

## **Minutes No. 9**

Minutes of the Ninth session of the IPARD II Monitoring Committee

21<sup>st</sup> June 2022, Belgrade

### **I List of participants**

**The session was attended by the following voting members of the IPARD II Monitoring Committee (hereinafter: IPARD II MC):**

1. Ministry of Agriculture, Forestry and Water Management – the Chairperson;
2. Ministry of Agriculture, Forestry and Water Management - Sector for Agricultural Policy;
3. Ministry of Agriculture, Forestry and Water Management - Directorate for Agricultural Land;
4. Ministry of Environmental Protection;
5. Ministry of Construction, Transport and Infrastructure;
6. Ministry of Public Administration and Local Self-Government;
7. Ministry of Education, Science and Technological Development;
8. Ministry of Culture and Media;
9. Ministry of Youth and Sports;
10. Statistical Office of the Republic of Serbia;
11. Chamber of Commerce and Industry of Serbia;
12. Standing Conference of Towns and Municipalities;
13. Provincial Secretariat for Agriculture, Water Management and Forestry;
14. National Society for Fruit Production “Our Fruit Serbia”;
15. Farmers Association;
16. Association of Agricultural Producers “Vojvodina Agrar”;
17. National Association of Milk processors “SEDA”;
18. National Association for Development of Organic Production “SERBIA ORGANICA”;
19. Serbian Young Farmers Association and
20. Association of Serbian Winemakers and Winegrowers.

#### **Representatives without voting right:**

1. Directorate for Agrarian Payments, Ministry of Agriculture, Forestry and Water Management (IPARD Agency, hereinafter: IA);
2. Ministry of Finance;
3. Governmental Audit Office of EU Funds (Audit Authority) and
4. Ministry of European Integration.

#### **Representatives without voting right, as observers:**

1. Faculty of Agriculture, University of Novi Sad;
2. Faculty of Agronomy in Čačak, University of Kragujevac;
3. Institute for Science Application in Agriculture.

**The session was not attended by members of the IPARD II Monitoring Committee (with and without voting right), representatives of:**

1. Ministry of Economy;

2. Ministry of Trade, Tourism and Telecommunications;
3. Ministry of Labour, Employment, Veteran and Social Affairs;
4. Development Agency of Serbia;
5. Serbian Cooperative Union;
6. National Association of Fruit and Vegetable "The Fruits of Serbia";
7. Association of Agricultural Producers "Club 100P plus";
8. Rural Development Network of Serbia;
9. Serbian Milk Producers Association;
10. National Association "Rural Tourism in Serbia";
11. Association of Citizens "National LEADER Network";
12. Associations of Independent Associations of Farmers of Serbia;
13. Association "Natura Balkanika";
14. BA "Community of poulteres";
15. Faculty of Agriculture, University of Belgrade and
16. Team for Social Inclusion and Poverty Reduction.

Out of the listed vothing members that did not attend the session, approval on material in written was obtained from:

1. Rural Development Network of Serbia;
2. Association of Agricultural Producers "Club 100P plus";
3. BA "Community of poulteres".

The Ninth session of the IPARD II MC was also attended by representatives of the General Directorate for Agriculture and Rural Development of the European Commission (hereinafter: DG AGRI, EC) in an observer role, the Delegation of the European Union to the Republic of Serbia (hereinafter: DEU), the National Fund and the National Authorising Officer Support Office, Mr Senad Mahmutović, State Secretary of the Ministry of Agriculture, Forestry and Water Management (hereinafter: MAFWM), as well as representatives of the Chamber of Commerce and Industry of Vojvodina and the PHRD grant project of the World Bank to support the MAFWM for strengthening agricultural sector capacity for evidence based policy making. The session was also attended by representatives of the Department for Management of IPARD Programme, MAFWM (Managing Authority).

#### **The result:**

The session was attended by 20 members/deputy members (of which three members are representatives of the MAFWM) out of a total of 34 members/deputy members with the voting right. A quorum was reached and decisions could be made.

**Annex 1** of the Minutes: List of participants;

**Annex 2** of the Minutes: Agenda.

## **II Outcome of the IPARD II MC session**

### **Item 1 of the Agenda: Introductory speeches**

The Ninth session of the IPARD II MC began with an address by *Mrs Jasmina Miljković, Head of the Managing Authority (hereinafter: MA), Department for Management of IPARD Programme, MAFWM*, who welcomed the attending participnats and the MC members, representatives of the EC and DEU and expressed satisfaction and gratitude that many members accepted the invitation to attend. At the end of the introductory speech, she announced the address of Mr Senad Mahmutović, State Secretary in the MAFWM, giving him the floor.

