in agriculture obtained according to the methodology of national accounts. The calculation of this indicator according to the methodology of Economic Accounts in Agriculture is expected
<b>22.2. Share of Gross Value Added (GVA) in agriculture</b>	%	8.9	2019	

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				after the 2023 Census of Agriculture. <i>Source: SORS</i>
<b>Agricultural productivity</b>				
<b>23. Labour productivity in agriculture, in forestry and in the food industry</b>				
<b>23.1. Labour productivity in agriculture</b>	EUR m/ No. of persons (in 000)	N/A		<i>Comment:</i> The labour productivity indicators are not available at this moment since the LFS data on total employment (employees + self-employed) are published only at aggregate NACE A*10 (sectors) level. The work on disaggregation of the employment is ongoing. <i>Source: SORS</i>
<b>23.2. Labour productivity in forestry</b>	EUR m/ No. of persons (in 000)	N/A		
<b>23.3. Labour productivity in the food industry</b>	EUR m/ No. of persons (in 000)	N/A		
<b>Agricultural trade</b>				
<b>24. Agricultural import and export</b>				
<b>24.1. Total agri-food trade value (import + export)</b>	EUR billion	5.7	2020	<i>Comment:</i> The agri-food products include SITC sectors 0 and 1 and sections: 21, 22, 29, 41, 42, 43. <i>Source: SORS</i>
<b>24.2. Agri-food trade balance</b>	EUR billion	Total: 1.6	2020	
<b>24.3. Agri-food export</b>	EUR billion	Total: 3.6	2020	
<b>24.4. Agri-food import</b>	EUR billion	Total: 2.0	2020	
<b>Other gainful activities</b>				
<b>25. Tourism infrastructure</b>				
<b>25.1. Number of bed places in tourist accommodations</b>	No. of bed places	1.Urban: 82,507 2. Other: 28,936	2020	<i>Comment:</i> Type of settlement according to the national methodology has two categories: 1.Urban 2.Other Data refer to permanent beds. <i>Source: SORS</i>
<b>25.2. Share of total bed places by degree of urbanisation.</b> From 2012, data are collected at NUTS 2 level, according to Regulation (EU) No 692/2011 concerning European statistics on tourism and repealing Council Directive 95/57/EC. Under this regulation, data are collected according to the following degrees of urbanisation: 1. Densely-populated area (cities/large urban area); 2. Intermediate urbanised area (towns and suburbs/small urban area); 3. Thinly populated area (rural area).	%	1.Urban: 74.0 2. Other: 26.0	2020	
<b>Farming practices</b>				
<b>26. Agricultural area under organic farming</b>				
<b>26.1. Number of hectares under organic farming</b>	No. of ha	21,266	2019	<i>Source: MAFWM</i>



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<b>26.2. Share of area under organic farming in the total utilised agricultural area (UAA)</b>	%	0.6	2019	
<b>Water</b>				
<b>27. Water use in agriculture</b>				
<b>27.1. Water use in agriculture is assessed with the WATER EXPLOITATION INDEX PLUS (WEI+), which provides an estimated measure of the total water use as a percentage of the renewable freshwater resources (groundwater and surface water) for a given territory and time period</b>	%	0.41	2019	<i>Comment:</i> Data refer to WEI. <i>Source:</i> SORS
<b>28. Water quality</b>				
<b>28.1. Gross nutrient balance – nitrogen</b>	kg N/ ha/ year	N/A		<i>Comment:</i> 28.1 and 28.2:
<b>28.2. Gross nutrient balance – phosphorus</b>	kg P/ ha/ year	N/A		Data are available in accordance with the national methodology based on the monitoring of nitrogen and phosphorus content in UAA by accredited laboratories (standard SRPS ISO/IEC 17025). The unit of measure for nitrogen content in soil is %, and for phosphorus it is mg / 100 g of soil. The Kotzman methodology was used to calculate the nitrogen content and the Engenr and Riehm methodology were used to calculate the phosphorus content:
<b>28.3. Nitrates in ground water</b>	% of groundwater stations above the concentration threshold (50 mg NO3/l)	6.5	2019	Good level of nitrogen content: 0.2-0.1% for 63.5% of the UAA sample for North Serbia and for 65% of the UAA sample for South Serbia; medium and optimal level of phosphorus content: 10-25 mg/100g of soil for 50.7% of UAA sample for North Serbia and very high level of phosphorus content: 40-50 mg/100g of soil for 30% of the UAA sample for South Serbia. <i>Source:</i> 28.1 and 28.2: MAFWM, APV 28.3.: SEPA
<b>Soil</b>				
<b>29. Soil organic carbon in agricultural land</b>				
<b>29.1. Estimate of the total organic carbon content in soils on agricultural land of EU</b>	megatons of C	11.8	2015	<i>Source:</i> 29.1. agridata.ec.europa.eu

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<b>Member States</b> (with a breakdown by arable land, grassland and permanent crops)				<i>Source:</i> 29.2. State of Soil Reports in the Republic of Serbia for 2018-2019 and 2020. Depth 0-30 cm Zemljiste_18_19.pdf, SEPA
<b>29.2. The mean organic carbon content in agricultural land</b>	g of C / kg	18.2	2019	
<b>29.3. Estimate of SOC changes over time</b>	%	N/A		
<b>30. Soil erosion by water</b>				
<b>30.1. Estimated rate of soil loss by water erosion</b>	t/ha/year	N/A		<i>Comment:</i> Estimated rate of soil loss by water erosion (t/ha/year) indicated in km <sup>2</sup> due to different statistical method applied in Serbia than in EU, according to SORS.
<b>30.2. Percentage of agricultural land at risk of moderate and severe soil erosion</b>	%	N/A		The last available data for “Area of land affected by erosion”, is 3,864 km <sup>2</sup> . <i>Source:</i> Protection against the harmful effects of water 2020, SORS
<b>Energy</b>				
<b>31. Sustainable production of renewable energy from agriculture and forestry</b>				
<b>31.1. Production of renewable energy from agricultural biomass</b>	ktoe	<ul style="list-style-type: none"> <li>▪ Production of biogas: 28.422</li> <li>▪ Biogas used as input for electricity and heat production: 18.097</li> <li>▪ Electricity produced from biogas: 10.897</li> </ul>	2019	
<b>31.2. Production of renewable energy from forestry biomass</b>	ktoe	<ul style="list-style-type: none"> <li>▪ Production of firewood, wood residual and wood chips: 1,173.951</li> <li>▪ Firewood, wood residual and wood chips as input for electricity and heat production: 7.461</li> <li>▪ Electricity produced from solid biofuels: 0.980</li> <li>▪ Heat produced by solid biofuels: 7.231</li> </ul>	2019	<i>Comment:</i> Presented data are from National energy balances and Five Joint Annual Questionnaires which are sent to the Eurostat, IEA and UN. Energy balances are compiled according to the Regulation 1099/2008, and all its amendments. Final consumption of biomass is taken from the Ministry of Mining and Energy. <i>Source:</i> SORS
<b>31.3. Production of renewable energy from agriculture and forestry</b>	ktoe	28.422+1,173.951=1,202.373	2019	
<b>31.4. Share of the combined production of renewable energy from agricultural and forestry biomass over the total primary energy production of renewable energy</b>	%	Total primary energy production of renewable energy: 2,219.452  1,202.373/2,219.452=54.174%	2019	
<b>Climate</b>				
<b>32. Greenhouse gas emissions from agriculture</b>				
<b>32.1. Greenhouse gas emissions from agriculture</b>	tones (megatons) of CO <sub>2</sub> equivalents per year for the	4.624 Mt -19 %	2019	<i>Comment:</i> Data are available on the basis of IPCC 2006 methodology and its 2019 refinement. <i>Source:</i> GHG Inventory (in accordance with United

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	absolute value and % for the change compared to baseline			Nations Framework Convention on Climate change). <i>Source:</i> SEPA
<b>Air</b>				
<b>33. Ammonia emissions from agriculture</b>				
<b>33.1. Ammonia emissions from agriculture</b>	kilotons of NH <sub>3</sub> per year	69		<i>Comment:</i> Data are available on the basis of EMEP/EEA 2019 methodology. <i>Source:</i> CLRTAP Inventory (in accordance with Convention on long-range transboundary air pollution), SEPA
<b>Health</b>				
<b>34. Sales/use of antimicrobials in food producing animals</b>				
<b>34.1. Antimicrobials sales in food producing animals</b>	Sales of antimicrobial substances, (product package level), corrected by a Population Correction Unit (PCU).	64,905 kg	2019	<i>Comment:</i> Data on total amount of sale of antimicrobials are available for all animal species, it is not possible to present data only for food producing animals. <i>Source:</i> Agency for medical and medical devices of Serbia.
<b>35. Risk, use and impacts of pesticides</b>				
<b>35.1. Risk and impacts of pesticides</b>	Index based on annual volumes of active substances placed on the market multiplied by the relevant weighs (100 = average for the period 2011-2013).	117.1	2020	<i>Comment:</i> The index is calculated on the basis of produced and imported quantities (t) of pesticides and other chemicals for agriculture. <i>Source:</i> MAFWM, SORS.
<b>Modernisation</b>				
<b>36. Share of IPARD budget for knowledge sharing and innovation</b>				
<b>36.1. Share of IPARD budget for knowledge sharing and innovation</b>	%	0	2020	<i>Source:</i> MAFWM

**4. SWOT – SUMMARY OF THE ANALYSES ABOVE****4.1. Agriculture, forestry and food industry, (incl. separate table for each sector selected for support) – A1**

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
A1.S1 - Significant number of educational and scientific institutions;	A1.W1 - Small farm size and high share of subsistence farms;
A1.S2 - Sufficient local production of animal feed;	A1.W2 - Low degree of specialized production;
A1.S3 - Competitive production of industrial crops, fruit and vegetables;	A1.W3 - Poor farm management skills and low level of general competencies;
A1.S4 - Domestic selection of seeds (cereals, industrial crops, vegetables);	A1.W4 - Non-favourable demographic composition in rural areas;
A1.S5 - Availability of raw material for food processors;	A1.W5 - Difficult access to loans (Central Serbia);
A1.S6 – Good regional distribution of advisory services.	A1.W6 - Low level of knowledge on EU standards;
	A1.W7 - Outdated machinery and equipment;
	A1.W8 - Low level of transfer of knowledge and R&D investments in agri-food sector;
	A1.W9 - Low level of digitalization and usage of IT;
	A1.W10 - Extremely low share of irrigated agricultural land;
	A1.W11 - Low share of greenhouse production;
	A1.W12 - Underdeveloped breeding programmes and the livestock genetic improvement;
	A1.W13 - Underdeveloped IT support (LPIS, IACS) for agriculture;
	A1.W14 - Incomplete land restitution process;
	A1.W15 - Low level of vertical and horizontal integration and cooperation;
	A1.W16 - Significant regional disparities;
	A1.W17 - Majority of producers have only practical experience in agriculture.
<b>OPPORTUNITIES</b>	<b>THREATS</b>
A1.O1 - Favourable EU strategic and financial framework;	A1.T1 - Price fluctuations;

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A1.O2 - Increased export opportunities due to alignment with Acquis Communautaire;	A1.T2 - Further deterioration of rural areas in demographic composition;
A1.O3 - Increased consumer awareness and demand for local food and short supply chains.	A1.T3 - Increased pressure on agriculture from climate change and adverse climatic events;
	A1.T4 – Future pandemic events;
	A1.T5 - Negative demographic trends (migrations, age).

**SWOT analysis of the milk sector (A1.1)**

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
A1.1.S1 - Favourable conditions for production of animal feed in the RS;	A1.1.W1 - Small average herd;
A1.1.S2 - Tradition of livestock breeding and cattle raising, processing of milk and other dairy products;	A1.1.W2 - Low yield per cow;
A1.1.S3 - Self-sufficiency of milk production;	A1.1.W3 - Poor milking hygiene;
A1.1.S4 - Positive trade balance in most of the products and counties.	A1.1.W4 - Obsolete equipment and structures;
	A1.1.W5 - Low production efficiency;
	A1.1.W6 - Insufficiently developed breeding programs and the system of genetic improvement;
	A1.1.W7 - Lack of professional support for milk producers, particularly for processing;
	A1.1.W8 - Low level of standards implementation;
	A1.1.W9 - Regional variation of all parameters;
	A1.1.W10 - Lack of manure storage facilities and manure management;
	A1.1.W11 - Insufficient horizontal and vertical connection and cooperation;
	A1.1.W12 - High concentration of processing in a small number of entities.
<b>OPPORTUNITIES</b>	<b>THREATS</b>
A1.1.O1 - Potential of transferring to organic production;	A1.1.T1 - General trends of reduced milk consumption;
A1.1.O2 - Increased demand for processed products vs raw milk;	A1.1.T2 - Price fluctuations of both input and output.

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A1.1.O3 - Good legal and strategic framework for Producer Organisations;	
A1.1.O4 - Diversification of income;	
A1.1.O5 - Increased consumer demand for craft-production;	
A1.1.O6 - Preferential trade agreements with EU, the Russian Federation and CEFTA.	

**SWOT analysis of the meat sector (A1.2)**

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
A1.2.S1 - Sufficient production of animal feed;	A1.2.W1 - Low financial capacity of the sector;
A1.2.S2 - Sufficient labour;	A1.2.W2 - Fragmented production and small units;
A1.2.S3 - Existence of large number of educational and scientific institutions;	A1.2.W3 - Insufficient education of farmers and small meat processors;
A1.2.S4 - Good regional coverage of advisory services.	A1.2.W4 - Insufficient level of compliance with standards (animal welfare, food safety and environment protection);
	A1.2.W5 - Obsolete technology, facilities, machinery and equipment;
	A1.2.W6 - Poor farm management skills;
	A1.2.W7 - Lack of efficient animal waste disposal system and biosecurity;
	A1.2.W8 - Insufficient use of RES;
	A1.2.W9 - Lack of adequate advisory support and training;
	A1.2.W10 - Weak technological transfer and low level of RD.
<b>OPPORTUNITIES</b>	<b>THREATS</b>
A1.2.O1 - Good strategic and financial environment on national and EU level;	A1.2.T1 - Frequent occurrence of epizootic diseases;
A1.2.O2 - Increased consumer demand for local products and short value chains.	A1.2.T2 - Price volatility in the markets.

**SWOT analysis of fruit sector (A1.3)**

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
A1.3.S1 - Competitive production of stone and berry fruits;	A1.3.W1 - Innovation capacity of farmers is low;

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A1.3.S2 - Excellent cold storage capacity;	A1.3.W2 - Lack of technological transfer and RD investments;
A1.3.S3 - Competitive production of planting material;	A1.3.W3 - Lack of labour force;
A1.3.S4 - Processing industry mostly compliant with EU standards.	A1.3.W4 - Low level of climate change adaptation measures (anti hail, anti-frost, irrigation);
	A1.3.W5 - Low level of farmers with quality standards (i.e. Global GAP, ISO, or specific retail standards);
	A1.3.W6 - Small production units and lack of producer organisations;
	A1.3.W7 - Bad vertical and horizontal integration in the production chain.
<b>OPPORTUNITIES</b>	<b>THREATS</b>
A1.3.O1 - Favourable trade agreements with EU, Russia and CEFTA;	A1.3.T1 - Increasing requirements in phytosanitary and overall standards;
A1.3.O2 - Good financial outlook for climate change adaptation measures;	A1.3.T2 - Negative demographic trends (migrations, age).
A1.3.O3 - Increased demand for local products (short supply chains).	

**SWOT analysis of vegetables sector (A1.4)**

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
A1.4.S1 - Adaptability of producers to market conditions;	A1.4.W1 - Fragmented production and small production units;
A1.4.S2 - Availability of sales channels;	A1.4.W2 - Inadequate storage and handling facilities for semi-perishable vegetables;
A1.4.S3 - Dominant position in the region for large number of vegetable producers;	A1.4.W3 - Market is dominated by small number of big producers;
A1.4.S4 - Availability of inputs;	A1.4.W4 - Lack of work force.
A1.4.S5 - Good regional distribution of advisory services;	
A1.4.S6 - Good storage facilities for non-perishable vegetables.	
<b>OPPORTUNITIES</b>	<b>THREATS</b>
A1.4.O1 - Favourable trade agreements with EU, the Russian Federation and CEFTA;	A1.4.T1 - Increasing requirements in phytosanitary and overall standards;
A1.4.O2 - Good financial outlook for climate change adaptation measures;	A1.4.T2 - Labour shortages.
A1.4.O3 - Increased demand for local products (short supply chains).	

**SWOT analysis of cereals and industrial crops sector (A1.5)**

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
A1.5.S1 - Favourable selection of adapted varieties;	A1.5.W1 - Obsolete machinery and equipment;
A1.5.S2 - Large number of processing entities and exporters;	A1.5.W2 - Competition with livestock producers for agricultural land;
A1.5.S3 - Good vertical and horizontal integration.	A1.5.W3 - Low level of understanding and knowledge of sustainable management practice;
	A1.5.W4 - Low number of high-quality storage facilities.
<b>OPPORTUNITIES</b>	<b>THREATS</b>
A1.5.O1 - Favourable trade agreements with EU, the Russian Federation and CEFTA;	A1.5.T1 - Increasing requirements in phytosanitary and overall standards;
A1.5.O2 - Good financial outlook for climate change adaptation measures.	A1.5.T2 - Unfair Trade Practices.

**SWOT analysis of the egg sector (A1.6)**

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
A1.6.S1 - Quantity and quality of animal feed;	A1.6.W1 - Insufficient level of compliance with animal welfare, hygiene, and environmental standards;
A1.6.S2 - Tradition and well-known production technology.	A1.6.W2 - Elderly population in rural areas;
	A1.6.W3 - Fragmented and small production units;
	A1.6.W4 - Lack of biosecurity measures in extensive production.
<b>OPPORTUNITIES</b>	<b>THREATS</b>
A1.6.O1 - Increasing consumer demand for sustainable production products;	A1.6.T1 - More frequent epizootic diseases.
A1.6.O2 - Favourable financial outlook for sustainable production systems.	A1.6.T2 – Insufficient capacities to meet animal welfare standards of production.

**SWOT analysis of the viticulture and wine sector (A1.7)**

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
A1.7.S1 - Tradition in production;	A1.7.W1 - Fragmented production and small production units;
A1.7.S2 - Increasing interest in production by the farmers;	A1.7.W2 - Nonexistence of producer organisations;
A1.7.S3 - Existence of local varieties.	A1.7.W3 - Lack of certified planting material (autochthonous varieties);



	A1.7.W4 - Low level of technology in vineries;
	A1.7.W5 - National procedures for protection of geographical indications more stringent than EU;
	A1.7.W6 - High production costs.
<b>OPPORTUNITIES</b>	<b>THREATS</b>
A1.7.O1 - Good financial outlook for climate change adaptation measures;	A1.7.T1 - Increasing requirements in phytosanitary and overall standards;
A1.7.O2 - Increasing consumer demand for local production.	A1.7.T2 - Labour shortages.

### SWOT analysis of fishery sector (A1.8)

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
A1.8.S1 - Long tradition in fish farming;	A1.8.W1 - Small number of cultured species;
A1.8.S2 - Existing production capacity for extruded fish feed;	A1.8.W2 - High production costs;
A1.8.S3 - Existence of modern fish selection programmes;	A1.8.W3 - Large number of unregistered fish farms of small capacity;
A1.8.S4 - Tradition in capture fishery;	A1.8.W4 - Lack of financial resources (working capital);
A1.8.S5 - Tradition of simple processing methods.	A1.8.W5 - Lack of labour force;
	A1.8.W6 - Small number of experts in aquaculture;
	A1.8.W7 - Lack of equipment;
	A1.8.W8 - Lack of producer associations;
	A1.8.W9 - Big losses due to predatory bird species and lack of compensation mechanisms;
	A1.8.W10 - No quality standards for fishery products;
	A1.8.W11 - Poor equipment and vessels;
	A1.8.W12 - Absence of modern management methods;
	A1.8.W13 - No fish purchase centres for professional fishermen;
	A1.8.W14 - Constant conflicts with recreational fisherman;
	A1.8.W15 - Processing industry is concentrated on marine fish rather than aquaculture;

	A1.8.W16 - No branding for fish processing industry;
	A1.8.W17 - Limited innovation capacity and RD investments.
<b>OPPORTUNITIES</b>	<b>THREATS</b>
A1.8.O1 - Diversification of production;	A1.8.T1 - Pollution of aquatic ecosystems;
A1.8.O2 - Raising consumer interest for fish products vs meat.	A1.8.T2 - Epizootic diseases;
	A1.8.T3 - Increasing cost of energy;
	A1.8.T4 - Increasing competition from EU MS.

#### 4.2. SWOT environment and land management (E1)

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
E1.S1 - Rich biodiversity;	E1.W1 - Low level of energy production from agriculture;
E1.S2 - Good quality and condition of water resources;	E1.W2 - Non-alignment with Nitrate Directive;
E1.S3 - Good regional coverage and knowledge of the advisory system;	E1.W3 - Non-implementation of GAEC and SMR;
E1.S4 - Established system for conservation of agricultural plant and animal genetic resources;	E1.W4 - Lack of manure storage and manure management;
E1.S5 - Established control system for organic farming;	E1.W5 - Inadequate controls for usage of chemicals and pesticides;
E1.S6 - Low level of GHGs emission.	E1.W6 - Low level of interest for environmental issues by the producers;
	E1.W7 - Large share of coppice forests;
	E1.W8 - Fragmentation of privately owned forests;
	E1.W9 - Land abandonment and succession.
<b>OPPORTUNITIES</b>	<b>THREATS</b>
E1.O1 – Increasing level of area under the organic production;	E1.T1 - Further decline of environment due to pressure from other sectors;
E1.O2 - Increased awareness of general public on environmental issues;	E1.T2 - Ageing population in rural areas;
E1.O3 - Good strategic and legal environment on EU level;	E1.T3 - Increased climate change pressure;
E1.O4 - Potential for development of bio economy, circular economy and usage of short-supply chains;	E1.T4 - Forest fires and adverse climatic events;
E1.O5 - Potential for better management of specific areas.	E1.T5 - Low visibility of climate adaptation and mitigation measures.

#### 4.3. SWOT Rural economy and quality of life (Q1)

STRENGTHS	WEAKNESSES
Q1.S1 - Available work force in AH;	Q1.W1 - Unfavourable demographic trends in rural areas;
Q1.S2 - Long tradition and well-organised local administration;	Q1.W2 - Low level of general services in rural areas;
Q1.S3 - Good coordination of LSGU through Standing Conference of Towns and Municipalities;	Q1.W3 - High dependency on agricultural activities in rural areas;
Q1.S4 - Generally good level of knowledge on Public Procurement issues;	Q1.W4 - Low level of population covered with water supply and sewerage systems;
Q1.S5 - Appropriate legal framework for fulfilling of municipalities jurisdictions;	Q1.W5 - Low level of policy planning on local level;
Q1.S6 - Relevant experience acquired on CBC programmes.	Q1.W6 - Low capacity of local administration and delays in permits;
	Q1.W7 - Low level of identification and promotion of local products and markets;
	Q1.W8 - Bad condition of “unclassified” and agricultural local roads.
OPPORTUNITIES	THREATS
Q1.O1 - Tourism potential of rural areas and increased demand;	Q1.T1 - Continuation of negative demographic trends;
Q1.O2 - Good Strategic environment on the national and EU level;	Q1.T2 - Climate change and adverse climatic events;
Q1.O3 - Increased public awareness on environmental issues;	Q1.T3 - Prolonged pre-accession period and growth of Euroscepticism;
Q1.O4 - Investment in TEN-T network.	Q1.T4 - Future pandemics or disastrous events.

#### 4.4. SWOT Preparation and implementation of Local Development Strategies – LEADER (L1)

STRENGTHS	WEAKNESSES
L1.S1 - LEADER-like initiatives are present in the RS from 2007;	L1.W1 - Limited capacities of pLAGs (lack of human resources, project preparation/management skills, etc.);
L1.S2 - Good cooperation between pLAGs, local governments and MAFWM in the previous period;	L1.W2 - Low level of participatory involvement of local population;
L1.S3 - Cooperation of pLAGs with regional MS LAGs;	L1.W3 - Limited amount of money available nationally;
L1.S4 - A significant number of NGO’s dealing with rural development;	L1.W4 - Uncertainty in payments of currently selected pLAGs;
L1.S5 - Existing Local (Rural) Development Strategies on municipal level.	L1.W5 - Unfavourable demographic trends;

	L1.W6 - Lack of structured bottom-up approach and participatory involvement of local population;
	L1.W7 - Non-existence of National Rural Network (in line with EU requirements).
OPPORTUNITIES	THREATS
L1.O1 - Increased level of awareness for local initiatives;	L1.T1 - Future pandemics or disastrous events;
L1.O2 - Good financial portfolio available for local initiatives;	L1.T2 - Continuous neglect of CLLD;
L1.O3 - Good strategic environment for multilevel governance;	L1.T3 - Further depopulation of rural areas.
L1.O4 - Opportunities offered through “Smart Villages Strategies”.	

## 5. MAIN RESULTS OF PREVIOUS INTERVENTIONS

### 5.1. Main results of previous national intervention; amounts deployed, summary of evaluations or lessons learnt

Implementation of subsidies in agriculture and rural development is based on relevant by-laws. In the period of implementation of IPARD II Programme (2015-2020), national support was implemented through direct payments, measures for rural development, credit support, specific subsidies and other measures. All of the national measures for rural development were complementary with the IPARD II Programme and a demarcation between national and IPARD II measures was ensured.

In terms of budget allocations, direct payments were the most important type of subsidies (70.4% out of the total budget for agriculture and rural development), and they were realised through premiums, production subsidies and recourse.

The only type of premium was the milk premium, in the amount of RSD 7 (EUR 0.06) 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 was necessary that the premium recipient deliver 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 (ADWCA).

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

The only type of regress was intended for storage costs in public storages, at a support level up to 40% of the amount of storage costs.

Measures for rural development participated with a share of 26.7% in the total budget for agriculture and rural development, and included the following:

1. Subsidies for competitiveness improvement which were realised through:
  - *Support for investments in physical assets of agricultural holdings*, with an objective to improve the production structure of the holdings through measures for establishing the new perennial fruit plantations, vines and hops and support for the improvement of primary agricultural production;
  - *Support for investments in processing and marketing of agricultural and food products and fishery products* is a support scheme for improvement of the quality of wine and brandy spirits and agri-food products, procurement of control and registration labels for agri-food products and wine, as well as procurement of equipment in the meat sector, milk sector, wine sector, spirits and beer production sector;
  - *The risk management measure* is based on regressing part of the cost of insurance premiums for crops, fruits, perennials, nurseries and animals;
2. Subsidies for preservation and improvement of the environment and natural resources included agri-environmental measures, organic production measures, as well as measures aimed at mitigating the climate change, protection of the agricultural land and water.
3. Subsidies for income diversification and improvement of quality of life in rural areas included a set of measures aimed at supporting of non-agricultural activities related to improving the quality of life in the countryside. The ultimate goal of these measures was diversification of rural economy through the development of business and economic activities in rural areas.

The National Measure for Improvement of Economic Activities in the Countryside through support of non-agricultural (off-farm) activities was implemented in 2019, with the aim of providing support for investments into authentic/traditional objects, in order to preserve the local culture and tradition.

4. Subsidies for the preparation and implementation of Local Development Strategies (LDS) included the support for the preparation and implementation of the LDS.
5. Subsidies for improvement of the system of knowledge creation and transfer included support for the development of technical-technological, applied, development 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 indirectly affect agricultural production through financing activities related to improving the quality of production and promotional activities. They included 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.

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Loan support is based on subsidising a portion of the interest of the loan 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 operating in areas with difficult working conditions in agriculture, to agricultural holders up to 40 years of age and women.

As per groups of measures, the majority (71.6%) of the funds were spent on subsidies for investments in agriculture for improvement of the competitiveness, 15.2% on Income diversification and improvement of the quality of life in rural areas, 6.9% on Preservation and improvement of the environment and natural resources, while 6.3% were spent on Transfer of knowledge (*Table 36*).

*Table 36: Breakdown of support to agriculture and rural development, 2015 - 2019 (000 EUR)*

Subsidy/Measure*	MAFWM	PSAWMF	LSGU	TOTAL
<b>Total</b>	<b>1,149,179</b>	<b>37,935</b>	<b>57,932</b>	<b>1,245,046</b>
<b>Direct payments</b>	876,008	0	4,784	880,792
<b>Loan support</b>	22,635	0	2,090	24,725
<b>Other measures</b>	0	549	1,311	1,860
<b>Special subsidies</b>	6,426	1,080	1,543	9,049
<b>Rural development</b>	244,110	35,533	48,204	327,847
A. Subsidies for investments in agriculture for improving competitiveness	179,084	15,499	38,621	233,204
101 – Investments in physical assets of AHs	150,655	13,877	33,469	198,001
102 – Establishing and strengthening associations in agriculture	0	0	1,189	1,189
103 – Investments in processing and marketing of agricultural, food and fishery products	6,750	1,621	155	8,526
104 – Risk management	21,680	0	3,809	25,489
B. Subsidies for the preservation and improvement of the environment and natural resources	17,443	4,065	1,432	22,940
201.1. Sustainable use of agricultural land	4,371	3,214	1,030	8,615
201.2. Sustainable use of forest resources	5,138	706	225	6,069
201.3. Organic production	4,292	14	138	4,444
201.4. Conservation of crop and animal genetic resources	3,640	0	6	3,646
201.5. Preservation of agricultural and other areas of high natural value	0	0	4	4
201.6. Other environmental protection and preservation policies	0	0	29	29
V. Subsidies for income diversification and improvement of the quality of life in rural areas	29,520	13,965	7,170	50,655
301. Investments to improve and develop rural infrastructure	16,765	8,773	6,097	31,635
302. Improvement of rural economic activities through support to non-agricultural activities	134	0	77	211
303. Support to youth in rural areas	11,981	4,537	488	17,006
304. Economic activities geared at adding value to agricultural products and the introduction and certification	640	655	509	1,804

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of the system of safety and quality of food, organic products and products with geographical indication				
Knowledge transfer	18,049	1,182	980	20,211
305. Subsidies for the development of technical, technological, applied, development and innovative agriculture and rural development projects	1,915	267	980	3,162
306. Subsidies supporting the provision of advice and information to agricultural producers, associations, cooperatives and other legal entities in agriculture	16,134	915	0	17,049
G. Subsidies for the preparation and implementation of local rural development strategies	13	50	0	63
D. Improving the knowledge creation and transfer system	0	0	773	773

Source: MAFWM

\*Rural development measures presented in this table have been classified and presented in the manner provided by the Rulebook on the form and content of support programs for the implementation of agricultural policy and rural development policy.

An average of EUR 48.2 m was allocated annually in the national budget for rural development subsidies in the period 2015 - 2019. The amounts of funding increased substantially from 2015 to 2019 (by 211.1%) while the range of support measures and eligible investments expanded.

### 5.2. Main results of EU assistance, amounts deployed, summary of evaluations or lessons learnt

The list of IPA projects planned and implemented in the programming period 2014 - 2020:

**IPA 2013 procurement contract:** *“Further Support of the Control/Eradication of Classical Swine Fever and Rabies”* included the procurement of rabies vaccines and their distribution, as well as the procurement of classical swine fever vaccines. Four vaccination campaigns against rabies worth EUR 3 m were conducted from autumn 2015 to spring 2017. Vaccines against classical swine fever worth EUR 67,800 were purchased. Output: purchase and distribution of vaccines rabie and swine fever, laboratory equipment.

**IPA 2013 TW project:** *“Enhancing the capacities of Serbian authorities in zoonoses and food borne disease control”* was implemented by a Hungarian-French consortium. Total cost of the project was EUR 998,027 and its objective was capacity building of the competent institutions of the RS through the transfer of knowledge and best practices of the EU countries regarding the issue. The project completed on 20<sup>th</sup> February 2019, and the closing conference was held on 21<sup>st</sup> February 2019.

**IPA 2013 project:** *“Support to the IPARD Operating Structure”* aimed at strengthening the capacity of the IPARD Managing Authority (MA), the future IPARD Agency and Group for advisory services in the MAFWM, for the implementation of IPARD II Programme in the RS. Total cost of the project was EUR 1,358,397 and it focused on further training of the Operating Structure, including technical bodies, for the implementation of the IPARD II Programme. The project was implemented from 2017 to 2019.

**IPA 2013 TWL project:** *“Identification of necessary steps in the process of establishing a carcass classification system in accordance with the EU requirements”* was implemented in

2017. Total cost was EUR 249,999. Output: created base for establishing a carcass classification system and a price reporting system in accordance with the EU *acquis*.

**IPA 2013 TW project:** *“Further capacity building in the area of plant protection products and pesticide residues”* was implemented in the Plant Protection Directorate in the period from 2016 to 2018. Total cost was EUR 900,000. The project used the experiences of member states that provided assistance to the institutions of the RS in harmonising national legislation with the *acquis communautaire* in the area of plant protection products and pesticide residues. Output: Training of staff.

**IPA 2014 TWL project:** *“Development of the legislative and institutional framework for efficient alignment and implementation of the acquis in the area of fisheries in the RS”* was implemented in 2019. Total cost was EUR 243,629. Output: introduced fishery product marketing standards, strengthened control of fishery products on the market, established base for national catch certification scheme in accordance with the EU requirements.

**IPA 2014 TW 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 MAFWM in the area of organic production and food quality policy of GI products. Total budget was EUR 1,139,971. Output: Knowledge and awareness raised.

**IPA 2014 TW project:** *“Strengthening capacities of phytosanitary sector in the field of plant varieties registration, including improvement of variety testing authorities”* was implemented in the period 2017-2019. Total budget was EUR 800,000. This project had a direct impact on the alignment of the legal institutional framework and procedures for plant variety registration with EU requirements and international standards. Other important results: training of staff and database.

**IPA 2015 project:** *“Strengthening the capacity for planning and implementation of agricultural policy in Serbia in accordance with the EU CAP”* in order to support the negotiations in Chapters 11 and 12. Implementation started in January 2019. The implementation period is expected to be extended by the end of year 2021. The EU has approved funding for another rabies vaccination, which was implemented as an additional activity under this contract and successfully completed in January 2020, increasing the total budget to EUR 3,200,000.

**IPA 2016 TW project:** *“Improvement of forest management in Serbia as a contribution to climate change adaptation and mitigation”* will last for two years. The project is fully funded under IPA 2016 in the amount of EUR 1,000,000. Overall objective is to improve forest governance in the RS, in line with EU the standards and requirements.

**IPA 2016 project:** *“Reinforcement of Animal Health and Welfare”* – implementation period: 2019 - 2021. Total budget is EUR 1,378,145. Deliverables: improved animal welfare standards in accordance with EU legislation and practice; enhanced capacity for stray dog care; enhanced animal welfare administrative and structural capacities. The assignment of the project related to animal health should enhance animal disease control policies in line with the EU legislation



as well as further improve farm biosecurity and provide support to health sustainability and animal welfare.

**IPA 2017 service contract:** *“Support to the IPARD Operating Structure (MA and IA)”*. Implementation start date is October 2021, and it will last 12 months. Contract value: EUR 678,940. It is the extension of the current direct contract with the EU Delegation (IPA 2018, below). The first component refers to capacity building of the MA for the implementation of IPARD III and the second one to the capacity building of the IA (DAP) for the implementation of IPARD II and preparation for the implementation of the IPARD III Programme.

**IPA 2018 FWC project:** *“Support to IPARD Operating Structure (MA and IA)”*. It is intended to support the implementation of IPARD Measure 7 and Measure 9, support the development of IPARD III and the development of a segment of the rural development software. Total cost: EUR 299,000. Project starting date was October 2020, and it lasted 9 months. Output: the MA supported in the final phase of entrustment and the initial phase of implementation of IPARD II Measure 7 and Measure 9; the IA supported in the implementation of Measure 7 and Measure 9; RD IT solution developed, etc.

**IPA 2018 TW contract:** *“Strengthening and adaptation of administrative capacities for introduction of the Organisation of Agricultural Markets”* was approved in October 2020. It is in the phase of ToR drafting. Contract value: EUR 1,800,000 without national co-funding. Contract duration: 2 years.

**IPA 2018:** *“Support to the first phase of establishing a functional Integrated Administrative Payment Control System (IACS)”* consists of 2 contracts. Technical assistance intended for training of employees of the IA (DAP) and development of the relevant software: EUR 2,900,000, without national co-funding. Duration: 2 years and 3 months.

**IPA 2018 procurement:** Procurement of hardware equipment worth EUR 890,000, without national co-funding. Duration: 9 months.

**IPA 2019 project:** *“Support to disaster risk reduction and climate resilient agriculture”* – total budget: EUR 2,500,000. The project is implemented by the FAO under the EUD direct contract award. Duration: 4 years, until 2025. Project objective: to strengthen advisory services, train employees at the local and central level, support farmers, etc.

**IPARD II Programme** of the RS was approved by all EU members in January 2015. The implementation of the IPARD II Programme started in December 2017 and four measures were entrusted during Programme implementation period (Measure 1, Measure 3, Measure 7 and Measure 9). By the end of October 2021, eleven public calls were closed (six for Measure 1, four for Measure 3 and one for Measure 7) and 2,228 applications were submitted. Out of the total EU funds allocated for 2014-2020 (EUR 175 m), 31.7% (EUR 55.5 m EU contribution) has been contracted for all measures by the end of October 2021, while 10.7% (EUR 18.7 m EU contribution) has been paid to the recipients. From the total paid amount of EU contribution (EUR 18.7 m), 14.0 % concerned Measure 1 and 10.1% Measure 3 (424 paid projects under Measure 1 and 34 paid projects under Measure 3).

During the implementation of the IPARD II Programme, an extremely weak response of milk

producers under Measure 1 was noticed. According to the data from Monitoring Tables from August 2021, out of 1,235 applications under Measure 1, only 47 (3.8%) applications were submitted within the Milk sector. Based on projects and business plans, it was noticed that 70% of recipients who applied in the Milk sector have between 50 and 300 cows. Only 12 applications were submitted by producers who have from 20 to 50 cows. The limit of 20 dairy heads, which was a specific criterion in the Milk sector in the IPARD II Programme, is low and this specific criterion needs to be increased from 20 to 30 cows, in order to increase the absorption of funds in the milk sector. Producers with 20 to 30 cows cannot meet the requirements in terms of standards and they are not financially capable enough to make investments in accordance with the IPARD Programme.

In 2020 the Ongoing evaluation of the IPARD II Programme was performed for the period 2017 - 2019. The evaluation of achieved results, fulfilment of the planned goals defined by ex-ante evaluation, as well as degree and extent of the short-term goals achievement of IPARD II Programme were carried out. During the Ongoing evaluation two activities were conducted. The first activity referred to assessment of the availability of the common context indicators, weaknesses and deficiencies in the process of their collection for monitoring the effectiveness of the implementation of the IPARD II Programme, and the second referred to administrative simplification of the processing of submitted applications.

### **Lessons learnt**

In regard to lessons learnt in the IPARD II Programme implementation period, the bottlenecks resulting in a limited level of execution of funds available under the IPARD II Programme were encountered, such as insufficient administrative capacity of the IPARD structure, slow processing of applications, submission of incomplete applications, complex administrative procedure etc.

In order to overcome bottlenecks and to improve the absorption of IPARD funds, the MA in cooperation with the IA prepared an Action Plan for the improvement of absorption of IPARD funds with activities divided in the four sections: General activities are: recruitment of new staff; simplification of the IA procedures; introduction of RD IT solution; weekly monitoring of the newly implemented Plan of processing of applications on executor and manager level; regular IA – MA meetings. The second section refers to continuous promotion through TV and on-line campaign; publishing of the bi-monthly IPARD newsletter and social networks of the MA (fb, Ig). Education is foreseen as the third section and includes: continuous education of advisors from Advisory services; training of employees and targeted recipients, as well as workshops for consultants. Other activities refer to: cooperation (meeting) with relevant institutions regarding faster issuing of necessary permits, certificates for IPARD recipients etc.

### **5.3. Main results of bilateral and multilateral assistance conducted, amounts deployed, evaluations or lessons learnt**

**World Bank project:** *“Strengthening agriculture sector capacities for evidence-based policy making”* with an objective to strengthen the monitoring and evaluation capacity and systems of the MAFWM and its decentralised services for evidence-based strategic planning in

agriculture and rural development. Implementation start date: February 2020. Duration: 3 years. Total Project Cost: USD 1.8 m (EUR 1.5 m).

**UNDP project:** “*Strengthening rural competitiveness and the productivity of the agribusiness sector*” with objectives to contribute to the rural competitiveness and higher productivity of targeted regions and accelerate impact and resource allocation of existing financial instruments. National funding: USD 93,634.21 (EUR 78,871), Swiss Cooperation Agency co-funding: USD 251,523.32 (EUR 211,897). Duration: February to December 2020.

**FAO: Country Programming Framework (CPF)** is a document signed by the FAO representatives on behalf of the Organisation in the form of agreements with individual member countries that serves as a framework document for the implementation of FAO-funded projects. The RS Country Programming Framework 2019–2022 identifies three priority areas to be supported by the FAO with USD 1 m (EUR 842,455), for a period of 4 years, namely: 1. 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; 2. Strengthening resilience to natural disasters and climate change; improving sustainable management of natural resources and 3. Increasing the competitiveness of the agricultural and food production sectors by market chain modernisation.

**FAO regional Technical Cooperation Project:** “*African swine fever preparedness in the Balkans*” is implemented in cooperation with the Veterinary Directorate. Total budget: USD 500,000 (EUR 421,227).

**FAO 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: USD 50,000 (EUR 42,130).

**FAO development 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: USD 300,000 (EUR 252,781).

**FAO project:** “*State of play assessment and identification of the needs of employees in the MAFWM for developing gender sensitive policies*”. The activities have been completed, and the final workshop remains to be held. Total cost: EUR 50,000.

**FAO Technical Cooperation project:** aimed at reducing the risk of natural disasters in agriculture and climate-resilient agriculture is underway. Total budget: USD 350,000 (EUR 294,911).

**FAO project:** “*Preservation of genetic resources of *Bos brachyeros europaeus* on Stara Planina*” should start soon. Total budget: USD 65,000 (EUR 54,769).

The most important projects, based on the cooperation of the MAFWM and the EBRD/FAO are:

1. *Project: Introduction of the Public Warehouse System in Serbia* - Project objective: to

facilitate access to finance for small and medium enterprises in agribusiness and to promote use of commodity record. The investment framework for this purpose amounts approx. EUR 60 m.

2. *Project: Establishment of pre-harvest financing in agriculture* - Project resulted in introduction of new system of financing in agriculture in the RS. Based on pre-financing of agricultural production and use of pledge on future agricultural products, this system facilitates access to finance to agricultural producers.

3. *Project: Political dialogue between the public and private sectors in the field of improvement of meat and milk production and processing sectors* - These sectors are selected as “priority” due to the great production and export potentials. Political dialogue includes all aspects of the sectors, that is, all the elements of the supply chain, such as the animal welfare, EU requirements and standards, the importance of the sector regarding export potential, and other.

4. *Project: Indications of geographical origin* - Bearing in mind the potential of Serbian agricultural products in order to achieve a higher level of recognition in the market, as well as higher added value, the EBRD/FAO supported the project that aims to introduce geographical indications for the two products in the RS. As products with high potential for market placement, “Oblačinka iz Oblačine” and “Kopaonički ajvar” are proposed for geographical origin indications. This project aims to help domestic producers and processors in terms of improving production and processing capacity, as well as market positioning.

5. *East Agri Conference in Belgrade* - Large part of its activities the EBRD implements in cooperation with the FAO and the World Bank, which resulted in the establishment of East Agri network of private and state institutions in the field of agribusiness for Central and East Europe. East Agri is an informal platform for the exchange of information, good practices and experiences in the field of agriculture and agribusiness between key actors. The results of these activities are more innovative approaches in the field of investment in agriculture and agribusiness by international financial institutions and private banks operating in the region.

## **6. DESCRIPTION OF THE STRATEGY AND OBJECTIVES OF THE PROGRAMME**

### **6.1. Description of the existing national rural development strategy**

The National Agriculture and Rural Development Strategy (NARDS) of the RS for the period 2014-2024 was adopted on 31<sup>st</sup> July 2014<sup>73</sup>. It is based on the following vision for the development of agriculture and rural areas: an efficient and innovative agri-food sector based on knowledge, modern technologies and standards, offering high quality products to domestic and foreign markets and sustainable development of the natural resources, environment and cultural heritage of the rural areas, providing economic activities and employment opportunities and quality of life for young people and other rural inhabitants.

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<sup>73</sup> The National Agriculture and Rural Development Strategy (NARDS) of the RS for the period 2014-2024 “Official Gazette of the RS”, No. 85/14.

In accordance with this vision, the following strategic development goals have been defined:

- Increase of production growth and stability of producers' incomes;
- Competitiveness improvement with adjustment to the requirements of domestic and international markets and with technological and technical improvement of the sector;
- Sustainable resources management and environmental protection;
- Improvement of the quality of life in rural areas and poverty reduction;
- Efficient public policy management and institutional framework improvement for agricultural and rural areas development.

As a result of the situation analysis and the identified internal and external challenges the sector is facing with, the following priorities for intervention have been selected:

- Stabilisation of income in agriculture;
- Increased financing of agriculture and rural development and risk management;
- Efficient land management and improved accessibility of the land resources;
- Improved physical resources;
- Improvement of the knowledge transfer system and human resources development;
- Adaptation to and mitigation of the climate changes effects;
- Technology development and modernisation of the agricultural production and processing;
- Market chains development and logistic support to the sector;
- Protection and improvement of environment and preserving of the natural resources;
- Preserving of agriculture, human and natural resources in the areas with difficult working conditions in agriculture;
- Diversification of the rural economy and preserving of the cultural and natural heritage;
- Improvement of social structure and strengthening of the social capital;
- Modernisation and adjustment of institutions and legal framework;
- Improvement of the products quality and safety.

The NARDS priorities, listed above, are not all tackled by the IPARD Programme, but they are met through national programmes: stabilisation of income in agriculture is addressed by the National Agricultural Programme, while priorities related to increased financing of agriculture and rural development and risk management, efficient land management and improved accessibility of the land resources, improvement of the knowledge transfer system and human resources development and preserving of the cultural and natural heritage are addressed by the National Rural Development Programme (NRDP).

Preservation of agriculture, human and natural resources in the ADWCA is addressed by both the National Agricultural Programme and the NRDP. Modernisation and adjustment of institutions and legal framework is addressed by the IPA Programming Framework.

In order to achieve the strategic goals, the following policy interventions have been defined:

- Direct payments and market and price support interventions, related to income support of the farmers;
- Rural development interventions, financed under the IPARD Programme and under the national support schemes;
- Support to general services, including veterinary and plants protection;
- Institutional development and capacity building.

## **6.2. Identification of the needs and summary of overall strategy**

Needs identified:

### **1. Improve agri-food and fisheries competitiveness through achieving EU standards**

Competitiveness of agri-food sector in the RS is low in general with few exceptions (stone and berry fruits and industrial crops) due to low technological advancement, obsolete machinery and equipment, as well as rather low penetration of new technologies via support institutions although their regional distribution and coverage is rather well balanced. Producers have issues in accessing loans as well as accessing information on EU standards. By accessing rather favourable EU financial portfolio and satisfying the EU standards, their competitiveness on both local and EU market should increase. As EU standards are following the EU Green Agenda, this should further diminish the influence of climate change through various adaptation measures as well as decrease the carbon footprint of agriculture.

### **2. Improve the digitalisation level, as well as the overall level of productivity**

Digitalisation of agriculture is one of the key challenges both for the EU and the RS, where the RS is performing below the EU average when it comes to overall digitalisation (DESI Index and semi-comparable “Monitoring the Digital Economy and Electronic Communications Services in the Western Balkans and Turkey”). Digitalisation is crucial to overcome the problems of lack of workforce in agriculture, but also to increase the productivity and to decrease the impact on environment through practices like “precision agriculture”. Therefore, the activities aimed at investing in new, digital technologies shall be supported under the IPARD III Programme.

### **3. Decrease the impact of climate change through adaptation measures**

Climate change has severe negative impact on agricultural production, as well as agriculture is the third biggest emitter of GHGs and contributes to the increased effects of climate change. The RS agriculture is no exception to this, experiencing severe damages (floods, droughts, hail, late frost) on fruits and vegetables, as well as vine production, which is most affected by these adverse climatic events. Therefore, in order to increase the resilience of especially vulnerable production (fruit and vegetable production and viticulture), the measures should be put in place, as the climate change pressure is unlikely to decrease. This could be achieved through supporting investments in smart irrigation systems, anti-frost and anti-hail systems, as well as the sheltered production where possible and applicable.

#### **4. Increase the level of general farm skills, technological transfer and R&D investments**

Although there is a great number of diverse scientific and research institutions, as well as regionally well distributed network of AAS, the RS agriculture is lagging behind in the R&D investments. Furthermore, majority of producers have only practical experience in agriculture. Demographic composition is not favourable in terms of age, as well as the migration trends. One of the horizontal or cross-cutting objectives in the CAP post 2020 environment is the functional AKIS and the RS should follow the path through connections and better usage of existing institutions and promotion of knowledge transfer, especially to young farmers who are generally more susceptible to change and new technologies and could be used as promoters.

#### **5. Better integration of supply chain and mitigating Unfair Trade Practices**

Agri-food sector plays a significant role in the RS economic accounts, as well as the employment and it is characterised by great number of small producers and on average low usage of agricultural land per holding. Small, non-efficient farms, both in terms of technical and scale efficiency, have a negative impact on income of producers, as well as demographic trends. This type of production is predominant factor for maintaining the livelihood of rural areas, but on the other hand, the adverse effect is increased poverty rates and depopulation. In order to mitigate this, the producers should be encouraged to cooperate, both horizontally (among themselves), as well as vertically (up and down the production chain), in order to increase the scale efficiency of the production and to empower their joint presence on the market. Furthermore, they are more susceptible to unfair trade practices or far worse inability to access the market at all. Historically, cooperatives have a negative social connotation, there is a general level of distrust, therefore, the significance, and importance of horizontal integration should be further promoted by AAS system, using either local or EU best practices, as well as the overall movement across the EU supported by “Farm to Fork Strategy”. In addition, the quality systems (both EU and national) should play a significant role in addressing this need, which should enhance the role of producers via implementing various quality standards.

Increase in local demand (both general and/or supported by growing tourism sector) should be exploited in order to promote short supply chains.

#### **6. Improve management and efficient use of natural resources**

The level of protection of nature in the RS is significantly lower than in the EU-27 on average and the condition of land, air and water is not satisfactory. As said before, agriculture is significant contributor to the GHGs emission both in the RS and in the EU and efficient use of natural resources should be promoted. The overall positive trends in increase of the area under organic production – although still significantly below EU average – is a potential that should be used and further exploited in order to reach the desired EU level (25%). Furthermore, the use of agri-chemicals presents a continuous threat for the environment so more efforts should be put into education of the farmers via well regionally distributed AAS.

#### **7. Maintenance of biodiversity and environmental value of agricultural areas and agricultural systems and maintenance of water resource quality**

Loss of biodiversity, as a result of predominantly human activities, has a significant impact on agricultural production, as much as the intensification of agriculture is contributing to loss of biodiversity. As rich as the RS is in terms of biodiversity, agriculture is still predominant factor for its loss due to intensification. On the other hand, some regions are characterised by extensive agriculture, both in livestock production and fruits and vegetables, which should be further promoted and enhanced. The area which falls under the definition of HNMF (although national) has to be further enhanced and kept. Overall EU agenda through EU Biodiversity Strategy has to be built in the system of the RS, in order to achieve the goals of the strategy as its goals cannot be achieved nationally. Vital role should be put in regionally, well distributed AAS in order to raise awareness of the farmers on the importance of biodiversity for their benefit.

#### **8. Increase the production of energy from agriculture and promote bioeconomy and eco-system services**

The RS has a big untapped potential for production of energy from agriculture, both through using the harvest and pruning leftovers or from livestock production. The production of energy crops is a potential on its own, which has a double purpose as a better land management of unused agricultural land and as a production of energy. Forestry, mainly managed in line with sustainable practices is one of the main eco-system services to be widely promoted and enhanced. With climate change, as a permanent threat, bioeconomy is one of the mitigation measures through securing sequestration of carbon via increasing afforested areas.

#### **9. Improve the attractiveness of rural areas through increasing the level of basic services in rural areas**

One of the reasons for negative net migration in the rural areas is lack of basic infrastructure in those areas. Significant problems in rural areas are the quality and quantity of delivered water, connection of households to public sewerage systems, the wastewater treatments, waste collection and illegal landfills, undeveloped network of local roads or inadequate maintenance of the existing ones, care of pre-school children, health care and opportunities for social and cultural life. In order to start changing these negative trends (especially the outflow of younger people), the services offered in rural areas should be on the same level as those in urban areas.

#### **10. Promote Community Led Local Development**

CLLD is not new in the RS with more than 20 pLAGs established throughout the territory, although the overall coverage or rural population with the LDSs is still significantly lower than EU average. Although existing, pLAGs have faced problems in financing which is leading to inability to perform the most of their animation activities. Those activities are the most important action to be taken in order for people to understand the significance and the power of bottom-up approach. There is a significant number of CSOs currently active in rural areas on various topics with relevant experience in animating local population and development of LDS should bring them together with all other actors and stakeholders from rural area in order to address the local issues. Furthermore, more emphasis should be put on timely response from the central level in order to mitigate lack of funds for LAGs. Given that there is no National Rural Network in line with the EU rules, it is especially important to make the efforts in



establishing the functional network in order to facilitate the work of both LAGs and the MA.

### 11. Creation of jobs opportunities in rural areas through non-agricultural activities

Increased productivity, digitalisation and new technologies in agriculture are creating a surplus of labour. There is also a level of underutilised labour already present in the rural areas, especially on the small agricultural holdings. Rural areas, beside the lack of basic infrastructure are lacking various other small scale services which are increasing the quality of life in rural areas (repairment of agricultural and forestry tools, machines and mechanisation, motor vehicles, motorcycles, bicycles; repairment of computers and communication equipment, as well as items and apparatus for personal use and household gadgets; washing and dry cleaning; computer rental services; educational services, hairdressing/cosmetic services, etc). Furthermore, due to increased consumer demand for local products and short supply chains, the potential of offering tourism activities combined with access of labour should be supported.

#### Prioritisation of needs

In order to rank the needs, several factors have been taken into consideration, as follows: firstly, the national importance of the need, secondly, the experience in implementation and thirdly, if the need is being addressed through other needs (i.e. climate change adaptation measures are partially addressed through competitiveness). Based on the situation analysis, there are 11 needs identified. As the RS is performing comparatively lower to the EU when it comes to competitiveness, digitalization and productivity, needs addressing those issues (1, 2, 4 and 5) are ranked highest. Given the EU Green Agenda, the needs addressing climate change mitigation and adaptation, biodiversity and environment protection (Needs 3, 6, 7, 8) have a high priority in the RS as well, but taking into consideration that those issues shall be addressed also within the needs 1, 2, 4 and 5 by promoting activities contributing to those issues - are ranked as secondary. Needs 9, 10, 11 addressing the social dimension of rural areas - as they need time for structures to be built (LAGs and LDSs) through animation activities, those will be ranked third.

Table 37: Prioritisation of the needs in the IPARD III Programme

No.	Needs identified	Importance	Experience	Addressed (5-not addressed)	TOTAL
1	Improve agri-food and fisheries competitiveness through achieving EU standards	5	5	5	15
2	Improve the digitalisation level, as well as the overall level of productivity	5	5	5	15
3	Decrease the impact of climate change through adaptation measures	5	3	3	11
4	Increase the level of general farm skills, technological transfer and R&D investments	5	5	3	13
5	Better integration of supply chain and mitigating Unfair Trade Practices	5	5	3	13
6	Improve management and efficient use of natural resources	5	3	3	11
7	Maintenance of biodiversity and environment value of agricultural areas and agricultural systems and maintenance of water resource quality	5	3	3	11

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8	Increase the production of energy from agriculture and promote bioeconomy and eco-system services	3	3	3	9
9	Improve the attractiveness of rural areas through increasing the level of basic services in rural areas	3	2	5	10
10	Promote Community Led Local Development	3	3	5	11
11	Creation of jobs opportunities in rural areas through non-agricultural activities	3	5	5	13

Table 38: Summary table showing main rural development needs and measures operating

Needs identified	IPARD	IPA	Other donor-multilateral assistance	National
<b>Need 1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards	<ul style="list-style-type: none"> <li>• M1 - Investments in physical assets of agricultural holdings</li> <li>• M3 - Investments in physical assets concerning processing and marketing of agriculture and fishery products</li> </ul>	✓	✓	✓
<b>Need 2:</b> Improve the digitalisation level, as well as the overall level of productivity	<ul style="list-style-type: none"> <li>• M1 - Investments in physical assets of agricultural holdings</li> <li>• M3 - Investments in physical assets concerning processing and marketing of agriculture and fishery products</li> </ul>	✓	✓	✓
<b>Need 3:</b> Decrease the impact of climate change through adaptation measures	<ul style="list-style-type: none"> <li>• M1 - Investments in physical assets of agricultural holdings</li> <li>• M3 - Investments in physical assets concerning processing and marketing of agriculture and fishery products</li> <li>• M4 - Agri-environment-climate and organic farming measure</li> <li>• M7 – Farm diversification and business development</li> </ul>	✓	✓	✓
<b>Need 4:</b> Increase the level of general farm skills, technological transfer and R&D investments	<ul style="list-style-type: none"> <li>• M9 – Technical Assistance</li> </ul>		✓	✓
<b>Need 5:</b> Better integration of supply chain and mitigating Unfair Trade Practices	<ul style="list-style-type: none"> <li>• M1 - Investments in physical assets of agricultural holdings</li> <li>• M3 - Investments in physical assets concerning processing and marketing of agriculture and fishery products</li> </ul>	✓	✓	✓
<b>Need 6:</b> Improve management and efficient use of natural resources	<ul style="list-style-type: none"> <li>• M1 - Investments in physical assets of agricultural holdings</li> <li>• M3 - Investments in physical assets concerning processing and marketing of agriculture and fishery products</li> <li>• M4 - Agri-environment-climate and organic farming measure</li> <li>• M7 - Farm diversification and business development</li> </ul>	✓	✓	✓
<b>Need 7:</b> Maintenance of biodiversity and environment value of agricultural areas and agricultural systems and maintenance of water resource	<ul style="list-style-type: none"> <li>• M1 - Investments in physical assets of agricultural holdings</li> <li>• M3 - Investments in physical assets concerning processing and marketing of agriculture and fishery products</li> <li>• M4 - Agri-environment-climate and organic farming measure</li> <li>• M6 – Investments in rural public infrastructure</li> </ul>	✓	✓	✓

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quality				
<b>Need 8:</b> Increase the production of energy from agriculture and promote bioeconomy and eco-system services	<ul style="list-style-type: none"> <li>• M1 - Investments in physical assets of agricultural holdings</li> <li>• M3 - Investments in physical assets concerning processing and marketing of agriculture and fishery products</li> <li>• M4 - Agri-environment-climate and organic farming measure</li> <li>• M7 - Farm diversification and business development</li> </ul>	✓	✓	✓
<b>Need 9:</b> Improve the attractiveness of rural areas through increasing the level of basic services in rural areas	<ul style="list-style-type: none"> <li>• M5 - Implementation of Local development strategies - LEADER approach</li> <li>• M6 - Investments in rural public infrastructure</li> <li>• M7 - Farm diversification and business development</li> </ul>	✓	✓	✓
<b>Need 10:</b> Promote Community Led Local Development	<ul style="list-style-type: none"> <li>• M5 - Implementation of Local development strategies - LEADER approach</li> <li>• M9 - Technical Assistance</li> </ul>	✓		✓
<b>Need 11:</b> Creation of jobs opportunities in rural areas through non-agricultural activities	<ul style="list-style-type: none"> <li>• M5 - Implementation of Local development strategies - LEADER approach</li> <li>• M6 - Investments in rural public infrastructure</li> <li>• M7 - Farm diversification and business development</li> </ul>	✓	✓	✓

### 6.3. Objectives of the Programme

The IPARD III assistance shall be provided as a strategic response to the objectives of the IPA III Programming Framework. The implementation shall take the form of multi-annual rural development programme, drawn up at national level and covering the entire period of the IPA III implementation. IPARD III funding opportunities will contribute to achieving the thematic priority “Contributing to the security and safety of food supply and the maintenance of diversified and viable farming systems in vibrant rural communities and the countryside”.

Assistance under the IPARD Programme shall contribute to achieving the following objectives:

1. Increase the competitiveness of the agri-food sector, improve the efficiency and sustainability of on-farm production, which will provide a better response to societal demands for safe, nutritious and sustainable food;
2. Facilitate business development, growth and employment in rural areas, improve farmers’ position within the value chain and attract young farmers into agriculture;
3. Contribute to climate change mitigation and foster sustainable management of natural resources;
4. Improve community development and social capital in rural areas;

5. Build-up modern, efficient and transparent public administration for agriculture and rural development.

The objectives should be achieved through developing human and physical capital, increasing the food-safety and the ability of the agri-food sector to cope with competitive pressure, as well as to progressively align the sector with the EU standards, in particular those concerning hygiene and environment, while pursuing balanced territorial development of rural areas.

Moreover, targeted investment support will be provided through management and control systems, which are compliant with good governance standards of a modern public administration and where the RS structures apply standards equivalent to those in similar organisations in the EU Member States. Appropriate use of funds will be ensured through enabling timely information to all potential beneficiaries, clearly prescribed and implemented procedure of control, ranking and approval of projects to the publication of the list of beneficiaries of IPARD funds and transparency of procedures.

#### **6.4. Consistency between the proposed IPARD intervention and IPA III Programming Framework and Strategic Response**

The IPARD III Programme was elaborated taking into account both, the IPA III Programming framework and the IPA III Strategic Response. The IPARD Programme is complementary with the priorities defined in the IPA III Programming framework, while the resources allocated to the individual measures correspond to the needs identified in the primary production and agri-food sector and the need to introduce modern technologies and standards while protecting the environment and providing opportunities for improved life in rural areas, in particular for youth and women.

Defined measures are aligned with the following priorities set in the IPA III Programming documents:

- Ensure food security in the region (supported through Measure 1 and Measure 3);
- Improve the life of rural residents through the economic and social development of rural areas and to build resilience to adverse effects of climate change (supported through Measure 4, Measure 6 and Measure 7 and indirectly through Measure 1 and Measure 3);
- Improve market orientation and competitiveness of the agri-food sector (supported through Measure 1 and Measure 3);
- Improve the sector's response to social demands for safe, healthy, nutritious food and animal welfare and enhance farmers' position in the food chain (supported through Measure 1, Measure 3, Measure 4 and Measure 7);
- Invest in farm buildings and technologies, processing and marketing with the view of meeting the EU food safety, animal welfare and environmental standards (supported through Measure 1 and Measure 3);
- Diversify activities and development of rural business with a view to foster engagement

of women from rural areas change (supported through Measure 4, Measure 6 and Measure 7, and indirectly through Measure 1 and Measure 3);

- Facilitate business development and employment in rural areas and encourage young farmers (supported through Measure 1, Measure 5 and Measure 7);
- Contribute to adapting agricultural production to climate change effects and sustainable and renewable energy production, building the resilience of the sector to address adverse climate change effects, as well as the sustainable integrated management of soil, water and air (supported through Measure 4 and indirectly through Measure 1 and Measure 3);
- Enhance social capital in rural areas (supported through Measure 5 and Measure 7 and indirectly through Measure 6);
- Ensure the application of good governance standards of a modern public administration in the structures for agriculture and rural development (supported through Measure 9);
- Contribute to unleashing the sectors' potential to contribute to greenhouse gas emission reduction and carbon sequestration in a sustainable manner (supported through Measure 5 and Measure 7 and indirectly through Measure 6).

Following the needs of the agricultural and food processing sectors priorities related to the progressive alignment to the EU standards, enhancing the position of farmers in the food chain and increased competitiveness of the sector and improvement of the economic development in rural areas comprise 69% of the Community contribution under the three measures (Measure 1, Measure 3 and Measure 7).

IPARD measures are set in accordance with the overall strategic priorities anchored in the EU Green Deal and Guidelines for the Implementation of the Green Agenda for the Western Balkans, which stipulate alignment of the agri-food and primary production sectors with EU standards for food safety, plant and animal health and welfare and promotion of the environmentally friendly and organic farming and reduction of synthetic chemical products used in food production: pesticides, veterinary medicines and fertilisers. Measure 4 in the IPARD III Programme directly contributes to achieving these environmental objectives. Measure 6 will support rural population and reconstruction of the public infrastructure, of which a part will be dedicated to the improved water and waste management, directly contributing to the preservation of the environment in the rural areas and increase of the attractiveness of villages through enhanced quality of life. Measure 4 and Measure 6 comprise 23% of the Community contribution.

It should be underlined that the preservation of the environment and the landscape is also a priority for all measures defined in the IPARD III. In that respect, Measure 1 and Measure 3 contribute to the preservation and protection of the soil, water and air. These two measures support farmers in modernisation of agricultural production in order to assist them in the adaption to climate change and invest in the construction of energy-efficient buildings and purchase of the new equipment contributing to the reduction of greenhouse gas emissions and climate change mitigation.

The LEADER approach under Measure 5 should contribute to building the social capital and development of community by engaging a wide range of multi-sectoral private and public partners in the development of the local development strategies contributing to the economic, social, cultural and environmental improvements of local areas. Measure 5 is allocated with 5% of the Community contribution.

Finally, support to build-up modern public administrations for agriculture and rural development through respecting good governance principles and improvement of the community development and social capital in rural areas is envisaged by Measure 9, which is allocated with 3% of the Community contribution.

The complementarity between rural development policies and measures selected within the IPARD III Programme is well linked with other types of interventions envisaged under the same IPA Window, but also supplement actions under the other IPA Windows. Demarcation mechanisms between actions supported by the different IPA III actions are elaborated in the IPARD III Programme (see Chapter 10.1).

Under Window 4, *Thematic Priority 1: Education, employment, social protection and inclusion policies, and health*, IPA III envisages enhanced employment opportunities for women, youth and persons with disabilities, including financial assistance addressing the needs of communities living in remote or less economically developed regions and peripheral rural areas. Measure 1, Measure 3 and Measure 7 have integrated implementation modalities providing priority to women, youth and persons with disabilities.

*Thematic Priority 2: Private sector development, trade, research and innovation* in the same Window foresee supporting the integration of the SMEs into global value chains and increase of their competitiveness and ability to strengthen export potential. Investments into the modernisation of the equipment and fixed capital for the food processing SMEs supported by Measure 3 are directly contributing to the abovementioned efforts under this thematic priority. The implementation of the *Smart Specialisation Strategies in Serbia*, which has recognised the area of “Food for the Future” as one of the cornerstones of the Strategy envisages investments into high-tech agriculture, value-added food products and sustainable food production chain to which Measure 1, Measure 3 and Measure 4 are directly contributing.

Window 3: *Green Agenda and Sustainable Connectivity priorities* are the main themes of the majority of the measures defined by the IPARD III programme, thus creating a synergetic effect across the priority spectrum. Investing in renewable energy is considered as the specific objective of the investments envisaged under Measure 1, Measure 3 and Measure 7. Greening of agricultural practices and protection of the environment are also set in all the measures targeting AHs in the RS and supported through IPARD III.

Investments into public infrastructure in rural areas would complement investments into waste and water management, contributing to the overall improvement of these two areas, however ensuring that the demarcation is fully respected. The same will be applied to the investments in other infrastructure like local roads, which should be linked to the regional and national road network in accordance with the national legislation.

## **Participation in EU Macro-Regional Strategies and Interregional Cooperation Programmes**

The RS participates in the implementation of European Union Strategy for the Danube Region (EUSDR) and European Union Strategy for the Adriatic-Ionian Macro Regional Strategy (EUSAIR). Given that Macro-Regional Strategies are being implemented without any additional funding but rather coordinating existing funding and the limited resources available for IPARD III Programme, the contribution to the achievement of their objectives vis-à-vis IPARD III Programme is also rather limited.

Even so, there are several areas where IPARD III Programme could contribute, especially under Pillar II of the EUSDR (Protecting the environment in the Danube Region). The RS will implement IPARD III Programme Measure 4 for the first time thus contributing to the Action 6. “To preserve biodiversity, landscapes and quality of air and soil”. Furthermore, marginal contribution could be expected in Pillar III “Building Prosperity in the Danube Region”, Action 8 “To support the competitiveness of enterprises” by implementing Measure 1 and Measure 3, while Measure 7 of the IPARD III Programme will contribute to Action 9 “To invest in people and skills”.

As for the EUSAIR the contribution of the IPARD III Programme to the achievement of the EUSAIR is even more limited given the geographical features of the RS, but minor contribution could be expected under Pillar 1 “Blue Growth”, Topic 2 “Fisheries and aquaculture” given that the IPARD III Programme, under its Measure 3, will support aquaculture.

Both EUSAIR and EUSDR are coordinated by the Ministry of European Integrations (MEI). This Ministry at the same time performs the function of the National IPA Coordinator (NIPAC), therefore ensuring strong national coordination of IPA funding and mentioned strategies.

Territorial cooperation, especially the Cross-border strand, given that the RS participates in four Interreg IPA programmes (Croatia - Serbia, Hungary – Serbia, Romania – Serbia, Bulgaria – Serbia) as well as in three IPA-IPA programmes (Serbia – North Macedonia, Serbia – Montenegro, Serbia – Bosnia and Herzegovina) is of high importance. The contribution that the IPARD III Programme could have in these programmes is marginal as well, due to limited funding. In that respect, the MEI as the body responsible for coordinating participation of the RS in those programmes, will involve the IPARD MA in implementation of those programmes, where priorities correspond, via Monitoring Committees of those programmes or other appropriate form, if needed. The importance of CBC is extremely high, given that certain issues cannot be resolved nationally – i.e. 2007-2013 IPA CBC Croatia – Serbia financed the project on Classical Swine Fever which contributed to alleviate the CSF issues. These type of projects are of high importance, especially in the COVID and post-COVID environment and are closely aligned with both national and IPA priorities.

### **6.5. Alignment of the selected measures and selection criteria to the main elements of the**

## EU Green Deal and the Green Agenda for the Western Balkans

The Western Balkans leaders agreed to fully accept the Green Agenda for the Western Balkans and expressed their commitment to implementing activities within all five key areas of the Green Agenda, at the Western Balkans Summit in Sofia on 10<sup>th</sup> November 2020.

IPARD Programme is one of the tools that can be used for achieving goals set in the EU Green Deal and the Green Agenda for the Western Balkans, and all of the selected measures under the IPARD III Programme are designed in accordance with these documents.

As sustainable agriculture and food production are the essence of the IPARD Programme, in the coming period the support should be provided for reforming and modernisation of physical assets in the agri-food sector that are aligned with the EU standards, which will contribute to better use and protection of natural resources, better manure management, etc. Besides that, the support should be provided for the development of economic diversification and improvement of rural infrastructure, implementation of the LEADER approach and agri-environmental and climate measure, which will all contribute to reaching the goals set in the EU Green Deal and the Green Agenda for the Western Balkans.

In the sectors of primary agricultural production and processing it is especially necessary to increase the share of renewable energy sources and provide the necessary investment requirements, in line with the EU and Energy Community *acquis* and targets.

IPARD Programme should also contribute to providing the rural communities with a possibility to harness opportunities of the circular economy, which includes resource efficiency, waste reduction and reuse of raw materials, especially by providing support to short supply chains and collective investments.

All these actions will make the rural economies of the region more resilient to potential climate change impacts, but also the rural areas more picturesque for the citizens of the Western Balkans, and more attractive for investments and tourism.

