

**Minutes of the Meeting No. 4**  
Minutes of the Meeting of the 4<sup>th</sup> meeting of the IPARD II Programme Implementation  
Monitoring Committee  
20 November 2018, Belgrade

**I List of participants:**

**The meeting was attended by the members of IPARD II Monitoring Committee (hereinafter: the MC) i.e. the representatives of:**

1. Ministry of Agriculture, Forestry and Water Management (hereinafter: the MAFWM);
2. Ministry of Environmental Protection;
3. Ministry of Economy;
4. Ministry of Trade, Tourism and Telecommunications;
5. Ministry of Public Administration and Local Self-Government;
6. Ministry of Education, Science and Technological Development;
7. Ministry of Labour, Employment, Veteran and Social Affairs;
8. Ministry of Youth and Sports;
9. Ministry of Culture and Information;
10. Statistical Office of the Republic of Serbia;
11. Serbian Chamber of Commerce;
12. Standing Conference of Towns and Municipalities;
13. Provincial Secretariat for Agriculture, Water Management and Forestry;
14. Serbian Cooperative Union;
15. National Association of Fruit and Vegetable Growers "Fruits of Serbia";
16. National Company for Fruit Production "Our fruits of Serbia";
17. Farmer's Association;
18. Association of Agricultural Producers "Vojvodina Agrar";
19. Network for Rural Development of Serbia;
20. National Association of Milk Processors "SEDA";
21. National Association "Rural Tourism of Serbia";
22. Citizens' Association "National LEADER Network";
23. National Association for Development of Organic Production "SERBIA ORGANICA";
24. Independent Association of Farmers of Serbia;
25. Association "Natura Balkanika";
26. Serbian Young Farmers Association.

**Present members without voting right:**

1. IPARD Agency, MAFWM (hereinafter: IA);
2. Ministry of Finance;
3. Governmental Audit Office of EU Funds (Audit Authority); Ministry of European Integration;
4. Ministry of European Integration.

### **Present representatives as observers:**

1. Faculty of Agriculture, University of Belgrade;
2. Faculty of Agriculture, University of Novi Sad;
3. Institute for the Application of Science in Agriculture;
4. Social Inclusion and Poverty Reduction Unit.

At the same time, the 4<sup>th</sup> meeting of the IPARD MC was attended by: NIPAC (Minister for European Integration), as well as representatives of the European Commission (EC) and the Delegation of the European Union to the Republic of Serbia (hereinafter: EUD). The IPARD MC meeting was attended by Mr. Vuk Delibašić, Adviser of the Minister of Finance as a substitute of the National Authorizing Officer (NAO), Ms. Slavica Savičić.

### **The meeting was not attended by the following members of the IPARD II Monitoring Committee i.e. the representative of the following institutions:**

1. Ministry of Construction, Transport and Infrastructure;
2. Development Agency of Serbia;
3. Farmer's Association "Club 100P +";
4. Association of Milk Producers of Serbia;
5. Faculty of Agronomy in Čačak, University of Kragujevac.

**Result:** Out of a total of 32 there were 28 members/deputy members (3 of them were MAFWM representatives) with voting rights. The quorum was reached and decisions could be made.

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

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

### **II Outcome of IPARD MC meeting:**

1. The 4<sup>th</sup> meeting of the IPARD II Monitoring Committee began with an address by **Ms. Jasmina Miljković**, Head of the Managing Authority (hereinafter: MA) who welcomed the guests and introduced Chairman of the Monitoring Committee Mr. Branislav Nedimović, Minister of Agriculture, Forestry and Water Management (hereinafter: MAFWM).

**Mr. Branislav Nedimović** emphasised that compared to the previous MC meeting, there were specific results this time, especially after signing of the Financing Agreement between the Government of the Republic of Serbia and the EC. He summarised that over 500 applications were received in the first three public calls. However, he also said that this posed certain challenges. The fourth public call is now in progress and the fifth one is in preparation. Based on the previous experience, it was noticed that certain aspects had to be changed in the IPARD II Programme. The first tangible results in the implementation of the IPARD II Programme are expected early December 2018 when it is anticipated to have the Ranking list for tractors published. Due to the support of the Ministry of Finance in the first half of 2019, the employment of more staff will be possible, which is very important for the accreditation of new measures (M7 and M9). The importance of measure M9 (Technical Assistance) is emphasised as

it will contribute to the necessary strengthening of institutions. Making decisions on project approvals started and IPARD support is the first specific EU assistance provided directly to natural persons and other beneficiaries.