### Item 1.1. of the Agenda

*Mr Senad Mahmutovic, State Secretary, MAFWM* greeted all participants on behalf of the Minister of Agriculture, Forestry and Water Management and himself personally and welcomed them. In his address, he emphasized the commitment of the Serbia for accession to the EU, as well as the necessity of modernizing and increasing agricultural production and production of food products with the support of the state, the Government and the MAFWM in conditions of difficult-to-predict circumstances, which will have specific consequences and effects in terms of food security on the global level. At the end of the address, he thanked the attendees and wished them successful work in the continuation of the session.

### Point 1.2. of the Agenda

*Mr Gojko Stanivuković, National Authorising Officer, the State Secretary, Ministry of Finance*, greeted all participants on behalf of the Ministry of Finance (hereinafter: MF) and expressed satisfaction with participating at the session, as well as the possibility to discuss in regard to further implementation of IPARD measures, including consideration of the ways to increase absorption of funds, noting that monitoring of the IPARD Programme and effective implementation of measures is one of the main priorities of the MF. When it comes to the implementation of the IPARD II Programme, Mr Stanivuković stated that paid IPARD public support amounts to EUR 36 m, out of which the EU contribution amounted to EUR 27 m. Although the stated amount deviates from the planned framework, he pointed out that in the meantime there has been a significant increase in the utilization of IPARD funds, which is the result of jointly initiated and implemented activities aimed at increasing the absorption of IPARD fund. In the previous period, speeding-up of the process of project approval continued, which will remain a priority in the forthcoming period. In addition to the abovementioned, he emphasized that the priority in the forthcoming period will be to strengthen the capacities of the structures involved in the process of the IPARD Programme implementation. The MAFWM adopted new systematization act at the beginning of the year, with the support of the MF, which ensured a higher number of work posts with the higher ranks, with the possibility of advancement, which will certainly contribute to the better functioning of the IPARD system. He also expressed his awareness of the need for additional capacity building for the implementation of the IPARD Programme, as well as the establishment of the future system for the absorption of structural funds. In the previous year, a new Law on Agriculture and Rural Development was adopted, which ensured the advance payments, that will have an impact on increasing the absorption of the EU financial contribution, and at the same time it will reduce the risk of de-commitment of funds to the EC. Special attention was paid to the treatment of all possible irregularities, as well as to the continuation of effective cooperation with the EC and OLAF (European Anti-Fraud Office).

At the end of the presentation, Mr Stanivuković pointed out that the IPARD Programme implementation is extremely important for Serbia, especially from the aspect of the current geopolitical situation in which the agri-food sector is extremely affected. The Ministry of Finance will continue to provide significant support to the MAFWM, IA in the IPARD Programme implementation, as well as in the upcoming preparatory process for entrustment/roll over and in implementation of the IPARD III Programme measures. At the end of his speech, he expressed his gratitude and emphasized the importance of the cooperation of colleagues from the MAFWM and the MF, which ensured the possibility for the Body for Monitoring and Control to respond in a timely and relevant manner to all challenges and identified weaknesses in the system. He thanked the attendees and wished them successful work in the continuation of the IPARD II MC session.

*Mrs Jasmina Miljković, Head of the Managing Authority, Department for Management of IPARD Programme, MAFWM, introduced the attendees to the new representatives of the DG AGRI, EC and announced the presentation of Mr Frank Bollen, Head of Unit G.4: Neighbourhood, Enlargement and Pre-Accession Assistance, European Commission.*

### Item 1.3. of the Agenda

*Mr Frank Bollen, Head of Unit G.4 – Neighbourhood, Enlargement and Pre – Accession Assistance, European Commission, expressed his pleasure to attend the live session after two years of working in the conditions of the pandemic. He started his presentation with bad news, in terms of insufficient absorption of IPARD funds. He added that data on the realization of funds indicate that Serbia is last, compared to the other countries where the IPARD Programme is implemented. It is necessary to achieve greater progress in the absorption of funds, he emphasized. He added that although Serbia was approved an extension of the deadline for utilization of funds, at the end of 2021, approx. EUR 3.7 m remained unused. Mr Bollen expressed his regret for the situation and added that he hopes that this situation will not happen again in the future. However, he expressed concern that at the end of this year, as well as next year, a significantly larger amount of funds could remain unused. He supported this with data, pointing out that in order to prevent the de-commitment of funds, it is necessary to spend another EUR 27 m, including an additional EUR 40 m from the allocation for 2019. The previous stated leads to the conclusion that it is necessary to spend another EUR 67 m by the end of 2022. He then stated that Serbia was approved an extension of the deadline for using IPARD funds three times in a row with the  $n + 4$  rule, which is an exception to the general rule ( $n + 3$ ). In addition, Mr Bollen emphasized that at the MC session, it is possible to consider what else can be done to improve the absorption of funds, that the EC encourages us in achieving progress in absorption, as well as that they believe that the recipients in Serbia need these funds. He also expressed concern with regard to closure of the IPARD II Programme implementation, considering that the funds that should be used by the end of this year, as well as the allocation for 2020 in the amount of EUR 45 m, including the amount of pre-financing, should be used by the end of the next year, which makes EUR 147 m available for payment to recipients in Serbia. Furthermore, he pointed out that a large number of applications are still in processing, and that it is necessary to speed-up the project approval process. He followed-up on the State Secretary's presentation on the topic of advance payments and added that the possibility of publishing a call should be considered in order to improve absorption of funds.*