### 6.6. A summary table of the intervention logic showing the measures selected for IPARD, the quantified targets

Table 39: Summary table showing the measures selected with the quantified targets

Measure	Quantified target		Programme targets (total as combination of indicators at measure level)	
<b>Measure 1 Investments in physical assets of agricultural holdings</b>	Number of farms and agri-food processing enterprises supported by IPARD in modernisation	850	Total investment generated via IPA in agri-food sector and rural development (EUR)	537,600,000
	Total investment on farms and agri-food sector in modernisation	192,000,000	Number of recipients performing modernisation	1,070
	Number of farms and food processing enterprises receiving			



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	IPARD investment support to progressively align with the EU hygiene and animal welfare standards	125	projects in agri-food sector	
	Number of jobs created	100	Number of recipients progressively upgrading towards EU standards	155
	Number of young farmers receiving IPARD support for investment	340	Number of jobs created (gross)	495
	Number of supported producer groups/organisations	0	Number of recipients investing in promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors	296
	Number of farmers participating in supported Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes	0		
	Number of collective investments	0		
	Number of IPARD recipients with support in investments related to care for the environment or climate change	0		
	Number of IPARD recipients with support in investments related with manure management	125		
	Number of IPARD recipients with support in investments in waste treatment or management	21		
	Number of IPARD recipients with support in investments in renewable energy production	42		
	Number of projects with circular economy-type investments	0		
<b>Measure 3 Investments in physical assets concerning processing and marketing of agricultural and fishery products</b>	Number of farms and agri-food processing enterprises supported by IPARD in modernisation	220		
	Total investment on farms and agri-food sector in modernisation	161,280,000		
	Number of farms and food processing enterprises receiving IPARD investment support to	30		

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	progressively align with the EU hygiene and animal welfare standards			
	Number of jobs created	110		
	Number of supported producer groups/organisations	0		
	Number of farmers participating in supported Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes	0		
	Number of collective investments	0		
	Number of IPARD recipients with support in investments related to care for the environment or climate change	0		
	Number of IPARD recipients with support in investments in waste treatment or management	20		
	Number of IPARD recipients with support in investments in renewable energy production	33		
	Number of projects with circular economy-type investments	0		
<b>Measure 4 Agri- environment - climate and organic farming measure</b>	Number of contracts	560		
	Total agricultural land (ha) under environmental or/and climate contracts	3,500		
	Total area (ha) per type of operation for management of inputs (including integrated production, reduction in fertilisers use and in pesticides use, comprising precision farming, manure management, etc.)	0		
	Total area (ha) per type of operation for cultivation practices (including crop rotation, crop diversification, soil management through conservation or no tillage,	2,750		

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	soil cover, etc.)			
	Total area (ha) per type of operation for management of landscape, habitats, grassland (including setting and management of landscape features, including wetland and peatland, species conservation, extensive grassland management, etc.)	750		
	Total area (ha) per type of operation for organic farming	0		
	Number of supported species of endangered breeds	0		
	Number of supported animals of endangered breeds	0		
	Total area for each supported variety of endangered plant varieties	0		
	Number of holdings supported for conversion into organic farming	0		
	Number of holdings supported for maintenance of organic farming	0		
	Total area supported for conversion into organic farming	0		
	Total area supported for maintenance of organic farming	0		
<b>Measure 5 Implementation of local development strategies LEADER approach</b>	Number of local development strategies (LEADER)	30		
	Number of new jobs created	30		
	Number of IPARD recipients with support in investments in renewable energy production	0		
	Population covered by LAGs	1,200,000		
	Number of small projects paid	600		
<b>Measure 6 Investments in rural public</b>	Total investment in rural diversification, business development and infrastructure	69,120,000		

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<b>infrastructure</b>	(EUR)			
	Number of new jobs created	5		
	Number of supported local infrastructures	30		
	Number of IPARD recipients with support in investments related to care for the environment or climate change	5		
<b>Measure 7 Farm diversification and business development</b>	Number of farms and agri-food processing enterprises supported by IPARD in modernisation	0		
	Total investment on farms and agri-food sector in modernisation	0		
	Number of recipients of IPARD investment support in rural diversification and business development	520		
	Total investment in rural diversification, business development and infrastructure (EUR)	115,200,000		
	Number of new jobs created	250		
	Number of young farmers receiving IPARD support for investment	120		
	Number of supported producer groups/organisations	0		
	Number of farmers participating in supported Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes	0		
	Number of collective investments	0		
	Number of IPARD recipients with support in investments related to care for the environment or climate change	0		
	Number of IPARD recipients with			

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	support in investments in waste treatment or management	20		
	Number of IPARD recipients with support in investments in renewable energy production	30		
	Number of organic farms with IPARD support to investments	0		
	Number of projects with circular economy-type investments	0		
<b>Measure 9 Technical assistance</b>	Number of National Rural Development Networks supported	0		
	Number of promotional materials for general information of all the interested parties (leaflets, brochures etc.)	15,000		
	Number of publicity campaigns	7		
	Number of expert assignments supported	20		
	Number of trainings, workshops, conferences, seminars	70		
	Number of meetings of the monitoring committee	10		
	Number of studies on elaboration and implementation of programme measures	10		
	Number of programme evaluation reports	6		
	Number of rural networking actions supported	20		
	Number of pLAGs supported	15		

**7. AN OVERALL FINANCIAL TABLE**

<b>7.1. Maximum EU contribution for IPARD funds in EUR by year, 2021-2027</b>								
<b>Year</b>	2021	2022	2023	2024	2025	2026	2027	2021-2027
<b>Total</b>	<b>20,000,000.00</b>	<b>25,000,000.00</b>	<b>31,000,000.00</b>	<b>43,000,000.00</b>	<b>54,000,000.00</b>	<b>57,000,000.00</b>	<b>58,000,000.00</b>	<b>288,000,000.00</b>

<b>7.2. Financial Plan per measure in EUR, 2021-2027</b>	<b>Total public aid</b>	<b>EU contribution</b>	<b>EU contribution rate</b>	<b>National contribution</b>	<b>National Contribution rate</b>
<b>Investments in physical assets of agricultural holdings</b>	115,200,000.00	86,400,000.00	75	28,800,000.00	25
<b>Investments in physical assets concerning processing and marketing of agricultural and fishery products</b>	80,640,000.00	60,480,000.00	75	20,160,000.00	25
<b>Agri-environment - climate and organic farming measure</b>	16,941,176.47	14,400,000.00	85	2,541,176.47	15
<b>Implementation of local development strategies – LEADER approach</b>	16,000,000.00	14,400,000.00	90	1,600,000.00	10
<b>Investments in rural public infrastructure</b>	69,120,000.00	51,840,000.00	75	17,280,000.00	25
<b>Farm diversification and business development</b>	69,120,000.00	51,840,000.00	75	17,280,000.00	25
<b>Technical Assistance</b>	10,164,705.88	8,640,000.00	85	1,524,705.88	15
<b>Total</b>	<b>377,185,882.35</b>	<b>288,000,000.00</b>		<b>89,185,882.35</b>	

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<b>7.3. Indicative budget breakdown by measure in EUR, 2021-2027</b>	<b>Total public aid</b>	<b>Private contribution</b>	<b>Total expenditures</b>
<b>Investments in physical assets of agricultural holdings</b>	115,200,000.00	76,800,000.00	192,000,000.00
<b>Investments in physical assets concerning processing and marketing of agricultural and fishery products</b>	80,640,000.00	80,640,000.00	161,280,000.00
<b>Agri-environment - climate and organic farming measure</b>	16,941,176.47	-	16,941,176.47
<b>Implementation of local development strategies – LEADER approach</b>	16,000,000.00	-	16,000,000.00
<b>Investments in rural public infrastructure</b>	69,120,000.00	-	69,120,000.00
<b>Farm diversification and business development</b>	69,120,000.00	46,080,000.00	115,200,000.00
<b>Technical Assistance</b>	10,164,705.88	-	10,164,705.88
<b>Total</b>	<b>377,185,882.35</b>	<b>203,520,000.00</b>	<b>580,705,882.35</b>

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7.4. Budget of EU Contribution by measure 2021-2027 in EUR for monitoring	2021	2022	2023	Indicative budget				2021-2027	
				2024	2025	2026	2027	EUR	%
Investments in physical assets of agricultural holdings	8,500,000.00	11,000,000.00	11,300,000.00	12,900,000.00	15,200,000.00	15,190,000.00	12,310,000.00	<b>86,400,000.00</b>	<b>30</b>
Investments in physical assets concerning processing and marketing of agricultural and fishery products	5,000,000.00	7,500,000.00	8,590,000.00	8,750,000.00	11,000,000.00	10,000,000.00	9,640,000.00	<b>60,480,000.00</b>	<b>21</b>
Agri-environment - climate and organic farming measure	0.00	0.00	2,180,000.00	2,320,000.00	3,300,000.00	3,300,000.00	3,300,000.00	<b>14,400,000.00</b>	<b>5</b>
Implementation of local development strategies – LEADER approach	0.00	0.00	2,000,000.00	2,600,000.00	3,200,000.00	3,300,000.00	3,300,000.00	<b>14,400,000.00</b>	<b>5</b>
Investments in rural public infrastructure	0.00	0.00	0.00	8,390,000.00	11,340,000.00	14,380,000.00	17,730,000.00	<b>51,840,000.00</b>	<b>18</b>
Farm diversification and business development	6,000,000.00	6,000,000.00	6,000,000.00	6,750,000.00	8,090,000.00	9,120,000.00	9,880,000.00	<b>51,840,000.00</b>	<b>18</b>
Technical Assistance	500,000.00	500,000.00	930,000.00	1,290,000.00	1,870,000.00	1,710,000.00	1,840,000.00	<b>8,640,000.00</b>	<b>3</b>
<b>Total</b>	<b>20,000,000.00</b>	<b>25,000,000.00</b>	<b>31,000,000.00</b>	<b>43,000,000.00</b>	<b>54,000,000.00</b>	<b>57,000,000.00</b>	<b>58,000,000.00</b>	<b>288,000,000.00</b>	<b>100</b>



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<b>7.5. Percentage allocation of EU contribution by measure 2021-2027</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>Measures</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Investments in physical assets of agricultural holdings</b>	42.50	44.00	36.45	30.00	28.15	26.65	21.22
<b>Investments in physical assets concerning processing and marketing of agricultural and fishery products</b>	25.00	30.00	27.71	20.35	20.37	17.54	16.62
<b>Agri-environment - climate and organic farming measure</b>	0.00	0.00	7.03	5.40	6.11	5.79	5.69
<b>Implementation of local development strategies – LEADER approach</b>	0.00	0.00	6.45	6.05	5.93	5.79	5.69
<b>Investments in rural public infrastructure</b>	0.00	0.00	0.00	19.51	21.00	25.23	30.57
<b>Farm diversification and business development</b>	30.00	24.00	19.35	15.70	14.98	16.00	17.03
<b>Technical Assistance</b>	2.50	2.00	3.00	3.00	3.46	3.00	3.17
<b>Total</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>	<b>100.00</b>

## **8. DESCRIPTION OF EACH OF THE MEASURES SELECTED**

### **8.1. Requirements concerning all or several measures**

General requirements include: national standards, types of eligible recipients, eligible expenditures, non-eligible expenditures, rules of origin of eligible expenditures, investments in renewable energy plants, payment of instalments and advanced payments, as well as targeting of measures. Detailed specific provisions are described under each measure.

The same investment cannot be the subject of another public grant, subsidy scheme or donation, except credit support for registered AHs in accordance with the special regulation.

#### **National standards relevant to the Programme and in compliance with the EU standards**

Recipients supported under IPARD III should meet the relevant national standards as regards registration of the farm, animal welfare and environmental protection, food and feed hygiene as well as identification and registration of animals. A detailed list of these standards is included in Annex 18.5. List of relevant national standards of the Programme and will be made available to the applicants.

No later than before the final payment of the investment, an AH must comply with the national standards in force relevant for the sector in which investment has been made (as stated in the SA). The list of applicable national legislation for sectors an AH must comply with is included in Annex 18.5. List of relevant national standards, as well.

The investment, upon its realisation, must respect the relevant EU standards regarding environmental protection and animal welfare for Measure 1 and environmental protection, public health, animal welfare, and occupational safety for Measure 3. The list of the relevant EU standards, assessment of the degree of harmonisation and a remark which standard (national or EU) should be met, will be provided in rulebooks.

In case a collective investment is implemented by a legally established entity on behalf of their members, the national standards shall apply to the assets of the entity and not to the assets owned by each participant/member of this entity.

#### **Eligible expenditures**

Expenditures considered as eligible for investments, in line with the Article 35 of the Sectoral Agreement, are:

- a. construction or improvement of immovable property shall be eligible, up to the market value of the asset, as established in accordance with Article 11(2)(f) and Article 11(3)(d);
- b. the purchase of new machinery and equipment, including computer hardware and software, shall be eligible, up to the market value of the asset, as established in accordance with Article 11(2)(f) and Article 11(3)(d);
- c. general costs linked to collective projects, that could additionally include studies, marketing and development of the products concerned and animation costs (all to be specified in the List of Eligible Expenditure (LEE)) and general costs linked to

expenditure referred to in points (a) and (b) such as architects', engineers' and other consultation fees and feasibility studies shall be eligible up to a ceiling of 10% of the costs referred to in those points (a) and (b) under the following conditions:

- i. the eligible amount of the general costs shall not exceed the reasonable cost established in accordance with Article 11(2)(f) and Article 11(3)(d);
- ii. for projects with eligible expenditure of the investments referred to in points (a) and (b) of more than EUR 3 m, the business plan preparation costs shall not exceed 3% of the eligible expenditure of these investments;
- iii. for projects with eligible expenditure of the investments referred to in points (a) and (b) of at least EUR 1 m and no more than EUR 3 m, the business plan preparation costs shall not exceed 4% of the eligible expenditure of these investments;
- iv. for projects with eligible expenditure of the investments referred to in points (a) and (b) of less than EUR 1 m, the business plan preparation costs shall not exceed 5% of the eligible expenditure of these investments.

Supported investments in production and/or processing and/or marketing of products (Measures 1 and 3) must be covered by Annex I to the TFEU, including fishery products, and/or the development of new products, processes and technologies linked to products covered by Annex I to the TFEU, including fishery products. The output of the production process may be a product not covered by the Annex.

Any contracts and addenda signed or expenditure incurred by the recipients and payments made by the country shall not be eligible for funding under the IPARD III programme before the signature of the relevant Financing Agreement. This principle does not apply to actions under the Technical Assistance measure and to expenditure relating to general costs, provided that the expenditure is incurred by the recipients after 1<sup>st</sup> January 2021.

For other measures, costs are considered eligible for co-financing if incurred after the act/contract for project co-financing between the recipient and the IPARD Agency has been concluded.

The general costs can only be considered eligible for co-financing if the applicant has requested support for general costs in the application providing detailed documentation justifying the reasonableness of the costs and if the project to which they relate is actually selected and contracted by the IPARD Agency. The IPARD Agency is responsible for publishing the set of requirements and documents needed for the justification of costs by the applicant/recipient in the Guide for Recipients. With the payment/s request submitted to the IPARD Agency, the recipient has to provide detailed documentation justifying the reasonableness of the costs. The IPARD Agency is responsible to verify the reality and validity of the costs.

#### **Application of the durability condition**

The investment for which the recipient has received support must not undergo a substantial modification within 5 years from the date of the final payment to the recipient. Substantial modifications to an investment are those which result in:

- cessation or relocation of a productive activity co-financed outside the Programme area.
- change in ownership of an item of infrastructure, which gives to a company or public body an undue advantage;
- substantial change affecting its nature, objectives or implementation conditions, which would result in undermining/changing its original objectives.

If the investments are affected by exceptional situations (e.g. fire or flooding) or “force majeure” (e.g. pandemic), the recipient must inform the IPARD Agency within deadlines according to the Sectoral Agreement.

The recipients are obliged to keep all accounting records for at least 7 years after the investments have been realised as well as to collaborate and provide any requested information to the officials of the MAFWM, IPARD Agency, European Commission and European Court of Auditors authorised to control and audit the implementation of the project as well as the NAO/NF and Audit Authority and to other authorised organisations and institutions upon the request from the IPARD Agency.

### **Non-eligible expenditures for support under the Programme**

In line with Article 35 of the Sectoral Agreement, the following expenditures shall not be eligible under the IPARD III Programme:

- (a) taxes, including value added taxes customs and import duties, or any other charges having equivalent effect, as provided for in Article 28 of the FFPA;
- (b) purchase, rent or leasing of land and existing buildings, irrespective of whether the lease results in ownership being transferred to the lessee unless the provisions of the IPARD III programme provide for it;
- (c) fines, financial penalties and expenses of litigation;
- (d) operating costs, except where duly justified by the nature of the measure in the IPARD III Programme or in the case of *force majeure* or exceptional circumstances;
- (e) second hand machinery and equipment and consumables (commodities which are not durable);
- (f) bank charges, costs of guarantees and similar charges;
- (g) conversion costs, charges and exchange losses associated with the IPARD euro account, as well as other purely financial expenses;
- (h) contributions in kind, including own labour costs;
- (i) the purchase of agricultural production rights, animals, annual plants and their planting;
- (j) any maintenance, depreciation and rental costs, except where duly justified by the nature of the measure in the IPARD III Programme or in case of *force majeure* or exceptional circumstances;
- (k) any cost incurred and any payments made by the public administration in managing and implementing assistance, including those of the Management Structure and IPARD Managing Authority/IPARD Agency and, in particular, overheads, rentals and salaries of staff employed on activities of management, implementation, monitoring and control,

except where duly justified by the nature of the measure in the IPARD III Programme.

Unless the EC expressly and explicitly decides otherwise, the following expenditure shall also not be eligible:

- (a) expenditure on projects which, before completion, have charged fees to users or participants unless the fees received have been deducted from the costs claimed;
- (b) promotional costs, other than in the collective interest;
- (c) expenditure incurred by a recipient of whose capital more than 25% is held by a public body or bodies unless the Commission has so decided in a specific case on the basis of a complete reasoned request from the RS. The Commission shall take its decision within three months of receiving the request. This exclusion shall not apply to expenditure for measures of which the recipient is/can be a public body, i.e.:

Measure 5 - Implementation of local development strategies - LEADER approach;

Measure 6 - Investments in rural public infrastructure;

Measure 9 - Technical assistance;

Measure 10 - Advisory services;

Measure 11 - Establishment and protection of forests.

### **Economic viability**

Economic viability of the recipient is an eligibility condition for Measure 1, Measure 3 and Measure 7.

The viability should be demonstrated and proven at the application stage, through the business plan for the whole AH considered as a single legal and economic entity, otherwise the application will not be considered eligible. Eligible for support are recipients who are economically viable at the end of the realisation of their investment. Further details are given in relevant measure fiches for Measure 1, Measure 3 and Measure 7.

The purpose of the viability verification is to ensure the investment can be feasibly financed by the recipient and that the recipient can sustain the economic activity related to the supported investment for the life span of the project (typically at least 5 years past the final payment).

The main criteria that will be used by the IPARD Agency to assess the business plans such as feasibility studies, credibility of assumptions and assessment of the financial situation are in the Annex 18.2. Description of methodology for assessment of the economic viability of recipients to the Programme.

The IPARD funds granted to the recipient must be taken into account when calculating the economic viability of the recipient.

*Ex-post* verifications shall be carried out on investment operations in order to verify whether substantial modifications were made to the project. As a check of economic viability, it is verified whether the project is operational and operating or not.

### **Rules applied for payment of instalments and advanced payments**

The eligible investment activities have to take place after the IPARD Agency has issued an act on project approval/the contract with the IPARD Agency. The payment of the public aid will be made on the basis of the payment request and justifying documents, which prove the realisation of activities and their eligibility. The form of the payment request is established by the IPARD Agency.

Concerning purchase of machinery and equipment, the payment will be made as a single payment at the end of the investment. For private investments, which involve construction activities, the payment can be made in a maximum of two instalments according to recipient's choice, stipulated in the act on project approval/contract. In this case, the first instalment shall be paid after the finalisation of the construction or reconstruction works, and the second instalment - after the installation of the equipment, i.e. at the end of the investment.

In case of public investments under measure “Investments in rural public infrastructure” implemented by public recipient (LSGUs), the number of instalments may be extended in line with the number of construction phases, according to public recipients' choice, stipulated in the act on project approval/contract.

Advance payments to recipients may be provided from the budget of this Programme, according to rules and conditions of advance payments being established on the basis of the SA. Payments of advances qualify as eligible expenditure up to 50% of the public aid related to the investment and shall be subject to the establishment of a bank guarantee or an equivalent guarantee corresponding to 110% of the amount of the advance.

### **Deadweight**

Deadweight means that recipients receive subsidies for projects that would have been implemented even without the subsidy. Those recipients should be excluded by a tailored procedure, by focusing of the Programme towards sectors and territories with structural disadvantages resulting in underinvestment and slow or negative growth rates. Thus, programme resources are focused on the investments that would not be implemented without public support.

To further reduce the deadweight risk in some of the selected sectors, investments to renewable energy production will have a priority.

### **Investments in renewable energy**

Under this investment support, the selling of electricity into the grid is allowed as far as the “self-consumption” limit is respected (i.e. electricity sold into the grid equals on average the electricity taken out in the course of the year), except for Measure 6 and Measure 7. This is justified by the fact that, as electricity cannot be stored, it must, unless wasted, be sold into the grid; the electricity grid can be conceived as a storage place for electricity where it is introduced and withdrawn during the year in the similar amount and at a different rhythm. The concept of “self-consumption” should be checked at the stage at which a project is submitted/assessed. The investment is considered eligible when the (theoretical) power capacity of the renewable

energy plant (“the investment”) does not exceed 120% of the three years-average (“self-consumption”) of the farm. In case of new farms or farms which have substantially changed the size of their operations in the last three years, the expected consumption should be estimated by the IPARD agency. The same concerns the expected increase in power consumption due to the new investments to be made by the potential recipient based on the same application.

### **Targeting of measures**

Targeting of measures is achieved through:

- Eligibility criteria limiting support to priority sectors and target groups; Groups are targeted based on: necessity to upgrade to EU standards, production level, sustainability of production and size of recipients;
- Selection criteria targeting support to the priorities of IPARD III Programme and measures objectives.

## **8.2. Administrative procedure**

Potential recipients should submit applications for project approval with required supporting documents to the IPARD Agency within the specified period of time. Administrative verification of the applications for support will be conducted in the following stages: timeliness and completeness verification, compliance verifications regarding the common and specific eligibility criteria, verification of cost reasonableness and their eligibility and calculation of the aid including the EU and national contribution. The administrative verifications shall be documented on detailed checklist templates.

Upon receipt of applications for project approval, a ranking list shall be formed according to the ranking criteria by the IPARD Agency. The ranking list shall be created and projects selected following each public call. In case when there are more projects with the same number of points awarded according to the ranking criteria, the ones with an earlier date of the submission will be selected. In case when there is lower number of applications than the available funds for support, the ranking procedure shall not be implemented.

### **Verifications of expenditure, eligibility and assessment of economic and financial viability**

IPARD Agency uses suitable evaluation system of controls to cover key requirements for the purpose of verification of reasonableness of costs applicable for investments and expenditures from the List of Eligible Expenditures (LEE).

For the verification of reasonableness of costs, the IPARD Agency uses prescribed standards and verification systems such as reference costs, standard unit costs, a comparison of different offers or an evaluation committee. The reference price is the price of the investment or part of the investment which is determined on the basis of the market price and serves to determine the basis for the calculation of IPARD subsidies.

Creation of the reference price is initiated by gathering prices for each item of an investment from different sources: pro-forma invoices, price catalogues i.e. catalogues obtained during market research. Once sufficient number of price sources has been gathered in order to have

three eligible prices for each item of an investment, calculation methodology is implemented, but extreme amounts (the highest and the lowest ones) are excluded. Arithmetic mean of at least three acceptable and eligible amounts i.e. prices from the pro-forma invoices represents a reference price of the particular investment for which the reference price is required.

The database of reference prices is managed and regulated by the IPARD Agency in accordance with special regulations.

Also, the IPARD Agency performs a business plan evaluation, through an analysis of the economic indicators. The verification of calculation of the eligible expenditures and the business plan evaluation is performed using the “four eyes” principle of control.

On-the-spot check can be carried out on eligible potential recipients. During on-the-spot check, a control report shall be drafted with details of the verifications carried out. On-the-spot-checks may be done using physical visits or alternative means, such as any relevant documentary evidence, including geotagged photos, which would permit definitive conclusions to be drawn.

If verifications of the application for project approval confirm its eligibility and compliance with requirements of the Programme and national legal framework, the IPARD Agency shall issue an act on project approval/sign the contract with the recipient.

### **Rejection of projects**

If upon verifying the completeness and eligibility for exercising the right to IPARD support, the application does not meet the prescribed requirements, the IPARD Agency prepares an act on rejection of the application, using the “four eyes” principle of control.

### **Project implementation**

In accordance with the SA, the IPARD Agency shall monitor the progress in the execution of investments, in order to ascertain that recipients, comply with the obligations set out in the act on project approval/contract.

The recipient undertakes an obligation to provide relevant data on a quarterly basis within the timeframe specified in the act/contract.

After completion of the investment the recipient should send the payment request supported by the required documents, including the original invoices within the time specified in the act on project approval/contract. Administrative verification of the payment request will be performed in the following stages: completeness check, compliance check regarding the common and specific criteria, verifying the eligibility of expenditure and calculation of the aid including the EU and national contribution. The administrative verification shall be documented on detailed checklist templates. The technical bodies should verify the fulfilment of national and EU standards where it is required by the provisions of the Programme. Those verifications shall be executed on the basis of the written agreement concluded between the IPARD Agency and the technical bodies.

On-the-spot checks shall be carried out on all eligible payment requests. During on-the-spot check, a control report will be drafted with details of the verifications carried out. On-the-spot-checks may be done using physical visits or alternative means, such as any relevant



documentary evidence, including geotagged photos, which would permit definitive conclusions to be drawn.

If verifications of the payment request confirm its eligibility and compliance with requirements of the Programme and national legal framework, the IPARD Agency shall issue an act on approval of the payment request.

The execution of payments should be made to the recipients' bank account. The book-keeping of commitments, payments, debtors and recoveries including the preparation of the financial reports will be performed according to the procedures of the IPARD Agency.

On investment operations, on-the spot checks after payment (*ex-post*) shall be carried out within 5 years of the date of final payment. All investments shall be checked at least once during the five-year period. Ex-post verifications may be done using physical visits or alternative means, such as any relevant documentary evidence, including geotagged photos, which would permit definitive conclusions to be drawn.

Public procurement for all projects within Measure 6 and Measure 9 should be carried out in accordance with the rules for external aid of the EC contained in the Financial Regulation and Practical Guide to Contracting Procedure for European Union external action (PRAG). All above described administrative procedure is not completely applicable on Measure 9.

The measures should be implemented in line with the written procedures prepared by the IPARD Agency. In addition, the IPARD Agency will prepare the Guides for Recipients that will include, among other provisions, a description of the administrative procedure. All the provisions stated above are subject to entrustment and the final provisions will be laid down in the procedures of the IPARD Agency.

### **8.3. Description by Measure**

#### **8.3.1. INVESTMENTS IN PHYSICAL ASSETS OF AGRICULTURAL HOLDINGS**

##### **8.3.1.1. Legal basis**

- *Article 3 of the Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPA III)*
- *Article 29 1 (1) of the Sectoral Agreement*
- *Annex 4 of the Sectoral Agreement*

##### **8.3.1.2. Rationale**

Current state of technical equipment in the agri-food sector requires significant investments in strengthening the production chain through the modernisation of physical assets and the introduction of new technologies. In accordance with the NARDS, support should be allocated to recipients to increase productivity and competitiveness of agricultural production and achieving the EU standards of animal welfare and environmental protection.

According to the FSS 2018, the agricultural mechanisation is outdated. The average age of tractors and connecting mechanisation is very unfavourable. The majority of AHs (86%) tractors and connecting mechanisation is older than 20 years, which supports the fact that AHs of low economic power are predominant in the RS. Furthermore, only 2,097 AHs (0.5%) own tractors of the age production less than one year. When it comes to the age of combine harvesters, the majority of AHs (82.2%) possess combine harvesters older than 20 years, while only 0.3% AHs own combine harvesters younger than one year. It is necessary to modernise the production infrastructure and equipment in order to achieve better sustainability and competitiveness, which is conducive to the protection of the environment in general. Improved storage capacities contribute to increasing the volume of production and improving the quality of products for the market. In addition, greenfield investments will facilitate better product positioning in the domestic market and contribute to increased export, and will also contribute to the reduction of unemployment.

Without adequate financial resources a larger number of agricultural producers will not be able to meet the requirements of the new national regulations harmonised with the EU regulations. Through supporting new mechanisation and new technology, the measure will also contribute to the mitigation of the climate change impact on the agricultural sector.

Investments in renewable energy on agriculture holdings can significantly contribute to poverty alleviation through the reduced cost for electricity. Reduced energy bills provide increased disposable income for households and enterprises. In addition, investments in energy efficiency are an important part of the government's green growth strategies that contributes to reduction of GHGs emission and climate change mitigation.

### **8.3.1.3. General objectives, specific objectives**

#### **General objectives**

- To increase the efficiency, competitiveness and more sustainable agricultural production in the agri-food sector, e.g. by progressive alignment with the EU standards, strengthening the position of farmers in the food chain and supporting young farmers;
- To improve the response of the agri-food sector to public demand for high quality, safe, nutritious and sustainable food as well as animal welfare;
- To contribute to climate change mitigation, as well as sustainable energy and foster sustainable management of natural resources, such as water, soil and air.

#### **Specific objectives**

##### *Sector 1: Milk*

Specific sector objectives under this measure for the milk sector are to:

- Improve the competitiveness and sustainability of small and medium-sized but also larger sustainable dairy farms in reaching milk production quality, animal welfare and environmental protection standards through investments in the farm infrastructure and equipment;

- Improve sustainable and safe manure and/or waste and/or wastewater handling and storage in accordance with standards, at larger, specialized dairy farms.

*Sector 2: Meat*

Specific sector objectives under this measure for the meat sector are to:

- Improve environmental protection standards, production infrastructure and equipment aiming to reach sustainability and competitiveness in the EU market;
- Increase the value of agricultural production by adding value to primary products by supporting higher processing stages on holdings;
- Increase support to larger specialized holdings for investments related to EU biosafety, animal welfare, manure and/or waste and/or wastewater handling and storage standards;
- Improve horizontal integration of agricultural producers.

*Sector 3: Fruit*

Specific sector objectives under this measure for the fruit sector are to:

- Improve producers' competitiveness through support in raising new plantings and the introduction of new technologies into the existing plantations;
- Increase storage and cooling capacities, as well as upgrading picking, sorting and packaging equipment;
- Improve good agricultural practices and food safety and quality standards and strengthening the phytosanitary and food safety systems;
- Increase diversification of fruit and vegetable export to new markets.

*Sector 4: Vegetables*

Specific sector objectives under this measure for vegetable sector are to:

- Establish new production lines and renew existing production, set up greenhouses;
- Improve machinery and equipment to reduce postharvest losses and to improve production process through the entire production chain;
- Improve storage facilities for vegetables;
- Increase export in total and increase the value of export per unit of arable land through intensifying production and adding value to products;
- Increase the yield of the largest number of commercial producers.

*Sector 5: Cereals and industrial crops*

Specific sector objectives under this measure for the crop sector are to:

- Enhance competitiveness of small and medium sized producers through support for investments aiming to improve production and storage;
- Increase and improve the quality of storage capacities through their construction, expansion, renovation, modernisation and equipping;
- Promote precision agriculture and preserving land quality.

*Sector 6: Eggs*

Specific sector objectives under this measure for the egg sector are to:

- Improve competitiveness and productivity of agricultural holdings, which are engaged in the production of eggs through the investments in the construction of facilities and purchase of equipment;
- Achieve of EU standards regarding the safety and quality of eggs, animal welfare and environmental protection, through investments related to the construction of facilities and the purchase of equipment for keeping (breeding) laying hens, the storage and distribution of manure, as well as the production of energy from renewable sources in the agricultural holding.

*Sector 7: Viticulture*

Specific sector objectives under this measure for the wine sector are to:

- Improve the mechanisation and machines, and introducing these into the adapted modern viticulture production with a large number of grapevine plants per hectare;
- Increase the area of irrigated vineyards and those with anti-hail protection systems;
- Increase the area with the vineyards of high quality grapes intended for the production of wines with geographical indications;
- Improve storage capacities for table grapes.

*Sector 8: Fishery*

Specific sector objectives under this measure for the fishery sector are to:

- Improve competitiveness and productivity of agricultural holdings, which are engaged in the fishery production through the reconstruction of existing facilities, construction of brand new aquaculture production facilities and equipment used on a fish farm;
- Achieve biosecurity and environmental protection EU standards regarding the safety and quality of fishery and animal welfare, through investments related to the construction of facilities and the purchase of equipment;
- Improve the infrastructure (road network, water distribution, electricity network and distribution) on ponds (of all types) which will improve sustainability and competitiveness in the EU market.

**8.3.1.4. Linkage to other IPARD measures in the programme and to national measures**

This measure is linked with the Measure 3 in a way that improving processing capacities also contributes to enhancing quality in the production of primary agricultural products. Producers are encouraged to produce larger quantities of quality primary products used in the processing process and thus strengthen the value chain. Demarcation is assured by type of recipients, in Measure 1 to AHs designated to primary production, while in the Measure 3 recipients are commercial enterprises in product processing.

Within the National Programme for Rural Development, support for lower intensity investments has been provided. Recipients are agricultural producers who invest in the

improvement of physical assets on their farms. A clear demarcation between the IPARD support and national measures for supporting rural development is presented in Chapter 10.3.

#### **8.3.1.5. Recipients**

Recipients under this measure are farmers, whether natural or legal persons, legal entities<sup>74</sup> (micro, small and medium-sized private agricultural enterprises, cooperatives, etc.) responsible for carrying-out and financing investments on AHs. All recipients have to be registered in the national Register of AHs.

#### **8.3.1.6. Common eligibility criteria**

##### **Types of eligible holdings**

- When the recipient is not an owner of the AH where the investment is carried out, a contract which includes provisions allowing for the structural effects of the project during at least 10 years after submission of application for project approval, should be established between the parties concerned.
- AH without outstanding tax or social security payments against the state, at time of submission of application/payments request;
- AH without submitted application for the same investment in another public grant or subsidy scheme;
- AH without obligations under previously approved investments financed by the MAFWM;
- In case when the recipient is a legal entity, proof that its accounts have not been blocked at the moment of submitting an application, and that they have not been blocked for more than 30 days, within 12 months' period prior to the submission of application;
- Recipients shall have less than 25% of their capital or voting rights held by public bodies, and shall be registered in the national Register of AHs.

##### **Economic viability of the recipient**

The economic viability of the recipient must be demonstrated by means of a business plan. The business plan includes a brief description of business activities, its current assets and liabilities, human resources, a description of the investment proposed, its financing and projections on the future economic operation (incl. marketing).

The criteria to be used by the IPARD Agency to assess the future economic viability of the AH are presented in Annex 18.2. Description of methodology for assessment of the economic viability of recipients.

The business plan has to be in line with the template provided by the IPARD Agency in the rulebook on the implementation of this measure. For investments exceeding EUR 100,000 a

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<sup>74</sup> Annex 18.1. Definition of small and medium enterprises.

complete business plan is needed, and for smaller investments (below EUR 100,000) it has to be in the simplified form as defined in the application form.

Economic viability is defined as full utilisation of the AH resources on an optimal scale. The agricultural holding should demonstrate that it will be able to service its debt obligations regularly, without putting the normal operation of the AH at risk. The purpose of the viability check is to ensure the investment can be feasibly financed by the recipient and that the recipient can sustain the economic activity related to the supported investment for the life span of the project.

### **National standards/EU standards**

Recipients supported under IPARD III should meet the relevant national standards as regards registration of the farm, recognition of cooperatives, animal welfare and environmental protection, food and feed hygiene as well as identification and registration of animals.

If the national standards are similar to the EU standards, in duly justified cases, derogation from this rule may be approved by the EC. The fulfilment of appropriate national standards for AHs with up to 15 ha in the Cereals and industrial crops, Fruit, Vegetable and Viticulture sector will be checked only within the sector of investment, and not on the entire AH.

No later than before the final payment of the investment, the entire holding must comply with the appropriate national standards in force regarding environmental protection, animal welfare, food and feed hygiene as well as identification and registration of animals.

A full list of these standards is included in Annex 18.5. List of relevant national standards of the programme and will be made available to the applicants with the documents of the call for proposals.

The investment, when concluded, must respect the relevant EU standards as regards environmental protection and animal welfare.

In case a collective investment is implemented by a legally established entity on behalf of their members, the national standards shall apply to the assets of the entity and not to the assets owned by each participant/member of this entity.

At the latest before the final payment, if relevant, the national veterinary and environmental authorities must assess whether the respective EU and national standards are met. In this case, the authorities should issue a certificate confirming the above.

### **Other eligibility criteria**

Supported investments in production of products must be covered by Annex I to the TFEU, including fishery products, and/or the development of new products, processes and technologies linked to products covered by Annex I to the TFEU, including fishery products. The output of the production process may be a product not covered by the Annex.

At the moment of submission of application for support applicants should prove sufficient agriculture experience and competences in one of the following categories:

- agricultural or veterinary secondary school education,

- or at least three years of agricultural experience (proved by a professional service record from the employer or registered for that time period in the Register of AHs),
- or university degree,
- or primary/secondary school education and commitment in writing that they will follow a training course with a minimum duration of at least 50 teaching hours in the relevant sector before applying for the final payment.

In case of legal entities, the aforementioned requirements apply to managers.

Only investments made after the issuing an act on project approval/signing of the contract can be considered eligible for reimbursement by the IPARD Agency, except for general costs, such as feasibility studies and other consultancy costs related to the preparation of the application. General costs may occur before the contract for project co-financing between the recipient and the IPARD Agency is concluded or the decision on approving the project for implementation is issued, but not earlier than 1<sup>st</sup> January 2021.

Recipients within the IPARD framework can obtain support for only one tractor, with a maximum power (not exceeding 100 kW) based on scale and nature of activity. Out of the total amount of EU funds allocated for this measure, a maximum of 20% can be spent on purchase of tractors. In case of investments for the purchase of tractors and farm equipment, these investments shall respect the relevant EU legislation as regards environmental protection<sup>75</sup>, in particular as regards gaseous and particulate pollutant emission limits<sup>76,77</sup>.

For a period of 5 years after the final payment by the IPARD Agency, the recipient is obliged to use the investment for the purpose it was intended, without substantial modifications affecting its nature or its implementation conditions, or giving undue advantage to a company or a public body, and/or resulting either from a change in the nature of ownership of an item of infrastructure, or cessation or relocation of a productive activity co-financed.

The recipients are obliged to keep all accounting records for at least 7 years after the investments take place as well as to collaborate and provide any requested information to the officials of the respective Ministry, IPARD Agency, European Commission and European Court of Auditors authorised to control and audit the implementation of the project as well as NAO/NF and Audit Authority and to other authorised organisations and institutions upon request from the IPARD Agency.

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<sup>75</sup> Specific section for the automotive industry related to tractors is provided on the website of the EC ([https://ec.europa.eu/growth/sectors/automotive/legislation/tractors\\_en](https://ec.europa.eu/growth/sectors/automotive/legislation/tractors_en)).

<sup>76</sup> Regulation (EU) No 167/2013 of the European Parliament and of the Council on of 5 of February 2013 on the approval and market surveillance of agricultural and forestry vehicles, and Commission delegated regulation (EU) 2018/985 supplementing Regulation (EU) No. 167/2013 of the European Parliament and of the Council as regards environmental and propulsion unit performance requirements for agricultural and forestry vehicles and their engines and repealing Commission Delegated Regulation (EU) 2015/96.

<sup>77</sup> In line with DG AGRI guidance of Ares (2019)6933835-08/11/2019.

### **Investments in renewable energy**

Under this investment support, the selling of electricity into the grid is allowed as far as the “self-consumption” limit is respected (i.e. electricity sold into the grid equals on average the electricity taken out in the course of the year). This is justified by the fact that, as electricity cannot be stored, it must, unless wasted, be sold into the grid. The electricity grid can be conceived as a storage place for electricity where it is introduced and withdrawn during the year in the similar amount and at a different rhythm.

The concept of “self-consumption” should be checked at the stage at which a project is submitted/assessed. The investment is considered eligible when the (theoretical) power capacity of the renewable energy plant (“the investment”) does not exceed 120% of the 3 years-average (self-) consumption of the farm.

In case of new farms or farms which have substantially changed the size of their operations in the last 3 years, the expected consumption should be estimated by the IPARD Agency. The same concerns expected power consumption increases due to the new investments to be made as part of the same application by the potential recipient.

#### **8.3.1.7. Specific eligibility criteria (per sector)**

##### **Sector 1: Milk**

AHs having, at the end of the investment, minimum 30 and up to maximum 300 cows, are eligible for the following:

- Investments in the construction and/or in reconstruction and/or in equipment of facilities or stables for milk cows, including equipment facilities for milk production like milking machines, on-farm milk cooling and storage facilities on farm premises; in facilities and equipment for waste management, waste water treatment, air pollution prevention measures, in construction and/or in reconstruction of manure storage capacities including specific equipment of facilities for handling and usage of animal feed and manure, such as manure reservoirs, specialized manure transportation equipment;
- Investments in farm mechanisation (including tractors up to 100 KW) and equipment;
- Investments in on-farm energy production from renewable sources.

AHs with more than 300 cows at the beginning of investment are eligible for:

- Investments in the construction and/or reconstruction of manure storage capacities and/or in specific equipment and mechanisation of facilities for handling and usage of manure;
- Investments in on-farm energy production from renewable sources;
- Investments in improving biosafety measures.



## **Sector 2: Meat**

AHs, having at the end of the investment a total capacity of minimum 30 and up to maximum 1,000 cattle, and/or minimum 200 and up to maximum 1,000 sheep and/or goats, and/or minimum 30 up to maximum 400 sows, and/or minimum 200 and up to maximum 10,000 fattening pigs and/or minimum 1,000 and up to maximum 10,000 turkeys and/or minimum 300 and up to maximum 3,000 geese and/or minimum 5,000 and up to maximum of 50,000 broiler chickens per tour, and/or having at the end of the investment a registered facility for keeping/breeding of parent flocks, are eligible for the following:

- Investments in construction and/or in reconstruction and/or in equipment of facilities or stables, in facilities and equipment for farm biosecurity in facilities and equipment for waste management, waste water treatment, air pollution prevention measures, in construction and/or in reconstruction of manure storage capacities including specific equipment of facilities for handling and usage of animal feed, fodder and manure, like manure reservoirs, specialized manure transportation equipment;
- Investments in farm mechanisation (including tractors up to 100 KW) and equipment;
- Investments in on-farm energy production from renewable sources.

AHs with capacity of more than 1,000 cattle and/or more than 1,000 sheep and/or goats and/or more than 400 sows, and/or more than 10,000 pigs and/or more than 10,000 turkeys and/or more than 3,000 geese and/or more than 50,000 broiler chickens per tour, at the beginning of investment are eligible for:

- Construction and/or in reconstruction of manure storage capacities and/or in specific equipment and mechanisation of facilities for handling and usage of manure;
- Investments in on-farm energy production from renewable sources;
- Investments in improving biosafety measures.

## **Sector 3: Fruits**

AHs with eligible investments more than EUR 50,000 are eligible for:

- Purchase of tractors (up to 100 kW), machinery and equipment;
- Construction/extension/renovation/modernisation of greenhouses (covered with glass and/or plastic) as well as the purchase of equipment and/or materials for fruit production and nursery production;
- Investments in on-farm systems for protection against hail (including computer equipment) for orchards;
- Investments in on-farm irrigation systems using groundwater (extraction from springs, wells) and surface water (withdrawn from rivers, lakes and reservoirs) and construction of irrigation system, including pumps, pipes, valves and sprinklers which will replace old inefficient systems and contribute to savings in quantity of used water;

- Investments in establishing and restructuring of fruit plantations (purchase of perennial seedlings material - except annual plants), including soil preparation;
- Investments in construction and/or in reconstruction and/or in equipment of facilities for storage facilities for fruit, including ULO capacities.

AHs registered in the Register of producers of fruit, grapevine and hop planting material in accordance with the Law on Planting Material (“Official Gazette of the RS”, No. 18/05 and 30/10) with eligible investments of more than EUR 50,000 are eligible for:

- Investments in on-farm irrigation systems using groundwater (extraction from springs, wells) and surface water (withdrawn from rivers, lakes and reservoirs) and construction of irrigation systems including pumps, pipes, valves and sprinklers to savings in quantity of consumed water;
- Planting new mother plantations of higher phytosanitary categories of planting material;
- Construction of facilities for conservation and multiplication of planting (nursery) material and purchase of equipment/devices/materials (including plant material) for nursery production, as well as storage facilities for preserving planting material.

#### **Sector 4: Vegetables**

AHs with eligible investments of more than EUR 50,000 are eligible for:

- Purchase of tractors (up to 100 kW), machinery and equipment;
- Construction/extension/renovation/modernisation of greenhouses (covered with glass and/or plastic) as well as the purchase of equipment and/or materials for vegetable production and harvesting and nursery production;
- Investments in on-farm irrigation systems (open field) for vegetables using groundwater (extraction from springs, wells) and surface water (extraction from rivers, lakes and reservoirs) and construction of system, including pumps, pipes, valves and sprinklers which will replace old inefficient systems and contribute to savings in quantity of used water;
- Investments in construction and/or in reconstruction and/or in equipment of facilities for storage facilities for vegetables, including ULO capacities;
- Investments in on-farm energy production from renewable sources.

AHs registered in the Register of producers of seeds, seedlings, mycelia of edible and medicinal mushrooms in accordance with the Law on seeds (“Official Gazette of the RS”, No. 45/05 and 30/10) with eligible investments of more than EUR 50,000 are eligible for:

- Investments in on-farm irrigation systems using groundwater (extraction from springs, wells) and surface water (withdrawn from rivers, lakes and reservoirs) and construction of irrigation systems including pumps, pipes, valves and sprinklers which will replace old inefficient systems and contribute to savings in quantity of used water;
- Construction of facilities for conservation and multiplication of seeds and seedlings, and

purchase of equipment for seedling production, including storage facilities for preserving seed and seedlings.

### **Sector 5: Cereals and industrial crops**

AHs from 50 to 100 ha of land under cereals and industrial crops at the end of investment are eligible for the following investments:

- Purchase of tractors (up to 100 kW);
- Purchase of mechanisation and machinery (except combine harvesters) for agriculture production;
- Construction of storing facilities and equipment.

AHs which have minimum 2 and up to maximum 100 ha of land under hop production at the end of investment are eligible for investments in:

- Purchase of tractors (up to 100 kW);
- Purchase of mechanisation and machinery (except combine harvesters) for agriculture production;
- Construction of storing facilities and equipment.

AHs which have more than 100 ha of land under cereals and industrial crops at the beginning of the investments are eligible for investments in:

- Construction, extension, renovation, modernisation and equipping of storing facilities, purchase of mechanisation and machinery for conservation land cultivation.

Investments in the tobacco and hemp production are not eligible under IPARD III Programme.

### **Sector 6: Eggs**

AHs with a total capacity of the facility with the minimum of 5,000 and the maximum of 200,000 laying hens in exploitation, i.e. agricultural holdings that have a registered facility for the production of the parent flocks of light breeding stock lines, i.e. laying hens breeding, at the end of the investment, are eligible for following:

- Investments in construction and/or equipment of facilities for laying hens, production and storage of eggs, as well as animal feed; waste management facilities, wastewater treatment, air pollution prevention measures, construction of manure storage capacities;
- Investments in farm mechanisation (including tractors up to 100 kW) and equipment;
- Investments in on-farm in energy production from renewable sources.

AHs with a total capacity of facility with more than 200,000 laying hens, at the beginning of the investment, are eligible for the following:

- Investments in re-construction related only to replacement of old unenriched cages and or equipment for meeting EU standards regarding animal welfare, facilities and equipment for waste management, wastewater treatment, air pollution prevention measures, construction

of manure storage capacities;

- Investments in on-farm energy production from renewable sources;
- Investments in improving biosafety measures.

### **Sector 7: Viticulture**

AHs registered in the Vineyard Register in accordance with the Law on Wine (“Official Gazette of the RS”, No. 41/09 and 93/12 and its subsequent modifications) with a minimum of 2 ha and a maximum of 100 ha of vineyards, at the end of the investment are eligible for:

- Purchase of tractors for orchards and vineyards (up to 100 kW), plant protection, cutting, tarping and harvesting machines and machines for other agro-technical and ameliorative measures and equipment;
- Investments in on-farm systems for protection against hail (including computer equipment);
- Investments in on-farm irrigation systems using groundwater (extraction from springs, wells) and surface water (withdrawn from rivers, lakes and reservoirs) and construction of irrigation systems including pumps, pipes, valves and sprinklers to replace old inefficient systems and contribute to savings in quantity of consumed water;
- Construction and/or reconstruction and/or equipping of storage facilities for table grapes, including ULO capacities.

AHs registered in the Register of producers of fruit, grapevine and hop planting material in accordance with the Law on Planting Material (“Official Gazette of the RS”, No. 18/05 and 30/10 and its subsequent modifications) with eligible investments more than EUR 50,000 are eligible for:

- Investments in on-farm protection systems against hail for mother plantations, nursery plantations, vineyards and other (including computer equipment);
- Investments in on-farm irrigation systems using groundwater (extraction from springs, wells) and surface water (withdrawn from rivers, lakes and reservoirs) and construction of irrigation systems including pumps, pipes, valves and sprinklers to savings in quantity of consumed water;
- Planting new mother plantations of higher phytosanitary categories of planting material;
- Construction/extension/adaptation of facilities for conservation and multiplication of planting (nursery) material and purchase of equipment/devices/materials (including plant material) for nursery production, as well as storage facilities for preserving planting material.

### **Sector 8: Fishery**

AHs having at the end of the investment a total capacity of facility of minimum 10 tonnes of fish annually are eligible for:

- Investments in construction of brand new aquaculture production facilities and

reconstruction of existing facilities including investments in infrastructure (road network, water distribution, electricity network and distribution) on fish farms (of all types).

- Investments in new equipment which will be used for fish farming and transport, respecting biosecurity and environmental protection standards;
- Investments in renewable energy (construction of installation and equipment) primarily focused on own needs.

### 8.3.1.8. Eligible expenditures

- Supported investments must be covered by Annex I to the TFEU.
- General costs can only be considered eligible for co-financing if the applicant has requested support for general costs in the application providing detailed documentation justifying the reality and validity of the costs and if the project to which they relate is actually selected and contracted by the IPARD Agency.
- Costs for information and publicity activities at project level, which are of the responsibility of the recipients will be considered eligible for co-financing if the activities are in compliance with the publicity and visibility rules applicable for the Programme.
- The recipient has to provide detailed documentation justifying the reality and validity of the costs with the payment/s request submitted to the IPARD Agency. The IPARD Agency is responsible to check the reality and validity of the costs and to publish in the recipient’s guides the set of requirements and documents needed for justification of costs by the applicant/recipient.

### 8.3.1.9. Selection criteria/Principles regarding selection criteria

Table 40: Selection criteria for Measure 1

Type of selection criteria	Answer	Points
The investment is located in areas with difficult working conditions in agriculture <sup>78</sup>	yes/no	14/0
Investments in manure storage, effluent treatment and handling	yes/no	13/0
Applicant is a natural person, under 40 years of age at the time of submitting the application	yes/no	7/0
Applicant is a female natural person	yes/no	5/0
Investments in renewable energy production	yes/no	13/0
Applicant is certified for organic production and/or is recipient under Measure 4	yes/no	11/0
Applicant has secondary school/higher school/university degree in the field of agriculture or veterinary	yes/no	6/7/9/0

<sup>78</sup> The areas with difficult working conditions in agriculture includes the list of settlements in mountain areas as presented in Rulebook on determining areas with difficult working conditions in agriculture (“Official Gazette of the RS”, No. 132/21 and its subsequent modifications).

## IPARD III Programme 2021 – 2027

Project is the result of cooperation with R&D organisations accredited in the RS	yes/no	7/0
Applicant has not yet been registered as recipient of IPARD support	yes/no	6/0
Applicant is a member of agricultural cooperative or agricultural cooperative	yes/no	4/8/0
The investment refers to the construction of the facility	yes/no	7/0

### 8.3.1.10. Aid intensity and EU contribution rate

Public aid under this measure is up to 60% of the total eligible cost of the investment. It can be increased up to:

- 65% for investments in mountain areas,
- 70% for applications submitted by certified organic farmers and/or young farmers (a farmer, who is a natural person, under 40 years of age at the time of submitting the application, possessing adequate occupational skills and competences).

An additional 10%, provided that cumulative combined support does not exceed 75%, can be given for:

- investments related to effluent and waste management and renewable energy;
- collective investments.

EU co-financing rate is 75% of the public aid.

A recipient can claim the support, irrespective of the total value of the investment, for eligible expenditure within the following ceilings:

- Minimum EUR 20,000;
- Maximum EUR 1,000,000.

Recipient can receive a total support of maximum EUR 2,000,000 of public support under this measure for the entire IPARD III programming period.

The next application for project approval may be approved to the recipient if:

- the recipient has submitted a request for the final payment of the previously approved project or
- the deadline for the realization of the investment and submission of the request for final payment of previously approved project has expired or
- the previously submitted application for project approval is withdrawn by the recipient.

### 8.3.1.11. Budget per measure

Table 41: Budget for the period 2021-2027 for Measure 1

Year	Total eligible cost EUR	Public expenditure						Private contribution	
		Total		EU contribution		National contribution		EUR	%
		EUR	%	EUR	%	EUR	%		
1	2=3+9	3=5+7	4=3/2	5	6	7	8	9	10=9/2
2021	18,888,888.89	11,333,333.33	60	8,500,000.00	75	2,833,333.33	25	7,555,555.56	40
2022	24,444,444.44	14,666,666.67	60	11,000,000.00	75	3,666,666.67	25	9,777,777.78	40
2023	25,111,111.11	15,066,666.67	60	11,300,000.00	75	3,766,666.67	25	10,044,444.44	40
2024*	28,666,666.67	17,200,000.00	60	12,900,000.00	75	4,300,000.00	25	11,466,666.67	40
2025*	33,777,777.78	20,266,666.67	60	15,200,000.00	75	5,066,666.67	25	13,511,111.11	40
2026*	33,755,555.56	20,253,333.33	60	15,190,000.00	75	5,063,333.33	25	13,502,222.22	40
2027*	27,355,555.56	16,413,333.33	60	12,310,000.00	75	4,103,333.33	25	10,942,222.22	40
<b>Total</b>	<b>192,000,000.00</b>	<b>115,200,000.00</b>		<b>86,400,000.00</b>		<b>28,800,000.00</b>		<b>76,800,000.00</b>	

\*Indicative budget

### 8.3.1.12. Indicators and targets to be used in the programme

Table 42: Indicators and targets for Measure 1

Indicators for Measure 1 - Investments in physical assets of agricultural holdings	Target value by 2027
Number of farms and agri-food processing enterprises supported by IPARD in modernisation	850
Total investment on farms and agri-food sector in modernisation	192,000,000
Number of farms and food processing enterprises receiving IPARD investment support to progressively align with the EU hygiene and animal welfare standards	125
Number of jobs created	100
Number of young farmers receiving IPARD support for investment	340
Number of supported producer groups/organisations	0
Number of farmers participating in supported Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes	0
Number of collective investments	0
Number of IPARD recipients with support in investments related to care for the environment or climate change	0
Number of IPARD recipients with support in investments related with manure management	125

Number of IPARD recipients with support in investments in waste treatment or management	21
Number of IPARD recipients with support in investments in renewable energy production	42
Number of projects with circular economy-type investments	0

### 8.3.1.13. Administrative procedure

Indicative tasks of the administrative procedure for performance of the measure are presented in Chapter 8.2.

The measure should be implemented in line with the written procedures on internal control prepared by the IPARD Agency, accredited by the NAO and approved by the EC. In addition, the IPARD Agency will prepare the Guide for Recipients that will include, among other provisions, a description of the administrative procedure.

### 8.3.1.14. Geographical scope of the measure

This measure applies in areas as defined in the Programme Chapter 2.1.

### 8.3.1.15. Other information specific to the measure (if defined in the measure fiche)

N/A

## 8.3.2. INVESTMENTS IN PHYSICAL ASSETS CONCERNING PROCESSING AND MARKETING OF AGRICULTURAL AND FISHERY PRODUCTS

### 8.3.2.1. Legal basis

- *Article 3 of the Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPA III)*
- *Article 29 1 (3) of the Sectoral Agreement*
- *Annex 4 of the Sectoral Agreement*

### 8.3.2.2. Rationale

According to the data obtained from the sector analysis, as precisely described in Chapter 3, the food processing industry and associated marketing in the RS require significant support in modernisation of technology, enrichment of assortment of products, strengthening of market chains and improvement of production efficiency and product quality.

Investments in the modernisation of processing facilities in milk and dairy, meat, fruits, vegetables, cereals and industrial crops, egg, wine and fishery sector will increase productivity, competitiveness and overall performance of this sectors, and contribute to reaching the required EU standards. Furthermore, these investments will facilitate better positioning of products on the market and increase the export of products.



Benefits for industrial firms from investments in energy efficiency improvements include reductions in resource use and pollution, improved production and capacity utilisation, and less operation and maintenance, which lead to improved productivity and competitiveness. In addition, investments in energy efficiency are an important part of the government's green growth strategies that contributes to the reduction of GHGs emission and climate change mitigation.

Improved storage and processing capacities contribute to increasing the volume of production and improving the quality of products for the market. In addition, greenfield investments will facilitate better product positioning in the domestic market and contribute to increased export and to the reduction of unemployment as well. Without IPARD support a larger number of processors will not be able to meet the requirements of EU standards.

### **8.3.2.3. General objectives, specific objectives**

#### **General objectives**

This measure will increase the competitiveness of the agri-food sector, improve the efficiency and sustainability of the food processing industry, providing a better response of the food sector to societal demands for healthy food, including safe, nutritious and sustainable food, by investments in physical infrastructure in line with the relevant EU standards.

This measure will also help in addressing the challenge of climate change, by promoting renewable energy and circular economy.

Some actions in this measure will also contribute to reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.

#### **Specific objectives**

##### *Sector 1: Milk processing sector and marketing*

The specific objectives for the milk processing sector and marketing are to:

- Increase market competitiveness of the dairy processing capacities through introduction of new technologies, improvement of technological processes and specification of new products aiming to achieve a better position in the domestic and international markets;
- Improve milk supply, quality and microbiological safety of milk by introducing food safety and quality systems, e-management, energy efficiency improvement and energy production from renewable sources;
- Improve food safety and quality systems (GHP, GMP, HACCP and ISO) for better market competitiveness.

##### *Sector 2: Meat processing sector and marketing*

The specific objectives for the meat processing sector and marketing are to:

- Improve slaughtering, cutting and processing facilities in order to comply with EU

standards;

- Introduce new technologies, improve processes and products in order to achieve a better position in the domestic and international markets;
- Introduce food safety and quality systems (GHP, GMP, HACCP and ISO) for production monitoring, control and management;
- Improve waste and wastewater treatment management and renewable energy sources.

*Sector 3: Fruit processing sector and marketing*

The specific objectives for the fruit processing sector and marketing are to:

- Increase support to the micro, small and medium size enterprises for processing of fruit;
- Upgrade the fruit processing sector to the EU standards;
- Improve production techniques and technologies;
- Introduce food safety and quality systems;
- Improve the marketing of fruit products;
- Achieve a better position on the domestic and international markets by introducing new technologies and equipment.

*Sector 4: Vegetables processing sector and marketing*

The specific objectives for the Vegetable processing sector and marketing are to:

- Increase support to the micro, small and medium size enterprises for processing of vegetables;
- Upgrade the vegetables processing sector to the EU standards;
- Improve production techniques and technologies;
- Introduce food safety and quality systems;
- Improve the marketing of vegetables products;
- Achieve a better position on the domestic and international markets by introducing new technologies and equipment.

*Sector 5: Egg processing sector and marketing*

The specific objectives of the Egg processing sector and marketing are to:

- Improve the new and existing processing capacities, in order to comply with EU standards and increase their competitiveness and productivity;
- Introduce the new technologies and improve the processes and products in order to achieve better position on the domestic and international market;
- Introduce a safety and quality food system (GHP, GMP, HACCP and ISO);

- Improve treatment and waste management.

*Sector 6: Grape processing sector and marketing*

The specific objectives of the Grape processing sector and marketing are to:

- Increase support to the micro, small and medium-sized enterprises that produce wine/wine products and aromatized wine products;
- Improve sector competitiveness and reach EU standards;
- Improve production technology and techniques;
- Introduce quality schemes, i.e. production of value-added products,
- Improve recognition of grape originate products with geographical indications on the domestic and foreign market.

*Sector 7: Cereals and industrial crops processing sector and marketing*

The specific objectives of the Cereals and industrial crops processing sector and marketing are to:

- Improve value of primary products through the increase of processing;
- Improve competitiveness of newly established or existing processing capacities of cereals and industrial crops by expanding processing volume, improving processing technology, introducing standards and increasing quality and efficiency;
- Improve seed quality through investments in seed processing centres;
- Increase the value of export per hectare by adding value to products through processing.

*Sector 8: Fishery processing sector and marketing*

The specific objectives of the Fishery processing sector and marketing are to:

- Increase support for construction of new processing facilities,
- Introduce production of new technologies and improve existing technological processes and products with the aim of obtaining better position on domestic and international market,
- Improve diversity of fish products and packaging,
- Introduce food safety hazard systems and quality assessment standards (GHP, GMP, HACCP and ISO - 9001, 22000),
- Improve treatment and management of animal by-products.

**8.3.2.4. Linkage to other IPARD measures in the programme and to national measures**

This measure is linked to the Measure 1: Investments in physical assets of agricultural holdings, as it ensures the provision of raw materials. Improving processing capacities also contributes to improvement of quality in the production of primary agricultural products. Producers are encouraged to produce larger quantities of quality primary products used in the processing process and thus strengthen the value chain.

Distinction is assured by limiting types of recipients, in this measure recipients are enterprises dealing with marketing and processing, while in the other measure recipients are agricultural holdings designated to primary production.

Within the NRDP, support for lower intensity investments has been provided. Beneficiaries are processors who invest in the improvement of physical assets for processing. A clear demarcation between the recipients of IPARD support and national measures to support rural development is stated in the Chapter 10.3.

#### **8.3.2.5. Recipients**

Recipients are entrepreneurs and legal entities/enterprises/cooperatives, with less than 25% of their capital or voting rights held by public bodies. An enterprise can consist of one or more establishments (local production units).

Recipients have to be registered in the Business Register of Serbia and holding an active status.

#### **8.3.2.6. Common eligibility criteria**

##### **Types of enterprises supported**

Only micro, small and medium-sized enterprises are eligible (Annex 18.1. Definition of small and medium enterprises).

Enterprises not covered by the SME definition, but with fewer than 750 employees or an annual turnover not exceeding EUR 200 million, can also be eligible, however in this case support can only be granted for investments specifically intended to make the entire establishment fully compliant with the relevant EU standards.

The EC may, on the basis of a duly substantiated request from the beneficiary country, decide that assistance can also be provided to other enterprises other than those mentioned above only for investments necessary to meet specific EU standards, which involve particularly costly investments.

Such support may be granted only to enterprises identified in the national plan for upgrading to EU standards for investments specifically intended to make the entire establishment compliant with the relevant EU standards.

When the recipient is not an owner, a contract which includes provisions allowing for the structural effects of the project during at least 10 years after submission of application for project approval, should be established between the parties concerned.

The recipients:

- Should prove they have no outstanding tax or social security payments at the time of submission of an application/payment request;
- Should prove that their accounts are not blocked at the moment of submission of application, and that they were not blocked for more than 30 days, within a 12-month period prior to submission of application;

The establishments listed in the web site of EU (DG SANTE) as an EU approved third country establishment are not eligible for support for already approved production sub-sectors for export to the EU, but only for the ones that have not been approved.

For investments in renewable energy or the circular economy, the establishments, which already are on the Directorate-General for Health and Food Safety (DG SANTE) list of non-EU establishments authorised to export food of animal origin to the EU can apply irrespective of the national plan.

### **Economic viability of the recipient**

The economic viability of the recipient must be demonstrated by means of a business plan. The business plan includes a brief description of the business, its current assets and liabilities, human resources, a description of the investment proposed, its financing and projections on the future economic operation (incl. marketing).

The criteria to be used by the IPARD Agency to assess the future economic viability of the holding are presented in Annex 18.2. Description of methodology for assessment of the economic viability of recipients. The business plan should be in line with the template provided by the IPARD Agency, as Annex of Rulebook for implementation of measure. For investments exceeding EUR 100,000 as defined in IPARD implementing regulation, a complete business plan is needed, and for smaller investments, below EUR 100,000, it has to be in the simplified form as defined in the application form.

Economic viability is defined as full utilisation of the agricultural holding resources on an optimal scale. The agricultural holding should demonstrate that it will be able to service its debt obligations regularly, without putting the normal operation of the agricultural holding at risk. The purpose of the viability check is to ensure the investment can be feasibly financed by the recipient and that the recipient can sustain the economic activity related to the supported investment for the life span of the project (typically at least 5 years past the final payment).

### **National standards/EU standards**

- Not later than the final payment, the entire enterprise must comply with the main relevant national standards in force regarding environmental protection, public health (food safety aspects), animal welfare, and occupational safety (Annex 18.5. List of relevant national standards);
- At the latest before the final payment, the investment supported must meet the relevant EU standards applicable to the investment.
- At the latest before the final payment, the recipient shall provide as an obligatory part of the final payment request, a certificate from the environmental protection, public health, animal welfare, and occupational safety authorities confirming that all applicable national standards are respected in the enterprise and that the investment project is in compliance with the EU standards. In this case, the authorities should issue a certificate confirming the above. Such a certificate should be submitted to the IPARD Agency before the final payment.

A full list of these standards is included in Annex 18.5. List of relevant national standards of the Programme and will be made available to the applicants with the documents of the call for proposals.

In case the collective investment is implemented by a legally established entity on behalf of their members, the national standards apply to the assets of the entity and not to the assets owned by each participant/member of this entity.

### **Other eligibility criteria**

Supported investments in processing and/or marketing of products must be covered by Annex I to the TFEU, including fishery products, and/or the development of new products, processes and technologies linked to products covered by Annex I to the TFEU, including fishery products. The output of the production process may be a product not covered by the Annex.

The recipients are obliged to keep all accounting records for at least 7 years after the investments take place as well as to collaborate and provide any requested information to the officials of the respective Ministry, IPARD Agency, European Commission and European Court of Auditors authorised to control and audit the implementation of the project as well as NAO/NF and Audit Authority and to other authorised organisations and institutions upon request from the IPARD Agency.

### **8.3.2.7. Specific eligibility criteria (per sector)**

#### **Sector 1: Milk processing sector and marketing**

- The recipient has to be registered in the List of Establishments (according to the Law on Veterinary Matters (“Official Gazette of the RS”, No. 91/05, 30/10 and its subsequent modifications) at the end of investment;
- Is required to have capacity of 3,000 - 100,000 l of collected cow milk per day at the end of investment, or capacity of 500 – 5,000 l of collected sheep and/or goat milk per day at the end of investment.

#### **Sector 2: Meat processing sector and marketing**

- Recipients have to be registered in the List of Establishments (according to the Law on Veterinary Matters (“Official Gazette of the RS”, No. 91/05, 30/10 and its subsequent modifications) at the end of investment;
- In case of slaughterhouses, eligible are recipients with a minimum capacity for: 10 cattle or 50 pigs or 50 sheep and goats, or 500 turkeys and geese or 5,000 poultry per day at the end of investment;
- In case of cutting and/or processing facilities eligible recipients are enterprises with a minimum cutting or processing capacity of 500 kg per day at the end of investment.

#### **Sector 3: Fruit processing sector and marketing**

- Only micro, small and medium sized enterprises as defined in accordance with the EU

recommendation 2003/361 are eligible. EU definition of the micro small and medium sized enterprises is presented in Annex 18.1. Definition of small and medium enterprises.

- Enterprises with eligible investments more than EUR 50,000.

#### **Sector 4: Vegetables processing sector and marketing**

- Only micro, small and medium sized enterprises as defined in accordance with the EU recommendation 2003/361 are eligible. EU definition of the micro small and medium sized enterprises is presented in Annex 18.1. Definition of small and medium enterprises.
- Enterprises with eligible investments more than EUR 50,000.

#### **Sector 5: Egg processing sector and marketing**

Only micro, small and medium sized enterprises, as defined in accordance with the EU recommendation 2003/361 are eligible. EU definition of micro, small and medium sized enterprises is presented in Annex 18.1. Definition of small and medium enterprises.

#### **Sector 6: Grape processing sector and marketing**

The recipient has to be registered in the Vineyard Register in accordance with the Law on Wine (“Official Gazette of the RS”, No. 41/09 and 93/12) with the maximum available capacities of annual wine production from 20,000 to 1,000,000 litres at the end of the investment registered in the Winery Register in accordance with the Law on Wine (“Official Gazette of the RS”, No. 41/09 and 93/12 and its subsequent modifications).

#### **Sector 7: Cereals and industrial crops processing sector and marketing**

- Only micro, small and medium sized enterprises as defined in accordance with the EU recommendation 2003/361 are eligible. EU definition of the micro small and medium sized enterprises is presented in Annex 18.1. Definition of small and medium enterprises.
- In case of seed processors eligible recipients are enterprises registered in the Register of seed processors in accordance with the Law on Seed (“Official Gazette of the RS”, No. 45/05 and 30/10 and its subsequent modifications).
- Enterprises with eligible investments more than EUR 50,000.

#### **Sector 8: Fishery processing sector and marketing**

Recipients have to be registered in the List of Establishments (according to the Law on Veterinary Matters (“Official Gazette of the RS”, No. 91/05, 30/10 and its subsequent modifications) with the available daily fish processing capacities more than 200 kg at the end of the investment.

#### **8.3.2.8. Eligible expenditure**

- Supported investments must be covered by Annex I to the TFEU.
- Costs for information and publicity activities at project level, which are of the responsibility of the recipients will be considered eligible for co-financing if the activities are in

compliance with the publicity and visibility rules applicable for the Programme.

- The recipient has to provide detailed documentation justifying the reality and validity of the costs with the payment/s request submitted to the IPARD Agency. The IPARD Agency is responsible to check the reality and validity of the costs and to publish in the recipient’s guides the set of requirements and documents needed for justification of costs by the applicant/recipient.

### **Investments in renewable energy production**

For investments in renewable energy plants, the selling of electricity into the grid is allowed as far as the “self-consumption” limit is respected (i.e. electricity sold into the grid equals on average the electricity taken out. This is justified by the fact that, as electricity cannot be stored, it must, unless wasted, be sold into the grid; the electricity grid can be conceived as a storage place for electricity where it is introduced and withdrawn during the year in the similar amount and at a different rhythm. The concept of “self-consumption” should be checked at the stage at which a project is submitted. The investment is considered eligible when the (theoretical) power capacity of the renewable energy plant (“the investment”) does not exceed 120% of the 3 years-average (self-consumption) of the farm.

In case of new farms or in case of farms which have substantially changed the size of their operations in the last three years the expected consumption should be estimated by the IPARD Agency. The same concerns expected power consumption increases due to the new investments to be made as part of the same application by the potential recipient.

### **8.3.2.9. Selection criteria/Principles regarding selection criteria**

*Table 43: Selection criteria for Measure 3*

<b>Type of selection criteria</b>	<b>Answer</b>	<b>Points</b>
The investment is located in the areas with difficult working conditions in agriculture <sup>79</sup>	yes/no	17/0
Investments in wastewater treatment and waste management	yes/no	17/0
Recipient has established food safety and/or food quality standard system	yes/no	15/0
Investments in renewable energy production	yes/no	13/0
Applicant is certified for organic production and/or is recipient under Measure 4	yes/no	11/0

<sup>79</sup> The areas with difficult working conditions in agriculture includes the list of settlements in mountain areas as presented in Rulebook on determining areas with difficult working conditions in agriculture (“Official Gazette of the RS”, No. 132/21 and its subsequent modifications).



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Project is the result of cooperation with R&D organisations accredited in Serbia	yes/no	11/0
Applicant is an agricultural cooperative	yes/no	10/0
Applicant has not yet been registered as recipient of IPARD support	yes/no	6/0

### 8.3.2.10. Aid intensity and EU contribution rate

Aid intensity can be up to a maximum of 50% of the total eligible expenditures. For investments relating to the treatment of effluents and investments in the productive use of waste materials – circular economy - and in renewable energy, the maximum aid intensity can be increased by 10%. The maximum level of aid for collective investments is 70%.

EU co-financing rate is 75% of the public aid.

A recipient can claim the support, irrespective of the total value of the investment, for eligible expenditure within the following ceilings:

- Minimum EUR 20,000;
- Maximum EUR 1,300,000.

Recipient can receive a total support of maximum EUR 2,500,000 of public support under this measure for the entire IPARD III programming period.

The next application for project approval may be approved to the recipient if:

- the recipient has submitted a request for the final payment of the previously approved project or
- the deadline for the realization of the investment and submission of the request for final payment of previously approved project has expired or
- the previously submitted application for project approval is withdrawn by the recipient.

### 8.3.2.11. Budget per measure

*Table 44: Budget for the period 2021-2027 for Measure 3*

Year	Total eligible cost EUR	Public expenditure						Private contribution	
		Total		EU contribution		National contribution		EUR	%
		EUR	%	EUR	%	EUR	%		
1	2=3+9	3=5+7	4=3/2	5	6	7	8	9	10=9/2
2021	13,333,333.33	6,666,666.67	50	5,000,000.00	75	1,666,666.67	25	6,666,666.67	50
2022	20,000,000.00	10,000,000.00	50	7,500,000.00	75	2,500,000.00	25	10,000,000.00	50
2023	22,906,666.67	11,453,333.33	50	8,590,000.00	75	2,863,333.33	25	11,453,333.33	50
2024*	23,333,333.33	11,666,666.67	50	8,750,000.00	75	2,916,666.67	25	11,666,666.67	50
2025*	29,333,333.33	14,666,666.67	50	11,000,000.00	75	3,666,666.67	25	14,666,666.67	50
2026*	26,666,666.67	13,333,333.33	50	10,000,000.00	75	3,333,333.33	25	13,333,333.33	50
2027*	25,706,666.67	12,853,333.33	50	9,640,000.00	75	3,213,333.33	25	12,853,333.33	50

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<b>Total</b>	<b>161,280,000.00</b>	<b>80,640,000.00</b>		<b>60,480,000.00</b>		<b>20,160,000.00</b>		<b>80,640,000.00</b>	
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\*Indicative budget

**8.3.2.12. Indicators and targets to be used in the programme***Table 45: Indicators and targets for Measure 3*

<b>Indicators for Measure 3 - Investments in physical assets concerning processing and marketing of agricultural and fishery products</b>	<b>Target value by 2027</b>
Number of farms and agri-food processing enterprises supported by IPARD in modernisation	220
Total investment on farms and agri-food sector in modernisation	161,280,000
Number of farms and food processing enterprises receiving IPARD investment support to progressively align with the EU hygiene and animal welfare standards	30
Number of jobs created	110
Number of supported producer groups/organisations	0
Number of farmers participating in supported Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes	0
Number of collective investments	0
Number of IPARD recipients with support in investments related to care for the environment or climate change	0
Number of IPARD recipients with support in investments in waste treatment or management	20
Number of IPARD recipients with support in investments in renewable energy production	33
Number of projects with circular economy-type investments	0

**8.3.2.13. Administrative procedure**

Indicative tasks of the administrative procedure for the performance of the measure are presented in Chapter 8.2.

The measure should be implemented in line with the written procedures on internal control prepared by the IPARD Agency, accredited by the NAO and approved by the EC. In addition, the IPARD Agency will prepare the Guide for Recipients that will include, among other provisions, a description of the administrative procedure.

**8.3.2.14. Geographical scope of the measure**

This measure applies in areas as defined in the Programme Chapter 2.1.

**8.3.2.15. Other information specific to the measure (if defined in the measure fiche)**

N/A

**8.3.3. AGRI-ENVIRONMENT – CLIMATE AND ORGANIC FARMING MEASURE****8.3.3.1. Legal basis**

- *Article 3 of the Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance*

*(IPA III)*

- *Article 29 (1) (4) of the Sectoral Agreement*
- *Annex 4 of the Sectoral Agreement*

### **8.3.3.2. Rationale**

Measure 4 - Agri-environment-climate and organic farming measure is designed to encourage farmers to protect and enhance the environment on the land that they manage. It provides payment to farmers as compensation for the implementation of the measure, which represents a multi-annual commitment to observe a set of prescribed agri-environment practices over a minimum period of 5 years. The Agri-environment-climate measure for the RS consists of 4 operations that aim to enhance cultivation methods adapted to the environment and the features of landscapes, and to enhance the RS biodiversity and ecosystem services, promote water conservation and water quality improvement, and contribute to climate change adaptation and mitigation principally by sustainable input use and improving soil management. Supporting more sustainable practices and management of agricultural land in rural areas will contribute to the maintenance of a favourable landscape and environment for enhanced public goods.

The 4 operations consist of the following:

- Operation 1 - Crop rotation on arable land;
- Operation 2 - Grassing in inter-row area in permanent crop land;
- Operation 3 - Establishment and maintenance of pollinator strips;
- Operation 4 - Sustainable management of meadows and pastures.

The operations programmed under this measure result from an extensive needs assessment, context and SWOT analysis on environmental and land management issues in the RS that are presented in a comprehensive way in this programme.

These operations are also directly relevant to the achievement of the vision and strategic goals of the NARDS which underlines the importance of a more responsible and sustainable use of resources and agricultural practices.

Furthermore, the operations are highly relevant and complementary to the 5 Pillars of the Green Agenda for the Western Balkans in particular Pillar 3 - fighting pollution of air, water and soil, Pillar 4 - sustainable food systems and rural areas and Pillar 5 - biodiversity, aiming to protect and restore the natural wealth of the region.

The operations proposed will cover key objectives of this measure and specifically will go to address: soil and water contamination by inefficient use of nutrients, poor soil and water quality by inefficient use of pesticides and inadequate agronomic practices leading to poor soil quality (moisture, organic matter, structure, soil biodiversity) and inefficient use of water for irrigation, reduction in pollinators due to unsustainable application of pest control methods, and loss of habitats.

### **8.3.3.3. General objectives, specific objectives**

#### **General objectives**

The general objectives of the Measure 4 are:

- Contribution to the sustainable management of natural resources and climate change adaptation and mitigation by the application of agricultural production methods compatible with the protection and improvement of the environment, natural resources, including water, air, soil, biodiversity, the landscape and its features, going beyond relevant mandatory standards;
- Improvement of farmer's education on implementation of environmentally friendly agricultural practices and raising their awareness of the importance of environmental protection;
- Contribution to the preparation of the RS for the future implementation of the agri-environment-climate measure under the Rural Development Programme after the EU accession.

#### **Specific objectives**

The specific objectives of Measure 4 are:

- Improvement of soil quality by application of sustainable farming methods, and alternative methods for weed management, as well as prevention of soil loss by erosion;
- Improvement of water quality and available water capacity;
- Protection and maintenance of biodiversity and enhancement of habitats for enriched biodiversity;
- Mitigation and adaptation to climate change.

### **8.3.3.4. Linkage to other IPARD measures in the programme and to national measures**

This measure is linked to Measure 1 which supports investments in construction and equipping of manure storages and in its selection criteria provides additional points for investment projects of certified organic producers and investments in renewable energy production, and thus contributes to the general objectives of the Measure 4.

Linkage with Measure 3 is reflected through support of investments in physical assets for primary production and processing to provide the necessary equipment and tools to recipients for proper management of natural resources, which will assist in implementation of environmentally friendly practices.

Measure 4 is also linked to Measure 7 which supports investments in construction and equipment for facilities for renewable energy, and thus contributes to cutting greenhouse gas emissions from the agricultural sector.

Furthermore, Measure 9 will be used by the MA and IA for additional training of staff, engagement of experts for monitoring purposes, awareness raising and promotional activities and other needs directly relevant for the efficient and effective implementation of the Measure

4.

Measures under NRDP and National Programme for Agriculture provide support for organic farming and conservation of plant and animal genetic resources, while IPARD Measure 4 will support implementation of a different set of agri-environment – climate practises.

#### **8.3.3.5. Recipients**

Recipients under this measure are agricultural holdings, whether natural or legal persons, including entrepreneurs, registered in the Register of Agricultural Holdings.

#### **8.3.3.6. Common eligibility criteria**

##### **8.3.3.6.1. Common eligibility criteria for all operations**

- Agri-environment-climate payments are given to recipients who voluntarily agree to take up for a minimum 5 years agri-environment climate commitments which go beyond the baseline defined.
- The recipient has to attend a compulsory 6-hour training in agri-environment – climate topics offered by the MAFWM or a designated body appointed by the MAFWM. A certificate of attendance must be presented before commitments start.
- The recipient is required to have ownership or right of use of the land parcels proposed for implementation of the commitment for at least a minimum of 7 years and it has to cover the entire duration of the commitment period.
- AHs have to be included in the Register of Agricultural Holdings confirming that the land is utilised as arable land, permanent crop land (orchards and vineyards) and/or meadows and pastures.
- The recipient has to comply with the relevant national standards and commitments specified under each operation.
- The recipient has to keep a farm record book, which contains information on all the agricultural activities performed on the farm relevant to the commitment, throughout the whole 5-year commitment period.
- The minimum eligible size of agricultural land that can be included under selected types of operation is as follows:
  - Arable land - 1 ha
  - Orchards – 0.5 ha
  - Vineyard – 0.3 ha
  - Meadows and pastures – 1 ha.
- The size of land where selected operations shall be implemented can be constituted of 1 parcel or more that is equal to or greater than the above-mentioned minimum areas which will be regulated in more detail by the Rulebook on Measure 4.

- Those parcels that contain structures and/or elements that dominate the use of, such as roads, farm buildings, ponds, lakes, dumping areas, abandoned land or water courses shall be deemed as ineligible.
- In case a parcel contains landscape features and trees that are scattered and are of a limited size, which means not occupying a significant part of the area under commitment and allowing that agricultural activities can be carried out in a similar way as on parcels without those landscape features and trees in the same area, then such parcels are deemed as eligible as it is considered that such features do not constitute hindrance to the application of the commitments.
- The recipient should clearly indicate the parcel or parcels intended to be tied with a commitment on the National web GIS application – “GEOSRBIIJA” or on a copy of the plan of cadastral parcel issued by the Real Estate and Utility Cadastre.
- Individual type of operations shall be implemented on the same parcels for the whole duration of the commitment.
- A parcel may only be tied to one operation under this measure.

