

Final Implementation Report on IPARD II Programme

Belgrade, 2025



REPUBLIC OF SERBIA
MINISTRY OF AGRICULTURE, FORESTRY
AND WATER MANAGEMENT
Department for Management of IPARD Programme
IPARD Managing Authority



IPARD
EU4Rural Areas

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LIST OF ABBREVIATIONS

A

AAS – Agriculture Advisory Services
AD – Administrative district
AFCOS – Anti-fraud coordination service
AIR – Annual Implementation Report
AH – Agricultural holding
AP – Autonomous Province
APTA – Action Plan for Measure “Technical Assistance”
AWU – Annual Work Unit

C

CAP – Common Agricultural Policy
CEFTA – Central European Free Trade Agreement
COELA – Working Party on Enlargement and Countries Negotiating Accession to the Union

D

DAP – Directorate for Agrarian Payments
DEGURBA – Degree of urbanization
DG AGRI – Directorate-General for Agriculture and Rural Development
DG SANTE – Directorate-General for Health and Food Safety

E

EU – European Union
EC – European Commission
EP – Evaluation plan

F

FADN – Farm Accountancy Data Network
FAO – Food and Agriculture Organization
FwA – Framework Agreement

G

GDP – Gross domestic product
GVA – Gross value added

I

IA – IPARD Agency
IACS – Integrated Administration and Control System
IBRD – International Bank for Reconstruction and Development
IPA – Instrument for Pre-Accession Assistance EU
IPARD – Instrument for Pre-Accession Assistance for Rural Development
IPARD OS – IPARD Operating Structure
IT – Information Technologies

L

LAG – Local Action Group
LSGU – Local self-governments unit
LDS – Local development strategies
LEE – List of eligible expenditures
LEADER – *Liaison entre Actions de developpement de l'Economie Rurale* (fr.)
LPIS – Land Parcel Identification System

M

MA – Managing Authority
MAFWM – Ministry of Agriculture, Forestry and Water Management

N

NAO – National Authorizing Officer
NAO SO – National Authorizing Officer Support Office
NBS – National Bank of Serbia
NF – National Fund
NIPAC – National IPA Coordinator
NRDP – National Rural Development Programme

P

PACA – Primary Administrative or Judicial Finding
PHRD – “Strengthening the Capacity of the Agricultural Sector for Evidence-Based Policy Making”

PRAG – Practical Guide to EC External Aid Contract Procedure
PVCA – Plan of Visibility and Communication Activities

R

RD – Rural Development
RS – Republic of Serbia

S

SA – Sectoral Agreement
SAIRP – Serbian agriculture information reporting program
SCAP – Serbian Competitive Agriculture Project
SCTM – Standing Conference of Towns and Municipalities
SMEs – Micro, small and medium-sized enterprises and entrepreneurs
SORS – Statistic Office of the Republic of Serbia

T

TJ - Terajoules

U

UAA – Utilised Agricultural Areas

EXECUTIVE SUMMARY

The Managing Authority has prepared the Final Implementation Report on IPARD II Programme which contains information related to the rural development policy in the Republic of Serbia. The Final Report covers the entire implementation period of the IPARD II Programme, including overview of activities carried out during 2024, in accordance with Article 59(1) of the Sectoral Agreement.

The European Commission officially approved the IPARD II Programme on 20 January 2015 by EC Decision *C(2015)257* (last amended – EC Decision No. *C(2024)6019* of 22nd August 2024). The main objective and purpose of the IPARD II Programme is to support agricultural producers and processors, as well as the population of rural areas in the Republic of Serbia, to gradually increase their capacities and potentials in order to prepare in a timely and proper manner for meeting European standards in the field of agriculture, food industry and environmental protection. The IPARD II Programme defines measures that provide financial support to the primary agricultural production sector, the processing and marketing sector of agricultural and fishery products, agri-environment-climate measures and organic production, the implementation of local development strategies, as well as support for the farm diversification and businesses development in rural areas of the Republic of Serbia. Furthermore, within the IPARD II Programme, in addition to the above-mentioned measures, Measure Technical Assistance is envisaged, with the aim to support implementation and monitoring of the Programme, as well as its possible modification in order to improve the quality.

The total initially allocated EU funds for the IPARD II Programme amount to EUR 175,000,000, out of which EU support in the amount of EUR 99,031,455 was paid. From the beginning of the IPARD II Programme implementation until 31st December 2024, 15 calls have been published, out of which 13 relate to investment measures, while two calls relate to Measure 9: Technical Assistance. By 31st December 2024, the percentage of approved EU support in relation to the initial budget is 84.6%, while in terms of payment the execution rate is 56.6%. Based on achieved results, preliminary, it could be assessed that the implementation of the IPARD II Programme is moderately successful in terms of volume of utilisation of available EU funds, as well as from the point of achievement of Programme objectives. During the entire IPARD II Programme implementation period, the Republic of Serbia submitted a request for an extension of the deadline for utilisation of allocated EU funds five times, for allocations from 2016, 2017, 2018, 2019 and 2020.

In regard to Measure 1: Investments in physical assets of agricultural holdings, the percentage of approved EU support in relation to the initial budget for Measure 1 is 109.8%, while execution rate amounts to 82.9%. Based on the achieved execution of the Programme budget for Measure 1, this measure can be assessed as successful in terms of the volume of withdrawal of available EU funds, as well as in achieving the financial objectives defined by the Programme. It can be concluded that Measure 1 contributed to the greatest extent to the overall achieved result of the IPARD II Programme in the Republic of Serbia.

The percentage of approved EU support in relation to the initial budget for Measure 3: Investments in physical assets concerning processing and marketing of agricultural and fishery products is 65.7%, while execution rate amounts to 39.3%. Based on the achieved execution of the Programme budget for Measure 3, this measure can be assessed as partially successful in terms of the extent

of withdrawal of available EU funds, as well as in achieving the objectives defined by the Programme. Based on the above, it can be concluded that Measure 3 achieved a lower contribution to the implementation of the Programme budget compared to Measure 1.

The percentage of approved EU support in relation to the initial budget for Measure 7: Farm diversification and business development is 135.2%, while in relation to the final budget is 79.8%. The high rate of approved EU support is the result of Programme modifications in terms of financial tables, which significantly increased the funds initially allocated for Measure 7. In terms of payment, execution rate amounts to 66.1%, while in relation to the final budget is 39.0%. Based on the achieved execution of the Programme budget for Measure 7, this measure can be assessed as successful in relation to the initial budget, while in relation to the final budget Measure 7 can be assessed as partially successful. The reasons for the difference in execution rates in comparison of initial and final budget could be explained by implemented financial modifications of the IPARD II Programme (reallocation of the budget between measures), whereby in relation to the initial budget, final budget for Measure 7 was increased by EUR 12.2 m.

The percentage of approved and paid EU support in relation to the initial budget for Measure 9 is 0.4%. Observing the execution rates of all implemented IPARD measures, it can be concluded that Measure 9 slightly contributed to the overall execution rate of the Programme budget.

Observed per region, the largest amount of paid IPARD support was achieved by the Vojvodina Region (54.2%), followed by Šumadija and Western Serbia Region (27.3%) and Southern and Eastern Serbia Region (14.8%), while the lowest amount of IPARD support was paid for Belgrade Region (3.8%).

When it comes to supported sectors, the largest share in the total paid support under Measure 1 is achieved by the Other Crops Sector (45.0%). Other sectors under Measure 1 achieve a significantly lower share in the total paid support namely: Fruit and Vegetables Sector (33.7%), Meat Sector (11.5%), Egg Sector (4.8%), Milk Sector (3.8%), while the lowest amount of IPARD support was paid under the Viticulture Sector (1.1%). Within Measure 3, the dominant sector in terms of total paid support is Fruit and Vegetables Processing Sector (79.0%), while significantly lower share in the total paid support namely was achieved by Wine Sector (12.3%), Meat Processing Sector (6.0%) and Milk Processing Sector (2.8%), while no applications were submitted under the Egg Processing Sector. Investments supported under Measure 7 related to Rural Tourism and Recreational Activities, whereby 89.3% of paid support was related to the investments in setting of tourist homesteads and recreational zones. When it comes to Measure 9, supported investments are related to establishment of the IPARD website in the amount of EUR 2,721 of EU contribution, as well as for printing of promotional material in the amount of EUR 16,075 of EU contribution.

Under the IPARD II Programme, recipients expressed the great interest for investments in purchase of a new tractor, for which 25.0% of IPARD support was paid out of initially allocated budget for Measure 1.