Mr Bollen concluded his presentation with good news, pointing out that in March of this year the EC adopted the IPARD III Programme, as well as that the EU financial contribution for the new programming period amounts to EUR 288 m, which represents an increase by 65% compared to the IPARD II Programme. Finally, he pointed out that the above means two things. The first refers to the acceleration of absorption, and the second that the EU will continue to provide support to Serbia through the IPARD Programme. He invited all participants to actively participate and express their opinion, comments and suggestions, all with the aim of finding solutions to overcome the identified difficulties in the Programme implementation.

### Item 2 of the Agenda: Adoption of the proposal of the Agenda

*Mrs Jasmina Miljković in the continuation of the session, noted the existence of a quorum, after which voting began for the adoption of the Agenda for the Ninth Session of the IPARD II Monitoring Committee.*

<b>Decision No. 1</b>	The Agenda for the Ninth session of the IPARD II MC was adopted unanimously.
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**Item 3 of the Agenda: Approval of the proposal of the Minutes from the previous session of the IPARD II Monitoring Committee**

*Mrs Jasmina Miljković* noted that the Minutes of the Eighth Session of the IPARD II Monitoring Committee were unanimously adopted.

<b>Decision No. 2</b>	The Minutes of the Eighth session of the IPARD II Monitoring Committee were adopted unanimously.
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**Item 4 of the Agenda: Information on the implementation of the decisions adopted at the previous session of the IPARD II Monitoring Committee and information on changes of the MC members**

*Mrs Jasmina Miljković* at the beginning of her address, reminded that at the previous session of the IPARD II MC, the proposal of the Annual Implementation Report on IPARD II Programme for 2020 was adopted, and at the same time announced the presentation of the Annual Implementation Report on IPARD II Programme for 2021 in the further course of the session, as well as the voting procedure. When it comes to changes of the IPARD II MC members, Mrs Miljković announced that in the period between the two sessions of the IPARD II MC, an Amendment to the Decision on the appointment of the IPARD II MC members was adopted. In that sense, there were personal changes in the IPARD Agency, the Ministry of Environmental Protection, the Ministry of Trade, Tourism and Telecommunications, the Ministry of Public Administration and Local Self-Government, as well as in the Ministry of Finance. In the continuation of her presentation, she referred to the activities that were carried out between the Eighth and Ninth sessions of the IPARD II MC, informing participants that on 9<sup>th</sup> March of the current year, the EC adopted the IPARD Programme for the programming period 2021-2027 (IPARD III Programme), and at the same time thanking everyone for their participation in the consultative process, noting that the EC financial contribution within the IPARD III Programme is higher, compared to the IPARD II Programme. During the year 2021, three public calls for IPARD support were published for investments in Measure 1, Measure 3 and Measure 7. When it comes to Measure 9, she informed participants at the session that in the period between the two IPARD II MC sessions activities were implemented regarding strengthening the legal basis through the publishment of the Rulebook for this Measure. All necessary procedures have been prepared in the MA, while the preparation of procedures for the implementation of Measure 9 within the IA is in the final stage. The implementation of this IPARD Measure is expected to begin after the approval by the NAO.

In the continuation of the presentation, Mrs Miljković informed the participants that in the previous period, in order to increase the utilization of IPARD funds, Serbia prepared an Action Plan for improvement of absorption of IPARD funds (AP), which was adopted by the EC. In order to improve implementation of the AP, an interdepartmental working group chaired by the Minister of the MAFWM was formed to monitor its implementation. The main activities of the AP during the past period were related to strengthening the capacity of the IA and MA, both in terms of new employment and in terms of continuous education, as well as the promotion of the IPARD Programme. Additionally, legislative framework was improved, the Law on Agriculture and Rural Development was amended, primarily with the aim of streamlining the processing of applications by preventing the submission of so-called "empty" applications, i.e. prescribes to submit four mandatory documents when submitting an application. Furthermore, the amendment of the Law introduced the possibility of advance payment for IPARD support. At the same time, the possibility of changing the approved project is limited and it can be done only once. In addition, in order to speed-up the process of project approval, only one supplement to the project is allowed within a minimum of eight to a

maximum of 20 days. Also, by amending the Law, novelties were introduced within the LEADER Measure in order to align it with the EU, which primarily refers to the possibility of participation of local self-government units (LSGUs) in the membership of the Local Action Group (LAG). At the same time, this provided a legal basis for the LAGs and local development strategies (LDS), which is a prerequisite for the implementation of this Measure. At the end of the presentation, Mrs Miljković announced that the MA has prepared the Annual Implementation Report on IPARD II Programme for 2021, in cooperation with relevant parties.