#### **8.3.3.6.2. Baseline**

The recipient shall respect the minimum mandatory standards as established by national legislation that refer to the specific agri-environment climate measure. The mandatory standards are national rules which are notably addressing relevant EU standards and conditions (SMR and GAEC) related to soil, water, landscape management, and relevant minimum requirements for fertiliser and plant protection products.

The list of relevant National standards for Measure 4 is provided as Annex 18.5. List of relevant national standards.

The relation between agri-environment-climate commitments and the relevant elements of the baseline and usual agricultural production methods are presented under each operation.

#### **8.3.3.6.3. Relevant knowledge**

All applicants will be required to demonstrate that they possess knowledge and information relevant to this measure that will ensure proper implementation of the operations and observance of the obligations. This is a pre-condition for access to the measure and that will be enabled by the MAFWM, through a 6-hour training to all applicants. This training is mandatory, and a certificate of training completion will be issued to each participant. This certificate will be requested by the IA prior to the start of the commitment.

Furthermore, in order to ensure effective implementation of the operation, the measure requires that all recipients of support receive advice/training from an authorised advisory service provider by the end of the third year of commitment period. The purpose is to guide recipients of support to ensure that all commitments are fulfilled in the right way so as to avoid any irregularities that may lead to financial penalties and thus infringements in the implementation

of this measure.

### **8.3.3.7. Specific eligibility criteria (per operation)**

Further to the common eligibility criteria, the following specific eligibility criteria are stipulated:

#### **Operation 1 - Crop rotation on arable land**

- Greenhouses and other forms of protected cropping are excluding from this measure;
- The reference parcels claimed should be unambiguously located on site with clearly defined boundaries. Boundaries cannot be defined by a crop type and thus the entire parcel must be tied under the commitment;
- A crop rotation plan has to be prepared by an authorised advisory service provider. Details will be provided on the type of eligible crops to be used (time of sowing, harvesting and planned agro-technical operations), crop cultivation order, the rotation types that will be applied and other relevant requirements in line with the commitments of this operation.

#### **Operation 2 - Grassing in inter-row area in permanent crop land**

- Parcel with vineyard has to be registered in the Vineyard Register in accordance with law governing wine;
- Total area under cultivation can be made up of a single type of crop or a combination of;
- A crop plan has to be prepared by an authorised advisory service provider. Details will be provided on the type of eligible cover crops proposed, the method to maintaining green cover, mechanical weed control methods for crop rows and other relevant requirements in line with the commitments of this operation;
- The orchards and vineyards must be of plantation type.

#### **Operation 3 - Establishment and maintenance of pollinator strips**

- Greenhouses and other forms of protected cropping are excluding from this measure, in case commitments are tied to arable land;
- Parcel with vineyard has to be registered in the Vineyard Register in accordance with law governing wine;
- The area that will be tied under commitment has to be either arable or permanent crop land;
- A crop plan has to be prepared by an authorised advisory service provider. Details will be provided on the type and mix of eligible flowering crops proposed, the planting time, plan of planting, location and the methods for maintaining the pollinator strips and buffer zone in line with eligible operations;



- The site where the pollinator strip is to be established and size of it has to be clearly indicated on the plan by the applicant at the time of application and cannot be altered thereafter, unless this is increased in area.

#### **Operation 4 – Sustainable management of meadows and pastures**

- A management plan has to be prepared by an authorised advisory service provider. Details will be provided on the stocking density, the choice and mix of livestock, proper grazing management techniques and practices, and/or time of mowing, and other relevant requirements in line with the commitments of this operation.

##### **8.3.3.8. Eligible expenditure**

Recipients shall be compensated for costs incurred and income foregone resulting from the commitments undertaken for selected type of operations.

The costs incurred will include expenses related to the rent of equipment or undertaking of a service, labour, time, inputs and other transaction costs as required. Transaction costs shall cover amongst others the services of an authorised advisory service provider for the drafting of crop and other management plans required for the implementation of the operations as well as advice/training required to sustain effective measure delivery during implementation.

In the case of income foregone this is calculated as the loss of potential income arising from the application of the commitment for the area or part of the holding in comparison to that area being utilised for production under usual circumstances.

The detailed methodology for cost calculation is provided as Annex 18.4. Methodology for calculating the payment levels for agri-environment-climate, organic farming and forestry related actions of the Programme.

##### **8.3.3.9. Selection criteria/Principles regarding selection criteria**

N/A

##### **8.3.3.10. Aid intensity and EU contribution rate**

The aid intensity will be 100% public contribution.

The EU contribution rate shall be 85% of public expenditure, the remaining 15% will be covered by the national budget of the RS.

Recipients will be granted annual payments to compensate for costs incurred and income foregone resulting from the implementation of agri-environment-climate type of operations and its commitments, in comparison to the baseline practices and usual agricultural production methods.

The units for payment will be hectares (ha) of eligible land on which operations are implemented.

**8.3.3.11. Budget per measure***Table 46: Budget for the period 2021-2027 for Measure 4*

Year	Total eligible cost EUR	Public expenditure						Private contribution	
		Total		EU contribution		National contribution		EUR	%
		EUR	%	EUR	%	EUR	%		
1	2=3+9	3=5+7	4=3/2	5	6	7	8	9	10=9/2
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	2,564,705.88	2,564,705.88	100	2,180,000.00	85	384,705.88	15	-	-
2024*	2,729,411.76	2,729,411.76	100	2,320,000.00	85	409,411.76	15	-	-
2025*	3,882,352.94	3,882,352.94	100	3,300,000.00	85	582,352.94	15	-	-
2026*	3,882,352.94	3,882,352.94	100	3,300,000.00	85	582,352.94	15	-	-
2027*	3,882,352.94	3,882,352.94	100	3,300,000.00	85	582,352.94	15	-	-
<b>Total</b>	<b>16,941,176.47</b>	<b>16,941,176.47</b>		<b>14,400,000.00</b>		<b>2,541,176.47</b>		-	

\*Indicative budget

**8.3.3.12. Indicators and targets***Table 47: Indicators and targets for the measure Agri-environment - climate and organic farming measure*

Indicators for Measure 4 - Agri-environment-climate and organic farming measure	Target value by 2027
Number of contracts	560
Total agricultural land (ha) under environmental or/and climate contracts	3,500
Total area (ha) per type of operation for management of inputs (including integrated production, reduction in fertilisers use and in pesticides use, comprising precision farming, manure management, etc.)	0
Total area (ha) per type of operation for cultivation practices (including crop rotation, crop diversification, soil management through conservation or no tillage, soil cover, etc.)	2,750
Total area (ha) per type of operation for management of landscape, habitats, grassland (including setting and management of landscape features, including wetland and peatland, species conservation, extensive grassland management, etc.)	750
Total area (ha) per type of operation for organic farming	0
Number of supported species of endangered breeds	0
Number of supported animals of endangered breeds	0
Total area for each supported variety of endangered plant varieties	0
Number of holdings supported for conversion into organic farming	0
Number of holdings supported for maintenance of organic farming	0
Total area supported for conversion into organic farming	0
Total area supported for maintenance of organic farming	0

### **8.3.3.13. Administrative procedure**

Indicative tasks of the administrative procedure for the performance of the measure are presented in Chapter 8.2.

The measure will be implemented in line with the written procedures on internal control prepared by the IA, accredited by the NAO, and approved by the EC. Written procedures for the implementation of this measure (contracting, implementation, payment), shall include the identification of adequate controls ensuring controllability and verifiability of the commitments.

System of sanctions for non-compliance with the obligations within the type of operation and eligibility criteria will also be developed and described in the Rulebook on Measure 4.

In addition, the IA will prepare the Guide for Recipients that will include, amongst other provisions, a description of the administrative procedures, checks to be conducted and penalties for breaches of commitments.

### **8.3.3.14. Geographical scope of the measure**

This measure applies in areas as defined in the Programme Chapter 2.1.

### **8.3.3.15. Other information specific to the measure (as defined in the measure fiche)**

#### **8.3.3.15.1. Operation 1 - Crop rotation on arable land**

##### **8.3.3.15.1.1. Description of the type of operation**

Crop rotation is the practice of planting different crops sequentially on the same plot of land to improve soil health, soil diversity and fertility, optimize the use of plant nutrients in the soil, and combat pest and weed pressure. The practice of crop rotation is one of the most effective agricultural production control strategies as it comes with numerous advantages that are very important for reducing the use of chemicals on farmland whilst supporting long-term soil fertility and sustainability in the use of natural occurring resources. During the past decade the RS underwent a significant change in land use with a rise in farmland exploited for commercial crop production which has interfered with traditional agricultural practices featuring low input farming. Traditional farming in the RS featured proper crop rotation as the foundation of crop production, but this has dwindled with mechanisation and use of agrochemicals that led to intensified production and mono-cropping practices.

Sowing a variety of crops is an integral part in maintaining soil fertility which depends on complex interactions between the biological, chemical and physical properties of the soil. For this reason, rotation of different crop groups is essential to exploit certain properties of plants such as reduced need for nutrients through nitrogen fixation in the case of legumes, provision of forage for pollinators through flowering crops, reduction in the likelihood of certain diseases and pests, thus minimizing the use of plant protection products and enhancement of soil humus

content and control of soil erosion through increased crop cover.

When composing crop rotation within this operation, the basic principle of alternation of crops, i.e. changes of main crops belonging to the following groups of crops is applied: a) hoeing grow crops, b) legumes, c) cereals. In addition to the crop rotation of the main crops, during the five-year period of obligation, intercrops should be grown at least two times, ensuring that the crops from the same botanical family do not alternate with each other. Crop rotation should also include the resting of land for one year, as green fallow (establishment of crops for the purpose of green manure).

#### **8.3.3.15.1.2. Commitments**

- 1) The crop rotation plan shall include at least three different main crops, from following crop groups: hoeing grow crops/row crops, legumes, and cereals, ensuring that crops from the same crop group and the same botanical family do not alternate with each other.

During one year of the five-year obligation period, the resting of the land must be applied, as green fallow (establishment of crops for the purpose of green manure). The crop must be incorporated into the soil when still green. Grazing of the crop is not allowed. Acceptable crops for green fallow are legumes (e.g. peas, vetch, legumes, husks, red clover, etc.), non-leguminous plants (e.g. oats, oilseed rape, mustard, buckwheat), or legume-grass mixtures, respecting the needs of the crop that comes after it.

- 2) The crop rotation plan shall also include at least two intercrops during the five-year commitment period, ensuring that crops from the same botanical family do not alternate with each other.

Intercrops are pure crops or their mixture, whose vegetation does not match the main crop and which are cultivated between the growing seasons of the main crops during the period of the year when the plot would not be sown. They can be sown in Summer or Autumn. According to the purpose, they can be: fodder and intercrops for human consumption (millet, buckwheat, cabbage, etc.).

Farmers shall not use herbicides on the parcels tied under commitment throughout the entire duration of the commitment and shall control weeds by using mechanical means through mowing, tilling or ploughing.

- 3) Farmers shall not use chemical fertilisers, and only organic fertiliser including livestock manure is allowed up to 160 kg/N/ha/year throughout the entire duration of the commitment.
- 4) Farmers have to maintain records of the purchase and use of herbicides and fertilisers for the entire holding, and records about implemented activities related to the commitments of this operation.
- 5) Farmers have to undertake additional training or advice on the issues of direct relevance

to this operation and commitments concerned by the end of the 3<sup>rd</sup> year of commitment.

### 8.3.3.15.1.3. Relevant elements of the baseline

Commitments under this Operation	Relevant Baseline	Legal Basis	Comparison of Commitment to Baseline and usual production methods
<p>The crop rotation plan shall include at least three different main crops, from following crop group: hoeing grow crops/row crops, legumes, and cereals, ensuring that crops from the same crop group and the same botanical family do not alternate with each other.</p> <p>During one year of the five-year obligation period, the resting of the land is applied, as green fallow (establishment of crops for the purpose of green manure that are to be incorporated in the soil without allowing grazing to take place).</p> <p>The crop rotation plan shall also include at least two intercrops during the five-year commitment period.</p>	<p>Art. 18 and 19 obliges farmers who practice on terrain which is close to torrents and in zones prone to erosion to apply anti-erosion methods which include crop rotation. Art. 62 obliges lessee - rent of state-owned agricultural land to establish crop rotation. There relevant by-laws are not enacted.</p>	<p>The Law on Agricultural Land – (“Official Gazette of the RS”, No. 62/06, 65/08 – other law, 41/09, 112/15, 80/17 and 95/18- other law)</p>	<p>There is no legal requirement which obliges farmers managing arable land to apply crop rotation with minimum 3 main crops and 2 intercrops during period of 5 years. The only requirement in force is for state owned land but without prescribed minimum requirements. Usual agricultural practice in application of crop rotation is to alternate 2 crops which rarely include leguminous. Further to that no requirement exists that obliges farmers to cultivate crops of different botanical families on alternate years and to leave the land fallow with a green cover crop for one year. The application of a 5-year crop rotation is thus not a usual agricultural practice and supersedes all other legal obligations that leads to several environmental benefits. As a result, the operation of goes above and beyond any minimum requirements.</p>
<p>Farmers shall not use herbicides on the parcels tied under commitment throughout the entire duration of the commitment and shall control weeds by using mechanical means through mowing, tilling or ploughing.</p>	<p>Art. 97 - It is forbidden to use fertilizers or plant protection products (pesticides and other similar chemical products for this purpose) in the coastal zone up to 5 m. Art. 44 - Plant protection products must be applied in</p>	<p>The Law on Water (“Official Gazette of the RS”, No. 30/10, 93/12, 101/16, 95/18 and 95/18- other law)</p> <p>The Law of Plant Protection Products</p>	<p>It is a common practice that farmers use pre-emergence herbicides followed by contact and systemic herbicides to control annual weeds on their land. There is no obligation than prohibits their use on the entire holding as limitations apply to buffer strip along water courses only. Limitations in application of plant protection products that are toxic to bees are applied only during the flowering of plants. In addition,</p>

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	<p>accordance with the decision on registration and instructions for use. Art. 45, point 7) – The use of plant protection products that are toxic to bees during the flowering of plants is prohibited</p>	<p>(“Official Gazette of the RS”, No. 41/09, 17/19).</p>	<p>farmers are not obliged to control weeds by applying solely mechanical/manual practices. Thus, by prohibiting the use of herbicides all year-round throughout the entire 5-year period and by limiting weed control to mechanical means only the commitment goes over and above the minimum requirements.</p>
<p>Farmers shall not use chemical fertilisers, and only organic fertiliser including livestock manure is allowed up to 160 kg/N/ha/year throughout the entire duration of the commitment.</p>	<p>Art. 97 - It is forbidden to use fertilizers or plant protection products (pesticides and other similar chemical products for this purpose) in the coastal zone up to 5 m.</p>	<p>The Law on Water (“Official Gazette of the RS”, No. 30/10, 93/12, 101/16, 95/18 and 95/18-other law)</p>	<p>There is no legal requirement which prohibits farmers from using chemical fertilizers. The obligation is to limit its use, dose and frequency as well as to avoid its application close to watershed areas, buffer strips and other vulnerable zones. There is also no obligation that forces farmers to make use of organic fertiliser. The limit imposed has been set to go to below thresholds set in the EC Nitrates Directive. This means that the commitment goes over and above the minimum standards and obligations.</p>
<p>Farmers have to maintain records of the purchase and use of herbicides and fertilisers for the entire holding, and records about implemented activities related to the commitments of this operation.</p>	<p>Art. 21 – prescribes the basic requirements for the owner or user of the agricultural land to keep record of the amount of used mineral fertilizers and pesticides. Art. 62 – prescribes the basic requirements for all managers of state-owned agricultural land to keep field book on crop production, which is subject to monitoring by an agricultural engineer.</p> <p>Art. 28 - The plant producer is obliged to keep records on the use of plant nutrition products and to make these records available</p>	<p>The Law on Agricultural Land – (“Official Gazette of the RS”, No. 62/06, 65/08 – second law, 41/09, 112/15, 80/17 and 95/18-other law).</p> <p>The Law on Plant nutrition Product and Soil improvers (“Official Gazette</p>	<p>Farmers are not used to maintain records however this is a requirement in the case of use of herbicides and fertilizers. Under this operation farmer must also maintain records of all activities relevant to this operation. For this reason, this commitment will not be factored in as part of compensation due to the farmers under this measure as it is an obligation.</p>

	for inspection.	of the RS”, No. 41 /09 and 17/19).	
Farmers have to undertake additional training or advice on the issues of direct relevance to this operation and commitments concerned by the end of the 3 <sup>rd</sup> year of commitment	No legal obligation	No legal obligation	There is no legal requirement that obliges farmers cultivating arable land to make use advisory services or to attend training, which leads to several benefits in terms of better education of farmers.

#### **8.3.3.15.1.4. Type and amount of support**

Calculations for this operation have been carried out by the Faculty of Agriculture of the University of Belgrade which has been engaged as an independent competent body to conduct the calculations. The Faculty of Agriculture of the University of Belgrade has provided a Statement on the Adequacy and Accuracy of the Calculations, which is Annex 18.11. to the Programme.

The basic rate of support for this operation is calculated on the basis of the additional labour costs associated with the mechanical removal of weeds, the costs for planting the green cover crop during the year in fallow and for income foregone based on typical production models for arable land, catering for the loss of production during the year where land is left fallow and additional transaction costs associated with the preparation of a crop rotation plan and advice received.

#### **Amount of support**

The level of support for this operation amounts to 436.16 EUR/ha per year.

#### **8.3.3.15.2. Operation 2 - Grassing in inter-row area in permanent crop land**

##### **8.3.3.15.2.1. Description of the type of operation**

This operation is intended to offer an ecologically sustainable alternative to conventional farmers that rely on synthetic fertilizers and chemical herbicides to return nutrients to their soils and fight weeds. It is intended to introduce methods that address consequences, including water pollution, soil erosion, and loss of essential biodiversity occurring from existing farming practices.

The practice of application of herbicides to control weeds competing for nutrients and water and those harbouring pests has led to soils left barren without any soil cover during periods where erosion is high due to rain and wind and increased soil water loss through evaporation in the hot periods due to lack of cover. It is thus important that farmers start applying green cover crops as ground covers that can prevent this whilst at the same time allow for fixation of nutrients and improve soil structure.

Green cover crops get sowed between rows in orchards and vineyards that would otherwise be

bare after tillage, mowing or spraying to protect the soil from erosion and nutrient loss. Green cover crops also help smother weeds, control pests and diseases, enhance available soil water capacity whilst increasing soil organic matter and biodiversity on the farm.

Also, this operation is designed to control weeds by using only mechanical means throughout the months where weed control is highly necessary.

### 8.3.3.15.2.2. Commitments

- 1) Farmers have to sow between the rows of their trees, vines or berries a green cover crop that will be prescribed in the Rulebook on Measure 4.

A variety of crops from the list of eligible green cover crops must be used as a mix. All rows present on the parcel tied with the commitment have to contain a green cover crop.

- 2) The green cover has to be mowed at least five times in a year whilst properly maintained throughout the duration of the commitment. This entails the seeding of depleted green cover.
- 3) The use of herbicides is prohibited throughout all the period of the commitment. Weeds growing within the rows and in the vicinity of the fruit tree, vine or berry bushes have to be controlled mechanically at the same frequency of green cover mowing.
- 4) Farmers have to maintain records on the purchase and use of herbicides on entire holding, and records about implemented activities related to the commitments of this operation.
- 5) Farmers have to undertake additional training or advice on the issues of direct relevance to this operation and commitments concerned by the end of the 3<sup>rd</sup> year of commitment.

### 8.3.3.15.2.3. Relevant elements of the baseline

Commitments under this Operation	Relevant Baseline	Legal Basis	Comparison of Commitment to Baseline and usual production methods
<p>Farmers have to sow between the rows of their trees, vines or berries a green cover crop that will be listed in the Rulebook for Measure 4.</p> <p>All rows present on the parcel tied with the commitment have to contain a green cover crop.</p>	<p>Art. 18 and 19 - prescribe measures that users of agricultural land are obliged to apply: the land with a slope of more than 10% should be cultivated in parallel with isohypses, so that on such terrains and in the catchments of individual torrents the sowing structure ensures that at least</p>	<p>The Law on Agricultural Land – (“Official Gazette of the RS”, No. 62/06, 65/08 – second law, 41/09, 112/15, 80/17 and 95/18-other law).</p>	<p>The proposed obligations involve the use of inter-row cover crops across the whole area of the parcel and land tied to this commitment irrespective of the slope gradient and level of risk of soil erosion. Thus, the obligations included under this operation go beyond the minimum requirements.</p>



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	one third of the total area is sown or planted with perennial plantings on terrains susceptible to soil erosion and that terrains with a slope greater than 25% are not used as arable land.		
These green crops have to be mowed at least five times in a year over the whole year whilst properly maintained throughout the duration of the commitment. This entails the seeding or planting of depleted green cover.	<p>Art. 28 - With the aim to maintain the level of organic matter, among other things, forbids actions that lead to a decrease in productivity, structure and layers of agricultural land, as well as any other damage on the agricultural land. For the same reason, it is forbidden to burn organic residues after harvesting crops on agricultural land.</p> <p>Article 4 - application of biological, physical, agrotechnical, mechanical and other non-chemical measures, which have an advantage over chemical measures, if they achieve satisfactory results in the control of harmful organisms.</p>	<p>The Law on Agricultural Land – (“Official Gazette of the RS”, No. 62/06, 65/08 – second law, 41/09, 112/15, 80/17 and 95/18-other law).</p> <p>Rulebook on the elements of Integrated Pest Management (“Official Gazette of the RS”, No. 126/20)</p>	<p>The usual agricultural practice is to not have any green cover crops between the rows of fruit trees, vines or bush rows. As a practice farmers spray or till the land to limit the wild vegetation growing in these areas. The obligation of maintaining a green cover on the land is limited to areas with higher risk to erosion and with a specific slope gradient. Furthermore, the requirements under the integrated pest management rules are limited to the control of harmful organisms only. The practice of regular mowing is actually a preventive measure to limit any incidence of such organisms that may lead to additional measures (including chemical) as defined in the rulebook. Thus, the commitment goes beyond the minimum standards and obligations.</p>
The use of herbicides is prohibited throughout all the period of the commitment. Weeds growing within the rows and in the vicinity of the fruit tree, vine or berry bushes have to be controlled	Art. 97 - It is forbidden to use fertilizers or plant protection products (pesticides and other similar chemical products for this purpose) in the coastal zone up to 5 m.	The Law on Water (“Official Gazette of the RS” No. 30/10, 93/12, 101/16, 95/18 and 95/18-other law)	The use of mechanical and manual methods for the control of weeds in permanent crop land is uncommon and most farmers make use of herbicides to control this. Thus the banning of use of herbicides and replacement with mechanical and manual means does not constitute a usual agricultural practice and goes beyond minimum requirements.

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<p>mechanically at the same frequency of green mowing.</p>	<p>Art. 44 - Plant protection products must be applied in accordance with the decision on registration and instructions for use. Art. 45, point 7) – The use of plant protection products that are toxic to bees during the flowering of plants is prohibited.</p> <p>Art. 2. Point 1) prevention of the occurrence and / or control of harmful organisms, which is achieved by: (2) application of appropriate cultivation procedures, such as weed control before sowing or planting without additional tillage, proper choice of timing and density of sowing or planting, selection of pre-crops, pruning, conservation tillage.</p>	<p>The Law of Plant Protection Products (“Official Gazette of the RS”, No. 41/09, 17/19)</p> <p>Rulebook on the elements of integrated pest management (“Official Gazette of the RS”, No. 136/20).</p>	<p>The use of pesticides is widespread and authorised to control weeds. Limitations in application of plant protection products that are toxic to bees are applied only during the flowering of plants. Thus, the condition to not use any herbicide goes beyond any minimum requirement.</p> <p>Elements of integrated pest management does not include the obligation of applying mechanical weeding.</p>
<p>Farmers have to maintain records on the purchase and use of herbicides on entire holding, and records about implemented activates related to the commitments of this operation.</p>	<p>Art. 21 – prescribes the basic requirements for the owner or user of the agricultural land to keep record of the amount of used mineral fertilizers and pesticides. Art. 62 – prescribes the basic requirements for all managers of state-owned agricultural land to keep field book on crop production, which is subject to monitoring by agricultural engineer.</p>	<p>The Law on Agricultural Land – (“Official Gazette of the RS”, No. 62/06, 65/08 – second law, 41/09, 112/15, 80/17 and 95/18-other law).</p>	<p>Farmers are not used to maintain records however this is a requirement and an obligation. For this reason, this commitment will not be factored in as part of compensation due to the farmers under this measure.</p>

Farmers have to undertake additional training or advice on the issues of direct relevance to this operation and commitments concerned by the end of the 3 <sup>rd</sup> year of commitment.	No legal obligation	No legal obligation	There is no legal requirement that obliges farmers cultivating permanent crop types to make use advisory services or to attend training, which leads to several benefits in terms of better education of farmers.
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#### **8.3.3.15.2.4. Type and amount of support**

Calculations for this operation have been carried out by the Faculty of Agriculture of the University of Belgrade which has been engaged as an independent competent body to conduct the calculations. The Faculty of Agriculture of the University of Belgrade has provided a Statement on the Adequacy and Accuracy of the Calculations, which is Annex 18.11. to the Programme.

Support is based on additional costs incurred. This operation will mainly involve the additional costs arising from purchase of seeds for green cover, sowing, mowing, labour costs for mechanical removal of weeds, fuel and transaction costs for the preparation of a crop plan and receipt of advice.

#### **Amount of support**

The level of support for this operation amounts to 332.40 EUR/ha per year.

#### **8.3.3.15.3. Operation 3 - Establishment and maintenance of pollinator strips**

##### **8.3.3.15.3.1. Description of the type of operation**

Due to agricultural intensification, diversity and abundance of insect pollinators are threatened, which effects reduction of potential ecosystem services of pollination for wild and cultivated plants. This operation aims to create and maintain new habitats that support and conserve biodiversity in farmlands that are typically used for arable or permanent crops. This operation will result in an increase in pollinator abundance and diversity. The pollinator strips will provide forage and habitat to pollinators, mainly during scarcer forage periods and thus support pollination services.

Such practice has been shown elsewhere to benefit a range of birds, bees and plants by increasing the number of individuals and species. This will be achieved by sowing, planting and maintaining flowering mixtures. Furthermore, the creation and conservation of pollinator habitat can enhance overall biodiversity and the ecosystem services it provides (including pest population reduction), protect soil and water quality by mitigating runoff and protecting against soil erosion whilst at the same time enhance rural aesthetics. A buffer zone is necessary to prevent potential pesticide drift that may occur, and which could affect the pollinators foraging on the pollinator strip.

### 8.3.3.15.3.2. Commitments

The commitments the recipients have to fulfil in this type of operation are:

- 1) Farmers have to establish a pollinator strip that covers a minimum 1% of the total surface area of the arable or permanent crop land. The location and shape of the strip is not pre-defined, but this must be described in the crop plan prepared by an authorised advisory service provider.

Should the size of the land tied under this commitment amount to less than 1 ha, then the minimum pollinator strip size must be 100 m<sup>2</sup>.

- 2) This pollinator strip has to be composed of eligible plant species that will be specified in the Rulebook on Measure 4. The strip has to be composed of at least a mix of five different plant species (could be seeds, bulbs, plants, shrubs, trees, etc.) adapted to the location, to extend the flowering season longer throughout the year.

Proper maintenance of the pollinator strip shall entail the sowing, planting, mowing and/or replacement and/or removal of dead plants, diseased or broken.

- 3) A buffer zone of 5 metres width has to be established around the pollinator strip, facing towards the crop in which no pesticides and fertiliser can be used and wild vegetation is managed through mowing. Mowing of the buffer zone must be undertaken five times/year throughout the duration of the commitment.

A natural border between parcels (hedges, shrubbery), a road, a row of trees, a watercourse, at least 3 m, can be considered as a buffer strip.

- 4) The use of pesticides is prohibited throughout all the period of the commitment on the buffer zone and pollinator strip.
- 5) The use of fertiliser is prohibited throughout all the period of the commitment on the buffer zone and pollinator strip.
- 6) Farmers have to maintain records on all the relevant activities pertaining with this operation.
- 7) Farmers have to undertake additional training or advice on the issues of direct relevance to this operation and commitments concerned by the end of the 3<sup>rd</sup> year of commitment.

### 8.3.3.15.3.3. Relevant elements of the baseline

Commitments under this Operation	Relevant Baseline	Legal Basis	Comparison of Commitment to Baseline and usual production methods
Farmers have to establish a pollinator strip on their holding that covers a minimum 1% of the total surface	Art. 32 - The activities and operations which endanger, or damage one or more habitat types shall be	The Law on Nature Protection (“Official Gazette of the RS”, No. 36/09, 88/10,	The obligation set by law is to protect existing habitats, but it does not impose any obligations for farmers to establish new habitats on their farmland. Thus, the

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<p>area of the arable and/or permanent crop land. The location and shape of the strip is not pre-defined, but this must be described in the crop plan prepared by an authorised advisory service provider. Should the size of the land tied under this commitment amount to less than 1 ha, then the minimum pollinator strip size must be 100m<sup>2</sup>.</p>	<p>prohibited within the protected habitats.</p>	<p>91/10-corr, 14/16 and 95/18-other law)</p>	<p>establishment of such areas on the holding go beyond any minimum requirements.</p>
<p>This pollinator strip has to be composed of eligible plant species that will be specified in the Rulebook on Measure 4. The strip has to be composed of at least a mix of five different plant species (could be seeds, bulbs, plants, shrubs, trees, etc.) adapted to the location, to extend the flowering season longer throughout the year. Proper maintenance of the pollinator strip shall entail the sowing, planting, mowing and/or replacement and/or removal of dead plants, diseased or broken.</p>	<p>Art. 32 - The activities and operations which endanger, or damage one or more habitat types shall be prohibited within the protected habitats.</p>	<p>The Law on Nature Protection (“Official Gazette of the RS”, No. 36/09, 88/10, 91/10-corr, 14/16 and 95/18-other law)</p>	<p>The obligation set by law is to protect existing habitats, but it does not impose any obligations for farmers to establish new habitats on their farmland. Thus, the establishment of such areas on the holding and their proper maintenance go beyond any minimum requirements.</p>
<p>A buffer zone of 5 metres width has to be established around the pollinator strip, facing towards the crop in which no pesticides and fertiliser can be used and any wild vegetation is managed through mowing.</p>	<p>Art. 28 - plant nutrition products are applied in accordance with good agricultural practice, in an amount that is in keeping with the fertility of the soil and the needs of plants, taking into account the climatic conditions of the area</p>	<p>The Law on Plant Nutrition Product and Soil Improvers (“Official Gazette of the RS”, No. 41 /09 and 17/19)</p>	<p>There are no obligations for the establishment of a buffer zone along a pollinator strip. The obligation is limited to areas adjacent to watercourses only. This is essential to prevent pesticide drift that may affect pollinators. Furthermore, there is also no obligation to mow the buffer zone as a means of upkeep. This obligation goes beyond the</p>

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<p>Mowing of the buffer zone must be undertaken at least five times per year throughout the entire duration of the commitment.</p> <p>A natural border between parcels (hedges, shrubbery), a road, a row of trees, a watercourse, at least 3 m, can be considered as a buffer strip.</p>	<p>and the conditions of sowing and planting.</p> <p>Art. 97 - In order to protect water quality, it is prohibited use of fertilizers or plant protection products in the buffer strips along watercourses up to 5 m.</p>	<p>The Law on Water (“Official Gazette of the RS”, No. 30/10, 93/12, 101/16, 95/18 and 95/18-other law).</p>	<p>requirements set in the respective baselines.</p>
<p>The use of pesticides is prohibited throughout the entire period of the commitment on the buffer zone and pollinator strip.</p>	<p>Art. 44 - Plant protection products must be applied in accordance with the decision on registration and instructions for use.</p> <p>Art. 45, point 7) – The use of plant protection products that are toxic to bees during the flowering of plants is prohibited.</p>	<p>The Law on Plant Protection Products (“Official Gazette of the RS”, No. 41/09 and 14/19).</p>	<p>The use of pesticides is widespread and authorised to control weeds, pests and certain diseases. Limitations in application of plant protection products that are toxic to bees are applied only during the flowering of plants. Thus, the condition to not use any pesticide in the pollinator strip and buffer zone goes beyond minimum requirement set by law.</p>
<p>The use of fertiliser is prohibited throughout all the period of the commitment on the buffer zone and pollinator strip.</p>	<p>Art. 28 - plant nutrition products are applied in accordance with good agricultural practice, in an amount that is in keeping with the soil fertility and the needs of plants, taking into account the climatic conditions of the area and the conditions of sowing and planting</p>	<p>The Law on Plant nutrition Product and Soil improvers (“Official Gazette of the RS”, No. 41 /09 and 17/19).</p>	<p>It is a usual practice that organic or chemical fertilizer is applied prior to sowing and during the course of crop cultivation. In this respect the conditionality linked to this operation requires farmers to not use any on the buffer zone and pollinator strip. This obligation goes beyond the requirements set in the respective baselines.</p>
<p>Farmers have to maintain records on all the relevant activities pertaining with this operation.</p>	<p>Art. 21 – prescribes the basic requirements for the owner or user of the agricultural land to keep record of the amount of used mineral fertilizers and pesticides.</p> <p>Art. 62 – prescribes the basic</p>	<p>The Law on Agricultural Land – (“Official Gazette of the RS”, No. 62/06, 65/08 – second law, 41/09, 112/15, 80/17 and 95/18-other law).</p>	<p>Farmers are not used to maintain records however this is a requirement and an obligation. For this reason, this commitment will not be factored in as part of compensation due to the farmers under this measure.</p>

	<p>requirements for all managers of state-owned agricultural land to keep field book on crop production, which is subject to monitoring by agricultural engineer.</p> <p>Art. 28 - The plant producer is obliged to keep records on the use of plant nutrition products and to make these records available for inspection.</p>	<p>The Law on Plant Nutrition Product and Soil Improvers (“Official Gazette of the RS”, No. 41 /09 and 17/19).</p>	
<p>Farmers have to undertake additional training or advice on the issues of direct relevance to this operation and commitments concerned by the end of the 3<sup>rd</sup> year of commitment.</p>	<p>No legal obligation</p>	<p>No legal obligation</p>	<p>There is no legal requirement that obliges farmers cultivating agricultural land to make use of advisory services. Therefore, this obligation leads to several benefits in terms of better education that go beyond any legal requirement.</p>

#### 8.3.3.15.3.4. Type and amount of support

Calculations for this operation have been carried out by the Faculty of Agriculture of the University of Belgrade which has been engaged as an independent competent body to conduct the calculations. The Faculty of Agriculture of the University of Belgrade has provided a Statement on the Adequacy and Accuracy of the Calculations, which is Annex 18.11. to the Programme.

The support is based on income foregone and additional costs incurred. This will mainly involve the additional costs arising from labour, costs for purchasing of seeds and planting material, their sowing or planting and maintenance of the area. Furthermore, the calculations take into consideration the loss of income arising from the areas employed as a buffer zone and pollinator strip.

#### Amount of support

Two levels of support are offered under this operation arising from differentiation in the calculation of arable crop land in comparison to permanent crop land.

- i. For commitments under Arable land the level of support amounts to 264.65 EUR/ha per year.

- ii. For commitments under Permanent crop land the level of support amounts to 333.77 EUR/ha per year.

#### **8.3.3.15.4. Operation 4 - Sustainable management of meadows and pastures**

##### **8.3.3.15.4.1. Description of the type of operation**

It has long been recognised that the management of grassland, whether for amenity, nature conservation or aesthetic reasons, has a major impact not only on habitat structure but also on the plant and animal biodiversity which exists there, as well as on carbon sequestration. In the RS, meadows and pastures are not properly managed and maintained and often these are either overgrazed or abandoned leading to disturbance of the ground during ecologically sensitive bird, insect and wild animal breeding seasons, increased risk of wild grass fires and harbouring of pests and diseases that affect neighbouring arable plots and orchards.

For this reason, the emphasis of this operation is to promote biodiversity through low-level grazing by domestic livestock throughout the year which means proper management during sensitive wild bird and animal breeding season. In that sense, this operation is very important for the preservation and enhancement of biodiversity as meadows and pastures in Serbia provide important breeding ground for many ground-nesting birds, such as grey partridge (*Perdix perdix*), rock partridge (*Alectoris graeca*) and common quail (*Coturnix coturnix*) as well as for wildlife such as deer, foxes, wolves, wild boars, hares and pheasants. This low-level grazing will also create optimal conditions for natural predatory insects that are beneficial in agricultural fields. Such insects include ladybirds, spiders, wasps, butterflies, etc. that limit damage caused by aphids, beetles, slugs and others. These natural enemies often form the first line of defence against pest attacks and reducing the need for insecticides. These insects are declining due to a range of pressures including climate change, invasive species, agro-chemicals and loss of natural habitats.

This operation also promotes late mowing of grassland, which besides protection of flora and fauna also provides for renewing of wide-leaved plant species and protection of natural floristic composition of grassland. Another important element of this operation is maintenance of minimum and maximum stocking densities to ensure that the meadows and pastures are maintained in a good ecological state. This should ensure sustainable management by restoring a balance for under-grazed grassland and/or overgrazed meadows and pastures. The encouragement of these low intensity traditional farming methods is essential to maintain biodiversity, both in upland and lowland areas, which will also preserve the character of the rural landscape.

##### **8.3.3.15.4.2. Commitments**

- 1) Farmers have to maintain minimum and maximum stocking densities so that the load for grazing of grassland tied under this operation is maintained between 0.3 livestock unit per hectare (LU/ha) and is limited to a maximum of 1 LU/ha throughout all year round;



- 2) Farmers must not burn or heavily disturb the land such as deep ploughing throughout all the commitment period;
- 3) Grasslands cannot be mowed before 30<sup>th</sup> of June.
- 4) The use of pesticides is prohibited throughout all the period of the commitment.
- 5) Farmers must not use any fertilisers throughout the entire duration of the commitment, excluding livestock manure left on the grassland from grazing animals.
- 6) Farmers have to maintain records on all the relevant activities pertaining with this operation.
- 7) Farmers have to undertake additional training or advice on the issues of direct relevance to this operation and commitments concerned by the end of the 3<sup>rd</sup> year of commitment.

#### 8.3.3.15.4.3. Relevant elements of the baseline

Commitments under this Operation	Relevant Baseline	Legal Basis	Comparison of Commitment to Baseline and usual production methods
<p>Farmers have to maintain minimum and maximum stocking densities so that the load for grazing permanent grassland which is under this operation is at least 0.3 livestock unit per hectare (LU/ha) and is limited to a maximum of 1 LU/ha throughout all year round.</p>	<p>Art. 18 - Anti-erosion measures prohibits the grazing of cattle or limitation of the number of heads that can be released on certain areas. The relevant by-laws for the implementation are not foreseen and the period of time and number of heads are not defined.</p> <p>Art. 74. The owner or user of pastures is obliged to determine the conditions and manner of use of pastures (area, yield, use capacity for certain types of livestock, water use, measures to improve production and the necessary funds).</p> <p>The owner, i.e. the user of the pasture is obliged to inform the persons whose cattle graze on the pasture about the conditions</p>	<p>The Law on Agricultural Land – (“Official Gazette of the RS”, No. 62/06, 65/08 – other law, 41/09, 112/15, 80/17 and 95/18- other law)</p>	<p>Ensuring the correct balance of livestock over a given area and time is essential to protect and safeguard the quality of the grassland, soil, the flora and fauna that populate it. Considering that there is a general provision concerning the number of animals left on grassland in areas prone to erosion, but the limit has not been prescribed, this commitment can be considered to exceed the minimum requirements.</p>

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	and the manner of using the pasture before the beginning of the use of the pasture. Persons whose cattle graze on pastures are obliged to adhere to the manner and time of grazing cattle, which are determined by the conditions and manner of using pastures.		
Farmers must not burn or heavily disturb the land such as deep ploughing throughout all the period.	<p>Art. 18. - Soil protection measures shall cover the prohibition, and/or limitation of the performance of activities with the aim of preventing unplanned and / or uncontrolled changes to the use of agricultural land. The first protection regime prohibits the use of natural resources. Second degree of protection regime limits introduction of species alien for plants and animals in the region where protected area is located.</p> <p>Art. 15. The protection of birds and migratory species is achieved by implementing the measures necessary to preserve, maintain and restore sufficient diversity and distribution of their habitats, avoid pollution or deterioration of habitat quality and encourage research and</p>	<p>The Law on Soil Protection (“Official Gazette of the RS”, No. 112/15)</p> <p>The Law on Nature Protection (“Official Gazette of the RS”, No. 36/09, 88/10, 91/10-corr, 14/16 and 95/18-other law)</p>	This requirement is a minimum requirement by law and thus whilst it is an obligation it will not be factored in the calculation for support under this operation.

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	<p>management.</p> <p>Art. 18 - Conservation of biological and landscape diversity of habitats within agroecosystems and other non-autonomous and semiautonomous ecosystems shall be carried out mainly through the conservation and protection of marginal habitats, hedges, borders, individual trees, groups of trees, ponds and meadow belts, as well as other ecosystems with preserved or partially changed woody, bushy, meadow or swamp vegetation.</p> <p>Art. 74 - It is forbidden to use, destroy and undertake other activities that could endanger strictly protected wild species of plants, animals, including birds and fungi, and their habitats.</p> <p>Art. 6 - The protection of protected wild species is carried out by restricting their use, prohibiting the destruction and undertaking of other activities that harm species and their habitats.</p>	<p>The Rulebook on proclamation and protection of strictly protected and protected wild species of plants, animals and fungi (“Official Gazette of the RS”, No. 5/10, 47/11, 32/16 and 98/16);</p>	
<p>Grasslands cannot be mowed before 30<sup>th</sup> June.</p>	<p>Art. 74. Protection measures for strictly protected wild species: It is forbidden to use, destroy and undertake other activities that could endanger strictly protected wild species</p>	<p>The Law on Nature Protection (“Official Gazette of the RS”, No. 36/09, 88/10, 91/10-corr, 14/16</p>	<p>The law limits interventions during the breeding season and breeding grounds of protected wild species. However, what is proposed under this commitment extends to protect all species occurring on that farmland whether protected or not.</p>

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	<p>of plants, animals, including birds and fungi, and their habitats.</p> <p>For the purposes of this Article, it is prohibited:</p> <ul style="list-style-type: none"> <li>-capture, keep and / or kill, by any method, strictly protected wild animal species at all stages of the biological cycle, damage or destroy their developmental forms, eggs even when empty, nests and litters, as well as areas of their reproduction, rest and endanger or destroy their habitats, etc.;</li> <li>-significantly disturb, especially during reproduction, rearing, migration and hibernation.</li> </ul> <p>Art. 18 - In order to protect agricultural land from the harmful effects of erosion and torrents in the erosion area users of agricultural land are obliged to apply anti-erosion measures, such as temporary or permanent ban on ploughing meadows and pastures and other areas to convert them into arable crops and other measures.</p>	<p>and 95/18-other law)</p> <p>The Law on Agricultural Land – (“Official Gazette of the RS”, No. 62/06, 65/08 – other law, 41/09, 112/15, 80/17 and 95/18-other law)</p>	<p>The mowing of grass is not allowed during the sensitive breeding period. Furthermore, there are no limitations on the time of mowing and thus the introduction of late mowing is to be seen as a commitment that goes beyond any legal obligations in terms of meadow management. For these reasons the obligations go beyond those stipulated in the law.</p>
<p>The use of pesticides is prohibited throughout all the period of the commitment.</p>	<p>Art. 44 - Plant protection products must be applied in accordance with the decision on registration and instructions for use.</p>	<p>The Law on Plant Protection Products (“Official Gazette of the RS”, No. 41/09 and 14/19).</p>	<p>The use of pesticides is common and authorised to control weeds, pests and certain diseases. Thus, the condition to not use any pesticide on the entire meadow or pasture at any time throughout the 5 year period goes beyond any minimum requirement set by law.</p>
<p>Farmers must not use any fertilisers throughout the entire</p>	<p>Art. 28 - plant nutrition products are applied in accordance</p>	<p>The Law on Plant Nutrition Product and Soil</p>	<p>There are no legal limitations for farmers to use either organic or chemical fertilizer to support grass</p>

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duration of the commitment, excluding livestock manure left on the grassland from grazing animals.	with good agricultural practice, in an amount that is in keeping with the soil fertility and the needs of plants, taking into account the climatic conditions of the area and the conditions of sowing and planting	Improvers (“Official Gazette of the RS”, No. 41 /09 and 17/19).	growth. In this respect the conditionality linked to this operation requires farmers to not use any fertilizers whatsoever on the land. For this reason, this obligation goes beyond the requirements set in the respective baselines.
Farmers have to maintain records on all the relevant activities pertaining with this operation.	Art. 21 – prescribes the basic requirements for the owner or user of the agricultural land to keep record of the amount of used mineral fertilizers and pesticides. Art. 62 – prescribes the basic requirements for all managers of state-owned agricultural land to keep field book on crop production, which is subject to monitoring by agricultural engineer. Art. 28 - The plant producer is obliged to keep records on the use of plant nutrition products and to make these records available for inspection.	The Law on Agricultural Land – (“Official Gazette of the RS”, No. 62/06, 65/08 – second law, 41/09, 112/15, 80/17 and 95/18-other law).  The Law on Plant Nutrition Product and Soil Improvers (“Official Gazette of the RS”, No. 41 /09 and 17/19).	Farmers are not used to maintain records however this is a requirement and an obligation. For this reason, this commitment will not be factored in as part of compensation due to the farmers under this measure.
Farmers have to undertake additional training or advice on the issues of direct relevance to this operation and commitments concerned by the end of the 3 <sup>rd</sup> year of commitment.	No legal obligation	No legal obligation	There is no legal requirement that obliges farmers managing pastureland and meadows to make use of advisory services. Therefore, this obligation leads to several benefits in terms of better education that go beyond any legal requirement.

**8.3.3.15.4.4. Type and amount of support**

Calculations for this operation have been carried out by the Faculty of Agriculture of the

University of Belgrade which has been engaged as an independent competent body to conduct the calculations. The Faculty of Agriculture of the University of Belgrade has provided a Statement on the Adequacy and Accuracy of the Calculations, which is Annex 18.11. to the Programme.

The support is based on income foregone and additional costs incurred. The income foregone will be calculated based on reduced stocking density over a similar area under existing level of production and the loss of fodder resulting from low-intensity grassland use and abolition of use of fertilisers. In terms of additional costs incurred this will be linked to labour costs associated with additional movement of livestock, and the costs of concentrate feed as a replacement to green fodder during the ecologically sensitive period.

#### **Amount of support**

The level of support for this operation amounts to 312.52 EUR/ha per year.

### **8.3.3. IMPLEMENTATION OF LOCAL DEVELOPMENT STRATEGIES - LEADER APPROACH**

#### **8.3.4.1. Legal basis**

- *Article 3 of the Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPA III)*
- *Article 29 1 (5) of the Sectoral Agreement*
- *Annex 4 of the Sectoral Agreement*

#### **8.3.4.2. Rationale**

Local action initiatives articulate best the interest and potential of small communities in rural areas, approaching their social, economic, and environmental problems. The role of LAGs should be recognised as one of a local community animator, local strategy facilitator and a booster of social capital in a local community. LEADER aims at strengthening the local development by involving key public and private local actors and co-financing local projects selected by these local actors together. LEADER approach should help farm families and wider rural population to explore new ways to become competitive and to overcome the difficulties, such as an aging population trend, low levels of services or lack of employment opportunities.

LEADER approach has been present in the Republic of Serbia since 2007. It has been supported mainly through donor projects, and partially by state institutions from 2010 to 2015 on the territory of the AP Vojvodina. During that period, about twenty Potential Local Action Groups for Rural Development were founded and functioned in the Republic of Serbia. The national LEADER measure was adopted in 2019 and 21 partnerships received LAG status. LEADER represents relatively new approach to the development of rural areas in the Republic of Serbia. Therefore, the process of capacity building, learning, animation, education and networking of LEADER stakeholders should be further supported.

Quantitative and qualitative analysis in programming area is suggesting that support to the implementation of LEADER approach should contribute to all four IPARD III objectives, but especially to: facilitating business development, growth and employment in rural areas, improve farmers' position in the value chain and attract young farmers, and improve community development and social capital in rural areas and build-up modern public administration for agriculture and rural development, respecting good governance principles.

Existing Partnerships (potential LAGs) with the approved LDS established through implementation of national "LEADER like" measure will be recognised, as LAGs with obligation for preparation and adoption of the LDS for the IPARD III programming period.

#### **8.3.4.3. General objectives, specific objectives**

##### **General objectives**

Implementation of the LEADER approach improves community development, enhances the social capital and contributes to economic, social, cultural and environmental improvements of local areas, by engaging a wide range of multi-sectoral private and public partners and valorising community resources at the local level.

##### **Specific objectives**

This measure contributes to the following specific objectives:

- Improvement of social capital and local governance by creating private-public partnerships (LAGs - Local Action Groups), which establish and implement bottom up Local Development Strategies (LDS);
- Animation of the territory and capacity building of the local population and the Local Action Groups;
- Contribution to rural economy, rural tourism, boosting cultural and social life of the community, improvement of public spaces in villages, improvement of environmental standards in LAGs' areas as the main themes for the Local Development Strategies;
- Networking with other LAGs, exchange of best practice, dissemination of the IPARD Programme and learning new approaches to rural development nationally and with other candidate countries and with the Member States.

#### **8.3.4.4. Linkage with other IPARD measures in the programme and to national measures**

This measure is linked with Measure 9, eligible expenditure category f): Expenditure associated with "acquisition of skills" to prepare potential LAGs for the implementation of the measure "Implementation of local rural development strategies – LEADER approach". Technical Assistance supports potential LAGs to be ready to apply for the measure "LEADER approach". Networking of LAGs is also supported under the IPARD Technical Assistance measure. This measure is also linked with Measure 1, Measure 3 and Measure 7, especially for the implementation of projects which are in line with the LDS.

National LEADER like measure has been implemented by the MAFWM, since 2019. This

measures support strengthening of capacities of already selected Partnerships (potential LAGs) and implementation of their LDSs through the realisation of their small projects. Once implemented IPARD LEADER measure will stop implementation of the measure on the national level. Existing Partnerships are mostly established in line with the IPARD II eligibility and selection criteria. Potential LAGs established through implementation of national “LEADER like” measure, will be recognised as LAGs with obligation to prepare and adopt the LDS and adjust their partnerships for the IPARD III programming period.

#### **8.3.4.5. Recipients**

Eligible recipients are Local Action Groups, registered in accordance with the Law on Associations, selected and contracted by the IPARD Agency.

#### **8.3.4.6. Common eligibility criteria**

The LEADER approach at programme level shall comprise at least the following elements:

- (a) Area-based local development strategies intended for well-identified sub-regional rural territories;
- (b) Local public-private partnerships (Local Action Groups);
- (c) Bottom-up approach with a decision-making power for Local Action Groups concerning the elaboration and implementation of local development strategies;
- (d) Multi-sectoral design and implementation of the strategy based on the interaction between actors and projects of different sectors of the local economy;
- (e) Networking of local partnerships;
- (f) Implementation of innovative approaches.

Local Development Strategies shall contain activities linked to at least one of the priority themes:

- **Rural economy:** development of short supply chains and added value products including quality products, crafts and other activities for diversification of rural economy;
- **Rural tourism:** development of rural tourism products based on the use of local, natural and cultural resources;
- **Community:** boosting the cultural and social life of the community and supporting collective local organisations, associations and NGOs;
- **Public spaces:** improvement of public space in villages;
- **Environment:** improvement of environmental standards in LAG’s areas and promotion of renewable energy use by the local community;
- **Networking:** networking of LAGs, best practice exchange, dissemination of the IPARD Programme and learning new approaches to rural development.



The implementation of the Local Development Strategy covers: animation and capacity building activities, small projects and running costs for the LAG. The activities must be linked with the selected priority themes outlined above.

Local Action Groups shall satisfy the following conditions:

- Must propose an integrated local development strategy based on the LEADER characteristics as defined under Chapter 8.3.4.6 (a) to (f);
- They must consist of a group representing partners from the various locally based socio-economic sectors in the territory concerned. The gender equality should be ensured by women participation at a decision-making level, as well a representation of young people at a decision-making level;
- They must show an ability to define and implement a LDS for the LAG area;
- Local Action Group are associations registered in accordance with the Law on Associations;
- LAG has an ability to administer public funds through the selection of administrative and financial lead actor who is able to administer public funds and ensure a satisfactory functioning of the partnership. Certain operations, if cannot be provided by a LAG member, such as accounting, can be outsourced.

**Requirements for the LAG area covered by the Local Development Strategy:**

- The LAG area shall be coherent and offer sufficient critical mass in terms of human, financial and economic resources to support a viable development strategy;
- The population of each area must be greater than 10,000 inhabitants and not exceed 150,000 inhabitants, including settlements with a population of less than 25,000;
- The same location must not belong to more than one LAG, meaning one partnership, one strategy, one territory.

**Minimum content of the Local Development Strategy**

- Definition of the area and population covered by the LDS, incl. coherence and sufficient critical mass in terms of human, financial and economic resources.
- Analysis of the development needs and potential of the area, including an analysis of strengths, weaknesses, opportunities and threats (SWOT). For this purpose, LAGs should take into consideration not only statistics, but also views of local actors.
- Description of the strategy and its objectives. For this purpose, LAGs define the vision and objectives in line with the IPARD priority themes.
- Description of the process of community involvement in the strategy preparation, the partnership structure and the internal decision-making rules.
- Action Plan is the one of most important parts of the LDS. It is obligatory that all proposed activities are linked to the selected priority themes. The Action Plan sets out the minimum (binding) level of activities (minimum level of targets). The Action Plan is later translated into more detailed Annual Plans. The LAG must define the criteria for selecting activities

for the Annual Plans.

- Financial plan with an indicative budget for the period of the LDS duration broken down into: LAG's running costs, animation/capacity building, small projects.

Detailed requirements for the LDS will be provided in the Rulebook on the implementation of the LEADER Measure.

#### **8.3.4.7. Specific eligibility criteria**

The eligibility criteria relate to the territory covered by the LDS, the composition of the LAG and its legal form and the presentation of the LDS.

##### Territory:

- Territories from rural areas with sufficient coherence and critical mass, namely 10,000 – 150,000 inhabitants, including settlements with a population of less than 25,000.
- The same municipality/settlement belongs only to one LAG. No overlapping is allowed – meaning “one partnership, one strategy, one territory”.

##### Legal form:

- Local Action Groups are associations registered in accordance with the Law on Associations, where their statutes clearly outline members' commitment roles and responsibilities for the development of the territory and implementation of the strategy.

##### Partnership:

They consist of a group representing partners from various locally based socio-economic sectors in the territory concerned:

- a. social partners: interest associations (sport, culture, environment, etc.); foundations; citizens, residents and their representative organisations (young people, rural women, etc.),
- b. private business partners: farmers, producer organisations, enterprises, companies, entrepreneurs engaged in various sectors of economy,
- c. public authorities (e.g. LSGUs, public institutions, public cultural and community service providers, etc.).

At the LAG decision-making level:

- Public authorities or any single interest group, shall represent less than 50% of the voting rights;
- Civil society sector, comprising social and private business partners, should have more than 50% of voting rights;
- Local authorities should have minimum of 20% of voting rights;
- Rural women should be represented at least by 1 voting right;
- Young people should be represented at least by 1 voting right.

##### Local Development Strategy:

- The LAG must propose an integrated Local Development Strategy which includes at least

minimum elements and priority themes as specified in the Chapter 8.3.4.6.

#### **8.3.4.8. Eligible expenditure**

##### **Eligible activities**

This measure will cover the following activities linked with the priority theme(s) defined in the LDS:

1. “Acquisition of skills, animating the inhabitants of LAG territories” for capacity building and animation of selected LAGs;
2. “Running costs” for running the selected LAGs;
3. Implementation of “small projects”;
4. “Cooperation projects” for inter-territorial (within a country) or transnational projects (between countries). This activity will be eligible in the latest phase of the implementation of the IPARD III Programme.

##### **1. Acquisition of skills, animating the inhabitants of LAG territories for capacity building and animation of selected LAGs**

Eligible actions under the activity Acquisition of skills, animating the inhabitants of LAG territories are those related to the capacity building of LAG employees, LAG members and LAG inhabitants, as well as animation of LAG members and LAG inhabitants:

- Animation, organisation of publicity and information events including preparation of promotional materials (seminars, workshops, meetings, etc.);
- Training and education (preparation of business plans, preparation of project applications, accounting, etc.);
- Preparation of relevant studies of the area for further development (socio-economic, regional, marketing, etc.);
- Networking, participation in national and international seminars, workshops, meetings, study visits, including events of national and the European Network for Rural Development.

Various expenditures are eligible with respect to acquisition of skills and animation, especially:

- expert assistance costs;
- costs for translation and interpretation services;
- costs associated with the participation of LAG employees, LAG members and LAG inhabitants in study visits, trainings, meetings and networking in the RS and abroad (e.g. travel expenses, insurance costs, daily allowances, conference/seminar fees, vehicle renting and fuel expenses);
- costs associated with the organisation of meetings and trainings (renting space and equipment, food and beverage) for LAG employees, LAG members and LAG inhabitants;
- costs associated with animation, publicity and information campaigns for LAGs.

A detailed list of eligible expenditures with respect to acquisition of skills and animation will be provided in the Rulebook on the implementation of the LEADER Measure.

## **2. Running costs of Local Action Group**

Eligible actions under the activity running costs are those related to a regular running of LAGs. The regular running of LAGs eligible activities relates to:

- Equipment and operation of the office (furniture, rent, IT, etc.);
- Personnel costs (salaries, insurance, transport, etc.);
- External services (accounting, webhosting, IT services, etc.).

Various expenditures are eligible with respect to the running costs, especially operating and personnel costs, and costs linked to communication and public relations, such as:

- salaries (co-financing) for the Local Action Group manager and/or other LAG employees;
- office rent and overheads;
- office materials (stationery etc.);
- purchase of equipment, including IT equipment;
- furnishing;
- costs linked to communication e.g. websites;
- membership and subscription fees (networks at local, regional or national level and at European level (e.g. the European LEADER Association for Rural Development – ELARD);
- services (IT specialists, accountants, PR, etc.).

A detailed list of eligible expenditures with respect to the running costs will be provided in the Rulebook on the implementation of the LEADER Measure.

## **3. Small projects**

Small projects are those:

- related to one of priority themes as defined in 8.3.4.6, e.g. local marketing and short supply chains; organisation of events (fairs, village festivals, contests, etc.); participation in fairs and similar events; small scale refurbishing of community buildings; small scale improvements of public spaces; small scale tourist infrastructure; restoration of small rural monuments; creation and maintenance of websites;
- defined in the LDSs as eligible for IPARD support;
- for which selection procedure is described in LDS;
- selected by and implemented by LAGs;
- of collective nature for the benefit of the local community;

Projects for the benefit of private individuals or single enterprises are not eligible.

Small projects can receive support up to EUR 5,000, irrespective of their total value (eligible

and non-eligible expenditure).

An overview of small projects planned for a given year is set in the LAG's Annual Implementation Plan.

Various expenditures are eligible with respect to small projects, comprising investment and operating costs. A detailed list of eligible expenditures will be provided in the Rulebook on the implementation of the LEADER Measure.

Concerning staff, travel, accommodation, catering costs and similar overhead costs, simplified cost options could be established in accordance with the Art 68 of Regulation (EU) No. 1303/2013 in which case methodology for the application of simplified cost options will be described in the manual of procedures.

#### **8.3.4.9. Selection criteria**

The following selection criteria will be used for the assessment of the LDS:

- the quality of the partnership;
- coherence of the LAGs territory and sufficient critical mass in terms of human, financial and economic resources;
- stakeholders' involvement in the preparation of the LDS;
- the capability of the LAG to manage the implementation of the LDS;
- sources of financing actions envisaged in the LDS;
- quality of the intervention logic of the LDS;
- The LDS conformity with the objectives of the IPARD programme and priority themes.

Only the LDS reaching a minimal threshold shall be taken into account. A detailed scoring sheet for the assessment of the LDS is given in Annex 18.9. Local Development Strategy Selection criteria to the IPARD Programme.

#### **Procedure for selecting Local Action Groups**

The call(s) to select the LAGs will be open to all rural areas and ensure competition between the Local Action Groups putting forward the LDS.

The selection procedure consists of two phases:

- eligibility check of the LAGs by the IPARD Agency;
- assessment of the LDS of eligible LAGs according to selection criteria by the Evaluation Committee.

The Evaluation Committee consists of representatives from the IPARD Managing Authority and other relevant rural actors and NGOs dealing with rural development. Members of the Evaluation Committee will be nominated by the Minister, upon the proposal of the IPARD Managing Authority.

Detailed procedure for selecting LAGs will be regulated by the Rulebook on the implementation of the LEADER Measure.

Steps in implementation of LEADER Measure are described in *Table 48* below.

*Table 48: Steps in implementation of LEADER Measure*

Step	IPARD Agency	LAGs	MA
<b>1 - Selection of LAGs</b>			
1.1	Opens a Call for the selection of LAGs, based on the Rulebook on the implementation of the LEADER Measure		
1.2		Submit applications for selection to the IPARD Agency, including the LDSs	
1.3	Makes eligibility verification of potential recipients (eligibility criteria) and delivers the LDS to the Evaluation Committee		
1.4			Evaluation Committee: -performs evaluation of the LDS -applies selection criteria to the LAGs -ranks the LAGs
1.5	Publishes the list of selected LAGs		
1.6	Contracts the rights and commitments with the selected LAGs		
<b>2 - Implementation of the LDS</b>			
2.1		Selected LAGs submit Annual implementing plans for the realisation of activities 1, 2 and 3 to the IPARD Agency	
2.2	Approves Annual implementing plans		
2.3		Selected LAGs implement activities specified in Annual implementing plans (small projects and cooperation projects should be formally selected by LAGs); Submit payment requests to the IPARD Agency; Animate the local area; Provide training activities	
2.4	Verifies payment requests and makes payments to the selected LAGs		
2.5	Controls LAGs with respect to the contract commitments		

### 8.3.4.10. Aid intensity and EU contribution rate

Aid intensity, expressed as the share of public support in the eligible expenditures amounts up to 100%, where the EU contribution rate is 90%.

Maximum value of annual public support per recipient (selected LAG) and per activity will be prescribed by the Rulebook on the implementation of the LEADER Measure. Minimum 30% of LAG allocation should be allocated to the activity Acquisition of skills, animating the inhabitants of LAG territories.

Contracted LAGs may receive an advance payment from the national funding to start-up activities, but such costs cannot be considered as costs incurred to be reimbursed by the Commission via IPARD. The amount of the advances shall not exceed 10% of the contracted amount for the duration of the LDS.

### 8.3.4.11. Budget per measure

Table 49: Budget for the period 2021-2027 for Measure 5

Year	Total eligible cost EUR	Public expenditure						Private contribution	
		Total		EU contribution		National contribution		EUR	%
		EUR	%	EUR	%	EUR	%		
1	2=3+9	3=5+7	4=3/2	5	6	7	8	9	10=9/2
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	2,222,222.22	2,222,222.22	100	2,000,000.00	90	222,222.22	10	-	-
2024*	2,888,888.89	2,888,888.89	100	2,600,000.00	90	288,888.89	10	-	-
2025*	3,555,555.56	3,555,555.56	100	3,200,000.00	90	355,555.56	10	-	-
2026*	3,666,666.67	3,666,666.67	100	3,300,000.00	90	366,666.67	10	-	-
2027*	3,666,666.67	3,666,666.67	100	3,300,000.00	90	366,666.67	10	-	-
<b>Total</b>	<b>16,000,000.00</b>	<b>16,000,000.00</b>		<b>14,400,000.00</b>		<b>1,600,000.00</b>		-	

\*Indicative budget

Taking into account the estimation of 30 LAGs to be financed over the period of five years, approx. EUR 88,000 will be paid to each LAG annually.

**8.3.4.12. Indicators and targets to be used in the programme***Table 50: Indicators and targets for Measure 5*

<b>Indicators for Measure 5 - Implementation of local development strategies – LEADER approach</b>	<b>Target value by 2027</b>
Number of local development strategies (LEADER)	30
Number of new jobs created	30
Number of IPARD recipients with support in investments in renewable energy production	0
Population covered by LAGs	1,200,000
Number of small projects paid	600

**8.3.4.13. Administrative procedure**

The IPARD Agency launches a call and selects the LAGs as recipients based on the eligibility check by the IA and an assessment of the Evaluation Committee established by the MA. The contract is signed between the IA and the selected LAGs for the implementation of the LDS. An advance payment is payable to the LAG.

Each year LAGs submit an Annual Plan (deriving the Action Plan from the LDS) to the IA and MA.

Each LAG carries out animation, capacity building and executes small projects in accordance with the Annual Plan. The LAG also ensures that the prices are reasonable and that the choice of contractors is impartial.

Each LAG submits regularly (e.g. monthly, quarterly) a payment request for the reimbursement of capacity building costs, running costs and costs of small projects implemented. Each payment request must be clearly linked with the Annual Plan (feeding back to the Local Development Strategy). The IA shall check the LAG in accordance with contracted commitments (administrative and on-the-spot checks, including price reasonableness). The IA makes payments to LAGs based on the approved payment request.

**8.3.4.14. Geographical scope of the measure**

This measure applies in areas as defined in the programme Chapter 2.1.

**8.3.4.15. Other information specific to the measure (if defined in the measure fiche)**

N/A



### **8.3.5. INVESTMENTS IN RURAL PUBLIC INFRASTRUCTURE**

#### **8.3.5.1. Legal basis**

- *Article 3 of the Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPA III)*
- *Article 29 1 (6) of the Sectoral Agreement*
- *Annex 4 of the Sectoral Agreement*

#### **8.3.5.2. Rationale**

A major issue to be resolved in rural areas are water supply systems, i.e. their “legalization”, translation into the municipal water supply system, bearing in mind that these are water supply systems that do not meet the requirements prescribed for drinking water quality. According to reports from the Batut Institute of Public Health, the implementation of safe drinking water regulations in 2017 represents a challenge, especially in small water supply systems in rural areas. Investments in the water supply will ensure the provision of drinking water of good quality and increase the connection rate of the population to the public drinking water supply. Investments are also directed to increase the efficiency of the public water supply system and contribute to the reduction of water losses and the detection and elimination of leakage.

The situation regarding wastewater treatment is even worse, in the RS there is almost no infrastructure for household wastewater treatment. About 40% of the population uses septic tanks to evacuate their wastewater while about 7% use dry systems and non-purpose installations to evacuate wastewater. There is an obvious significant difference in the degree of connection of the population to the sewerage in relation to the connection to the water supply, especially in settlements with less than 50,000 inhabitants, which represents a special danger for groundwater pollution. Coverage of wastewater treatment in 2017 is only 13.85%, which results in direct discharge of wastewater into rivers, which pollutes the environment and endangers the health of residents. Investments in the sewerage system will increase the population’s connection rate to the public sewerage systems. Construction and/or reconstruction of wastewater treatment plants, small facilities for water treatment and septic tanks will contribute to reducing the environmental damage by preventing discharge of polluted waters.

Settlements in rural areas are almost left out of the organised waste collection system, which results in the appearance of illegal landfills in the country. The percentage of the population covered by organised waste collection shows a slight increase, which indicates positive tendencies in the reduction of unregulated landfills and dumps. The lowest number of inhabitants covered by organised waste collection is in the municipalities of Southern Serbia (20-25%).

A special challenge for the improvement of communal infrastructure is the situation of many small settlements which are located over a wide geographical area. Social inclusion and local

development through the construction and re-construction of unclassified roads aimed at the better traffic connections of small rural settlements with local roads. Construction, re-construction and lightening of municipal or unclassified roads will contribute to the better traffic connections of rural settlements, but it will also improve social inclusion and strengthen the socio-economic fabric of rural areas.

The Energy Sector Development Strategy of the Republic of Serbia until 2025 with projections until 2030, emphasizes support in the field of renewable energy sources. Local self-government units are in the process of adopting their Energy Efficiency Programmes, which includes estimated value of investment in the production and distribution of energy from renewable energy sources. Programmes are in accordance with the Law on Energy Efficiency and Rational Use of Energy. The goal of the Law is to ensure energy savings and security of energy supply, reduce the impact of the energy sector on the environment and climate change and contribute to the sustainable use of natural and other resources.

#### **8.3.5.3. General objectives, specific objectives**

##### **General objectives**

The general objective is to support economic, social, and territorial development, leading to a smart, sustainable and inclusive growth through the development of physical infrastructure in the Republic of Serbia and to facilitate business and community development, growth and employment in rural areas.

##### **Specific objectives**

- Providing infrastructure needed for the development of vibrant rural areas, dynamic business development opportunities, well-functioning services;
- Contributing towards the improvement of living standards and socio-economic fabric of rural areas;
- Supporting public investments necessary to achieve sustainable development;
- Increasing the attractiveness of rural areas and decreasing depopulation of rural areas.

These specific objectives should be achieved by improvement of water supply, sewerage system and wastewater treatment, waste disposal, local/unclassified roads and energy supply.

#### **8.3.5.4. Linkage to other IPARD measures in the programme and to national measures**

This measure is linked to the measure Investments in physical assets of agricultural holdings. Infrastructure development contributes to the growth of production in primary agricultural production. The measure is also linked with the measure Investments in physical assets concerning processing and marketing of agricultural and fishery products. The improvement of processing capacities is possible with the developed infrastructure. Infrastructure development in rural areas is also linked with measure Farm diversification and business development. In order to develop business, it is necessary to provide supporting infrastructure. There is a linkage with measure Implementation of local development strategies - LEADER

approach. Basic infrastructure is one of the prerequisites for the development of a balanced rural economy and for ameliorating the socio-economic living conditions of the rural population.

#### **8.3.5.5. Recipients**

Recipients under this measure are LSGUs, for projects implemented in settlements with up to 10,000 inhabitants.

#### **8.3.5.6. Common eligibility criteria**

Recipients in Measure 6 must meet common eligibility criteria, as follows:

- The investment should be in accordance with plans for the development of LSGUs, prescribed by the Law on Planning System of the Republic of Serbia (“Official Gazette of the RS”, No. 30/18 and its subsequent modifications);
- Investments have to be built/reconstructed in accordance with the legal provisions relating to construction/reconstruction;
- In order to achieve the maximum effectiveness for such support, recipients have to prove a capacity to regularly maintain the investment, at least 5 years after the final payment;
- The project must concern infrastructure needed for the development of rural areas in settlements with up to 10,000 inhabitants;
- If the investment extends through several settlements, each of them must meet the condition that it has no more than 10,000 inhabitants;
- All projects have to be procured in accordance with the rules for external aid of the Commission contained in the Financial Regulation – PRAG procedure;
- Each project must comply with the relevant national legal standards and relevant Union standards in force before final payment of the investment by the IA;
- The recipients have to provide/ensure the maintenance of the project for at least five years after the final payment of the project. However, maintenance costs are not eligible for EU-co-financing;
- Recipients’ bank accounts are not blocked and were not blocked longer than 30 days in the 12-month period preceding application;
- Recipients have taken all actions to avoid double financing of the investment and did not apply for the same investment in another public grant or subsidy scheme. According to the legislation, the investment is managed by the operator, the LSGUs have to transfer the management to the operator at the end of the investment.

### **8.3.5.7. Specific eligibility criteria (per sector)**

For investments in municipal/unclassified roads recipients must meet specific eligibility criteria:

- The investments have to be included in the spatial plan of the LSGUs and annual programme of construction and reconstruction of municipal and uncategorized roads.

For investments in waste management recipients must meet specific eligibility criteria:

- Investments must be in accordance with the municipal waste management plan.

### **8.3.5.8. Eligible expenditure**

**Eligible investments shall be limited to:**

- The construction/reconstruction/ fixed equipment of immovable infrastructure;
- General costs linked to expenditure, such as architects', engineers' and consultants' fees and costs for feasibility studies shall be eligible. The maximum eligible amount for general costs must not exceed 10% of the costs. General costs although eligible retroactively (since they may occur before contract conclusion) can only be considered eligible if the project to which they relate is selected and contracted by the IA, but not before 1<sup>st</sup> January 2021;
- EU co-financing shall not cover normal maintenance interventions.

### **Demarcation of assistance**

Investments in rural infrastructure up to minimum value of support per project defined in Chapter 8.3.5.10. Aid intensity and EU-contribution rate are eligible under national budget MAFWM.

Investments in rural infrastructure that are not covered by the IPARD III Programme are eligible under national budget of the MAFWM.

### **Examples of eligible investment**

Water management: construction and/or reconstruction of water supply systems, installations and related facilities (e.g. purification, filtration, etc.).

Sewerage system and wastewater treatment: village sewage plants, sewerage systems, wastewaters treatment plants including related equipment.

Waste management: construction (mobile) station for waste disposal, equipment for waste disposal including vehicles and containers for households (including primary selection where is established), dumping sites fulfilling all environmental requirements, waste collection points.

Roads: construction and/or reconstruction roads linking community infrastructure to main roads, village bypasses, village roads, public access roads to farms, farmlands and traffic signs, pedestrian zone, lighting, stops for public transport including bridges, sidewalks, etc. On-farm

roads are part of the assistance granted to agricultural holdings, therefore not eligible under this measure.

Energy supply: power supply to farms and villages and construction of renewable energy/heat plants and installations.

#### **8.3.5.9. Selection criteria/Principles regarding selection criteria**

- Type of investments;
- Number of inhabitants in the settlement where investment is envisaged;
- Level of LSGU development;
- Investment in mountain or areas with difficult working conditions in agriculture;
- Energy efficiency, use of renewable energy sources;
- Investment is located in an area where there is at least one recipient under any investment IPARD measure.

Detailed list and points will be prepared by the MA and approved by the MC. A complete list of selection criteria with the proposed allocation of points will be a comprising part of the Rulebook on Measure 6.

#### **8.3.5.10. Aid intensity and EU contribution rate**

The aid intensity is expressed as the share of public aid within the eligible expenditure of the investment amounts:

- Up to 100% (75% EU, 25% national funds) per eligible investment not of a nature to generate substantial net revenue;
- Up to 50% (of which 75% EU, 25% national funds) for other eligible investments in rural infrastructure.

Recipients can claim the support, irrespective of the total value of the investment, for eligible expenditure within the following ceilings:

Minimum value of support per project in water supply, wastewater management, roads, waste disposal and energy production is EUR 300,000. Maximum value of support per project is EUR 4,000,000.

Recipients can receive a total support of maximum EUR 5 million of public support for the entire IPARD III programming period.

Under this measure advanced payments are allowed.

The next application for project approval may be approved to the recipient if:

- the recipient has submitted a request for the final payment of the previously approved project or
- the deadline for the realization of the investment and submission of the request for final payment of previously approved project has expired or

- the previously submitted application for project approval is withdrawn by the recipient.

### 8.3.5.11. Budget per measure

Table 51: Budget for the period 2021-2027 for Measure 6

Year	Total eligible cost EUR	Public expenditure						Private contribution	
		Total		EU contribution		National contribution		EUR	%
		EUR	%	EUR	%	EUR	%		
<b>1</b>	<b>2=3+9</b>	<b>3=5+7</b>	<b>4=3/2</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10=9/2</b>
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024*	11,186,666.67	11,186,666.67	100	8,390,000.00	75	2,796,666.67	25	-	-
2025*	15,120,000.00	15,120,000.00	100	11,340,000.00	75	3,780,000.00	25	-	-
2026*	19,173,333.33	19,173,333.33	100	14,380,000.00	75	4,793,333.33	25	-	-
2027*	23,640,000.00	23,640,000.00	100	17,730,000.00	75	5,910,000.00	25	-	-
<b>Total</b>	<b>69,120,000.00</b>	<b>69,120,000.00</b>		<b>51,840,000.00</b>		<b>17,280,000.00</b>		-	

\*Indicative budget

### 8.3.5.12. Indicators and targets to be used in the programme

Table 52: Indicators and targets for Measure 6

Indicators for Measure 6 - Investments in rural public infrastructure	Target value by 2027
Total investment in rural diversification, business development and infrastructure (EUR)	69,120,000
Number of new jobs created	5
Number of supported local infrastructures	30
Number of IPARD recipients with support in investments related to care for the environment or climate change	5

### 8.3.5.13. Administrative procedure

Indicative tasks of the administrative procedure for the performance of the measure are presented in Chapter 8.2.

The measure should be implemented in line with the written procedures on internal control prepared by the IA, accredited by the NAO, and approved by the European Commission. In addition, the IA will prepare the Guide for Recipients that will include, among other provisions, a description of the administrative procedure.

Public procurement for all projects within this measure should be carried out in accordance with the rules for external aid of the Commission contained in the Financial Regulation and the

Practical Guide to Contracting Procedures related to EU External Actions – PRAG.

#### **8.3.5.14. Geographical scope of the measure**

This measure applies in areas as defined in the IPARD Programme Chapter 2.1.