After the completion of the IPARD II Programme implementation, the following can be identified as the most significant factors that influenced the deviation from the planned results and the relatively lower level of absorption of available EU funds: delays in the entrustment of measures, insufficient human capacities, fluctuation of employees and inadequate retention policy for retaining trained staff, longer period for processing of applications at all stages due to a large number of incomplete applications, insufficient information of applicants regarding the interpretation of the eligibility criteria for obtaining IPARD support, inability to use IPARD

support during project implementation, complex procedures for obtaining IPARD support, etc. It is also important to note that by the end of the programming period, two IPARD measures had not been entrusted with budget implementation tasks (Measure 4: Agri-environment-climate and organic farming measure and Measure 5: Implementation of local development strategies - LEADER approach). Consequently, the aforementioned measures were not implemented during the IPARD II programming period, and the allocated EU budget for those measures in the amount of EUR 8,750,000 for Measure 4 were redistributed to Measure 7 and EUR 5,250,000 for Measure 5 were redistributed to Measure 1. Regarding Measure 4, due to significant financial support for organic production through national support schemes, followed by simpler administrative procedure, it was not entrusted. When it comes to Measure 5, the lack of a legal basis was the key reason for non-entrustment, given that the applicable regulation did not allow LSGUs to be members of citizens' associations. It is also worth noting that Serbia had no experience in implementing the IPARD Programme or similar programmes until then.

In the previous period, significant efforts were made to improve the overall absorption of IPARD II Programme funds. During the Programme implementation, several modifications were conducted, price indexation and advance payments were introduced, additional educations were held for representatives of the AAS and consulting agencies, as well as promotional activities for potential recipients and recipients which had a positive impact on the IPARD II Programme implementation.

It can be concluded that the IPARD II Programme had a positive impact on supported agricultural holdings and enterprises in terms of competitiveness, harmonisation with the requirements of the domestic and foreign markets, technical and technological improvement, achievement of EU standards, modernisation, introduction of new technologies, equipment and processes, as well as on development of additional or diversified sources of income. On the other hand, there is a risk that the Programme's ultimate impact will be very limited at the Country level. Due to low levels of absorption of the financial support available, modifications have been introduced in order to increase absorption.

When it comes to institution building, the Programme has had a positive impact. The institutional framework is fully formed and operational. Procedures are established and applied. The level of professional competence is adequate. The Programme also introduced a significant number of new work posts.

The success and ultimate impact of the IPARD II Programme of the Republic of Serbia will be determined within the *ex-post* evaluation, which implementation is planned for 2025.

INTRODUCTION

The Republic of Serbia is committed to the European integration process, aware that this process requires substantial changes in the field of agriculture and rural development. The IPARD II Programme represents the starting point for implementing reform steps in the field of rural development. The existence of a strong political will of the Government of the Republic of Serbia, as well as a broad social consensus on the importance of IPARD support, are of utmost importance for further development and improvement of competitiveness in the agricultural and rural development sector.

The IPARD II Programme is a pre-accession assistance programme for rural development and is the first document in the field of agriculture and rural development of the Republic of Serbia which is approved by all Member States of the European Union in January 2015. The main objective and purpose of this Programme is to help agricultural producers and processors, as well as all residents of rural areas of the Republic of Serbia, to gradually increase their capacities and potential in order to prepare in a timely and appropriate manner for meeting European standards in the field of agriculture, the food industry and environmental protection.

The Programme defines measures that enable financial support to the primary agricultural production sector, the processing and marketing of agricultural and fishery products sector, agri-environmental-climate measures and organic production, the implementation of local development strategies, as well as support for farm diversification and business development in rural areas of the Republic of Serbia. The IPARD II Programme covers the territory of the Republic of Serbia (excluding Kosovo and Metohia¹).

Improving the quality of life in rural areas and reducing poverty, a more equal share in the distribution of income and economic opportunities, are important aspects of the sustainable development of rural areas that the Republic of Serbia strives for. In this sense, sustainable development of rural areas requires good coordination of all policies that have an impact on these areas and their resources. Creating favorable living and working conditions and retention of young people in rural areas, providing more attractive jobs and equal opportunities for their families is one of the main objectives of the policy that should ensure more balanced regional development of rural areas of the Republic of Serbia.

One of the conditions for utilisation of IPARD II Programme funds was the establishment of a complementary support system at both the national and local level, in which there is no double financing from public funds for the same investment, and which, through its synergistic effect, contributes to reducing regional disparities.

The Final Implementation Report on IPARD II Programme was prepared by the Managing Authority in cooperation with the IPARD Agency, the National Authorising Officer Support Office, the National Fund, the Ministry of European Integration and the Sector for International Cooperation within the MAFWM.

The Final Implementation Report on IPARD II Programme 2014-2020 covers the period from the approval of IPARD II Programme in 2015 (EC Decision C(2015)257) until the final date for eligibility of expenditures (31st December 2023). By letter Ref. Ares (2023)8415835 as of 8th

¹ 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.

December 2023, the EC informed the RS that the request regarding the extension of the deadline for the absorption of IPARD funds for 2020 allocation under the IPARD II Programme by the end of 2024 is approved. The Report also includes the Annual Implementation Report on IPARD II Programme in the Republic of Serbia for 2024.

The Report consists of eight chapters that include a presentation of macro-economic indicators, measures applied to improve the quality and efficiency of the IPARD II Programme implementation, financial commitments and expenditures per measure, activities undertaken in relation to the evaluation of the Programme, the use of other international financial support instruments, an overview of financial flows per measure, as well as the implementation of the Plan of Visibility and Communication Activities. The report includes cumulative financial data obtained by monitoring of the Programme implementation based on the Common Indicator Tables for Monitoring and Evaluation. The processed data are presented in the form of tables and graphs.

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

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

Macroeconomic developments in the past decade were conditioned by numerous, primarily non-economic external factors, which significantly influenced market fluctuations and basic macro-economic indicators.

The previous ten-year period was marked by a steady growth of gross domestic product (hereinafter: GDP): from EUR 37.0 b in 2014 to EUR 82.3 b in 2024. Along with the increase in economic activities, GDP growth was significantly affected by rising prices. Real GDP growth at the end of the ten-year period recorded oscillatory movements, with the highest increase of 7.9% in 2021 (due to the low base in the previous year) and the realised value of 3.9% in 2024. The highest gross value added (hereinafter: GVA) and the most significant share in GDP are achieved by the manufacturing sector (13.3%) and the services sector (wholesale and retail trade, repair of motor vehicles, information and communication, real estate, etc.). The main macro-economic indicators of the RS in the period 2014-2024 are presented in Table 1.

Table 1: Basic macro-economic indicators of the Republic of Serbia, 2014-2024

Indicator	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
GDP ¹ , EUR m	37,014	37,220	38,165	40,828	44,711	48,105	49,024	55,931	63,501	75,204	82,321
Real GDP growth rate ² , %	- 1.8	1.3	3.0	2.4	4.6	4.8	- 1.0	7.9	2.6	3.8	3.9
Unemployment rate ³ , %	20.6	18.9	16.4	14.5	13.7	11.2	9.7	11.1	9.5	9.4	8.6
Export of goods and services, EUR m	14,451	15,728	17,385	19,312	21,166	23,349	22,271	28,818	38,004	41,018	42,969
Import of goods and services, EUR m	18,096	18,643	19,597	22,343	25,257	27,960	26,370	33,439	45,054	44,543	48,304
Balance of goods and services, EUR m	- 3,645	- 2,915	- 2,212	- 3,031	- 4,091	- 4,611	- 4,099	- 4,621	- 7,050	- 3,525	-5,335

Source: NBS, SORS

¹ According to the ESA 2010 methodology; ² At constant prices of the previous year; ³ From 2021, data are aligned with the Census 2022. Data were previously revised according to the Labour Force Survey 2021 methodology.

The number of employed persons aged 15 and over in 2024 was 2.9 m. The unemployment rate has been trending downward over the last decade, with the lowest value of 8.6% achieved in 2024. In the same period, the highest increase in the employment rate was recorded in the Belgrade Region and the Vojvodina Region (55.9% and 51.3% respectively), while the highest unemployment rate was achieved in the Southern and Eastern Serbia Region (12.1%).

The total foreign trade exchange of goods and services during the observed ten-year period recorded continuous growth, based on the simultaneous increase in exports and imports of goods and services, with a recorded value of total foreign trade exchange of EUR 91.3 b in 2024. The above trends are accompanied by a negative trade balance, with an increasing tendency of deficit due to faster growth of imports than exports. Compared to the initial year of the IPARD II programming period (2014), the goods and services sector in 2024 achieved an increase in the value of total foreign trade by 180.4% and an increase in the import-export coverage ratio by 9.1 pp (89.0 in 2024).

The micro, small and medium-sized enterprises and entrepreneurs (hereinafter: SMEs) sector is characterised by an insufficient utilisation of potential for employment, innovation and economic growth. However, in recent years, the SMEs sector has recorded a growth trend in all key indicators for assessing the economic importance of the sector in the economic structure of the country. In the total fixed capital of economic entities, the SMEs sector (excluding entrepreneurs) in 2023 achieved a share of 47.6%. The SMEs sector dominates the total number of economic entities in the RS (99.8%) with 358,550 enterprises in 2023, where the most significant share in this group is achieved by entrepreneurs (69.4%) and micro enterprises (26.2%). The largest number of SMEs is registered in the Belgrade Region (122,862), and the lowest in the Southern and Eastern Serbia Region (56,416). The most represented SMEs activities are wholesale and retail and repair of motor vehicles - 73,678 entities with a share of 20.5%, followed by professional, scientific, innovative and technical activities, as well as the processing industry - over 50,000 entities per activity group. The agriculture, forestry and fishery sector, with 5,828 active entities, has a significantly lower share in the total number of SMEs of 1.6% (2023). The total number of employees in the SMEs sector in 2023 was 999,336, with the highest employment recorded in the processing industry sector (24.2%), while the agriculture, forestry and fishery sector, with 20,239 employees, accounts for 2.0% of the total number of employees in the SMEs sector (2023). The number of enterprises in the SMEs sector by size and number of employees is presented in the Table 2.