#### **Item 5 of the Agenda: IPARD II Programme implementation**

##### **Item 5.1. of the Agenda: Management Structure**

*Mrs Jovana Zdravković, Assistant Minister, Department for EU Funds Management, Ministry of Finance*, welcomed the attendees and presented the framework of competence of the sector and internal units within Management Structure (NAO SO/NF). Management Structure monitors and supervises the effective functioning of the management and control system under IPA in terms of providing legal and regular expenditure. In the sense of the above, Management Structure carries out supervision and reporting on: changes in the framework of internal control related to the legal basis, establishment of organizational structure, key positions and procedures, administrative capacities of all IPARD bodies, implementation of system and certification controls, the flow of financial implementation, as well as the implementation of audit findings, monitoring and reporting. In line with the Framework Agreement, the NAO is responsible for the overall management of EU financial funds, a set of activities is continuously performed in order to determine the efficiency and effectiveness of the system, as well as the regularity of all financial transactions within the IPARD Programme.

The body of the Management Structure (NAO SO/NF) takes care of the fulfillment of all conditions prescribed by the FwA, SA, Programme and given internal control frameworks. In January 2022, the approval came into force to extend the implementation of the budget allocation for 2018 within IPARD II Programme for one year ( $n + 4$ ), i.e. until 31<sup>st</sup> December 2022. Based on the audit findings and recommendations, personal changes were implemented in the system and refer to the changes in the key management positions within the Management Structure and the IPARD Agency. The total number of employees in all IPARD bodies is 186, out of which four - within the NAO SO, 13 - within the NF, 16 - within the Managing Authority, while the IPARD Agency has 153 employees. Mrs Zdravković emphasized in her presentation that the NAO SO/NF perform on-the spot checks aimed at managing irregularities, horizontal issues, process on project approval, process on payment approval, on-the spot controls of the IPARD Agency prior to project approval and payment, including monitoring findings from previous NAO SO checks. The National Fund conducted one certification on-the spot check in accordance with the annual check plan. In accordance with the NAO SO annual plan, six checks are envisaged to be implemented in 2022, which will cover the main operational processes (project approval, payment approval, on-the spot control, visits to recipients, horizontal processes), while the NF annual plan envisages one certification control.

In further address, Mrs Zdravković presented performed audits on management and control IPARD system, carried out during 2021 by the Audit Authority, as well as performed internal audits within the IPARD Agency, and announced the next activities of the Management Structure regarding the IPARD II Programme implementation. Enhanced supervision by the National Authorising Officer is planned as well as support in ensuring staff capacity in all IPARD bodies, management of irregularities and fraud, and preparation for implementation of the IPARD III Programme.

## Item 5.2. of the Agenda: IPARD agency

*Mr Marko Kesić, acting director of the Directorate for Agrarian Payments, welcomed all participants. At the beginning of his address, he spoke regarding current circumstances, challenges and activities of the Directorate for Agrarian Payments, and stress that the experience in the Programme implementation will enable achievement of objectives greater than expected. Mr Kesić presented the progress achieved in the processing of IPARD applications, the report on approved and rejected applications, the reasons for rejection, as well as the IPARD Agency capacities. On 1<sup>st</sup> June 2022, 13 public calls were realized, with 3,177 submitted applications and the investments value of EUR 616.76 m, out of which 966 applications were approved in the amount of EU support of EUR 80.23 m. The total number of payment requests is 647 in the amount of EUR 33.16 m, while 566 applications were paid in the amount of EUR 27.06 m. Under IPARD Measure 1, there were 514 paid recipients in the amount of EUR 19.48 m, while 49 recipients were paid in the amount of EUR 7.44 m under Measure 3. When it comes to Measure 7, three recipients were paid in the amount of EUR 0.14 m.*

In his further presentation, Mr Kesić presented the established legal framework for advance payment, through amendments to the Sectoral Agreement, the Law on Agriculture and Rural Development and the rulebooks for the implementation of IPARD measures 1, 3 and 7. So far, 18 applications have been submitted, while nine applications were paid in the amount of EUR 1.01 m. Additionally, he proposed to introduce the possibility of different instruments for advance payment (for example mortgages for natural persons).

Mr Kesić pointed out that work capacities are being intensively strengthened in all sectors of the IPARD Agency equally, that the systematization in the IA was adopted, which came into force in February 2022, also he announced a new competition in July for filling 31 work posts. Finally, he emphasized that he expects good results this year, as well as two times better expenditure in 2023, compared to the previous year.