#### **8.3.5.15. Other information specific to the measure (if defined in the measure fiche)**

N/A

### **8.3.6. FARM DIVERSIFICATION AND BUSINESS DEVELOPMENT**

#### **8.3.6.1. Legal basis**

- *Article 3 of the Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPA III)*
- *Article 29 (1) (7) of the Sectoral Agreement*
- *Annex 4 of the Sectoral Agreement*

#### **8.3.6.2. Rationale**

Investments in non-agricultural activities, as well as creation of new businesses are essential for the development and competitiveness of rural areas. Women, young people and people with disabilities are especially a group at risk of migrating out from rural areas to urban settlements, due to very limited employment possibilities that rural areas offer. Economic and farm diversification is necessary for growth, employment and sustainable development in rural areas. This should contribute to a better urban-rural balance, both in economic and social terms, directly increasing the farming households' and rural population income.

Quantitative and qualitative analysis is suggesting that support to diversification of farm activities should relate to increasing productivity with more efficient use of farm resources. On the other side, support to rural business development should relate to job creation in the services sector and creation of alternative incoming opportunities in rural settlements, thus presenting the rural areas more appealing for living.

Support to business development, especially to small and medium – sized enterprises, is available at national, regional and local level, financed by the state, regional or local budgets, as well as by various foreign donors. Numerous programmes offer support to diversification of economic activities/business development in the form of grants and/or loans for production investments (for facilities, equipment, machinery) or grants and/or loans for running costs (e.g. education, compulsory insurance, overheads, etc.). Although there are some sector-oriented or area-targeted programmes, most of them target support to certain segments of value chains, but without an integrated approach to their strengthening as a whole.

### 8.3.6.3. General objectives, specific objectives

#### General objectives

General objective of this measure is to promote economic development in rural areas through diversification of farm activities, forming of small enterprises and job creation in rural areas. This measure should also encourage greater use of energy from renewable sources and transition to a low-carbon, climate-resilient rural economy.

#### Specific objectives

Rural tourism sector:

- Increased attractiveness of rural areas through increased touristic offer;
- Increased level of employment in rural areas;
- Support of renewable energy production.

Direct marketing sector:

- Increased income of agricultural producers through enabling direct sales;
- Support of renewable energy production.

Small-scale services:

- Increased level of employment in rural areas;
- Increased general services level in rural areas;
- Support of renewable energy production.

### 8.3.6.4. Linkage to other IPARD measures in the Programme and to national measures

Measure 7 is closely related and linked to the following IPARD measures:

- *Measure 1 - Investments in physical assets of agricultural holdings* - This measure is focused on the development of primary agricultural production and enhancing competitiveness of farms, while Measure 7 aims at farm income diversification through strengthening short supply chains and direct marketing of agricultural products;
- *Measure 3 - Investments in physical assets concerning processing and marketing of agricultural and fishery products* - The emphasis of Measure 3 is on the development of processing of agricultural products and enhancing competitiveness of food processing industry, while Measure 7 aims at farm income diversification through strengthening short supply chains and direct marketing of agricultural products;
- *Measure 5 - Implementation of local development strategies - LEADER approach* - This measure is focused on diversification, establishment and development of new small enterprises, job creation, and to certain extent development of social and physical infrastructure in rural area using bottom-up approach, while Measure 7 promotes economic



development in rural areas through diversification of farm activities, forming of micro and small enterprises and job creation using top-down approach;

- *Measure 6 - Investments in rural public infrastructure* - The goal of Measure 6 is the development of public infrastructure in rural areas, which is needed for establishment of small enterprises and job creation supported in Measure 7;
- *National Measure for Improvement of Economic Activities in the Countryside through Support of Non-agricultural Activities* - This measure aims to support small-scale investments into authentic/traditional objects in rural tourism, as well as equipment of craft and art workshops in order to preserve the local culture and tradition. The measure is substantial for those potential recipients who do not have sufficient financial capacity for investments by means of IPARD support or for those who want only to equip/build (e.g. construction of yard, construction of sanitary facilities, etc.) an authentic facility through investment for which the amount of support is less than the minimum public support from the IPARD measure. In order to achieve demarcation between this national and IPARD Measure 7, the maximum amount of support from the national budget is lower than the minimum amount of Measure 7.

#### **8.3.6.5. Recipients**

Recipients under Measure 7 are:

1. Natural persons - family farm holders, whose AHs are registered in the Register of Agricultural Holdings, regardless of whether they are located in urban or rural area;
2. Legal persons - entrepreneurs and legal entities in the range of micro and small-sized enterprises as defined in the Law on Accounting, whose AHs are located in rural area and registered in the Register of AHs.

#### **8.3.6.6. Common eligibility criteria**

Recipients under Measure 7 must meet common eligibility criteria, as follows:

- Entrepreneurs and legal entities, the registered AHs, as well as the investment, are located in a rural area;
- When the capital of the legal person is held by a public body or bodies, recipient should demonstrate that the share of a public body or bodies is not exceeding 25%;
- Investment must comply with the relevant national standards and requirements at the end of the realisation of the investment, as provided in Annex 18.5. List of relevant national standards;
- Applicant has to prove the economic viability through a Business Plan at the end of investment period. The business plan should be in line with the template provided by the IA. For investments exceeding EUR 50,000 as defined in the IPARD implementing regulation, a complex business plan is needed, and for lower value investments (below

EUR 50,000), a simple business plan is needed. The criteria to be used by the IA to assess the future economic viability of the holding are presented in the Annex 18.2. Description of methodology for assessment of the economic viability of recipients;

- The applicant should prove that it has no outstanding tax or social security payments against the state at the time of submission of an application/payments request. The applicant submits the signed statement that there is no other application for the same investment in another public grant or subsidy scheme;
- Double financing of the investment from any public source of support is not allowed;
- If investment relates to reconstruction and equipment, recipient should assure documentation on ownership/long-term lease of the facility to be reconstructed/equipped. Rental period should not be shorter than 10 years after submission of application for project approval;
- For a period of 5 years after the final payment by the IA, the recipient is obliged to use the investment for the purpose it was intended, without substantial modifications affecting its nature or its implementation conditions or giving undue advantage to a company or public body, and/or resulting either from a change in the nature of ownership of an item of infrastructure, or cessation or relocation of an activity co-financed.

Common eligibility criteria will be defined in details by the Rulebook on Measure 7.

#### **8.3.6.7. Specific eligibility criteria (per sector)**

##### **Sector: Rural tourism**

Investments have to be implemented in settlements which are located in rural areas.

Maximum capacity in the number of beds in registered accommodation establishments is limited to up to 30 single beds, per a recipient.

##### **Sector: Direct marketing**

Investments can be implemented in settlements which are located in urban or rural areas.

#### **8.3.6.8. Eligible expenditure**

Eligible investments in sectors under Measure 7 are related to physical investments, as follows:

**Direct marketing:** agricultural – food products and homemade products (food, clothing, cosmetics and hygiene products, art objects, etc.), in accordance with special regulations, as follows: construction/reconstruction/equipping of facilities for storage, packaging and sale on the farm gate, as well as via Internet, green markets, exhibitions and stores (e.g. facilities, stands, kiosks), purchase of new machines, mechanisation, devices and equipment for equipping facilities for storage, packaging and sale of products; IT hardware and equipment, including software; mobile shops - vehicle with appropriate equipment for the purpose of carrying out activities, etc.

**Rural tourism:** construction/reconstruction/equipping of:

- categorized accommodation facilities, including secondary facilities for providing hospitality;
- supporting facilities to provide additional services - sports, recreation, leisure, wellness, education, and facilities/exhibition area expressing traditional, historical, educational etc.;
- auxiliary facilities (e.g. storerooms, garages, storage rooms, boiler rooms, wells etc.).

**Small-scale services :** construction/reconstruction/equipping of facilities in order to provide non-agricultural services in rural areas (e.g. repairment of agricultural and forestry tools, machines and mechanisation, motor vehicles, motorcycles, bicycles; repairment of computers and communication equipment, as well as gadgets for personal use and household appliances; washing and dry cleaning services; educational services, sport and recreational services, consulting services in agriculture, pet care services, hairdressing/cosmetic services, etc.).

One project application can refer to more than one sector.

Eligible expenditures relate to:

- a. Construction/reconstruction of facilities within all three sectors, as well as plants for production and storage of energy from renewable energy sources, in accordance with a special regulation;
- b. Purchase of new equipment (including installation), namely: machines, mechanisation, tools and other equipment, including equipment for production and storage of energy from renewable sources, equipment for purification and improvement of water and air quality, IT hardware and software and accounting equipment within all sectors;
- c. General costs related to preparation of the project documentation (e.g. architects', engineers' and other consultation fees and mandatory feasibility studies) shall be eligible up to a ceiling of 10% of the eligible expenditure from points a. and b.; Preparation of the business plan shall not exceed 5% of eligible expenditures referred to in points a. and b.;
- d. Purchase of new means of transportation (bicycles, quads and similar) and specialised vehicles directly linked and necessary for a project funded under this Programme. The procurement of specialised vehicles shall not exceed 30% of the eligible expenditure referred to in points a. and b. within one sector. A recipient who was entitled to support in several sectors can be entitled to purchase specialised vehicles in only one sector. All vehicles must comply with national standards and be registered in accordance with current national regulations.

The renewable energy investment is eligible for funding only as an integrated part of a project in all sectors (for example solar panels in rural tourism or other sectors) and “self-consumption” limit does not play a role and does not need to be checked.

### **8.3.6.9. Selection criteria/Principles regarding selection criteria**

Selection criteria will be described in the Rulebook on Measure 7, based on the principles below:

- Recipient status (e.g. natural person, AH registration, education, professional status, the list is not exhaustive);
- Recipient category (e.g. women, persons with disabilities, self-employed persons, the list is not exhaustive);
- Contribution to sustainable economic development (e.g. creating job opportunities, renewable energy production, efficient use of water, the list is not exhaustive).

### **8.3.6.10. Aid intensity and EU contribution rate**

Support shall be awarded as a grant. Intensity of the public support amounts up to 60% of eligible costs of the investment. Public support can be increased up to 70% for applications submitted by young farmers and/or certified organic producers.

An additional 10% can be given for an investment related to effluent and waste management/ renewable energy or circular economy-type investments (efficient reuse of waste materials) and the maximum aid intensity cannot exceed 75%.

The EU contribution in total public aid is 75%.

Minimum and maximum values of public support per project (in one Public Call) shall be as follows:

- Rural tourism sector: minimum EUR 20,000 and maximum EUR 300,000;
- Direct marketing sector for investments in:
  - (a) construction/reconstruction or construction/reconstruction with equipping related projects: minimum EUR 5,000 and maximum EUR 300,000;
  - (b) equipping related projects only: minimum EUR 5,000 and maximum EUR 100,000.
- Small-scale services for local people and tourists sector for investments in:
  - (a) construction/reconstruction or construction/reconstruction with equipping related projects: minimum EUR 5,000 and maximum EUR 300,000;
  - (b) equipping related projects only: minimum EUR 5,000 and maximum EUR 200,000.

In case when a project includes investments in more than one sector, the minimum value of public support shall be EUR 20,000 and the maximum EUR 300,000.

Recipient can receive a total support of maximum EUR 600,000 of public support under this measure for the entire IPARD III programming period.

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The next application for project approval may be approved to the recipient if:

- the recipient has submitted a request for the final payment of the previously approved project or
- the deadline for the realization of the investment and submission of the request for final payment of previously approved project has expired or
- the previously submitted application for project approval is withdrawn by the recipient.

### 8.3.6.11. Budget per measure

*Table 53: Budget for the period 2021-2027 for Measure 7*

Year	Total eligible cost EUR	Public expenditure						Private contribution	
		Total		EU contribution		National contribution		EUR	%
		EUR	%	EUR	%	EUR	%		
1	2=3+9	3=5+7	4=3/2	5	6	7	8	9	10=9/2
2021	13,333,333.33	8,000,000.00	60	6,000,000.00	75	2,000,000.00	25	5,333,333.33	40
2022	13,333,333.33	8,000,000.00	60	6,000,000.00	75	2,000,000.00	25	5,333,333.33	40
2023	13,333,333.33	8,000,000.00	60	6,000,000.00	75	2,000,000.00	25	5,333,333.33	40
2024*	15,000,000.00	9,000,000.00	60	6,750,000.00	75	2,250,000.00	25	6,000,000.00	40
2025*	17,977,777.78	10,786,666.67	60	8,090,000.00	75	2,696,666.67	25	7,191,111.11	40
2026*	20,266,666.67	12,160,000.00	60	9,120,000.00	75	3,040,000.00	25	8,106,666.67	40
2027*	21,955,555.56	13,173,333.33	60	9,880,000.00	75	3,293,333.33	25	8,782,222.22	40
<b>Total</b>	<b>115,200,000.00</b>	<b>69,120,000.00</b>		<b>51,840,000.00</b>		<b>17,280,000.00</b>		<b>46,080,000.00</b>	

\*Indicative budget

### 8.3.6.12. Indicators and targets to be used in the programme

*Table 54: Indicators and targets for Measure 7*

Indicators for Measure 7 - Farm diversification and business development	Target value by 2027
Number of farms and agri-food processing enterprises supported by IPARD in modernisation	0
Total investment on farms and agri-food sector in modernisation	0
Number of recipients of IPARD investment support in rural diversification and business development	520
Total investment in rural diversification, business development and infrastructure (EUR)	115,200,000
Number of new jobs created	250
Number of young farmers receiving IPARD support for investment	120
Number of supported producer groups/organisations	0
Number of farmers participating in supported Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes	0
Number of collective investments	0

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Number of IPARD recipients with support in investments related to care for the environment or climate change	0
Number of IPARD recipients with support in investments in waste treatment or management	20
Number of IPARD recipients with support in investments in renewable energy production	30
Number of organic farms with IPARD support to investments	0
Number of projects with circular economy-type investments	0

### 8.3.6.13. Administrative procedure

Administrative procedure applicable to Measure 7 is described in Chapter 8.2.

### 8.3.6.14. Geographical scope of the measure

Measure 7 will be implemented in rural areas, except for the sector of direct marketing which will be implemented in both rural and urban areas. The List of settlements outside rural areas are listed in Annex 18.10. List of settlements outside rural areas.

Natural persons as recipients (family farm holders or members, diversifying activities) are eligible recipients regardless of whether their AHs are located in urban or rural area.

### 8.3.6.15. Other information specific to the measure (if defined in the measure fiche)

N/A

## 8.3.7. TECHNICAL ASSISTANCE

### 8.3.7.1. Legal basis

- *Article 3 of the Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPA III)*
- *Article 29 1 (9) of the Sectoral Agreement*
- *Annex 4 of the Sectoral Agreement*

### 8.3.7.2. Rationale

Measure 9 - Technical Assistance shall cover the provision of technical assistance and support costs associated with the implementation of the IPARD Programme. These actions shall be addressed towards the preparation, management, monitoring and evaluation, information, communication, coordination and networking activities, as well as control and audit functions of the IPARD Programme. Measure 9 shall also support capacity building of the RS authorities and recipients to administer and use IPARD Programme funds effectively and efficiently. This

measure shall be used to address operational bottlenecks, as well as to reduce administrative burden for recipients.

#### **8.3.7.3. General objectives, specific objectives**

General objective of Measure 9 is to build-up modern public administration for agriculture and rural development in the RS, respecting good governance principles, as well as to improve community development and social capital in rural areas.

#### **Specific objectives**

The aim of Measure 9 is to assist, in particular, in preparation, implementation, monitoring, evaluation and promotion of the IPARD Programme and its possible subsequent modifications. In support of this aim, the specific objectives include:

- providing support for the monitoring and evaluation of the IPARD Programme;
- ensuring an adequate flow of information and publicity regarding the IPARD Programme;
- supporting studies, trainings, visits and seminars to improve the capacity of IPARD administrations and of recipients;
- providing support for external expertise;
- support for establishment and preparation of pLAGs;
- providing support for the improvement of the capacity of the national advisory services, to be able to provide advise under Measure 10 - “Advisory services” - in IPARD programme;
- improving the capacity of local entities (e.g. municipalities, regional entities) supporting the implementation of the IPARD Programme;
- strengthening the national administration managing the IPARD Programme.

#### **8.3.7.4. Linkage to other IPARD measures and national measures**

Measure 9 will provide coverage for technical assistance needs for all measures of the Programme, including measures whose entrustment/implementation is foreseen at a later stage. The support under Measure 9 is particularly important for the preparation and implementation of Measure 4 – Agri-environment-climate and organic farming measure, Measure 5 - Implementation of local development strategies - LEADER approach and Measure 6 - Investments in rural public infrastructure, even before their implementation starts.

Considering that measures on advisory services and knowledge transfer are not provided in the IPARD III Programme, Measure 9 shall cover relevant training activities of AAS (for providing of compulsory training/advice for the recipients) and staff of the IPARD Managing Authority/IPARD Agency on delivery mechanisms of Measure 4. Furthermore, engagement of independent body for the preparation of calculation of a premium under selected type of operations for Measure 4 shall be provided under the Measure 9 support.

Measure 9 underpins preparations of the Measure 5 through variety of supporting activities (meetings, seminars, trainings, etc.) for acquisition of skills, animating inhabitants of pLAG territories and preparation of local rural development strategies, with the aim of setting up LAGs and making them operational.

Measure 9 shall contribute to preparation of Measure 6 for implementation through capacity building of LSGUs by gaining practical knowhow for preparation of tender documentation and application of EU public procurement rules for external aid (the Practical Guide to Contracting Procedures related to EU External Actions – PRAG).

The scope of aid granted under this measure will not overlap with the scope of aid granted under national support schemes for agriculture and rural development.

#### **8.3.7.5. Recipients**

Recipient under Measure 9 is the MA. Other IPARD III entities and related bodies (IPARD Managing Authority/IPARD Agency, Management Structure, AAS, technical bodies, pLAGs and national rural (development) network) can benefit from Measure 9 activities via the MA.

#### **8.3.7.6. Common eligibility criteria**

All projects must be procured in accordance with the rules for external aid of the Commission contained in the Financial Regulation and shall be compliant with national public procurement. Within the process of the harmonisation of the national legislation with the EU legislation, there are constant changes, that will further reduce the gap between national public procurement rules and EU rules, in this case PRAG rules. For this purpose, the application of PRAG could be adapted to the specificities of the RS.

Concerning staff costs and travel costs, as well as costs related to organization of trainings, events and other similar costs, simplified cost options could be established in accordance with the Art 68 of Regulation (EU) No. 1303/2013 in which case methodology for the application of simplified cost options will be described in the manual of procedures for Technical Assistance measure.

Some expenditures (such as per diems) will be in accordance with the terms and rates applied in the public sector of the RS concerning similar actions where no EU co-financing is involved.

All expenditures regarding experts and other participants will be limited to those from and going to EU Member States and to potential and candidate countries.

Eligible expenditures based on real costs, which are linked to the implementation of the co-financed operation must relate to payments effected by the recipient, supported by receipted invoices or accounting documents of equivalent probative value<sup>80</sup>.

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<sup>80</sup> “Accounting document of equivalent probative value” means any document submitted to prove that the book entry gives a true and fair view of the actual transaction in accordance with current accountancy law.



Eligible expenditure shall be reported in the context of the annual implementation report.

For this measure, actions financed or foreseen to be financed as part of twinning covenants or other projects supported under other IPA components will not be eligible.

Measure 9 - Technical Assistance to support the setting-up of management and control systems is eligible prior to the entrustment of budget implementation tasks for new measures, for expenditure incurred after 1<sup>st</sup> January 2021.

#### **8.3.7.7. Specific eligibility criteria**

N/A

#### **8.3.7.8. Eligible expenditure**

Under this measure, the following actions are eligible provided they are covered by the annual indicative Action Plan for Measure 9 - Technical Assistance:

- a) Expenditure related to the functioning of the Monitoring Committee.
- b) Expenditure related to promotion and visibility of the IPARD Programme.
- c) Cost of translation and interpretation of documents mentioned in the financial framework partnership, sectoral and financing agreements and those requested by the Commission.
- d) Expenditure related to capacity building of the IPARD entities, including technical bodies and the national advisory services, to perform tasks associated with implementation of IPARD Programme.
- e) Expenditure related to “acquisition of skills” to prepare pLAGs for the implementation of the measure “Preparation and implementation of local rural development strategies – LEADER approach”.
- f) Expenditure related to the preparation, reduction of the administrative burden for recipients or streamlining of implementation of measures in the programme to ensure their effectiveness, including pilot projects for those measures where entrustment implementation is foreseen at a later stage.
- g) Expenditure related to evaluations of the IPARD Programme.
- h) Expenditure associated with the establishment and operation of a national network for rural development.
- i) Expenditure associated with the purchase of IT equipment and software licences for the purpose of IPARD implementation (these costs are limited to up to 5% of the TA budget).
- j) Expenditure associated with the implementation of a sustainable human resources policy in the IPARD III entities. Introduction of this expenditure can only be done after prior approval of the Commission and may be limited in time.
- k) Expenditure associated with the establishment and operation of pilot projects in setting up cooperation in short value chains and value chains for quality products.

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The expenditure should be covered in detail by the indicative Annual Technical Assistance Action Plan that shall be approved by the IPARD MC.

Measure 9 - Technical Assistance should not be used for capacity building actions which are not linked to the administration and implementation of the IPARD Programme.

### 8.3.7.9. Selection criteria

N/A

### 8.3.7.10. Aid intensity and EU contribution rate

Aid intensity, expressed as the share of public support in the eligible expenditures amounts up to 100%, where the EU contribution rate is 85% and 15% is national contribution.

### 8.3.7.11. Budget per measure

*Table 55: Budget for the period 2021-2027 for Measure 9*

Year	Total eligible cost EUR	Public expenditure						Private contribution	
		Total		EU contribution		National contribution		EUR	%
		EUR	%	EUR	%	EUR	%		
1	2=3+9	3=5+7	4=3/2	5	6	7	8	9	10=9/2
2021	588,235.29	588,235.29	100	500,000.00	85	88,235.29	15	-	-
2022	588,235.29	588,235.29	100	500,000.00	85	88,235.29	15	-	-
2023	1,094,117.65	1,094,117.65	100	930,000.00	85	164,117.65	15	-	-
2024*	1,517,647.06	1,517,647.06	100	1,290,000.00	85	227,647.06	15	-	-
2025*	2,200,000.00	2,200,000.00	100	1,870,000.00	85	330,000.00	15	-	-
2026*	2,011,764.71	2,011,764.71	100	1,710,000.00	85	301,764.71	15	-	-
2027*	2,164,705.88	2,164,705.88	100	1,840,000.00	85	324,705.88	15	-	-
<b>Total</b>	<b>10,164,705.88</b>	<b>10,164,705.88</b>		<b>8,640,000.00</b>		<b>1,524,705.88</b>		-	

\*Indicative budget

### 8.3.7.12. Indicators and targets to be used in the programme

*Table 56: Indicators and targets for Measure 9*

Indicators for Measure 9 – Technical Assistance	Target value by 2027
Number of National Rural Development Networks supported	0
Number of promotional materials for general information of all the interested parties (leaflets, brochures etc.)	15,000
Number of publicity campaigns	7
Number of expert assignments supported	20
Number of trainings, workshops, conferences, seminars	70

Number of meetings of the monitoring committee	10
Number of studies on elaboration and implementation of programme measures	10
Number of programme evaluation reports	6
Number of rural networking actions supported	20
Number of pLAGs supported	15

### **8.3.7.13. Administrative procedure**

An indicative annual Action Plan for activities that are envisaged under Measure 9 - Technical Assistance, in consultation with DG AGRI is drawn up by the MA, and adopted by the IPARD MC. The MA shall forward the Action Plan to the IA for publishing on the official website of the IA. In order to inform the MA that the submission of project applications related to the implementation of chosen activities from the Action Plan can start, the IA sends a notification to the MA.

The Action Plan includes at least type of expenditure, title of planned activities with short description, earmarked funds, and indicative timetable for the implementation of activity.

Each public procurement is conducted in accordance with external aid public procurement procedures of the Commission (PRAG rules), respecting principles of transparency, proportionality, equal treatment, non-discrimination and sound financial management (value for money).

If the project application, submitted by the MA, consists of fixed costs and/or costs in the amount equal or less than threshold for single tender procedure, the verification is performed in the following phases: verification of completeness and eligibility of the project application, verification of reference prices and reasonableness of costs, on-the-spot checks where they are foreseen in the procedures, calculation of eligible expenditures and approval/rejection of project application.

If the project application, submitted by the MA, consists of costs in the amount higher than threshold for the single tender procedure, with or without fixed costs, the verification is performed in the following phases: verification of completeness and eligibility of the project application, ex-ante control of procurement procedure, on-the-spot checks where they are foreseen in the procedures, calculation of eligible expenditures and approval/rejection of project application.

Once the project application has been approved, the MA signs the Contract with the service provider/supplier and starts the implementation of activities.

After implemented activities are finalised, the MA submits a payment request to the IA with verifications of expenditures for a particular activity.

Where applicable, on-the-spot verifications can be performed by alternative means such as photography, video, etc.

In case when the IA benefits from Measure 9 – Technical Assistance, a segregation of duties in project approval will be ensured.

#### **8.3.7.14. Geographical scope of the measure**

N/A

#### **8.3.7.15. Other information specific to the measure (if defined in the measure fiche)**

##### **Transitional arrangements**

Technical assistance actions supported under the programming period 2021-2027 may concern preceding and subsequent programming periods. Therefore, the technical assistance allocated for the programming period 2021-2027 may be used to facilitate, e.g. the closure of the preceding programming periods, especially as regards the *ex-post* evaluations of 2014-2020 programmes or the preparation for the programming period post-2027.

### **9. NATIONAL RURAL DEVELOPMENT NETWORK**

Considering the fact that National Rural Development Network (NRDN), established in line with EU rules, does not exist in the RS still, the MA should detail future actions to it. Once prepared this outline will be discussed and adopted by the MC upon a prior consultation with the Commission. Detailed actions for the NRDN will be presented in the Annual TA Plan.

However, the experience of networking through civil society activities has been present in the RS for a long time. Non-governmental organisation “Network for Rural Development of Serbia” (NRDS) has been established in 2010, at that time supported by MAFWM for the promotion of rural development policy. The NRDS today has 16 members (Annex 18.7. List of the “Network for Rural Development of Serbia” members), out of which 13 members are from the civil sector (citizens’ associations) and three members from the public sector (regional development agencies). The membership of new members and all rules, values, objectives, management and operation of the NRDS are regulated by the Statute. The NRDS includes the following bodies: Assembly of the Network, the President of the Assembly, the President of the Network, the Managing Board of the Network and the Supervisory Board. The Assembly consists of all members and meets at least once a year.

During the 2014-2020 period the NRDS has implemented projects in the field of green economy promotion, circular economy, strengthening of NGOs capacities, networking and advocacy, agricultural diversification, employment of rural marginalized groups, environment for business improvement, social business development, short value chains development, building strong civil society in rural areas, sustainable socio-economic development of rural areas in the Western Balkans and Turkey, regional development and cooperation and building partnership of NGOs with public institutions.

Key activities of NRDS in the previous period were:

- Coordination of the Working Group of the National Convention for Chapters 11, 12 and

13;

- Organisation of 14 trainings on the following topics: LEADER approach, short value chains, green economy in rural areas, employment of young people and women from rural areas through diversification of economic activities in tourism, project management and 30 farmers informed and potential consultants were informed about the IPARD requirements and preparation of the applications;
- Organisation of workshops for journalists on the LEADER approach, green economy in rural areas and IPARD II Programme;
- Realisation of the First Balkan Rural Parliament, three Annual Forums on Rural Policies (2017 - 2019), two International Forums on the Experiences of EU Networks in Rural Development, in cooperation with partner organisations from the Balkan Network for Rural Development and EU PREPARE Network;
- Participation in the 2<sup>nd</sup> and 3<sup>rd</sup> European Rural Parliaments of the representatives of the network.

Considering the networking of partners, LAGs and other rural stakeholders, NGOs, governmental institutions, ASs and researchers, the MA shall prepare the Action Plan for establishing of functional NRDN in line with the EU rules, since it does not exist in the RS, as it was mentioned in the very beginning of this Chapter. The network will consist of network members, a network support unit (Network Secretariat) and a Steering Committee. The basis for the development of the NRDN will be cooperation with the current leaders of networking of rural stakeholders, such as the NRDS, organisations of organic and other agricultural producers, LAGs. Organisation and functioning of the future NRDN should increase the participation of all stakeholders, especially those in agriculture, forestry, and diversified activities in the implementation of rural development policy; improve the quality of rural development programmes; develop cooperation of professional advisory and research services with farmers on the modernisation of production through innovation and digitalisation; inform the general public about the benefits of rural development policy and support the evaluation of rural development programme. The Action Plan will set out the procedure and timetable for the establishment of the NRDN, provide a concise description of the main categories of activities to be undertaken by the NRDN in accordance with the objectives of IPARD III Programme; determine the available resources for the establishment and operation of the NRDN; tasks of the Network Secretariat; establishment of thematic working groups and a mechanism for monitoring and evaluation of the NRDN activities, and it will also set the basis for participation in the European Network for Rural Development. The work of the Network Secretariat and implementation of the NRDN's activities will be financed from Measure 9 - Technical Assistance.

## **10. INFORMATION ON COMPLEMENTARITY OF IPARD WITH THE MEASURES FINANCED BY OTHER (NATIONAL OR INTERNATIONAL) SOURCES**

### **10.1. Demarcation criteria of IPARD with the support under other IPA III Programming Framework Windows or within the same Window**

The demarcation between the IPARD and other IPA III measures will be achieved through several aspects:

- Type of the recipients of the support (registered AHs; LAGs);
- Location of the investments (rural areas);
- Types of actions supported;
- Size of the investments supported.

The main distinction will be achieved by the type of eligible recipients of the IPARD III Programme, which supports private recipients (farmers, SMEs from agro-food sectors, etc.) registered in the Registry of the AHs. These criteria are marked under IPARD III Measure 1, Measure 3, Measure 4 and Measure 7. Other calls of support targeting SMEs exclude activities supporting agricultural production and, in certain cases, even the processing. A majority of the support from IPA III is directed to public institutions and public bodies as main beneficiaries.

Furthermore, the IPARD Managing Authority/IPARD Agency for some of the measures specifically defines the territory on which the investments are eligible for support. This is the case for Measure 6 and Measure 7 defining the rural areas, in accordance with the bylaws regulating the implementation of these measures.

A demarcation for the rural public infrastructure will be more precisely defined, taking into account regulations concerning the road infrastructure, type of the investments into the water and waste infrastructure, making a strict delineation of similar investments financed through the national IPA III interventions.

The demarcation for the production of energy from renewable energy sources is ensured by the type of recipients. Potential recipients of such interventions funded through the IPARD III are agricultural producers and micro, small and medium enterprises in food processing.

The main demarcation criteria for the interventions related to business and human resource development potentially financed through Measure 5 and Measure 9 will be distinguished by target groups and type of the investments but linked with the implementation of the IPARD III measures.

Coordination of the assistance is additionally achieved through regular work of the IPA Standing Working Group for Agriculture and Rural Development. The main duties of this group are improvement and coordination of activities related to planning, programming, implementation and monitoring of EU funds and international assistance and to increase the efficiency and effectiveness of development assistance.

The next level of coordination is achieved through regular meetings of the IPA III MC, which is comprised of relevant representatives of both IPARD Managing Authority/IPARD Agency and IPA operating structure, as well as representatives of the EC.

## **10.2. Complementarity of IPARD with other financial instruments**

Support for investments in machinery, equipment and facilities in order to improve the competitiveness of agricultural holdings, as well as to improve the market chain through support to purchasers and processors who have contracts with agricultural producers, complement to the IPARD Programme are available through the Serbia Competitive Agriculture Project (SCAP).

In December 2019 in the frame of the SCAP the Loan Agreement between Government of the RS and the International Bank for Reconstruction and Development was signed and ratified by the Parliament of the RS in February 2020. The total amount of the loan is 50 million US dollars (EUR 48.5 m). The project lasts for five years, more precisely until the end of 2024.

Out of the total amount of the Loan, EUR 30.3 m was dedicated for implementation of the Grant programme. Grants are provided for primary producers, as well as to entities involved in marketing and processing (purchasers/processors, i.e. so-called aggregators) in the sectors of milk, meat, fruits and vegetables, grapes and wine, honey, fisheries, cereals and industrial plants.

The applicants of SCAP grants provide 10% of the value of eligible investments, commercial banks provide 40% through commercial loans to applicants and the other 50% of grants are provided from a World Bank loan. The support from SCAP Grant programme is provided in advance, similar to the national rural development measure for young farmers, which will significantly facilitate investment for small and medium, but commercially oriented farms.

Because at the time of preparation of the SCAP Grant programme IPARD II Programme was already implemented, a great attention was made to achieve a clear demarcation between the SCAP Grant programme and IPARD II Programme. The demarcation was made according to several criteria:

- The target group of the SCAP grant programme are farmers smaller than those eligible for the IPARD support;
- Support is foreseen for those participants in the market chain that are not eligible under the IPARD II Programme (aggregators);
- Some of the sectors eligible for grants provided for in the SCAP Grant programme are not foreseen to receive support from the IPARD Programme, such as apiculture and aquaculture production.

For example, in SCAP Grant Programme, it is eligible for a beneficiary to have a maximum of 19 dairy cows, which is the minimum specific eligibility criterion in the IPARD Programme, investments are allowed in the sheep and goat milk sector which are not allowed in the IPARD Programme. On the other hand, in the SCAP Gant programme investments in the processing

of fruits and vegetables, the production of cereals and industrial crops, as well as investments in the processing of aquaculture products are not eligible.

If there will be any changes in the eligibility criteria in the IPARD III Programme, the SCAP Grant programme will be modified accordingly.

Furthermore, the RS participates in the implementation of European Union Strategy for the Danube Region (EUSDR), European Union Strategy for the Adriatic-Ionian Macro Regional Strategy (EUSAIR) and Interregional Cooperation Programmes. The aforementioned strategies and programmes are being implemented without any additional funding but rather coordinating existing funding and the limited resources available for IPARD III Programme, which has already been described in the Chapter 6.4.

As regards employment of young people in the RS, IPARD III could contribute to the implementation of the Youth Guarantee scheme that is currently being developed under the leadership of the Ministry of Labour, Employment, Veterans and Social Affairs. Particularly relevant in this context are measures “Implementation of Local Development Strategies – LEADER approach” and “Farm Diversification and Business Development”. The MAFWM will coordinate with the national Youth Guarantee coordinator from the Ministry of Labour, Employment, Veterans and Social Affairs and contribute to the work of the Expert Group and the Multi-stakeholder Group that are developing Youth Guarantee Implementation Plan.

### **10.3. Demarcation criteria and complementarity of IPARD measures with national policy**

The RS assures that all measures are designed in line with the IPARD III programming rules. During the examination of the eligibility and the selection of the individual projects by the IA, the given demarcation criteria will be checked and double financing will be excluded.

The NRDP (awaiting adoption by the Government) will provide tools and concrete support measures to achieve competitiveness and quality standards in food production and processing as well as improvements in conservation and protection of environment and animal welfare.

The demarcation between IPARD and NRDP (*Table 57*) will be provided through different criteria of support. The demarcation criteria of IPARD and NRDP will be established at several levels through:

- different measures;
- potential recipients;
- types of eligible investments;
- limits of financial support for investments.

The IPARD III Programme will mainly support viable AHs and private recipients (farmers, SMEs from agro-food sectors etc.), while other national measures are mainly addressed to help smaller AHs to increase their production and to prepare them for IPARD. Large companies are not considered for support neither from the national budget nor from the IPARD III Programme, except potentially for Measure 3.

The IPARD III and NRDP Programmes are complementary. The implementation of the NRDP will start together with the implementation of IPARD III Programme.



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Table 57: Demarcation criteria between IPARD III and NRDP measures

Measure	Sector	IPARD	NRDP
Investments in physical assets of agricultural holdings	Milk sector	<ul style="list-style-type: none"> <li>AHs with minimum 30 up to maximum 300 cows at the end of the investment;</li> <li>AHs with more than 300 cows at beginning of investment (Construction and/or reconstruction of manure storage capacities and/or in specific equipment and mechanisation of facilities for handling and usage of manure; and investments on-farm in energy production from renewable sources).</li> </ul>	<ul style="list-style-type: none"> <li>AHs with maximum 29 cows at the end of the investment;</li> <li>No specific eligibility criteria for investments in the milk sector for goats and sheep.</li> </ul>
	Meat sector	<ul style="list-style-type: none"> <li>AHs having at the end of the investment a total capacity of minimum 30 and up to maximum 1,000 cattle, and/or minimum 200 and up to maximum 1,000 sheep and/or goats, and/or minimum 30 up to maximum 400 sows, and/or minimum 200 and up to maximum 10,000 fattening pigs and/or minimum 1,000 and up to maximum 10,000 turkeys and/or minimum 300 and up to maximum 3,000 geese and/or minimum 5000 and up to maximum of 50,000 broiler chickens per tour, and/or having at the end of the investment a registered facility for keeping/breeding of parent flocks;</li> <li>AHs with capacity more than 1,000 cattle and/or more than 1,000 sheep and/or goats and/or more than 400 sows, and/or more than 10,000 pigs and/or more than 10,000 turkeys and/or more than 3,000 geese and/or more than 50,000 broiler chickens per tour, at the beginning of investment are eligible (Construction and/or reconstruction of manure storage capacities and/or in specific equipment and mechanisation of facilities for handling and usage of manure; and investments on-farm in energy production from renewable sources and investments in improving biosafety measures).</li> </ul>	<ul style="list-style-type: none"> <li>AHs having at the end of the investment a total capacity of maximum: 29 heads of breeding cattle and/or 199 heads of breeding sheep and goats and/or 29 heads of breeding sows and/or 199 fattening pigs and/or 999 turkeys and/or 299 geese and/or 4,999 broiler chickens.</li> </ul>
	Fruit sector	<ul style="list-style-type: none"> <li>Agriculture holdings with eligible investments more than EUR 50,000;</li> <li>AHs, registered in the Register of producers of fruit, grapevine and hop planting material in accordance with the Law on Planting Material (“Official Gazette of the RS”, No. 18/05 and 30/10) with eligible investments more than EUR 50,000.</li> </ul>	<ul style="list-style-type: none"> <li>Agriculture holdings with eligible investments up to EUR 49,999;</li> <li>AHs, registered in the Register of producers of fruit, grapevine and hop planting material in accordance with the Law on Planting Material (“Official Gazette of the RS”, No. 18/05 and 30/10) with eligible investments up to EUR 49,999.</li> </ul>
	Vegetable sector	<ul style="list-style-type: none"> <li>Agriculture holdings with eligible investments more than EUR 50,000;</li> <li>AHs, registered in the Register of producers of seeds, seedlings, mycelia of edible and medicinal mushrooms in accordance with the Law on seeds (“Official Gazette of the RS”, No. 45/05 and 30/10) with eligible investments of more than EUR 50,000.</li> </ul>	<ul style="list-style-type: none"> <li>Agriculture holdings with eligible investments up to EUR 49,999;</li> <li>AHs, registered in the Register of producers of seeds, seedlings, mycelia of edible and medicinal mushrooms in accordance with the Law on seeds (“Official Gazette of the RS”, No. 45/05 and 30/10) with eligible investments up to EUR 49,999.</li> </ul>
	Cereals and industrial crops	<ul style="list-style-type: none"> <li>Agriculture holdings which have minimum 50 and up to maximum 100 ha of land under cereals and industrial crops at the end of the investment;</li> <li>For hop production, agriculture holdings which have minimum 2 and up to</li> </ul>	<ul style="list-style-type: none"> <li>AHs which up to 49 ha of land under cereals and industrial crop sector;</li> <li>AHs which have up to 1.99 ha of land under hop production.</li> </ul>

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		<p>maximum 100 ha of land at the end of the investment;</p> <ul style="list-style-type: none"> <li>• Agriculture holdings which have more than 100 ha of land under cereals and industrial crops at the beginning of the investments are eligible for investments (construction, extension, renovation, modernisation and equipping of storing facilities, purchase of mechanisation and machinery for conservation land cultivation).</li> </ul>	
	Egg sector	<ul style="list-style-type: none"> <li>• AHs with a total capacity of the facility with the minimum of 5,000 and the maximum of 200,000 laying hens in exploitation, i.e. AHs that have a registered facility for the production of the parent flocks of light breeding stock lines, i.e. laying hens breeding, at the end of the investment;</li> <li>• AHs with a total capacity of facility with more than 200,000 laying hens, at the beginning of the investment are eligible for: investment in re-construction related only to replacement of old unenriched cages and or equipment for meeting EU standards and investments on-farm in energy production from renewable sources.</li> </ul>	<ul style="list-style-type: none"> <li>• AHs with a total capacity of the facility with the maximum of 4,999 laying hens in exploitation.</li> </ul>
	Viticulture sector	<ul style="list-style-type: none"> <li>• AHs registered in the Vineyard Register in accordance with the Law on Wine (“Official Gazette of the RS”, No. 41/09 and 93/12) with a minimum of 2 ha and a maximum of 100 ha of vineyards, at the end of the investment, registered in the Vineyard Register;</li> <li>• AHs, registered in the Register of producers of fruit, grapevine and hop planting material in accordance with the Law on Planting Material (“Official Gazette of RS”, No. 18/05 and 30/10) with eligible investments more than EUR 50,000.</li> </ul>	<ul style="list-style-type: none"> <li>• AHs registered in the Vineyard Register in accordance with the Law on Wine (“Official Gazette of the RS”, No. 41/09 and 93/12) with a maximum of 1.99 ha of vineyards at the end of the investment, registered in the Vineyard Register;</li> <li>• AHs registered in the Vineyard Register in accordance with the Law on Wine (“Official Gazette of the RS”, No. 41/09 and 93/12) are eligible for setting up new, restructuring and conversion of the existing vineyards;</li> <li>• AHs registered in the Register of producers of fruit, grapevine and hop planting material in accordance with the Law on Planting Material (“Official Gazette of the RS”, No. 18/05 and 30/10) with eligible investment up to EUR 49,999.</li> </ul>
	Fishery	<ul style="list-style-type: none"> <li>• AHs, having at the end of the investment a total capacity of facility of minimum 10 tons of fish annually.</li> </ul>	<ul style="list-style-type: none"> <li>• AHs, having at the end of the investment a total capacity of facility of maximum 9.99 tons of fish annually.</li> </ul>
Investments in physical assets concerning processing and marketing of agricultural and	Milk processing sector and marketing	<ul style="list-style-type: none"> <li>• The recipient has to be registered in the List of Establishments (according to the Law on Veterinary Matters (“Official Gazette of the RS”, No. 91/05, 30/10 and its subsequent modifications) at the end of investment;</li> <li>• Must have the capacity of 3,000 -100,000 l of collected cow milk per day at the end of investment, or capacity of 500 – 5,000 l of collected sheep and/or goat milk per day at the end of investment.</li> </ul>	<ul style="list-style-type: none"> <li>• The recipient has to be registered in the List of Establishments (according to the Law on Veterinary Matters (“Official Gazette of the RS”, No. 91/05, 30/10 and its subsequent modifications);</li> <li>• Must have the capacity of maximum 2,999 l of collected cow milk per day at the end of investment, or capacity of maximum of 499 l of collected sheep and/or goat milk per day at the end of investment.</li> </ul>

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Meat processing sector and marketing	<ul style="list-style-type: none"> <li>Recipients have to be registered in the List of Establishments (according to the Law on Veterinary Matters (“Official Gazette of the RS”, No. 91/05, 30/10 and its subsequent modifications) at the end of the investment;</li> <li>In case of slaughterhouses eligible are recipients with a minimum capacity for: 10 cattle or 50 pigs or 50 sheep and goats, or 500 turkeys and geese or 5,000 poultry per day at the end of the investment;</li> <li>In case of cutting and/or processing facilities eligible recipients are enterprises with a minimum cutting or processing capacity of 500 kg per day at the end of the investment.</li> </ul>	<ul style="list-style-type: none"> <li>Recipients have to be registered in the List of Establishments (according to the Law on Veterinary Matters (“Official Gazette of the RS”, No. 91/05, 30/10 and its subsequent modifications);</li> <li>In case of slaughterhouses eligible are recipients with maximum capacity for: 9 cattle or 49 pigs or 49 sheep and goats, or 499 turkeys and geese or 4,999 poultry per day at the end of the investment;</li> <li>In case of cutting and/or processing facilities eligible recipients are enterprises with a maximum cutting or processing capacity of 499 kg per day at the end of the investment.</li> </ul>
Fruit processing sector and marketing	<ul style="list-style-type: none"> <li>Enterprises with eligible investments more than EUR 50,000.</li> </ul>	<ul style="list-style-type: none"> <li>Enterprises with eligible investments up to EUR 49,999.</li> </ul>
Vegetable processing sector and marketing	<ul style="list-style-type: none"> <li>Enterprises with eligible investments more than EUR 50,000.</li> </ul>	<ul style="list-style-type: none"> <li>Enterprises with eligible investments up to EUR 49,999.</li> </ul>
Egg processing sector and marketing	<ul style="list-style-type: none"> <li>Only micro, small and medium sized enterprises, as defined in EU SMEs recommendation are eligible.</li> </ul>	<ul style="list-style-type: none"> <li>Support to Investments in physical assets concerning processing and marketing of egg products will be provided only through IPARD Programme.</li> </ul>
Grape processing sector and marketing	<ul style="list-style-type: none"> <li>The recipient has to be registered in the Vineyard Register in accordance with the Law on Wine (“Official Gazette of the RS”, No. 41/09 and 93/12) with the maximum available capacities of annual wine production from 20,000 up to 1,000,000 liters at the end of the investment registered in the Winery Register in accordance with the Law on Wine (“Official Gazette of the RS”, No. 41/09 and 93/12).</li> </ul>	<ul style="list-style-type: none"> <li>The recipient has to be registered in the Vineyard Register in accordance with the Law on Wine (“Official Gazette of the RS”, No. 41/09 and 93/12) with the maximum available capacities of annual wine production up to 19,999 liters at the end of the the investment registered in the Winery Register in accordance with the Law on Wine (“Official Gazette of the RS”, No. 41/09 and 93/12).</li> </ul>
Cereals and industrial crops processing sector and marketing	<ul style="list-style-type: none"> <li>Enterprises with eligible investments more than EUR 50,000.</li> </ul>	<ul style="list-style-type: none"> <li>Enterprises with eligible investments up to EUR 49,999.</li> </ul>
Fishery processing sector and marketing	<ul style="list-style-type: none"> <li>Recipients have to be registered in the List of Establishments (according to the Law on Veterinary Matters (“Official Gazette of the RS”, No. 91/05, 30/10 and its subsequent modifications) with the maximum available daily fish processing capacities more than 200 kg at the end of the investment.</li> </ul>	<ul style="list-style-type: none"> <li>Recipients have to be registered in the List of Establishments (according to the Law on Veterinary Matters (“Official Gazette of the RS”, No. 91/05, 30/10 and its subsequent modifications) with the maximum available daily fish processing capacities up to 199</li> </ul>

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			kg.
Implementation of local development strategies - LEADER approach	<ul style="list-style-type: none"> <li>After the LEADER measure entrustment will be implemented only through IPARD support.</li> </ul>	<ul style="list-style-type: none"> <li>LEADER like measure is implemented through a national programme. After the entrustment, support through LEADER like measure will not be possible at the national level.</li> </ul>	
Investments in rural public infrastructure	<ul style="list-style-type: none"> <li>If the investment extends through several settlements, each of them must meet the requirement that it has no more than 10,000 inhabitants.</li> <li>Investments in rural public infrastructure more than EUR 300,000 value of support per project are eligible under IPARD Programme for support to projects in: water supply, waste water management, roads and waste disposal.</li> </ul>	<ul style="list-style-type: none"> <li>Investments in rural public infrastructure up to EUR 299,999 are eligible under the national budget of the MAFWM.</li> </ul>	
Farm diversification and business development	<p>Rural tourism sector</p> <ul style="list-style-type: none"> <li>Eligible recipients: <ul style="list-style-type: none"> <li>Natural persons: family farm holders or members, whose AHs are registered in the Register of AHs, regardless of whether they are located in an urban or a rural area;</li> <li>Private entrepreneurs and legal entities in the range of micro and small-sized enterprises as defined in the Law on Accounting, whose AHs are in a rural area and registered in the Register of AHs.</li> </ul> </li> <li>Specific eligibility criteria: <ul style="list-style-type: none"> <li>Investments should be implemented in settlements which are located in rural areas;</li> <li>Maximum capacity in the number of beds in registered accommodation establishments is limited to up to 30 single beds, per recipient.</li> </ul> </li> <li>Eligible expenditure relates to: <ul style="list-style-type: none"> <li>Construction/reconstruction/equipping of: categorized accommodation facilities including secondary facilities for providing hospitality; supporting facilities to provide additional services - sports, recreation, leisure, wellness, education, and facilities/exhibition area expressing traditional, historical, educational etc.; auxiliary facilities (e.g. storerooms, garages, storage rooms, boiler rooms, wells etc.).</li> <li>Construction/reconstruction of facilities, as well as plants for production and storage of energy from renewable energy sources, in accordance with a special regulation;</li> <li>Purchase of new equipment (including installation), namely: machines, mechanisation, tools and other equipment, including equipment for production and storage of energy from renewable sources, equipment for purification and improvement of water and air quality, IT hardware and software and accounting equipment, within all sectors. The renewable energy investment is eligible for funding only as an integrated part of a project.</li> <li>Purchase of new means of transportation (bicycles, quads and similar) and specialised vehicles directly linked and necessary for a project funded under this Programme.</li> </ul> </li> <li>Aid intensity: <p>Minimum and maximum values of public support per project (in one public call): Minimum: EUR 20,000; Maximum: EUR 300,000.</p> </li> </ul>	<p>Measure for the Improvement of Economic Activities in the Countryside through Support of Non-agricultural Activities: Rural tourism sector and sector of old and artistic crafts</p> <ul style="list-style-type: none"> <li>Eligible recipients: <ul style="list-style-type: none"> <li>Natural persons (family farm holders) whose AHs are registered in the Register of AHs;</li> <li>Private entrepreneurs and legal entities in the range of micro and small-sized enterprises registered in the Serbian Business Register (in active status) and in the Register of AHs;</li> <li>Agricultural cooperatives engaged in catering.</li> </ul> </li> <li>Eligible area: The whole territory of the RS.</li> <li>Maximum capacity in the number of beds in registered accommodation establishments is limited to up to 30 single beds, per recipient.</li> <li>Eligible expenditure relates to: <ul style="list-style-type: none"> <li>Construction/reconstruction and equipment of traditional (authentic) facilities categorized only as farm tourist household and home craft catering facility in order to preserve the local culture and tradition;</li> <li>Promotion of non-agricultural activities (website creation and design; design and printing of promotion material).</li> </ul> </li> <li>Aid intensity: <p>The national measure is substantial for those potential beneficiaries who do not have sufficient financial capacity for investments by means of IPARD support or for those who want only to equip/build (e.g. ground floor construction of yards or construction of sanitary facilities, etc.) an authentic facility through an investment for which the amount of support is less than EUR 19,999.</p> </li> </ul>	

## 11. SUMMARY DESCRIPTION OF MANAGEMENT AND CONTROL STRUCTURES

In line with Article 8 of the Commission Implementing Regulation (EU) No. 2021/2236, the RS has designated all authorities provided in the IPA legislation.

*Table 58: Structures and authorities with reference to the state of affairs in the RS*

Body/ Authority	Description acc. IPA III legislation	Situation in the RS
<b>National IPA Coordinator (NIPAC)</b>	<p>The NIPAC shall be established by the IPA III beneficiary. The NIPAC shall be a high-ranking representative of the government or the state administration of the IPA III beneficiary with the appropriate authority. In addition to the functions and responsibilities under Articles 6(2), 16(3), 62 and 78 of the FFPA, where budget implementation tasks are entrusted to the IPA III beneficiary, the NIPAC shall:</p> <p>(a) Take measures to ensure that the objectives set out in the actions or programmes for which budget implementation tasks have been entrusted are appropriately addressed during the implementation of the IPA III assistance.</p> <p>(b) In accordance with Article 56 of the FFPA, coordinate the drawing up of an evaluation plan in consultation with the EC presenting the evaluation activities to be carried out in the different phases of the implementation as per provisions of Article 54 of the FFPA.</p>	<p>The Government of the RS, by the Decision No. 337-3595/2023 of 27<sup>th</sup> April 2023, appointed the Minister of European Integration to be the National IPA Coordinator (NIPAC) and reconfirmed the role of Department for Planning, Programming, Monitoring and Reporting on EU Funds and Development assistance within the Ministry of European Integration as the NIPAC's Technical Secretariat. Roles and responsibilities of all bodies in the IPA structure are prescribed in the FFPA. The adopted FFPA was endorsed in the form of Law and ratified by the Serbian Parliament ("Official Gazette of the RS - International Agreements", No.6/22). Specificities related to the IPARD are addressed in different chapters depending on the subject of each chapter of the agreement. This is also the case with the annex A where the information on functions and responsibilities of the structures authorities and bodies (including NIPAC) are provided and Article 16 of Section III Rules for programming, Paragraphs 2 and 5 of the FFPA.</p>
<b>National Authorising Officer (NAO)</b>	<p>The NAO shall be established by the IPA III beneficiary. The NAO shall be a high-ranking representative of the government or the national administration of the IPA III beneficiary with the appropriate authority. The NAO shall bear the overall responsibility for the financial management of IPA III assistance in the IPA III beneficiary and for ensuring the legality and regularity of expenditure. The NAO shall in particular be responsible for:</p> <p>(a) management of IPA III accounts and financial operations;</p> <p>(b) effective functioning of the internal control systems for the implementation of IPA III assistance in accordance with Annex B to the FFPA. The management structure shall be composed of an Accounting Body and a support office for the NAO. The tasks and responsibilities of the Accounting Body and the support office shall be adequately segregated.</p>	<p>The Government of the RS, by the Decision No. 337-3595/2023 of 27<sup>th</sup> April 2023, appointed State Secretary in the Ministry of Finance, to be the NAO.</p>
<b>Management Structure</b>	<p>The Management Structure (Department for EU Funds Management within the Ministry of Finance) consist of the Division for supervision and monitoring of the functioning of the system for management of EU funds</p>	<p>The current systematization act of the Ministry of Finance took effect from 3<sup>rd</sup> August 2021. The Department for EU Funds Management incorporates a NAO SO and Accounting Body</p>

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	<p>(NAO Support Office – NAO SO) and the Division for the National fund for management of the EU fund (National Fund – NF/Accounting Body). The Accounting Body shall support the NAO in fulfilling his/her tasks, in particular those of management of IPA III accounts and financial operations referred to under Clause 2(3) of Annex A of the FFPA and shall be in charge of tasks of financial management of IPA III assistance, under the responsibility of the NAO. The NAO support office shall be accountable to the NAO and shall assist the NAO in fulfilling the tasks referred to under Clause 2(4) and (5) of the FFPA.</p>	<p>which is established directly under the level of NAO. The Department for EU funds management within the Ministry of Finance conducts financial management, control and accounting, as well as reporting tasks within the EU pre-accession funds management system, as well as the establishment, supervision, monitoring and improvement of the systems for managing EU pre-accession funds in accordance with the regulations and agreements which refer to the implementation of European Community’s financial assistance to the RS within the Pre-Accession Fund instrument under the direct authority of the NAO. Currently, the number of employed staff at the Department for EU Funds Management is 30. Management Structure manuals of procedures in the context of IPARD are developed and aligned with the IPA III regulation.</p>
<p><b>IPARD Managing Authority/IPARD Agency</b></p>	<p>The IPARD Managing Authority/IPARD Agency to be established in accordance with Article 8 and Article 20 of the Commission Implementing Regulation (EU) No. 2021/2236 shall, for rural development programmes, consist of the following separate authorities operating in close cooperation:</p> <p>(a) the IPARD Managing Authority, being a public body acting at the national level, to be in charge of preparing and implementing the programmes, including selection of measures and publicity, coordination, evaluation, monitoring and reporting of the programme concerned and managed by a senior official with exclusive responsibilities and</p> <p>(b) the IPA Rural Development Agency with functions of a similar nature as a Paying Agency in the Member States being in charge of publicity, selection of projects as well as authorisation, control and accounting of commitments and payments and execution of payments.</p>	<p>see Chapter 12.1</p>
<p><b>Audit Authority (AA)</b></p>	<p>The IPA III beneficiary shall provide for an external audit authority which shall be independent from the NIPAC, the NAO, the Management Structure and the IPARD Managing Authority/IPARD Agency and shall enjoy the necessary financial autonomy. It shall comply with internationally accepted auditing standards. A head of the Audit Authority shall be appointed by the IPA III beneficiary. S/he shall possess adequate competence, knowledge and experience in the field of audit to carry out the required tasks. The audit authority shall carry out audits on the management and control system(s), on actions, transactions and on the annual accounts in line with internationally accepted auditing standards and in accordance with an audit strategy. Further guidance and definitions from the EC may complement those standards.</p>	<p>The Governmental Audit Authority of EU Funds was founded by the Decree of the Government of the RS (“Official Gazette of the RS”, No. 41/11 and 83/11) on 2 June 2011, pursuant to Article 31, paragraph 1 of the Law on Government (“Official Gazette of the RS”, No. 55/05, 71/05 - amended, 101/07, 65/08 and 16/11), which regulates its organisation and scope of work.</p> <p>Scope of work of the Audit Authority will be regulated by the Decree on appointing the Audit Authority for auditing the management system for pre-accession assistance programmes of the EU under the Instrument for Pre-Accession Assistance (IPA III).</p>

Table 59: The designation of all relevant authorities and a summary description of the management and control structure (NIPAC, NAO, MA, IA and AA)

Authority Type	Authority, department or unit	Head of the authority	Address	Telephone	E-mail
NAO	Ministry of Finance	State Secretary, Gojko Stanivuković	Kneza Miloša 20, 11000 Belgrade, Serbia	+381 11 765 2018	<a href="mailto:gojko.stanivukovic@mfin.gov.rs">gojko.stanivukovic@mfin.gov.rs</a>
NIPAC	Ministry of European Integration	Minister, Tanja Mišćević	Nemanjina 34, 11000 Belgrade, Serbia	+381 11 3061 110	<a href="mailto:office@mei.gov.rs">office@mei.gov.rs</a>
IPARD MA	Department for Management of IPARD Programme	Head of the Department Jasmina Miljković	Bulevar kralja Aleksandra 84, 11050 Belgrade, Serbia	+381 11 3348 048	<a href="mailto:jasmina.miljkovic@minpolj.gov.rs">jasmina.miljkovic@minpolj.gov.rs</a>
IPARD Agency	Directorate for Agrarian Payments	Acting Director Sanja Danilović	Bulevar Mihajla Pupina 113a, 11070 Belgrade, Serbia	+381 11 3020 164	<a href="mailto:sanja.danilovic@minpolj.gov.rs">sanja.danilovic@minpolj.gov.rs</a>
Audit Authority	Governmental Audit Office of EU Funds	Office Director Ljubinko Stanojević	Nemanjina 4 (and Nemanjina 11), 11000 Belgrade, Serbia	+381 11 3639 951	<a href="mailto:kancelarija@aa.gov.rs">kancelarija@aa.gov.rs</a>

## 12. DESCRIPTION OF THE IPARD MANAGING AUTHORITY/IPARD AGENCY, INCLUDING MONITORING AND EVALUATION

### 12.1. Description of the IPARD Managing Authority and IPARD Agency and their main functions

The IPARD Managing Authority/IPARD Agency of the IPARD III Programme has been established in line with the requirements of the Article 10 (1) (d) of the FFPA:

(a) the IPARD Managing Authority, being a public body and acting at national level, to be in charge of preparing and implementing the programme, including selection of measures and publicity, coordination, evaluation, monitoring and reporting of the Programme concerned and managed by a senior official with exclusive responsibilities; and

(b) the IPARD Agency with functions of a similar nature as a paying agency in a Member State in charge of publicity, selection of projects, as well as authorisation, control and accounting of commitments and payments and execution of payments.

With a Decision of the Government of the RS (“Official Gazette of the RS”, No. 34/23), the MAFWM has been designated as the IPARD Managing Authority/IPARD Agency for the implementation of the IPARD. The Department for Management of IPARD Programme, within the MAFWM has been designated as the IPARD MA, while the Directorate for Agrarian Payments is designated as the IA.

The relations between the MA and the IA are regulated by the Decree on the management of

European Union pre-accession assistance programmes under the Instrument for Pre-Accession Assistance (IPA III) for the period 2021-2027 (“Official Gazette of the RS”, No. 29/23) and Memorandum of Understanding which was signed on 31<sup>st</sup> October 2019. Any question between the MA and the IA relating to the execution or interpretation of the Memorandum of Understanding shall be the subject of consultation between the MA and the IA.

Where is a failure to carry out an obligation set out in the Memorandum of Understanding or the relevant instructions, and no sufficient remedial measures have been taken in due time, the NAO may take corrective actions within its powers.

The provisions of the bilateral agreements between the Government of the RS and the EC related to IPA III implementation shall apply to all matters not addressed in this Implementing Memorandum of Understanding and shall prevail over the unsettled disputes among the parties.

### **IPARD Managing Authority**

The role of the MA is performed by the Department for Management of IPARD Programme within the MAFWM. In accordance with Article 10 (1) of the FFPA and Article 8 and Annex 1 of the SA the MA shall be responsible for managing the IPARD III Programme in an efficient, effective and correct way. It shall be allocated the functions and responsibilities in accordance with Annex 1 of the Sectoral Agreement and Annex A, Clause 6a of the FFPA:

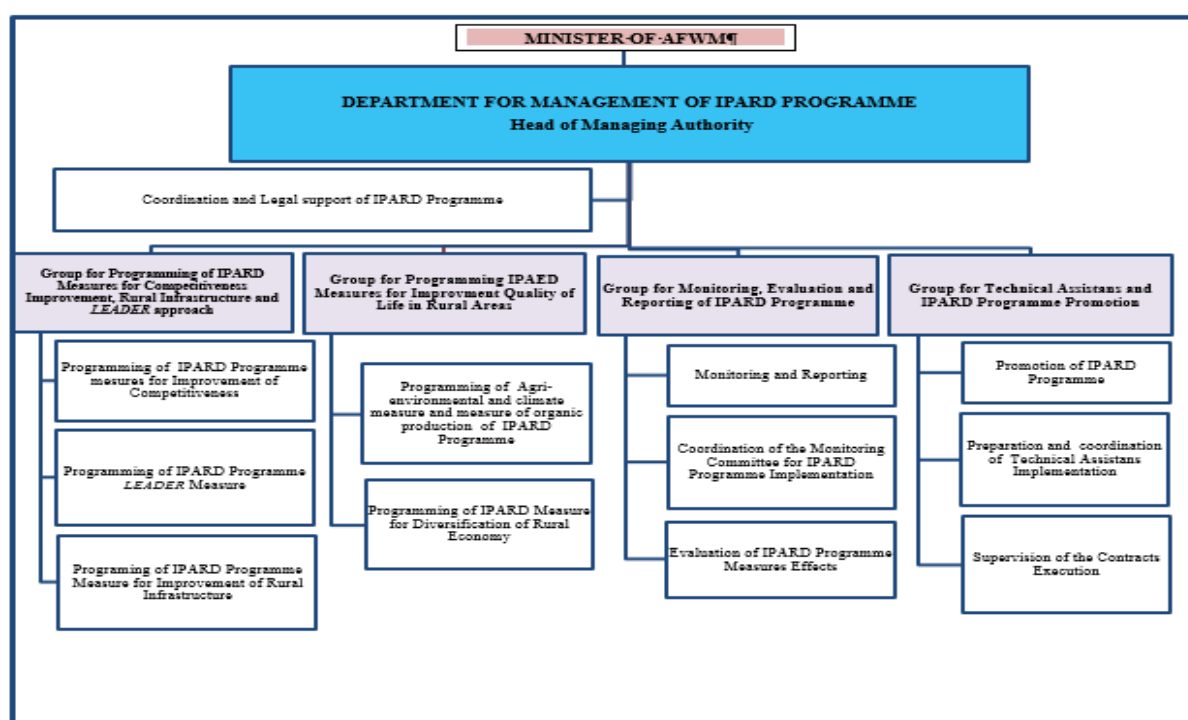
- drafting the IPARD III Programme and any amendments to it, including those requested by the Commission;
- the controllability and verifiability of the measures, to be defined in the IPARD III Programme in cooperation with the IA;
- the selection of measures under each call for applications under the IPARD III Programme and their timing, the eligibility conditions and the financial allocation per measure, per call. The decisions shall be made in agreement with the IA;
- ensuring that the appropriate national legal basis for IPARD III implementation is in place and updated as necessary;
- assisting the work of the IPARD III MC as referred to in Article 54 of the SA, notably by providing the documents necessary for monitoring the quality of implementation of the IPARD III Programme;
- The MA shall, in accordance with Clause 6a(4) of Annex A to the FFPA, set up a reporting and information system to gather financial and statistical information on progress of the IPARD III Programme, also on the basis of information to be provided by the IA, and shall forward this data to the IPARD III MC, in accordance with arrangements agreed between the RS and the EC, using where possible computerised systems permitting the exchange of data with the EC and linked to the reporting and information system to be set up by the NAO;
- The reporting and information system should contribute to the annual and final implementation reports referred to in Article 61 of the SA;



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- The MA shall propose amendments of the IPARD III Programme to the EC, with a copy to the NIPAC, after consultation with the IA, and following agreement by the IPARD III MC. The MA shall be responsible for ensuring that the relevant authorities are informed of the need to make appropriate administrative changes when such changes are required following a decision by the EC to amend the IPARD III Programme;
- Each year the MA shall draw up an action plan for the intended operations under the Technical Assistance measure, which shall be submitted to the IPARD III MC for agreement;
- As referred to in Clause 6a(7) of Annex A of the FFPA, the IPARD Managing Authority shall draw up an evaluation plan in accordance with Article 58 of the SA. It shall be submitted to the IPARD III MC as referred to in Article 54 of the SA not later than one year after the adoption of the IPARD III Programme by the EC. It shall report to the IPARD III MC and to the EC on the progress made in implementing this plan;
- The MA shall draw up a coherent plan of visibility and communication activities in accordance with Articles 31 and 32 of the SA and shall consult and inform the EC, having taken advice from the IPARD III MC. The plan shall in particular show the initiatives taken and those to be taken, with regard to informing the general public about the role played by the Union in the IPARD III Programme and its results;
- When a part of its tasks is delegated to another body, the MA shall retain full responsibility for the management and implementation of those tasks in accordance with the principle of sound financial management.

*Chart 13: Organisational Chart of the IPARD Managing Authority*



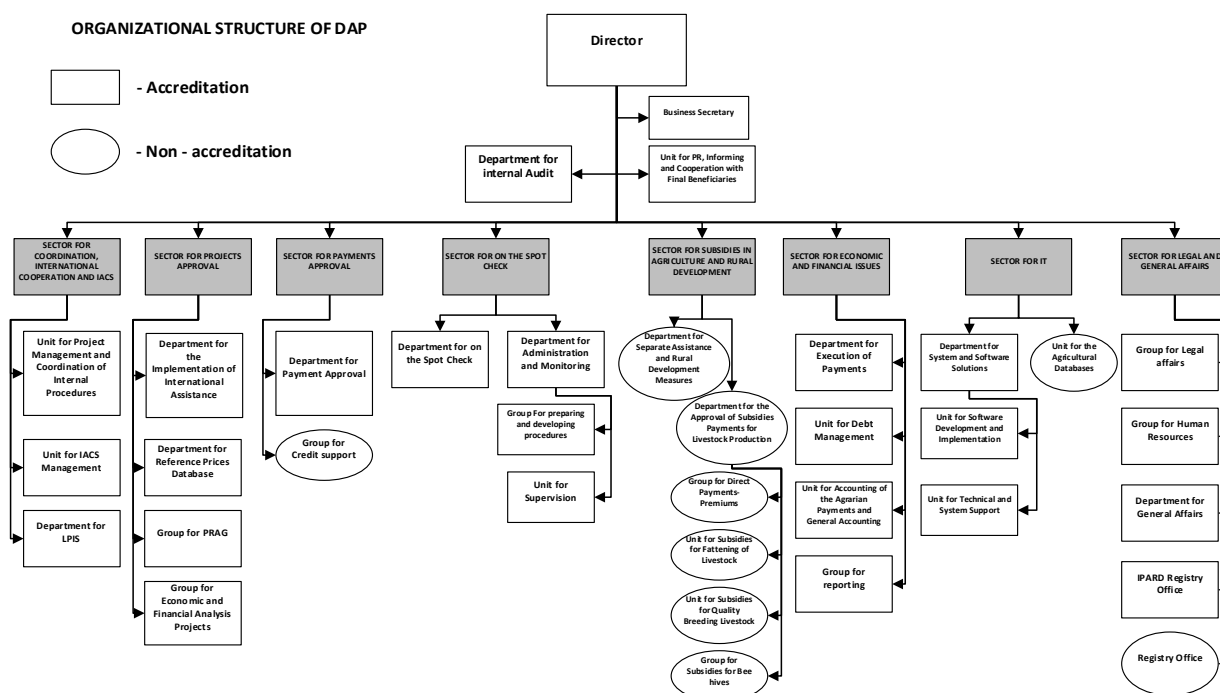
## **IPARD Agency**

The role of the IPARD Agency (IA) is performed by the Directorate for Agrarian Payments (DAP), which was officially established in October 2009. The DAP is responsible for processing of agricultural subsidies and issuing of payments. Rural development measures are processed in the DAP directly, including the payments request.

The IA shall be allocated the functions and responsibilities in accordance with Annex 1 of the SA. In accordance with Article 10(1), Clause 6(b) of Annex A of the FFPA and Article 9 of the SA it shall be responsible for:

- providing a confirmation to the MA on the controllability and verifiability of the measures in the IPARD III Programme;
- making calls for applications and publishing terms and conditions for eligibility with prior notification with the MA on issues raised in Clause 6a(3)(c) of the FFPA;
- selecting the projects to be implemented;
- laying down contractual obligations in writing between the IA and the recipients including information on possible sanctions in the event of non-compliance with those obligations and, where necessary, the issue of approval to commence work. The IA may continue to contract or enter into commitments under the SA for a specific measure up to the date when the RS starts to contract or to enter into commitments for this measure under any successor IPARD III Programme;
- follow-up action to ensure progress of projects being implemented;
- reporting of progress of measures being implemented against indicators;
- ensuring that the recipient is made aware of the EU contribution to the project;
- ensuring irregularity reporting at national level;
- ensuring that the NAO, the management structure and the MA receive all information necessary for them to perform their tasks;
- ensuring compliance with the obligations concerning publicity referred to in Article 23 of the FFPA;
- In respect of investments in infrastructure projects of a type that would normally be expected to generate substantial net revenue, the IA shall assess, prior to entering into contractual arrangements with a potential recipient, whether the project is of this type. Where it can be concluded that it is, the IA shall ensure that the public aid from all sources does not exceed 50% of total costs related to the project and considered as eligible for EU co-financing;
- The IA shall ensure that for any project under the IPARD III Programme the accumulation of public aid granted from all sources does not exceed the maximum ceilings for public expenditure set out in Articles 34 and 37 of the SA.

Chart 14: Organisational chart of the IPARD Agency



## 12.2. Description of monitoring and evaluation systems, including the envisaged composition of the Monitoring Committee

Conforming to the EU programming provisions, the monitoring function has been institutionalised by the establishment of a monitoring system within the IPARD MA and IPARD MC.

The MA and the IPARD III MC shall monitor the effectiveness, efficiency and the quality of the implementation of the IPARD III Programme and report to the IPA III Monitoring Committee and to the Commission on progress of the programme measures in pursuance of Article 53 (2) of the FFPA and Article 54 of the SA.

Programme monitoring shall be carried out by reference to the indicators presented in the IPARD III Programme.

### Data collection

The IA shall act as monitoring data provider for the MA, responsible to provide validated and accurate data, as defined in the monitoring tables prepared by the MA. The tables are set out according to indicators and in line with EC recommended tables for monitoring.

The MAFWM received a grant from the Government of Japan for strengthening its monitoring and evaluation capacities and for better evidence-based decision-making. The grant of approx. EUR 1.53 m (USD 1.8 m) started in 2020 and shall last till 2023 in which period a common platform, bringing together data from various sources should be built and people should be trained. This platform should enable alignment with EU CAP PMEF but also assist various actors and stakeholders to be able to analyse all the available agri-food drawing its inspiration

from the Commission's Agri-data portal. Once built, the MA shall use the platform for its monitoring and evaluation activities as well.

For each measure a monitoring form with common indicators will be prepared and attached as an obligatory part of the application form and final payment request form. It will be the responsibility of the IA to enter data, provided by the recipients into the monitoring data base, and to assure data quality checks. The verified data will be transferred into an agreed compatible format to the MA monitoring system, where the data will be processed and monitoring tables produced. The detailed obligations and responsibilities of the MA and IA in respect to the monitoring, evaluation and reporting will be laid down in the Memorandum of Understanding.

Contractual obligations with recipients will stipulate responsibilities for provision of data to the IA/MA and/or evaluators or other bodies necessary to perform monitoring and evaluation of the Programme.

### **Monitoring Committee**

In accordance with Article 19 of the Commission Implementing Regulation (EU) No. 2021/2236, Article 53 of the FFPA, the IPARD III Monitoring Committee (IPARD III MC) will be established not later than 6 months after the first financing agreement enters into force.

In line with Article 54 of the SA, the IPARD III MC:

- Shall examine the results of the IPARD III Programme, in particular the achievement of the targets set for the different measures and the progress on utilisation of the financial allocations to those measures. In this regard, the MA shall ensure that all relevant information in relation to the progress of measures is made available to the MC and the NIPAC;
- Shall periodically review progress made towards achieving the objectives set out in the IPARD III Programme. For this purpose, it shall, in particular, be given the following:
  - a. information on any sectors or measures where difficulties are experienced;
  - b. information on the results of verifications carried out;
- Shall consider and approve, where appropriate, any proposal drawn up by the MA to amend the IPARD III Programme to be submitted to the EC, with copy to the NIPAC and NAO, in line with the Article 53(4)(g) of the FFPA;
- Notwithstanding the provisions of Article 8 of the SA, the IPARD III MC may, following consultation with the MA and the IA, propose to the MA for submission to the EC, with copy to the NIPAC and the NAO, amendments or reviews of the IPARD III Programme to ensure the achievements of the Programme's objectives and enhance the efficiency of the assistance provided;
- Shall consider and approve the annual and final implementation reports before they are sent to the NIPAC for submission to the EC, with copies to the NAO and the Audit Authority;

- Shall examine the evaluations of the IPARD III Programme referred to in Article 59 of the SA;
- Shall consider and approve the plan of visibility and communication activities referred to in Article 32 of the SA as well as any subsequent updates of the plan;
- Shall be consulted on the TA activities under the IPARD III Programme. It shall consider and approve each year an indicative annual action plan for the implementation of technical assistance activities including indicative amounts for information purposes;
- When required by the IPARD III Programme to give an opinion on any matter, the IPARD III MC shall act accordingly;
- All final documents of IPARD III MC meetings shall be made public;
- The IPARD III MC shall meet at least twice per 12 months.

### **Composition of the Monitoring Committee**

The IPARD III MC shall be designated by the Decision on establishment of IPARD III MC for monitoring and evaluation of the Programme for Pre-Accession Assistance for Rural Development of the RS 2021-2027.

Relevant associations shall be selected as members of the IPARD III MC according to the following criteria:

- business activity;
- number of members;
- activities of the members;
- regional distribution.

The IPARD III MC shall be composed of representatives from relevant public authorities and bodies, appropriate economic, social and environmental partners. The number of non-governmental organisations in the IPARD III MC shall be at least equal to the number of the members from governmental bodies and authorities. The economic, social and environmental non-governmental organisations, invited to become members of the IPARD III MC, will be selected among the organisations, consulted during the preparation of the Programme or other relevant organisations, which are the most representative of the respective sectors. Representatives of bilateral and multilateral donor organisations, banking sector, the academia and other organisations, relevant to the IPARD III Programme, will be invited as observers of the IPARD III MC.

IPARD III MC working groups may be established to address specific problems. The IPARD III MC shall be chaired by a senior representative of the MAFWM who shall have voting rights. The EC, the IPARD Managing Authority/IPARD Agency, the NAO and the NIPAC shall participate in the work of the IPARD III MC without a voting right.

Rules of procedures shall be adopted on the first IPARD III MC session. The IPARD III MC shall meet at least twice per 12 months, but ad-hoc meetings may also be convened.

The IPARD III MC shall report to the IPA MC and may make proposals on any corrective action to ensure the achievement of the objectives of the actions and enhance the efficiency, effectiveness, impact and sustainability of the IPARD assistance.

The MA will act as the Secretariat to the IPARD III MC and assist in its work by providing information and analyses, as well as follow-ups on its decisions.

### **Evaluation**

The obligation to evaluate IPARD III Programme has been set by Articles 54 and 56 of the FFPA and further detailed by Articles 56-60 of the SA.

The IPARD III Programme shall be a subject to ex-ante and ex-post evaluations and, where considered as appropriate by the Commission, interim evaluations carried out by independent evaluators organised and engaged under the responsibility of the MA. The MA shall be responsible for the proper reporting of the evaluation findings and recommendations submitted to the relevant national authorities and the Commission.