**2. Ms. Jadranka Joksimović**, National IPA Coordinator (NIPAC) and Minister for European Integration, took a cue from the introductory speech from the Minister of the MAFWM and reiterated that IPARD support is the first EU assistance provided directly to natural persons. Issues raised during the implementation of the IPARD II Programme should not be concern of final beneficiaries and the strengthening of the operational structure and enhanced transparency will yield better results and ensure good absorption of funds. It is expected that the Ministry of Finance will contribute to the stability of the Operating Structure by supporting the recruitment of new staff in the Directorate for Agrarian Payments (hereinafter: DAP) and that retention of staff will be the focus of attention as personnel solutions are important for the institution. Analyses of the implementation of the IPARD Programme in neighbouring countries indicates that a significantly larger number of applications have been submitted in Serbia in the initial public calls. Ministry of European Integration and NIPAC will, together with the Ministry of Finance, give full support to ensure the stability of the structure and that personnel transfers do not jeopardise the implementation of the IPARD Programme.

**3. Mr. Vuk Delibašić**, Advisor of the Minister of Finance, as substitute of Ms Slavica Savičić, National Authorizing Officer (NAO), emphasized that 2018 was crucial when it comes to initiating the implementation of the IPARD II Programme in the Republic of Serbia. The Financing Agreement was signed and came into force in June 2018. The first pre-financing request for the IPARD II Programme was submitted to the European Commission in September and a total of 22.5 million EUR was approved. In addition to the ongoing implementation of entrusted measures M1 and M3, preparations for entrustment of other measures (M7 and M9), within the framework of IPARD II Programme, has started. Ministry of Finance and the responsible persons and bodies within the Management Structure (NAO, NAO SO and the National Fund) will actively monitor the implementation of the IPARD II Programme in the forthcoming period in order to ensure effective and efficient functioning of the system and the implementation of the Programme itself, including the support and coordination of activities related to the entrustment of new measures. The importance of starting the implementation of the IPARD II Programme was emphasized in favour of agriculture and rural development sector, support to agricultural producers, availability of funds, strengthening the competitiveness of the food production and processing sector, including the negotiation process and Chapter 11.

**4. Mr. Liam Breslin**, Head of Unit for Pre-Accession Assistance at the Directorate General for Agriculture and Rural Development (hereinafter: DG AGRI), congratulated the Republic of Serbia on its previous work in the implementation of the IPARD Programme as the whole process is now in our hands. He reiterated that the introductory speech of Minister Nedimović was important because he emphasised that we should consider what could be improved in IPARD and he also thanked the support provided by Minister Joksimović and the Head of the MA. He also reminded the support provided by Ms. Anna Nowak-Wood from DG AGRI and Mr. Laszlo Arendas from the EU Delegation to Serbia. The two main messages he delivered were:

- It is necessary to proceed faster because more applications than were expected have been received and it is also necessary to provide support to agricultural producers and the processing industry as soon as possible. It seems that agriculture and the manufacturing industry in Serbia are relatively developed and have potential to improve. Nevertheless, IPARD support will ensure greater stimulus for the sector to develop further.
- Contracts for measures M1 and M3 for the first calls should be completed by the end of January 2019 i.e. contracts with agricultural producers and processors ought to be signed by then.

The key problem in the slow processing of applications in Serbia concerns incomplete applications. The entrustment of measures M7 and M9 must also be carried out quickly.

#### **5. Adoption of the agenda proposal and adoption of the proposal of the Minutes from the previous MC meeting**

**Ms. Jasmina Miljković** reminded of the voting rules of MC members/deputy members and the agenda proposal and the proposal of the Minutes of the meeting from the previous MC meeting were adopted unanimously.

##### **Decision No. 1**

The agenda was adopted unanimously.

##### **Decision No. 2**

The Minutes of the Meeting of the 3rd MC meeting were adopted unanimously.

#### **6. Implementation of the IPARD II Programme**

**Mr. Nebojša Petrović**, Acting Assistant Minister, EU Funds Management Department, Ministry of Finance, thanked the representatives of the European Commission and local partners for their excellent cooperation despite great staff changes, indicating that the quality and continuity was maintained.