## Item 6 of the Agenda: Presentation of the Draft Annual Implementation Report on IPARD II Programme for 2021

*Mrs Tijana Marinković Denda, Head of the Group for Monitoring, Evaluation and Reporting of IPARD Programme, Managing Authority, MAFWM, welcomed all participants and briefly presented the Draft Annual Implementation Report on IPARD II Programme for 2021. The Draft Report was prepared in accordance with Article 59 (1) of the Sectoral Agreement and covers the period from 1<sup>st</sup> January to 31<sup>st</sup> December 2021. A significant contribution to the preparation of the Report was provided by the IPARD Agency, the National Authorising Officer Support Office, the National Fund, the Department for International Cooperation of the MAFWM, as well as the Ministry of European Integration.*

The focus of Mrs Marinković Denda's presentation was the results of the implementation of public calls until the end of 2021. She pointed out the by the end of the reporting period, 12 calls were published for measures 1, 3 and 7. The number of submitted applications is 2.521, out of which 834 applications were approved and 510 were paid in the amount of EUR 21.8 m of EU contribution, which contributed to an execution rate of 12.5%. In further address, she presented an analysis regarding submitted applications per measure, eligible sectors, type of investment, as well as the distribution of submitted applications per region.

<b>Decision No. 3</b>	The Draft Annual Implementation Report on IPARD II Programme for 2021 was adopted unanimously.
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## Item 6.1. of the Agenda: Discussion

**Mrs Miljković** thanked for the previous presentations and invited all participants to join the discussion.

**Mr Marius Lazdinis**, Unit G.4 – Neighbourhood, Enlargement and Pre-Accession Assistance, EC referred to the previous presentations, praising the overall work and the quality of the Annual Implementation Report on IPARD II Programme. He expressed understanding regarding difficulties in obtaining bank guarantees for the implementation of advance payments, and indicated another difficulty linked to the implementation of the Technical Assistance Measure. Furthermore, he emphasized the importance of the existence of qualified staff in the IPARD Agency in order to achieve greater absorption of EU funds. In addition, he stressed that Serbia can count on the support by the EC regarding solution of difficulties in Programme implementation.

**Mrs Miljković** thanked and expressed her agreement regarding the importance of the existence of qualified staff. In that respect, she stated that it was precisely the reason why it was decided to start the implementation of Measure 4 and Measure 6 at a later stage, i.e. after adequate preparation of staff for the implementation of the abovementioned measures.

**Mr Mirko Ožegović**, Ministry of Education, Science and Technological Development expressed the importance of existence of quality staff with many years of experience, beside the number of employees. He pointed out the problem of employees leaving the public sector for the private sector, due to the difference in salary, as well as importance of retention policy.

**Mrs Miljković** thanked for the intervention and replied that within the IPARD II Programme there was a possibility of payment of additional salary through the Technical Assistance Measure, which is not eligible, while it is planned to use this possibility through the IPARD III Programme.

**Mr Danilo Golubović**, advisor to the Minister of European Integration, Ministry of European Integration, greeted all participants and praised the process of the IPARD II Programme implementation. He emphasized that utilization of funds is increasing, with easier access to funds. Furthermore, he referred to global situation regarding increase of prices of materials and oil, which will reflect on potential recipients to remain restrained or to withdraw submitted projects. At the end of the address, he expressed optimism regarding improvement of work process.

**Mr Frank Bollen**, Head of Unit G.4 – Neighbourhood, Enlargement and Pre-Accession Assistance, EC responded to the comment of Mr Ožegović and emphasized that the issue regarding quality staff leaving is also present in other IPARD countries. Also, he stressed that this problem is being considered under the Technical Assistance Measure.

## Item 7 of the Agenda: Presentation of the Proposal for the Fifth Modification of the IPARD II Programme

**Mrs Jasmina Miljković**, Head of the Managing Authority, Department for Management of IPARD Programme, MAFWM, started her presentation by referring to the letter received from the EC on 23<sup>rd</sup> May 2022, which contains information on de-commitment of funds from 2017 allocation in the amount of EUR 3.7 m, which initiated the Fifth Modification of the IPARD II Programme. The total EU contribution for 2017 was reduced to EUR 21.3 m, which led to reduction of budget allocated per measure. Funds in the amount of EUR 1.5 m were transferred from Technical Assistance Measure to investment Measure 7.



In her further address, she presented the Proposal of the Fifth Modification of the IPARD II Programme, which includes the amendment of financial tables and target values of indicators. After the presentation of the Proposal of the Fifth Modification of the IPARD II Programme, the voting procedure began.