Table 2: Number of enterprises by size and employment in the SMEs sector, 2023

Description	Entrepreneurs	Micro enterprises	Small enterprises	Medium-sized enterprises	Total SMEs
Total number of enterprises	248,906	94,078	12,613	2,953	358,550
agriculture, forestry and fishery sector	2,207	3,216	333	72	5,828
Total number of employees	265,900	173,001	256,024	304,411	999,336
agriculture, forestry and fishery sector	2,809	3,993	6,995	6,442	20,239

Source: "Enterprises by size and entrepreneurs in the Republic of Serbia 2021 – 2023", SORS

The total number of entities in SMEs sector in 2023 compared to the previous year decreased (Table 2), while number of exporters, employment, GVA and total export value in the SMEs sector of the RS increased in 2023 compared to the previous year. The agricultural SMEs sector recorded an increase in the number of entities and employment, while number of exporters and total export value decreased in the same period. At the same time, the agricultural SMEs sector achieved a decrease in GVA in 2023 compared to 2022, as well as a higher amount of GVA per employee (EUR 22.3 thousand) compared to this indicator at the level of the total SMEs sector (EUR 20.2 thousand), which implies higher labor productivity in the agricultural SMEs sector. The share of the SMEs sector in total exports of goods and services in 2023 was 24.9%, while the agricultural SMEs sector achieved a share of 5.0% in total exports of agri-food products.

The total number of enterprises in the food industry increased significantly in the period 2014-2022 (from 3,029 to 7,205, i.e. 137.9%), across all enterprise size ranges (micro, small, medium and large). The largest increase in the number of enterprises in the observed period was recorded in the SMEs sector, which particularly applies to micro enterprises (0 to 9 employees), where number has increased by 3,597 enterprises (from 2,316 in 2014 to 5,913 in 2022). At the same time, micro enterprises in the analysed period achieved an increase in share in the total number of enterprises within the food industry (from 76.5% in 2014 to 82.1% in 2022).

The importance of the agri-food sector in Serbia

Agriculture and the food industry represent significant economic activities in the economic structure of the RS. The share of agriculture, forestry and fishery in total GDP in the period 2014-2024 is recording a decreasing trend, with the lowest achieved value in 2024: 3.2%, which is above the EU average (1.3%). The above trends are accompanied by a decrease of employment in the sector, which is largely contributed by negative market fluctuations on both the domestic and international markets, and in particular the increase in input prices in the agricultural sector. The share of employees in agriculture in the total number of employees in 2024 recorded the lowest level and amounted to 12.8% (Table 3), while including employees in the production of food, beverages and tobacco products, employment reaches 17.0%.

Table 3: Key indicators of the agri-food sector of the RS, 2014-2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
GVA of agriculture ¹ , EUR b	2.2	2.1	2.3	2.2	2.3	2.4	2.6	3.0	3.5	3.0	2.8
- share in total GDP ² , %	6.1	5.6	5.7	5.1	5.2	4.8	5.1	5.2	5.3	3.8	3.2
- growth rate ¹ , %	5.5	- 5.6	8.3	- 10.5	21.9	- 2.4	2.4	- 6.2	- 8.8	8.1	- 8.2
Employment in agriculture, forestry and fishery ³ , 000	508.1	499.6	506.1	481.1	451.0	452.7	421.4	390.5	390.7	373.2	371.9
- share in total employment, %	19.9	19.4	18.6	17.2	15.9	15.6	14.6	14.2	13.9	13.1	12.8
GVA of the food industry, EUR b	1.2	1.1	1.2	1.2	1.2	1.1	1.2	1.3	1.6	1.9	2.0
- share in total GDP, %	3.1	3.0	3.1	2.9	2.6	2.4	2.5	2.4	2.4	2.6	2.3
- growth rate, %, previous year = 100	5.7	0.5	1.1	- 1.2	- 2.1	- 6.3	4.1	0.5	0.4	6.2	2.7
Employment in food industry ³ , 000	49.7	82.8	82.2	84.6	86.2	89.7	92.8	92.5	89.7	90.6	91.8
Export of agri-food products, EUR m	2,317	2,605	2,922	2,823	2,854	3,238	3,635	4,163	4,765	4,637	5,091
Import of agri-food products, EUR m	1,278	1,489	1,362	1,617	1,714	1,872	2,048	2,442	3,138	3,345	3,804
Foreign trade balance, EUR m	1,039	1,117	1,560	1,206	1,140	1,366	1,587	1,721	1,627	1,292	1,287

Source: SORS

¹In accordance with the concept of Economic Accounts for Agriculture (EAA); ²Revision 2024 due to improved methodological procedures; ³From 2021, a new methodology for monitoring employment data in the Labour Force Survey has been applied, according to the revisions from 2023 and 2024. Number of employed persons, aged 15 and over, by sectors of the Classification of Activities 2010 and region according to the Labour Force Survey.

In the period 2014-2021 there was no significant fluctuations of the GVA (in current prices) of the food industry sector, while in the last years of the IPARD II programming period it has recorded significant growth, with the highest achieved value in 2024: EUR 2.0 b (Table 3). The largest share of the food industry sector in the total GDP (approx. 3%) was recorded at the beginning of the analysed period, while in the following years this indicator recorded a mostly decreasing trend, concluding with the achieved value of 2.3% in 2024. The highest values of the real growth GVA rate of the food industry compared to the previous year were achieved in 2023 (6.2%), while in 2024 this indicator achieved a value of 2.7%.

Foreign trade in agri-food products has been recording oscillatory trends over the last decade, accompanied by a positive import-export coverage ratio (133.8% in 2024). Imports of agri-food products are achieving more dynamic growth (by 197.7%) from exports (by 119.7%), which consequently leads to a decrease in the import-export coverage ratio, especially during the last years of the period (2021-2024). The value of agri-food exports in 2024 exceeds the ten-year average of this indicator by 43.4%, and imports by 73.6%.

The main trading partners of the RS are the EU countries (with a share in total foreign trade of 49.1% and a permanently negative trade balance) and the CEFTA countries (with a share in total foreign trade of 28.3% and a surplus in the trade of agri-food products). Foreign trade with other countries takes place with a balanced ratio of exports and imports of agri-food products, with a share in total trade of approx. 23% in 2024.

Capacities and structural characteristics of agriculture in Serbia

According to the Census of Agriculture 2023 results, 508,325 agricultural holdings (hereinafter: AHs) were engaged in agricultural production in the RS, with a dominant share of family AHs of 99.6%. The area of agricultural land in the RS is 3.9 m ha, and the utilised agricultural area (hereinafter: UAA) is 3.2 m ha, which, compared to the previous Census of Agriculture (2012), represents a decrease in the area by 3.6% or 120.9 thousand ha. The structure of UAA indicates the dominance of crop production. Cereals are grown on 52.0% of UAA, industrial crops occupy 14.7%, sugar beet 1.2%, orchards 5.7%, while vineyards cover 0.5% of UAA. The average UAA per holding is 6.4 ha, which indicates the process of AHs consolidation in the RS compared to 2012 (5.3 ha), with the largest average area per holding achieved by the Vojvodina Region (13.4 ha). The largest number of holdings has an UAA of up to 2 ha (193,894 AHs or 38.2%), while at the same time the largest UAA (629,384 ha or 19.4%) are within the interval of 5 to 10 ha of UAA. According to the results of the Census of Agriculture 2023, 268,305 ha of land is irrigated, i.e. 8.3% of UAA within 27.2% of AHs, with the Belgrade Region leading in the total irrigated area at the regional level (20.4%) although with the lowest share in the total UAA.

Table 4: Basic indicators of the structure of agricultural holdings according to the size of used agricultural land

	Utilised agricultural area (ha)								Index 2023/ 2012
	Total	0-5	5.1-100	>100	Total	0-5	5.1-100	>100	
	2012				2023				
Number of AHs	632,062	490,120	140,089	1,853	508,325	348,327	158,525	1,473	80.4
share (%)	100.0	77.5	22.2	0.3	100.0	68.5	31.2	0.3	-
UAA (000 ha)	3,360.3	859.7	1,753.0	747.6	3,239.4	691.0	2,043.5	504.9	96.4
share (%)	100.0	25.6	52.2	22.2	100.0	21.3	63.1	15.6	-
Cattle (000)	909.0	271.4	558.6	79.0	725.4	116.0	521.7	87.6	79.8
Pigs (000)	3,403.3	1,540.9	1,416.2	446.2	2,263.7	833.0	1,079.2	351.5	66.5
Sheep (000)	1,729.3	832,793	871.5	25.0	1,702.7	580.9	1,077.8	43.9	98.5
Poultry (000)	26,627.3	17,629.8	6,720.1	2,277.4	21,604.4	12,897.6	7,169.7	1,537.1	81.1
Two-axle tractors	408,877	222,218	176,238	8,421	482,498	244,692	229,686	8,119	118.0

Source: Census of Agriculture, 2012, 2023, SORS

In terms of production type, mixed farms with plant and livestock production are the most common in the structure of AHs - in all regions except the Vojvodina Region, where specialized production in the crop sector is the most commonly type of production. The share of AHs engaged in livestock breeding is 61.7%, with the most common herd size 3-9 cattle, 1-2 pigs and 3-9 sheep. In total poultry production, broilers achieved a share of 59% and laying hens a share of 35%. Livestock capacities in terms of the number of heads on AHs recorded a significant decrease in 2023 compared to the 2012 census year - most notably in the pig sector: the number of heads decreased by 33.5% (Table 4). When it comes to agricultural mechanisation, a significant increase in the number of two-axle tractors can be noted in the inter-census period: by 73,621 tractors, or by 18.0%.