In line with Article 58 of the SA, the MA will be responsible to draw up an evaluation plan in consultation with the NIPAC for the period 2021-2027 following the requirements of Article 56 of the FFPA. The evaluation plan will be submitted to the IPARD III MC not later than one year after the adoption of the IPARD III Programme by the Commission. The MA shall report each year on the results achieved under the evaluation plan to the IPARD III MC with copies to the Audit Authority. A summary of the activities shall be included in the annual report.

In accordance with Article 60 of the SA, at latest by the end of the first year after the Programme implementation period, an ex-post evaluation shall be prepared for the IPARD III Programme. That report shall be completed and submitted to the Commission not later than the end of that year.

### **Reporting**

The obligation for reporting the IPARD III Programme has been prescribed by Articles 58, 59 and 62 of the FFPA and further detailed by Article 61 of the SA.

In accordance with Articles 58 and 59 of the FFPA concerning the general reporting requirements and the reporting requirements to the Commission under indirect management by the IPA III beneficiary, the NIPAC and the NAO shall provide the Commission with an annual report on the implementation of IPA III assistance and with an annual report on the implementation of the entrusted budget implementation tasks by 15<sup>th</sup> February of the following financial year. In line with Article 62 of the FFPA the IPARD Managing Authority/IPARD Agency shall deliver all the necessary information to the NIPAC and the NAO for the purposes of the reports.

The obligation to draw up an annual reports and final reports on the implementation of the IPARD III Programme by the MA has been set by Article 61 of the SA. The MA, after consultation with the IA, shall draw up annual reports on the implementation of the IPARD III Programme in the previous calendar year by 30<sup>th</sup> June each subsequent year following a full calendar year of implementation of the IPARD III Programme. The final report shall be

submitted at the latest six months after the final date of eligibility of expenditure under the IPARD III Programme in accordance with Article 29(4) of the FFPA.

### **13. RESULTS OF CONSULTATIONS ON PROGRAMMING AND PROVISIONS TO INVOLVE RELEVANT AUTHORITIES AND BODIES AS WELL AS APPROPRIATE ECONOMIC, SOCIAL AND ENVIRONMENTAL PARTNERS**

#### **13.1. Provision adopted for associating the relevant authorities, bodies and partners**

The MA has significant experience in the implementation of the partnership principle gained during the preparation of national strategic policy formulation for the 2014-2024 period (NARDS), as well as for the preparation of NRDP and IPARD II Programme, involving government, civil society and private sector stakeholders at both national and local levels.

The IPARD III Programme was prepared in consultation with all appropriate interested parties, in the line with the specific provisions on rural development programmes, laid down in Article 20 of the Commission Implementing Regulation (EU) No. 2021/2236 of 15<sup>th</sup> December 2021.

The MA has prepared the communication frame for implementing the partnership principle during the elaboration process of IPARD III Programme. Communication channels for information and documents exchange are defined, as well as for receiving remarks and comments of stakeholders. The main idea was to include in all stages of the preparatory process all relevant parties (competent regional and local and other public authorities, economic and social partners, NGOs) that will be involved in implementation, monitoring and evaluation of IPARD III Programme.

The following groups of policy stakeholders have been identified and included in different stages of the IPARD III Programme preparation and implementation:

1. Public authorities and bodies in order to establish strong intra and inter-ministerial coordination, consisting of:

- MAFWM policy sectors, with directorates (such as Veterinary Directorate, Forestry Directorate, Plant Protection Directorate, Directorate for Agricultural Land, Republic Water Directorate, Sector for Agricultural Inspection, Sector for Agrarian Policy, Sector for Rural Development);

- Representatives of other Ministries of the RS – Ministry of Finance, Ministry of European Integration, Ministry of Environmental Protection, Ministry of Public Administration and Local Self-Government, Ministry of Construction, Transport and Infrastructure, Ministry of Trade, Tourism and Telecommunications, Ministry of Economy, Ministry of Communication, Science and Technological Development, Agency for Environmental Protection, Ministry of Labour, Employment, Veteran and Social Affairs, Ministry of Youth and Sport, SORS;

- Regional and Local authorities – Local self-governments, Standing Conference of Towns and Municipalities, Regional Development Agencies, Provincial Secretariat for Agriculture, Water Management and Forestry, Provincial Secretariat for Regional Development, Interregional Cooperation and Local Self-Government;

2. Branch associations and Non - Governmental Organisations in the field of agriculture and rural development in the RS – Chamber of Commerce and Industry of Serbia, Farmers' Association, National Farmers' and Cooperatives' Association, National and Regional Associations of Agricultural Co-operatives and Producers, National Association of Food Processors, Organisations for environmental issues, associations promoting equality of women and men, and issues related to persons with disabilities, Roma, etc.

3. Donor's organisations such as World Bank, USAID, FAO etc.;

4. Other partners such as scientific-research institutes and academia, consultants, commercial banks and micro-finance institutions in the RS.

In that sense, following the EU legal requirements, consultation process has started, at the beginning of 2020, with six events organised for presentation of finalised analyses of milk, meat, fruit, vegetable, fishery and other crops sector to relevant sector stakeholders. Egg and w/vine sectors were analysed and communicated earlier for the purpose to be included in the IPARD II Programme modification. Analysis of state of communal infrastructure was also presented in the autumn of 2020.

In addition to various events where the IPARD III Programme was presented and discussed, IPARD Monitoring Committee members were included in the IPARD III consultation process through regular MC meetings.

In April 2021 public institutes and NGOs dealing with nature and environmental protection, were consulted in regard to the outline of the IPARD III Programme Chapter 3.3. Land and environment management and respective SWOT analysis. Afterwards, two national stakeholder workshops to present and discuss the proposed operations in Measure 4 were held in July 2021 in Belgrade. All designated stakeholders were invited to take part in workshops.

The IPARD III Programme outline was presented on the national Conference "IPARD III Programme – What is there for me?" in the frame of the promotional campaign of the EU Delegation to the Republic of Serbia "Za naša polja - # EU za poljoprivredu", held within the 88<sup>th</sup> International Agricultural Fair in Novi Sad in September 2021.

During August and September 2021, IPARD III Programme was subject to round table discussion in Novi Sad, Kruševac, Arandjelovac and Valjevo. At the same time, SWOT analyses, needs identified under the IPARD III Programme and drafts of selected measures were posted on the website of the MAFWM and DAP for comments and suggestions in the period from July to August 2021.

Comments and suggestions on sectoral analyses, SWOT analyses, defined needs and developed measure fiches collected and received during the entire consultation process and public hearing were considered and reflected in the IPARD III Programme document.

The representatives of EU Delegation in Serbia took part in the abovementioned stakeholder meeting discussions.



**13.2. Designation of the partners consulted – summary**

Name of institution/body/person	Competence/Expertise	Name of the Contact Person
Representatives of ministries:		
MAFWM	Assistant Minister	Nenad Katanić
MAFWM	Head of the Department for Analytics and Statistics	Milica Jevtić
MAFWM	Senior Advisor in Group for Advisory Services, Sector for Rural Development	Ana Bogunović
MAFWM	Independent Advisor in Group for Advisory Services, Sector for Rural Development	Mirko Vlačo
MAFWM	Senior Advisor for Animal Genetic Resources, Sector for Rural Development	Srđan Stojanović
MAFWM	Head of the Group for Winemaking and Viticulture, Sector for Agrarian Policy	Jelena Kuzmanović
MAFWM	Head of the Group for Organic Production, Sector for Agrarian Policy	Jelena Milić
MAFWM	Group for the Production and Market of Fruits, Vegetables and Spirits, Sector for Agrarian Policy	Vesna Radojičić
MAFWM	Group for Livestock and Processing of Livestock Products, Sector for Agrarian Policy	Mirko Novaković
MAFWM	Departments of Water Management and International Cooperation, Republic Water Directorate	Marija Lazarević
MAFWM	Director at the Agricultural Land Directorate	Branko Lakić
MAFWM	Head of the Department of Plant Protection Products and Nutrition, Plant Protection Directorate	Lidija Ristić Matijević
MAFWM	Department of Plant Protection Products and Nutrition, Plant Protection Directorate	Snežana Jeličić
MAFWM	Director at the Veterinary Directorate	Emina Milakara
Ministry for Environmental protection	Department for Protection and Sustainable Use of Fish Stock	Dušan Ognjanović
Ministry of Trade, Tourism and Telecommunications	Head of the Department for the Development of Tourist Products	Jasna Simović
Ministry of Trade, Tourism and Telecommunications	Assistant Minister	Renata Pindžo,
Ministry of Economy	Advisor in the Sector for Regional Development and Strategic Analysis of the Economy	Miona Popović
Ministry of Construction, Transport and Infrastructure	Head of the Department for Spatial Planning	Svetlana Čeperković

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Name of institution/body/person	Competence/Expertise	Name of the Contact Person
Ministry of Public Administration and Local Self-Government	Secretary of State of the Ministry of Public Administration and Local Self-Government	Dragana Potpara
Ministry of Public Administration and Local Self-Government	Head of the Department for Projects in the Sector for European Integration and International Cooperation	Mila Stanković
Ministry of Education, Science and Technological Development	Assistant Minister	Viktor Nedović
Ministry of Education, Science and Technological Development	Head of the IPA Implementation Group	Mirko Ožegović
Ministry of Youth and Sports	Secretary of State of the Ministry of Youth and Sports	Milan Savić
Ministry of Finance	Secretary of State of Ministry of Finance / National Authorising Officer	Gojko Stanivuković
Ministry of Finance	Head of the Group for Supervision and Monitoring of the System for Management of EU pre-accession Assistance for IPARD Programme	Jelena Mitevski
Ministry of European Integration	Advisor to the Minister	Danilo Golubović
Ministry of European Integration	/	Slobodan Savić
<b>Representatives of institutions</b>		
Secretariat for Agriculture, Water Management and Forestry of Vojvodina Province	Assistant Provincial Secretary at the Sector for Protection, Utilisation and Use of Agricultural Land	Petar Samolovac
Provincial Secretariat for Regional Development, Interregional Cooperation and Local Self-Government	Under-Secretary	Darko Milanković
Governmental Audit Office of EU Funds (Audit Authority)	Director of Governmental Audit Office of EU Funds	Ljubinko Stanojević
Governmental Audit Office of EU Funds (Audit Authority)	Head of Group for Audit of Agriculture and Rural Development – IPARD Programme	Saša Čelić
Development Agency of Serbia	/	Jelena Radoman Ilić
Environmental Protection Agency	Indicators and Reporting	Dragana Vidojević
Environmental Protection Agency	Biodiversity	Slaviša Popović
Guarantee Fund of AP Vojvodina	Guarantee Fund	Goran Vasić
Institute for Forage Crops, Kruševac	Director	Zoran Lugić
Institute for Forage Crops, Kruševac	Assistant Director for Scientific Research	Jasmina Radović
Institute for Lowland Forestry and Environment Novi Sad	Forestry	Saša Orlović
Institute for Nature Conservation of Serbia	Expert associate for urban and spatial planning	Ivana Glušica Bajić
Institute for Nature Conservation of Serbia	Secretary to the Director	Vesna Luković
Institute for Nature Conservation of Vojvodina Province	Coordinator of international cooperation	Marko Tucakov

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Name of institution/body/person	Competence/Expertise	Name of the Contact Person
Institute for Nature Conservation of Vojvodina Province	Expert associate for nature protection	Alen Kiš
Institute for the Study of Medicinal Herbs “Josif Pančić”	Medical plants and organic farming	Vladimir Filipović
Institute of Field and Vegetable Crops Novi Sad	Assistant Director for Scientific Research	Ana Marjanović Jeromela
Institute of Field and Vegetable Crops Novi Sad	Field crops	Vojin Đukić
Institute of Fruit Growing Čačak	Fruit growing	Mira Milinković
Municipal Authority Trstenik	Department of Economy, Agriculture and Sustainable Development	Slavica Pavlović Brašić
Municipal Authority Varvarin	Advisor for agricultural and rural development	Aleksandar Živković
Municipal Authority Varvarin	Agricultural engineer	Zoran Branković
Municipality Čičevac	/	Miloš Radosavljević
Municipality Trstenik	/	Ivan Dubičanin
Soil Institute	Soil and organic farming	Vladan Ugrenović
Standing Conference of Towns and Municipalities	Program Director for Economic Development	Slađana Grujić
<b>University representatives:</b>		
Faculty of Agriculture, University of Belgrade	Viticulture	Zoran Pržić
Faculty of Agriculture, University of Belgrade	Agroecology	Željko Dolijanović
Faculty of Agriculture, University of Belgrade	Agrobotany, biodiversity and natural plant resources in agriculture	Zora Dajić - Stevanović
Faculty of Agriculture, University of Belgrade	Fruit growing	Dragan Radivojević
Faculty of Agriculture, University of Belgrade	Agroeconomy	Vlade Zarić
Faculty of Agriculture, University of Belgrade / National Association for organic production “Serbia Organica”	Agroecology and organic farming	Snežana Oljača
Faculty of Agriculture, University of Novi Sad	Field crops and organic farming	Srđan Šeremešić
Faculty of Agriculture, University of Novi Sad	Livestock breeding	Ivan Pihler
Faculty of Agriculture, University of Novi Sad	Livestock breeding	Snežana Trivunović
Faculty of Agronomy in Čačak, University of Kragujevac	Professor at the Faculty of Agronomy in Čačak	Drago Milošević
Singidunum University, University of Belgrade	Rural development, agri-environment measures, livestock farming	Suzana Đorđević Milošević
<b>Representatives of Chamber of Commerce and Industry of Serbia:</b>		
Chamber of Commerce and Industry of Serbia	Secretary of Agriculture Sector	Aleksandar Bogunović
Chamber of Commerce and Industry of Serbia	Advisor	Veljko Simić

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Name of institution/body/person	Competence/Expertise	Name of the Contact Person
Chamber of Commerce and Industry of Serbia	Secretary of the Association for Livestock and Processing of Livestock Products	Nenad Budimović
Chamber of Commerce and Industry of Serbia	Assistant Director of the Agriculture Sector	Dragana Gagić
Chamber of Commerce and Industry of Serbia	Secretary Sector for Tourism	Tijana Maljković
Regional Chamber of Commerce and Industry of Kolubara and Mačva Administrative Districts	Agriculture coordinator	Mirjana Đorđević
Regional Chamber of Commerce and Industry of Kolubara and Mačva Administrative Districts	/	Katarina Madžarević
Regional Chamber of Commerce of the Rasina Administrative District	Agriculture coordinator	Dragana Milosavljević
Regional Chamber of Commerce of the Rasina Administrative District	Director of Regional Chamber of Commerce	Maja Marković
Regional Chamber of Commerce of the South Bačka Administrative District	Agriculture Coordinator	Milena Jerosimović
Representatives of development agencies:		
Agency for Regional Development of the Rasina District	Regional development	Jelena Lacić
Rural Development Agency of the city of Sremska Mitrovica	Rural Development Agency	Marina Maksimović
Regional Economic Development Agency for Šumadija and Pomoravlje	Rural Development Agency	Goran Miljković
Representatives of Agricultural Advisory Service:		
Agricultural Advisory Service	Advisor in agriculture	Tijana Kašiković
Agricultural Advisory Service	Advisor in agriculture	Snežana Radovanovic
Agricultural Advisory Service Belgrade	Agricultural Advisor (field crops)	Dragana Stoiljković
Agricultural Advisory Service Belgrade;	Agricultural Advisor (fruit growing)	Radmila Koprivica
Agricultural Advisory Service Kruševac	Agroeconomist	Zoran Starinac
Agricultural Advisory Service Novi Sad	Advisor in agriculture	Obrad Bogdanović
Agricultural Advisory Service Šabac	Agricultural Advisor (fruit growing)	Milorad Jocković
Agricultural Advisory Service Šabac	Agricultural Advisor	Zoran Beljić
Agricultural Advisory Service Smederevo	Agricultural Advisor (field crops)	Dragomir Radić
Agricultural Advisory Service Smederevo	Agricultural Advisor (fruit growing)	Biljana Nikolić
Representatives of associations:		
Association “Arijska malina”	Fruit growing	Mirjana Milutinović
Association “Natura Balkanika”	/	Slobodan Milošević
Association HabiProt	Environment protection	Bojana Nadaždin
Association HabiProt	Environment protection	Milan Đurić
Association of Agricultural Farmers “Agroprofit”	Livestock breeding	Tibor Birze

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Name of institution/body/person	Competence/Expertise	Name of the Contact Person
Association of Agricultural Farmers “Agroprofit”	Livestock breeding	Aleksandar Radojević
Association of Agricultural Producers “Vojvodina agrar”	Agricultural production	Milan Vlaović
Association of Beekeeping Organisations of Serbia	Beekeeping	Nenad Portić
Association of Farmers “Agroprofit”	Organic farming	Tanja Maksimović
Association of Farmers “Club 100P Plus”	Filed crops	Žarko Kobilarov
Association of Serbian Winemakers and Winegrowers	/	Aleksandar Vinčić
Association of Winemakers and Viticulture of Serbia	Viticulture	Marko Malićanin,
Association of Winemakers and Viticulture of Serbia	Winemaker	Dragan Krgović
Association ORCA	Environment protection	info@orca.rs
Associations of Independent Associations of Farmers of Serbia	/	Jovica Jakšić
Bird Protection and Study Society of Serbia	Ornithology	Milan Ružić
Bird Protection and Study Society of Serbia	Ornithology	Dimitrije Radišić
Central Association of Simmental Cattle Breeders	Livestock breeding	Vlada Pantelić
Environmental Ambassadors for sustainable development	Environment protection	Aleksandra Mladenović
Fruit association “Čačanska jabuka”	Fruit growing	Nebojša Jovanović
National Association “Rural Tourism in Serbia”	President of Association	Vladimir Ivanović
National Association of Milk processors “SEDA”	/	Miloš Stojanović
National Society for Fruit Production “Our Fruit Serbia”	Coordinator of the Fruit Growers' Cooperative / Director of the cooperative “Agro eko voće”, Arilje	Božo Joković
Rural Development Network of Serbia	Chairman of the Board	Dragan Roganović
Serbian Cooperative Union	President of the Serbian Cooperative Union	Nikola Mihajlović
Serbian Milk Producers Association	Chairman of the Board	Vasa Džigurski
Serbian Young Farmers Association	/	Milan Borić
WWF Adria Serbia	Environment protection	serbia@wwfadria.org
Representatives of international institutions and organisations:		
FAO Regional Office for Europe and Central Asia	Project “Strengthening the resilience of the agricultural sector to natural disasters”	Jelena Čubrilo Vranac
FAO Regional Office for Europe and Central Asia	Project “Strengthening the resilience of the agricultural sector to natural disasters”	Ljiljana Isić
Representatives of the Meat sector / Meat processing sector and marketing:		
Association for Cattle Fattening of Serbia	President of the Association	Čedomir Keco

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Name of institution/body/person	Competence/Expertise	Name of the Contact Person
Association of Sheep and Goat Breeders of Serbia	President of the Association	Frida Bauman
Carnex / Council of Meat Industry Technologists	Executive Director / President	Tamara Penjić
Delikos	Director	Mina Rakićević
Delikos	/	Nikola Grbić
Elixir Feed	Consulting activities	Srđan Krnjaić
“Hrana produkt” limited liability company	Director’s assistant in “Hrana produkt”	Stefan Stanković
National Alliance for Local Economic Development	Advisor	Tisa Čaušević
National Rural Revival Team of Serbia and the Rural Development Network in Serbia	/	Branislav Gulan
Neoplanta, Meat Industry	Operations Manager	Jelena Šoć Dujaković
Premium Chicken	Quality control	Mirjana Grubić
Srem and Macva Livestock Association	President of the Association	Zoran Ilić
Yuhor	Quality Manager	Ana Jeremić
Yuhor	Production Director	Violeta Marjanović
<b>Representatives of the Milk sector / Milk processing sector and marketing:</b>		
Association of Producers of Zlatar Cheese, Nova Varoš	/	/
Bio Panon Dairy	Director of Commercial Affairs and Marketing	Bojan Milenković
Center for Rural Development and Agriculture Sjenica	/	Esad Hodžić
Dairy “Granice”	Technical Director	Sonja Stojanović
Dairy “Šabac”		Saša Živanović
Dairy “Subotica”	Director of production	Saša Džonlaga
Dairy Šabac	/	Nikola Popović
Four small dairies in Zlatar	/	Milanka Trtović/Marijana Đorđević
Institute for Science Application in Agriculture	Agricultural Advisor for Livestock and Dairy	Boris Berisavljević
MAFWM	Senior Advisor, Veterinary Directorate	Tamara Bošković
Meggle	/	Vladimir Mihajlović
National reference laboratories		Slavoljub Stojanović
SEDEDEV	Consulting activities	Dragana Tar
Zlatiborski eko agrar/ Naša Zlatka	Director/Initiating Manager of Community Servicing Small Dairy	Vladimir Bojović
<b>Representatives of the Eggs sector / Egg processing sector and marketing:</b>		
“Hrana produkt” limited liability company	Director in “Hrana produkt”	Goran Stanković
“Sins” limited liability company	/	Senad Kolašinac
“Timok” limited liability company	Commercialist	Dragan Nikšić

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Name of institution/body/person	Competence/Expertise	Name of the Contact Person
“Animal Commerce” limited liability company	Director	Bojan Mirkić
Farm Janković	Owner of farm for breeding, production of chickens and consumer eggs	Janković Budimir
“Fides 2014” limited liability company	Director	Bojan Poznić
Jaje product	Director	Ljubomir Đurđević
Mikros Union	Sales Manager	Aleksandar Nikolić
Panić Trade NP	Director	Nemanja Panić
Poultry Business Association “Zajednica Živinara”	President of the Association	Rade Škorić
Rebra Commerce	Production Manager	Rade Šćepanović
Tenen	Director	Jovo Rodić
University in Novi Sad	Professor, Specialist in dairy economics, dairy value chain and FADN	Rade Popović
Veterinary Institute Subotica	Sales Manager	Vesna Raić-Ivošević
Representatives of the Vegetable sector / Vegetable processing sector and marketing:		
Association of Farmers “Club 100P Plus”	President of the Club and a successful farmer	Vojislav Malešev
Vojvodina agrar	Chairman of the Board	Dejan Vrebalov
Vegetbles producer	Vegetables producer (over 200 ha)	Pera Đuričkov
Representatives of the Fishery sector / Fishery processing sector and marketing:		
“Alas Export Import” limited liability company	Director	Dejan Đorđević
“Bio Fish” limited liability company	Director	Nikola Mandić
Chamber of Commerce and Industry of Serbia	President of the Fisheries Group	Krum Anastasov
Chamber of Commerce and Industry of Serbia	Senior Advisor	Mirjana Mišćević
Chamber of Commerce and Industry of Serbia	Secretary	Nenad Budimović
“DB Food” limited liability company	Owner of DB Food	Slobodan Aleksandrić
“DB Food” limited liability company	Owner of DB Food	Dragan Popović
“Dini Trade” limited liability company	Director	Dimitrije Ćirić
“Dini Trade” limited liability company	/	Miljana Ćirić
DTD Ribarstvo, Bački Jarak	Director	Aleksandar Stajčić
DTD Ribarstvo, Bački Jarak	Director	Milica Nešić
“ESCO” limited liability company, Smederevo	Director	Vladimir Stanojković
Faculty of Agriculture, University of Belgrade	Professor	Vesna Poleksić
Faculty of Agriculture, University of Belgrade	Professor	Božidar Rašković
Faculty of Agriculture, University of Novi Sad	Professor	Miroslav Urošević
Faculty of Agriculture, University of	Professor	Nikolina Novakov

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Name of institution/body/person	Competence/Expertise	Name of the Contact Person
Novi Sad		
Faculty of Veterinary Medicine, University of Belgrade	Professor	Ksenija Aksentijević
Faculty of Veterinary Medicine, University of Belgrade	Professor	Dejan Krnjaić
Jugotrade	Director	Petar Labudović
Jugotrade	Director's assistant	Nebojsa Basta
“Pe Co” limited liability company	Director	Bogoljub Pejak
Prirodni Rezervat Tara	Owner of Prirodni Rezervat Tara	Luka Prelević
Fishery holding “RG Ečka”	Quality manager	Biljana Mihajlović
Fishery holding RG Ečka	Executive director	Dejan Zejak
Fishery holding RG Ečka	Secretary	Darko Sladeček
Fishpond Mika Alas	Technologist	Bojan Đurđević
“RM” limited liability company, Stubica	Director	Braniša Petrović
Serbian Association of Commercial Fishermen	President of the Association	Dragoljub Ristić
Tropic Trade	Purchasing Manager	Tijana Milenković
Representatives of the Viticulture sector / Grape processing sector and marketing:		
Winery Plavinci	Winemaker and winegrower	Branislav Andjelić
Winery Emporio	Winemaker and winegrower	Aleksandar Stojaković
Representatives of the Fruit sector / Fruit processing sector and marketing:		
Agricultural Advisory Service Valjevo	Advisor for the crops sector	Svetlana Jerinić
Agricultural Advisory Service Valjevo	Advisor for the fruit sector	Jovan Milinković
Agricultural Advisory Service Valjevo	Advisor for the livestock sector	Svetislav Marković
Agricultural Advisory Service Valjevo	Advisor for the fruit and viticulture sector	Đorđe Sovilj
Agricultural Advisory Service Valjevo	Advisor for the fruit and viticulture sector	Srdan Stanojlović
Agricultural cooperative “Zekcir”	Executive director	Ivan Radovanović
Agriculture cooperative “Darovi Crkvenca”	chairman of the board	Saša Stojanović
Agriculture cooperative “Darovi Crkvenca”	Director	Zoran Dimitrijević
Association of Hop Producers, Bački Petrovac	Hop producer	Igor Đuriš
“Belfarma” limited liability company	Owner of company for fruit processing and freezing	Snežana Ranković
Chamber of Commerce and Industry of Serbia	Senior Advisor	Milada Lukešević
City of Šabac	Member of the city council	Nataša Radovanović
City of Šabac	Advisor to the Department of Agriculture	Jelena Berić
City of Šabac	Member of the city council	Predrag Vujković
“Frigo Fruit Stil” limited liability company	Director of company for fruit and vegetable processing	Snežana Marković
Fruit grower and private extension for fruit growing, Tavankut	/	Ruža Petrina
Fruit grower, Hajdukovo	Fruit grower	Karoly Gajdac



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Name of institution/body/person	Competence/Expertise	Name of the Contact Person
Hibrid limited liability company	Director	Duško Radulović
Institute for Science Application in Agriculture	Science Associate	Ivana Bakić
Institute for Science Application in Agriculture	Science Associate	Dragan Rahović
Lukowa limited liability company	Senior Legal Manager	Nemanja Vujović
MAFWM	Inspector in agriculture, Sector for Agricultural Inspection	Davor Đukić
MAFWM	Inspector in agriculture, Sector for Agricultural Inspection	Ivana Jazić
MAFWM	Inspector in agriculture, Sector for Agricultural Inspection	Gordana Babić
MAFWM	Inspector in agriculture, Sector for Agricultural Inspection	Ivana Petrović
Mims Team limited liability company, Ljubovija	Director	Dejan Stepanović
Podgorina Frucht	Director	Katarina Vučetić
Regional Chamber of Commerce, Valjevo	/	Mirjana Đorđević Gavrilović
Regional Chamber of Commerce, Valjevo	Director	Stanko Marković
SEEDEV	Consulting activities	Goran Živkov
Representatives of the Cereals and industrial crops sector / Cereals and industrial crops processing sector and marketing:		
Agricultural Advisory Service Novi Sad	Agriculture advisor	Aleksandar Davidov
Association of fruit planting material producers	/	/
Chamber of Commerce and Industry of Serbia	Senior Advisor	Slavica Stevanović
Chamber of Commerce and Industry of Serbia	Senior Advisor	Tatjana Beuk
Chemical Agrosava	Seed Program Manager	Zoran Kaplanović
Embassy of the Kingdom of the Netherlands	Agricultural Advisor	Mila Mirković
Faculty of Agriculture, University of Belgrade	Professor at the Institute of Field and Vegetable Crops	Ljubiša Živanović
Faculty of Agriculture, University of Belgrade	Professor at the Institute of Zootechnics	Zoran Marković
Faculty of Agriculture, University of Belgrade	Professor at the Institute of Field and Vegetable Crops	Ljubiša Kolarić
MAFWM	Advisor to the Minister	Radivoj Nadlački
MAFWM	Inspector in agriculture, Sector for Agricultural Inspection	Aleksandar Đukuć
MAFWM	Inspector in agriculture, Department for Agricultural Inspection	Aleksandra Božić
SEEDEV	Consulting activities	Danijela Stolica
USAID Project for Competitive Agriculture	/	Miroslava Panić
Victoria group	Marketing Manager	Natalija Kurjak

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Name of institution/body/person	Competence/Expertise	Name of the Contact Person
Vojvodina agrar	Representative of the Vojvodina agrar	Radmila Vucinić
Žito Bačka	Director	Srđan Bukilica
Representatives of consulting agencies:		
ADR GROUP 2019	Consulting activities	Marija Martinović
Adria Triticum	Consulting activities	Svetlana Andrić
Agency Inkom plan	Consulting activities	Sanja Bačić
Agro Consult Team	Consulting activities	Vesna Jotić
Agromondo	Consulting activities	Dušica Pižula
Agroportal	Consulting activities	Jasna Bajšanski
AK Consulting Plus	Consulting activities	Aleksandra Knežević
Aleksandra Trbojević Entrepreneur BB, Consulting Agro-fin	Consulting activities	Aleksandra Trbojević
Alfa Team Consulting	Consulting activities	Nikola Ilić
Bios Consulting Group	Consulting activities	Branko Mitrović
Borislav Naić PR, Agency for consulting services and consulting	Consulting activities	Branka Naić
Cardno Emerging Markets USA LTD	Consulting activities	Miroslava Panić
Centro Konsalting	Consulting activities	/
Con Com	Consulting activities	Tibor Rudić
Consipard	Consulting activities	Nataša Tomić
Consipard	Consulting activities	Bojana Adžić
Dragan Vranješ PR Consulting Agency Ipard Optimus	Consulting activities	Dragan Vranješ
Eastok	Consulting activities	Aca Ilić
Econsulting	Consulting activities	Boris Rašović
“EKO DRAG” limited liability company, Valjevo	Consultancy activities	Dragica Raković
Elkipard	Consulting activities	Maja Aćimović
Emilija Teofanov PR Smart IPARD 4EU	Consulting activities	Ivana Serdar
EPCCO	Consulting activities	Čedomir Nikolic
Equiteam Consulting	Consulting activities	Dario Balažević
GBS Consult	Consulting activities	Gordana Jovanović
Goran Mitrović PR	Consulting activities	Goran Mitrović
Grant Thornton BC Consulting	Consulting activities	Miloš Bekčić
Green Tech Agro	Consulting activities	Miloš Radosavljević
Ipacons	Consulting activities	Nenad Trifunović
Ipacons	Consulting activities	Sladana Jevtić
IPARD Consulting	Consulting activities	Uroš Mirčević
IPARD Project Team	Consulting activities	Arjana Dugajlić
Konsterra	Consulting activities	Jože Sivaček
KruNet	Consulting activities	Jasmina Cvetić
KruNet	Consulting activities	Petrović Ana
KruNet	Consulting activities	Sladana Radović
Laušević Consulting	Consulting activities	Danijela Laušević
Magen Kać	Consulting activities	Jelena Komloš
Milan Petrović PR	Consulting activities	Milan Petrović
Miloš Pavić PR MP Izbor	Consulting activities	Miloš Pavić
Miroslav Moravčević PR MH Consulting	Consulting activities	Aleksandar Moravčević
Miroslav Nikolić PR Gruža agrar	Consulting activities	Andrijana Teofilović
MS Consult	Consulting activities	Dragana Marković
Plan Plus	Consulting activities	Dragana Vukadinovic

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Name of institution/body/person	Competence/Expertise	Name of the Contact Person
Podsticaji	Consulting activities	Dorđe Mirković
Poljo-klub	Consulting activities	Aleksandar Petrović
PRO B2ME DOO – PJ S&N Consulting	Consulting activities	Igor Kuručev
PROFIX PR Consulting Agency	Consulting activities	Darija Šajin
Project&Trust by JM	Consulting activities	Jelena Marinković
SEEDEV	Consulting activities	Dorđe Teofilović
Šemsudin Plojović	Consulting activities	Šemsudin Plojović
Sigma Solution	Consulting activities	Svetlana Sarafijanović
Silvana Petrović PR Consulting Agency	Consulting activities	Silvana Petrović
Sim Cert	Consulting activities	Ana Perić
Sim Cert	Consulting activities	Marija Janković
Skradin PR Milovan Grbović	Consulting activities	Milovan Grbović
Smart 4EU	Consulting activities	Slobodan Teofanov
Smart IPARD	Consulting activities	Dejan Serdar
Terra Consulting	Consulting activities	Nikolina Čulibrk
Terra Consulting	Consulting activities	Nikola Kopilović
TIPON	Consulting activities	Marko Kentera
Videokom Computer Data Processing Agency	Consulting activities	Goran Milutinović
Wiwa Consulting	Consulting activities	Jana Zabunov
Representatives of agricultural producers:		
Agricultural holding, Bogatić	Agricultural producer (fruit growing)	Zoran Jovanović
Agricultural holding, Vrbas	Agricultural producer (livestock breeding)	Aleksandar Repček
Agricultural holding, Šabac	Agricultural producer (livestock breeding)	Veroljub Ilić
Agricultural holding	Agricultural producer	Dejan Stefanović
Agricultural holding	Agricultural producer	Jovan Radosavljević
Agricultural holding	Agricultural producer	Pavel Brezina
Agricultural holding	Agricultural producer	Jelena Stanković
Agricultural holding	Agricultural producer	Jovan Strojadinović
Agricultural holding - Saša Panković	Agricultural producer	Vera Adžić
Agricultural holding, Gornja Bukovica	Agricultural producer	Zoran Milinković
Others:		
Dairy Loznica	Production of milk and dairy products	Zoran Tokić
Agricultural and fishery company "Sveti Nikola"	Agricultural and fishery	Milošević Majo
Agro Bins limited liability company	Auxiliary activities in animal breeding	Dušica Šević
Association Local Action Group Čačak – Gornji Milanovac	/	/
Association of Agricultural Farmers for Rural Development of Delibatska peščara	/	/
Association of Grape and Wine Producers "Srem Fruška Gora"	Grape and wine production	Slobodan Spasovski
Balkan Development Center	Association /Organisation	Zagorka Stavljanin
Danube 1245, Association of citizens	/	/
"Gozba" limited liability company	Meat processing	Željka Rašeta

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Name of institution/body/person	Competence/Expertise	Name of the Contact Person
“Klanica Divci” limited liability company	Meat processing	Toma Česarević
“Login Eko” limited liability company	/	/
“Mačkov podrum” Winery	Wine production	Sava Jojić
Mokra Gora School of Management	Management School	Bojan Balaž
Municipal Administration Bela Palanka	/	/
natural person	/	Ana Radenković
Network of Local Action Groups of Serbia		
“Pan Harvest” limited liability company	Agricultural production (cereals and industrial crops and fruit)	Anja Vukoje Cvejić
“Pan Harvest” limited liability company	Agricultural production (cereals and industrial crops and fruit)	Srđan Kovačević
Seed Association of Serbia	Seed production and processing	Sandra Bogdanović
SP Laboratory	Laboratory	Svetlana Bošković
Sveže & Smrznuto	Trade of agricultural products	Aleksandar Radišić
The Serbian Assosiation of Young Farmers	/	/
“Veritas” Winery	Wine production	/
“Wood Master” limited liability company	Food and agriculture industry	Ivan Stojaković
“Župski podrum” limited liability company	Wine production	Miroslav Čalić

### 13.3. Results of consultations – summary

Subject of the consultation	Date of the consultation	Time given to comment	Names of institutions/bodies/persons consulted	Summary of the results
<b>3.4. Rural economy and quality of life (Rural tourism):</b>  The Tourism Sector provided new data for 2019.	20 <sup>th</sup> April, 2021	Two-weeks communication process	Sector for Tourism, Ministry of Trade, Tourism and Telecommunications	Updated data for tourism sector in the RS for 2019.
<b>4.3. SWOT Rural economy and quality of life:</b> Proposals for SWOT analysis (Threats and Opportunities)	14 <sup>th</sup> July, 2021	Two-weeks communication process	Associate professor/Prof. Dr Suzana Đorđević Milošević (Singidunum University, University of Belgrade)	SWOT analyses are defined during consultations with stakeholders, lessons learnt, and as such they were subject to changes.

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<p><b>8.3.6. Farm diversification and business development:</b></p> <p>Proposals for amendments and modifications with the aim of improved explanation and clarification of the text of Measure 7.</p>	<p>14<sup>th</sup> July, 2021</p>	<p>Two-weeks communication process</p>	<p>Associate professor/Prof. Dr Suzana Đorđević Milošević (Singidunum University, University of Belgrade)</p>	<p>The following wording for 8.3.6.2. Rationale and 8.3.6.8. Eligible expenditure was adopted with the aim to improve the text.</p>
<p><b>3.3. Environment and land management:</b></p> <p>Suggestion is to include data on Important Bird Areas, Ramsar sites and number of bird species in the RS.</p>	<p>29<sup>th</sup> April, 2021</p>	<p>One-week communication process</p>	<p>Institute for Nature Conservation of Serbia</p>	<p>Accepted recent data on Important Bird Areas, Ramsar sites and number of bird species in the RS.</p>
<p><b>8.3.3. Agri-environment-climate and organic farming measure:</b></p> <p>Proposal to include crop rotation as one of the type of operation under Measure 4</p>	<p>11<sup>th</sup> June 2021</p>	<p>Two-weeks communication process</p>	<p>Professor Snežana Oljača, Faculty of Agriculture, University of Belgrade National Association for organic production „SERBIA ORGANICA“</p>	<p>Accepted. List of operations was amended and operation – crop rotation on arable land was introduced in the Measure 4.</p>
<p><b>8.3.3. Agri-environment-climate and organic farming measure:</b></p> <p>8.3.3.6. Common eligibility criteria: Proposal to define in the Programme that the training of recipients will be conducted by the AAS.</p>	<p>13<sup>th</sup> July, 2021</p>	<p>Two-weeks communication process</p>	<p>Sector for Rural Development, MAFWM</p>	<p>The IPARD Programme defines that compulsory training in agri-environment - climate topics will be offered by the MAFWM (which includes AAS) or a designated body appointed by it. Designated body will be prescribed by Rulebook on Measure 4.</p>
<p><b>8.3.3. Agri-environment-climate and organic farming measure</b></p> <p>8.3.3.6. Common eligibility criteria: Increase number of hours of compulsory training in agri-environment - climate</p>	<p>19<sup>th</sup> August, 2021</p>	<p>One-week communication process</p>	<p>Associate Professor / Prof. Dr Suzana Djordjevic Milosevic (Singidunum University, University of</p>	<p>Proposal was accepted - Compulsory 6-hour training in agri-environment - climate topics will be introduced.</p>

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topics.			Belgrade)	
<p><b>8.3.3. Agri-environment-climate and organic farming measure</b></p> <p>Operations mechanical weed removal and inter-row grassing in permanent crop land: Proposal to correct the minimum area of agricultural land on which Measure 4 will be implemented.</p>	20 <sup>th</sup> and 22 <sup>nd</sup> July, 2021	Two-weeks communication process	<p>Jelena Kuzmanović, Vesna Radojicic, Sector for Agrarian Policy, MAFWM</p> <p>Group 2/3 from the Workshop on 22nd July, 2021:</p> <p>Radmila Koprivica, Agricultural Advisory and Expert Service Belgrade;</p> <p>Biljana Nikolić, Agricultural Advisory and Expert Service Smederevo;</p> <p>Milorad Jocković, Agricultural Advisory and Expert Service Sabac;</p> <p>Zoran Pržić, Faculty of Agriculture, Belgrade;</p> <p>Mira Milinković, Institute of Fruit Growing Čačak;</p> <p>Marko Malićanin, Association of Winemakers and Viticulture</p>	<p>Minimum size of agricultural land for orchards and vineyards, was modified.</p> <p>The minimum area of agricultural land for orchards was determined - 0.5 ha and for vineyards 0.3 ha, based on the average values of the area of farms that have permanent crop land.</p> <p>The minimum size of the agricultural parcel is not defined, so as not to be a limiting factor for producers who should be included in this measure.</p>

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			<p>of Serbia;</p> <p>Dragan Krgović, Association of Winemakers and Viticulture of Serbia;</p> <p>Zoran Jovanović, agricultural producer, Bogatić</p>	
<p><b>8.3.3. Agri-environment-climate and organic farming measure</b></p> <p>Proposals for amendments to specific eligible criteria for operations under vineyards.</p>	14 <sup>th</sup> July, 2021	Two-weeks communication process	<p>Jelena Kuzmanović, Sector for Agrarian Policy, MAFWM</p>	<p>A new specific eligible criteria was introduced for operation concerning grassing in inter-row area in permanent crop land stating that parcel under vineyard has to be registered in the Vineyard Register in accordance with the Law on Wine.</p>
<p><b>8.3.3. Agri-environment-climate and organic farming measure</b></p> <p>Operation crop rotation on arable land: Define more precisely the requirements for composing the crop rotation.</p>	22 <sup>nd</sup> July, 2021	Two-weeks communication process	<p>Group 1 from the Workshop on 22<sup>nd</sup> July, 2021 - Crop rotation on arable land:</p> <p>Srđan Šeremešić, Faculty of Agriculture Novi Sad;</p> <p>Ana Marjanović Jeromela, Institute of Field and Vegetable Crops Novi Sad;</p> <p>Tanja Maksimović, Association of Farmers “Agroprofit”;</p>	<p>Groups of crops that can be altered in specific order were defined. A proposal was adopted to include green fallow in the crop rotation plan and to define which plants can be grown as green fallow. Intercrops included in the crop rotation, were introduced in as an obligation to grow them at least 2 times during the five-year period of the contractual obligation.</p>

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			<p>Dragana Stoiljković, Agricultural Advisory and Expert Service Belgrade;</p> <p>Žarko Kobilarov, Association of Farmers “Club 100P Plus”.</p>	
<p><b>8.3.3. Agri-environment-climate and organic farming measure</b></p> <p>Operation crop rotation on arable land: Proposal to allow the use of manure and to define the permitted amount of applied manure.</p>	22 <sup>nd</sup> July, 2021	Two-weeks communication process	Group 1 from the Workshop on 22 <sup>nd</sup> July, 2021 (members are listed in the previous comment)	Proposal adopted - the use of organic fertilizers and manure with a certain limit is allowed.
	29 <sup>th</sup> July, 2021		Jelena Čubrilo Vranac, FAO project - Strengthening the Resilience of the Agricultural Sector to Natural Disasters	
<p><b>8.3.3. Agri-environment-climate and organic farming measure</b></p> <p>Operations mechanical weed removal and inter-row grassing in permanent crop land: Proposal to determine the prerequisites for the use of a certain grass mixture which will be used for grassing on the basis of soil type and perennial crop, in accordance with the agrochemical analysis.</p>	22 <sup>nd</sup> July, 2021	Two-weeks communication process	Groups 2 & 3 from the Workshop on 22 <sup>nd</sup> July, 2021 (members have been listed above)	A list of eligible plant species for grassing, as well as the necessary elements of the crop plan prepared by qualified expert will be prescribed by the Rulebook on Measure 4.
<p><b>8.3.3. Agri-environment-climate and organic farming measure</b></p> <p>Operations mechanical weed removal and inter-</p>	22 <sup>nd</sup> July, 2021	Two-weeks communication process	Groups 2 & 3 from the Workshop on 22 <sup>nd</sup> July, 2021 (members have been listed	IPARD Measure 1 which supports investments in farm mechanisation, in its amended selection criteria provides additional points to investment projects



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row grassing in permanent crop land: Facilitate the procurement of machinery related to this IPARD measure.			above)	submitted by recipient of Measure 4.
<b>8.3.3. Agri-environment-climate and organic farming measure</b>  Operations mechanical weed removal and inter-row grassing in permanent crop land: Allow the use of herbicides in exceptional cases, as intensive spread of Ambrosia when mechanical removal measures do not give results.	22 <sup>nd</sup> July, 2021	Two-weeks communication process	Groups 2 & 3 from the Workshop on 22 <sup>nd</sup> July, 2021 (members have been listed above)	A proposal was adopted to allow targeted treatment of Ambrosia with chemical agents, as a last solution.
<b>8.3.3. Agri-environment-climate and organic farming measure</b>  Operations establishment and maintenance of flower strips: Establishment of buffer zones that would protect the flower strips from the pesticides drift from the part of the parcel where the main crop is.	22 <sup>nd</sup> July, 2021	Two-weeks communication process	Group 4 from the Workshop on 22 <sup>nd</sup> July, 2021: Nenad Portić - Association of Beekeeping Organisations of Serbia;  Dragomir Radić, Agricultural Advisory and Expert Service Smederevo;  Vladimir Filipović, Institute for the Study of Medicinal Herbs “Josif Pančić”;  Vladan Ugrenović, Land Institute;  Slaviša Popović,	The proposal was adopted and the obligation to establish a buffer zone around the flower strip, 5 meters wide, was added.

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			Environmental Protection Agency;  Sasa Orlovic, Institute for Lowland Forestry and Environment Novi Sad	
	29th July, 2021		Jelena Čubrilo Vranac, FAO project - Strengthening the Resilience of the Agricultural Sector to Natural Disasters	
<p><b>8.3.3. Agri-environment-climate and organic farming measure</b></p> <p>Operation establishment and maintenance of flower strips: Define eligible plant species according to agro-ecosystems including shrubs and honey trees.</p>	22 <sup>nd</sup> July, 2021	Two-weeks communication process	Group 4 from the Workshop on 22 <sup>nd</sup> July, 2021 (members are listed in the previous comment)	Commitment was redefined so that flower strip must be composed of eligible varieties of plants that will be specified in the Rulebook on Measure 4. The strip must be constituted of multiple varieties and mixes that should be adapted to the location, but it must contain at least a mix of annual, biennials and perennial species to ensure and extend a longer flowering season, throughout the year.
<p><b>8.3.3. Agri-environment-climate and organic farming measure</b></p> <p>Operation sustainable management of meadows and pastures: Proposal to introduce a longer-term lease period of state land with the right of the preferential lease for specialized livestock farms and to create a register of</p>	22 <sup>nd</sup> July, 2021	Two-weeks communication process	Group 5 from the Workshop on 22 <sup>nd</sup> July, 2021: Ivan Pihler, Faculty of Agriculture Novi Sad;  Zoran Beljić, Agricultural Advisory and Professional	The regulation of the lease of state agricultural land is not within the competence of the IPARD Managing Authority and the related requirements cannot be part of the Programme.

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<p>pastures, so that they would be rationally and correctly used for grazing.</p>			<p>Service Sabac;                   Čedomir Keco,                  Association of                  Agricultural                  Farmers                  “Agroprofit”;                   Tibor Birze,                  Association of                  Agricultural                  Farmers                  “Agroprofit”;                   Aleksandar                  Radojević,                  Association of                  Agricultural                  Producers                  “Agroprofit”;                   Marko                  Tucakov,                  Provincial                  Institute for                  Nature                  Protection;                   Alen Kiš,                  Provincial                  Institute for                  Nature                  Protection;                   Veroljub Ilić,                  Šabac,                  agricultural                  producer;                   Aleksandar                  Repček, Vrbas,                  agricultural                  producer;                   Ivana Glušica                  Bajić, Institute                  for Nature                  Protection of                  Serbia.</p>	
<p><b>8.3.3. Agri-environment-climate and organic</b></p>	<p>19<sup>th</sup> August, 2021</p>	<p>One-week communication</p>	<p>Associate Professor /</p>	<p>Proposal accepted. Mowing can occur after</p>

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<p><b>farming measure</b></p> <p>Operation sustainable management of meadows and pastures: Mowing of permanent semi-natural pastures should occur after seeds are released, in order to promote late mowing to provide renewing of wide-leaved plant species</p>		<p>process</p>	<p>Prof. Dr Suzana Djordjevic Milosevic (Singidunum University, University of Belgrade)</p>	<p>30<sup>th</sup> June</p>
<p><b>8.3.1. Investments in physical assets of agricultural holdings</b></p> <p>Fruit sector: To increase the support for small producers. A proposal is to increase the minimum eligible threshold expenditure within the following ceilings for fruit from EUR 5,000 to EUR 20.000 in order to provide more opportunities for small producers/small investments via national measures</p>	<p>November, 2019</p> <p>Preparation of Sector analysis for fruit</p>	<p>Two-weeks communication process</p>	<p>Karoly Gajdac,  Fruit grower Hajdukovo</p>	<p>There is a clear demarcation between the eligibility requirements under the IPARD Programme and the eligibility requirements under the NRDP. IPARD III Programme envisages specific eligibility requirement in the fruit sector according to the value of the investment.</p>
<p><b>8.3.2. Investments in physical assets concerning processing and marketing of agricultural and fishery products</b></p> <p>Fruit sector: Pesticide residue standards. Delayed withdrawal of pesticide Dimethoate and Iprodione from the RS market causes the potential MRL problem for frozen sour cherry export.</p>	<p>17<sup>th</sup> January, 2020</p> <p>Chamber of Commerce and Industry of Serbia</p> <p>Presentation of the results of the Sector analysis of fruit</p>	<p>Two-weeks communication process with Plant Protection Directorate</p>	<p>Mirjana Đorđević Gavrilović  Regional Chamber of Commerce, Valjevo</p>	<p>Limited resources of the Plant Protection Directorate to support fruit growers and processors.</p>
<p><b>8.3.1. Investments in physical assets of agricultural holdings</b></p> <p>Fruit sector: Growing importance and</p>	<p>October, 2019</p>	<p>Two-weeks communication process</p>	<p>Association of fruit planting material producers</p>	<p>Included in SWOT analysis of fruit sector (A1.3) Strengths: Competitive production of planting material</p>

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excellent export trends of fruit planting material.				
<p><b>8.3.1. Investments in physical assets of agricultural holdings</b></p> <p>Vegetable sector: Proposal to</p> <ul style="list-style-type: none"> <li>• Increase of maximum area in protected production from 5 to 10 ha</li> <li>• increase of minimum area in open field area from 3 to 5 ha</li> </ul> <p>For investments below EUR 40.000 potential recipients can apply for support under the NRDP and for investments of higher value under the IPARD Programme.</p>	<p>January 2020,  Winter farmers' seminar, Tara</p> <p>Presentation of the results Sector analysis for vegetable</p>	<p>Four-weeks communication process</p>	<p>Association of Farmers "Club 100P Plus",  Vojislav Malešev, president of the Club and a successful farmer</p>	<p>Sector analysis proposal to abolish harvested area as mandatory criteria and introducing the requirement that for investments below EUR 50.000 potential recipients can apply for support under the NRDP and for investments of higher values under the IPARD Programme.</p>
<p><b>8.3.1. Investments in physical assets of agricultural holdings</b></p> <p>Vegetable sector: Proposal is that a building permit should not be a requirement but instead a document proving that the procedure for obtaining a building permit is ongoing</p>	<p>January, 2020</p> <p>Chamber of Commerce and Industry of Serbia</p> <p>Presentation of the results of the Sector analysis for vegetable</p>	<p>Three-weeks communication process</p>	<p>Dejan Vrebalov, Vojvodina Agrar APPP limited liability company, Chairman of the board</p>	<p>As stipulated by provisions of the Rulebooks on the implementation of the entrusted IPARD measures (Measure 1, 3 and 7) submitting of a building permit is mandatory among other documents supporting the application.</p>
<p><b>8.3.1. Investments in physical assets of agricultural holdings</b></p> <p>Vegetable sector:  Proposal to increase the minimum area in open field production from 3 to 10 ha so smaller producers could apply for support under the NRDP.</p>	<p>January, 2020</p> <p>Chamber of Commerce and Industry of Serbia</p> <p>Presentation of the results of the Sector analysis for vegetable</p>	<p>Two-weeks communication process</p>	<p>Pera Đurickov, vegetables producer (over 200 ha)</p>	<p>Sector analysis proposal to abolish harvested area as mandatory criteria and introducing the requirement that for investments below EUR 50.000 potential recipients can apply for support under the NRDP and for investments of higher values under the IPARD Programme.</p>
<p><b>8.3.1. Investments in physical assets of agricultural holdings</b></p> <p>Cereals and industrial</p>	<p>January and February, 2020</p> <p>Several</p>	<p>Two-weeks communication process</p>	<p>Igor Đuriš, Association of Hop Producers, Bački Petrovac</p>	<p>To include hop in the code for other crops and specify measures and criteria for hop processing and</p>

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<p>crops sector:</p> <p>Hop as a specific crop which has elements of fruit production (perennial crop, characteristic of such an investment is necessity of planting material and pots and wire), industrial production (botanically and not possible to be used fresh but must be processed) is not part of any IPARD classification for investment. There are national measures for hop production. Objective of the consulting process was to see what structure of producers there are and their investment plans to be able to categorise them under national or IPARD measures.</p>	<p>consulting processes</p>			<p>production support through Measure 1 and Measure 3. Association made their own consulting process and common proposal to include hop in the IPARD was made.</p> <p>The process lasted for about week.</p> <p>Majority of the comments are accepted and became a comprising part of the sector analysis and the IPARD III Programme.</p>
<p><b>3.2. Performance of the agricultural, forestry and food sectors (Cereals and industrial crops sector):</b></p> <p>In the group discussion initial findings of the sector analysis for cereals and industrial crops and proposals for IPARD improvement were presented. Constructive recommendations were received by AAS, farmers, IPARD consultants and policy makers.</p>	<p>13<sup>th</sup> January, 2020 Chamber of Commerce and Industry of Serbia,</p> <p>Presentation of the results of the Sector analysis for other crops in Belgrade</p>	<p>Two-weeks communication process</p>	<p>More than 30 key stakeholders in the sectors of other crops, organised with the support of Chamber of Commerce and Industry of Serbia</p>	<p>SWOT analysis was further developed.</p> <p>Other crops were introduced in Measure 3. For the construction and equipment of the storage facilities, the lower limit was raised.</p>
<p><b>3.2. Performance of the agricultural, forestry and food sectors (Cereals and industrial crops sector):</b></p> <p>The consulting process began initially with presentation of key trends and main findings and later on with discussion about possible improvements of</p>	<p>January and February 2020</p> <p>Several consulting processes</p>	<p>Two – weeks communication process Several meetings were conducted.</p> <p>The whole process lasted about 10 days</p>	<p>Association of Aggregators of Cereals and Industrial Crops named Vojvodina Agrar;</p> <p>They are one of the major associations of</p>	<p>IPARD III Programme includes a new sector-cereals and industrial crops processing sector. The processing of cereals and industrial crops was included in Measure 3. In Measure 3 within the Sector of Cereals and industrial crops the</p>

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<p>the IPARD procedures and eligibility criteria. In particular, Vojvodina Agrar was interested in inclusion of the seed processing facility in Measure 3. Also, they provided suggestions regarding minimum eligibility criteria under IPARD Programme for building silos. They did not agree with current proposal and they believe that larger farms must have priority in accessing the investment for silos. In their opinion purchasers/processors, i.e. so-called aggregators should be eligible recipients as well.</p>		<p>and it was finished through 3 meetings.</p>	<p>this type and interested in IPARD Programme.</p>	<p>following is envisaged: In case of seed processors eligible recipients are enterprises registered in the Register of seed processors in accordance with Seed Law.</p>
<p><b>8.3.1. Investments in physical assets of agricultural holdings</b></p> <p>Specific objectives for Fishery sector:</p> <p>Raising and upgrading (through reconstruction of existing, upgrading, expanding and equipping) storage capacities for freshly caught fish on ponds and with legal entities engaged in the purchase of fish from commercial fishermen and marketing of freshly caught fish from open waters (with a minimum capacity of 10 tons for fish).</p>	<p>December, 2019</p> <p>Sector analysis preparation</p>	<p>One-week communication process</p>	<p>Dragoljub Ristić, Serbian Association of Commercial Fishermen, Belgrade</p>	<p>Specific objective for Fishery sector related to upgrading storage capacities for freshly caught fish on ponds under IPARD III Programme includes as follows: improving competitiveness and productivity of agricultural holdings, which are engaged in the fishery production through the reconstruction of existing facilities, construction of brand new aquaculture production facilities and equipment used on a fish farm.</p>
<p><b>8.3.1. Investments in physical assets of agricultural holdings</b></p> <p>Improving conditions for fish farming and preservation on the existing ponds with</p>	<p>16<sup>th</sup> January, 2020</p> <p>Faculty of Agriculture, University of Belgrade</p>	<p>One-week communication process with representatives of Fisheries Group, Chamber of</p>	<p>Krum Anastasov, President of the Fisheries Group, Chamber of Commerce and Industry of</p>	<p>Fish farming producers with capacity exceeding 10 tons have been included as eligible recipients under IPARD III Programme for investments in construction and</p>

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capacity exceeding 10 tons and procuring new equipment.	Presentation of the results of the fishery sector analysis	Commerce and Industry of Serbia	Serbia	equipping of facilities.
<p><b>8.3.2. Investments in physical assets concerning processing and marketing of agricultural and fishery products</b></p> <p>Building new processing capacities, reconstruction of the existing ones and improvement of infrastructure (road, water and electricity distribution) with processors with capacity over 200 kg.</p>	<p>November 2019,</p> <p>Sector analysis preparation</p>	<p>Two-weeks communication process with representatives of fish processing industry</p>	<p>Aleksandar Stajčić, Director, DTD Ribarstvo, Bački Jarak</p>	<p>The proposal was adopted in Measure 3 within the fishery sector the objective is: to increase support for construction of new processing facilities, to introduce production of new technologies and improve existing technological processes and products with the aim of obtaining better position on domestic and international market. In Measure 3, within the Fishery processing sector recipients have to be registered in the List of Establishments (according to the Law on Veterinary Matters (“Official Gazette of the RS”, No. 91/05, 30/10 and its subsequent modifications) with the available daily fish processing capacities more than 200 kg at the end of the investment.</p>
<p><b>8.3.1. Investments in physical assets of agricultural holdings</b></p> <p>Meat sector: Increasing specific eligibility criteria in meat sector - minimum eligible holdings’ capacities in order to provide more opportunities for small producers/small investments via national measures.</p>	<p>November and December, 2019,</p> <p>Sector analysis preparation</p>	<p>Four-weeks communication process</p>	<p>Čedomir Keco, President of the Association for Cattle Fattening of Serbia</p> <p>Frida Bauman, President of the Association of Sheep and Goat Breeders of Serbia</p> <p>Zoran Ilić, President of the</p>	<p>Sector analysis proposal was adopted.</p> <p>Increasing minimum holdings’ capacities for Measure 1 of the IPARD III Programme, in the meat sector, the specific eligibility criteria have been proposed as follows: agricultural holdings with total capacity of at least 30 and not more than 1,000 cattle and/or minimum 200 and maximum 1,000 sheep and/or goats and/or</p>



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			<p>Srem and Macva Livestock Association</p> <p>Rade Škorić, President of the Business Association of Poultry “Poultry Community”</p> <p>Branislav Gulan. The National Rural Revival Team of Serbia and the Rural Development Network in Serbia</p>	<p>minimum 30 and maximum 400 sows, and/or minimum 200 and maximum 10,000 fattening pigs and/or minimum 5,000 and maximum 50,000 broilers per turn, and/or minimum 1,000 and maximum 10,000 turkeys per turn and/or minimum 300 and maximum 3,000 geese per turn at the end of the investment.</p>
<p><b>8.3.1. Investments in physical assets of agricultural holdings</b></p> <p>Meat sector:</p> <p>Improving farm biosecurity and encouraging an increase in the value of agricultural production by adding value to primary products by supporting higher processing stages on holdings.</p>	<p>November – December 2019</p> <p>Sector analysis preparation</p>	<p>Four-weeks communication process</p>	<p>Frida Bauman, President of the Association of Sheep and Goat Breeders of Serbia</p> <p>Zoran Ilić, President of the Srem and Macva Livestock Association</p> <p>Rade Škorić, President of the Business Association of Poultry “Poultry Community”</p>	<p>Sector analysis proposal was adopted under IPARD III Programme.</p> <p>Enabling agricultural holdings with more than 1,000 cattle or more than 1,000 sheep and goats or more than 10,000 pigs, or more than 50,000 broilers per turn, or more than 10,000 turkeys per turn, or more than 3,000 geese per turn to be also eligible for the investments as follows: improving farm biosecurity by investing in facilities and equipment for the safe removal of dead animals, construction and/or reconstruction of fixed fences around farms and disinfection barriers, equipment for cleaning and disinfection, fixed fencing equipment and electrical pasture/meadow</p>

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				fences; Investing in processing facilities and equipment at the holdings.
<p><b>8.3.2. Investments in physical assets concerning processing and marketing of agricultural and fishery products</b></p> <p>Meat processing and marketing sector:</p> <p>Change the general eligibility criteria to allow enterprises that are not covered by the definition of SMEs to be eligible for the support to investments intended to fully align the facility with relevant EU waste and wastewater management, energy efficiency improvement and renewable energy production standards.</p>	<p>December and January, 2020</p> <p>Presentation of the results of the sectoral analysis of meat production and processing at the Institute of Meat Hygiene and Technology in Belgrade</p>	<p>Four-weeks communication process</p>	<p>Tamara Penjić, Executive Director of Meat Industry at Carnex and Chairman of the Council of Meat Industry Technologists of Serbia</p> <p>Jelena Šoć-Dujaković Operations Manager Neoplanta Meat Industry Novi Sad</p>	<p>Sector analysis proposal was adopted.</p> <p>Modification of general eligibility criteria was made within Measure 3 in meat sector in order to allow enterprises, that are not covered by the definition of SMEs, and employ fewer than 750 employees and have an annual turnover not exceeding EUR 200 million, to be eligible for the support to investments intended to fully align the facility with relevant EU waste and wastewater management, energy efficiency improvement and renewable energy production standards.</p>
<p><b>8.3.2. Investments in physical assets concerning processing and marketing of agricultural and fishery products</b></p> <p>Milk processing and marketing sector:</p> <p>Discussion about eligibility criteria and IPARD procedures.</p> <p>Comments regarding the pressures regarding milk production efficiency, regional variability in prices and regional production models in Vojvodina and in Central Serbia that need to be reflected in IPARD.</p>	<p>December and 15<sup>th</sup> January, 2020</p> <p>Presentation of the results of the sectoral analysis of milk and dairy sector at the Institute of Meat Hygiene and Technology in Belgrade</p>	<p>Two-weeks communication process</p>	<p>Association of the Simental breeders</p> <p>Nikola Popović, Mlekara Šabac</p> <p>Bojan Milenković/ Biopanon Dairy</p>	<p>Comments and recommendations have been included and highlighted in SWOT analysis.</p> <p>There has been suggestion to increase the specific eligibility criteria regarding the number of dairy cows. This was considered to be unacceptable due to the still significant concentration of producers around the threshold, that are further motivated to expand and invest in the production competitiveness also through access to IPARD funds.</p>
<p><b>8.3.2. Investments in physical assets</b></p>	<p>December, 2019.</p>	<p>Two-weeks communication</p>	<p>Esad Hodžić, Center for</p>	<p>The proposal was adopted under IPARD III</p>

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<p><b>concerning processing and marketing of agricultural and fishery products</b></p> <p>Milk processing and marketing sector:</p> <p>Support measures related to the small scale farms and IPARD investments and application capacity for cattle and sheep farms in marginalized areas. Proposal to give advantage to smaller farms and cooperative efforts of primary producers with extra points.</p> <p>There was explanation that these criteria are included in the general application scoring, while some of the investments are covered in the national measures for rural development and investment support.</p>	<p>Several consulting processes with small scale producers in marginalized rural areas</p>	<p>process</p>	<p>Rural Development and Agriculture Sjenica</p> <p>Milanka Trtović, Marijana Đorđević and 4 small dairies in Zlatar</p> <p>Association of Producers of Zlatar cheese, Municipality Nova Varoš</p>	<p>programme, limit of eligibility costs for Measure 3 was raised to EUR 20.000.</p>
<p><b>8.3.2. Investments in physical assets concerning processing and marketing of agricultural and fishery products</b></p> <p>Milk processing and marketing sector:</p> <p>To enable compliance with national standards through the process of categorization of the establishments after the realisation of the IPARD investment.</p>	<p>December, 2019</p>	<p>One-month communication process</p>	<p>Slavoljub Stojanović, National reference laboratories</p> <p>Tamara Bošković, Veterinary Directorate</p>	<p>The list of eligible investments was reviewed upon the comments from both institutions to reflect the needs and bottlenecks regarding milk hygiene and microbiological controls as well as the improvements regarding environmental measures. In IPARD III Programme within the milk processing sector and marketing a recipient has to be registered in the List of Establishments (according to the Law on Veterinary Matters (“Official Gazette of the RS”, No. 91/05, 30/10 and its subsequent modifications) at the end of investment.</p>

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<p><b>8.3.1. Investments in physical assets of agricultural holdings:</b></p> <p>To provide advance payment of the entire amount for raising orchards or via start-up loan (not after investment realisation). The same possibility shall be provided to young farmers.</p>	<p>15<sup>th</sup> July, 2021</p>	<p>15<sup>th</sup> July 2021 – 6<sup>th</sup> August 2021</p>	<p>Ana Radenković, natural person</p>	<p>In accordance with the draft Law on Agriculture and Rural Development, advance payment will be enabled to potential recipients, in the amount of 50% of the approved expenditures, with bank guarantee.</p>
<p><b>8.3.2. Investments in physical assets concerning processing and marketing of agricultural and fishery products:</b></p> <p>To include distilleries as eligible recipients.</p>	<p>15<sup>th</sup> July, 2021</p>	<p>15<sup>th</sup> July 2021 – 6<sup>th</sup> August 2021</p>	<p>Ipacons limited liability company,  Consulting Agency</p>	<p>Based on the EC decision, IPARD Programme beneficiary countries do not support recipients for investments in processing of fruit and grape in alcohol drinks. This type of processing will be supported under NRDP.</p>
<p><b>8.3.1. Investments in physical assets of agricultural holdings:</b></p> <p>There is discrimination of farmers who have not finished secondary school and because of that they do not have the possibility to participate under public calls, despite the fact that they are engaged in agriculture from the moment of finishing primary school and they have AHs for two years.</p>				<p>IPARD III Programme shall include the possibility that applicants with primary school, who do not have three years' experience in agricultural production, can attend 50 IPARD hours at ASS and thus become eligible recipients under M1.</p>
<p><b>8.3.2. Investments in physical assets concerning processing and marketing of agricultural and fishery products:</b></p> <p>Is the other crops processing included in the IPARD III Programme? The proposal is to include this sector.</p>				<p>Processing of cereals and industrial crops (other crops) is included in Measure 3 under the IPARD III Programme.</p>
<p><b>6.2. Identification of the</b></p>	<p>15<sup>th</sup> July</p>	<p>15<sup>th</sup> July 2021</p>	<p>Jovan</p>	<p>Needs are defined during</p>

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<p><b>needs and summary of overall strategy:</b></p> <p>All significant needs have already been partially proposed.</p>	2021	– 6 <sup>th</sup> August 2021	Radosavljević, AH	consultations with stakeholders, in accordance with strategical documents of the RS.
<p><b>4.3. SWOT Rural economy and quality of life:</b></p> <p>The problem of wild landfills should be arranged at the edges of villages permanently.</p>	17 <sup>th</sup> July 2021	15 <sup>th</sup> July 2021 – 6 <sup>th</sup> August 2021	Pavel Brezina, AH	Investments in landfill management will be supported under Measure 6 – Investments in rural public infrastructure.
<p><b>8.3.1. Investments in physical assets of agricultural holdings:</b></p> <p>A lot of investments are included under Measure 1, but the issuing of decision on project approval should be faster and more efficient, which is for the benefit of recipients.</p>				Administrative verification of applications is performed in line with the legal framework and the IA procedures accredited by the EC. The planned amendments to the Law on Agriculture and Rural Development shall introduce new provisions which will contribute the faster processing of applications and issuing of decisions on project and payment approval.
<p><b>4.1. Agriculture, forestry and food industry, (incl. separate table for each sector selected for support):</b></p> <p>Harmonisation is needed with the Green Deal.</p>	17 <sup>th</sup> July, 2021	15 <sup>th</sup> July 2021 – 6 <sup>th</sup> August 2021	Association of agricultural farmers for rural development of Deliblatska peščara	SWOT analyses are in accordance with the EC guidelines for Programme preparation and Green Agenda for Western Balkans which is in line with the Green Deal.
<p><b>6.2. Identification of the needs and summary of overall strategy:</b></p> <p>All significant needs are not proposed.</p>				All needs are defined during consultations with stakeholders, lessons learnt, in accordance with strategical documents of the RS.
<p><b>8.3.4. Implementation of local development strategies - LEADER approach:</b></p> <p>LEADER like measure is not functioning in the RS</p>				National LEADER like measure has been implemented through NRDP until now. IPARD LEADER measure will be one of the first measures under IPARD

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and it is usurped.				III Programme for which the entrustment will be initiated. Once the IPARD LEADER measure is entrusted under the IPARD III Programme, the national LEADER like measure shall not be implemented further.
<p><b>8.3.1. Investments in physical assets of agricultural holdings:</b></p> <p>I am at the beginning of hazelnut production (1 ha) and I need to buy plant materials. It is difficult for small farmers, like me, to invest a lot of money in buying tractors and mechanisation with no previous incomes in production. You should support start-up farmers, because they do not have money to start production.</p>	18 <sup>th</sup> July, 2021	15 <sup>th</sup> July 2021 – 6 <sup>th</sup> August 2021	Dejan Stefanović, AH	Small farmers in the Fruit sector are supported through NRDP. There is a clear demarcation between the IPARD III Programme and the NRDP. Start-up support for young farmers, with enabled advance payment of 75% of eligible funds, is envisaged under the NRDP measure.
<p><b>4.4. SWOT Preparation and implementation of Local Development Strategies – LEADER:</b></p> <p>W: Insufficient information and participation of LSGUs (with rural local communities) in creating goals, plans and measures of the NRDP and IPARD III Programme, due to the lack of systematic communication with the bodies of the ministry competent for rural development.</p> <p>W: LSGUs (with rural local communities) do not recognise pLAGs as an instrument that can act locally in the LEADER</p>	19 <sup>th</sup> July, 2021	15 <sup>th</sup> July 2021 – 6 <sup>th</sup> August 2021	Danube 1245, Association of citizens	SWOT analyses are defined during consultations with stakeholders, lessons learnt and in process of LEADER approach implementation.

<p>approach implementation, in the public interest and such pLAGs have been recognised by the body of the ministry competent for rural development.</p>				
<p><b>6.2. Identification of the needs and summary of overall strategy:</b></p> <p>Needs under numbers 11 and 12 are repeated and it is possible that some need is missing. Strengthening of institutional capacity of pLAG for LEADER approach implementation in local rural areas.</p>				<p>Needs are harmonised during the process of preparation of the IPARD III Programme final version.</p> <p>Proposal is included through need no. 10 Promote Community Led Local Development, that comprise LEADER approach and CLLD.</p>
<p><b>8.3.4. Implementation of local development strategies - LEADER approach:</b></p> <p>Inadequate communication of the ministry's authority competent for rural development with Partnerships for rural development that have qualified through local rural development strategies, that have been approved and adopted by MAFWM.</p> <p>It is stated that this measure will support "small projects", which is inadequate to the statement that it supports the development of basic infrastructure and services in rural areas. As Measure 5 - Implementation of local rural development strategies - LEADER approach is designed and scaled for the whole rural area, micro-projects cannot be an appropriate tool for</p>				<p>IPARD LEADER measure will be one of the first measures under IPARD III Programme for which the entrustment will be initiated. National LEADER like measure has been implemented through NRDP until now. Infrastructure development in rural areas will be financed through Measure 6. Projects envisaged by local rural development strategies of LAGs will not finance investments in infrastructure projects (in accordance with the guidelines for drafting of the IPARD III Programme).</p> <p>The implementation of small projects will be financially supported by the IPARD Programme up to the level determined by the EC guidelines, which does not exclude the possibility that the value of small projects will be higher than that amount - with the</p>

<p>financing development and implementation of LDS, they can even be counterproductive in terms of minimizing the role of local institutional capacity (LAG/ Partnerships for Rural Development) in local rural development. The idea that funding at the level of micro-projects can achieve something in terms of implementation of strategic documents in the long run puts LAGs/ Partnerships for Rural Development in an impossible position of survival and importance as a development factor at the regional level, thus disabling the LEADER approach. Also, the diminishing of local organisations that unite 3 sectors is contrary to the process of integration of local institutional capacity into the system of the state mechanism for rural development, which calls into question the purpose and long-term perspective of these organisations. In that sense, we suggest that the wording “small projects” be changed to: “projects envisaged by local rural development strategies”. We propose to enable LAGs / Partnerships for Rural Development to actively participate in the implementation of small projects in accordance with the positive practices of the surrounding countries (Republic of Croatia) by implementing competitions and financing of these projects on behalf of the</p>				<p>additional support of other donors. The participation of the private, civil and public sectors in the LAG is a basic postulate of the LEADER approach. Different conditions are defined for EU member states in the implementation of the CLLD approach and candidate countries for EU membership in the implementation of the LEADER approach.</p>
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<p>ministry responsible for rural development, for specific measures in the rural area where they are established. In this way technical and human resources of the organisation that applies the LEADER approach are being realistically strengthened, and their role and impact on rural development in the local community, as well.</p>				
<p><b>8.3.5. Investments in rural public infrastructure:</b></p> <p>We believe that through coordination with the Regional Development Agencies in the area of APV and directing part of the personnel structures towards local self-government units, problems can be overcome during the preparation of project technical and planning documentation and project proposals within Measure 6 of the upcoming IPARD III Programme. Adequate actions have already been taken on that occasion. We have designed a comprehensive process of financial and non-financial support from the Provincial Government to the local self-government in the territory of APV.</p>	<p>26<sup>th</sup> July, 2021</p>	<p>15<sup>th</sup> July 2021 – 6<sup>th</sup> August 2021</p>	<p>Provincial Secretariat for Regional Development, Interregional Cooperation and Local Self Government.</p>	<p>The IPARD Managing Authority/IPARD Agency involved all representatives of local and regional public authorities in the process of drafting of the IPARD III Programme. The preparation of project technical and planning documentation will be supported through funding sources at the national, regional and local levels.</p>
<p><b>8.3.1. Investments in physical assets of agricultural holdings (Fruit sector):</b></p> <p>I believe that it is necessary to allocate more funds for investment in</p>	<p>26<sup>th</sup> July, 2021</p>	<p>15<sup>th</sup> July 2021 – 6<sup>th</sup> August 2021</p>	<p>Centro Konsalting, Consulting Agency</p>	<p>Investments in irrigation systems in the fruit sector are eligible. The value of supported projects in irrigation systems is conditioned by the number of interested potential recipient.</p>

rural areas, with the purpose of irrigation.				
<p><b>8.3.2. Investments in physical assets concerning processing and marketing of agricultural and fishery products:</b></p> <p>Simplify the verification process of submitted applications. Accelerate the verification process of submitted applications. Often, due to the inefficiency of the IA in resolving applications, potential recipient of the IPARD Programme give up on planned investments.</p>				<p>The project approval procedure and the payment approval procedure are defined by laws and bylaws, as well as DAP procedures. Administrative verifications and procedures are continuously changed and harmonised in accordance with the requirements of recipient, up to the level of prescribed EC guidelines.</p>
<p><b>8.3.3. Agri-environment-climate and organic farming measure:</b></p> <p>Simplify the verification process of submitted applications. Accelerate the verification process of submitted applications. Often, due to the inefficiency of the IA in resolving applications, potential recipients of the IPARD Programme give up on planned investments.</p>				<p>This is irrelevant, given that the entrustment of Measure 4 has not yet been implemented, and that the very nature of Measure 4 is not the same as for investment measures.</p>
<p><b>4.3. SWOT Rural economy and quality of life:</b></p> <p>In my opinion the "seasonal character of the business" should be added.</p> <p>Suggestion: W: In terms of improving the quality of the tourist offer and tourist products, as well as education on EU standards. W: Limited employment opportunities due to the</p>	28 <sup>th</sup> July, 2021	15 <sup>th</sup> July 2021 – 6 <sup>th</sup> August 2021	Jasna Simović, Head of the Department for the Development of Tourist Products,  Ministry of Trade, Tourism and Telecommunications	<p>SWOT analysis does not only relate to the rural tourism sector. Measure 7 does not aim to improve tourism products.</p> <p>Weaknesses identified are: Limited ability to employ and generate alternative sources of income in rural areas and Lack of professional and business training for the population in rural areas.</p>

<p>distinct seasonal nature of the business.</p>				
<p><b>8.3.6. Farm diversification and business development:</b></p> <p>To include boarding - construction and equipping of categorized accommodation facilities (e.g. rural tourist household and handicrafts, camps, small capacity hotels and boarding house).</p>				<p>All categorized facilities, including boarding facilities, are eligible for financing. The requirement is that the total accommodation capacity does not exceed 30 individual beds.</p>
<p><b>8.3.1. Investments in physical assets of agricultural holdings:</b></p> <p>We suggest that instead of 50 ha the requirement for the purchase of tractors, machines and mechanisation and the construction of the facility, should be 20 ha, because much of the support is not used.</p> <p>We also suggest not to increase the number of dairy cows from 20 to 50.</p> <p>We suggest that the number of 20 dairy cows remains.</p> <p>Measure 1 does not recognise geo-origin. We suggest that in addition to certified organic products, the geo-origin of the product be introduced.</p> <p>Measure 1 does not recognise the term “financier” which is defined by the Law on Planning and Construction. Farmers who do not own the land cannot obtain a building permit in their name but only in the name of the owner. The IPARD Programme itself allows</p>	<p>29<sup>th</sup> July, 2021</p>	<p>15<sup>th</sup> July 2021 – 6<sup>th</sup> August 2021</p>	<p>The Serbian Association of Young Farmers</p>	<p>The demarcation of IPARD and NRDP for the procurement of tractors, machines and mechanisation will be 50 ha, so that smaller agricultural producers, according to a simpler procedure, can procure tractors, machines and mechanisation through NRDP.</p> <p>The demarcation of IPARD and NPRD for the construction of storage capacities will be raised from 2 to 50 ha, considering that the analysis of the profitability of investments in these facilities has determined that recipients up to 50 ha can only be supported through NPRD.</p> <p>The Fourth amendment to the Rulebook for Measure 1 has enabled lessees of land and facilities to be eligible recipients, regardless of the fact that building permits do not bear their name.</p>

<p>the possibility for the land to be leased, but during construction a problem arises because the lessee cannot be an investor. Measure 1 needs to be adapted to the Law on Planning and Construction and to recognise the term “financier” as this is the only way for lessee farmers to be listed in the building permit as “financiers”.</p>				
<p><b>8.3.2. Investments in physical assets concerning processing and marketing of agricultural and fishery products:</b>                  Measure 3 does not recognise young farmers. We suggest that young farmers be included in Measure 3, who will have a higher percentage of return on funds.</p> <p>Measure 3 does not recognise geo-origin. We suggest that in addition to certified organic products, the geo-origin of the product be introduced. Measure 3 does not recognise the term "financier" which is defined by the Law on Planning and Construction. Farmers who do not own the land cannot obtain a building permit in their name but only in the name of the owner. The IPARD Programme itself allows the possibility for the land to be leased, but during construction a problem arises because the lessee cannot be an investor. Measure 3 needs to be</p>				<p>The EC guidelines for the drafting of IPARD Measure 3 do not envisage natural persons as potential recipients, but only entrepreneurs, companies and agricultural cooperatives. The Fourth amendment to the Rulebook for Measure 3 has enabled lessees of land and facilities to be eligible recipients, regardless of the fact that building permits do not bear their name.</p>

<p>adapted to the Law on Planning and Construction and to recognise the term “financier” as this is the only way for lessee farmers to be listed in the building permit as “financiers”.</p>				
<p><b>8.3.6. Farm diversification and business development:</b></p> <p>Measure 7 does not recognise the term “financier” which is defined by the Law on Planning and Construction. Farmers who do not own the land cannot obtain a building permit in their name but only in the name of the owner. The IPARD Programme itself allows the possibility for the land to be leased, but during construction a problem arises because the lessee cannot be an investor. Measure 7 needs to be adapted to the Law on Planning and Construction and to recognise the term “financier” as this is the only way for lessee farmers to be listed in the building permit as “financiers”.</p> <p>Population density is not an appropriate criterion for determining a rural area. Namely, there are examples that certain villages are considered urban areas due to this criterion (eg. Bukovac near Novi Sad, Laćarak etc.) It is necessary to determine another criterion. for example, that the population is predominantly engaged in</p>				<p>The Rulebook on Measure 7 of the IPARD III Programme will regulate in more detail the requirements and documentation for submitting applications for project approval.</p> <p>Regarding the criterion for determining a rural area, for the purposes of the IPARD III Programme, the same definition used in the IPARD II Programme, which is based on the OECD methodology and for which data are available, and which is approved by the EC, is used. The IPARD Measure 7, as other IPARD measures, is largely financed from the EU budget and in accordance with the signed agreements. By introducing the second criterion, other populated places would be then excluded. The measure that encourages non-agricultural activities, and which is financed from the national budget, does not have the stated criteria.</p>

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agriculture or the number of registered farms.				
<p><b>6.2. Identification of the needs and summary of overall strategy:</b></p> <p>All important needs have been proposed.</p>	30 <sup>th</sup> July 2021.	15 <sup>th</sup> July 2021 – 6 <sup>th</sup> August 2021	Mirko Jovanović PR Agency Đorđe LJNS, Kruševac, Consulting Agency	The needs were defined during consultations with stakeholders, all in accordance with the RS strategic documents.
<p><b>4.4. SWOT Preparation and implementation of Local Development Strategies – LEADER:</b></p> <p>W: Proposed new statement for SWOT analysis: The lack of interest of the local population is related to the lack and concealment of information from the population, justified by distrust in some cases.</p>	3 <sup>rd</sup> August, 2021.	15 <sup>th</sup> July 2021 – 6 <sup>th</sup> August 2021	Poljo-Klub, Consulting Agency	Weaknesses of the SWOT analysis: Preparation and implementation of local rural development strategies - LEADER are harmonised, the proposal was adopted during consultations with stakeholders.
<p><b>4.1.1. SWOT analysis of the milk sector</b></p> <p>O05 - it is a good option, but the obstacle for a small amount of products is the registration of entrepreneurs. An entrepreneur can register without this rulebook, so that O is debatable in terms of benefits)</p> <p><b>4.1.2. SWOT analysis of the meat sector</b></p> <p>O08- good opportunity, but is conditioned by the registration of the entrepreneurial activity)</p> <p><b>4.1.3. SWOT analysis of fruit sector</b></p> <p>O01 – conditions to be adjusted to the smallest agricultural producers as a possibility for the survival</p>	4 <sup>th</sup> August 2021.	15 <sup>th</sup> July 2021 – 6 <sup>th</sup> August 2021	Municipal Administration Bela Palanka	SWOT analysis of the dairy, meat and fruit sectors were harmonised during stakeholder consultations.