The key activities related to signing of the Financing Agreement and submission of the first request for pre-financing, were pointed out in a presentation of general information about the Programme and measures implementation, as well as activities of the IPARD Working Group and the Action Plan for the entrustment of measures M7 and M9 with the distribution of responsibilities and deadlines. The presentation gave insights into the administrative capacities of the Management Structure along with the Personnel Training and Development Plan which was elaborated for 2019 in coordination with the National Academy of Public Administration envisioning trainings in the IPARD context, in the forthcoming period. It is anticipated that the IPARD Working Group is going to continue its work, implementation of activities in line with the Action plan for entrustment of measures M7 and M9, as well as monitoring of the implementation of entrusted measures M1 and M3.

**Ms. Jasmina Miljković** presented the current status and planned activities of MA, capacity building developments and a plan of subsequent calls. By pointing to the complexity of the management structure, she emphasised that there was a need for good communication, coordination and commitment in order to make progress. Presented elements are included in the current proposal for amendments to the IPARD II Programme, as well as a plan to include new sectors (wine and table eggs production) in the next Programme modification. It was clarified that investments in nursery production and heavy-type parental flocks were included in the Programme modifications and the List of eligible expenditures. Preparation of measures M7 and M9 for entrustment is underway through the preparation of procedures and rulebooks on the implementation of measures.

**Mr. Žarko Radat**, Acting Director of DAP MAFWM, presented progress on the processing of applications, reported on approved and rejected applications and reasons for rejecting applications. So far, three public calls have been completed and the fourth one is in progress. Two public calls included measure M1 and one public call included measure M3. However, they did not include construction investments. While the first public call was intended for investments in agricultural machinery, the second public call was intended for the purchase of tractors and the number of applications received in the second public call was unexpectedly large. The first public call was conducted without ranking in the order of receiving of applications, whereas the second public call had to be conducted with ranking because 393 applications were received only for tractors whereas the intended fund for allocation was for 180-195 tractors. The preliminary ranking was completed employing 80% of DAP working capacity. Completion for tractors is expected by early December.

Challenges in the implementation of measures such as meeting of general and specific eligibility criteria in the project approval process were identified. A positive fact is that there was no rejection of applications after on-the-spot control, which means that administrative processing conducted good verification of applications. Out of all received applications, 100% were administratively "incorrect" due to incomplete documentation. Therefore, letters were sent to the applicants with a request to complete their applications. Most of the time was spent on the completion of applications and the largest number of amendments referred to business plans and offers. Up to this moment, a total of 9 requests for payment have been submitted and the first payments are expected to be made by the end of the year. The first application was received for the 4<sup>th</sup> announced public call. The Challenge in Measure 3 has been a long process of obtaining reference prices of process equipment, which involves communication not only with domestic but also with foreign companies. Completion for Measure 3 is expected by the end of February 2019.

In order to complete a number of processing tasks, DAP implemented several measures such as the temporary transfer of 11 employees from other sectors to the Sector for Project Approval where the most intensive activities currently are, as well as overtime work and work on Saturdays. For the next period, 10 job positions are planned. A recruitment plan, which envisages 70 new employees in the DAP (due to the accreditation of new measures 7 and 9, the activation of the DAP registration office and the introduction of the PRAG group), has also prepared.

## **7. Discussion on the results of the previous three calls. How to reduce the percentage of rejected applications?**

**Mr. Liam Breslin** pointed out that it was anticipated that applications would be incomplete, which would slow down further processing of applications. An important message that results from this is that beneficiaries must be educated on how to prepare proposals. There is understanding that it is not easy to speed up the process, some measures have been taken, working Saturdays have been introduced, the number of staff in certain sectors increased, however, the general conclusion is that the processing of applications is still slow. It is emphasised that there is an expectation that with new calls in 2019 there will be progress.

**Ms. Anna Nowak-Wood**, Programme Manager, DG AGRI, added that the number of received applications was satisfactory, however, that the processing of the applications was slow. It is necessary to improve communication about the eligibility criteria of applications, potential beneficiaries should be trained on completing applications and developing business plans. Further training is necessary! As for the reference prices database, it is necessary to urgently establish a system before announcing further new public calls for construction and equipping of facilities and we are encouraged to proceed with these activities.