<b>Decision No. 4</b>	The Proposal of the Fifth Modification of the IPARD II Programme was adopted unanimously.
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#### Item 8 of the Agenda: Presentation of the IPARD III Programme

*Mr Slobodan Živanović, Head of the Group for programming of IPARD measures for Competitiveness Improvement, Rural Infrastructure and LEADER approach, Managing Authority, MAFWM* firstly, informed the participants that Serbia was the first country to submit the IPARD III Programme, and that the EC adopted this Programme on 9<sup>th</sup> March 2022. In the following period, the signing of the Framework Financial Partnership Agreement and Sectoral Agreement is expected, as well as the adoption of the IPARD III Programme by the Government of the Republic of Serbia, after which the first calls under the IPARD III Programme are planned to be published in the first quarter of 2023. He then informed participants on the ongoing activities regarding the process of roll over of entrustment of measures from the IPARD II Programme and the preparation of rulebooks for Measure 1, Measure 3 and Measure 7 and announced that preparation for the entrustment of Measure 4 and Measure 5 will start from July this year. When it comes to Measure 6, activities regarding preparation for the entrustment of this Measure are planned from the middle of 2023.

In the continuation of presentation, Mr Živanović expressed his gratitude to colleagues from the EC for the trust shown regarding increase in the budget within the new programming period, despite the low absorption of funds under the IPARD II Programme. Mr Živanović further referred to the budget allocations of the EU financial contribution per year, indicating that no funds were allocated for Measure 4, Measure 5 and Measure 6 in the first years of the IPARD III Programme implementation, in accordance with the planned process of entrustment of these measures. In addition, he pointed out that during the distribution of funds per measure, priority was given to Measure 1, considering that within this Measure the best results were achieved during the IPARD II Programme implementation. In further presentation, Mr Živanović presented each selected measure, including specific eligibility criteria, eligible investments and recipients, as well as the intensity of support. He also pointed out all the changes compared to the previous programming period. At the end of his presentation, he stated that he expects that the implementation of Measure 9 will start in the forthcoming period.

#### Item 9 of the Agenda: Implementation of the IPARD II and IPARD III Programme

*Mr Marius Lazdinis, Unit G.4 – Neighbourhood, Enlargement and Pre – Accession Assistance, European Commission*, briefly presented the context regarding EU policy, as well as the transitional period between the two programmes. At the very beginning, Mr Lazdinis used the opportunity to congratulate on the adoption of the IPARD III Programme. He also praised the quality of the document, pointing out that the MC members also contributed to the quality of the Programme through participation in the consultation process. In addition, he indicated the possibility of expanding the Programme through introduction of new measures, depending on the available capacities within the Managing Authority and the IPARD Agency. In his further presentation, he emphasized that investments through the IPARD Programme contribute to the achievement of several goals, and not only in the field of agriculture. Then he presented the legal framework for the IPARD III Programme, as well as two new measures.

Furthermore, Mr Lazdinis, gave a comparative view of the allocated budget within the IPARD II and IPARD III Programmes for each IPARD beneficiary country. In addition, he emphasized that EUR 415.2 m is allocated for supporting climate-related activities, while EUR 57 m is allocated for biodiversity. Mr Lazdinis presented the novelties within the IPARD III Programme, which primarily refer to the change of Programme objectives with a special emphasis on climate and environmental aspects, as well as the definition of a common list of eligible expenditures. Concerning the new programming period, he pointed out that, in accordance with the new priority areas of the policy, the intensity of support has been changed, for example, the intensity of support for investments of young farmers will amount to 70%. At the end of the presentation, Mr Lazdinis also presented the novelties concerning the Framework Financial Partnership Agreement, as well as the Sectoral Agreement.

#### **Item 10 of the Agenda: Discussion**

The part of the session envisaged for discussion was opened by **Mr Arendas**, *EU Delegation to the Republic of Serbia*, pointing out that there are different projects that can provide support to the Managing Authority and the IPARD Agency in order to prepare for the implementation of new measures. He further added that the new measures are complex to implement, and that it is important to adequately prepare. When it comes to Measure 6, he emphasized that the challenge in implementing this Measure is reflected in the public procurement procedure, which is carried out according to the PRAG rules. In this sense, expert assistance should be used. He also appealed to the MF to provide support to the MAFWM in order to strengthen its capacities. In the end, he invited the MC members to collect information from the field and share it with the Managing Authority in order to better implement the IPARD III Programme.

**Mrs Miljković** followed-up on the previous presentation and invited all participants to join the discussion. She also used the opportunity to once again thank everyone for their contribution during the consultation process.

#### **Item 11 of the Agenda: Announcement on capacity building of the MC members**

**Mrs Miljković** informed the attendants that PHRD project - Strengthening Agricultural Sector Capacities for Evidence Based Policy Making, which is financed by the Government of Japan through the World Bank, is being implemented within the MAFWM. The aim of the project is to increase the capacity for monitoring and evaluation of all actors, from the administration, advisory services, scientific community, including the Monitoring Committee. In this regard, she emphasized that during September, the team managing the PHRD project will send a short questionnaire to the MC members in order to more closely determine the topics of training and education, which will be held during this and the next year by experts engaged for that purpose.