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of the agricultural holdings)				
<p><b>4.1.1. SWOT analysis of the milk sector</b></p> <p>O05 – the possibility is OK, but the obstacle to processing a small amount of product is the registration of entrepreneurs.</p> <p><b>4.1.3. SWOT analysis of fruit sector</b></p> <p>O01 - conditions should be adapted to the smallest farmers)</p> <p><b>4.3. SWOT Rural economy and quality of life:</b></p> <p>O11 - should first allow access to mobile networks in rural areas and then increase signal and internet coverage).</p>	4 <sup>th</sup> August 2021.	15 <sup>th</sup> July 2021 – 6 <sup>th</sup> August 2021	Jelena Stanković, agricultural holding	SWOT analysis of the dairy, fruit and rural economy sectors and quality of life were harmonised during stakeholder consultations.
<p><b>8.3.1. Investments in physical assets of agricultural holdings:</b></p> <p>Faster realisation</p>				The project approval procedure and the payment approval procedure are defined by laws and bylaws, as well as DAP procedures.
<p><b>8.3.2. Investments in physical assets concerning processing and marketing of agricultural and fishery products:</b></p> <p>Faster realisation</p>				The project approval procedure and the payment approval procedure are defined by laws and bylaws, as well as DAP procedures.
<p><b>8.3.3. Agri-environment-climate and organic farming measure:</b></p> <p>Faster realisation</p>				The entrustment of Measure 4 has not yet been implemented.
<p>4.2. SWOT environment and land management:</p> <p>W05 We believe that the</p>	5 <sup>th</sup> August 2021.	15 <sup>th</sup> July 2021 – 6 <sup>th</sup> August 2021	Login Eko limited liability company	The project approval procedure and the payment approval procedure are defined by

<p>IPARD III Programme should respect the importance of organic production for the development of sustainable and ecological agricultural practices, and in accordance with that financially support everything related to measures and methods of organic production, and especially to financially encourage and subsidize the choice of plant species and varieties, crop rotation, tillage systems, means and method of fertilization, soil fertility maintenance system, method of controlling plant diseases, pests and weeds, method of collecting wild plant species from natural habitats, as well as costs of control and certification of organic products.</p>				<p>laws and bylaws, as well as DAP procedures</p>
<p><b>8.3.3. Agri-environment-climate and organic farming measure:</b></p> <p>We believe that the IPARD III Programme should respect the importance of organic production for the development of sustainable and ecological agricultural practices, and in accordance with that financially support everything related to measures and methods of organic production, and especially to financially encourage and subsidize the choice of plant species and varieties, crop rotation, tillage systems, means and method of fertilization, soil fertility maintenance system, method of</p>				<p>The IPARD III Programme recognises the importance of organic production by giving preference to producers of organic products in the selection criteria of IPARD investment measures. Organic production is already supported by national measures, so the IPARD III Programme is focused on sustainable agriculture activities that have not been the subject of national support so far, and which aim to preserve and improve the environment. The IPARD III Programme envisages support for agro-ecological and climate</p>



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<p>controlling plant diseases, pests and weeds, method of collecting wild plant species from natural habitats, as well as costs of control and certification of organic products.</p>				<p>measures which: include the application of perennial crop rotation, limit the use of mineral fertilizers and pesticides, prevent soil erosion and improve its structure, encourage the restoration of biodiversity in agricultural areas and preserve natural habitats. Agri-ecological climate measures are related to the land area and payments will be made per unit of area (ha) and this measure cannot cover the costs of control and certification of organic products.</p>
<p><b>8.3.1. Investments in physical assets of agricultural holdings:</b></p> <p>Introduce opportunities for startup projects or investments within this measure.</p>	<p>5<sup>th</sup> August 2021.</p>	<p>15<sup>th</sup> July 2021 – 6<sup>th</sup> August 2021</p>	<p>Association Local Action Group Čačak – Gornji Milanovac</p>	<p>The IPARD III Programme-specific requirement under Measure 1 and Measure 3 will be verified at the end of the investment, in that sense recipients who start production in a certain sector for the first time will be eligible. In accordance with the Sectoral Agreement, the advance payment will be provided to potential recipients, 50% of the amount of approved expenditures, with a bank guarantee.</p>
<p><b>8.3.2. Investments in physical assets concerning processing and marketing of agricultural and fishery products:</b></p> <p>Introduce opportunities for start-up projects or investments within this measure.</p>				
<p><b>8.3.3. Agri-environment-climate and organic farming measure:</b></p> <p>This measure should be entrusted as soon as possible and thus introduce the possibility of start-up projects within this measure.</p>				<p>Agri-environment-climate and organic farming measure is not an investment measure. Therefore, start-up is not envisaged given that this measure is tied to the area of agricultural land on which it is implemented, so that the support is paid in the form of annual payments per unit area</p>

				(ha).
<p><b>8.3.4. Implementation of local development strategies - LEADER approach</b></p> <p>This measure should be entrusted as soon as possible and accelerate activities in relation to this measure.</p>				<p>One of the first measures of the IPARD III Programme for which the entrustment process will be initiated will be the LEADER measure. The implementation of the LEADER like measure so far has been realised through the NRDP.</p>
<p><b>8.3.6. Investments in rural public infrastructure:</b></p> <p>Communicate in more detail with local self - governments, regarding opportunities related to this sector</p>				<p>At the end of 2020, the following was conducted: Analysis of the capacity of local self-government units, challenges and opportunities for the use of funds from the IPARD Programme, as well as the current state of rural infrastructure, in which representatives of 84 LSGUs participated. The entrustment process of this measure will be carried out in direct communication with the local self-government.</p>
<p><b>8.3.6. Diversification of agricultural holdings and business development:</b></p> <p>Allocate larger amount funds in accordance with the interest in investments within this sector.</p>				<p>With the amendments to the IPARD Programme, it is possible to redistribute funds, depending on the interest of potential beneficiaries for certain measures.</p>
<p><b>8.3.7. Technical Assistance:</b></p> <p>Provide financial support to LAGs through this measure, in order to endure the process until the entrustment of Measure 5.</p>				<p>List of eligible investments M9 includes expenditures associated with “Acquisition of skills” to prepare potential LAGs for the implementation of the measure “Implementation of Local Rural Development Strategies – LEADER approach”.</p>
<p><b>4.4. SWOT Preparation and implementation of</b></p>	5 <sup>th</sup> August 2021.	15th July 2021 – 6th August	Pannonian Carriage, LAG	SWOT analysis for preparation and

<p><b>Local Development Strategies – LEADER:</b></p> <p>S: Active end developed civil sector, S: Support of MAFWM, T: Political changes and bureaucracy, O: Basic network of LAGs in the RS for LEADER promotion and implementation.</p>		2021		implementation of Local Strategies for Rural Development – LEADER approach has been harmonised during consultation with stakeholders.
<p><b>4.4. SWOT Preparation and implementation of Local Development Strategies – LEADER:</b></p> <p>S: we believe that it should be added that cooperation with LAGs from EU countries was achieved within the newly formed Network of LAGs of Serbia “Excellent communication and cooperation with LAGs from EU countries with exchange of experience and examples of good practice that was achieved with the help of newly formed LAG Network of Serbia”</p> <p>W: we think it is more correct to state that a number of LAGs have limited capacities, since the limited capacity in terms of human resources and project management in a number of LAGs is not a weakness, i.e. that a number of organisations have project management capacities in terms of human resources “Limited capacities of one number of LAGs”.</p> <p>O: We believe that in addition to the</p>	6 <sup>th</sup> August 2021.	15th July 2021 – 6th August 2021	Network of Local Action Groups of Serbia	SWOT analysis for preparation and implementation of Local Strategies for Rural Development – LEADER approach has been harmonised during consultation with stakeholders.

<p>improvement of the existing Rural Development Network, the improvement of the LAG Network of Serbia, which was formed this year and has 8 LAG members, should be mentioned, with the announcement of the inclusion of at least 4 more LAGs “Affirmation of all LEADER components through the improvement of the Rural Development Network and the improvement of the Network of Local Action Groups of Serbia”.</p> <p>T: Some of the established LAGs may be closed due to the slow process of forming LAGs and delays of the Ministry with the disbursement of funds approved on the basis of the Public Call, which is currently the biggest obstacle in the continuation of established organisations.</p> <p>T: In a number of local governments there is a problem that neither local governments and development actors in them do not distinguish between LAGs and other forms of association, so we suggest the wording “Local actors (local population and local government) do not make a clear distinction between LAGs and other form of association”.</p> <p>It should be added: SN An association of Local Action Group Networks of Serbia has been formed, which currently brings together</p>				
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<p>40% of existing LAGs in full membership, with a tendency to increase membership W: Slow process of evaluation of LSRR and disbursement of funds according to the Public Call.</p>				
<p><b>6.2. Identification of the needs and summary of overall strategy:</b></p> <p>All defined needs can be realised through M5- Implementation of LDS - LEADER approach. In this way, it can be achieved that small projects covered by the existing LDS can be implemented in many more ways and respond to the different needs of the local population. (According to the proposal, needs 1, 2, 3, 4, 5, 6, 7, 8 do not know the possibility of financing from M5).</p>				<p>The needs were harmonised during the process of preparation of the final version of the IPARD III Programme and covered by the need no. 10. Promote Community Led Local Development (which includes LEADER access and CLLD). In accordance with the recommendations of the EC regarding the preparation of the IPARD III Programme small projects will be implemented through Measure 5, while in other measures LAGs are not recognised as potential recipients.</p>
<p><b>8.3.4. Implementation of local development strategies - LEADER approach:</b></p> <p>We believe that within the M5 it is necessary to find a model and establish a mechanism for financing the work of offices and technical staff of the LAG that would be independent of financing small projects in order to ensure the safe and smooth operation of LAGs.</p> <p>We underline that the allocated funds for the work of the office and human resources of the</p>				<p>Funding for the work of LAG offices and technical staff under the IPARD LEADER measure will be supported independently of the funding of small-projects, all in accordance with EC guidelines.</p>

<p>LAG, independent of funds for small projects, would enable greater involvement of local actors in the field, interest of young people in local problems, and through their lasting affirmation in the LAG, unhindered and permanent functioning of organisations as a service to citizens and other activities in the field would be encouraged.</p> <p>In this way, the share of human resources costs in small projects is reduced or completely eliminated, and the possibility to do much more and more concretely with the same amount of material resources is increased. Thus, small projects would be largely relieved of the line for human resources, and individuals engaged in work in LAGs would be additionally stimulated and motivated. This also opens the possibility for new employment of primarily young and educated people in rural areas and their survival and stay in the countryside, where it is very difficult to find a job.</p>				
<p><b>8.3.1. Investments in physical assets of agricultural holdings:</b></p> <p>Vague and complicated provisions nicely clarified, new changes pointed out and what that should mean in practice.</p> <p>Public Calls should be made more often or that they are always open and that up to 50% of the</p>	<p>9<sup>th</sup> August.2021.</p>	<p>9th August 2021 – 30th August 2021</p>	<p>Pan Harvest limited liability company, Gakovo</p>	<p>Public calls are issued in accordance with procedures agreed with the EC. The indicative plan of Public Calls is published no later than 15<sup>th</sup> January for the current year.</p> <p>By amending the Law on Agriculture and Rural Development, and in accordance with the Sectoral Agreement, the</p>

<p>advance payment is enabled.</p> <p>To provide everyone with an extended list of eligible expenditures and the Annex to the Rulebook on marking investments.</p> <p>The list of equipment manufacturers that have cooperation with scientific institutes in Serbia, and which imply higher scoring, please provide us.</p> <p>It remained unclear that the plots that the machines will cultivate are considered as a place of investment in machinery and equipment.</p> <p>The plots that the machines will cultivate cannot be predicted 5 years in advance. This will not work in practice.</p> <p>Please provide us with the list of equipment manufacturers that have cooperation with scientific institutes in Serbia, and which imply higher scoring,</p> <p>It remained unclear that the plots that the machines will cultivate are considered as a place of investment in machinery and equipment.</p> <p>The plots that the machines will cultivate cannot be predicted 5 years in advance. This will not work in practice.</p> <p>High-intensity modern apple orchards have a much higher upper limit than currently provided in Annex 8 of the Rulebook, so the producer should not be rejected because of that, but should be approved an investment for that number of seedlings according to the Rulebook, and the</p>				<p>advance payment will be provided to potential recipients, 50% of the amount of approved costs, with a bank guarantee.</p> <p>The list of scientific research organisations can be found on the website of the Ministry of Education, Science and Technological Development. There is no list of equipment manufacturers. Scientific research organisations will issue a document confirming that a certain product is the result of cooperation with manufacturers of equipment, machinery and mechanisation.</p> <p>The place of investment is the place where the cadastral parcel is located on which the construction or equipment of the facility is performed, i.e., the cadastral parcel on which the equipment, machine or mechanisation that is the subject of the application is used.</p> <p>Proposals to change the requirement on the number of seedlings received (90%) and Annex 8, within the Rulebook for Measure 1, will be considered by the first subsequent amendment to this document.</p>
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<p>producer should finance himself. In the event that the acceptance of seedlings is less than 90%, the DAP will approve the investor to purchase a sufficient number of seedlings and bore them, without changing the project, and the investor will decide on the death of seedlings further with suppliers.</p>				
<p><b>8.3.3. Agri-environment-climate and organic farming measure:</b></p> <p>We are kindly asking you to continue with the work on the entrustment of Measure 4 – Organic production, because we are very interested in the implementation of this measure.</p>				<p>Measure 4 will be one of the first measures under IPARD III Programme for which the entrustment will be initiated, but the sector of organic production will be supported through the NRDP.</p>

## 14. THE RESULTS AND RECOMMENDATIONS OF THE EX-ANTE EVALUATION OF THE PROGRAMME

### 14.1. Description of the process

Under the responsibility of the MA, the RS conducted an ex-ante evaluation of the Programme under the Serbia PHRD Grant on Strengthening Agriculture Sector Capacities for Evidence-Based Policy Making. A part of this financing has been used for acquiring consulting services for “Ex-ante evaluation of the IPARD Programme 2021-2027 of the Republic of Serbia – IPARD III” which was carried out by the expert Morten Kvistgaard and coordinated by Ecorys Croatia, in the period July – September 2021. (Contract No. SER-GA-IC-CS-21-04).

The evaluation approach followed the instructions provided in the EC’s Guidelines for ex-ante evaluation of rural development programmes under the IPARD III from October 2020. The basis for the evaluation was the Draft IPARD III Programme for 2021-2027, dated 26<sup>th</sup> June 2021. The evaluation expert also studied other relevant documents and statistical information.

The ex-ante evaluation formally began with an online kick off meeting which was held on the 13<sup>th</sup> July 2021. This meeting introduced the expert to the key MA officials and provided a review of the IPARD drafting process until that day, as well as copies of relevant material and documents. During the evaluation process the several operational online meetings between



evaluation team and the relevant MA and IA officials were held. Additionally, row of twelve online interviews with relevant stakeholders has been undertaken. The evaluation team activities were also discussed and coordinated with the expert within the abovementioned World Bank project.

An Inception Report, which included methodology and a work evaluation plan according to Terms of Reference, was provided by the evaluation team to the MA following the kick off meeting, on 16<sup>th</sup> July 2021. The three interim evaluation reports, as preliminary parts of the final report, were submitted by evaluation team to the MA on 26<sup>th</sup> August 2021, in accordance with agreed work evaluation plan. The submitted interim reports have included the assessment of the following three major activities provided in the Terms of Reference on the basis of EC's Guidelines for ex-ante evaluation of the IPARD III Programme:

- 1) The assessment of needs, including appreciation of the SWOT analysis of the current situation and needs' assessment;
- 2) Appraisal of the intervention strategy, including the choice of measures, targeting of recipients and targets set and
- 3) The assessment of proposed implementation system, including monitoring, evaluation and financial management.

A draft final report, which was delivered to the MA on 17<sup>th</sup> September 2021, was discussed with MA and feedback was taken into consideration. The final Ex-Ante Evaluation Report was delivered by the end of September 2021.

## **14.2. Overview of the recommendations**

### **The SWOT analysis, needs assessment**

#### **R.1.**

**Date: 8/26/2021**

**Topic: SWOT**

In the IPARD Programme draft, several detailed SWOT tables are presented. The tables present considerably more SWOT elements, than are described in Chapter 3 in the draft programme. In principle only SWOT elements, which are presented in the analyses of the sectors, should be inferred in the SWOT tables. The SWOT elements are identified in the sector studies with the aim to support the programming process and to be used directly in the programme text. It is recommended to prepare a summary SWOT table of one-two pages covering the main topics included in Chapter 3 and to move the detailed tables into Annex. It is also recommended to elaborate a short text summarising the SWOT table. Furthermore, it is recommended to take into consideration the principles described above when the summary SWOT is prepared. In the IPARD Programme draft, some SWOT elements have not been categorised appropriately, but belong to other parts of the SWOT tables, and some elements are not reasons/causes but are symptoms. Many factors are referred to as opportunities. However, they are not opportunities in the SWOT context, but are actions to be taken to overcome weakness, exploit strength, take

advantage of an opportunity or avoid threat in the market.

**Not accepted.** Template is provided by the EC. The Summary SWOT table covering the main topics and the short text summarising the SWOT table are not included in the Template. The SWOT analyses, presented in the Programme, are the result of the SWOT analyses prepared for the needs of sectoral analyses and they are very detailed. The MA has adjusted the SWOT analyses in order to present only the most important facts in each sector.

**R.2.**

**Date: 8/26/2021**

**Topic: Sector analyses**

The Chapter 3.2. lacks information about the number of potential IPARD applicants in various sub-sectors. It is important to realise the share of the agricultural holdings and agri-processors in different sectors that can pass the minimum threshold and apply for support under IPARD. It is recommended to use the information from the sector analyses, where these data are available (for example milk, cattle, pigs, and fruit), i.e. it is recommended to apply information from the sector analyses in the chapter.

**Partially accepted.** Data from sectoral analyses are available for six sectors, as follows: the meat, vegetable, cereals and industrial crops, grapes and wine, eggs and fishery sector. That is the reason why the recommendation was partially accepted, as well as due to the type of specific eligibility criteria.

**R.3.**

**Date: 8/26/2021**

**Topic: Sector analyses**

The text does not systematically present the financial weight and importance of the production in each of the sub-sectors. Only physical output data are presented systematically. Data on the economic importance of the various sectors regarding production and in particular regarding trade are available to some extent in the sector analyses prepared as part of the programming. The ex-ante evaluator is informed that steps are taken by the MAFWM to improve the FADN system, and a better FADN with more robust data may also provide information regarding the economic importance of agriculture at a sector level. It is recommended that the MAFWM takes into account the need to have better financial data for agriculture and food industry and further development of the FADN system in order to improve policy making based on actual and statically significant financial data, wherever possible.

**Accepted.** Available financial data for agri-food sector have been included in appropriate chapter (i.e. Chapter 3.2, paragraph 3).

**R.4.**

**Date: 9/13/2021**

**Topic: Identification of the needs**

The needs must be prioritised in a transparent and objective way. This is not the case in the IPARD III Programme draft. No systematic, objective, and transparent prioritisation of the identified needs is described. The ex-ante evaluator acknowledges that the IPARD programming guidelines do not state explicitly that a prioritisation must be presented, but on the other hand it is a requirement for the ex-ante evaluator to assess the prioritisation, according to the guidelines for ex-ante evaluations. A prioritisation is de facto elaborated in the financial plan for the programme, where the full financial envelope is distributed on measures. It is therefore recommended to insert a text describing the overall principles of the prioritisation in the final programme before submission to the EU, for example regarding the relatively low level of labour productivity in agriculture and food processing in Serbia compared to EU averages. A formal prioritisation model is presented in the draft report as an example but is not repeated here.

**Accepted.** Prioritisation of needs has been added in the Chapter 6.2.

### **Construction of the intervention logic**

#### **R.5.**

**Date: 8/26/2021**

#### **Topic: Description of the strategy**

The overall objectives 1 to 4 are all relevant and are reflecting the identified needs and the IPARD strategy presented in Chapter 6.2. However objective 3 is exclusively focusing on climate change challenges, which is very relevant, but the strategy seems to neglect the needs (6 and 7) related to improving environment, resource efficiency, biodiversity and protection of nature, land, water and air from pollution. It is not clear from the objectives referred to above, to what extent these crucial needs will be addressed in the programme. It is recommended to build an objectives' hierarchy with overall, specific, and operational objectives. It is also recommended to add an overall objective regarding environment, nature, and biodiversity (needs 5 and 6). Furthermore, it is recommended to add the objectives of the individual measures as a specific objective under the relevant overall objectives and use the quantified targets for each measure as the operational objectives. The objectives' hierarchy can look like this:

- Overall objectives 1 to 6, including an additional objective related to environment;
- Specific objectives equal to the objectives of each of the selected measures and categorized according to the overall objective, to which they contribute;
- Operational objectives equal to the quantified targets for each measure.

**Accepted.** Hierarchy of objectives is added as Annex 18.8. Objectives hierarchy to the Programme. Overall objectives of the IPARD Programme are provided by the EC. Objectives on environment, nature and biodiversity are covered by objective no. 3.

**R.6.**

**Date: 8/26/2021**

**Topic: Measures**

The rationale for the measures is well described, but it is possible to strengthen the justification for the chosen measures by providing data to justify the rationale behind the measures even more, to make the text more precise and clearer to avoid misunderstandings or unintended mistakes. It is recommended to improve the text of the measures as suggested in the ex-ante report to make the descriptions even better.

**Accepted.** Rationale for Measure 1 and Measure 6; Selection criteria for Measure 1 and Measure 3. For Measure 7 (Aid intensity and EU contribution rate): The maximum aid intensity is specified.

**R.7.**

**Date: 8/26/2021**

**Topic: Measure 1**

Non-productive investments are briefly described in Measure 1 as capital works related to the implementation of agri-environment-climate objectives, e.g. for restoration of habitats and landscapes, including setting up or re-instating the infrastructure needed to allow appropriate management of habitats. Although it is stated that certain agri-environment-climate operations and objectives can only be put in place if preceded by non-productive investments, no further description of non-productive investments is given in the measure description. It is recommended to describe and develop further non-productive investments, including dedicated budget.

**Not accepted.** The IPARD Managing Authority/IPARD Agency has limited capacity to implement such a measure due to the lack of LPIS. Non-productive investments are completely different type of investments from Investments in physical assets of agricultural holdings (Measure 1). In the agricultural production of the RS, there is a small number of potential recipients under Measure 1 who are, at the same time, recipients that would implement non-productive investments. Recipients who invest in physical assets of agricultural holdings improve their own productivity and profitability. In the case where non-productive investments are part of the Measure 1, the implementation of this measure would be complicated, due to different system and method of implementation of these investments (rulebook has to define provisions for both type of investments). We consider that this type of investment has to be a separate measure, or a part of some other measure.

**R.8.**

**Date: 8/26/2021**

**Topic: Measure 1 and Measure 3**

With the maximum public support for two projects of EUR 2,500,000 and an aid intensity of 50%, the maximum eligible investments within Measure 3 will be EUR 5,000,000. The

minimum number of beneficiaries with 2 projects per beneficiary will be then as low as 32. In the same way as it was argued by the ex-ante evaluator under Measure 1, the maximum threshold is too high, there is a risk that bigger and resource strong enterprises will take advantage of the maximum level and maybe also implement two projects during the programme period. This will reduce the number of projects and beneficiaries considerable and should be avoided. The justification for this is also given in the rationale to the measure, where it is stated that a larger group of enterprises will not be able to meet EU standards, if they do not receive support under the programme. It is recommended to reduce the maximum level of support under Measure 1 and Measure 3 to be able to increase the number of supported beneficiaries.

**Not accepted.** The risk of supporting small number of beneficiaries with high level of support is minor based on previous experience in the IPARD II Programme implementation, i.e. average value of investment under Measure 1 was EUR 158,173, while maximum value of support was EUR 1 million and average value of investment within Measure 3 was EUR 536,703, while maximum value of support was EUR 1 million.

**R.9.**

**Date: 8/26/2021**

**Topic: Measure 4**

Common eligibility criteria are well described. The recipient must commit contractually to implement AECOF activities for a minimum of 5 years, must have ownership or right of use of the land proposed for commitment for at least a minimum of 7 years (covering entire duration of the commitment period), must attended a compulsory 4-hour training and keep a farm record book describing each activity performed on the farm relevant to the commitment. It is recommended to explain how compulsory trainings for 1,000 beneficiaries of AECOF measure and preparation of crop/management plans for all beneficiaries will be organised.

**Partially accepted.** Organisation of the trainings for beneficiaries will be described in detail in the Rulebook for the implementation of Measure 4.

**R.10.**

**Date: 8/26/2021**

**Topic: Measure 6**

Rationale on Measure 6 presents just some basic information about rural infrastructure and related challenges, without offering a deeper analysis. It provides just a few data supporting the problem description and there is not any comparison to the EU averages. However, much more information (including figures) on rural infrastructure-related problems is provided on pages 61-63. But the text of Measure 6 does not refer to it. Rationale does not elaborate sufficiently well why and how poor rural infrastructure hinders rural development in general, and agriculture specifically. The analysis also does not mention anything about the state-of-art regarding new technologies in rural areas, such as access to information and communication technologies and the development of fast and ultra-fast broadband. It is recommended to make

the following revisions: improve the quality of the rationale section and strengthen it by providing more figures (or referring to them elsewhere in the document).

**Partially accepted.** Rationale on Measure 6 is in line with available quantitative data, according to the SORS and from the Analysis of capacity of local self-government units, challenges and opportunities for usage of funds from the IPARD Programme, as well as the current situation of rural infrastructure. In accordance with the recommendation, data for rural public infrastructure, included in the Chapter 3.4 are percentage of households connected on water supply system in the RS and percentage of households connected on wastewater collecting system. Also, information on the ministries responsible for establishing the legislative framework for implementing investments in rural public infrastructure and on building a broadband network in rural areas is included in this Chapter.

**R.11.**

**Date: 8/26/2021**

**Topic: Measure 6**

An appraisal of lessons learnt from the IPARD implementation in previous programming periods is not provided because Measure 6 was not included in IPARD II. There is not any reference to the experiences and lessons learned from the national rural development program supporting development of rural infrastructure, although this support has been in place since long.

**Accepted.** Entrustment of Measure 6 is planned for the middle of programming period until when the capacities on all levels shall be strengthened. Relevant experience acquired on CBC programmes is included in the Programme. NRDP has not implemented measures related to rural public infrastructure until 2021.

**R.12.**

**Date: 8/26/2021**

**Topic: Measure 6**

Some criteria listed under “Selection criteria/Principles regarding selection criteria” are not clear and not specific enough. If not well defined, their assessment could lead to highly arbitrary decisions. However, the text does mention that a detailed list and allocation points will be prepared by the MA and approved by the Monitoring Committee, which will be an integral part of the Rulebook for Measure 6. A particular caution is needed with the following selection criteria, which owe to be better elaborated and precisely defined:

- Level of municipalities development: it is not clear which criteria and verifiable indicators will be used to assess the level of development;
- Investment in the mountain or other areas: while Serbia has an official list of the mountain areas (“Official Gazette of the RS”, No. 39/16), it remains unclear what is meant by “other areas” and how these will be defined;
- Energy efficiency, use of renewable energy sources: it is not clear which criteria will

be used to assess this. E.g. number of investments, type of investments, kWh generated (per EUR invested), etc.;

- Investment is located in an area where there is at least one recipient of one of the IPARD measures: it is not clear why this is selection criteria is important in the context of Measure 6 and its objectives.

**Accepted.** The principles for Measure 6 are set in the Programme, while selection criteria will be described in the Rulebook.

**R.13.**

**Date: 8/26/2021**

**Topic: Measure 6**

Measure 6 has four indicators, which are expected to provide an indication of the uptake. Their target values for 2027 are clear, but it is difficult to assess whether the allocated budget is sufficient for the targeted number of projects, recipients and jobs created. This is because no indication is provided about the magnitude of the rural infrastructure that could be constructed with the earmarked budget, e.g. how many km of roads or sewage tubes, how many wastewater treatment systems, waste disposal sites, etc. The text also does not explain how the target values have been set-up and what is the rationale behind. It should be noted that Measure 6 indicators barely comply with the indicators provided by the EC fiche on public rural infrastructure. It is recommended to re-examine the list of indicators and align them with the indicators provided in the EC fiche.

**Accepted.** List of indicators is aligned with the indicators provided in the EC fiche.

**R.14.**

**Date: 9/13/2021**

**Topic: Measure 7**

The text about linkages to other measures in the IPARD III Programme refers to the linkages to Measure 1 and Measure 3, which is understandable, in particularly when the text also states that measure 7 aims at farm income diversification through strengthening short supply chains and direct marketing of agricultural products. It is recommended to amend the text regarding linkages to other measures in the description of Measure 1 and Measure 3, so that there is consistency in the programme text. This will be even more needed, if the objectives of the Measure 7 also include development of short value chains and on-farm processing, as recommended above.

**Not accepted.** Short value chains in the EU are financed through operational groups. The RS does not have similar measure in place nor the capacity to implement it. The decision on national level is to support on-farm processing under NRDP.

**R.15.**

**Date: 9/13/2021**

**Topic: Measure 9**

Measure 9 has one general and nine specific objectives. The general objective is well formulated, and the list of nine specific objectives follows the measure fiche. In addition, the following three specific objectives (number 5, 6 and 7) are questionable although they are in line with the measure fiche so the ex-ante evaluator does not expect any action to be taken from the MA regarding these formulations.

Support for establishment and preparation of pLAGs

In EU Member States, this is a part of the LEADER measure. A substantial share of the LEADER measure budget can be used to animation, establishment, and preparation of LAGs. It is recommended to reconsider moving the objective “Support for establishment and preparation of pLAG” and related activities to measure LEADER.

**Not accepted.** Support for establishment and preparation of pLAGs is one of the specific objectives of Measure 9 and it is an integral part of EC fiche for Measure 9 – Technical Assistance. Preparation of pLAGs is related to animation, awareness raising and promotional events of people in relevant territory, capacity building activities of pLAG staff, planning, preparation and revision of the local development strategy (LDS) for the territory of the pLAG, studies of pLAG territory that support the preparation of the LDS (rural studies, analyses of the territory and other analyses and data gathering necessary for preparation analyses), etc.

LEADER measure is more oriented on the capacity building including animation of territory and functioning of LAGs after they are selected and their LDS approved.

**R.16.**

**Date: 9/13/2021**

**Topic: Measure 9**

A specific IPARD measure directed to the AAS would be important because it could provide support not only to the state-run AAS, but also to the qualified private companies involved in agricultural extension. These organisations too could be financed from the IPARD funds (but first must be formally incorporated in the national advisory system) and could be providing a range of services to (potential) IPARD beneficiaries. This would relief (at least partly) the state-run AAS from the IPARD-related work pressure, which is recognised as a problem in the analysis:

- “The main challenge that AASs face is limited number of advisors, which is insufficient in meeting the needs of more than 564,000 AHs in the RS. (p. 225);
- “The IPARD III Programme will increase the need for additional advisors and widen the scope of work of the AASs...” (p. 225).

**Not accepted.** AAS system is well developed in the RS. There are 22 AAS in the Central Serbia



and 12 AAS in the AP Vojvodina. The decision on national level is that advisory system will continue to be financed through national budget. Number of advisors will be increased by 10% annually in accordance with Medium-term programme for development of AAS.

**R.17.**

**Date: 9/13/2021**

**Topic: Measure 9**

Measure 9 has seven indicators, which are in line with the EC fiche for Measure 9. However, two indicators suggested in the fiche are not included: (i) number of publicity campaigns, and (ii) number of Programme evaluation reports. These are quite useful indicators, and it might be good to include them, too. There is no explanation, how the target values have been set-up, and what is the rationale behind. However, the allocated budget seems to be realistic and sufficient for the targeted number of projects, recipients and jobs created.

**Accepted.** Two new indicators are added into the fiche for Measure 9.

**Establishment of targets, distribution of financial allocations**

**R.18.**

**Date: 9/13/2021**

**Topic: Quantified targets and prioritisation of needs**

The quantified targets of the programme objectives are summarised in table in Chapter 6.6 of the IPARD III programme. The expected number of projects and beneficiaries, for example for measure 1, and measure 3 may be too high, and that the realistic number is lower, while it for measure 7 may be much bigger than what is estimated in the target. The quantified targets all except one (new jobs) are defined with the help of output indicators linked directly to the financial allocations for each measure. A detailed assessment of the target values for the indicators by measures is given in Chapter 4.7. of the Ex-ante evaluation report (Annex 18.6. Summary of the Ex-ante evaluation report). It is the viewpoint of the ex-ante evaluator that the financial plan reflects a programme out of balance according to the identified needs. It is recommended to strengthen the justification for the chosen prioritisation of the measures and/or to adjust the financial plan so that the programme is better balanced in relation to the identified needs addressed by the programme.

**Accepted.** Prioritisation principles are added in Chapter 6.2. and therefore will be reflected in measures and financial plan.

**Programme implementing, monitoring, evaluation and financial arrangements**

**R.19.**

**Date: 8/26/2021**

**Topic: Implementing structures**

As a summary of the observations it is the assessment of the ex-ante evaluator that the implementing structures needs to be strengthened over the coming year to be ready and for an

effective implementation of the programme can be anticipated. IPARD Agency confirms that the effectiveness of the management of the IPARD III implementation process is not satisfactory. There are several reasons for that: internal factors such as shortage of manpower in IA, fluctuation of experts working in IA, and change in rankings of projects and external factors such as incomplete applications. It is therefore strongly recommended that MA and IA take steps to evaluate the current work processes to see where effectiveness can be increased. It is also recommended to assess how dynamic effects of increased competences and experiences can be utilised to increase effectiveness.

**Accepted.** Specific evaluation of the overall system set-up will be performed. The Ongoing evaluation of the IPARD II Programme will be conducted in 2022. The follow up on previous evaluation recommendations on barriers to absorption and administrative simplification will be one of the activities foreseen.

**R.20.**

**Date: 8/26/2021**

**Topic: Implementing structures**

Regarding the internal factors, additional 101 new jobs were granted in January 2020 to the IA, but the recruitment process is very slow due to administrative procedures and the number cannot be achieved before the end of 2022. However, with the recent recruitment of 16 employees, the IA will be able to speed up the processing of applications. However, the IA also suffers from a high level of fluctuation of IA staff. The pressure and responsibilities on the staff is high, and the salary is considered to be non-competitive. It is recommended to do whatever is possible to recruit the required additional staff, also taking the bureaucratic recruitment procedures into consideration. It is recommended to take steps, if possible, to increase the salary level of staff in IA so that the salaries reflect the level of responsibility and competences required to support the smooth implementation of the programme.

**Accepted.** Additional staff within IPA system will be recruited in accordance with the Action Plan for Improvement of Absorption of IPARD funds. The amended Decree on Job Classification and Criteria for Civil Servants Job Description will allow the advancement of the IPA system key bodies to the highest ranks.

**R.21.**

**Date: 8/26/2021**

**Topic: Implementing structures**

According to the IA, cooperation with technical bodies (MoU) have been formalised for IPARD II, while it for IPARD III still needs to be formalised. However, most technical bodies are under the jurisdiction of the MAFWM, and no major problems are expected of the IA. Capacities of these technical bodies were not sufficient to efficiently manage IPARD II applications. Waiting time for checking the fulfilment of prescribed standards and issuing of certificates was sometimes very long because this was not a priority for the technical bodies. The pressure on technical bodies will increase, but there is no specific action plan how to tackle

this problem. It is expected that technical bodies will increase their capacities and improve efficiency. According to the IA, they know what can be expected under IPARD III. Regarding the cooperation with the delegated technical bodies, it is recommended to enhance the dialogue with the relevant institutions to establish a common approach and attitude in the pursuit of the goal of making the implementation of IPARD III as effective as possible.

**Accepted.** Capacity building of TBs will be provided through TA measure and foreseen in the implementation of TA projects.

**R.22.**

**Date: 8/26/2021**

**Topic: Implementing structures**

It is important for the managing structures and for IA in particular to take steps to avoid risks for deadweight. The ex-ante evaluator has inserted a table (Table 25: Tool for assessing the risk of deadweight within the Ex-ante Evaluation Report), which provides some assessment criteria to be used by IA in the assessment of risk for deadweight. Project applications with higher risk for deadweight should be assessed in the detail, and maybe have an extra set of eyes for final evaluation before approval. It is recommended to consider using the proposed tool for assessing of the risk for deadweight.

**Partially accepted.** The recommendation will be implemented through risk assessment of deadweight using three factors: return period of investment, investment in innovative technologies and investment in environmental protection. Return period of investment will be assessed through business plan, while the two other criteria will be assessed through LEE.

**R.23.**

**Date: 8/26/2021**

**Topic: Implementing structures**

According to the text in the IPARD III Programme, the IA will use a so-called double layer of controls for the purpose of verifying that the specified eligible investment costs as well as general costs in the applications are reasonable and at the level of market prices. The first layer of control is the three offers method applicable for investments from the List of Eligible Expenditures (LEE) as well as for general costs. It should be considered, if three offers are needed or if two offers can be sufficient and if this number is possible within the regulatory frame. The second layer of control is based on a Reference Price verification. It is not clear what this Reference Price verification is, and how it is accomplished. Is it a price reference database, where operational staff in the IPARD Agency can check the eligible investment costs and the payment claims for specific investments/technologies/constructions/general costs? It is recommended to clarify the text regarding the reference price verification system.

**Accepted.** Text regarding the functioning of the reference price verification system in IA is additionally elaborated in Chapter 8.2.

**R.24.**

**Date: 8/26/2021**

**Topic: Implementing structures**

Data collection via the reporting from beneficiaries about results and immediate impact may be a possibility, which the MAFWM may wish to explore to collect result and impact data on an ongoing basis, not only regarding IPARD III but also regarding the national instruments. This is also highly recommended in the report prepared of professor Bogdanov regarding the national support system to agriculture and rural development. Based on the observations of professor Bogdanov and of the ex-ante evaluator, it is recommended to consider building up a coherent monitoring and evaluation system in the MAFWM covering all instruments targeting agriculture and rural development. A well-functioning M&E system will without any doubts contribute to increased effectiveness and efficiency of policies, better results and impacts to the benefit of rural dwellers and a more effective policy development process in the MAFWM.

**Accepted.** MAFWM is implementing a project PHRD Grant on Strengthening Agriculture Sector Capacities for Evidence-Based Policy Making, which should enable monitoring and evaluation of the whole agriculture and rural development policy in the RS.

**R.25.**

**Date: 8/26/2021**

**Topic: Implementing structures**

According to the Law on Subsidies in Agriculture and Rural Development, the MAFWM must establish an electronic registry of payments to farmers. The law provides that this registry should contain data on the type and amount of the paid support for each beneficiary, and a decision issued by the Minister should proscribe its content and updating methods. This registry has not yet been established. Increased transparency will be an outcome of the establishment of the register, and it will make it possible for the MAFWM staff better to monitor and analyse the implementation of the support measures.

**Accepted.** RD IT Solution for IPARD has been developed through EU technical assistance projects (IPA 2013 and FwC). Regarding current state of play in this point, it is planned to process submitted applications under the 4<sup>th</sup> Public Call for Measure 3 manually and, at the same time, through developed RD IT software. This will enable the IPARD Agency to observe the functioning of the software before the final transition from manual to electronic application processing.

**R.26.**

**Date: 9/13/2021**

**Topic: Implementing structures**

It is recommended that IA checks the applied principles in the monitoring tables and correct them, if the check shows that the observations of the ex-ante evaluator are correct.

**Accepted.** The principles in the monitoring tables shall be communicated with the EC and adjusted accordingly.

**R.27.**

**Date: 9/13/2021**

**Topic: Technical bodies and advisory services**

Providing support for the improvement of the capacity of the national AAS. This is in principle acceptable but will require demarcation lines not supporting the same activities from two sources. Measure 9 can support training of public staff in topics which must be relevant for IPARD implementation, but it might be better to set-up a separate IPARD measure for AAS instead because such a measure would enable a more comprehensive training of farmers and other potential IPARD beneficiaries. It is recommended to make the following revisions:

- Re-consider introducing a specific measure for AAS and allow private advisory services to take part in it;
- Information transfer about IPARD: consider putting more emphasis on more direct and more dynamic information transfer channels.

**Not accepted.** The decision on national level is that the AAS will continue to be financed through national budget. Special emphasis will be considered related to more direct and dynamic transfer channels during the preparation and implementation of PVCA.

**R.28.**

**Date: 9/13/2021**

**Topic: Context indicators**

The mandatory list of context indicators is almost complete. The data inferred in the table are new or relatively new. Furthermore, the quality of the data has been checked by external evaluators in the report: “Ongoing evaluation of the IPARD II Programme for the Republic of Serbia for the period 2017 to 2019” from June 2020. Their conclusion is that most indicators are provided based on solid statistical information from SORS, but that a few still are missing. It is recommended to initiate an adequate data collection to make the context indicator table complete.

**Accepted.** The process has been initiated on two levels: MA is in close cooperation with SORS, SEPA and PHRD grant is building an overall monitoring platform for agriculture and rural development which should be implemented in 2022.

**Other**

**R.29.**

**Date: 8/26/2021**

**Topic: Lessons learnt**

The national instruments are well described regarding the objectives and the content of each

policy area and of the individual measures. A table also informs about the share of the overall payments to agriculture and food processing from 2015 to 2019 (aggregated). However, the results and impacts of the national support is not described, and the lessons learnt from the national support are not analyzed. It is recommended to benefit from already accomplished analyses or evaluations of national measures or to initiate new evaluations to learn from the previous national policies.

**Partially accepted.** Financial analysis of previous national support has been performed and core results are presented under Chapter 5.1. For the next programming period, it is planned to perform evaluation of national support.

**R.30.**

**Date: 8/26/2021**

**Topic: Lessons learnt**

Recommendations under Ongoing evaluation for IPARD II Programme for implementation period 2017-2019 are provided to increase implementation effectiveness, and this is highly appreciated by the ex-ante evaluator. However, the on-going evaluation report does not provide information about achieved results and impacts of the IPARD II Programme, so the efficiency of the programme is not measured, for example regarding contribution to improved competitiveness, economic growth, and employment as well as to environmental benefits and climate change adaptation and mitigation.

**Accepted.** The Ongoing evaluation of the IPARD II Programme for 2020-2021 implementation period will be conducted in 2022. It will include analysis of achieved results of IPARD II measures, in addition to activities provided under Recommendation 19 and to improve implementation in terms of overcoming barriers to absorption and administrative simplification.

*Table 60: Overview of the recommendations*

Date	Reference	Topic	Recommendation	How recommendation has been addressed, or justification as to why not taken into account
<b>The SWOT analysis, needs assessment</b>				
8/26/2021	<b>R.1.</b> IPARD III Programme Chapter 4	SWOT	It is recommended to prepare a summary SWOT table of one-two pages covering the main topics covered in chapter 3 and to move the detailed tables into annex. It is also recommended to elaborate a short text summarizing the SWOT table.	<b>Not accepted.</b> Template is provided by the EC.
8/26/2021	<b>R.2.</b> IPARD III	Sector analyses	The chapter lacks information about the number of potential IPARD	<b>Partially accepted.</b> Data are available for the meat, vegetable, cereals and

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	Programme Chapter 3.2		applicants in the sub-sectors. It is recommended to apply information from the sector analyses in the chapter.	industrial crops, grapes and wine, eggs and fishery sector. That is the reason why the recommendation was partially accepted, as well as due to the type of selection criteria.
8/26/2021	<b>R.3.</b> IPARD III Programme Chapter 3.2	Sector analyses	It is recommended to improve financial data for agriculture and for food industry and to develop the FADN system to improve policy making based on actual and statically significant financial data.	<b>Accepted.</b> Available financial data for agri-food sector have been included in appropriate chapter (i.e. Chapter 3.2, paragraph 3).
9/13/2021	<b>R.4.</b> IPARD III Programme Chapter 6	Identification of the needs	The identified needs must be prioritised in a transparent and objective way. It is recommended to insert a text describing the basic principles of the prioritisation in the final programme.	<b>Accepted.</b> Prioritisation of needs is added in the relevant chapter.
<b>Construction of the intervention logic</b>				
8/26/2021	<b>R.5.</b> IPARD III Programme Chapter 6	Description of the strategy	It is recommended to build an objectives hierarchy with overall, specific, and operational objectives. It is also recommended to add an overall objective regarding environment, nature, and biodiversity (needs 5 and 6).	<b>Accepted.</b> Hierarchy of objectives will be added as annex to the Programme. Overall objectives of the IPARD Programme are provided by the EC. Objective on environment, nature and biodiversity are covered by objective no. 3.
8/26/2021	<b>R.6.</b> IPARD III Programme Chapter 8	Measures	It is recommended to improve the text of the measures as suggested in the ex-ante report to make the descriptions even better.	<b>Accepted.</b> (i.e. Rationale for Measure 1 and Measure 6; Selection criteria for Measure 1 and Measure 3. For Measure 7 (Aid intensity and EU contribution rate): The maximum aid intensity is specified.).
8/26/2021	<b>R.7.</b> IPARD III Programme Chapter 8	Measure 1	Describe and develop further Non-productive investments, including dedicated budget.	<b>Not accepted.</b> The system has limited capacity to implement such a measure due to the lack of LPIS.
8/26/2021	<b>R.8.</b> IPARD III	Measure 1 and Measure 3	It is recommended to reduce the maximum level of support under measure 1 and	<b>Not accepted.</b> The risk of supporting small number of beneficiaries with

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	Programme Chapter 8.1		measure 3 to be able to increase the number of supported beneficiaries.	high level of support is minimal due to previous experience, i.e. average value of investment in Measure 1 was EUR 158,173, while maximum value of support was EUR 1 million; Average value of investment in Measure 3 was EUR 536,703, while maximum value of support was EUR 1 million.
8/26/2021	<b>R.9.</b> IPARD III Programme Chapter 8	Measure 4	It is recommended to explain how compulsory trainings for 1,000 beneficiaries of AECOF measure and preparation of crop/management plans for all beneficiaries will be organised	<b>Partially accepted.</b> This will be described in detail in the Rulebook for the implementation of Measure 4.
8/26/2021	<b>R.10.</b> IPARD III Programme Chapter 8	Measure 6	It is recommended to make the following revisions: Improve the quality of the rationale section and strengthen it by providing more figures (or referring to them elsewhere in the document)	<b>Partially accepted.</b> Available quantitative data are included.
8/26/2021	<b>R.11.</b> IPARD III Programme Chapter 8	Measure 6	Outline experiences and lessons learned from the national rural development program.	<b>Accepted.</b> Entrustment of Measure 6 is planned for middle of programming period until when the capacities on all levels shall be strengthened. Relevant experience acquired on CBC programmes is included in the Programme. NPRD has not implemented measures related to rural public infrastructure until 2021.
8/26/2021	<b>R.12.</b> IPARD III Programme Chapter 8	Measure 6	Clarify selection criteria/principles as suggested in the evaluation report.	<b>Accepted.</b> The principles for Measure 6 are set in the Programme, while selection criteria will be described in the Rulebook.
8/26/2021	<b>R.13.</b> IPARD III Programme Chapter 8	Measure 6	Re-examine the list of indicators and align them with the indicators provided in the EC fiche.	<b>Accepted.</b> List of indicators is aligned with the indicators provided in the EC fiche.



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9/16/2021	<b>R.14.</b> IPARD III Programme Chapter 8	Measure 7	It is recommended to consider including development of short value chains and local, on-farm processing of agricultural products under the measure.	<b>Not accepted.</b> Short supply chains in the EU are financed through operational groups. The RS does not have similar measure in place nor the capacity to implement it. The national decision is to support on-farm processing through NPRD.
9/13/2021	<b>R.15.</b> IPARD III Programme Chapter 8	Measure 9	Reconsider moving the objective “Support for establishment and preparation of pLAG” and related activities to measure LEADER	<b>Not accepted.</b> This objective is provided by EC template.
9/13/2021	<b>R.16.</b> IPARD III Programme Chapter 8	Measure 9	Consider setting-up a separate IPARD measure for advisory service.	<b>Not accepted.</b> The national decision is that advisory system will continue to be financed through national budget.
9/13/2021	<b>R.17.</b> IPARD III Programme Chapter 8	Measure 9	Consider adding two additional indicators as explained in the text	<b>Accepted.</b> Two new indicators are added in the Programme.
<b>Establishment of targets, distribution of financial allocations</b>				
9/13/2021	<b>R.18.</b> IPARD III Programme Chapter 6	Quantified targets and prioritisation of needs	It is recommended to strengthen the justification for the chosen prioritisation of the measures and/or to adjust the financial plan so that the programme is better balanced in relation to the identified needs.	<b>Accepted.</b> Prioritisation principles are added in needs and therefore will be reflected in measures and financial plan.
<b>Programme implementing, monitoring, evaluation and financial arrangements</b>				
8/26/2021	<b>R.19.</b> IPARD III Programme Chapter 12	Implementing structures	It is recommended that MA and IA take steps to evaluate the current work processes in IA to see where effectiveness can be increased. It is also recommended to assess how dynamic effects of increased competences and experiences can be utilised to increase effectiveness.	<b>Accepted.</b> Specific evaluation of system set-up will be performed. The Ongoing evaluation of the IPARD II Programme will be conducted in 2022. The follow up on previous evaluation recommendations on barriers to absorption and administrative simplification will be one of the activities.
8/26/2021	<b>R.20.</b> IPARD III	Implementing structures	It is recommended to recruit the required additional staff, also taking the bureaucratic	<b>Accepted.</b> Additional staff within IPA system will be recruited in

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	Programme Chapter 12		recruitment procedures into consideration. It is recommended to take steps, if possible, to increase the salary level of staff in IA so that the salaries reflect the level of responsibility and competences required to support the smooth implementation of the programme.	accordance with the Action Plan for Improvement of Absorption of IPARD funds. The amended Decree on Job Classification and Criteria for Civil Servants Job Description will allow the advancement of the IPA system key bodies to the highest ranks.
8/26/2021	<b>R.21.</b>  IPARD III Programme Chapter 12	Implementing structures	Regarding the cooperation with the delegated technical bodies, it is recommended to enhance the dialogue with the relevant institutions to establish a common approach and attitude in the pursuit of the goal of making the implementation of IPARD III effective as possible.	<b>Accepted.</b> Capacity building will be provided through TA measure.
8/26/2021	<b>R.22.</b>  IPARD III Programme Chapter 12	Implementing structures	It is recommended to consider using the proposed (or another and better) tool for assessing of the risk for deadweight.	<b>Partially accepted.</b> Will be implemented through risk assessment of deadweight using three factors (return period of investment, investment in innovative technologies and investment in environmental protection. Return period will be assessed through business plan, while the two other criteria will be assessed through LEE).
8/26/2021	<b>R.23.</b>  IPARD III Programme Chapter 8.1 and 12	Implementing structures	It is recommended to improve the text regarding the functioning of the reference price verification system in IA.	<b>Accepted.</b> Text regarding the functioning of the reference price verification system in IA will be improved in Chapters 8.1 and 12.
8/26/2021	<b>R.24.</b>  IPARD III Programme Chapter 12	Implementing structures	It is recommended to consider building up a coherent monitoring and evaluation system in MAFWM covering all instruments targeting agriculture and rural development.	<b>Accepted.</b> MAFWM is implementing a project which should enable monitoring and evaluation of the whole agriculture and rural development policy in the RS.
8/26/2021	<b>R.25.</b>  IPARD III	Implementing structures	It is recommended that MAFWM - IPARD Agency takes steps to establish the	<b>Accepted.</b> RD IT Solution for IPARD has been developed through

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	Programme Chapter 12		electronic register on payments to farmers.	technical assistance projects (IPA13 and FwC). Regarding current state of play in this point, it is planned to process submitted applications under the 4th Public Call for Measure 3 manually and, at the same time, through developed RD IT software. This will enable the IPARD Agency to observe the functioning of the software before the final transition from manual to electronic application processing.
9/13/2021	<b>R.26.</b>  IPARD III Programme Chapter 12	Implementing structures	It is recommended that IA checks the applied principles in the monitoring tables and correct them, if the check shows that the observations of the ex-ante evaluator are correct.	<b>Accepted.</b> The principles in the Monitoring Tables will be communicated with the EC and adjusted accordingly.
9/13/2021	<b>R.27.</b>  IPARD III Programme Chapter 17	Technical bodies and advisory services	It is recommended to make the following revisions: Re-consider introducing a specific measure for AAS and allow private advisory services to take part in it. Information transfer about IPARD: consider putting more emphasis on more direct and more dynamic information transfer channels	<b>Not accepted.</b> The national decision is that advisory system will continue to be financed through national budget.
9/13/2021	<b>R.28.</b>  IPARD III Programme Chapter 3.6	Context indicators	It is recommended to initiate an adequate data collection to make the context indicator table complete.	<b>Accepted.</b> The process has been initiated on two levels: MA is in close cooperation with SORS, SEPA and PHRD grant is building an overall monitoring platform for agriculture and rural development which should be implemented in 2022.
<b>Other</b>				
8/26/2021	<b>R.29.</b>  IPARD III Programme Chapter 5	Lessons learnt	The results and impacts of the national support is not described, and the lessons learnt from the national support are not analyzed. It is recommended to benefit from	<b>Partially accepted.</b> Financial analysis of previous national support has been performed. For the next programming period, it is planned to perform

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			already accomplished analyses or evaluations of national measures or to initiate new evaluations to learn from the previous national policies.	evaluations of national support.
8/26/2021	<b>R.30.</b>  IPARD III Programme  Chapter 5	Lessons learnt	It is recommended to collect lessons learnt and evaluations from EU and donor funded projects and use this information in the future policy development. It is recommended to initiate evaluations of IPARD II to measure the contributions of the programme on results and impacts.	<b>Accepted.</b> The Ongoing evaluation of the IPARD II Programme will be conducted in 2022 with the activities as follows: <ul style="list-style-type: none"> <li>• Follow up on previous evaluation recommendations on barriers to absorption and administrative simplification;</li> <li>• Achievements of the results of IPARD II measures</li> </ul>

### **15. PUBLICITY, VISIBILITY AND TRANSPARENCY IN ACCORDANCE WITH IPA LEGISLATION**

The coherent set of activities and adequate procedures to ensure transparent implementation and maximum available information, publicity and visibility of support under the IPARD Programme for the period 2021-2027 will be established in accordance with the rules, laid down in Articles 23 and 24 of the FFPA and further detailed in Articles 31 and 32 of the Sectoral Agreement. The MA is obliged to fulfil the requirements on information, publicity and transparency and to ensure the appropriate EU visibility of the actions.

In line with the Article 32 of the SA, all information, publicity and visibility actions will be planned, implemented, monitored and evaluated within the framework of the IPARD III plan of visibility and communication activities for the period 2021-2027 (PVCA), after agreement with of the Commission and approval by the IPARD III Monitoring Committee. The PVCA shall be performed by an annual list of actions.

The MA is responsible for the overall monitoring and implementation of the PVCA and preparation of the reports on progress in implementing the information and publicity activities in accordance with Memorandum of Understanding between MA and IPARD Agency. The results of the visibility and communication actions shall be reported at the meetings of the IPARD III Monitoring Committee.

Activities of the national rural network, once its established, will complementary contribute to the implementation of visibility and communication activities.

**15.1. Actions foreseen to inform potential recipients, professional organisations, economic, social and environmental partners organisation, bodies involved in promoting gender equality, and NGOs about possibilities offered by the IPARD III and rules of gaining access to funding**

The MA, in close coordination with the IPARD Agency, will be responsible for informing potential recipients, professional organisations, economic, social and environmental partners' organisation, bodies involved in promoting gender equality, and NGOs, about funding opportunities under the IPARD III Programme on easy, attractive and timely manner. The MA will ensure the establishment of particular website providing information on and access to the IPARD III Programme, including public consultation process, information about the timing of programming implementation, and rules of gaining access to funding.

The potential recipients will benefit from a wide range of publicity tools, such as printed and electronic versions of informational materials, usage of national and local mass media, information events, seminars and training sessions. Representatives of supporting organisations, such as agricultural advisory service, Chamber of Commerce and Industry of Serbia, Chamber of Crafts, associations and NGO's, at central and at the branch level, will also be invited to take a part in the dissemination of the materials, as well as in the information events, seminars and training sessions. Publicity tools that will be used by MA and IPARD Agency, to implement publicity and communication activities, will be listed in PVCA in detail.

The training sessions for the potential recipients, advisory services and consultants to prepare quality applications, especially business plans, will be organised before the start of the public calls.

**15.2. Actions foreseen to inform the recipients of the EU contribution**

The recipients under this Programme will be provided with detailed written guides on project realisation, including instructions for the preparation of payment requests and guidelines on visibility, in accordance with Annex 8 of SA and rulebooks for implementation of measures under IPARD III Programme. The MA and IPARD Agency will ensure that the recipients strictly fulfil the visibility rules set out in rulebooks and in the contract/act on application approval with all the rights and obligations that the recipients must comply with within project implementation and next five years after the final payment.

Visibility of investments shall be the obligation of recipients that will contribute to dissemination of information on the EU's role in the implementation of the IPARD III Programme. The obligations of the recipients, in terms of information and publicity activities at project level, will be defined in relation to the amounts of public aid and specified in the national legal framework.

After the signing of contract/issuing the act on application approval the recipient automatically grants permission for publication of his/her information as the recipient of the support, name of the project and the amount of the public co-financing of the project. Based on this information, and in accordance with the legal regulations on personal data protection, the

IPARD Agency will prepare and publish on the website the regularly updated List of the Recipients sorted at least by measure, call of application and amount of support of IPARD III assistance.

The IPARD Agency is responsible for informing the recipients on the EU contribution regarding IPARD support granted, for publishing the call for applications and Guide for Potential Recipients. Furthermore, the IPARD Agency shall regularly publish the list of frequently asked questions and answers. The IPARD Agency shall report on all performed actions under the PVCA to the MA.

After the prior consent of MA, the IPARD Agency will prepare the Guide for Potential Recipients, detailed material in the form of a manual, representing, in a comprehensible manner, the measures, rules, eligibility conditions, criteria for selection of projects and all other information relevant for the selecting and evaluating the projects, what will provide quality basis for application preparation for the IPARD III support. On the same way, a specific Guide for Potential Recipients shall be created for each measure with the corresponding example of filled application form. An electronic version of the Guides for Potential Recipients shall be published on the MAFWM and DAP websites.

The Guide for Recipients will include clear instructions, clarifying the responsibility of the recipients for publicity and visibility stipulated in contract/act on project approval and information that the list of final recipients, with an amount of public aid, will be published by the IA.

### **15.3. Actions to inform the general public about the role of EU in the programmes and the results thereof**

The MA will inform the general public about the programming process, IPARD III Programme adoption, its amendments, principal achievements and results of the implementation process, using press conferences, events seminars, promotion of successful projects and publishing them through media at national, regional and local level. Particular emphasis will be placed on information about the contribution of the EU to the implementation of the IPARD financed projects.

Following programme approval, the MA will widely publicize the content of the programme and develop administrative instructions for the implementation of the measures, making them available to all stakeholders through the IPARD website, the MAFWM website, IPARD Agency website, partner/relay websites and where appropriate will distribute hard copies. The MA will also organise an information campaign, including information sessions, press conferences, media publications, social media etc.

The MA and IA will publish various promo materials – guides, brochures, leaflets, newsletters and other printed materials to facilitate the IPARD III Programme implementation for recipients and to disseminate information on the programme results to the general public.

The MA will plan and implement publicity measures aimed at informing the general public on the programme results. In order to ensure transparency and accountability of the

implementation, the MA will regularly publish information on the programme, including financial, output and results indicators, as well as the evaluation reports.

## **16. EQUALITY BETWEEN MEN AND WOMEN AND NON-DISCRIMINATION PROMOTED AT VARIOUS STAGES OF PROGRAMME (DESIGN, IMPLEMENTATION, MONITORING AND EVALUATION)**

### **16.1. Description of how equality between men and women will be promoted at various stages of programme (design, implementation, monitoring and evaluation)**

Gender equality is guaranteed by the Constitution of the RS. The RS is a signatory of several international conventions and documents that guarantee the equality of men and women and prohibits discrimination on the gender basis. The goals of the National Strategy for Gender Equality for period 2016-2020 have been set to contribute to that. In 2013, the RS ratified the Istanbul Convention.

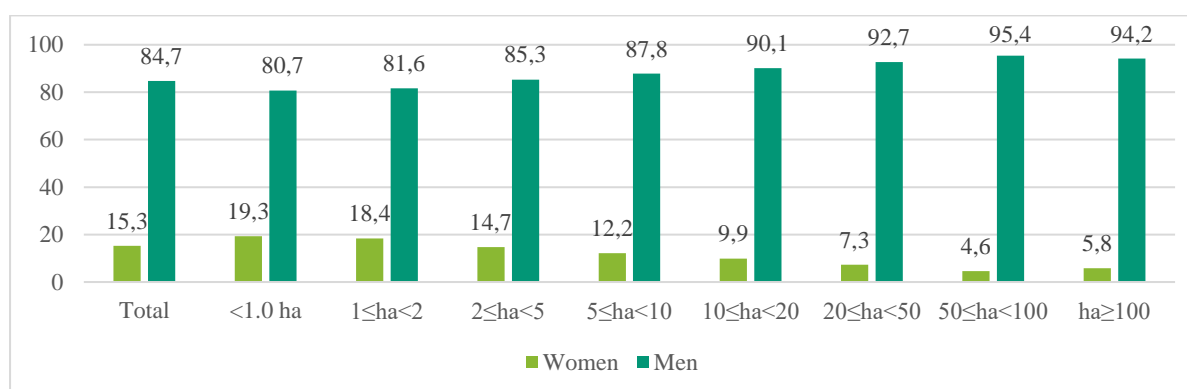
The Committee on Human and Minority Rights and Gender Equality operates within the National Parliament. The Government of the RS has established the Coordination Body for Gender Equality in 2014, headed by the Deputy Prime Minister.

The Office of the Protector of Citizens (Ombudsman of the RS) as well as Commissioner for Protection of Equality as an independent state body, and different bodies at the level of AP Vojvodina, focus on prevention of all forms, types and cases of discrimination. In addition to that, more than 140 local self-governments have person or body engaged in dealing with the gender equality issues on a local level.

According to the survey of the SORS, 37.6% of the women in the RS live in rural areas, out of which 25.7% are older than 65 years.

19.3% of the farm holders are women, holding 10% of utilised agricultural area (UAA) and 10% of livestock units (LU). Half of them are older than 65 years. 15.3% of the farm managers (AHs registered as legal entities) are women. Women are owners and managers of physically and economically small AHs and their share decreases with the increase of farm size, as it is shown in *Chart 15*. Women manage less investment-intensive businesses (such as primary production), avoiding the risks related to loaning and market fluctuations (FSS 2018). Most of the work on farms women performed as AH members, usually as unpaid and unregistered labour force.

Chart 15: Managers of AHs by gender and size of AHs, 2018 (%)



Source: Bogdanov, Babović 2019

The gender equality principles are taken into consideration in the process of the preparation of the IPARD III Programme. To ensure adequate reflection of gender issues, public authorities and NGO's active in the area of equal opportunities, are consulted during the preparation of IPARD III Programme. The information and publicity actions will ensure that everyone has equal access to information regardless of gender, which implies the additional efforts to reach women in rural areas.

All measures within the IPARD Programme are designed to provide equal support (regardless of gender). When it comes to supporting investments in physical assets, women, holders of AHs, can achieve the same aid intensity as all other recipients of IPARD support, but according to the selection criteria women have a ranking advantage, as women are one of the categories at risk of migrating to urban settlements, due to limited employment possibilities in rural areas. Under the IPARD Measure 7 there is an opportunity for economic empowerment of women in rural areas. During the First Public Call for Measure 7 in 2020, 40% of applicants were women. Selection criteria for the evaluation of the Local Development Strategy/the selection of LAGs relates to the quality of the partnership, including participation of young people and women.

Through the NRN, special attention will be paid to the activities that will deal with the position of women in agriculture and rural economy, as their role and contribution – both on and off-farm – are still undervalued and understated.

Monitoring and evaluation reports of IPARD III will allow the examination of the effects of the IPARD III Programme on gender equality.

## **16.2. Describe how any discrimination based on sex, race, origin, religion, age, sexual orientation, is prevented during various stages of programme implementation**

The legal anti-discrimination framework has been established in the RS. Beside the Constitution of the RS, the general protection regime includes the Law on the Prohibition of Discrimination, the Ombudsman Law and the Statute of the AP Vojvodina. Anti-discriminatory clauses have been integrated in other legal acts, so that the policy of equal opportunities, guaranteed by the Constitution of the RS (Art. 15), could have been further developed. The



Constitution of the RS (Art. 60) provides “fair remuneration for work done”, while the principle of the equal payment for equal work for men and women is guaranteed by the Gender Equality Law (Art. 17). The Labour Law, as well as the Law on Employment and Insurance in Case of Unemployment, also includes provisions aimed at preventing discrimination against women at the labour market and during employment.

The Law on Prohibition of Discrimination (published in the “Official Gazette of the RS”, No. 22/09 and its subsequent modifications) introduces the equality principle in relation to the gender, race, colour, ethnicity, language, gender identity, sexual orientation, political, religious or philosophical affiliation, economic, education and social situation, pregnancy, parental connection/responsibility, age, family or marital status, civil status, residence, health conditions, disability, relation to a special grouping and in relation to any other reason.

The preparation and implementation of the IPARD III Programme respects all of the provisions laid down in the above mentioned legal base and the principles of equal treatment. There shall be no direct or indirect discrimination against any person based on gender, age, marital status, language, mental or physical disability, sexual orientation, political affiliation or conviction, ethnic origin, nationality, religion, race, social origin or any other status. The Code of Conduct of the MA and IA fully respects all anti-discrimination provisions stipulated by the relevant law, which will also be strengthened by the appropriate training of employees.

The programme measures include no discriminatory criteria. Implementation of the IPARD Programme will not tolerate any discrimination towards potential recipients based on religion, ethnicity, gender or physical disability.

## **17. TECHNICAL BODIES AND ADVISORY SERVICES**

The need for the improvement of professional competence, awareness and knowledge transfer in the field of agriculture and rural development is increasing year by year, and the current situation is that 49% of AH managers (including AH holders) gained vocational education through work in agriculture, 3% through agriculture secondary school, 1% have completed agricultural faculty and 0.24% have attended informal vocational trainings – courses.

Knowledge transfer in the RS in the field of agriculture and rural development takes place through formal education (secondary education, faculty, postgraduate and PhD studies), as well as through informal education and vocational trainings organised by educational and research institutions, advisory services, consultancy companies, project units and media.

**The Agriculture Advisory Service (AAS) in the RS** is a network of 34 agricultural advisory services with 256 licensed agriculture advisors<sup>81</sup>. Out of this number 22 AASs (19 publics and three private owned) across the Central Serbia have 188 licensed agriculture advisors. The control and coordination of these services is implemented by MAFWM with the assistance of the Institute for Science Application in Agriculture, designated for five-year period as

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<sup>81</sup> During the implementation of the IPARD II Programme, a group of 116 advisors attended two educational modules per year (eight modules in total in period 2017-2020).

institution for professional training, monitoring and evaluating of the effects of AASs' work. The territory of the AP Vojvodina is covered by 12 AASs with 88 licensed agriculture advisors. The control and coordination of these services is conducted by the PSAWMF, with assistance from the AAS Novi Sad, as authorised organisation for professional training of advisors in AP Vojvodina. Both MAFWM and PSAWMF work in accordance with the Law on advisory services<sup>82</sup>, actual mid-term programme<sup>83</sup> and annual programmes for development of AASs in agriculture.

The AASs are providing knowledge transfer, awareness rising, assistance and other services on different topics to rural stakeholders, farmers, including potential IPARD recipients, through individual (tailored advising, advisory modules) and group work (workshops, seminars, demonstration activities and exchange of peer experiences and practices), as well as mass media. The main challenge that AASs face is limited number of advisors, which is insufficient in meeting the needs of more than 564,000 AHs in the RS.

During the period 2017 - 2020, out of approximately 272,000 agricultural producers covered by advisory activities, more than 25,000 potential IPARD recipients were informed on IPARD opportunities via informal education: lectures, workshops, seminars/winter schools and tribunes. AASs provided support in the preparation of business plans and applications in general. Furthermore, AASs organised trainings and participated as lecturers to those IPARD recipients who underwent 50 hours of vocational training classes in agriculture. The IPARD III Programme will increase the need for additional advisors and widen the scope of work of the AASs, which are seen as important partners of the MAFWM in the process of implementation of IPARD III Programme.

Educational modules under IPARD III TA measure or other sources of technical assistance will aim at having advisors gain specific and sufficient knowledge not only on initial information for promotional activities related to IPARD III, but also on all the details of the general and specific criteria per measure, documentation needed, application and approval processes. The aim is to provide assistance to farmers to complete applications for project approval and to develop business plans for Measure 1 and Measure 7. Special focus during the preparation of farmers will be given in the field of meeting the standards and providing timely and accurate information related to these measures.

Advisory activities will cover broader public in the RS by disseminating information through media (regional and local TV and radio shows, articles on the official website<sup>84</sup> and in bulletins published by the AAS and/or local newspapers).

**Technical bodies** (TB) will be responsible for verifying the fulfillment of prescribed national and EU standards to be met by the recipients before payment in the field of environmental

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<sup>82</sup>The Law on Advisory and Expert Work in Agriculture (“Official Gazette of the RS”, No. 30/10 and its subsequent modifications)

<sup>83</sup>Decree on Mid-term programme for development of advisory services in agriculture for the period 2021-2025 (“Official Gazette of the RS”, No. 19/21 and its subsequent modifications)

<sup>84</sup> Website of the Institute for Science Application in Agriculture: [www.psss.rs](http://www.psss.rs)

protection, veterinary public health, animal welfare, plant protection, food safety of plant origin products and rural tourism. Those TBs are Veterinary Directorate, Ministry of Environmental Protection, Agricultural Inspection, Phytosanitary Inspection, Sector for Agrarian Policy, Directorate for Plant Protection, Labour Inspectorate and Tourist Inspection. Capacity building of technical services and bodies for implementation of the IPARD III Programme shall be achieved through provided trainings under Technical Assistance measure or other sources of technical assistance.

**Network for Rural Development of Serbia** is planned to have a role in IPARD III promotion and organisation of information campaign during the Public Calls for IPARD subsidies (especially in those LSGUs where lower response of recipients was noted in the previous period), support to pLAGs, as well as cooperation with the Standing Conference of Towns and Municipalities (SCTM) on the preparation of LSGUs for investments in rural public infrastructure.

**Consultancy market**, although not very skilled at the beginning, has been well developed during the implementation of the IPARD II Programme. Continuous information campaign and training events organised for consultants contributed to a better quality of submitted applications. In the previous public calls for IPARD measures more than 50 consultancy companies were involved in the preparation of documentation for IPARD support. They also provided their services in the development of feasibility studies and other studies related to the project and/or business plans. The MA shall proceed with providing up-to-date information and education of consultants in the period of implementation of IPARD III Programme.