**Mr. Žarko Radat** thanked for the recommendations and reminded that the trainings of future beneficiaries were at that moment being conducted in cooperation with the DAP, MA and Farm Advisory Services (FAS). The greatest problem from his perspective is business plans. All problems are resolved at regular weekly DAP and MA meetings in order to reach a greater number of beneficiaries.

**Mr. Aleksandar Bogičević**, Acting Assistant Minister of the MAFWM, Sector for Rural Development, explained that ES were involved in training; however they had capacity for a certain number of applications. There are plenty of consulting agencies on the market with “poor” business plans. In order to avoid this, it is necessary to determine a certification mechanism for consulting agencies to safeguard applicants.

**Mr. Ivan Bošnjak**, State Secretary in the Ministry of Public Administration and Local Self-Government, recommended that resources of this ministry should be utilised as it conducted train-the-trainer activities at the local level and provided support for the implementation of these activities. He also suggested that the Standing Conference of Towns and Municipalities should be included in raising awareness about the IPARD Programme.

**Mr. Danilo Golubović**, Advisor to the Minister of European Integration, Ministry of European Integration, agreed that on-site education was conducted poorly. The situation in Vojvodina is better than in the south of Serbia where the number of applications is evidently small. He recommended that a meeting should be organised with regional development agencies to involve them more actively in the information spreading process. Although the agencies are aware of IPA projects, they are much less aware of the IPARD Programme. It is necessary to pay attention to the south of Serbia and the FAS role in this matter is also important.

**Ms. Anna Nowak-Wood** absolutely agreed that an emphasis should be placed on the south of the country. She also mentioned the Croatian experience and that their IPARD Agency published a list of trained consulting agencies which underwent serious training in the duration of minimum 3 days. In terms of regional development agencies, they usually have highly qualified and trained staff and they should be used as a resource as they can be very useful. The FAS has so far helped in the preparation of 26 IPARD applications and support it provided is valuable.

**Mr. Žarko Radat** reminded that trainings for consulting agencies have been organised two times so far and that such practice should be continued. Another important fact is that the eligibility criterion prescribed by the rulebooks that only the invoices/offers of the consulting agencies registered in the Business Registers Agency with an appropriate code was deleted.

**Ms. Sanja Prodanović**, Head of the Group for Technical Assistance and Promotion, MAFWM MA, confirmed that regional development agencies were involved in the raising awareness campaign with due care since great promotion would overburden DAP with too many applications. The quality of providing information will continue to improve.

**Ms. Jasmina Miljković** emphasised that DAP employees were best aware of the details related to raising beneficiary's awareness because they were also involved in the processing of applications, however they had limited time to devote to providing information. Therefore, they were in a vicious circle.

**Mr. Danilo Golubović** pointed out the fact that a lot of so called "agencies" emerged on the market charging advance payments for consulting services without a refund, regardless of the outcome of the processing of an application. This can negatively influence the popularity of the IPARD Programme. The DG AGRI proposal to publish the list of trained agencies is constructive and can greatly increase the self-assurance of applicants when choosing consulting agencies whose services they want to use.

**Ms. Radmila Vučinić**, Association of Agricultural Producers "Vojvodina Agrar", explained that there is so-called "Association of Consultants" in Croatia with a certain reputation that was set-up only after the first public calls were made. The condition to become a member was that each consulting agency had to present that it had successfully carried out a certain number of projects, which was a much safer indicator compared to whether a consulting agency underwent certain trainings.

## **8. Proposal for IPARD II Programme modification**

**Mr. Slobodan Živanović**, Head of the Group for Programming, MAFWM MA, explained that the modification proposal was for the first time implemented in this way. While the first amendment to the Programme was conducted electronically, the entrusted procedure for the modification of the IPARD II Programme was adhered to now. The proposed MC amendments are expected to be adopted today during the MC meeting, which will then be forwarded to the European Commission, and the adoption of the amendments is expected by the end of 2018. Important amendments proposed on this occasion represent derogation in measure

M1 for small producers in order to allow them control of the meeting of national and EU standards to be conducted only in the sector within which they submit their application rather than in the entire holding. Measure M7 defines a list of settlements that do not belong to rural areas in order to implement the measure only in rural areas. Funds for measures M7 and M9 for 2015 and 2016 were allocated to measure M3 vertically to the same calendar years. Other proposals for modifications of the IPARD II Programme were also presented.