#### **Item 12 of the Agenda: Proposals of the Agenda and date of the next IPARD II MC session**

**Mrs Miljković** proposed that the next session of the IPARD II MC be held in the fall of 2022. She also announced the IPARD III Programme presentation at various locations in Serbia, with the support of the IPA 2015 project. She once again invited all participants to join the discussion.

#### **Item 13 of the Agenda: Discussion**

**Mr Aleksandar Bogunović**, *Chamber of Commerce and Industry of Serbia*, at the beginning of his address, thanked for the presentations and greeted the representatives of the European

Commission. He further pointed out that the suggestions made during the consultation process were included in the Programme, and this primarily refers to the introduction of greenfield investments. In the continuation of the presentation, he expressed his interest regarding the issue of national minimum standards within the IPARD III Programme and added that he believes that the implementation of national minimum standards would contribute to an increase in the absorption of funds. Then he referred to the selection criterion regarding the additional scoring of investments that are result of cooperation with scientific and research institutions and pointed out that there are similar models within the Chamber of Commerce and Industry of Serbia, and that it is possible to consider how Chamber can help in the implementation. After that, he spoke regarding the origin of the goods. At the end of the presentation, he emphasized that the Chamber of Commerce and Industry of Serbia is available to provide support in the organization of promotional activities.

*Mrs Jasmina Miljković* joined the discussion and expressed her gratitude to the Chamber of Commerce and Industry of Serbia and the Chamber of Commerce and Industry of Vojvodina for the support provided in the previous period, primarily regarding promotional activities. When it comes to the selection criteria related to investments that are result of cooperation with scientific and research institutions, she pointed out that this criterion was introduced at the initiative of Mr Viktor Nedović and that it is in line with the Smart Agriculture Strategy. She added that she thinks this is a great way to make a link between policy, science and implementation.

*Mr Slobodan Živanović* gave an answer to the question regarding the national minimum standards, stating that all the regulations adopted in the Republic of Serbia must be respected, as well as that there are no national minimum standards in the IPARD III Programme, but only national standards, and that in this sense in the future there will be no confusion. In his further presentation, he referred to the origin of the goods and pointed out that according to the EC, it is a question whether recipients who purchase equipment in the amount higher than EUR 100,000 will have to purchase the same from the countries in accordance with the List of eligible countries.

*Mr Bogunović* continued and added that within the Chamber of Commerce and Industry of Serbia there is a Center for Digital Transformation of the Economy, i.e. a special company that implements the process according to the accredited system of the Austrian Chamber and helps companies to digitalize. He pointed out that this process is carried out in cooperation with the Government of the Republic of Serbia, and that over 1,600 companies participated in the process. He stated that a digital map is being created for the mentioned companies in which way they can improve their business in that domain, as well as that support is provided for the procurement of tools, hardware and equipment that contribute to the implementation of the strategy. He suggested that the aforementioned could be one of the criteria for additional scoring, given that a structure has been established, and that each purchase in the food sector is accompanied by appropriate documentation. *Mrs Miljković* thanked for the proposal.

*Mr Miroslav Kiš, Farmers Association*, took part in the discussion and pointed out the problem of rising prices and inflation, as well as that the amount of support is fixed. He further added that compared to last year and the year before, equipment has become more expensive by 20-30%, and that new price increases have been announced. Due to the abovementioned, the amount of support is lower, in comparison to the last year. Also, Mr Kiš asked when decisions for projects that recipients have submitted for the purchase of tractors under the Seventh Public Call can be expected. *Mrs Miljković* followed up by emphasizing that there is awareness of price increases, as well as that information on possible solutions on price indexation has been received from the EC. In this regard, she announced that meeting with colleagues from the

Statistical Office of the Republic of Serbia (SORS) is planned regarding the possibility of indexation. **Mr Kesić**, joined the discussion, he said that one of the possibilities for better absorption of funds is the application of price indexation in the period from submitting the application to issuing the decision. He also emphasized the need to institutionalize this process in cooperation with the SORS, and that he hopes that in the next month or two there will be a concrete answer to this question. Regarding the Seventh Public Call, he stressed that the process of submitting objections is ongoing and that after the expiry of the period for objections, the administrative processing of applications is expected to begin. At the end of his presentation, he added that by the end of this year it is expected that large number of applications under this call will be processed. The first decisions can be expected in a month or month and a half.

**Mr Marius Lazdinis**, EC joined the discussion on the issue of the origin of goods and emphasized that there are no longer provisions defining that issue. Now goods can be purchased from any country without providing evidence on origin. When it comes to price indexation, he stated that the initiative came from Turkey, where the inflation rate is 70%. Then, he said that the price indexation refers only to the period from the submission of application to the project approval, due to the fact that duration of that process depends on the capacity of the IPARD Agency. However, price indexation does not include the project implementation phase and the risk of price increases in that phase is on the recipient. **Mr Frank Bollen**, EC continued by adding that for the application of price indexation it is necessary to establish a system, as well as that it is necessary to raise the awareness of recipients about the possibility of applying indexation.