Out of the total number of AHs, 13% of AHs carried out other profitable activities, out of which the largest share of this type of holdings in the total number of AHs was achieved by the Šumadija and Western Serbia Region (16%). The most common other profitable activities on farm were fruit and vegetable processing (26.3%), milk processing (26.0%), forestry and wood processing

(14.9%), meat processing (9.5%), crafts (2.6%), tourism (1.4%), fish farming (0.3%) and production of energy from renewable sources (0.1%). In brandy distillation are engaged 44.0% of AHs in the RS. AHs engaged in additional profitable activities are mainly located in the Serbia-South Region (89%). Under contracts 13.9% of AHs are engaged in additional profitable activities.

According to the results of Census of Agriculture 2023, the age structure of family AHs is unfavorable, as 44.7% of AHs holders are over 65 years old (the average age of AHs holders is 60 years old), while the share of young people aged 15 to 25 is negligible (0.9%). The largest number of young AHs holders (up to 40 years old) is in the Vojvodina Region (17,000 or 37%). The average number of annual work units (hereinafter: AWU) per AHs is 1.0, with permanent employees on family AHs achieving 581 AWU, and 19,606 AWU on AHs of legal entities and entrepreneurs. The level of qualifications of AHs managers for agricultural activities is unsatisfactory, considering that 54.0% of AHs managers rely exclusively on practical experience. Only 3.3% of AHs managers have completed secondary agricultural school, and 1.7% of AHs managers have obtained a college or university degree in the field of agriculture. In 2023, only 2.8% of AHs managers attended agricultural courses.

The results of the Census of Agriculture 2023 will be used for the *ex-post* evaluation of the IPARD II Programme, also they are included in the IPARD III Programme in the Table 3.6. as a baseline value of context indicators, which will be monitored during the IPARD III programming period.

1.2. Population

According to the Census of Population, Households and Dwellings conducted in 2022 by the SORS, the population of the RS was 6.6 m, with an average population density of 85.7 inhabitants/km² (EU average: 109 inhabitants/km²), while the average age of the population was 43.8 years. The share of women in the total population of the RS is 51.4%, while this share for the population under 40 years of age is 43.0%.

In rural areas live 2.5 m inhabitants, i.e. 38.0% of the total RS population. The average age of the population in rural areas is less favorable compared to the national average and is 45.3 years. The age structure of rural population in all interval groups from 0 to 64 years is also less favorable compared to the national average, and at the same time indicates a larger share of the population over 65 years of age compared to the national average (24.4% and 22.1% respectively). The educational structure of the rural population indicates a larger share of the population with primary education compared to the national average (25.8% and 17.8% respectively). The share of the population with secondary education is close to the national average and amounts to 52.6%, while the share of rural population with higher and high education is significantly lower than the national average (3.6% and 6.0%, i.e. 6.4% and 16.4%, respectively).

Table 5: Rural population and population density by region, 2022

Region	Total population	Rural population		Population density (inhabitants/km ²)	Type of region according to the OECD definition of rurality	
		total	(%)		Rural population (%)	Region type
Vojvodina Region	1,740,230	664,394	38.2	80.5	66.6	Rural
Belgrade Region	1,681,405	297,530	17.7	519.9	8.9	Urban
Šumadija and Western Serbia Region	1,819,318	908,199	49.9	68.7	84.4	Rural
Southern and Eastern Serbia Region	1,406,050	656,098	46.7	53.6	72.2	Rural
Republic of Serbia	6,647,003	2,526,221	38.0	85.7	58.1	Rural

Source: Census of Population, Households and Dwellings 2022, SORS

In the inter-census period (2011, 2022), the key demographic indicators of the RS recorded negative trends: a decrease in the total population (by 7.5%) and an almost double percentage decrease in the rural population (by 13.3%) compared to the previous census year. Negative trends in natural population movement are also noted at the regional level, whereby all regions recorded a decrease in the total population (except the Belgrade Region, which recorded a slight increase in population by 1.3%). The rural population in all regions recorded a more drastic decrease compared to the total population and was most pronounced in the Vojvodina Region and the Šumadija and Western Serbia Region (by 15%).

The above population trends also led to a decrease in the share of the rural population in the total population in the observed period (by 2.5 pp), which was simultaneously accompanied by a decrease in population density (from 92.8 inhabitants/km² in 2011 to 85.7 inhabitants/km² in 2022).

1.3 Agriculture and Rural Development Policy

The long-term strategic direction of the RS agricultural development is defined by the Strategy of Agriculture and Rural Development of the Republic of Serbia for the period 2014-2024² which encompasses the vision, strategic objectives and directions of agricultural and rural development of the RS in the ten-year period. The future directions of agricultural development in the RS are defined in accordance with the process of alignment of the national agricultural and rural development policy with the EU *acquis*. Within the budget allocated to the MAFWM, the budget intended for the implementation of agricultural and rural development policy measures at the annual level are determined by the Law on the Budget of the Republic of Serbia for one calendar year. The annual Decree on Allocation of Subsidies in Agriculture and Rural Development defines the volume of funds, type of subsidies and maximum amounts for each type of subsidies for the current year.

1.3.1. Negotiations with European Union, commitments in negotiations

In accordance with the Decision on the Establishment of the Coordination Body for the Pre-Accession Process of the Republic of Serbia to the European Union, the MAFWM is the main carrier of negotiations for three negotiating chapters, namely: Chapter 11 - Agriculture and Rural

²“Official Gazette of the RS”, number 85/14

Development, Chapter 12: Food Safety, Veterinary and Phytosanitary Policy and Chapter 13: Fisheries. In addition, representatives of the MAFWM are participating in the work of another 18 negotiating chapters. The First Intergovernmental Conference between the RS and the EU, which was held on 21st January 2014 in Brussels, formally launched negotiations for the accession of the RS to the EU.

Chapter 11: Agriculture and Rural Development

The European Commission has submitted the Screening Report for the Chapter 11, which was presented on 27th February 2015 at the Committee for EU Council Enlargement. After the Council adopted the Report, on 17th June 2015 the chairman of the Committee of Permanent Representatives (COREPER II) addressed a letter on behalf of the EU Member States informing that the RS is not ready to initiate the negotiating process under the Chapter 11 and that it is necessary to fulfil two benchmarks. The opening benchmarks for Chapter 11 were:

- Serbia presents to the Commission an action plan, which will serve as a basis for the transposition, implementation and enforcement of the *acquis* in agriculture and rural development;
- Serbia has submitted the request for entrustment with budget implementation tasks for the IPARD II to the Commission, in accordance with the provisions of Commission Implementing Regulation 447/2014.

The first benchmark for initiating the negotiating process in Chapter 11

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

The second benchmark for initiating negotiating process in Chapter 11

The Republic of Serbia officially received information that the entrustment of budget implementation tasks for Measure 1 and Measure 3 under the IPARD II Programme has been successfully completed on 26th February 2018. The Financing Agreement was signed on 29th May 2018 and entered into force on 12th June 2018, when the Ministry of Foreign Affairs officially sent a letter to the DG AGRI stating that all formalities had been completed in accordance with the RS legislation. At the end of March 2020, Measure 7 and Measure 9 were entrusted under the IPARD II Programme. The amendment to the Financing Agreement was signed on 1st October 2020 and entered into force on 17th November 2020.

The European Commission assessed that the RS has met both benchmarks for opening negotiating process in the Chapter 11 and submitted an Opening Benchmark Assessment Report to the Working Party on Enlargement and Countries Negotiating Accession to the EU (COELA) on 11th February 2018.

EC Progress Report in the year 2024 for the RS

According to the EC Annual Progress Report for the RS in 2024, regarding horizontal issues, Serbia did not adopt a national programme for agriculture and rural development for the period 2022-2024. A new, national strategy for agriculture and rural development covering the period 2025-2032 remains to be adopted.