## 18. ANNEXES

### 18.1. Definition of small and medium enterprises

*Definition of small and medium-sized enterprises for Measure 1 - Investments in physical assets of agricultural holdings and Measure 7 – Farm diversification and business development*

Micro, small and medium enterprises are defined in accordance with the regulations governing the field of accounting and auditing.<sup>85</sup>

<b>Micro-entities</b> are those legal entities and entrepreneurs that fulfil two of the following criteria:	<b>Small entities</b> are those legal entities and entrepreneurs that exceed two criteria for micro-entities, but fulfil two of the following criteria:	<b>Medium-sized entities</b> are those legal entities and entrepreneurs that exceed two criteria for small entities, but fulfil two of the following criteria:	<b>Large entities</b> are legal entities and entrepreneurs that exceed two criteria for medium-sized entities.
Average number of employees is less than 10	Average number of employees is less than 50	Average number of employees is less than 250	
Turnover is less than EUR 700,000 in RSD equivalent	Turnover is less than EUR 8,800,000 in RSD equivalent	Turnover is less than EUR 40,000,000 in RSD equivalent	
The average value of the balance sheet is less than EUR 350,000 in RSD equivalent	The average value of the balance sheet is less than EUR 4,400,000 in RSD equivalent	The average value of the balance sheet is less than EUR 20,000,000 in RSD equivalent	

*Definition of small and medium-sized enterprises for Measure 3 - Investments in physical assets concerning processing and marketing of agricultural and fishery products*

Small and medium-sized enterprises (SMEs) are defined in accordance with the EU recommendation 2003/361. The main factors determining whether an enterprise is an SME are staff headcount and either turnover or balance sheet total.

<b>Micro-entities</b>	<b>Small entities</b>	<b>Medium-sized entities</b>
<b>Staff headcount</b> < 10	<b>Staff headcount</b> < 50	<b>Staff headcount</b> < 250
<b>Turnover</b> ≤ EUR 2,000,000, or	<b>Turnover</b> ≤ EUR 10,000,000, or	<b>Turnover</b> ≤ EUR 50,000,000, or
<b>Balance sheet total</b> ≤ EUR 2,000,000	<b>Balance sheet total</b> ≤ EUR 10,000,000	<b>Balance sheet total</b> ≤ EUR 43,000,000

<sup>85</sup> The Law on Accounting (“Official Gazette of the RS”, No. 73/19 and its subsequent modifications)

## 18.2. Description of methodology for assessment of the economic viability of recipients

Criteria and tables to be used in assessment of economic viability of the recipient, which is to be performed in a representative year, as well as the criteria and tables to be used for assessment of economic sustainability of the project are shown in *Chart 16* and *Chart 17*.

*Chart 16: Economic sustainability of the recipient*

<b>SIMPLE FORM OF THE BUSINESS PLAN</b>
Liquidity = cumulative cash flow needs to be positive
Income-to-expenses ratio= Total income/total expenses
<b>COMPLEX BUSINESS PLAN</b>
Liquidity = cumulative cash flow needs to be positive
Income-to-expenses ratio = Total income/total expenses

*Chart 17: Economic sustainability of the project*

<b>SIMPLE FORM OF THE BUSINESS PLAN</b>
Liquidity = cumulative cash flow needs to be positive
<b>COMPLEX BUSINESS PLAN</b>
Internal rate of return
Liquidity = cumulative cash flow needs to be positive
Net present value of the project
Return period

**18.3. List of Settlements in Mountain Areas**

Settlements in mountain areas (*Table 61*) are defined by the Rulebook on determining areas with difficult working conditions in agriculture<sup>86</sup> as settlements located at an altitude higher than 500 meters, based on the data of the Republic Geodetic Authority.

*Table 61: List of settlements in mountain areas*

No.	Municipality/City	Settlement	No.	Municipality/City	Settlement	No.	Municipality/City	Settlement		
1.	Aleksandrovac	Bzenice			Radaljevo			Milješ		
		Boturići			Rovine			Plasće		
		Bratići			Rokci			Požegrmac		
		Velika Vrbnica			Sveštica			Pribojska Goleša		
		Velja Glava			Sivčina			Pribojske Čelice		
		Vranštica			Smiljevac			Rača		
		Gornji Vratari			Čečina			Ritošići		
		Grčak			Šarenik			Sjeverin		
		Donji Vratari			Šume			Sočice		
		Jelakci	28.	Knjč	Bajčetina			Strmac		
		Koznica	29.	Knjaževac	Aldina Reka			Hercegovačka Goleša		
		Latkovac			Aldinac			Crugovići		
		Lesenovci			Balinac			Cruzi		
		Leskovica			Balta Berilovac			Čitluk		
		Pleš			Banjski Orešac	59.	Prijepolje	Aljinovići		
		2.	Aleksinac	Ploča			Beli Potok			Balići
				Puhovac			Božinovac			Bare
Ržanica					Bučje			Biskupići		
Rogavčina					Vasilj			Bjelahova		
Rokci					Vidovac			Brajkovac		
Starci					Vlaško Polje			Brvine		
Strmenica					Vrtovac			Brodarevo		
Vukanja					Gabrovnica			Bukovik		
Golešnica					Dejanovac			Vinicka		
Lipovac					Drvnik			Vrbovo		
Porodin					Zorunovac			Gojakovići		
Prekonozi					Zubetinac			Gornje Babine		
Rsovac					Inovo			Gornje Goračiće		
3.	Arijlje	Crna Bara			Jalovik Izvor			Gornji Stranjani		
		Bjeluša			Janja			Gostun		
		Brekovo			Koželj			Gračanica		
		Visoka			Krenta			Grobnice		
		Vrane			Lokva			Divci		
		Grivska			Manjinac			Donje Babine		
		Dobrače			Miljkovac			Donji Stranjani		
		Kruščica			Mučibaba			Drenova		
		Latvica			Novo Korito			Dušmanići		
		Mirosaljci			Ošljane			Đurašići		

<sup>86</sup> “Official Gazette of the RS”, No. 132/21 and its subsequent modifications

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		Radobuđa			Papratna		Zabrdnji Toci
		Radoševo			Ponor		Zavinograđe
		Severovo			Pričevac		Zalug
		Stupčevići			Ravno Buče		Zastup
		Trešnjevica			Radičevac		Zvijezd
4.	Babušnica	Aleksandrovac			Repušnica		Ivanje
		Babušnica			Svrljiška Topla		Ivezići
		Berduj			Skrobnica		Izbičanj
		Berin Izvor			Stanjinac		Jabuka
		Bogdanovac			Staro Korito		Junčevići
		Bratiševac			Tatrasnica		Kamena Gora
		Brestov Dol			Čuštica		Karaula
		Vava			Crni Vrh		Karoševina
		Valniš			Šarbanovac		Kačevo
		Veliko Bonjince			Šesti Gabar		Kašice
		Vojnici			Šuman Topla		Kovačevac
		Vrelo	30.	Kosjerić	Bjeloperica		Koprivna
		Vuči Del			Varda		Kosatica
		Gornje Krnjino			Galovići		Koševine
		Gornji Striževac			Godečevo		Kruševo
		Gorčince			Godljevo		Kučin
		Grnčar			Gornja Pološnica		Lučice
		Dol			Donja Pološnica		Mataruge
		Donje Krnjino			Drenovci		Međani
		Donji Striževac			Dubnica		Mijani
		Draginac			Kosjerić (selo)		Mijoska
		Dučevac			Makovište		Milakovići
		Zavidince			Mionica		Mileševo
		Zvonce			Mrčići		Milošev Do
		Izvor			Mušići		Miljevići
		Jasenov Del			Paramun		Mrčkovina
		Kaluđerovo			Radanovci		Muškovina
		Kambelevac			Rosići		Oraovac
		Kijevac			Ruda Bukva		Orašac
		Leskovica			Seča Reka		Osoje
		Linovo			Skakavci		Oštra Stijena
		Ljuberađa			Stojići		Potkrš
		Masurovac			Subjel		Potok
		Našuškovica			Tubići		Pravoševo
		Ostatovica			Cikote		Pranjci
		Preseka			Ševrljuge		Prijepolje
		Provaljenik	31.	Kragujevac	Adžine Livade		Rasno
		Radinjince			Dulene		Ratajska
		Radosinj			Kamenica		Sedobro
		Radoševac			Ljubičevac		Seljane
		Rakita			Ramača		Seljašnica
		Rakov Dol	32.	Kraljevo	Bare		Skokuće
		Raljin			Bzovik		Slatina
		Resnik			Bogutovac		Sopotnica
		Stol			Bojanići		Taševo
		Strelac			Borovo		Hisardžik
		Studena			Brezna		Hrta
		Suračevo			Brezova		Crkveni Toci

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		Crvena Jabuka			Bresnik			Čadinje
		Štrbovac			Vrh			Čauševići
<b>5.</b>	Bajina Bašta	Beserovina			Gledič			Džurovo
		Gvozdac			Gokčanica	60.	Prokuplje	Arbanaška
		Dobrotin			Dolac			Babotinac
		Draksin			Dražiniće			Bajčince
		Dub			Đakovo			Balčak
		Zaglavak			Zamčanje			Beli Kamen
		Zaovine			Zasad			Bogujevac
		Zarožje			Kamenica			Bregovina
		Zaugline			Kamenjani			Bresnik
		Zlodol			Lopatnica			Bukuloram
		Jagoštica			Maglič			Bučince
		Jakalj			Mataruge			Velika Plana
		Jelovik			Međurečje			Vidovača
		Konjska Reka			Meljanica			Vlasovo
		Lještansko			Miliće			Vodice
		Mala Reka			Mlanča			Glasovik
		Ovčinja			Orlja Glava			Gornja Bresnica
		Okletac			Plana			Gornja Rečica
		Pepelj			Polumir			Gornji Statovac
		Peručac			Predole			Grabovac
		Pilica			Ravanica			Dobrotić
		Pridoli			Reka			Donja Bresnica
		Rastište			Rudno			Donji Statovac
		Rača			Rudnjak			Dragi Deo
		Rogačica			Savovo			Žitni Potok
		Sijerač			Stanča			Jabučevo
		Solotuša			Tadenje			Jovine Livade
		Strmovo			Tepeče			Klisurica
		Cerje			Tolišnica			Kruševica
<b>6.</b>	Bela Palanka	Babin Kal			Trgovište			Kožince
		Bežište			Ušće			Kostenica
		Veta			Cerje			Mikulovac
		Vitanovac	33.	Krupanj	Bogoštica			Miljkovica
		Vrandol			Brštica			Mrljak
		Vrgudinac			Kržava			Novi Đurovac
		Gornja Glama			Planina			Obrtince
		Gornja Koritnica			Tomanj			Pasjača
		Gornji Rinj			Šljivova			Pestiš
		Gradište	34.	Kruševac	Boljevac			Piskalje
		Divljana			Buci			Rankova Reka
		Dolac (selo)			Naupare			Rgaje
		Donja Glama			Petina			Srednji Statovac
		Donja Koritnica			Ribarska Banja			Stari Đurovac
		Donji Rinj			Rlica			Staro Selo
		Draževo			Sezemče			Tovrljane
		Klisura			Srndalje			Trnovi Laz
		Kozja	35.	Kuršumlja	Babica			Džigolj
		Kosmovac			Baćoglava			Ševiš
		Krupac			Vasiljevac			Široke Njive
		Miranovac			Veliko Pupavce	61.	Ražanj	Grabovo



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		Miranovačka Kula			Visoka	62.	Raška	Badanj
		Mokra			Vlahinja			Baljevac
		Novo Selo			Vrelo			Bela Stena
		Oreovac			Vukojevac			Belo Polje
		Pajež			Gornje Točane			Beoci
		Telovac			Dabinovac			Biniče
		Toponica			Degrmen			Biočin
		Crnče			Dedinac			Boroviće
		Šljivovik			Dešiška			Boće
<b>7.</b>	<b>Blace</b>	Više Selo			Dobri Do			Brvenica
		Vrbovac			Dubrava			Varevo
		Gornja Jošanica			Đake			Vojmilovići
		Gornje Grgure			Žalica			Vrtine
		Donja Rašica			Žegrova			Gnjilica
		Drešnica			Žuč			Gostiradiće
		Kačapor			Zagrađe			Gradac
		Muzače			Zebica			Draganići
		Popova			Ivan Kula			Žerađe
		Prebreza			Igrište			Žutice
		Pretrešnja			Konjuva			Zarevo
		Pridvorica			Kosmača			Jošanička Banja
		Rašica			Krtok			Kaznoviće
		Sibnica			Kupinovo			Karadak
		Džepnica			Kuršumlijska Banja			Kovači
<b>8.</b>	<b>Bojnik</b>	Borince			Kutlovo			Kopaonik
		Dobra Voda			Lukovo			Korlače
		Ivanje			Ljutova			Kraviće
		Magaš			Ljuša			Kremiče
		Majkovac			Magovo			Kruševica
		Obražda			Mala Kosanica			Kurići
<b>9.</b>	<b>Boljevac</b>	Bogovina			Matarova			Kučane
		Dobro Polje			Mačja Stena			Lisina
		Jablanica			Merdare			Lukovo
		Krivi Vir			Merčez			Milatkoviće
		Lukovo			Mehane			Mure
		Mali Izvor			Mirnica			Novo Selo
		Mirovo			Mrča			Nosoljin
		Podgorac			Nevada			Orahovo
		Rtanj			Orlovac			Pavlica
		Rujište			Pavaštica			Panojeviće
<b>10.</b>	<b>Bor</b>	Bor			Parada			Piskanja
		Bučje			Pačarađa			Plavkovo
		Gornjane			Perunika			Plešin
		Zlot			Pljakovo			Pobrđe
		Krivelj			Prevetica			Pokrvenik
		Luka			Prekorada			Pocesje
		Tanda			Prolom			Radošiće
		Topla			Ravni Šort			Rakovac
<b>11.</b>	<b>Bosilegrad</b>	Barje			Rastelica			Rvati
		Belut			Rača			Rudnica
		Bistar			Rudare			Sebimilje
		Bosilegrad			Sagonjevo			Semeteš
		Brankovci			Samokovo			Supnje
		Bresnica			Svinjište			Tiodže
		Buceljevo			Sekirača			Trnava

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		Goleš			Selište			Crna Glava
		Gložje			Selova			Šipačina
		Gornja Ljubata			Seoce	63.	Rekovac	Bogalinac
		Gornja Lisina			Spance			Dobroselica
		Gornja Ržana			Tačevac			Županjevac
		Gornje Tlamino			Tijovac			Kalenički Prnjavor
		Grujinci			Trebinje			Nadrlje
		Doganica			Trećak			Siljevica
		Donja Ljubata			Trmka			Šljivica
		Donja Lisina			Trn	64.	Svrljig	Beloinje
		Donja Ržana			Trpeze			Burdimo
		Donje Tlamino			Šatra			Bučum
		Dukat			Štava			Vlahovo
		Žeravino	36.	Kučevo	Ceremošnja			Galibabinac
		Zli Dol	37.	Lebane	Buvce			Grbavče
		Izvor			Drvodelj			Gulijan
		Jarešnik			Klajić			Guševac
		Karamanica			Lipovica			Davidovac
		Milevci			Petrovac			Drajinac
		Mlekominci			Poroštica			Đurinac
		Musulj			Radevce			Izvor
		Nazarica			Rafuna			Kopajkošara
		Paralovo			Slišane			Labukovo
		Ploča	38.	Leskovac	Babičko			Lalinac
		Radičevci			Bistrica			Lozan
		Rajčilovci			Bočevica			Lukovo
		Resen			Bričevlje			Manojlica
		Ribarci			Bukova Glava			Međji Do
		Rikačevo			Velika Sejanica			Okolište
		Crnoštica			Vilje Kolo			Okruglica
<b>12.</b>	<b>Brus</b>	Batote			Vučje			Periš
		Belo Polje			Gagince			Prekonoga
		Blaževo			Golema Njiva			Radmirovac
		Bozoljin			Gorina			Ribare
		Boranci			Gornja Kupinovica			Slivje
		Brđani			Graovo			Tijovac
		Brzeće			Dedina Bara			Crnoljevica
		Budilovina			Jarsenovo	65.	Sevojno	Sevojno
		Velika Grabovnica			Kaluđerce	66.	Sjenica	Aliveroviće
		Vitoše			Kovačeva Bara			Bagačiće
		Vlajkovci			Krpejce			Bare
		Gornje Leviće			Ličin Dol			Bačija
		Gornji Lipovac			Melovo			Bioc
		Grad			Mrkovicica			Blato
		Gradac			Nakrivanj			Boguti
		Graševci			Nesvrta			Božov Potok
		Domiševina			Novo Selo			Boljare
		Donje Leviće			Oraovica (kod Grdelice)			Borišiće
		Donji Lipovac			Oruglica			Boroviće
		Drenova			Padež			Breza
		Drtevci			Palojce			Brnjica

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		Derekare			Piskupovo			Buđevo
		Žarevo			Predejane (selo)			Vapa
		Žiljci			Ravni Del			Veskoviće
		Žunje			Slatina			Visočka
		Iričići			Stupnica			Višnjeva
		Kneževo			Suševlje			Višnjice
		Kobilje			Tulovo			Vrapci
		Kovizle			Crveni Breg			Vrbnica
		Kočine			Crkavnica			Vrsjenice
		Kriva Reka			Crcavac			Goluban
		Livađe			Čukljenik			Gornje Lopiže
		Mala Grabovnica	39.	Lučani	Beli Kamen			Goševo
		Milentija			Viča			Grabovica
		Osreci			Vlasteljice			Gradac
		Paljevštica			Vučkovica			Grgaje
		Ravnište			Goračići			Doliće
		Radmanovo			Gornja Kravarica			Donje Goračiće
		Radunje			Gornji Dubac			Donje Lopiže
		Ribari			Grab			Dragojloviće
		Stanuloviće			Guberevci			Draževiče
		Sudimlja			Donji Dubac			Družiniće
		Tršanovci			Dučalovići			Dubnica
		Čokotar			Zeoke			Duga Poljana
		Šošiće			Kaona			Dunišiće
13.	Bujanovac	Baraljevac			Kotraža			Dujke
		Biljača			Lučani (selo)			Žabren
		Bogdanovac			Milatovići			Žitniće
		Bratoselce			Pšanič			Zabrđe
		Breznica			Rtari			Zaječiče
		Brnjare			Rti			Zahumsko
		Buštranje	40.	Ljig	Ba			Jevik
		Veliki Trnovac	41.	Ljubovija	Gornja Ljuboviđa			Jezero
		Vogance			Gornja Orovica			Kalipolje
		Vrban			Gornje Košlje			Kamešnica
		Dobrosin			Grčić			Kanjevina
		Donje Novo Selo			Drlače			Karajukića Bunari
		Drežnica			Leović			Kijevci
		Đordevac			Orovička Planina			Kladnica
		Zarbince			Postenje			Kneževac
		Jablanica			Rujevac			Koznik
		Jastrebac			Savković			Kokošiče
		Klenike			Selenac			Krajnoviče
		Klinovac			Sokolac			Krivaja
		Končulj			Tornik			Krnja Jela
		Košarno			Caparić			Krstac
		Kuštica	42.	Majdanpek	Vlaole			Krće
		Letovica			Debeli Lug			Lijeva Reka
		Lopardince			Jasikovo			Ljutaje
		Lukarce			Leskovo			Mašoviće
		Lučane	43.	Medveđa	Bogunovac			Medare
		Mali Trnovac			Borovac			Međugor
		Muhovac			Varadin			Milići
		Negovac			Velika Braina			Papiće
		Nesalce			Vrapce			Petrovo Polje

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		Novo Selo			Gornja Lapaštica			Plana
		Pretina			Gornji Bučumet			Poda
		Pribovce			Gornji Gajtan			Ponorac
		Ravno Bučje			Grbavce			Pralja
		Rusce			Gubavce			Raždaginja
		Sveta Petka			Donja Lapaštica			Rasno
		Sebrat			Donji Gajtan			Raspoganče
		Sejace			Drence			Rastenoviće
		Spančevac			Đulekare			Raškoviće
		Starac			Kapit			Sjenica
		Suharno			Lece			Skradnik
		Trejak			Mala Braina			Strajiniće
		Uzovo			Marovac			Stup
		Čar			Maćedonce			Sugubine
<b>14.</b>	Valjevo	Bačevci			Maćedonce (Retkocersko)			Sušica
		Brezovice			Medevce			Trešnjevica
		Vujinovača			Mrkonje			Trijebine
		Gornje Leskovice			Petrijlje			Tuzinje
		Donje Leskovice			Poroštica			Tutiće
		Divčibare			Pusto Šilovo			Uvac
		Mijači			Ravna Banja			Ugao
		Prijezdici			Retkocer			Ursule
		Ravnje			Svirce			Ušak
		Rebelj			Sijarina			Fijulj
		Sitarice			Sijarinska Banja			Caričina
		Stanina Reka			Sponce			Cetanoviće
		Sovač			Srednji Bučumet			Crvsko
		Suvodanje			Stara Banja			Crčevo
		Sušica			Stubla			Čedovo
		Taor			Tulare			Čipalje
		Tubravić			Tupale			Čitluk
<b>15.</b>	Vladičin Han	Bačvište			Čokotin			Šare
		Belanovce	44.	Merošina	Devča			Štavalj
		Beliševo			Čubura			Šušure
		Bogoševo	45.	Mionica	Gornji Lajkovac	67.	Sokobanja	Blendija
		Brestovo			Mratišić			Vrbovac
		Garinje			Osečenica			Vrmdža
		Gornje Jabukovo			Krčmar			Dugo Polje
		Donje Jabukovo			Planinica			Jezero
		Zebince	46.	Negotin	Popovica			Jošanica
		Jagnjilo	47.	Niš – opština Crveni Krst	Leskovik			Levovik
		Jastrebac	48.	Niš – opština Niška Banja	Bancarevo			Milušinac
		Jovac			Gornja Studena			Mužinac
		Kacapun			Donja Studena			Nikolinac
		Koznica			Koritnjak			Novo Selo
		Kopitarce			Kunovica			Radenkovac
		Kostomlatica			Manastir			Resnik

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		Kukavica			Ravni Do			Rujevica
		Kunovo			Radikina Bara			Sesalac
		Lebet			Rautovo			Sokobanja
		Letovište			Sićevo			Cerovica
		Ljutež	49.	Niš–Palilula opština	Berbatovo			Čitluk
		Manjak	50.	Niš–Pantelej opština	Vrelo			Šarbanovac
		Mrtvica			Oreovac	68.	Surdulica	Bacijevce
		Ostrovica			Cerje			Bitvrđa
		Ravna Reka	51.	Nova Varoš	Akmačići			Božica
		Rdovo			Amzići			Vlasina Okruglica
		Repište			Bistrica			Vlasina Rid
		Ružić			Božetići			Vlasina Stojkovićevo
		Solačka Sena			Brdo			Vučadelce
		Srneći Dol			Bukovik			Gornja Koznica
<b>16.</b>	Vlasotince	Aleksine			Burađa			Gornje Romanovce
		Borin Do			Vilovi			Groznatovci
		Brezovica			Vraneša			Danjino Selo
		Gornja Lopušnja			Gornja Bela Reka			Dikava
		Gornji Dejan			Gornje Trudovo			Donje Romanovce
		Gornji Orah			Debelja			Drajinci
		Gornji Prisjan			Donja Bela Reka			Dugi Del
		Gradište			Draglica			Jelašnica
		Gumerište			Draževići			Kijevac
		Gunjetina			Drmanovići			Klisura
		Donja Lopušnja			Jasenovo			Kolonica
		Donje Gare			Komarani			Kostroševci
		Donji Prisjan			Kučani			Leskova Bara
		Dobroviš			Ljepojevići			Masurica
		Zlatičevo			Miševići			Mačkatica
		Javorje			Negbina			Novo Selo
		Jakovljevo			Nova Varoš			Palja
		Jastrebac			Ojkovica			Rđavica
		Kozilo			Radjevići			Stajkovce
		Komarica			Radoinja			Strezimirovci
		Lipovica			Rutoši			Suvojnica
		Ostrc			Seništa			Surdulica
		Pržojne			Tikva			Suhi Dol
		Ravna Gora			Tisovica			Topli Do
		Ravni Del			Trudovo			Topli Dol
		Samarnica			Čelice			Troskač
		Sredor			Štitkovo			Čurkovića
		Stranjevo	52.	Novi Pazar	Aluloviće	69.	Topola	Vojkovci
		Crna Bara			Bajevica			Guriševci
<b>17.</b>	Vranje	Barbarušince			Banja			Jarmenovci
		Barelić			Bare	70.	Trgovište	Babina Poljana
		Beli Breg			Batnjik			Barbace
		Bojin Del			Bekova			Vladovce
		Buljesovce			Bele Vode			Goločevac
		Buštranje			Boturovina			Gornovac
		Viševce			Brdani			Gornja Trnica

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	Vlase			Brestovo			Gornji Kozji Dol
	Vranje			Varevo			Gornji Stajevac
	Vrtogoš			Vever			Dejance
	Golemo Selo			Vidovo			Donja Trnica
	Gornja Otulja			Vitkoviće			Donji Kozji Dol
	Gornje Žapsko			Vojkoviće			Donji Stajevac
	Gornje Punuševce			Vojniće			Dumbija
	Gornje Trebešnje			Vranovina			Đerekarce
	Gradnja			Vučiniće			Zladovce
	Dobrejance			Vučja Lokva			Kalovo
	Donje Punuševce			Golice			Lesnica
	Dragobužde			Gornja Tušimlja			Mala Reka
	Drenovac			Goševo			Margance
	Dubnica			Gradanoviće			Mezdraja
	Dulan			Gračane			Novi Glog
	Dupeljevo			Grubetiće			Novo Selo
	Katun			Deževa			Petrovac
	Klašnice			Dojnoviće			Prolesje
	Kopanjane			Dolac			Radovnica
	Kočura			Doljani			Rajčevce
	Kruševa Glava			Dragočevo			Surlica
	Lalince			Dramiće			Trgovište
	Lepčince			Žunjeviće			Crveni Grad
	Lukovo			Zabrđe			Crna Reka
	Margance			Zlatare			Crnovce
	Mečkovac			Ivanča			Šajince
	Mijakovce			Izbice			Šaprance
	Mijovce			Jablanica			Široka Planina
	Milivojce			Javor			Šumata Trnica
	Nastavce			Janča	71.	Trstenik	Gornji Dubič
	Nova Brezovica			Jova			Loboder
	Oblička Sena			Kašalj			Rajinac
	Oštra Glava			Kovačevo			Planinica
	Pljačkovica			Kožlje			Stublica
	Preobraženje			Koprivnica	72.	Tutin	Arapoviće
	Roždace			Kosuriće			Baljen
	Rusce			Kruševo			Batrage
	Sikirje			Kuzmičevo			Baćica
	Smiljević			Leča			Biohane
	Soderce			Lopužnje			Blaca
	Srednji Del			Lukare			Bovanj
	Stance			Lukarsko Goševo			Boroštica
	Stara Brezovica			Lukocrevo			Bračak
	Strešak			Miščiće			Bregovi
	Struganica			Mur			Briševo
	Studena			Muhovo			Bujkoviće
	Surdul			Negotinac			Velje Polje
	Tesovište			Novi Pazar			Veseniće
	Tibužde			Odojeviće			Vrapče

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		Trstena			Okose			Vrba
		Tumba			Osaonica			Glogovik
		Ćurkovicica			Osoje			Gluhavica
		Urmanica			Oholje			Gnila
		Uševce			Pavlje			Godovo
		Čestelin			Paralovo			Gornji Crniš
<b>18.</b>	Vranjska Banja	Babina Poljana			Pasji Potok			Gradac
		Bujkovic			Pilareta			Gujice
		Duga Luka			Pobrđe			Gurdijelje
		Izumno			Požega			Guceviće
		Klisurica			Požezina			Devreč
		Kriva Feja			Polokce			Delimeđe
		Korbevac			Pope			Detane
		Korbul			Postenje			Dobri Dub
		Leva Reka			Prćenova			Dobrinje
		Lipovac			Pusta Tušimlja			Dolovo
		Nesvrta			Pustovlah			Draga
		Prvonek			Radaljica			Dubovo
		Sebevranje			Rajetiće			Dulebe
		Slivnica			Rajkoviće			Đerekare
		Stari Glog			Rajčinovička Trnava			Ervenice
		Toplac			Rajčinoviće			Žirće
		Crni Vrh			Rakovac			Župa
<b>19.</b>	Vrnjačka Banja	Goč			Rast			Žuće
		Otroci			Sebečevo			Zapadni Mojstir
		Rsavci			Sitniće			Izrok
		Stanišinci			Skukovo			Istočni Mojstir
<b>20.</b>	Gadžin Han	Veliki Vrtop			Slatina			Jablanica
		Veliki Krčimir			Smilov Laz			Jarebice
		Vilandrica			Srednja Tušimlja			Jezgroviciće
		Gare			Stradovo			Jeliće
		Gornje Dragovlje			Sudsko Selo			Južni Kočarnik
		Gornji Dušnik			Tenkovo			Kovači
		Donje Dragovlje			Trnava			Koniće
		Jagliče			Tunovo			Leskova
		Kaletinac			Hotkovo			Lipica
		Koprivnica			Cokoviće			Lukavica
		Liče			Čašić Dolac			Melaje
		Mali Vrtop			Šavci			Mitrova
		Mali Krčimir			Šaronje			Morani
		Ovsinjinac			Štitare			Naboje
		Semče	53.	Osečina	Dragodol			Nadumce
		Sopotnica			Skadar			Namga
		Čelije			Carina			Noćaje
		Šebet	54.	Paraćin	Klačevica			Oraše
<b>21.</b>	Gornji Milanovac	Belo Polje			Gornja Mutnica			Orlje
		Beršići			Buljane			Ostrovica
		Bogdanica	55.	Pirot	Bazovik			Paljevo
		Brajići			Basara			Piskopovce
		Brezna			Bela			Plenibabe
		Gojna Gora			Berilovac			Pokrvenik
		Gornja Crnuća			Berovica			Pope
		Gornji Banjani			Brlog			Popiće

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		Gornji Branetići			Velika Lukanja			Potreb
		Grabovica			Veliki Suvodol			Pružanj
		Donja Vrbava			Visočka Ržana			Raduhovce
		Drenova			Vlasi			Raduša
		Družetići			Gornja Držina			Ramoševo
		Jablanica			Gostuša			Reževiče
		Košunići			Gradašnica			Ribariće
		Majdan			Dobri Do			Rudnica
		Polom			Dojkinci			Ruđa
		Rudnik			Zaskovci			Saš
		Svračkovci			Izvor			Severni Kočarnik
		Srezojevci			Jalbotina			Smoluća
		Teočin			Jelovica			Starčeviče
22.	Despotovac	Bare			Kamik			Strumce
		Židilje			Koprivštica			Suvi Do
		Jelovac			Kostur			Točilovo
		Makvište			Krupac			Tutin
		Ravna Reka			Kumanovo			Čulije
		Senjski Rudnik			Mali Suvodol			Crkvine
		Sladaja			Miljkovac			Čarovina
		Strmosten			Mirkovci			Čmanjke
23.	Dimitrovgrad	Boljev Dol			Nišor			Čukote
		Banski Dol			Novi Zavoj			Šaronje
		Barje			Obrenovac			Šipče
		Bačevo			Oreovica			Špiljani
		Bilo			Orlja	73.	Užice	Bioska
		Bračevci			Osmakova			Buar
		Brebevnica			Pakleštica			Vitasi
		Verzar			Pasjač			Volujac
		Visočki Odorovci			Petrovac			Vrutci
		Vlkovija			Planinica			Gostinica
		Vrapča			Pokrevenik			Gubin Do
		Gojin Dol			Ponor			Drežnik
		Gornja Nevlja			Prisjan			Drijetanj
		Gornji Krivodol			Ragodeš			Duboko
		Gradinje			Rasnica			Zbojštica
		Grapa			Rosomač			Zlakusa
		Gulenovci			Rsovc			Karan
		Dimitrovgrad			Rudinje			Kačer
		Donja Nevlja			Sinja Glava			Keserovina
		Donji Krivodol			Slavinja			Kotroman
		Dragovita			Srećkovac			Krvavci
		Željuša			Staničenje			Kremna
		Izatovci			Temska			Kršanje
		Iskrovci			Topli Do			Ljubanje
		Kamenica			Cerev Del			Mokra Gora
		Kusa Vrana			Cerova			Nikojevići
		Lukavica			Crnoklište			Panjak
		Mazgoš			Činiglavci			Pear
		Mojinci			Šugrin			Potočanje
		Paskašija	56.	Požega	Velika Ježevica			Potpeće



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		Petačinci			Gornja Dobrinja			Ravni
		Peterlaš			Donja Dobrinja			Raduša
		Planinica			Dražinovići			Ribaševina
		Poganovo			Duškovci			Skržuti
		Prača			Zaselje			Stapari
		Protopopinci			Loret			Strmac
		Radejna			Ljutice			Trnava
		Senokos			Mala Ježevica			Užice
		Skrvenica			Mršelji	74.	Crna Trava	Bajinci
		Slivnica			Papратиште			Bankovci
		Smilovci			Rečice			Bistrica
		Trnski Odorovci			Roge			Brod
24.	Žagubica	Žagubica			Rupeljevo			Vus
		Izvarica			Svrčkovo			Gornje Gare
		Jošanica			Srednja Dobrinja			Gradska
		Laznica			Tabanovići			Darkovce
		Lipe			Tometino Polje			Dobro Polje
		Milanovac	57.	Preševo	Alidërce			Zlatance
		Osanica			Berčevac			Jabukovik
		Selište			Bujić			Jovanovce
		Suvi Do			Bukovac			Kalna
25.	Žitorada	Asanovac			Buštranje			Krivi Del
		Zladovac			Gare			Krstičevo
26.	Zaječar	Lasovo			Golemi Dol			Mlačiče
		Marinovac			Gornja Šušaja			Obradovce
27.	Ivanjica	Bedina Varoš			Gospođince			Ostrozub
		Bratljevo			Depce			Pavličina
		Brezova			Ilince			Preslap
		Brusnik			Kurbalija			Rajčetine
		Budoželja			Ljanik			Ruplje
		Bukovica			Mađare			Sastav Reka
		Vasiljevići			Miratovac			Crna Trava
		Vionica			Norča			Čuka
		Vrmbaje			Oraovica	75.	Čajetina	Alin Potok
		Vučak			Pečeno			Branešci
		Gleđica			Preševo			Golovo
		Gradac			Rajince			Gostilje
		Dajići			Ranatovce			Dobroselica
		Devići			Reljan			Drenova
		Deretin			Svinjište			Željine
		Dobri Do			Sefer			Zlatibor
		Dubrava			Slavujevac			Jablanica
		Erčege			Stanevce			Kriva Reka
		Javorska Ravna Gora			Strezovce			Ljubiš
		Katići			Trnava			Mačkat
		Klekova			Cerevajka			Mušvete
		Kovilje	58.	Priboj	Banja			Rakovica
		Komadine			Batkovići			Rožanstvo
		Koritnik			Brezna			Rudine
		Kosovica			Bučje			Sainovina
		Kumanica			Dobrilovići			Semegnjevo
		Kušići			Živinice			Sirogojno
		Lisa			Zabrđe			Stublo
		Luke			Zabrnjica			Tripkova
		Mana			Zagradina			Trnava

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		Maskova			Zaostro			Čajetina
		Medovine			Jelača			Šljivovica
		Medurečje			Kalafati	76.	Čačak	Banjica
		Močioci			Kaluđerovići			Brezovica
		Opaljenik			Kasidoli			Vrnčani
		Osonica			Kratovo			Vujetinci
		Preseka			Krnjača			Gornja Trepča
		Prilike			Kukurovići			Jančići
		Ravna Gora			Mažići			Premeća
								Rajac

#### **18.4. Methodology for calculating the payment levels for agri-environment-climate, organic farming and forestry related actions**

##### **Purpose**

This document presents element that constitute a base for calculating the payment level for each respective operation programmed under Measure 4 – Agri-environment climate and organic farming measure.

The calculations are to be made by a competent body that is independent from the body which implements the measure. The calculations do not constitute an integral part of the IPARD III Programme and are presented to the European Commission as a separate document. However, the amount of support to be granted per unit of payment for a given type of operation is included in the IPARD III Programme.

In addition to that, the independent body which will calculate the amount of support has to provide a statement confirming the adequacy and accuracy of the calculations which are annexed to the IPARD III Programme.

In order to fulfil these requirements, the IPARD Managing Authority has engaged the Faculty of Agriculture of the University of Belgrade as an independent competent body to perform the calculations.

##### **Principles**

The IPARD Programme provides for a possibility to pay farmers for taking (voluntary) commitments related to agri-environmental services. The premium paid for taking up these commitments are calculated as a sum of income lost and costs incurred, resulting from the commitment.

Calculations are effected by undertaking a comparison of the baselines reflecting the agricultural conditions and practices applied in respect to each operation under usual conditions in contrast with those proposed as additional environmental obligations for each operation. The comparison will take the form of a gross margin calculation that will enlist all the main inputs and outputs ensuring that there is no over or under compensation.

The calculations have taken into account variable costs, labour, yields and product prices amongst others. All defined costs are relevant to the commitments concerned. Values used for effecting the calculations as well as assumptions made are based on reliable, representative and recent data. Data used for calculations for several types of operations (e.g. cost of a working hour or cost of fuel) is consistent across these calculations. All sources of reference data are included and as far as possible data used is from the same year/s.

Furthermore, transaction costs are included in the calculations and these will cover the costs for advisory services for the preparation of management plans, training and advice during the commitment period. Such costs are capped at maximum 20% of the premium cost for each operation. Transaction costs will be divided across each annual payment.

The premium is not set to change throughout the course of the 5-year commitment period. However, a revision of the calculations may be required in case of high inflation of costs and/or if other major fluctuations occur, which may cause detrimental effects on the uptake or continuation of commitments.

One of the most important principles was to avoid double funding that could arise from support or obligations similar to the commitments proposed under the respective operations. Such instances can arise from support measures financed under the NRDP or by double counting of income foregone or costs incurred of different operations on the same area under commitment. Particular attention was paid to exclude any possibility of such a situation when programming the measure, primarily by ensuring that operations already programmed under the NRDP and National Programme for Agriculture have not been included under Measure 4, such as organic farming and conservation of plant and animal genetic resources.

In addition, one of the eligibility requirements for entering the measure is also that a reference parcel may only be tied to one operation. This avoids any possibility of double funding.

#### **Operations under Measure 4**

There are 4 different types of operations programmed under Measure 4 of the IPARD III Programme. These consist of the following:

Operation 1 - Crop rotation on arable land;

Operation 2 - Grassing in inter-row area in permanent crop land;

Operation 3 - Establishment and maintenance of pollinator strips;

Operation 4 - Sustainable management of meadows and pastures.

#### **Calculations**

The following section provides a detailed overview of all the calculations made for each of the four operations proposed. The payment calculation is based on the income foregone and costs incurred. The income foregone is expressed as gross margin (return minus direct costs) and calculated by comparing the reference gross margin to the gross margin under the requirement. In cases where the operation does not have a direct impact on the return of the production model and where impact is limited to costs incurred then these calculations have been simplified such as the case with Operation 2. As it was already mentioned, transaction costs are also included in the calculation and these include the costs for services for the preparation of management plans, training and advice during the commitment period. These costs are capped at maximum 20% of the premium resulting from income lost and additional costs incurred.

**Operation 1 - Crop rotation on arable land**

Reference Costs	Gains EUR/ha	Losses EUR/ha	Agronomic and economic assumptions for calculations
<b>Income linked to usual practice</b>			
Yield from each crop	x		Based on typical and most commonly cultivated crops as main crop: maize, wheat, sunflower, rapeseed and soybean. Overall share is divided on the basis of the crop share and distribution proportionate to 1 ha of arable land.
Yield for intercrops	x		Estimates from two common crop types that can be used as intercrop: lupine and sudangrass.
Prices for main crops	x		Calculation based on average estimated yield and market price.
Prices for intercrops	x		Estimates from average production data for two common crop types that can be used as intercrop: lupine and sudangrass.
Income from main crops	x		Based on calculation of crop yields and prices over 5 years and with an annual average income.
Income from intercrops	x		Based on calculation of crop yields and prices over 2 years and with an annual average income.
<i>Sub-total</i>	= x <b>EUR/ha/year</b>		
<b>Costs linked to usual practice</b>			
Seeds of main crops		x	Costs of seeds based on estimated seeding rates for 1 ha of arable land for wheat, maize, sunflower, soybean and rapeseed.
Seeds for intercrops		x	Costs of seeds based on estimated seeding rates for 1 ha of arable land for lupine and sudangrass.
Fertilisers		x	Based on estimated plant requirements of most used NPK chemical fertilisers 600 kg/ha for wheat, 600 kg/ha for maize, 300 kg/ha for sunflower, soybean and rapeseed. The costs for a 5-year crop plan are estimated at 2,100 kg/ha  Calculation includes also fertiliser requirements for intercrops.
Labour for main crops		x	Preparation involves 3 different soil preparation operations (tilling, harrowing, rotovating). In addition, calculations include estimates of average duration of operations for seeding and harvesting for the different crop types.
Labour for intercropping		x	Based on the same requirements for a main crop.

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Herbicides for main crops		x	Based on an average of the total herbicide use factoring in frequency and dose for sunflower, soybean, rapeseed, wheat and maize.
Herbicides for intercrops		x	Estimates that there is no need to use herbicides in case of intercrops that have short vegetation period.
Fuel		x	Based on the use of machinery which commonly consists of small-medium sized tractors.
<i>Sub-total</i>		= x EUR/ha	
<b>Reference cost calculation</b>	<b>Total Gains x EUR/ha</b>	<b>Total Costs x EUR/ha</b>	<b>Net Income x EUR/ha</b>
<b>Income Foregone</b>			
Loss from leaving land fallow		x	Yield loss arising from 1 year of fallow land is calculated as an average of income for a 5 year crop production of the common cropping varieties.
<i>Sub-total</i>		x	
<b>Extra Costs Incurred</b>			
Seeds for use as green manure	x	x	Based on average seed costs of the 3 most commonly used types – legumes/non-leguminous plants and a legume grass mix Savings arising from seeds not used during fallow year.
Labour costs for sowing green fallow crop	x	x	Based on the equivalent time for sowing 1 ha of arable land using mechanical means. Savings arising from less operations during fallow year.
Labour costs for integration of green manure in soil		x	Based on the equivalent time to rotovate 1 ha of arable land using mechanical means.
Purchase of organic fertiliser	x	x	Estimated at 500 kg/ha organic fertilizer to ensure that the limit of 160 kg N/ha is not exceeded. The cost includes costs for organic fertiliser for 4 main crop and 2 intercrops. Savings originating from the difference in costs of chemical fertiliser in comparison to organic fertiliser and nutrient equivalent generated from green manure
Fuel costs		x	Covering sowing, incorporation of green manure and mechanical weeding Based on fuel consumption per hour for a small to medium sized tractor. The fuel costs will be divided over a 5 year period
<i>Sub-total</i>	<b>x EUR/ha</b>	<b>x EUR/ha</b>	<b>x EUR/ha/year</b>
<b>Transaction Costs</b>			
Preparation of Crop Rotation Plan		x	Transaction costs are capped at maximum 20% of premium.

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Receipt of advisory service			Personalized services will be offered by acknowledged service providers. This covers travel to and from the AHs, site visit and preparation of plans and provision of advice.
<i>Sub-total</i>		<b>x EUR/ha</b>	
			<b>Change in income foregone and additional costs including transaction costs for Operation 1</b>
<b>Income change</b>		x	
<b>Transaction Costs</b>		x	
<b>Total</b>		x	

**Operation 2 - Grassing in inter-row area in permanent crop land**

Reference Costs	Gains EUR/ha	Losses EUR/ha	Agronomic and economic assumptions for calculations
<b>Income linked to usual practice</b>			
Yield			Data is not required for this part of the calculations under this operation as there is no foreseen impact on productivity of the permanent crop types.
Price for crops			
Income from crops			
<i>Sub-total</i>			
<b>Costs linked to usual practice</b>			
Herbicides		x	This cost is included in calculations as it will be saved due to the prohibition of herbicide use under this operation. In case farmers have to use herbicides to control <i>Ambrosia artemisiifolia L. (spp.)</i> then this cost is borne by the farmer as it is mandatory by law and thus is not factored in the calculations. The herbicide is usually applied around and between the crop rows and is estimated to cover 20% of the total surface area of a 1 ha plot. The cost for application is based on 5 applications per year.
Fuel		x	Consumption for spraying herbicides based on small-medium tractor size taking into account low to medium speed.
<i>Sub-total</i>		<b>x EUR</b>	
<b>Reference cost calculation</b>	<b>Total Gains n/a</b>	<b>Total Costs n/a</b>	<b>Income n/a</b>
<b>Income Foregone</b>			
Loss in yield		x	No changes in yield are expected as a result of the actions foreseen under this operation.
<i>Sub-total</i>		<b>x EUR/ha</b>	
<b>Extra Costs Incurred</b>			
Herbicide	x		Savings from prohibition of use of herbicide on whole area under commitment.
Purchase of seeds for green cover		x	It is estimated that around 75% of the surface area will be under green cover. The amount of seed mix is based on seeding

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			requirements. This is a one-time expense but costs are divided over 5 years
Mechanical field work for seed bed preparation for green cover sowing		x	Conducted once for establishment of the green cover. Includes first rotovating, followed by use of disc harrow, again rotovating and use of seeder. Then land requires levelling and rolling with use of machinery. Based on estimated market prices for these services.
Labour for mowing green cover crop	x	x	Management of green cover will necessitate 5 mowing's per year to maintain green cover in good condition. Based on estimated market prices for mowing service. Savings in land harrowing (usually used for weed control) due to the green cover between the rows.
Mechanical and manual control of weeds near crop row		x	Mechanical and manual removal of weeds growing around trees, vines, etc. is to be effected at least 5 times during each calendar year. Based on estimated market prices for this service.
<i>Sub-total</i>	<b>x EUR/ha</b>	<b>x EUR/ha</b>	<b>x EUR/ha</b>
<b>Transaction costs</b>			
Preparation of Management Plan			Transaction costs are capped at maximum 20% of premium.
Receipt of advisory service		x	Personalized services will be offered by acknowledged service providers. This covers travel to and from the agricultural holdings, site visit and preparation of plans and provision of advice.
<i>Sub-total</i>		<b>x EUR/ha</b>	
			<b>Change in income foregone and additional costs including transaction costs for Operation 2</b>
<b>Income change</b>		x	
<b>Transaction costs</b>		x	
<b>Total</b>		x	

**Operation 3 - Establishment and maintenance of Pollinator strips**

**Calculations for Arable land**

Reference Costs	Gains EUR/ha	Losses EUR/ha	Agronomic and economic assumptions for calculations
<b>Income linked to usual practice</b>			
Yield from main crops	x		Based on typical and most commonly cultivated crops as main crop: maize, wheat, sunflower, rapeseed and soybean. Overall share is divided on the basis of the crop share and distribution



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			proportionate to 1 ha of arable land.
Prices for main crops	x		Calculation based on average estimated yield and market price
Income from main crops	x		Based on calculation of crop yields and prices over 5 years and with an annual average income
<i>Sub-total</i>	<b>x EUR/ha</b>		
<b>Costs linked to usual practice</b>			
Seeds of Main crops		x	Costs of seeds based on estimated seeding rates for 1 ha of arable land for wheat, maize, sunflower, soybean and rapeseed.
Fertilisers		x	Based on estimated plant requirements of most used NPK chemical fertilisers 600 kg/ha for wheat, 600 kg/ha for maize, 300 kg/ha for sunflower, soybean and rapeseed. The costs for a 5-year crop plan are estimated at 2,100 kg/ha
Labour for main crops		x	Preparation involves 3 different soil preparation operations (tilling, harrowing, rotovating). In addition, calculations include estimates of average duration of operations for seeding and harvesting for the different crop types.
Herbicides for main crops		x	Based on an average of the total herbicide use factoring in frequency and dose for sunflower, soybean, rapeseed, wheat and maize.
Fuel		x	Based on the use of machinery which commonly consists of small-medium sized tractors.
<i>Sub-total</i>		<b>x EUR/ha</b>	
<b>Reference cost calculation</b>	<b>Total Gains x EUR/ha</b>	<b>Total Costs x EUR/ha</b>	<b>Income x EUR/ha</b>
<b>Income Foregone</b>			
Loss of yields		x	Resulting from an area used as a pollinator strip and buffer zone equivalent to 4% of 1 ha (400 m <sup>2</sup> ).
<i>Sub-total</i>		x	
<b>Extra Costs Incurred</b>			
Cost of fertiliser	x		Fertilizer will be saved from non-use on a pollinator strip and buffer zone estimated to cover 4% of the total area
Field work for seed bed preparation of pollinator strip	x	x	Seedbed preparation does not entail additional efforts, as it will be effected during tilling of entire parcel. Savings are generated from refraining
Field work for		x	

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sowing pollinator strip			from farming practices over the area under the pollinator strip and buffer relevant to spraying, harvest and subsequent land preparations. A part of the activities is covered under year 1 and all others for the remaining 4 years.
Seeds and plant material for pollinator strip	x	x	Calculations are based on the optimal seeding rate for a plant species suitable for such purpose. A minimum of 5 different plant species must be used. It will be required to sow and/or plant each year, therefore costs are estimated for a 5-year period.  Savings from seeds used for arable cropping are included.
Labour costs for maintenance of a pollinator strip	x	x	The maintenance of pollinator strip entail weeding, hoeing, subsowing, etc. Mowing is covered under mowing of the buffer zone. Savings from non-use of herbicide over a buffer zone and the pollinator strip is included.
Mowing of buffer zone		x	Mowing of a buffer zone will be carried out 5 times per year to maintain green cover in good condition. Mowing of the pollinator strip will be carried out during mowing of the buffer zone. Price for working hour includes costs for fuel.
<i>Sub-total</i>	<b>x EUR/ha</b>	<b>x EUR/ha</b>	<b>x EUR/ha</b>
<b>Transaction costs</b>			
Preparation of Crop Plan		x EUR	Transaction costs are capped at maximum 20% of premium.
Receipt of advisory service			Personalized services will be offered by authorised advisory service providers. This covers travel to and from the agricultural holdings, site visit and preparation of plans and provision of advice.
<i>Sub-total</i>		<b>x EUR/ha</b>	
			<b>Change in income foregone and additional costs including transactions for Operation 3 relevant to Arable land</b>
<b>Income change</b>		x	
<b>Transaction Costs</b>		x	
<b>Total</b>		x	

## Calculations for Permanent Crop land

Reference Costs	Gains EUR/ha	Losses EUR/ha	Agronomic and economic assumptions for calculations
<b>Income linked to usual practice</b>			
Yield from main crops	x		Estimates are based on calculations on the main dominant production types of permanent crop types in Serbia factoring in the weighting % of land cover.
Prices for main crops	x		Calculation based on average estimated yield and market price for the main dominant production
Income from main crops	x		Based on calculation of permanent crop yields and prices
<i>Sub-total</i>	<b>x EUR/ha</b>		
<b>Costs linked to usual practice</b>			
Fertilisers		x	Based on estimated plant requirements of most used chemical fertilisers for apple, plum and cherry.
Labour		x	Including pruning, harvesting and loading of fruits etc.
Pesticides		x	Based on an average of the total Pesticides used in treatment of apple, plum and cherry.
Fuel		x	Based on the use of farm machinery that commonly consists of appropriate tractors.
<i>Sub-total</i>		<b>x EUR/ha</b>	
<b>Reference cost calculation</b>	<b>Total Gains = x EUR/ha</b>	<b>Total Costs = x EUR/ha</b>	<b>Income x EUR/ha</b>
<b>Income Foregone</b>			
Loss of yields		x	Resulting from area used employed as a pollinator strip and buffer zone equivalent to 4% of 1 ha (400m <sup>2</sup> ). This is based on the reduction in yield as crop plants remain in the area.
<i>Sub-total</i>		<b>x EUR/ha</b>	
<b>Extra Costs Incurred</b>			
Cost of fertiliser	x		Fertilizer will be saved from non-use on a pollinator strip and a buffer zone estimated to cover 4% of the total area
Field work for seed bed preparation of pollinator strip		x	Seedbed preparation does not entail additional efforts, as it will be effected during tilling of the entire parcel.
Field work for sowing pollinator strip		x	
Seeds and plant material for		x	Calculations are based on the optimal seeding rate for a plant species suitable

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pollinator strip			for such purpose. A minimum of 5 different plant species must be used. It will be required to sow and/or plant each year and thus costs are estimated for a 5-year period.
Labour costs for maintenance of pollinator strip	x	x	Maintenance of pollinator strip entail weeding, hoeing, subsowing, etc. Mowing is covered under mowing of the buffer zone. Savings from non-use of herbicide over a buffer zone and the pollinator strip are included.
Mowing of buffer zone		x	Mowing of buffer zone will be carried out 5 times per year to maintain buffer strip in good condition. Mowing of the pollinator strip will be carrying out during mowing of the buffer zone. Price for working hour includes costs for fuel.
<i>Sub-total</i>	<b>= x EUR/ha</b>	<b>= x EUR/ha</b>	<b>x EUR/ha</b>
<b>Transaction costs</b>			
Preparation of Crop Plan		x	Transaction costs are capped at maximum 20% of premium.
Receipt of advisory service			Personalized services will be offered by acknowledged service providers. This covers travel to and from the AHs, site visit and preparation of plans and provision of advice.
<i>Sub-total</i>		<b>x EUR/ha</b>	
			<b>Change in income foregone and additional costs including transactions for Operation 3 relevant to Permanent crop land</b>
<b>Income change</b>		x	
<b>Transaction Costs</b>		x	
<b>Total</b>		x	

**Operation 4 - Sustainable management of meadows and pastures**

Reference Costs	Gains EUR/ha	Losses EUR/ha	Agronomic and economic assumptions for calculations
<b>Income linked to usual practice</b>			
Yield from grassland	x		Average yield data for seeded and natural grassland
Price for crop	x		Prices are based on the average production data for seeded and natural grassland
Income from crop	x		Income is based on calculations of average yield and average prices for one year.
<i>Sub-total</i>	<b>x EUR/ha</b>		
<b>Costs linked to usual practice</b>			
Fertilisers		x	Estimates are based on the most commonly used chemical fertilizer for seeded

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			meadows. In case of natural grassland farmers rarely use fertilizers. An average cost of use of fertilizer is presented.
Cost for services		x	Covering the cost for services of mowing, hay overturning, raking, and baling. This also covers the costs for loading, unloading and stacking bales to and at the AH farm.
Pesticides		x	Estimates are based on the most commonly used insecticide for seeded meadows. In case of natural grassland farmers usually do not use pesticides. Average cost of use of pesticides is presented.
<i>Sub-total</i>		<b>x EUR/ha</b>	
<b>Reference cost calculation</b>	<b>Total Gains = x EUR/ha</b>	<b>Total Costs = x EUR/ha</b>	<b>Income = x EUR/ha</b>
<b>Income Foregone</b>			
Reduced stocking density		x	Not included in calculation as current stocking density falls within the limits set under this operation.
<i>Sub-total</i>		x	
<b>Extra Costs Incurred</b>			
Extra hay to be purchased to compensate loss of forage	x	x	The mowing of grass is normally conducted during the period of 01/05 – 30/06 and this offers fodder for entire wintering period. Thus, it is assumed that the farmer is required to buy an amount of forage as a means of compensation. Farmer's will not have meadow grass hay and thus have to procure other grown forage such as alpha alpha or lucerne which is also more expensive. Grass mowed after 30 <sup>th</sup> June loses its quality for 40-50 % and then s usually used for animal bedding. Cost for purchased forage includes transportation. At the same time yield decreases for 30 %. Savings refer to 50% of utilizable grass. Savings from non– use of fertilizers and pesticides
Additional hay for lost grazing period	x	x	If grass is not mowed before 1 <sup>st</sup> June of each year the impact will lead to slower yields and growth of grass resulting in additional costs for purchase of additional hay.

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			Savings will be made from grass that can still be used for grazing during this period
			Savings will be made from labor costs for each mowing that is missed during the period of 01/05 – 30/06
<i>Sub-total</i>	<b>x EUR/ha</b>	<b>x EUR/ha</b>	<b>x EUR/ha</b>
<b>Transaction costs</b>			
Preparation of Management Plan			Transaction costs are capped at maximum 20% of premium.
Receipt of advisory service		x	Personalized services will be offered by acknowledged service providers. This covers travel to and from the AH, site visit and preparation of plans and provision of advice.
<i>Sub-total</i>		<b>x EUR/ha</b>	
			<b>Change in income foregone and additional costs including transactions for Operation 4</b>
<b>Income change</b>		x	
<b>Transaction costs</b>		x	
<b>Total</b>		x	

### Summary of Premium Level

Recipient will receive an annual payment to compensate for costs incurred and income forgone resulting from the implementation of agri-environment-climate type of operations and its commitments.

The units for payment are hectares (ha) of the land on which operations are implemented.

Agri-Environmental Operation	Premium to be paid
Operation 1 - Crop rotation on arable land	xx EUR/ha
Operation 2 - Grassing in inter-row area in permanent crop land	xx EUR/ha
Operation 3 - Establishment and maintenance of pollinator strips	
(i) on arable land	xx EUR/ha
(ii) on permanent crop land	xx EUR/ha
Operation 4 - Sustainable management of meadows and pastures.	xx EUR/ha

### References

List of references should include the sources of the numbers that are used for the calculations, as well as reference date for the related costs.

## **18.5. List of relevant national standards**

All legal documents listed below shall refer to their subsequent modifications, if any.

### **18.5.1. National standards for Measure 1 - “Investments in physical assets of agricultural holdings”**

- 1) Law on Agriculture and Rural Development (“Official Gazette of the RS”, No. 41/09, 10/13 – other law, 101/16, 67/21- other law and 114/21);
  - Rulebook on Entry in the Register of Agricultural Holdings, Changes of Data and Renewal of Registration, Electronic Proceeding, as well as the Conditions for Passive Status of Agricultural Holdings (“Official Gazette of the RS”, No. 25/23);
- 2) Law on Subsidies in Agriculture and Rural Development (Official Gazette of the RS”, No. 10/13, 142/14, 103/15,101/16 and 35/23);
  - Rulebook on Determining Areas with Difficult Working Conditions in Agriculture (“Official Gazette of the RS”, No.132/21);
- 3) Law on Veterinary Matters (“Official Gazette of the RS”, No. 91/05, 30/10, 93/12 and 17/19 – other law);
  - Rulebook on Registration or Approval of Facilities for the Breeding, Holding and Trading of Animals (“Official Gazette of the RS”, No. 36/17);
  - Rulebook on General and Specific Hygiene Conditions for Animal Feed (“Official Gazette of the RS”, No. 78/10); Rulebook on general and special hygiene conditions for animal feed ("Official Gazette of the RS", No. 78/10);
  - Rulebook on General and Specific Requirements for Feed Hygiene (“Official Gazette of the RS”, No. 23/18);
  - Rulebook on the Manner of Marking and Registration of Cattle, as well as on the Official Control of Marking and Registration of Cattle (“Official Gazette of the RS”, No. 102/14);
  - Rulebook on the Manner of Identification and Registration of Pig and on the Official Control of Identification and Registration of Pig (“Official Gazette of the RS”, No. 115/20);
  - Rulebook Laying Down the Manner of Identification and Registration of Ovine and Caprine Animals and of Official Controls on Identification and Registration of Ovine and Caprine Animals (“Official Gazette of the RS”, No. 6/11 and 57/11);
  - Rulebook on the Manner of Identification and Registration of Equidae and on the Official Control of Identification, Identification and Registration of Equidae (“Official Gazette of the RS”, No. 72/10);
- 4) Law on Livestock (“Official Gazette of the RS”, No. 41/09, 93/12 and 14/16);
  - Rulebook on the Requirements Facilities and Equipment that Breeding Organisations and

Organisations with Special Authorisations shall meet, as well as Requirements regarding Expert Staff that Organisations with Special Authorisation shall meet (Official Gazette of the RS, No. 90/19 and 99/21);

- Rulebook on the Content and Form of the Request for Registering into the Register of Breeding Organisations and Organisations with Special Authorisations, as well as the Content and Manner of Keeping this Register (“Official Gazette of the RS”, No. 67/09 and 48/22);
  - Rulebook on Conditions to Be Met by Animal Waste Facilities and Plants for Processing and Treatment of Animal Waste (“Official Gazette of the RS”, No. 94/17 and 94/19);
- 5) Animal Welfare Law (“Official Gazette of the RS”, No. 41/09);
- Rulebook on the Conditions for Animal Welfare in Terms of Space for Animals, Premises and Equipment in the Establishments for Keeping, Breeding and Trade of Animals, the Manner of Keeping, Breeding and Trade of Specific Animal Species and Categories, as well as the Content and Manner of Keeping Records of Animals (“Official Gazette of the RS”, No. 6/10, 57/14 and 152/20);
- 6) Law on Planning and Construction (“Official Gazette of the RS”, No. 72/09, 81/09 - correction, 64/10 - CC, 24/11, 121/12, 42/13 - CC, 50/13 - CC, 98/13 - CC, 132/14, 145/14, 83/18, 31/19, 37/19 - other law, 9/20 and 52/21);
- 7) Law on Environmental Protection (“Official Gazette of the RS”, No. 135/04, 36/09, 36/09 - other law, 72/09 - other law, 43/11 - CC, 14/16, 76/18 and 95/18 - other law);
- Rulebook on Environmental Protection Conditions that Must Be Met by Beneficiaries of IPARD support (“Official Gazette of the RS”, No. 26/19);
- 8) Water Law (“Official Gazette of the RS”, No. 30/10, 93/12, 101/16, 95/18 и 95/18 – other law);
- Decree on Emission Limit Values for the Emission of Pollutants in Waters and Deadlines for Their Achievement (“Official Gazette of the RS”, No. 67/11, 48/12, 01/16);
  - Decree on establishing the River Basin Management Plan on the territory of the Republic of Serbia until 2027 (“Official Gazette of the RS”, No. 33/23);
  - Rulebook on Methods and Conditions for Wastewater Quantity Measurement and Quality Testing, and the Content of the Measurement (“Official Gazette of the RS”, No. 33/16);
- 9) Law on Safety and Health at Work (“Official Gazette of the RS”, No. 35/23);
- Rulebook of Procedure for Determining Compliance Requirements Prescribed in Safety and Health at Work (“Official Gazette of the RS”, No. 60/06);
- 10) Law on General Administrative Procedure (“Official Gazette of the RS”, No. 18/16, 95/18 – authentic interpretation and 2/23 - CC);
- 11) Law on Organisation of Agricultural Product Market (“Official Gazette of the RS”, No.



- 67/21);
- 12) Law on Wine (“Official Gazette of the RS”, No. 41/09 and 93/12);
  - 13) Law on the Registration Procedure in the Business Registers Agency (“Official Gazette of the RS”, No. 99/11, 83/14, 31/19 and 105/21);
  - 14) Accounting Law (“Official Gazette of the RS”, No. 73/19 and 44/21 – other law);
  - 15) Law on Road Traffic Safety (“Official Gazette of the RS”, No. 41/09, 53/10, 101/11, 32/13 – CC, 55/14, 96/15 – other law, 9/16 – CC, 24/18, 41/18, 41/18 - other law, 87/18, 23/19 and 128/20 - other law);
  - Rulebook on the Division of Motor and Trailer Vehicles and Technical Conditions for Vehicles in Road Traffic (“Official Gazette of the RS”, No. 40/12, 102/12, 19/13, 41/13, 102/14, 41/15, 78/15, 111/15, 14/16, 108/16, 7/17 - correction, 63/17, 45/18, 70/18, 95/18, 104/18, 93/19, 2/20 - correction, 64/21, 129/21 – other rulebook and 143/22);
  - 16) Rulebook on the Type, Purpose and Review of Boats, Floating Bodies and Floating Objects (“Official Gazette of the RS”, No. 98/17 and 63/19);
  - 17) Law on Seed (“Official Gazette of the RS”, No. 45/05 and 30/10 – other law).

**18.5.2. National standards for Measure 3 - “Investments in physical assets concerning processing and marketing of agricultural and fishery products”**

- 1) Law on Agriculture and Rural Development (“Official Gazette of the RS”, No. 41/09, 10/13 – other law, 101/16, 67/21 – other law and 114/21);
  - Rulebook on Entry in the Register of Agricultural Holdings, Changes of Data and Renewal of Registration, Electronic Proceeding, as well as the Conditions for Passive Status of Agricultural Holdings (“Official Gazette of the RS”, No. 25/23);
- 2) Law on Subsidies in Agriculture and Rural Development (Official Gazette of the RS”, No. 10/13, 142/14, 103/15, 101/16 and 35/23);
  - Rulebook on Determining Areas with Difficult Working Conditions in Agriculture (“Official Gazette of the RS”, No. 132/21);
- 3) Law on Veterinary Matters (“Official Gazette of the RS”, No. 91/05, 30/10, 93/12 and 17/19 – other law);
  - Rulebook on Veterinary-Sanitary Requirements, and General and Special Conditions of Hygiene of Food of Animal Origin, as well as on the Conditions of Hygiene of Food of Animal Origin (“Official Gazette of the RS”, No. 25/11 and 27/14);
  - Rulebook on the Manner of Classification and Handling of Animal By-products, Veterinary-Sanitary Conditions for Construction of Facilities for Collection, Processing and Destruction of Animal By-products, Manner of Conducting Official Control and Self-control, as well as Conditions for Cattle Cemeteries and Gravepits (“Official Gazette of the RS”, No. 31/11, 97/13, 15/15 and 61/17)

- 4) Law on Animal Welfare (“Official Gazette of the RS”, No. 41/09);
  - Rulebook on the Conditions and Means of Killing of Animals, the Manner of Handling the Animals Immediately Before Slaughter, Conditions and Manner of Stunning and Bleeding, the Conditions and Methods of Slaughter Without Prior Stunning as well as the Training Programme on Animal Welfare at the Time of Slaughtering (“Official Gazette of the RS”, No. 14/10);
- 5) Food Safety Law (“Official Gazette of the RS”, No. 41/09 and 17/19);
  - Rulebook on the Hygiene of Foodstuffs (“Official Gazette of the RS”, No. 73/10);
  - Rulebook on General and Specific Food Hygiene at Any Stage of Production, Processing and Trade (“Official Gazette of the RS”, No. 72/10 and 62/18) (“Microbiological criteria for foodstuffs”);
- 6) Law on Surveillance of Foodstuffs of Plant Origin (“Official Gazette of the RS”, No. 25/96 and 101/05-other law);
  - Rulebook on Specific Requirements for Production and Circulation of Foodstuffs of Plant Origin (“Official Gazette of the RS”, No. 50/96);
- 7) Law on Planning and Construction (“Official Gazette of the RS”, No. 72/09, 81/09-correction, 64/10 – CC, 24/11,121/12, 42/13- CC, 50/13 - CC, 98/13 - CC, 132/14, 145/14, 83/18, 31/19, 37/19-other law, 9/20 and 52/21);
- 8) Impact Assessment Act on Environment (“Official Gazette of the RS”, No. 135/04 and 36/09);
  - Rulebook on the Content of the Request on the Need for Impact Assessment and the Content of the Request for Determining the Scope and Content of the Study on Environmental Impact Assessment (“Official Gazette of the RS”, No. 69/05);
- 9) Law on Safety and Health at Work (“Official Gazette of the RS”, No. 35/23);
  - Rulebook of Procedure for Determining Compliance Requirements Prescribed in Safety and Health at Work (“Official Gazette of the RS”, No. 60/06);
- 10) Law on General Administrative Procedure (“Official Gazette of the RS”, No. 18/16,95/18 –authentic interpretation and 2/23 - CC)
- 11) Law on Environmental Protection (“Official Gazette of the RS”, No. 135/04, 36/09, 36/09 - other law, 72/09 - other law, 43/11 - CC, 14/16, 76/18 and 95/18 - other law);
  - Rulebook on Environmental Protection Conditions that Must Be Met by Beneficiaries of IPARD Support (“Official Gazette of the RS”, No. 26/19);
- 12) Law on Organisation of Agricultural Product Market (“Official Gazette of the RS”, No. 67/21);
- 13) Law on Wine (“Official Gazette of the RS”, No. 41/09 and 93/12);
- 14) Law on the Registration Procedure in the Business Registers Agency (“Official Gazette

- of the RS”, No. 99/11, 83/14, 31/19 and 105/21);
- 15) Accounting Law (“Official Gazette of the RS”, No. 73/19 and 44/21 – other law);
  - 16) Law on Road Traffic Safety (“Official Gazette of the RS”, No. 41/09, 53/10, 101/11, 32/13 – CC, 55/14, 96/15 – other law, 9/16 – CC, 24/18, 41/18, 41/18 - other law, 87/18, 23/19 and 128/20 - other law);
- Rulebook on the Division of Motor and Trailer Vehicles and Technical Conditions for Vehicles in Road Traffic (“Official Gazette of the RS”, No. 40/12, 102/12, 19/13, 41/13, 102/14, 41/15, 78/15, 111/15, 14/16, 108/16, 7/17 - correction, 63/17, 45/18, 70/18, 95/18, 104/18, 93/19, 2/20 - correction, 64/21, 129/21 – other rulebook and 143/22);
  - Rulebook on the Type, Purpose and Review of Boats, Floating Bodies and Floating Objects (“Official Gazette of the RS”, No. 98/17 and 63/19).

### **18.5.3. National standards for Measure 4 - “Agri-environment – climate and organic farming measure”**

- 1) Law on Agriculture and Rural Development (“Official Gazette of the RS”, No. 41/09, 10/13 – other law, 101/16, 67/21 – other law and 114/21);
- Rulebook on Entry in the Register of Agricultural Holdings, Changes of Data and Renewal of Registration, Electronic Proceeding, as well as the Conditions for Passive Status of Agricultural Holdings (“Official Gazette of the RS”, No. 25/23);
- 2) Law on Agricultural Land (“Official Gazette of the RS”, No. 62/06, 65/08 - other law, 41/09, 112/15, 80/17, 95/18 - other law);
  - 3) Water Law (“Official Gazette of the RS”, No. 30/10, 93/12, 101/16, 95/18, 95/18 - other law);
  - 4) Law on Plant Protection Products (“Official Gazette of the RS”, No. 41/09 and 17/19)
- Rulebook of Elements of Integrated Pest Management (“Official Gazette of the RS”, No. 126/20)
- 5) The Law on Plant Nutrition Product and Soil Improvers (“Official Gazette of the RS”, No. 41 /09 and 17/19)
  - 6) Law on Nature Protection (“Official Gazette of the RS”, No. 36/09, 88/10, 91/10 - correction, 14/16, 95/18 - other law and 71/21);
- Rulebook on Proclamation and Protection of Strictly Protected and Protected Wild Species of Plants, Animals and Fungi (“Official Gazette of the RS”, No. 5/10, 47/2011, 32/16 and 98/16);
- 7) Law on Soil Protection (“Official Gazette of the RS”, No. 112/15);
  - 8) Law on Veterinary Matters (“Official Gazette of the RS”, No. 91/05, 30/10, 93/12 and 17/19 - other law);

- Rulebook on the Manner of Marking and Registration of Cattle, as well as on the Official Control of Marking and Registration of Cattle (“Official Gazette of the RS”, No. 102/14);
  - Rulebook on the Manner of Identification and Registration of Pig and on the Official Control of Identification and Registration of Pig (“Official Gazette of the RS”, No. 115/20);
  - Rulebook Laying Down the Manner of Identification and Registration of Ovine and Caprine Animals and of Official Controls on Identification and Registration of Ovine and Caprine Animals (“Official Gazette of the RS”, No. 6/11 and 57/11);
  - Rulebook on the Manner of Identification and Registration of Equidae and on the Official Control of Identification, Identification and Registration of Equidae (“Official Gazette of the RS”, No. 72/10);
- 9) Animal Husbandry Law (“Official Gazette of the RS”, No. 41/09, 93/12, 14/16);
  - Regulation on the Conditions to be Fulfilled Facilities for Animal Waste and Animal Waste Treatment Plants (“Official Gazette of the RS”, No. 94/17, 94/19)
  - 10) Law on General Administrative Procedure (“Official Gazette of the RS”, No. 18/16, 95/18 authentic interpretation and 2/23 - CC);
  - 11) Law on Wine (“Official Gazette of the RS”, No. 41/09 and 93/12);
  - 12) Law on Environmental Protection (“Official Gazette of the RS”, No. 135/04, 36/09, 36/09 - other law, 72/09 - other law, 43/11 - CC, 14/16, 76/18 and 95/18 - other law).

#### **18.5.4. National standards for Measure 6 - “Investments in rural public infrastructure”**

- 1) Law on Agriculture and Rural Development (“Official Gazette of the RS”, No. 41/09, 10/13 – other law, 101/16, 67/21 – other law and 114/21);
  - 2) Law on Local Self-Government (“Official Gazette of the RS”, No. 129/07, 83/14 - other law, 101/16 - other law, 47/18 and 111/21 - other law);
  - 3) Law on Territorial Organisation of the Republic of Serbia (“Official Gazette of the RS” No. 129/07, 18/16, 47/18 and 9/20-other law);
  - 4) Law on Public Property (“Official Gazette of the RS” No. 72/11, 88/13, 105/14, 104/16- other law, 108/16, 113/17, 95/18 and 153/20);
  - 5) Law on Public Enterprises (“Official Gazette of the RS”, No. 15/16, 88/19);
  - 6) Law on Planning and Construction (“Official Gazette of the RS”, No. 72/09, 81/09, - correction, 64/10 - CC, 24/11, 121/12, 42/13-CC, 50/13 -CC, 98/13-CC, 132/14, 145/14, 83/18, 31/19, 37/19 - other law, 9/20 and 52/21);
- Rulebook on Conditions and Criteria for Co-financiers of Drafting Planning Documents (“Official Gazette of the RS”, No. 48/15);
  - Rulebook on the Content, Manner and Procedure of Preparation and Manner of Control

of Technical Documentation According to the Class and Purpose of the Facilities (“Official Gazette of the RS”, No. 73/19);

- Rulebook on the Content and Scope of Previous Works, Previous Feasibility Studies and Feasibility Studies (“Official Gazette of the RS”, No. 1/12);
  - Rulebook on the Content, Manner and Procedure of Drafting Spatial and Urban Planning Documents (“Official Gazette of the RS”, No. 32/19);
  - Rulebook on the Procedure of Conducting the Unified Procedure Electronically (“Official Gazette of the RS”, No. 68/19);
- 7) Law on the Procedure for Registration in the Real Estate and Lines Cadastre (“Official Gazette of the RS”, No. 41/18, 95/18, 31/19 and 15/20);
  - 8) Law on Legalization of Buildings (“Official Gazette of the RS”, No. 96/15, 83/18, 81/20 - CC and 1/23 - CC);
  - 9) Law on the Planning System of the Republic of Serbia (“Official Gazette of the RS”, No. 30/18);
  - 10) Law on Communal Activities (“Official Gazette of the RS”, No. 88/11, 104/16 and 95/18);
  - 11) Law on Official Statistics (“Official Gazette of the RS”, No. 104/09);
  - 12) Law on Roads (“Official Gazette of the RS”, No. 41/18, 95/18 - other law);
  - 13) Law on Budget System (“Official Gazette of the RS”, No. 54/09, 73/10, 101/10, 101/11, 93/12, 62/13, 63/13 - amended, 108/13, 142/14, 68/15 - other law, 103/15, 99/16, 113/17, 95/18, 31/19, 72/19, 149/20, 118/21, 118/21 - other law and 138/22);
  - 14) Law on Financing of Local Self-Government (“Official Gazette of the RS”, No. 62/06, 47/11, 93/12, 83/16, 104/16 - other law, 95/18 - other law and 111/21 – other law);
  - 15) Water Law (“Official Gazette of the RS”, No. 30/10, 93/12, 101/16, 95/18 and 95/18-other law);
  - 16) Law on Energy (“Official Gazette of the RS”, No. 145/14, 95/18 - other law, 40/21 and 35/23 – other law);
  - 17) Law on Energy Efficiency and Rational Use of Energy (“Official Gazette of the RS”, No. 40/21);
  - 18) Law on Integrated Prevention and Control of Environmental Pollution (“Official Gazette of the RS”, No. 135/04, 25/15 and 109/21);
  - 19) Law on Cultural Goods (“Official Gazette of the RS”, No. 71/94, 52/11 - other law, 52/11 – other law, 99/11 - other law, 6/20 - other law, 35/21 – other law and 129/21 – other law);
  - 20) Law on Waste Management (“Official Gazette of the RS”, No. 36/09, 88/10, 14/16, 95/18 - other law and 35/23);

- 21) Law on Fire Protection (“Official Gazette of the RS”, No. 111/09, 20/15, 87/18 - other law, 87/18, 87/18 - other law);
- 22) Law on Electronic Communications (“Official Gazette of the RS”, No. 44/10, 60/13 - CC decision, 62/14, 95/18 - other law and 35/23 – other law);
- 23) Law on Expropriation (“Official Gazette of the RS”, No. 53/95, “Official Gazette of the FRY”, No. 16/01 - decision of FCC and “Official Gazette of the RS”, No. 20/09, 55/13 - decision of CC and 106/16 - authentic interpretation);
- 24) Law on State Survey and Cadastre (“Official Gazette of the RS”, No. 72/09, 18/10, 65/13, 15/15 - CC, 96/15, 47/17 – authentic interpretation, 113/17 – other law, 27/18 – other law, 41/18 – other law, 9/20 - other law);
  - Rulebook on Technical Documentation for Performing Geodetic Works and Work Diary (“Official Gazette of the RS”, No. 97/11 and 85/20 – other Rulebook);
- 25) Law on Environmental Protection („Official Gazette of the RS”, No. 135/04, 36/09, 36/09 - other law, 72/09 - other law, 43/11 - CC, 14/16, 76/18, 95/18 - other law);
  - Rulebook on Environmental Protection Conditions that Must Be Met by Beneficiaries of IPARD Support (“Official Gazette of the RS”, No. 26/2019);
- 26) Public Debt Law (“Official Gazette of the RS”, No. 61/05, 107/09, 78/11, 68/15, 95/18, 91/19 и 149/20);
  - Rulebook on the Hygienic Safety of Drinking Water (“Official Gazette of the RS”, No. 42/98, 44/99 and 28/19);
- 27) Law on the Spatial Plan of the RS from 2010 to 2020 year (“Official Gazette of the RS”, No. 88/10).