## **9. Discussion and approval of the Proposal for IPARD II Programme modification**

**Mr. Aleksandar Milovanović**, representative of the Serbian Association of Young Farmers, noted that an amendment to the ranking criteria for applicants who are young farmers up to 40 years of age was not in their favour (Chapter 8.6.10 IPARD II Programme). Since the amendments proposed that age should not be considered at the moment of submitting an application, an applicant may be over 40 until a decision on the approval of the application has been made. He also suggested that, instead of the current 5% increase, aid intensity provided to young farmers should be higher by 10% than assistance provided to the ordinary beneficiary. It was also suggested that young farmers should be scored with more points for this criterion when ranked.

**Mr. Slobodan Živanović** explained that the definition of young farmers derived from the Sectoral Agreement and the DAP stated that it was more logical and easier to check this criterion at the time of submitting an application. Certainly, these suggestions will be taken into consideration in making future modifications to the IPARD II Programme.

**Ms. Anna Nowak-Wood** reiterated that the definition of young farmers in the Sectoral Agreement was consistent with the definition applied in the past by Member States. Such a definition is even more in favour of an applicant because the age limit is moved to the moment when the decision on application approval is made and this increases the number of applicants. Also, a young farmer even has an advantage in ranking; however, this does not mean that beneficiaries over 40 are excluded from the Programme.

**Mr. Danilo Golubović** also gave an example that the criterion of a young beneficiary of IPARD subsidies should be applied, even so when young applicants are owners of legal entities. If they are not taken into account, they will be discriminated against, because the criterion is applied only on natural persons.

**Mr. Božo Joković**, National Association of Fruit and Vegetable Growers "Fruits of Serbia", also supported the proposal of the Serbian Association of Young Farmers for the age limit of young farmers to be returned to the moment of the submission of an application. Applicants do not know how long the administrative processing of their application may take and whether they will be over 40 at that moment. He emphasised that it is necessary to dedicate to the measures of the finalisation of agricultural products in the processing industry sector and to the appearance of processing groups on the market.

**Ms. Radmila Vučinić** raised an issue of the eligibility of expenditure for irrigation pipes (drip irrigation system) because they were no longer useable after one production season, so the



question arises how to justify the proper use of subsidies for a period of 5 years is if pipes were no longer useable after the first year. She suggested finding a way to meet the needs of producers.

**Mr. Slobodan Živanović** indicated that the next modification of the IPARD II Programme should exclude assistance for such equipment from the IPARD II Programme and transfer it to the national measures. He also proposed arranging a meeting to clarify items from the List of eligible expenditures to avoid including and then excluding of the same item from the list.

**Mr. Božo Joković** explained that drip irrigation pipes were not adequate equipment for the irrigation of rough terrains and that the purchase of solid pipes should be envisaged.

**Mr. Djordje Moravčević**, professor, Faculty of Agriculture, University of Belgrade, made a proposal to involve experts in defining eligible costs to avoid such omissions in the future.

**Ms. Jasmina Miljković** confirmed that all proposals for improvement and future modifications of the IPARD II Programme would be taken into consideration and presented to the European Commission. She also initiated voting for the adoption of the Proposal for modifications of IPARD II Programme, which the MC adopted unanimously.

### **Decision No. 3**

Proposal for modifications of the IPARD II Programme was adopted unaniously.

## **10. Preparation of IPARD measures for the next accreditation cycle - measures M7 and M9, MA and DAP**

**Ms. Lidija Aćimović**, Head of the Group for Agri-environmental Measures and Local Initiatives, MAFWM MA, presented steps in the entrustment of M7 measure - "Farm diversification and business development". She emphasised the importance of MA participation at the TAIEX Workshop in Çanakkale, Turkey in September 2018, which took place at the right time when modifications of the IPARD II Programme were prepared. The experience of the EU Member States helped to give a better understanding of the concept of rural tourism and agro-tourism and different forms of diversification were introduced not only through M7 measure, but also through M5 (LEADER), M9, as well as investments in short value supply chains. It was noted that orientation exclusively to agro-tourism would reduce the number of potential beneficiaries of measure M7. It was suggested that the Master planning document on rural tourism from 2011 should be updated (MTTT competence) and sectoral analysis for measure M7 was also needed. The final version of the Rulebook for measure M7 is expected to be completed in Q1 of 2019. The List of eligible expenditures was sent to the MTTT via e-mail and their opinion is expected.