Implementation of the action plan on alignment with the EU acquis on agriculture and rural development needs to show progress and its updating finalised in 2024. Serbia needs to make progress with the establishment of the integrated administration and control system (IACS) and the transition from manual to electronic processing of aid applications. The development of software for the land parcel identification system (LPIS), a precondition for the start of the IPA 2021 project on the first phase of the establishment of IACS, must be completed without further delays. The sample size and the quality of the data of the established farm accountancy data network (FADN) needs to be further improved. Efforts should be made to extend the collection of data to environmental and social issues in line with the EU acquis.

In line with the Report, in the area of the common market organisation (CMO), there has been no progress, with implementing legislation on marketing standards, public and private storage, and producer organisations still pending and a law on wine remains to be adopted.

On rural development, Commission recommended to engage all efforts to avoid further losses of EU funds from the IPARD Programme. It is important that Serbia starts with the contracting and disbursement of IPARD III funds without delay. It is essential to strengthen the capacity building, using the IPARD Technical Assistance support, to gain entrustment for new measures under IPARD III, and particularly for Measure 6 - Investment in rural public infrastructure. Serbia is encouraged to propose credit guarantee schemes, which will assist non-legal entities and small agricultural holdings with access to IPARD funds.

As regards quality policy, the continuing delay in the adoption of legislation on quality schemes for agricultural products and foodstuffs is hindering the sector's development.

For organic farming, legislation aligning with the EU acquis in the area of organics remains to be adopted.

1.3.2. Legal and Institutional Framework

The legislative framework defining the IPARD II Programme implementation in the RS since the beginning of its implementation includes:

- Law on Ratification of the Framework Agreement between the Republic of Serbia and the European Commission on the arrangements for implementation of Union financial assistance to the Republic of Serbia under the Instrument for Pre-Accession Assistance (IPA II) ("Official Gazette of the RS", International Agreements, No. 19/14). This Agreement, which entered into force on 30th December 2014, defines the principles of management and implementation of IPA II assistance between the EU and the RS.
- Sectoral Agreement between the Government of the Republic of Serbia and the European Commission setting out provisions for the management and implementation of Union financial assistance to the Republic of Serbia under the Instrument for Pre-Accession Assistance in the policy area Agriculture and Rural Development (IPARD). The Sectoral Agreement, which entered into force on 8th April 2016, supplements the Framework Agreement and defines the specific provisions applicable for the implementation of the IPARD II Programme. The amendments to the SA entered into force on 26th November 2020.
- Conclusion on the adoption of the text of the Financing Agreement between the Government of the Republic of Serbia and the European Commission on behalf of the

European Union for IPARD II assistance for Agriculture and Rural Development under the Instrument for Pre-Accession Assistance IPA II No.: 48-4059/2018 of 4th May 2018.

- Law on Agriculture and Rural Development (“Official Gazette of the RS”, No. 41/09, 10/13 – other law, 101/16, 67/21 - other law, 114/21 and 19/25).
- Conclusion on the adoption of the IPARD Programme for the Republic of Serbia for the period 2014-2020 (“Official Gazette of the RS”, No. 30/16, 84/17, 20/19, 55/19, 38/21, 27/23, 97/23 and 97/24).
- Regulation on the designation of a body to audit the management system of the European Union’s pre-accession assistance programmes under the Instrument for Pre-Accession Assistance (IPA II) (“Official Gazette of the RS”, No. 86/15).
- Regulation on the management of the European Union pre-accession assistance programmes under the Instrument for Pre-Accession Assistance (IPA II) for the period 2014-2020 (“Official Gazette of the RS”, No. 10/19).
- Decision on the establishment of a Working Group for the implementation of activities related to the entrustment of indirect management of the IPARD Programme (“Official Gazette of the RS”, No. 5/17, 86/18 and 27/19).
- Decision on the appointment of responsible persons and bodies for the management of the programmes of pre-accession assistance of the European Union within the Instrument for Pre-Accession Assistance (IPA II) for the period 2014-2020 (“Official Gazette of the RS”, No. 26/19, 90/21, 130/22 and 29/23).
- Rulebook on IPARD subsidies for investments in physical assets of agricultural holdings (“Official Gazette of the RS”, No. 84/17, 112/17, 78/18, 67/19, 53/21, 10/22, 18/22 and 23/23).
- Rulebook on IPARD subsidies for investments in physical assets concerning processing and marketing of agricultural and fishery products (“Official Gazette of the RS”, No. 84/17, 23/18, 98/18, 82/19, 74/21, 10/22 and 23/23).
- Rulebook on IPARD subsidies for farm diversification and business development (“Official Gazette of the RS”, No. 76/20, 87/21, 10/22 and 25/23).
- Rulebook on entry in the Register of Agricultural Holdings and renewal of registration, as well as on the conditions for the passive status of an agricultural holding (“Official Gazette of the RS”, No. 17/13, 102/15, 6/16, 46/17, 44/18-other law, 102/18 and 6/19).
- Rulebook on entry in the Register of Agricultural Holdings, data change and registration renewal, electronic procedure, as well as the requirements for passive status of agricultural holding (“Official Gazette of the RS”, No. 25/23, 110/23, 3/24 and 34/24).
- Rulebook on environment protection criteria that recipients of IPARD subsidies shall meet (“Official Gazette of the RS”, No. 26/19).
- Rulebook on the methodology for determining the reference prices of investment for calculating IPARD subsidies (“Official Gazette of the RS”, No. 84/18).
- Rulebook on determining areas with difficult working conditions in agriculture (“Official Gazette of the RS”, No. 132/21).
- Rulebook on the conditions that animal waste facilities and animal waste processing and treatment plants must meet (“Official Gazette of the RS”, No. 94/17 and 94/19).
- Memorandum of Understanding between the Managing Authority and the IPARD Agency for the Management and Implementation of the IPARD II Programme for the period 2014-2020 in the Republic of Serbia, signed on 31st October 2019.

- Memorandum of Understanding between the National Authorising Officer, the Managing Authority and the IPARD Agency, signed on 31st October 2019.
- Agreement on the Implementation of the Technical Assistance Measure within the IPARD II Programme 2014-2020, signed on 19th September 2019.
- Protocol for cooperation between the Governmental Audit Office of EU funds, the Managing Authority and IPARD Agency.
- Protocol on the manner and conditions for keeping the accounts opened at the National Bank of Serbia for the purpose of the management of the Programme of Pre-Accession Assistance of the European Union within the Instrument for Pre-Accession Assistance (IPA II) for the period 2014-2020.
- Protocol on the manner and conditions for keeping the accounts opened at the Ministry of Finance - Treasury Administration for the purpose of management of the Programme of Pre-Accession Assistance of the European Union in the field of Agriculture and Rural Development (IPARD II) within the Instrument for Pre-Accession Assistance (IPA II) for the period 2014-2020, which entered into force on 25th June 2019.
- Manual of Procedures for the Implementation of the IPARD II Programme, version 1.1 of 28th June 2018, version 1.2 of 18th June 2019, version 1.3 of 19th August 2019, version 1.3 of 8th December 2020, version 2 of 7th July 2022.
- Rulebook on Internal Organisation and Systematisation of Work Posts in the Ministry of Agriculture, Forestry and Water Management.

1.3.3. National support schemes

Subsidies in agriculture and rural development were implemented based on the Law on Subsidies in Agriculture and Rural Development (“Official Gazette of the RS”, No. 10/13, 142/14, 103/15, 101/16, 35/23, 92/23 and 94/24) and the relevant by-laws, which further define the eligibility criteria, as well as the methods for obtaining subsidies.

In the IPARD II programming period 2014-2024 the following type of subsidies were implemented:

- Direct payments,
- Rural development measures,
- Specific subsidies,
- Credit support.

Direct payments

In terms of allocated budget funds, direct payments are the most significant type of subsidies and are implemented through premiums, production subsidies and input subsidy. The only type of premium is the milk premium, for which the amount of premium has increased annually, starting from RSD 7 to RSD 19 per liter of cow, sheep and goat raw milk delivered in the previous quarter. The condition for obtaining the premium for cow's milk is that the recipient delivers at least 3,000 liters of cow's milk per quarter to the dairy, or at least 1,500 liters in areas with difficult working conditions in agriculture.

Subsidies for plant production are implemented as basic subsidies for plant production and production-related subsidies, while subsidies for livestock production are implemented through subsidies for: quality breeding animals, fattening animals, cows for raising calves for fattening,

bee hives, heavy and light breeder hens and turkeys, quality breeding queens of carp and trout and production of fish for consumption. Input subsidies are paid for purchased fuel, fertilizer, certified seeds and other reproductive material, as well as for storage costs in public warehouses.

Rural development measures

Subsidies for competitiveness improvement are implemented through support for investments in the physical assets of agricultural holdings, the establishment and strengthening of associations in the field of agriculture, investments in the processing and marketing of agricultural, food and fishery products, as well as through risk management measure.

Support for investments in physical assets of agricultural holdings aims to improve the production structure of holdings through measures to establish new perennial fruit, grapevine and hop plantations and support for the improvement of primary agricultural production through the purchase of new machinery and equipment for the improvement of primary plant production, the purchase of new machinery and equipment for the improvement of primary livestock production, the purchase of quality breeding animals and the construction and equipping of facilities. The level of support for investments in the physical assets of agricultural holdings is 50% of the investment value, or 65% of the investment value in areas with difficult working conditions in agriculture.