#### **18.5.5. National standards for Measure 7 - “Farm diversification and business development”**

- 1) Law on Catering (“Official Gazette of the RS”, No. 17/19);
  - Rulebook on Standards for Categorizing a Hospitality Business (“Official Gazette of the RS”, No. 83/16 and 30/17);
  - Rulebook on the Conditions and Manner of Performing Hospitality Activities, the Method of Providing Hospitality Services, the Classification of Hospitality Facilities and Minimum Technical Requirements for Arranging and Equipping Hospitality Facilities (“Official Gazette of the RS”, No. 48/12 and 58/16);
  - Rulebook on Minimum Technical and Sanitary-Hygienic Conditions for the Provision of Services in Home Crafts and Rural Touristic Households (“Official Gazette of the RS”, No. 41/10 and 48/12 – other rulebook);
- 2) Law on Agriculture and Rural Development (“Official Gazette of the RS”, No. 41/09, 10/13 – other law, 101/16, 67/21 – other law and 114/21);

- Rulebook on Entry in the Register of Agricultural Holdings, Changes of Data and Renewal of Registration, Electronic Proceeding, as well as the Conditions for Passive Status of Agricultural Holdings (“Official Gazette of the RS”, No. 25/23);
- Rulebook on Determining Areas with Difficult Working Conditions in Agriculture (“Official Gazette of the RS”, No. 132/21);
- 3) Law on Planning and Construction (“Official Gazette of the RS”, No 72/09, 81/09 - correction, 64/10 – CC, 24/11, 121/12, 42/13 - CC, 50/13- CC, 98/13- CC, 132/14, 145/14, 83/18, 31/19, 37/19-other law, 9/20 and 52/21);
- 4) Law on Trade (“Official Gazette of the RS”, No 52/19);
- 5) Law on Electronic Commerce (“Official Gazette of the RS”, No. 41/09, 95/13, 52/19);
- 6) Law on Safety and Health at Work (“Official Gazette of the RS”, No. 35/23);
- Rulebook on the Procedure for Determining the Fulfilment of the Prescribed Conditions in the Field of Safety and Health at Work (“Official Gazette of the RS”, No. 60/06);
- 7) Law on Food Safety (“Official Gazette of the RS”, No. 41/09 and 17/19);
- Rulebook on Food Hygiene Conditions (“Official Gazette of the RS”, No. 73/10);
- Rulebook on General and Special Conditions of Food Hygiene at Any Stage of Production, Processing and Trade (“Official Gazette of the RS”, No. 72/10 and 62/18) (“Microbiological criteria for food”);
- Rulebook on Production and Trade of Small Quantities of Food of Plant Origin, Area for Performing these Activities, as well as Exclusion, Adjustment or Deviation from the Requirements of Food Hygiene (“Official Gazette of the RS”, No. 13/20);
- Rulebook on Small Quantities of Primary Products Used for Supplying Consumers, Area for Performing these Activities as well as Deviations related to Small Entities in the Business of Food of Animal Origin (“Official Gazette of the RS”, No. 111/17);
- 8) Law on Supervision of Food Products of Plant Origin (“Official Gazette of the RS”, No 25/96 and 101/05 - other law);
- Rulebook on Detailed Conditions for Production and Trade of Food Products of Plant Origin (“Official Gazette of the RS”, No. 50/96);
- 9) Law on Environmental Impact Assessment (“Official Gazette of the RS”, No. 135/04 and 36/09);
- Rulebook on the Content of the Request on the Need for Impact Assessment and the Content of the Request for Determining the Scope and Content of the Study on Environmental Impact Assessment (“Official Gazette of the RS”, No 69/05);
- 10) Labour Law (“Official Gazette of the RS”, No. 24/05, 61/05, 54/09, 32/13, 75/14, 13/17 - CC, 113/17, 95/18 - Authentic interpretation);
- 11) Law on General Administrative Procedure (“Official Gazette of the RS”, No. 18/16,

- 95/18 authentic interpretation and 2/23 - CC);
- 12) Law on Companies (“Official Gazette of the RS”, No. 36/11, 99/11, 83/14 – other law, 5/15, 44/18, 95/18, 91/19 and 109/21).
  - 13) Law on the Registration Procedure in the Business Registers Agency (“Official Gazette of the RS”, No. 99/11, 83/14, 31/19 and 105/21);
  - 14) Accounting Law (“Official Gazette of the RS”, No. 73/19 and 44/21 – other law);
  - 15) Law on the Classification of Activities (“Official Gazette of the RS”, No. 104/09);
    - Decree on the Classification of Activities (“Official Gazette of the RS”, No. 54/10);
  - 16) Law on Road Traffic Safety (“Official Gazette of the RS”, No. 41/09, 53/10, 101/11, 32/13 – CC, 55/14, 96/15 – other law, 9/16 – CC, 24/18, 41/18, 41/18 - other law, 87/18, 23/19 and 128/20 - other law);
    - Rulebook on the Division of Motor and Trailer Vehicles and Technical Conditions for Vehicles in Road Traffic (“Official Gazette of the RS”, No. 40/12, 102/12, 19/13, 41/13, 102/14, 41/15, 78/15, 111/15, 14/16, 108/16, 7/17 - correction, 63/17, 45/18, 70/18, 95/18, 104/18, 93/19, 2/20 - correction, 64/21, 129/21 – other rulebook and 143/22);
  - 17) Rulebook on the Type, Purpose and Review of Boats, Floating Bodies and Floating Objects (“Official Gazette of the RS”, No. 98/17 and 63/19).



## 18.6. Summary of the Ex-ante evaluation report

### Executive summary

An *ex-ante* evaluation of the IPARD III Programme for 2021-2027 (abbreviation: IPARD III), coordinated by Ecorys Croatia, was carried out by the Danish consultant Morten Kvistgaard in the period July – September 2021. The work comprised (i) review of relevant documents/studies, (ii) assessment of the programme-related SWOT analysis, (iii) assessment of expected impacts, (iv) assessment of proposed implementation procedures, including monitoring, evaluation, and financial management, and (v) preparation of the *ex-ante* evaluation report. The *ex-ante* evaluation provides the responsible authority (Ministry of Agriculture, Forestry and Water Management of the Republic of Serbia) with comments and recommendations aiming at improving the IPARD III Programme's relevance, coherence, quality, efficiency, effectiveness, EU added value, consistency, and synergy with relevant policies.

### Approach & methodology

The evaluation approach follows the instructions provided in the EC's Guidelines for *ex-ante* evaluation of rural development programmes under the Instrument for Pre-Accession Assistance Rural Development (IPARD III) from October 2020. A combination of qualitative and quantitative evaluation methods was employed. The basis for the evaluation was the Draft IPARD III Programme for 2021-2027, dated 26<sup>th</sup> June 2021. The consultant also studied numerous other documents and statistical information. Additionally, series of twelve on-line interviews with relevant stakeholders have been undertaken. The relevance of the *ex-ante* evaluation is achieved through a comparative assessment of (i) the situational analysis in the Serbian agricultural and food sectors presented in the draft programme chapters 2 to 4; and (ii) the strategy, the selected measures and their design as presented in chapters 6 to 8. Efficiency is achieved through an estimation of the expected results and impacts generated by the programme interventions compared with the resources spent. Effectiveness is achieved by assessing the implementing structure in terms of the effectiveness of applied systems. The *ex-ante* evaluation also provides recommendations to the beneficiary regarding possible improvements to the programme text reflecting initiatives to increase relevance, efficiency, and effectiveness. A draft report and feedback were discussed with the MA and revised input to the draft programme from the MA was taken into consideration in this final report.

### Key findings

**General:** Overall, the document is of a good quality and largely complies with the EC requirements. The document style, layout and English is of good quality but requires some additional fine-tuning: Table of contents, figures and tables should be properly numbered, and the missing text in some sections completed. It is recommended to pay attention and improve the quality of the unprecise and/or unclear text, which the evaluator marked in track changes. The description of measures is generally good, but improvements of text and explanations can still lead to even better measure descriptions. The implementing structures are well described and are in place to facilitate an effective implementation of the programme. However, steps

should be taken to increase effectiveness in the IA. Recruitment of staff to vacant jobs in the Agency is still not accomplished, but the recruitment processes are started.

**The appraisal of the current situation:** General characteristics of the IPARD III Programme are well described. Chapter 3.2 presents well, in a balanced way the performance of the agricultural, forestry and food sectors. However, the identification of some of the needs is not based on data, but on qualitative descriptions and even on statements, which makes it difficult to assess the precise justification. The text presents only in a few cases the required reference data to EU, and in most cases not. Additionally, the text does not systematically present the financial weight and importance of the production in each of the analysed sub-sectors. Only physical output data are presented systematically. The information about the rural economy and quality of life is appropriate. Rural infrastructure is well described both regarding physical and social infrastructure, but detailed economic data for tourism in rural Serbia are not presented. The mandatory list of context indicators is almost complete. The data are new or relatively new. Most indicators are based on solid statistical information from SORS, but a few are still missing.

### **SWOT and needs**

Several SWOT tables are presented. They are very detailed, and present considerably more SWOT elements, than are described in Chapter 3 in the programme. However, they are not all prepared in line with usual practice. A summary SWOT table following international praxis for SWOT analyses and covering the main topics on one-two pages supplemented with a short text summarising the SWOT table would be more adequate. Generally, the needs are well described and justified. However, no systematic, objective, and transparent prioritisation of the identified needs is described. The prioritisation of the needs must lead to the selection of the most important needs to be included in the strategy. The prioritisation must also be reflected in the prioritisation of resources allocated to the individual measures in the programme.

### **Programme objectives**

The overall objectives of the programme are all relevant and are reflecting the identified needs and the IPARD strategy. However, one objective is exclusively focusing on climate change challenges, which is very relevant, but the strategy seems to neglect the needs related to improving the environment, improve resource efficiency, improve biodiversity and the protection of nature and land, water, and air from pollution. Overall, the objectives of the programme are covering several of the important, generic needs. The selected measures represent a coherent set of interventions with actions targeting these needs. However, the situation analysis also provides justification for selecting additional measures to address needs of equal importance. This is the case for the Measure 11 targeting the establishment and protection of forests, for the measures providing support to the strengthening of the agricultural advisory service (Measure 10) and Measure 13 to promotion of cooperation for innovation and knowledge transfer. Finally, it is the case for omitting support to organic farming under the Agri-environment, climate, and organic farming measure (Measure 4). An objectives hierarchy with overall, specific, and operational objectives will provide a better overview over the

objectives of the programme. According to the identified needs it is also relevant to add an overall objective regarding environment, nature, and biodiversity.

### **Measures**

The measures are all well described and largely comply with the requirements from the EC measure fiches. However, there are still several sections in each measure, where the text can be improved and be more precise. The maximum limit of public support for the investment Measure 1 and Measure 3 may lead to relatively a few, but major projects. The risk may not be high, but the maximum limit of public support can be reduced for these measures to increase the number of expected beneficiaries and projects. The need for investments is huge in the sector and is distributed on farmers in all sectors. In Measure 7 it is difficult to see how short value chains, which typically include some level of processing, are supported. It is recommended to consider including development of short value chains and local, on-farm processing of agricultural products under the measure. The targeting and the description of recipients is well defined for all measures. However, data are not presented in the programme about the share of agricultural holdings and agri-processors being eligible under each measure compared to the total population of farmers and processors. The potential number of beneficiaries is estimated to be 19,643 under Measure 1. This number is not high compared to the total number of 560,000 agricultural holdings. The share, which can be supported, is 4.1% of the potential eligible holdings and 0.1% of all holdings.

### **Balance of the programme**

The financial plan reflects a programme out of balance according to the identified needs. Measure 1 and Measure 3 are the main measures under the programme with 60% of the total financial envelope. Measure 7 supports both diversification of agriculture and development of small businesses in rural areas. These objectives are in coherence with Measure 1 and Measure 3 on the one hand and are also coherent with Measure 5 with its objective of the development of the rural economy through the LEADER measure facilitating local initiatives and empowerment of local human resources on the other hand. These four measures are supported with 80% of the total budget of the programme. Furthermore, Measure 6 supporting the development of rural infrastructure will also to some extent contribute to the development of the rural economy, but the scale of support under the programme is relatively small and the needs for investments very high, so the contribution to the programme coherence will be limited. Finally, Measure 4 on agri-environment is not playing any central role in the programme with its 2.9% of the budget. This measure seems more to be an appendix than an integral part of the programme and does not contribute to the coherence.

### **Expected output, results, and impacts**

The programme is expected to support 800 agricultural holdings, 300 agri-processors, 1,000 farmers under agri-climate contracts covering 30,000 ha, 500 projects under LEADER, 30 rural infrastructure projects, and finally 350 diversification and business development projects. A total of 2,980 contracts will be signed with a total of 581 million EUR in total eligible investments, distributed on 377 million EUR in public support and 204 million EUR in private

co-financing. The four revenue generating measures will contribute to additional 41 million EUR in GVA in rural areas and will generate 4,252 new jobs and ensure that 2,300 jobs are maintained. The labour productivity in agriculture and in agri-processing will increase with 12% and 10% reaching 6,772 EUR/AWU and 15,808 EUR/AWU respectively. The total public support to the four measures will be 281 million EUR. The price per job affected will be 43,000 EUR. Regarding the environmental impacts, 1,000 contracts will be signed with farmers taking part in voluntary actions, and 30,000 ha will be covered under the actions under Measure 4. The number of recipients progressively upgrading towards EU standards under Measure 1 and Measure 3 will be 158. The number of recipients investing in promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sector under Measure 1 and Measure 3 will be 265. Regarding social impacts, no big contributions to the objectives of reduction of poverty and social exclusion are foreseen. The LEADER network may generate prerequisites for growth and development, and empowerment of women may also be an impact of the LEADER approach.

### **Implementing structures**

The IPARD Managing Authority in MAFWM is operating well, has benefitted from the experiences and lessons learnt under IPARD II in the programming of IPARD III and have received important support from EU and donor funded projects. External expertise is still needed to support the MA in the finalisation of the programme, for example regarding calculation of support rates for Measure 4.

The EU required registers are either in place (Farm Register, Animal Register, FADN) or will be in place later (LPIS). The FADN system will be improved during the next 2-3 years and the minimum number of 2,000 registered agricultural holdings will be reached. However, one very important registry has not yet been established: The electronic register of payments to farmers. Increased transparency will be an outcome of the establishment of the register, and it will make it possible for the MAFWM better to monitor and analyse the implementation of the support measures. The register will supplement data from SORS, which are solid and based on EUROSTAT methods and standards. The MA is optimistic about the finalisation and approval of the IPARD III Programme and about its implementation, among other things due to the increased awareness and attention from the stakeholders.

The main challenges for an effective implementation of IPARD III are identified in the IPARD Agency. The total number of applications processed of the IPARD Agency in 2020 was 1,222 with a relatively low rejection rate, but the effectiveness is currently too low and the time from submission of applications to the moment of issuing decisions takes too long. The average number of applications per year during IPARD III 2021 to 2027 will be 553. This number will be supplemented with the remaining of delayed projects from IPARD II, at least for the first years of the new programme period. The average annual number of applications from 2022 including the remaining ones is not known, but it will still be a challenge for the IA to process the applications in due time within the legally defined deadlines. It is recognised by the IA management that the effectiveness of the implementation process is not satisfactory. Internal factors such as shortage of manpower in the IA, fluctuation of experts working in the IA and

external factors such as incomplete applications are the reasons. It is the assessment of the ex-ante evaluator that the implementing structures need to be strengthened over the coming year to be ready for an effective implementation of the programme.

### **Monitoring and Evaluations**

Monitoring is covering the common indicators. Additional indicators regarding results and impacts of the projects may be collected through increased digitalization of the application and payment claim processes. The MAFWM has organised the On-going evaluation of the IPARD II Programme for the period 2018 to 2019, dated June 2020. The report is well prepared and provides useful results regarding the assessment of the application of mandatory context indicators and their validity. The report is also good, when it comes to analysis of the implementing system with important points and observations about the bottlenecks in the process, and it provides justified recommendations to improve implementation effectiveness. However, nothing was included in the report in relation to results and impacts of the programme for the beneficiaries, for the sectors and the economy. It is normal practice of the on-going evaluations that they contribute to shedding light over these important aspects of the programme implementation. A coherent monitoring and evaluation system in the MAFWM covering all instruments targeting agriculture and rural development is needed. A well-functioning M&E system will contribute to increased effectiveness and efficiency of policies, better results and impacts to the benefit of rural dwellers and a more effective policy development process in the MAFWM. An evaluation plan must be prepared no later than 1 year after the launch of the programme and can be an integral part of the M&E system.

Recommendations are included in Table 30 in Chapter 6 of the Final report on ex-ante evaluation of the IPARD Programme of the Republic of Serbia for the period of 2021-2027.

The Final report on ex-ante evaluation of the IPARD Programme of the Republic of Serbia for the period of 2021-2027 is available for downloading on the following link: <http://www.minpolj.gov.rs/download/Ex-ante-evaluation-report-IPARD-III-Programme-2021-2027.pdf>.

**18.7. List of the “Network for Rural Development of Serbia” members**

1. IBAR Development Association, Kraljevo (Asocijacija za razvoj Ibarske doline, Kraljevo);
2. Association of citizens Agrobiznis centar, Novi Kneževac (UG Agrobiznis centar, Novi Kneževac);
3. Association of citizens Sova, Sremska Mitrovica (UG Sova, Sremska Mitrovica);
4. Regional Development Agency Eastern Serbia RARIS, Zaječar (Regionalna agencija za razvoj istočne Srbije RARIS, Zaječar);
5. Rural Educational Center, Subotica (Ruralni edukativni centar, Subotica);
6. Association of citizens Agrozanje, Vršac (UG Agrozanje, Vršac);
7. Association of citizens’ partnership “Pečka dolina”, Veliko Gradište (Udruženje građana partnerstvo “Pečka dolina”, Veliko Gradište);
8. Association of citizens “Čačanska jabuka”, Čačak (UG “Čačanska jabuka”, Čačak);
9. Nimbus, Loznica (Nimbus, Loznica);
10. Educational center, Leskovac (Edukacioni centar, Leskovac);
11. Regional Economic Development Agency for Šumadija and Pomoravlje, Kragujevac (Regionalna agencija za ekonomski razvoj Šumadije i Pomoravlja, Kragujevac);
12. Naša Zemlja, Novi Sad (Naša Zemlja, Novi Sad);
13. Regional Agency for Economic Development and Entrepreneurship of Pčinja District VEEDA, Vranje (Regionalna razvojna agencija Pčinjskog okruga VEEDA, Vranje);
14. Agro-touristic-ecological association “Za Jelašnicu” Jelašnica, Niš (Agro turističko ekološko udruženje “Za Jelašnicu”, Niš);
15. MOBA (MOBA);
16. Association of citizens Aim centar (UG Aim centar).

18.8. Objectives hierarchy

Table 62: Objectives hierarchy

No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
1	<p><b>Increase the competitiveness of the agri-food sector, improve the efficiency and sustainability of on-farm production, which will provide a better response to societal demands for safe, nutritious and sustainable food</b></p>	<p><b>M1</b> - To increase the efficiency, competitiveness and more sustainable agricultural production in the agri-food sector, e.g., by progressive alignment with the EU standards, strenghtening the position of farmers in the food chain and supporting young farmers;</p> <p><b>M1</b> - To improve the response of the agri-food sector to public demand for high quality, safe, nutritious and sustainable food as well as animal welfare.</p> <p><b>M1</b> - To increase the efficiency, competitiveness and more sustainable agricultural production in the agri-food sector, e.g., by progressive alignment with the EU standards, strenghtening the position of farmers in the food chain and supporting young farmers;</p> <p><b>M1</b> - To improve the response of the agri-food sector to public demand for high quality, safe, nutritious and sustainable food as well as animal welfare.</p>	<p><b>M1, Milk sector</b> - Improve the competitiveness and sustainability of small and medium-sized but also larger sustainable dairy farms in reaching milk production quality, animal welfare and environmental protection standards through investments in the farm infrastructure and equipment.</p> <p><b>M1, Meat sector</b> - Improve environmental protection standards, production infrastructure and equipment aiming to reach sustainability and competitiveness in the EU market.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p> <p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M1</b> - To increase the efficiency, competitiveness and more sustainable agricultural production in the agri-food sector, e.g., by progressive alignment with the EU standards, strenghtening the position of farmers in the food chain and supporting young farmers;</p> <p><b>M1</b> - To improve the response of the agri-food sector to public demand for high quality, safe, nutritious and sustainable food as well as animal welfare.</p>	<p><b>M1, Meat sector</b> - Improve horizontal integration of agricultural producers.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity;</p> <p><b>N5:</b> Better integration of supply chain and mitigating Unfair Trade Practices.</p>
		<p><b>M1</b> - To increase the efficiency, competitiveness and more sustainable agricultural production in the agri-food sector, e.g., by progressive alignment with the EU standards, strenghtening the position of farmers in the food chain and supporting young farmers.</p>	<p><b>M1, Fruit sector</b> - Improve producers' competitiveness through support in raising new plantings and the introduction of new technologies into the existing plantations.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M1</b> - To increase the efficiency, competitiveness and more sustainable agricultural production in the agri-food sector, e.g., by progressive alignment with the EU standards, strenghtening the position of farmers in the food chain and supporting young farmers;</p>	<p><b>M1, Vegetables sector</b> - Improve machinery and equipment to reduce postharvest losses and to improve production process through the entire production chain.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>



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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M1</b> - To increase the efficiency, competitiveness and more sustainable agricultural production in the agri-food sector, e.g., by progressive alignment with the EU standards, strenghtening the position of farmers in the food chain and supporting young farmers.</p>	<p><b>M1, Vegetables sector</b> - Improve storage facilities for vegetables.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity;</p> <p><b>N5:</b> Better integration of supply chain and mitigating Unfair Trade Practices.</p>
		<p><b>M1</b> - To increase the efficiency, competitiveness and more sustainable agricultural production in the agri-food sector, e.g., by progressive alignment with the EU standards, strenghtening the position of farmers in the food chain and supporting young farmers.</p>	<p><b>M1, Cereals and industrial crops sector</b> - Enhance competitiveness of small and medium sized producers through support for investments aiming to improve production and storage.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M1</b> - To increase the efficiency, competitiveness and more sustainable agricultural production in the agri-food sector, e.g., by progressive alignment with the EU standards, strenghtening the position of farmers in the food chain and supporting young farmers.</p>	<p><b>M1, Cereals and industrial crops sector</b> - Increase and improve the quality of storage capacities through their construction, expansion, renovation, modernisation and equipping.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M1</b> - To increase the efficiency, competitiveness and more sustainable agricultural production in the agri-food sector, e.g., by progressive alignment with the EU standards, strenghtening the position of farmers in the food chain and supporting young farmers.</p>	<p><b>M1, Egg sector</b> - Improve competitiveness and productivity of agricultural holdings, which are engaged in the production of eggs through the investments in the construction of facilities and purchase of equipment.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M1</b> - To increase the efficiency, competitiveness and more sustainable agricultural production in the agri-food sector, e.g., by progressive alignment with the EU standards, strenghtening the position of farmers in the food chain and supporting young farmers.</p>	<p><b>M1, Viticulture sector</b> - Improve the mechanisation and machines, and introducing these into the adapted modern viticulture production with a large number of grapevine plants per hectare.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity</p>
		<p><b>M1</b> - To increase the efficiency, competitiveness and more sustainable agricultural production in the agri-food sector, e.g., by progressive alignment with the EU standards, strenghtening the position of farmers in the food chain and supporting young farmers.</p>	<p><b>M1, Viticulture sector</b> - Increase the area of irrigated vineyards and those with anti-hail protection systems.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M1</b> - To increase the efficiency, competitiveness and more sustainable agricultural production in the agri-food sector, e.g., by progressive alignment with the EU standards, strenghtening the position of farmers in the food chain and supporting young farmers.</p>	<p><b>M1, Viticulture sector</b> - Improve storage capacities for table grapes.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M1</b> - To increase the efficiency, competitiveness and more sustainable agricultural production in the agri-food sector, e.g., by progressive alignment with the EU standards, strenghtening the position of farmers in the food chain and supporting young farmers.</p>	<p><b>M1, Fishery sector</b> - Improve competitiveness and productivity of agricultural holdings, which are engaged in the fishery production through the reconstruction of existing facilities, construction of brand new aquaculture production facilities and equipment used on a fish farm.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Increase the competitiveness of the agri-food sector and improve the efficiency and sustainability of the food processing industry;</p> <p><b>M3</b> - Providing a better response of the food sector to societal demands for healthy food, including safe, nutritious and sustainable food, by investments in physical infrastructure in line with the relevant EU standards.</p>	<p><b>M3, Milk processing sector and marketing</b> - Increase market competitiveness of the dairy processing capacities through introduction of new technologies, improvement of technological processes and specification of new products aiming to achieve a better position in the domestic and international markets.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Increase the competitiveness of the agri-food sector and improve the efficiency and sustainability of the food processing industry;</p> <p><b>M3</b> - Providing a better response of the food sector to societal demands for healthy food, including safe, nutritious and sustainable food, by investments in physical infrastructure in line with the relevant EU standards.</p>	<p><b>M3, Meat processing sector and marketing</b> - Improve slaughtering, cutting and processing facilities in order to comply with EU standards.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M3</b> - Increase the competitiveness of the agri-food sector and improve the efficiency and sustainability of the food processing industry;</p> <p><b>M3</b> - Providing a better response of the food sector to societal demands for healthy food, including safe, nutritious and sustainable food, by investments in physical infrastructure in line with the relevant EU standards.</p>	<p><b>M3, Fruit processing sector and marketing</b> - Increase support to the micro, small and medium size enterprises for processing of fruit.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Increase the competitiveness of the agri-food sector and improve the efficiency and sustainability of the food processing industry;</p> <p><b>M3</b> - Providing a better response of the food sector to societal demands for healthy food, including safe, nutritious and sustainable food, by investments in physical infrastructure in line with the relevant EU standards.</p>	<p><b>M3, Vegetable processing sector and marketing</b> - Increase support to the micro, small and medium size enterprises for processing of vegetables.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Increase the competitiveness of the agri-food sector and improve the efficiency and sustainability of the food processing industry;</p> <p><b>M3</b> - Providing a better response of the food sector to societal demands for healthy food, including safe, nutritious and sustainable food, by investments in physical infrastructure in line with the relevant EU standards.</p>	<p><b>M3, Grape processing sector and marketing</b> - Increase support to the micro, small and medium-sized enterprises that produce wine/wine products and aromatized wine products.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M3</b> - Increase the competitiveness of the agri-food sector and improve the efficiency and sustainability of the food processing industry;</p> <p><b>M3</b> - Providing a better response of the food sector to societal demands for healthy food, including safe, nutritious and sustainable food, by investments in physical infrastructure in line with the relevant EU standards.</p>	<p><b>M3, Grape processing sector and marketing</b> - Improve sector competitiveness and reach EU standards.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Increase the competitiveness of the agri-food sector and improve the efficiency and sustainability of the food processing industry;</p> <p><b>M3</b> - Providing a better response of the food sector to societal demands for healthy food, including safe, nutritious and sustainable food, by investments in physical infrastructure in line with the relevant EU standards.</p>	<p><b>M3, Cereals and industrial crops processing sector and marketing</b> - Improve competitiveness of newly established or existing processing capacities of cereals and industrial crops by expanding processing volume, improving processing technology, introducing standards and increasing quality and efficiency.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Increase the competitiveness of the agri-food sector and improve the efficiency and sustainability of the food processing industry;</p> <p><b>M3</b> - Providing a better response of the food sector to societal demands for healthy food, including safe, nutritious and sustainable food, by investments in physical infrastructure in line with the relevant EU standards</p>	<p><b>M3, Fishery processings sector and marketing</b> - Increase support for construction of new processing facilities.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
2	<b>Facilitate business development, growth and employment in rural areas, improve farmers' position within the value chain and attract young farmers into agriculture</b>	<b>M1</b> - To improve the response of the agri-food sector to public demand for high quality, safe, nutritious and sustainable food as well as animal welfare.	<b>M1, Meat sector</b> - Increase the value of agricultural production by adding value to primary products by supporting higher processing stages on holdings.	<b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards; <b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.
		<b>M1</b> - To improve the response of the agri-food sector to public demand for high quality, safe, nutritious and sustainable food as well as animal welfare.	<b>M1, Vegetables sector</b> - Establish new production lines and renew existing production, set up greenhouses.	<b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards; <b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.
		<b>M1</b> - To improve the response of the agri-food sector to public demand for high quality, safe, nutritious and sustainable food as well as animal welfare.	<b>M1, Vegetables sector</b> - Increase export in total and increase the value of export per unit of arable land through intensifying production and adding value to products.	<b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards; <b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.
		<b>M1</b> - To improve the response of the agri-food sector to public demand for high quality, safe, nutritious and sustainable food as well as animal welfare.	<b>M1, Vegetables sector</b> - Increase the yield of the largest number of commercial producers.	<b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards; <b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.
		<b>M1</b> - To improve the response of the agri-food sector to public demand for high quality, safe, nutritious and sustainable food as well as animal welfare.	<b>M1, Fruit sector</b> - Increase storage and cooling capacities, as well as upgrading picking, sorting and packaging equipment.	<b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards; <b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M1</b> - To improve the response of the agri-food sector to public demand for high quality, safe, nutritious and sustainable food as well as animal welfare.</p>	<p><b>M1, Fruit sector</b> - Increase diversification of fruit and vegetable exports to new markets.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M1</b> - To improve the response of the agri-food sector to public demand for high quality, safe, nutritious and sustainable food as well as animal welfare.</p>	<p><b>M1, Egg sector</b> - Achieve of EU standards regarding the safety and quality of eggs, animal welfare and environmental protection, through investments related to the construction of facilities and the purchase of equipment for keeping (breeding) laying hens, the storage and distribution of manure, as well as the production of energy from renewable sources in the agricultural holding.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity;</p> <p><b>N3:</b> Decrease the impact of climate change through adaptation measures.</p>
		<p><b>M1</b> - To improve the response of the agri-food sector to public demand for high quality, safe, nutritious and sustainable food as well as animal welfare.</p>	<p><b>M1, Viticulture sector</b> - Increase the area with the vineyards of high quality grapes intended for the production of wines with geographical indications.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M1</b> - To improve the response of the agri-food sector to public demand for high quality, safe, nutritious and sustainable food as well as animal welfare.</p>	<p><b>M1, Fishery sector</b> - Achieve biosecurity and environmental protection EU standards regarding the safety and quality of fishery and animal welfare, through investments related to the construction of facilities and the purchase of equipment.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N8:</b> Increase the production of energy from agriculture and promote bioeconomy and eco-system services.</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M1</b> - To improve the response of the agri-food sector to public demand for high quality, safe, nutritious and sustainable food as well as animal welfare.</p>	<p><b>M1, Fishery sector</b> - Improve the infrastructure (road network, water distribution, electricity network and distribution) on ponds (of all types) which will improve sustainability and competitiveness in the EU market.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Milk processing sector and marketing</b> - Improve milk supply, quality and microbiological safety of milk by introducing food safety and quality systems, e-management, energy efficiency improvement and energy production from renewable sources.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity;</p> <p><b>N8:</b> Increase the production of energy from agriculture and promote bioeconomy and eco-system services.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Milk processing sector and marketing</b> - Improve food safety and quality systems (GHP, GMP, HACCP and ISO) for better market competitiveness.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Meat processing sector and marketing</b> - Introduce new technologies; improve processes and products in order to achieve a better position in the domestic and international markets.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>



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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Meat processing sector and marketing</b> - Introduce food safety and quality systems (GHP, GMP, HACCP and ISO) for production monitoring, control and management.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Fruit processing sector and marketing</b> - Upgrade the fruit processing sector to the EU standards.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Fruit processing sector and marketing</b> - Improve production techniques and technologies.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Fruit processing sector and marketing</b> -Introduce food safety and quality systems.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Fruit processing sector and marketing</b> - Improve the marketing of fruit products.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards.</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Fruit processing sector and marketing</b> - Achieve a better position on the domestic and international markets by introducing new technologies and equipment.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Vegetable processing sector and marketing</b> - Upgrade the vegetables processing sector to the EU standards.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Vegetable processing sector and marketing</b> - Improve production techniques and technologies.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Vegetable processing sector and marketing</b> - Introduce food safety and quality systems.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Vegetable processing sector and marketing</b> - Improve the marketing of vegetables products.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards.</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Vegetable processing sector and marketing</b> - Achieve a better position on the domestic and international markets by introducing new technologies and equipment.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Egg processing sector and marketing</b> - Improve the new and existing processing capacities, in order to comply with EU standards and increase their competitiveness and productivity.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Egg processing sector and marketing</b> - Introduce the new technologies and improve the processes and products in order to achieve better position on the domestic and international market.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Egg processing sector and marketing</b> - Introduce a safety and quality food system (GHP, GMP, HACCP and ISO).</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Grape processing sector and marketing</b> - Improve production technology and techniques.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Grape processing sector and marketing</b> - Introduce quality schemes, i.e. production of value-added products.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Grape processing sector and marketing</b> - Improve recognition of grape originate products with geographical indications on the domestic and foreign market.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Cereals and industrial crops processing sector and marketing</b> - Improve value of primary products through the increase of processing.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Cereals and industrial crops processing sector and marketing</b> - Improve seed quality through investments in seed processing centres.</p>	<p><b>N2:</b> Improve the digitalization level, as well as the overall level of productivity;</p> <p><b>N4:</b> Increase the level of general farm skills, technological transfer and R&amp;D investments.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Cereals and industrial crops processing sector and marketing</b> - Increase the value of exports per hectare by adding value to products through processing.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Fishery processing sector and marketing</b> - Introduce production of new technologies and improve existing technological processes and products with the aim of obtaining better position on domestic and international market.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Fishery processing sector and marketing</b> - Improve diversity of fish products and packaging.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M3</b> - Reinforcing the farmers position in the food chain, by encouraging them to cooperate in short supply chains and produce higher value products.</p>	<p><b>M3, Fishery processing sector and marketing</b> - Introduce food safety hazard systems and quality assessment standards (GHP, GMP, HACCP and ISO - 9001, 22000).</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>
		<p><b>M5</b> - Improve community development, enhances the social capital and contributes to economic, social, cultural and environmental improvements of local areas, by engaging a wide range of multi-sectoral private and public partners and valorising community resources at the local level.</p>	<p><b>M5</b> - Contribution to rural economy, rural tourism, boosting cultural and social life of the community, improvement of public spaces in villages, improvement of environmental standards in LAGs' areas as the main themes for the Local Development Strategies.</p>	<p><b>N9:</b> Improve the attractiveness of rural areas through increasing the level of basic services in rural areas;</p> <p><b>N10:</b> Promote Community Led Local Development;</p> <p><b>N11:</b> Creation of jobs opportunities in rural areas through non-agricultural activities.</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M6</b> - Support economic, social, and territorial development, leading to a smart, sustainable and inclusive growth through the development of physical infrastructure in the Republic of Serbia and facilitate business and community development, growth and employment in rural areas.</p>	<p><b>M6</b> - To provide infrastructure needed for the development of vibrant rural areas, dynamic business development opportunities, well-functioning services.</p>	<p><b>N9:</b> Improve the attractiveness of rural areas through increasing the level of basic services in rural areas.</p>
		<p><b>M7</b> - Promote economic development in rural areas through diversification of farm activities, forming of small enterprises and job creation in rural areas.</p>	<p><b>M7, Rural tourism sector:</b> Increased attractiveness of rural areas through increased touristic offer.</p>	<p><b>N9:</b> Improve the attractiveness of rural areas through increasing the level of basic services in rural areas; <b>N11:</b> Creation of jobs opportunities in rural areas through non-agricultural activities.</p>
		<p><b>M7</b> - Promote economic development in rural areas through diversification of farm activities, forming of small enterprises and job creation in rural areas.</p>	<p><b>M7, Rural tourism sector:</b> Increased level of employment in rural areas.</p>	<p><b>N9:</b> Improve the attractiveness of rural areas through increasing the level of basic services in rural areas; <b>N11:</b> Creation of jobs opportunities in rural areas through non-agricultural activities.</p>
		<p><b>M7</b> - Promote economic development in rural areas through diversification of farm activities, forming of small enterprises and job creation in rural areas.</p>	<p><b>M7, Direct marketing sector:</b> Increased income of agricultural producers through enabling direct sales.</p>	<p><b>N9:</b> Improve the attractiveness of rural areas through increasing the level of basic services in rural areas; <b>N11:</b> Creation of jobs opportunities in rural areas through non-agricultural activities.</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M7</b> - Promote economic development in rural areas through diversification of farm activities, forming of small enterprises and job creation in rural areas.</p>	<p><b>M7, Small-scale services:</b> Increased level of employment in rural areas.</p>	<p><b>N9:</b> Improve the attractiveness of rural areas through increasing the level of basic services in rural areas;</p> <p><b>N11:</b> Creation of jobs opportunities in rural areas through non-agricultural activities.</p>
		<p><b>M7</b> - Promote economic development in rural areas through diversification of farm activities, forming of small enterprises and job creation in rural areas.</p>	<p><b>M7, Small-scale services:</b> Increased general services level in rural areas.</p>	<p><b>N9:</b> Improve the attractiveness of rural areas through increasing the level of basic services in rural areas;</p> <p><b>N11:</b> Creation of jobs opportunities in rural areas through non-agricultural activities.</p>
<p><b>3</b></p>	<p><b>Contribute to climate change mitigation and foster sustainable management of natural resources</b></p>	<p><b>M1</b> - To contribute to climate change mitigation, as well as sustainable energy and foster sustainable management of natural resources, such as water, soil and air.</p>	<p><b>M1, Milk sector</b> - Improve sustainable and safe manure and/or waste and/or wastewater handling and storage in accordance with standards, at larger, specialized dairy farms</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N8:</b> Increase the production of energy from agriculture and promote bioeconomy and eco-system services.</p>
		<p><b>M1</b> - To contribute to climate change mitigation, as well as sustainable energy and foster sustainable management of natural resources, such as water, soil and air.</p>	<p><b>M1, Meat sector</b> - Increase support to larger specialized holdings for investments related to EU biosafety, animal welfare, manure and/or waste and/or wastewater handling and storage standards.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N8:</b> Increase the production of energy from agriculture and promote bioeconomy and eco-system services.</p>
		<p><b>M1</b> - To contribute to climate change mitigation, as well as sustainable energy and foster sustainable management of natural resources, such as water, soil and air.</p>	<p><b>M1, Fruit sector</b> - Improve good agricultural practices and food safety and quality standards and strengthening the phytosanitary and food safety systems.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity.</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M1</b> - To contribute to climate change mitigation, as well as sustainable energy and foster sustainable management of natural resources, such as water, soil and air.</p>	<p><b>M1, Cereals and industrial crops sector</b> - Promote precision agriculture and preserving land quality.</p>	<p><b>N2:</b> Improve the digitalisation level, as well as the overall level of productivity;</p> <p><b>N7:</b> Maintenance of biodiversity and environmental value of agricultural areas and agricultural systems and maintenance of water resource quality.</p>
		<p><b>M3</b> - Addressing the challenge of climate change, by promoting renewable energy and circular economy.</p>	<p><b>M3, Meat processing sector and marketing</b> - Improve waste and wastewater treatment management and renewable energy sources.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N8:</b> Increase the production of energy from agriculture and promote bioeconomy and eco-system services.</p>
		<p><b>M3</b> - Addressing the challenge of climate change, by promoting renewable energy and circular economy.</p>	<p><b>M3, Egg processing sector and marketing</b> - Improve treatment and waste management.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N8:</b> Increase the production of energy from agriculture and promote bioeconomy and eco-system services.</p>
		<p><b>M3</b> - Addressing the challenge of climate change, by promoting renewable energy and circular economy.</p>	<p><b>M3, Fishery processing sector and marketing</b> - Improve treatment and management of animal by-products.</p>	<p><b>N1:</b> Improve agri-food and fisheries competitiveness through achieving EU standards;</p> <p><b>N8:</b> Increase the production of energy from agriculture and promote bioeconomy and eco-system services.</p>



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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M4</b> - Contribution to the sustainable management of natural resources and climate change adaptation and mitigation by the application of agricultural production methods compatible with the protection and improvement of the environment, natural resources, including water, air, soil, biodiversity, the landscape and its features, going beyond relevant mandatory standards.</p>	<p><b>M4</b> - Improvement of soil quality and quantity by application of sustainable farming methods, and alternative methods for weed management.</p>	<p><b>N6:</b> Improve management and efficient use of natural resources;</p> <p><b>N7:</b> Maintenance of biodiversity and environmental value of agricultural areas and agricultural systems and maintenance of water resource quality.</p>
		<p><b>M4</b> - Contribution to the sustainable management of natural resources and climate change adaptation and mitigation by the application of agricultural production methods compatible with the protection and improvement of the environment, natural resources, including water, air, soil, biodiversity, the landscape and its features, going beyond relevant mandatory standards.</p>	<p><b>M4</b> - Improvement of water quality and quantity.</p>	<p><b>N6:</b> Improve management and efficient use of natural resources;</p> <p><b>N7:</b> Maintenance of biodiversity and environmental value of agricultural areas and agricultural systems and maintenance of water resource quality.</p>
		<p><b>M4</b> - Contribution to the sustainable management of natural resources and climate change adaptation and mitigation by the application of agricultural production methods compatible with the protection and improvement of the environment, natural resources, including water, air, soil, biodiversity, the landscape and its features, going beyond relevant mandatory standards.</p>	<p><b>M4</b> - Protection and maintenance of biodiversity and enhancement of habitats for enriched biodiversity.</p>	<p><b>N6:</b> Improve management and efficient use of natural resources;</p> <p><b>N7:</b> Maintenance of biodiversity and environmental value of agricultural areas and agricultural systems and maintenance of water resource quality.</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M4</b> - Contribution to the sustainable management of natural resources and climate change adaptation and mitigation by the application of agricultural production methods compatible with the protection and improvement of the environment, natural resources, including water, air, soil, biodiversity, the landscape and its features, going beyond relevant mandatory standards.</p>	<p><b>M4</b> - Mitigation and adaptation to climate change.</p>	<p><b>N3:</b> Decrease the impact of climate change through adaptation measures.</p>
		<p><b>M7</b> - Encourage of greater use of energy from renewable sources and transition to a low-carbon, climate-resilient rural economy.</p>	<p><b>M7, Rural tourism sector:</b> Support of renewable energy production.</p>	<p><b>N8:</b> Increase the production of energy from agriculture and promote bioeconomy and eco-system services;</p> <p><b>N6:</b> Improve management and efficient use of natural resources;</p> <p><b>N3:</b> Decrease the impact of climate change through adaptation measures.</p>
		<p><b>M7</b> - Encourage of greater use of energy from renewable sources and transition to a low-carbon, climate-resilient rural economy.</p>	<p><b>M7, Direct marketing sector:</b> Support of renewable energy production.</p>	<p><b>N8:</b> Increase the production of energy from agriculture and promote bioeconomy and eco-system services;</p> <p><b>N6:</b> Improve management and efficient use of natural resources;</p> <p><b>N3:</b> Decrease the impact of climate change through adaptation measures.</p>
		<p><b>M7</b> - Encourage of greater use of energy from renewable sources and transition to a low-carbon, climate-resilient rural economy.</p>	<p><b>M7, Small-scale services:</b> Support of renewable energy production.</p>	<p><b>N8:</b> Increase the production of energy from agriculture and promote bioeconomy and eco-system services;</p> <p><b>N6:</b> Improve management and efficient use of natural resources;</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
				<b>N3:</b> Decrease the impact of climate change through adaptation measures.
<b>4</b>	<b>Improve community development and social capital in rural areas</b>	<b>M4</b> - Improve farmer's education on implementation of environmental friendly agricultural practices and raising the awareness of the importance of environmental protection.	<b>M4</b> - Protection and maintenance of biodiversity and enhancement of habitats for enriched biodiversity.	<b>N4:</b> Increase the level of general farm skills, technological transfer and R&D investments.
		<b>M5</b> - Improve community development, enhances the social capital and contributes to economic, social, cultural and environmental improvements of local areas, by engaging a wide range of multi-sectoral private and public partners and valorising community resources at the local level.	<b>M5</b> - Improvement of social capital and local governance by creating private-public partnerships (LAGs - Local Action Groups), which establish and implement bottom up Local Development Strategies (LDS).	<b>N10:</b> Promote Community Led Local Development; <b>N11:</b> Creation of jobs opportunities in rural areas through non-agricultural activities.
		<b>M5</b> - Improve community development, enhances the social capital and contributes to economic, social, cultural and environmental improvements of local areas, by engaging a wide range of multi-sectoral private and public partners and valorising community resources at the local level.	<b>M5</b> - Animation of the territory and capacity building of the local population and the Local Action Groups.	<b>N4:</b> Increase the level of general farm skills, technological transfer and R&D investments; <b>N10:</b> Promote Community Led Local Development; <b>N11:</b> Creation of jobs opportunities in rural areas through non-agricultural activities.
		<b>M5</b> - Improve community development, enhances the social capital and contributes to economic, social, cultural and environmental improvements of local areas, by engaging a wide range of multi-sectoral private and public partners and valorising community resources at the local level.	<b>M5</b> - Networking with other LAGs, exchange of best practice, dissemination of the IPARD Programme and learning new approaches to rural development nationally and with other candidate countries and with the Member States.	<b>N10:</b> Promote Community Led Local Development.

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<p><b>M6</b> - Support economic, social, and territorial development, leading to a smart, sustainable and inclusive growth through the development of physical infrastructure in the Republic of Serbia.</p>	<p><b>M6</b> - To contribute towards the improvement of living standards and socio-economic fabric of rural areas.</p>	<p><b>N9:</b> Improve the attractiveness of rural areas through increasing the level of basic services in rural areas.</p>
		<p><b>M6</b> - Support economic, social, and territorial development, leading to a smart, sustainable and inclusive growth through the development of physical infrastructure in the Republic of Serbia.</p>	<p><b>M6</b> - To support public investments necessary to achieve sustainable development.</p>	<p><b>N9:</b> Improve the attractiveness of rural areas through increasing the level of basic services in rural areas.</p>
		<p><b>M6</b> - Support economic, social, and territorial development, leading to a smart, sustainable and inclusive growth through the development of physical infrastructure in the Republic of Serbia.</p>	<p><b>M6</b> - To increase the attractiveness of rural areas and decrease depopulation of rural areas.</p>	<p><b>N9:</b> Improve the attractiveness of rural areas through increasing the level of basic services in rural areas;</p> <p><b>N11:</b> Creation of jobs opportunities in rural areas through non-agricultural activities.</p>
		<p><b>M7</b> - General objective of this measure is to promote economic development in rural areas through diversification of farm activities, forming of small enterprises and job creation in rural areas.</p>	<p><b>M7, Rural tourism sector:</b> Increased level of employment in rural areas.</p>	<p><b>N9:</b> Improve the attractiveness of rural areas through increasing the level of basic services in rural areas;</p> <p><b>N11:</b> Creation of jobs opportunities in rural areas through non-agricultural activities.</p>
		<p><b>M7</b> - General objective of this measure is to promote economic development in rural areas through diversification of farm activities, forming of small enterprises and job creation in rural areas.</p>	<p><b>M7, Direct marketing sector:</b> Increased income of agricultural producers through enabeling direct sales.</p>	<p><b>N9:</b> Improve the attractiveness of rural areas through increasing the level of basic services in rural areas;</p> <p><b>N11:</b> Creation of jobs opportunities in rural areas through non-agricultural activities.</p>
		<p><b>M7</b> - General objective of this measure is to promote economic development in rural areas through diversification of</p>	<p><b>M7, Small-scale services:</b> Increased level of employment in rural areas.</p>	<p><b>N9:</b> Improve the attractiveness of rural areas through increasing the level of basic services in rural areas;</p>

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		farm activities, forming of small enterprises and job creation in rural areas.		<b>N11:</b> Creation of jobs opportunities in rural areas through non-agricultural activities.
		<b>M9</b> - Improve community development and social capital in rural areas	<b>M9</b> - Support for establishment and preparation of pLAGs.	<b>N10:</b> Promote Community Led Local Development.
		<b>M9</b> - Improve community development and social capital in rural areas.	<b>M9</b> – Networking.	<b>N4:</b> Increase the level of general farm skills, technological transfer and R&D investments; <b>N10:</b> Promote Community Led Local Development.
		<b>M9</b> - Improve community development and social capital in rural areas.	<b>M9</b> - improving the capacity of local entities (e.g. municipalities, regional entities) supporting the implementation of the IPARD Programme.	<b>N4:</b> Increase the level of general farm skills, technological transfer and R&D investments; <b>N10:</b> Promote Community Led Local Development.
5	<b>Build-up modern, efficient and transparent public administration for agriculture and rural development</b>	<b>M9</b> - Build-up modern public administrations for agriculture and rural development in the RS, respecting good governance principles.	<b>M9</b> - Providing support for the monitoring and evaluation of the IPARD Programme.	<b>N4:</b> Increase the level of general farm skills, technological transfer and R&D investments; <b>N10:</b> Promote Community Led Local Development.
		<b>M9</b> - Build-up modern public administrations for agriculture and rural development in the RS, respecting good governance principles.	<b>M9</b> - Ensuring an adequate flow of information and publicity regarding the IPARD Programme.	<b>N4:</b> Increase the level of general farm skills, technological transfer and R&D investments.
		<b>M9</b> - Build-up modern public administrations for agriculture and rural development in the RS, respecting good governance principles.	<b>M9</b> - Supporting studies, trainings, visits and seminars to improve the capacity of IPARD administrations and of recipients.	<b>N4:</b> Increase the level of general farm skills, technological transfer and R&D investments.

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No.	IPARD III Programme - General objective	Specific objective per measure	Specific objective per sector under specific measure	NEED
		<b>M9</b> - Build-up modern public administrations for agriculture and rural development in the RS, respecting good governance principles.	<b>M9</b> - Providing support for external expertise.	<b>N4:</b> Increase the level of general farm skills, technological transfer and R&D investments.
		<b>M9</b> - Build-up modern public administrations for agriculture and rural development in the RS, respecting good governance principles.	<b>M9</b> - Providing support for the improvement of the capacity of the national AAS.	<b>N4:</b> Increase the level of general farm skills, technological transfer and R&D investments.
		<b>M9</b> - Build-up modern public administrations for agriculture and rural development in the RS, respecting good governance principles.	<b>M9</b> - Strengthening the national administration managing the IPARD Programme.	<b>N4:</b> Increase the level of general farm skills, technological transfer and R&D investments.

## 18.9. Local Development Strategy Selection criteria

Selection criteria	Element	Points	
		max	
<b>1. Quality of the partnership</b>		<b>max</b>	<b>20</b>
	<b>1.1. Participation of non-public sector, private and social partners at LAG's decision-making level, share in %</b>	<b>max</b>	<b>4</b>
	> 70		4
	> 65 and ≤ 70		3
	> 60 and ≤ 65		2
	> 55 and ≤ 60		1
	<b>1.2. Participation of young people representing the interests of rural youth at LAG's decision-making level, share in %</b>	<b>max</b>	<b>5</b>
	> 20		5
	> 15 and ≤ 20		4
	> 10 and ≤ 15		3
	> 5 and ≤ 10		2
	<b>1.3. Participation of women representing the interests of rural women at LAG's decision-making level, share in %</b>	<b>max</b>	<b>5</b>
	> 20		5
	> 15 and ≤ 20		4
	> 10 and ≤ 15		3
	> 5 and ≤ 10		2
	<b>1.4. Skills and expertise among LAG's decision-making body members (e.g. leadership, administration, law, public policy, cultural competency, training, community organising etc.)</b>	<b>max</b>	<b>3</b>
	Very good		3
	Good		2
	Average		1
	<b>1.5. Skills and expertise among LAG's decision-making body members in monitoring and evaluation</b>	<b>max</b>	<b>3</b>
Very good		3	
Good		2	
Average		1	
<b>2. Coherence of the LAG's territory and sufficient critical mass in terms of human, financial and economic resources</b>		<b>max</b>	<b>15</b>
	<b>2.1. Number of rural settlements covered by LAG's area<sup>87</sup></b>	<b>max</b>	<b>5</b>
	> 60		5
	> 40 and ≤ 60		4
	> 20 and ≤ 40		3
	≤ 20		2
	<b>2.2. Description of the coherence (natural, physical, social and economic) of the LAG territory</b>	<b>max</b>	<b>5</b>

<sup>87</sup> In accordance to the so-called administrative criterion of classification, which distinguishes between urban and other communities. According to this dichotomous division of communities, in the Republic of Serbia, excluding Kosovo and Metohija, there are 167 urban communities and 4,542 communities classified as "other". The category of "other" communities, which is not sufficiently accurate, is usually considered in developing data on rural areas.

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	Excellent		5
	Very good		4
	Good		3
	Average		2
	<b>2.3. LAG territory coverage among LAG members at the decision-making level, coverage in %</b>	<b>max</b>	<b>5</b>
	> 80		5
	> 70 and ≤ 80		4
	> 60 and ≤ 70		3
	> 50 and ≤ 60		2
<b>3. Stakeholders' involvement in the preparation of the LDS</b>		<b>max</b>	<b>20</b>
	<b>3.1. Number of recorded public relations activities maintained by the LAG related to the preparation of the LDS</b>	<b>max</b>	<b>5</b>
	30 and more		5
	21 to 30		4
	10 to 20		3
	< 10		2
	<b>3.2. Number of recorded individuals consulted by LAG, related to preparation of the LDS</b>	<b>max</b>	<b>5</b>
	250 and more		5
	200 to 249		4
	150 to 199		3
	100 to 149		2
	<b>3.3. Number of recorded non-public legal entities consulted by LAG, related to preparation of the LDS</b>	<b>max</b>	<b>5</b>
	30 and more		5
	21 to 30		4
	10 to 20		3
	< 10		2
	<b>3.4. Share of legal entities representing the interests of rural youth, rural women and promote improvement of environmental standards in LAG's areas, in the number of recorded non-public legal entities consulted by LAG, related to preparation of LDS, share in %</b>	<b>max</b>	<b>5</b>
	> 30		5
	> 20 and ≤ 30		4
	> 10 and ≤ 20		3
	> 5 and ≤ 10		2
<b>4. Capability of LAG to manage the implementation of LDS</b>		<b>max</b>	<b>14</b>
	<b>4.1. Description of the LAG capacities and needs (human, including specific knowledge, technical and financial)</b>	<b>max</b>	<b>5</b>
	Excellent		5
	Very good		4
	Good		3
	Average		2
	<b>4.2. Number of projects with LAG involvement (LAG as lead and/or project partner) in the last 3 years</b>	<b>max</b>	<b>5</b>
	5 and more		5
	3 to 4		4
	1 to 2		3
	<b>4.3. References of LAG members at the decision-making level in project</b>	<b>max</b>	<b>4</b>



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	<b>implementation in last 3 years, number of projects</b>		
	6 and more		4
	5 to 6		3
	3 to 4		2
<b>5. Sources of financing actions envisaged in the LDS other than IPARD III</b>		<b>max</b>	<b>5</b>
	<b>5.1. Sources other than IPARD III, share in total, %</b>	<b>max</b>	<b>5</b>
	> 10		5
	> 7 and ≤ 10		4
	> 5 and ≤ 10		3
	> 2 and ≤ 5		2
	> 1 and ≤ 2		1
<b>6. Quality of the intervention logic of the Strategy</b>		<b>max</b>	<b>16</b>
	<b>6.1. SWOT and its correlation with objectives of the LDS</b> <i>SWOT covers priority themes followed by activities; objectives are SMART</i>	<b>max</b>	<b>4</b>
	Excellent		4
	Very good		3
	Good		2
	Average		1
	<b>6.2. Objectives and their correlation with activities</b> <i>activities are realistic and correspond to achieving objectives</i>	<b>max</b>	<b>4</b>
	Excellent		4
	Very good		3
	Good		2
	Average		1
	<b>6.3. Activities (Action plan) and their correlations with Financing plan</b> <i>financing plan correspond to realisation of activities, financing plan is realistic</i>	<b>max</b>	<b>4</b>
	Excellent		4
	Very good		3
	Good		2
	Average		1
	<b>6.4. Intervention strategy includes innovative approaches and improvement of environmental standards in LAG's areas</b>	<b>max</b>	<b>4</b>
	Excellent		4
	Very good		3
	Good		2
	Average		1
<b>7. LDS conformity with the objectives of the IPARD programme and priority themes</b>		<b>max</b>	<b>10</b>
	<b>7.1. Objectives envisaged by the LDS Action Plan contribute to realisation of several IPARD objectives</b>	<b>max</b>	<b>5</b>
	4 objectivities		5
	3 objectivities		4
	2 objectivities		3
	<b>7.2. Objectives envisaged by the LDS Action Plan cover several priority themes</b>	<b>max</b>	<b>5</b>
	6 priority themes		5
	5 priority themes		4
	4 priority themes		3
	3 priority themes		2
	2 priority themes		1
<b>Total</b>		<b>max</b>	<b>100</b>

**18.10. List of settlements outside rural areas***Table 63: List of settlements outside rural areas*

No.	ID number of The municipality	Municipalities	ID number of the settlement	Name of the settlement	Density of population people/km <sup>2</sup> (over 150 inhabitants/km <sup>2</sup> )
1.	70092	Beograd-Barajevo	703494	Barajevo	158,10
	70092	Beograd-Barajevo	703559	Vranić	159,23
	70092	Beograd-Barajevo	703567	Guncati	234,12
	70092	Beograd-Barajevo	703591	Meljak	334,05
	70106	Beograd-Voždovac	703621	Beli Potok	233,25
	70106	Beograd-Voždovac	703630	Zuce	167,38
	70106	Beograd-Voždovac	703648	Pinosava	344,78
	70106	Beograd-Voždovac	791016	Beograd (Voždovac)	4289,58
	70114	Beograd-Vračar	791024	Beograd (Vračar)	19631,45
	70122	Beograd-Grocka	703672	Boleč	515,32
	70122	Beograd-Grocka	703702	Vinča	371,16
	70122	Beograd-Grocka	703729	Vrčin	184,72
	70122	Beograd-Grocka	703737	Grocka	244,67
	70122	Beograd-Grocka	703770	Kaluđerica	2881,20
	70122	Beograd-Grocka	703796	Leštane	1121,56
	70149	Beograd-Zvezdara	791032	Beograd (Zvezdara)	4879,34
	70157	Beograd-Zemun	703915	Ugrinovci	214,73
	70157	Beograd-Zemun	791059	Beograd (Zemun)	1582,79
	70165	Beograd-Lazarevac	703982	Veliki Crljeni	248,25
	70165	Beograd-Lazarevac	704091	Lazarevac	1455,18
	70165	Beograd-Lazarevac	704156	Petka	188,13
	70165	Beograd-Lazarevac	704288	Šopić	177,24
	70173	Beograd-Mladenovac	704377	Granice	249,80
	70173	Beograd-Mladenovac	704440	Međulužje	198,81
	70173	Beograd-Mladenovac	704458	Mladenovac (varoš)	2077,93
	70173	Beograd-Mladenovac	704466	Mladenovac (selo)	283,02
	70173	Beograd-Mladenovac	704504	Rajkovac	219,84
	70181	Beograd-Novi Beograd	791067	Beograd (Novi Beograd)	5270,50
	70190	Beograd-Obrenovac	704563	Barič	471,03
	70190	Beograd-Obrenovac	704571	Belo Polje	305,02

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No.	ID number of The municipality	Municipalities	ID number of the settlement	Name of the settlement	Density of population people/km <sup>2</sup> (over 150 inhabitants/km <sup>2</sup> )
	70190	Beograd-Obrenovac	704652	Zabrežje	190,23
	70190	Beograd-Obrenovac	704679	Zvečka	355,69
	70190	Beograd-Obrenovac	704725	Mala Moštanica	168,57
	70190	Beograd-Obrenovac	704733	Mislođin	175,33
	70190	Beograd-Obrenovac	704741	Obrenovac	2684,94
	70190	Beograd-Obrenovac	704792	Rvati	1,757.13
	70190	Beograd-Obrenovac	704814	Stubline	153.13
	70190	Beograd-Obrenovac	704849	Urovci	153.47
	70203	Beograd-Palilula	704865	Borča	814.10
	70203	Beograd-Palilula	704920	Slanci	166.57
	70203	Beograd-Palilula	791075	Beograd (Palilula)	1572.89
	70211	Beograd-Rakovica	791083	Beograd (Rakovica)	3,615.10
	70220	Beograd-Savski Venac	791091	Beograd (Savski Venac)	2,781.40
	70238	Beograd-Sopot	705055	Ralja	209.62
	70238	Beograd-Sopot	705101	Sopot	1,565.83
	70246	Beograd-Stari Grad	791105	Beograd (Stari Grad)	8,946.19
	70254	Beograd-Čukarica	705136	Ostružnica	329.69
	70254	Beograd-Čukarica	705179	Rušanj	277.67
	70254	Beograd-Čukarica	705187	Sremčica	927.88
	70254	Beograd-Čukarica	705195	Umka	507.66
	70254	Beograd-Čukarica	791113	Beograd (Čukarica)	2,261.36
	71293	Beograd-Surčin	703834	Bečmen	188.22
	71293	Beograd-Surčin	703869	Dobanovci	152.71
	71293	Beograd-Surčin	703877	Jakovo	201.27
	71293	Beograd-Surčin	703907	Surčin	297.41
2.	80284	Novi Sad	802751	Budisava	247.23
	80284	Novi Sad	802778	Veternik	900.40
	80284	Novi Sad	802786	Kač	156.80
	80284	Novi Sad	802794	Kisač	171.57
	80284	Novi Sad	802824	Novi Sad	3,023.80
	80284	Novi Sad	802859	Rumenka	229.94
	80284	Novi Sad	802883	Futog	223.87
	80519	Petrovaradin	802760	Bukovac	282.59

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No.	ID number of The municipality	Municipalities	ID number of the settlement	Name of the settlement	Density of population people/km <sup>2</sup> (over 150 inhabitants/km <sup>2</sup> )
	80519	Petrovaradin	802816	Ledinci	242.15
	80519	Petrovaradin	802832	Petrovaradin	571.58
	80519	Petrovaradin	802867	Sremska Kamenica	402.52
3.	71285	Niš-Niška Banja	729191	Jelašnica	157.83
	71285	Niš-Niška Banja	729353	Nikola Tesla	1,753.03
	71285	Niš-Niška Banja	729370	Niška Banja	906.74
	71285	Niš-Niška Banja	729477	Prva Kutina	150.93
	71285	Niš-Niška Banja	729485	Prosek	180.30
	71307	Niš-Pantelej	729027	Gornja Vrežina	157.64
	71307	Niš-Pantelej	729094	Donja Vrežina	1,732.04
	71307	Niš-Pantelej	729205	Kamenica	193.03
	71307	Niš-Pantelej	792012	Niš (Pantelej)	6,481.95
	71315	Niš-Crveni krst	729043	Gornja Toponica	190.06
	71315	Niš-Crveni krst	729078	Gornji Komren	158.77
	71315	Niš-Crveni krst	729167	Donji Komren	255.66
	71315	Niš-Crveni krst	729329	Medoševac	519.36
	71315	Niš-Crveni krst	729469	Popovac	408.53
	71315	Niš-Crveni krst	729574	Trupale	170.21
	71315	Niš-Crveni krst	729582	Hum	155.59
	71315	Niš-Crveni krst	729612	Čamurlija	153.71
	71315	Niš-Crveni krst	792039	Niš (Crveni krst)	1,714.10
	71323	Niš-Palilula	728004	Mramor	614.02
	71323	Niš-Palilula	728942	Bubanj	284.97
	71323	Niš-Palilula	729019	Gabrovac	156.95
	71323	Niš-Palilula	729060	Gornje Međurovo	239.60
	71323	Niš-Palilula	729159	Donje Međurovo	195.24
	71323	Niš-Palilula	729264	Lalinac	154.90
	71323	Niš-Palilula	729388	Deveti maj	968.32
	71323	Niš-Palilula	729434	Pasi Poljana	503.26
	71323	Niš-Palilula	729558	Suvi Do	293.38
	71323	Niš-Palilula	729639	Čokot	380.41
	71323	Niš-Palilula	792055	Niš (Palilula)	2,464.65
	71331	Niš-Medijana	728934	Brzi Brod	1,793.82
71331	Niš-Medijana	792047	Niš (Medijana)	10,065.36	
4.	70645	Kragujevac-grad	718980	Kragujevac	1,820.95
	70645	Kragujevac-grad	718823	Dragobraća	163.71

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No.	ID number of The municipality	Municipalities	ID number of the settlement	Name of the settlement	Density of population people/km <sup>2</sup> (over 150 inhabitants/km <sup>2</sup> )
5.	80438	Subotica-grad	804592	Palić	189.58
	80438	Subotica-grad	804614	Subotica	596.92
6.	80152	Zrenjanin-grad	801534	Ečka	152.20
	80152	Zrenjanin-grad	801542	Zrenjanin	396.36
7.	80314	Pančevo-grad	803138	Pančevo	472.22
	80314	Pančevo-grad	803111	Kačarevo	178.81
8.	71242	Čačak-grad	745715	Konjevići	187.26
	71242	Čačak-grad	745731	Kulinovci	223.50
	71242	Čačak-grad	745855	Ovčar Banja	346.39
	71242	Čačak-grad	745880	Parmenac	256.82
	71242	Čačak-grad	746045	Trbušani	256.62
	71242	Čačak-grad	746053	Trnava	189.10
	71242	Čačak-grad	746061	Čačak	1,994.27
9.	71242	Čačak-grad	746754	Beljina	551.44
	70670	Kruševac-grad	720585	Begovo Brdo	416.51
	70670	Kruševac-grad	720747	Veliko Golovode	197.52
	70670	Kruševac-grad	720844	Gornji Stepoš	200.78
	70670	Kruševac-grad	720992	Jasika	211.21
	70670	Kruševac-grad	721034	Kapidžija	327.38
	70670	Kruševac-grad	721085	Koševi	162.48
	70670	Kruševac-grad	721107	Kruševac	5,202.98
	70670	Kruševac-grad	720895	Dedina	342.03
	70670	Kruševac-grad	721131	Lazarica	260.28
	70670	Kruševac-grad	721140	Lipovac	208.71
	70670	Kruševac-grad	721263	Malo Golovode	3,312.99
	70670	Kruševac-grad	721310	Mudrakovac	784.60
	70670	Kruševac-grad	721344	Pakašnica	752.34
	70670	Kruševac-grad	721352	Parunovac	247.79
	70670	Kruševac-grad	721387	Pepeljevac	216.79
	10.	70670	Kruševac-grad	721433	Ribarska Banja
70670		Kruševac-grad	721611	Čitluk	596.54
70653		Kraljevo-grad	719307	Adrani	181.74
70653		Kraljevo-grad	719528	Grdica	355.93
70653		Kraljevo-grad	719617	Zaklopača	182.62
	70653	Kraljevo-grad	719650	Jarčujak	209.34
	70653	Kraljevo-grad	719684	Kovanluk	706.03

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No.	ID number of The municipality	Municipalities	ID number of the settlement	Name of the settlement	Density of population people/km <sup>2</sup> (over 150 inhabitants/km <sup>2</sup> )
	70653	Kraljevo-grad	719692	Kovači	529.62
	70653	Kraljevo-grad	719706	Konarevo	332.13
	70653	Kraljevo-grad	719714	Kraljevo	2,626.35
	70653	Kraljevo-grad	719811	Mataruška Banja	1,357.05
	70653	Kraljevo-grad	720062	Ratina	227.99
	70653	Kraljevo-grad	720291	Čibukovac	311.81
	70653	Kraljevo-grad	746649	Žiča	154.50
11.	70874	Novi Pazar-grad	730017	Banja	163.42
	70874	Novi Pazar-grad	730092	Varevo	225.77
	70874	Novi Pazar-grad	730360	Ivanča	458.59
	70874	Novi Pazar-grad	730564	Mur	552.10
	70874	Novi Pazar-grad	730602	Novi Pazar	4,338.08
	70874	Novi Pazar-grad	730653	Osoje	394.29
	70874	Novi Pazar-grad	730688	Paralovo	401.32
	70874	Novi Pazar-grad	730718	Pobrđe	1,117.47
	70874	Novi Pazar-grad	730777	Postenje	208.92
	70874	Novi Pazar-grad	730840	Rajčinoviće	167.11
	70874	Novi Pazar-grad	731013	Hotkovo	227.70
12.	70360	Valjevo-grad	708402	Valjevo	2,147.39
	70360	Valjevo-grad	708305	Beloševac	167.49
	70360	Valjevo-grad	708470	Gorić	607.44
	70360	Valjevo-grad	708496	Gornja Grabovica	163.47
	70360	Valjevo-grad	708887	Petnica	196.07
	70360	Valjevo-grad	708895	Popučke	177.12
	70360	Valjevo-grad	708984	Sedlari	199.13
13.	70432	Vranje	711241	Bresnica	162.68
	70432	Vranje	711306	Vranje	1,889.90
	70432	Vranje	711420	Davidovac	173.13
	70432	Vranje	711497	Donji Neradovac	207.15
	70432	Vranje	711578	Zlatokop	257.01
	70432	Vranje	711977	Ranutovac	157.52
	70432	Vranje	711993	Ribnice	221.30
	70432	Vranje	712183	Suvi Dol	234.65
14.	70556	Zaječar-grad	715689	Zaječar	752.05
15.	70726	Leskovac-grad	723614	Badince	184.83
	70726	Leskovac-grad	723657	Beli Potok	191.33

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No.	ID number of The municipality	Municipalities	ID number of the settlement	Name of the settlement	Density of population people/km <sup>2</sup> (over 150 inhabitants/km <sup>2</sup> )
	70726	Leskovac-grad	723673	Bobište	609.03
	70726	Leskovac-grad	723681	Bogojevce	179.43
	70726	Leskovac-grad	723738	Brestovac	221.31
	70726	Leskovac-grad	723711	Bratmilovce	1,022.74
	70726	Leskovac-grad	723789	Bunuški Čifluk	197.91
	70726	Leskovac-grad	723878	Vinarce	179.99
	70726	Leskovac-grad	723991	Gornje Krajince	163.70
	70726	Leskovac-grad	724009	Gornje Sinkovce	171.09
	70726	Leskovac-grad	724017	Gornje Stopanje	307.18
	70726	Leskovac-grad	724033	Gornji Bunibrod	150.77
	70726	Leskovac-grad	724084	Grdelica (varoš)	1,930.62
	70726	Leskovac-grad	724092	Grdelica (selo)	206.05
	70726	Leskovac-grad	724157	Donja Jajina	233.42
	70726	Leskovac-grad	724181	Donja Slatina	151.95
	70726	Leskovac-grad	724203	Donje Krajince	164.03
	70726	Leskovac-grad	724211	Donje Sinkovce	600.42
	70726	Leskovac-grad	724220	Donje Stopanje	154.40
	70726	Leskovac-grad	724335	Žizavica	182.81
	70726	Leskovac-grad	724378	Zločudovo	176.66
	70726	Leskovac-grad	724521	Kumarevo	262.57
	70726	Leskovac-grad	724548	Leskovac	2,379.52
	70726	Leskovac-grad	724556	Lipovica	153.61
	70726	Leskovac-grad	724572	Mala Biljanica	153.30
	70726	Leskovac-grad	724629	Manojlovce	180.31
	70726	Leskovac-grad	724688	Mrštane	225.14
	70726	Leskovac-grad	724696	Navalin	162.73
	70726	Leskovac-grad	724734	Nomanica	274.29
	70726	Leskovac-grad	724866	Predejane (varoš)	1,740.44
16.	70734	Loznica-grad	725196	Banja Koviljača	389.49
	70734	Loznica-grad	725200	Baščeluci	351.70
	70734	Loznica-grad	725269	Voćnjak	208.91
	70734	Loznica-grad	725382	Draginac	1,159.77
	70734	Loznica-grad	725480	Klupci	995.91
	70734	Loznica-grad	725510	Krajišnici	535.51
	70734	Loznica-grad	725528	Lešnica	150.65
	70734	Loznica-grad	725544	Lipnički Šor	167.44

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No.	ID number of The municipality	Municipalities	ID number of the settlement	Name of the settlement	Density of population people/km <sup>2</sup> (over 150 inhabitants/km <sup>2</sup> )
	70734	Loznica-grad	725552	Loznica	2,033.63
	70734	Loznica-grad	725579	Lozničko Polje	472.05
	70734	Loznica-grad	725617	Ploča	600.01
	70734	Loznica-grad	725641	Runjani	169.54
	70734	Loznica-grad	725676	Straža	163.07
17.	70939	Pirot	732109	Berilovac	187.45
	70939	Pirot	732222	Gnjilan	210.67
	70939	Pirot	732575	Pirot	1,313.38
	70939	Pirot	732605	Poljska Ržana	170.34
18.	70947	Požarevac	733083	Požarevac	691.19
19.	70998	Prokuplje	735728	Donja Stražava	249.49
	70998	Prokuplje	736074	Novo Selo	209.72
	70998	Prokuplje	736210	Prokuplje	1,298.86
20.	71048	Jagodina-grad	737950	Vinorača	150.44
	71048	Jagodina-grad	737968	Voljavče	347.41
	71048	Jagodina-grad	738174	Končarevo	163.52
	71048	Jagodina-grad	738247	Majur	217.07
	71048	Jagodina-grad	738328	Rakitovo	523.18
	71048	Jagodina-grad	738336	Ribare	295.23
	71048	Jagodina-grad	738352	Jagodina	2,078.05
	71048	Jagodina-grad	738417	Strižilo	222.34
	71048	Jagodina-grad	738433	Trnava	671.17
21.	71099	Smederevo-grad	740292	Vranovo	165.70
	71099	Smederevo-grad	740314	Vučak	215.38
	71099	Smederevo-grad	740446	Petrijevo	222.90
	71099	Smederevo-grad	740454	Radinac	350.73
	71099	Smederevo-grad	740462	Ralja	182.41
	71099	Smederevo-grad	740527	Smederevo	1,552.39
	71099	Smederevo-grad	740543	Udovice	164.21
22.	71145	Užice-grad	741850	Sevojno	362.56
	71145	Užice-grad	741892	Užice	2,531.63
23.	71269	Šabac-grad	746240	Jevremovac	353.80
	71269	Šabac-grad	746258	Jelenča	367.60
	71269	Šabac-grad	746304	Majur	346.80
	71269	Šabac-grad	746380	Mišar	205.55
	71269	Šabac-grad	746479	Pocerski Pričinović	733.55



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No.	ID number of The municipality	Municipalities	ID number of the settlement	Name of the settlement	Density of population people/km <sup>2</sup> (over 150 inhabitants/km <sup>2</sup> )
	71269	Šabac-grad	746606	Šabac	1,745.54
24.	80128	Vršac	801089	Vršac	233.25
25.	80209	Kikinda	802158	Kikinda	200.91
26.	80381	Sombor-grad	803979	Sombor	164.65
27.	80403	Sremska Mitrovica-grad	804177	Lačarak	195.15
	80403	Sremska Mitrovica-grad	804215	Mačvanska Mitrovica	1,258.48
	80403	Sremska Mitrovica-grad	804266	Sremska Mitrovica	760.91
28.	70327	Bor	706418	Bor	717.33

### 18.11. Statement on the Adequacy and Accuracy of the Calculations

УНИВЕРЗИТЕТ У БЕОГРАДУ  
ПОЉОПРИВРЕДНИ ФАКУЛТЕТ

УНИВЕРСИТЕТ В БЕЛГРАДЕ  
АГРОНОМИЧЕСКИЙ ФАКУЛЬТЕТ



UNIVERSITY OF BELGRADE  
FACULTY OF AGRICULTURE

UNIVERSITE DE BELGRADE  
FACULTE DES SCIENCES AGRONOMIQUES

Београд, 15 NOV 2021 год

Број: 22/726

#### STATEMENT ON THE ADEQUACY AND ACCURACY OF THE CALCULATIONS

The Belgrade University - Faculty of Agriculture, as the independent institution from the Ministry of Agriculture, Forestry and Water Management, represented by the undersigned dean Prof. Dušan Živković, PhD, confirm that the calculations for the amount of support for all operations under Measure 4 – Agri-environment climate and organic farming measure of the IPARD III programme are adequate and accurate according to our best knowledge, expertise and available information.

Furthermore, we confirm that the calculations were done in accordance and fully respected the Methodology for the calculations of the amount of support presented in the Annex to the Programme.

In Belgrade, November 15, 2021.

Belgrade University – Faculty of Agriculture

  
DEAN  
Prof. Dušan Živković, PhD