**Ms. Sanja Prodanović** presented steps in the entrustment of measure M9 "Technical Assistance" and emphasised distinctive features of this measure. She listed eligible investments financed by this measure (meetings, expertise, studies, education, trainings, etc.) and pointed out that, although the MA was a beneficiary of this measure, other beneficiaries also benefited indirectly. Funds from 2015 and 2016 for measure M9 were reallocated to measure M3. Audit findings suggested that certain barriers must be eliminated to enable measure M9 to get started (amendments to the legal framework are necessary, i.e. to the Budget Law, etc. which regulate the cash flow process which was specific for measure M9). The MA initiated a recruitment procedure for 6 new executive posts, one of which was intended for technical assistance. Project activities (PLAC and IPA 2013) provided a series of trainings for measure M9: workflow development, agreement between the MA and DAP, 3 modules for PRAG rules, procedure changes, etc.

**Mr. Novak Ušćumlić**, Sector for Communication with the European Commission and Project Management, MAFWM DAP, briefly presented DAP activities related to the implementation of the Action Plan for the entrustment of measures M7 and M9. The AP is ready and forwarded to the NAO who then forwarded it to the DG AGRI. The initiation of a procedure for recruitment of 10 new employees in the DAP is in progress, and it is necessary to expand the *Act on organizational structure for future needs. Improvement of the procedures for the implementation of measure M7 is under way, as well as signing of the Memorandum of understanding (hereinafter: MoU) between the DAP and the MTTT.* Good communication was achieved in its preparation and the MoU was brought to the signing phase. A total of 3 training modules on PRAG rules were held for measure M9.

## **11. Previous activities in terms of visibility and communication and plans for the next period**

**Ms. Sanja Prodanović** identified previous activities in terms of visibility and communication related to the IPARD II Programme. More than 30 different events were held in 2017 and a total of 6 info events were held from June 2018 onwards as part of the 9 info day's campaign of the MAFWM for the IPARD II Programme. Significant communication with beneficiaries has also been achieved through the DAP and MAFM website. The numbers of visits to the website, distributed leaflets and public appearances were presented. FAS of AP Vojvodina trainings were completed last week and the ES in central Serbia will be trained through the further training of local experts and by experts from Croatia in business plans. More than 6,000 participants of winter schools, lectures, workshops, media appearances, portals and newsletters were informed during the year through the annual FAS Programme of work. Future plans include training of consultants, stakeholders and partners, representatives of Standing Conference of Towns and Municipalities, Serbian Chamber of Commerce and regional development agencies. A new IPARD web page is being prepared, which will be more visible compared to the currently available banner on the MAFWM website. Printed and electronic material as well as TV spots will also be prepared.

**Mr. Liam Breslin** referred to the presentation on visibility by asking the question when and where the lists of paid IPARD subsidies and beneficiaries would be published. Bearing in mind that most of the applications for tractors would be processed in November and for

equipment and machinery in December, he asked whether lists with approved IPARD incentives would be available shortly afterwards.

**Ms. Aleksandra Bačević**, Group for Informing of the MAFWM DAP, explained that DAP had a legal obligation to publish a list of the implementation of subsidies from the previous calendar year by June 30 of the following year. The lists will probably be published earlier, immediately after the completion of application processing, however, the exact date cannot be specified.

## **12. Presentations of associations, MC members: examples of practice and innovative approaches**

**Ms. Jasmina Miljković** was pleased with the introduction of a new agenda item where examples of good practice of the associations could be presented.

**Mr. Dragan Roganović**, Network for Rural Development of Serbia, presented the history and activities of the network. By participating in numerous projects and promoting rural development and cooperation with the EU Rural Development Network and international organizations, the network has significantly contributed to raising awareness of the importance of local initiatives, the role of young people and women in actively tackling many problems in rural areas, innovative approaches such as short supply chains, etc. Due to financial limitations, it is quite difficult to maintain the capacity of the network. However, due to the great enthusiasm of the members, it manages to continue with its activities.