Support for investments in the processing and marketing of agricultural, food and fishery products refers to support for improving the quality of wine and brandy and agri-food products, the purchase of control and registration labels for agri-food products and wine, as well as the purchase of equipment in the meat, milk, wine, spirits and beer sectors. Subsidies are determined in the amount of 50% of the value of the realised eligible investment, reduced by the amount of funds for value added tax, or in the amount of 65% of this value in areas with difficult working conditions in agriculture.

Risk management measure refers to the regression of part of the costs of insurance premiums for crops, fruits, perennial crops, nurseries and animals, and is implemented through reimbursement of 40% of the paid insurance premium (45% for areas with difficult working conditions in agriculture), i.e. in the maximum amount of 70% of the paid insurance premium in the area of the Moravica, Zlatibor and Kolubara administrative districts.

Subsidies for the preservation and improvement of the environment and natural resources include subsidies for the sustainable use of agricultural land, sustainable use of forest resources, organic production, conservation of plant and animal genetic resources, conservation of agricultural and other areas of high natural value, support for agri-environmental measures, good agricultural practices and other environmental protection and conservation policies.

Subsidies for income diversification and improvement of quality of life in rural areas include several measures aimed at supporting non-agricultural activities related to improvement of quality of life in rural areas, namely for investments in the improvement and development of rural infrastructure, improvement of economic activities in rural areas through support for non-agricultural activities, support for young farmers in rural areas, implementation of activities aimed at increasing competitiveness in terms of adding value through processing, as well as introducing and certifying food quality systems, organic products and products with geographical indications on farms.

Subsidies for the preparation and implementation of local development strategies include support for the preparation and implementation of local development strategies and are paid in a maximum amount of 100%.

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

Specific subsidies

These subsidies indirectly affect agricultural production through the financing of activities related to improving the quality of production and promotional activities. They include subsidies for marketing information systems in agriculture, the establishment, development and functioning of accounting data systems on AHs, the implementation of breeding programmes to achieve breeding goals in livestock production, promotional activities in agriculture and rural development, the production of planting material and certification, and clone selection.

Credit support

Credit support represents a subsidy of part of the interest on the loan and can be used for the development of livestock production, crop production, fruit growing, viticulture, vegetable growing and floriculture, investments in agricultural mechanisation and equipment, as well as the purchase of animal feed. A more favorable amount of support is available to AHs operating in areas with difficult working conditions in agriculture, farmers up to 40 years of age and women.

Allocated and realised funds for subsidies in agriculture and rural development

Budgetary funds allocated for agriculture and rural development in the RS during most of the previous ten-year period were below EUR 500 m, with a continuous annual growth trend. The growth was particularly pronounced at the end of the period, while the share of the agrarian budget in the total budget of the RS from 2023 exceeds the level of 6.7% and in 2024 the achieved share is 6.7%. The total budget of the MAFWM in the mentioned year amounted to EUR 1.1 b, out of which the share of the budget for supporting agriculture and rural development was 82.3%. The share of agrarian budget in the total budget of the RS is at significantly lower level compared to the share in the EU (approx. 40%).. In 2024, compared to the previous year, the budget increase was achieved for direct payments and credit support (by 37%), while for other type of national support measures (including the national contribution for IPARD support) budget funds in 2024 were reduced compared to the previous year.

The total realisation of budget support for agriculture and rural development in the RS in the period 2014-2024 (excluding IPARD support) amounted to EUR 4.1 b, with the largest share of direct payments (81.8% for EUR 3.4 b of paid support) and rural development measures (13.8% for EUR 567.6 m of paid support). The largest volume of payment of agrarian budget was recorded in the last two years of the observed ten-year period, with the largest amount of national support for agriculture and rural development paid in 2024 (EUR 823.3 m), which represents a 2.8 times higher amount of agrarian budget realisation compared to 2014. Both at the beginning and at the end of the analysed period, the largest share in the total paid support to agriculture and rural development is achieved by direct payment measures, with a slight change in this share (by 0.2 pp in 2024

compared to 2014). A more significant share in the total realisation of the agrarian budget is also achieved by rural development measures - with an increase in the share in the total paid support to agriculture and rural development in 2024 compared to 2014 (3.8% and 2.7% respectively). Credit support and specific subsidies achieved a significantly lower share in the total realisation of the agrarian budget, which is accompanied by an increase in the share of credit support and a decrease in the share of specific subsidies in the total paid support to agriculture and rural development during the observed period (Table 6).

Table 6: National support paid for agriculture and rural development (EUR)

Type of subsidies	2014-2024	%	2014	%	2024	%	Index 2024/2014
Direct payments	3,352,724,045	81.8	278,283,540	94.7	781,714,006	94.9	280.9
Rural development measures	567,645,396	13.8	8,020,194	2.7	31,122,668	3.8	388.1
Credit support	66,528,459	1.6	3,044,217	1.1	9,131,076	1.1	299.9
Specific subsidies	23,682,391	0.6	4,435,312	1.5	1,327,079	0.2	29.9
Other subsidies	90,743,810	2.2	0	0.0	0	0	-
TOTAL	4,101,324,101	100.0	293,783,263	100.0	823,294,829	100.0	280.2

In the total direct payment subsidies paid in 2024, the largest share was achieved by production subsidies (83.9%). Within rural development measures in the same year, the largest share in the realisation of 44.2% was achieved by subsidies for competitiveness improvement, out of which 90.6% was for investments in physical assets of agricultural holdings, 5.7% for investments in processing and marketing of agricultural, food and fishery products, and 3.7% for risk management and subsidies for improvement of the knowledge creation and transfer system (35.9%). Subsidies for income diversification and improvement of the quality of life in rural areas (for the improvement and development of rural infrastructure), as well as subsidies for the preservation and improvement of the environment and natural resources (for organic production and the preservation of plant and animal genetic resources) in the total realised support for agriculture and rural development achieved a share of 9.9% each.

National support measures are created in the manner to prepare potential recipients to apply for IPARD funds, with clear demarcation included in the IPARD Programme. IPARD Measure 4 was designed to support only organic crop production, while conservation of plant and animal genetic resources was supported through national measures, as well as organic livestock production.

During 2009 project 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” was implemented from 2011 to 2013 in order to build capacity of the MAFWM and develop pLAGs.

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.

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

2.1. General framework

The main objective and purpose of the IPARD II Programme is to support agricultural producers and processors, as well as the population of rural areas in the RS, to gradually increase their capacities and potentials in order to prepare in a timely and appropriate manner for achieving EU standards in the field of the agri-food sector and environmental protection.

The objectives of support under the IPARD II Programme are as follows:

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

The objectives at the level of measures implemented during the IPARD II programming period are as follows:

Measure 1 - Investments in physical assets of agricultural holdings

Support to primary agricultural producers in the process of alignment with rules, standards, policies and practices of the EU; ensuring support for economic, social and territorial development for the purpose of smart, sustainable and inclusive growth through the development of physical capital; ensuring address to climate change challenges by promoting the efficient utilisation of resources; productivity increase and the quality of products together with a reduction of production expenditures; improvement of competitiveness of local producers with the adjustment to the requirements of the domestic and foreign market.

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

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

Measure 7 - Farm diversification and business development

Supporting the insufficiently diversified economy of rural areas, which is highly dependent on the sector of agricultural production and use of natural resources; improving employment

opportunities in rural areas; increasing household incomes; increasing the attractiveness of rural areas for living and working; reducing the depopulation of rural areas.

Measure 9 - Technical Assistance

Support for the implementation, monitoring and evaluation of the IPARD Programme, information flow and publicity, preparation of studies, visits and seminars, external expertise, potential LAGs, preparation for the implementation of the LEADER Measure, the National Rural Development Network.

As responsible for Programme monitoring, the MA established a set of indicators to measure the progress, efficiency and effectiveness of the IPARD Programme in relation to its objectives. These indicators, concerning the inputs, the outputs and the results of the IPARD Programme, were related to the specific character of the assistance concerned, its objectives and the socioeconomic, sectorial and environmental situation. Also, the indicators served as tool for evaluation purposes, publicity actions and Programme management (modification). The IPARD Agency acted as main data provider to the MA, respecting the previously defined principles of monitoring and frequency of data reporting to the MA. During the implementation of the Programme, the monitoring system was modified to properly reflect the changes in the Programme. Namely, the Third modification of the Programme introduced new sectors (Egg and Viticulture sectors), as well as related eligible expenditures. All these modifications were introduced into the monitoring system.

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

During the IPARD II programming period, Measure 1 and Measure 3 were implemented (after the entrustment of budget implementation tasks in 2018), while the implementation of Measure 7 and Measure 9 started two years later, after the entrustment of these measures and the amendment to the Financing Agreement in 2020. During the IPARD II programming period entrustment packages were not prepared for Measure 4 and Measure 5, the entrustment of budget implementation tasks was not carried out, and therefore they were not implemented.

During the IPARD II Programme implementation period (until 31st December 2024, taking into account that “n+4” extension was received for 2016, 2017, 2018, 2019 and 2020 budget commitment), 15 public calls were published (seven for Measure 1, four for Measure 3 and two each for Measure 7 and Measure 9), with a total allocated funds of EUR 220.1 m.