**Mr Bogunović** pointed out that one project modification is insufficient considering the current situation, where suppliers change prices on a monthly basis. Regarding price indexation, he praised the initiative and cited the example of colleagues from Croatia.

**Mr Frank Bollen** once again emphasized that price indexation refers to the phase between submission and approval of application.

**Mrs Miljković** stated that only one modification of the approved project is now legally allowed, and that during the negotiations there was a proposal to cancel the possibility of supplementation. She also stated that this is one of the ways to speed-up the process of application processing. **Mr Kesić** continued and pointed out that when it comes to the procurement of equipment and mechanisation, deadline is issued up to 365 days.

**Mrs Radmila Vučinić**, Association of Agricultural Producers "Vojvodina Agrar", asked a question regarding the processing of other crops under Measure 3, in terms of what will be included in this sector. She also offered cooperation in front of "Vojvodina Agrar", as well as the Association of Agricultural Producers "Club 100P plus", adding that these are the associations that bring together the largest number of producers of other crops. **Mr Živanović** answered the question by saying that this sector will be elaborated in more details through the rulebook. He then stated that the idea is to support smaller oil producers, such as those engaged in cold-pressed oil. Furthermore, he pointed out that there are a lot of issues on this topic and stated that under the IPARD III Programme there will be a possibility to support products that are not listed in Annex 1. In this sense, he gave an example that it is necessary to decide whether the support will be provided only for mills or also for those producers engaged in the production of pasta. In addition, he pointed out that the number of potential recipients in all sectors is assessed in cooperation with the Business Registers Agency. Also, he emphasized that it is being considered whether fodder producers should also be eligible for support. In cooperation with experts from Croatia and Bulgaria, this issue is being considered. At the end of the presentation,

Mr Živanović emphasized that there are problems in defining processing, and that intensive cooperation is expected in the coming period in order to adequately prepare the rulebook.

*Mrs Miljković* also pointed to the so-called “deadweight investments”, i.e. attention should be paid on those investments that recipient can finance even without IPARD support.

*Mr Božo Joković*, *National Society for Fruit Production “Our Fruit Serbia”*, greeted participants and pointed out that more attention should be paid to producer groups. Namely, he believes that producer organizations should be strengthened and supported to access the market. In his further address, he mentioned the good models from the European Union and emphasized that more field work should be included.

*Mr Živanović* expressed his agreement with the previous statement and added that under the IPARD III Programme additional support will be provided for producer organizations and collective investments. He pointed out the problem of defining producer organizations through the Law on Organisation of Agricultural Product Market and added that when definition is established, producer organizations will have additional support through the IPARD Programme, beside cooperatives.

*Mr Bogunović* pointed out that as far as oil producers are concerned, there are four large producers in Serbia that are not eligible for the IPARD Programme, as well as that there is a large number of producers engaged in the production of cold-pressed oil that need to be supported. Furthermore, he stated that it should be considered whether to provide support to those producers through IPARD or the national programme and added his personal opinion that perhaps they should be supported through the national programme. In the end, he praised the idea regarding producer organizations.

*Mrs Miljković* closed the discussion.

#### **Item 14 of the Agenda: Closure of the Ninth session of the IPARD II MC**

The Ninth session of the IPARD II Monitoring Committee was closed with an address by *Mrs Miljković*. She thanked the participants for their attendance and contribution, the entire team of the Managing Authority, colleagues from the IPARD Agency, as well as the translators.

### III Summary

Conclusion	Monitoring Committee	Follow-up activities
Adoption of the Agenda	The Agenda adopted unanimously.	
Adoption of the Minutes of the Eight session of the IPARD II MC	The Minutes adopted unanimously.	
Information on implementation of decisions adopted at the Eight session of the IPARD II MC	Information	
Change of appointed members/deputy members of the IPARD II MC	Information	
Adoption of the Draft Annual Implementation Report on IPARD II Programme for 2021	Draft Annual Implementation Report on IPARD II Programme for 2021 adopted unanimously.	Submission to the EC for approval.
Adoption of the Proposal of the Fifth Modification of the IPARD II Programme	Proposal of the Fifth Modification of the IPARD II Programme adopted unanimously.	Submission to the EC for approval.
IPARD II Programme implementation	Information	
IPARD III Programme	Information	
Discussion on the results of pervious calls	Exchange of information and recommendations to overcome challenges and limiting factors in application processing.	

**CHAIRPERSON**


  
 Branislav Nedimović  
 Minister of Agriculture, Forestry and Water Management

**For the Secretariat of the IPARD II MC**

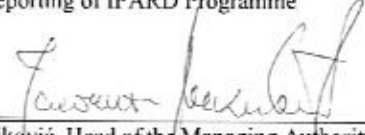
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