**Mr. Vladimir Ivanović**, National Association "Rural Tourism of Serbia", presented the chronology of the foundation and development of the association. Although it started as an initiative of 3 non-governmental organizations, with the development of Internet technology in Serbia the situation has changed quite a lot and the current webpage [www.selo.rs](http://www.selo.rs) gathers over 5,000 members in 84 Serbian municipalities which offer rural tourism. It is upgraded to the 4<sup>th</sup> generation website, bringing together all households engaged in rural tourism reaching over 3,000 visits per day. Over 900,000 visits were recorded in 2018 and the website introduced a reservation system through which households might in the same day respond to tourists and manage their reservations. The association provides free use of the website and implements numerous projects in cooperation with ministries and cross-border organisations. The network contains over 100 households that meet EU standards and Serbia offers over 10 different types of rural tourism, which is significantly higher than the countries in the region. Smart phone application is being established now which will present the rural tourism offer of households in Serbia in 6 languages, which will significantly contribute to the promotion of rural tourism.

## **13. Any other business and discussion**

**Mr. Aleksandar Milovanović**, representative of the Serbian Young Farmers Association, took the opportunity to invite the participants to attend a conference organised by the association planned for May 2019 where one of the topics would be IPARD, which might be important for visibility and communication of the Programme. He also raised a question about

eligible cost of "environmental impact study assessment" so as to have a clear definition of who was competent or licensed for the development of such a study.

**Ms. Olivera Topalov**, Ministry of Environmental Protection, explained that the environmental impact study was performed only in certain situations in accordance with the Law on Environmental Impact Assessment and applied only to legal entities and not to natural persons. The law specifies in more detail cases when the study is conducted. The license for conducting environmental impact studies does not exist and therefore is not issued to authorized institutions.

**Ms. Radmila Vučinić** asked three questions about the creation of artificial conditions on a farm. The first question required more detailed definition of the stage when a change in the occurrences on a farm could be considered to be creating an artificial condition. The second question concerned the judging of several farms registered at the same address. The third question was how to overcome a risk of inability to meet the deadline for the realisation of the investment in the procurement of machines for which the delivery deadline might extend to 3-6 months.

**Ms. Nataša Pantić**, Sector for Project Approval of the MAFWM DAP, pointed out that there was no uniform answer to what was considered artificially created conditions and that this was considered from case to case with on-the-spot control and administrative control. A decisive factor in deciding on artificially created conditions is whether changes on a farm were conducted unknowingly so as to meet legal requirements, i.e. whether there was no intention. The deadline for the realisation of an investment is quite flexible and the DAP can meet the needs of beneficiaries if the procurement of the delayed investment is in accordance with the deadline stated in the decision.

**Mr. Žarko Radat** explained what artificial conditions could mean: if somebody wanted to fit in within a short time into the conditions and be ahead of others. If two farms are registered at the same address, this does not automatically mean that conditions are artificially created. It is always observed what the change of conditions caused and artificially created conditions are not a DAP tool to subjectively disregard certain applications. This is a sensitive topic and needs to be talked about a lot, but when someone obviously wants to take advantage of the system then these are artificially created conditions.

**Ms. Radmila Vučinić** reiterated that artificially created conditions should be explained to subsidy beneficiaries because the neighbouring countries had more transparent information about this and specific examples.

**Aleksandar Bogunović**, the Serbian Chamber of Commerce, commented that ranking in the IPARD II Programme was based on the criteria that give priority to certain beneficiaries. Therefore, beneficiaries are afraid whether they can change something on their farm to be better ranked without being treated as if creating artificial conditions. In order to avoid such situations, everything should be clearly defined by rulebooks. The question posed by the Young Farmers Association is justified because verification of whether a beneficiary is 40 years old at the time

of application approval is uncertain and there is no reason why the age limit should not be checked at the time of the submitting of an application.