Table 7: Budget per call, IPARD projects and execution of the Programme budget

No. of calls	Budget per call (EUR)	Submitted applications		Approved projects		Paid projects		Execution rate (%)	
		No.	EU contribution (EUR)	No.	EU contribution (EUR)	No.	EU contribution (EUR)	Initial EU budget*	Final EU budget**
Measure 1: 7	111,216,121	2,260	154,142,925	1,185	83,502,279	1,011	63,008,406	82.9	86.9
Measure 3: 4	81,538,574	313	73,662,208	174	40,877,369	120	24,436,894	39.3	47.7
Measure 4: 0	0.0	0	0	0	0	0	0	0.0	0.0
Measure 5: 0	0.0	0	0	0	0	0	0	0.0	0.0
Measure 7: 2	26,251,837	605	78,974,589	195	23,664,761	104	11,567,360	66.1	39.0
Measure 9: 2	1,084,167	3	29,933	2	18,785	2	18,796	0.4	55.3
Total: 15	220,090,699	3,181	306,809,655	1,556	148,063,195	1,237	99,031,455	56.6	64.5

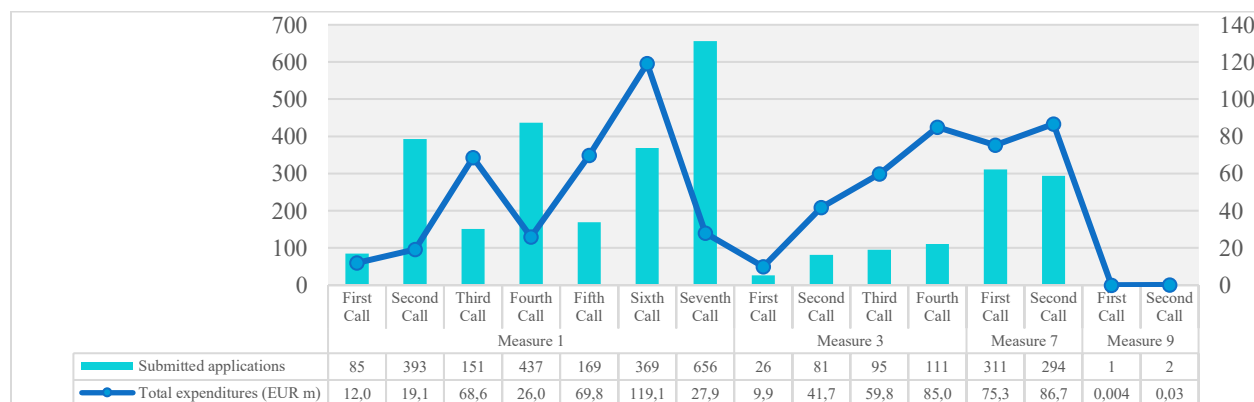
* Commission Implementing Decision C(2015) 257 of 20th January 2015

** Commission Implementing Decision C(2024) 6019 of 22nd August 2024

In accordance with the Article 34(1) of SA, the EC informed the RS regarding the beginning of the application of the rule related to the automatic de-commitment of allocated funds and the amount that falls under the mentioned rule. Given that by the end of 2023, the funds in the total amount of EUR 21,559,042.08 were not used for pre-financing, interim payments, and that the NAO did not submit a payment request for the same, the budget in the specified amount was automatically de-committed. Accordingly, the initial EU budget (EUR 175,000,000) was reduced, therefore the final EU budget in 2024 amount to EUR 153,440,957.92.

Within the published calls, a total of 3,181 applications for project approval were submitted, out of which 3,178 applications were submitted under investment-type measures, while within the two calls for Measure 9, three applications were submitted by the MA as a recipient of support. The interest of potential recipients was significant given that the total requested amount of EU support (EUR 306.8 m) exceeded the total allocated funds under the published calls (EUR 220.1 m) by 39.4%, the total initial EU Programme budget (EUR 175.0 m) by 75.3% and the final EU Programme budget (EUR 153.4 m) by 100.0%. A larger amount of requested support compared to the allocated budget per call was achieved for Measure 1 (by 38.6% within seven published calls) and Measure 7 (by 200.8% within two published calls). For Measure 3 and Measure 9, the requested support is lower than the allocated funds within the published calls for these measures, by 9.7% within four published calls for Measure 3 and 97.2% within two published calls for Measure 9. An overview of submitted applications and requested expenditures per measure and call until 31st December 2024 is shown in Graph 1.

Graph 1: Number of submitted IPARD applications and requested expenditures for investment per measure and call



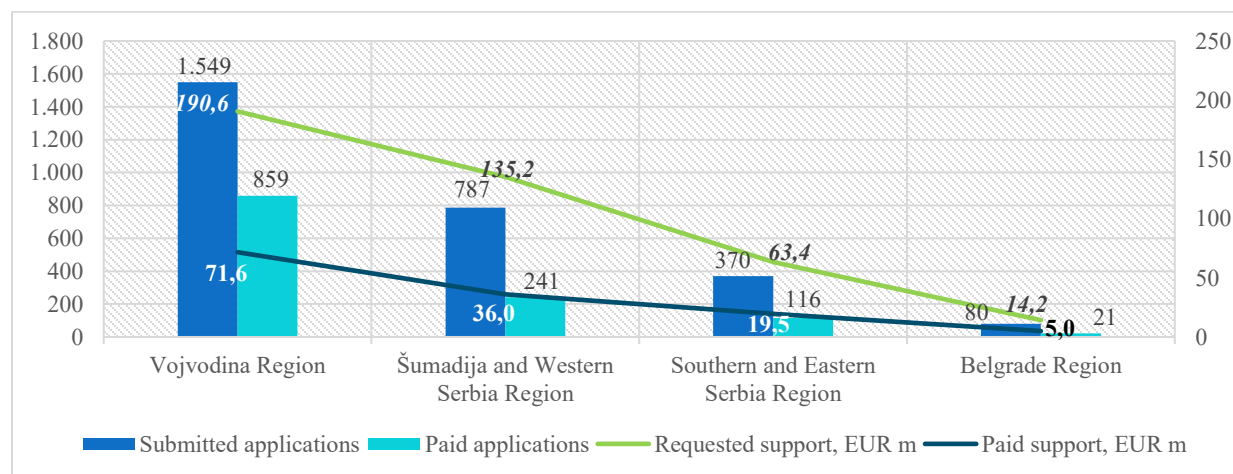
During the IPARD II Programme implementation, 1,556 projects were approved with the EU support in the amount of EUR 148,063,195 (84.6% of the initial and 96.5% of the final Programme budget). A larger amount and percentage of support approved compared to the amount of the initial Programme budget was achieved by Measure 7 (by 35.2%) and Measure 1 (by 9.8%), while in relation to the final Programme budget, only Measure 1 achieved a larger amount of approved support compared to the available Programme budget at the measure level (by 15.2%).

The total realised value of IPARD investments from the point of eligible expenditures (including private contribution) amounts to EUR 243,563,550, while the total value of investments realised through the IPARD II Programme, including ineligible expenditures, amounts to EUR 390,245,947. During the Programme implementation period, 1,237 IPARD projects were paid with the paid EU support of EUR 99,031,455, which represents 64.5% of the final, i.e. 56.6% of the initial EU Programme budget, and 32.3% of the amount of support requested by (potential) recipients. Almost two-thirds of the total amount of paid IPARD support relates to Measure 1 (63.2%). A significantly lower share in the total amount of paid IPARD support was achieved by Measure 3 (24.7%), Measure 7 (11.7%), and especially Measure 9 (0.02%). In relation to the total number of approved projects and support, 79.5% of projects and 66.9% of support were paid, with the largest percentage of realisation in relation to the number of approved projects recorded by Measure 1 (85.3% for projects and 75.5% for support), followed by Measure 3 (69.0% for projects and 59.8% for support) and Measure 7 (53.3% for projects and 48.9% for support). By the end of 2024, two projects for Measure 9 were approved and paid. The average amount of realised IPARD support is EUR 106,775, while the average value of paid EU support is EUR 80,058.