**Ms. Anna Nowak-Wood** explained that the definition of young farmers was not a question of the eligibility of beneficiaries, but rather a question of scoring/ranking and giving advantage to a beneficiary. Such a proposal for the definition of young farmers came from the legal unit of DG AGRI. Regarding measure M9, from the legal point of view, although the end beneficiary is the MA, local population also benefits from this measure through trainings, establishment of Local Action Groups, development of Local Development Strategies, short supply chains, etc. We expect that an action plan for the entrustment of the new package of measures (M4 and M5) will be realised until the next MC meeting. A working meeting on technical assistance will be held in the European Commission on 14 December to explain many technical issues. Finally, she emphasised that a common IPARD logo was being prepared in the DG AGRI pre-accession unit, which would be used by all IPARD beneficiary countries. She also asked Dragan Roganović about whether the Rural Development Network had a website since funds were allocated for this type of an activity.

**Mr. Dragan Roganović** replied that the website launching was expected to take place in the coming days, but that there were delays due to limited human resources.

**Ms. Anna Nowak-Wood** requested to receive a link to the MA / IPARD Agency websites with the English and Serbian version of the modified IPARD II Programme because the DG AGRI hyperlinked these documents through our links.

**Ms. Jasmina Miljković** reminded once again that the IPARD website was being developed instead of the current banner on the MAFWM website, which would significantly increase the transparency of the Programme.

**Mr. Jovica Jakšić**, representative of the Independent Association of Farmers of Serbia, raised a question regarding the reference price data base because he had an impression that the price calculation was hidden from the public. Farmers will give up investments if they do not know in advance how much their investment value will be reduced in the application. Transparency in the method of calculation of the reference prices is necessary.

**Ms. Nataša Pantić** replied that the Rulebook on reference prices, which contained the methodology, had been adopted. Therefore, the whole procedure is transparent. Three offers enable a beneficiary to research the market thoroughly by comparing with reference prices which protect both the subsidy beneficiaries and the DAP.

**Mr. Žarko Radat** explained that reference prices were not established based on a technical specification of a machine because the most expensive and the cheapest machines were always excluded. This prevents the financing of machines that are luxuriously equipped with additional built-in equipment. Also, this does not mean that the DAP will reject such an offer. It will only limit aid intensity.

#### 14. Proposal for the agenda and a date of the next MC meeting/closing the 4<sup>th</sup> MC meeting

**Ms. Jasmina Miljković** announced that the next MC meeting would be held in the second half of May or early June 2019. The idea is to hold the meeting at the time of the Agricultural Fair in Novi Sad to take advantage of the opportunity to promote the IPARD II Programme better.

**Mr. Liam Breslin** concluded that IPARD requires fast learning during Programme implementation phase, which the case with reference prices has also showed. Problems need to be addressed during the course of actions and we hope that we will find solutions as there will certainly be a number of issues raised during implementation. The MC is a good opportunity to raise different questions and issues and he was pleased that this also happened today. As it has proved to be the case so far, DG AGRI has always tried to find functional solutions where issues arise. Criticism is also welcomed and comments on oversights should be mentioned if they are productive and constructive.

### III Summary

Conclusion	Monitoring Committee	Follow-up
Adoption of the agenda	The agenda was adopted unanimously	
Adoption of the Minutes of the Meeting from the 3 <sup>rd</sup> MC meeting	The Minutes of the Meeting was adopted unanimously	
Information on the implementation of decision adopted on the 3 <sup>rd</sup> MC meeting	Information	
Changes of appointed MC members/ deputy members and introduction of new MC members	Information on the Modification of the Decision	Amendment to the Decision
Implementation of the IPARD II Programme Current implementation status: first, second, third and fourth public call	Information	
Discussion on the results of previous three calls	Exchange of information and recommendations regarding reduction of the percentage of rejected applications	
Proposal for modifications of the IPARD II Programme	Information and approval of modification proposal	Adoption of the modifications in the DG AGRI

Preparation of IPARD measures for the next entrustment cycle: M7 and M9	Information	Preparation of a package for Q1 – Q2 2019
Fifth public call for IPARD II measures	Information	Announcement of the fifth public call for IPARD II measures
Plan of activities in terms of visibility and communication	Information	Implementation of the Plan of activities in terms of visibility and communication

**On behalf of the Secretariat of IPARD Monitoring Committee**

Prepared by:

*B. Perović*

Bojana Perović, Senior Advisor

Approved by:

*Jasmina Miljković*

Ms. Jasmina Miljković, Head of the MA

**CHAIRPERSON**

*[Signature]*

Mr. Branislav Nedimović,  
Minister of Agriculture, Forestry and Water Management