Regional distribution and support effects

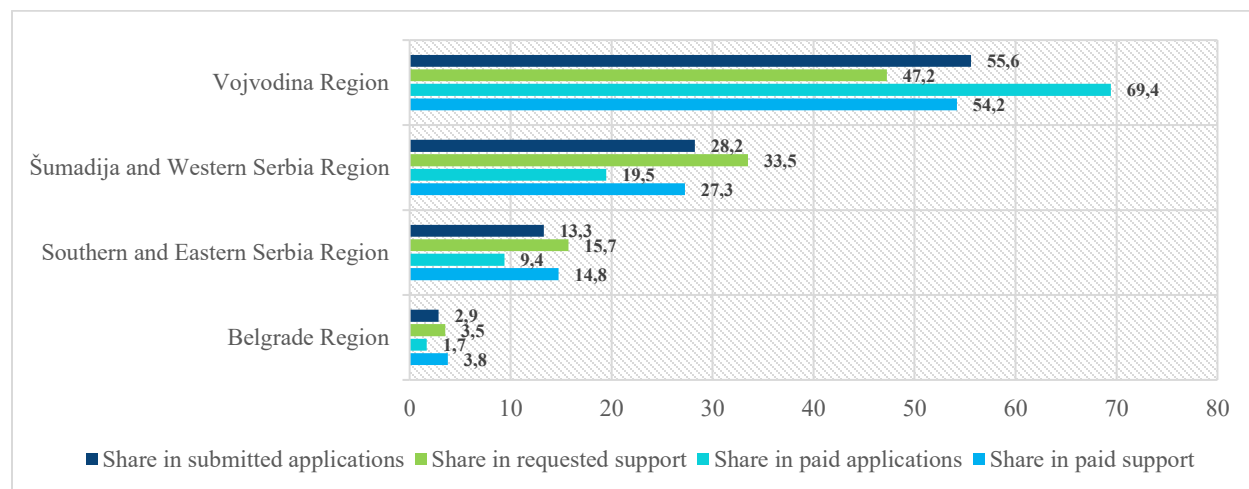
The largest number of submitted and paid IPARD applications, as well as requested and paid support, was achieved in the Vojvodina Region (859 paid applications in the amount of public support of EUR 71.6 m), whereby within this Region, compared to the second-placed Šumadija and Western Serbia Region, the number of submitted and paid applications was 2.0 and 3.6 times higher respectively, while the requested and paid support was 1.4 and 2.0 times higher respectively. A significantly lower number of applications and the amount of paid support were in the other two regions, especially in the Belgrade Region, considering that this is the smallest region in terms of territory and agricultural capacity (Graph 2).

Graph 2: Regional distribution of requested and paid IPARD support



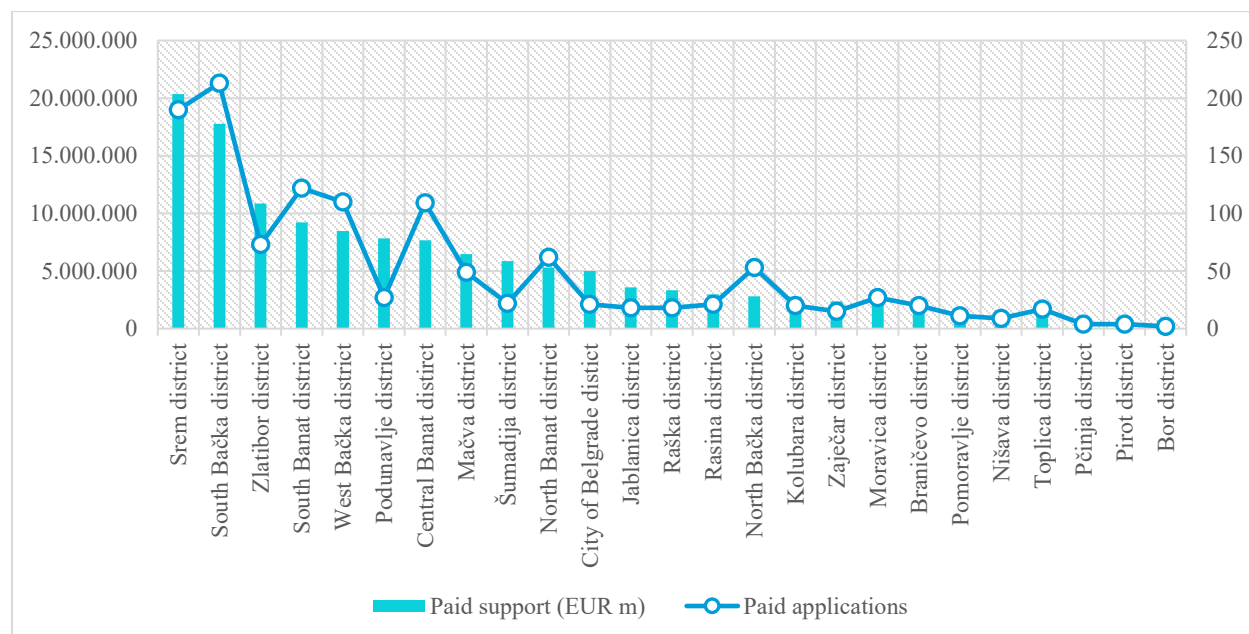
The Vojvodina Region achieved the largest share in the total number of submitted and paid applications (55.6% and 69.4% respectively), as well as the largest share in the total requested and paid support (47.2% and 54.2% respectively). A significantly lower share in the total number of paid applications (below 20% at the level of each region) and the amount of paid support (below 30% at the level of each region) was achieved in the remaining three regions (Graph 3).

Graph 3: Share of regions in submitted and paid IPARD applications and support (%)



The first position of the Vojvodina Region in the IPARD support utilisation was contributed by the largest number of submitted and paid IPARD applications and support by the districts that administratively belong to the Vojvodina Region, primarily the Srem and South Bačka ADs, with support paid in the amount of EUR 20.4 m and EUR 17.8 m respectively, which represents 29.0% of the total support paid per AD. At the same time, the lowest number of applications and support (below EUR 1 m) was paid in the Bor, Pirot and Pčinja ADs, which belong to the Southern and Eastern Serbia Region (Graph 4).

Graph 4: Distribution of paid IPARD support per administrative district



Overview of implementation of IPARD projects in 2024

There were no published calls for submission of project proposals in 2024 and therefore no applications were submitted in this year. In the same year 15 projects were approved in amount of EU support of EUR 2.6 m and 237 projects were paid in amount of EU support of EUR 32.5 m (Table 8).

Table 8: Overview of implementation of IPARD projects in 2024

Number of calls	Submitted applications		Approved projects		Paid projects		Execution rate (%)	
	No.	EU contribution (EUR)	No.	EU contribution (EUR)	No.	EU contribution (EUR)	Initial EU budget*	Final EU budget**
Measure 1: 0	0	0	2	736,147	105	13,282,887	17.5	18.3
Measure 3: 0	0	0	6	1,303,422	39	8,578,088	13.8	16.7
Measure 4: 0	0	0	0	0	0	0	0.0	0.0
Measure 5: 0	0	0	0	0	0	0	0.0	0.0
Measure 7: 0	0	0	6	584,719	91	10,597,672	60.6	35.7
Measure 9: 0	0	0	1	14,175	2	18,796	0.4	55.3
Total	0	0	15	2,638,463	235	32,477,443	18.6	21.2

* Commission Implementing Decision C(2015) 257 of 20th January 2015

** Commission Implementing Decision C(2024) 6019 of 22nd August 2024

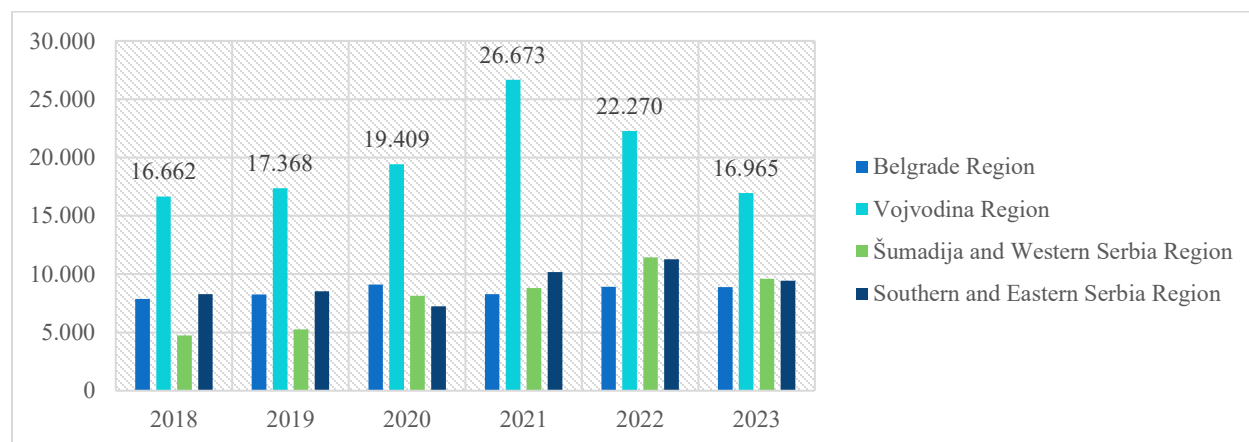
In the last year of the Programme implementation (2024), the achieved execution rate in relation to initial budget was 18.6%, which represent the highest volume of the achieved execution rate on annual level, as well as the highest execution rate of the total amount of paid support: 32.8%. The largest number of paid IPARD applications in 2024, as well as paid support, was achieved in the Šumadija and Western Serbia Region (99 paid applications in the amount of public support of EUR 15.0 m) and Vojvodina Region (89 paid applications in the amount of public support of EUR 12.2 m), while a significantly lower number of applications and the amount of paid support were in the other two regions: Southern and Eastern Serbia Region (34 and EUR 5.8 m respectively) and Belgrade Region (12 and EUR 2.6 m respectively). The first position of the Šumadija and Western Serbia Region in terms of support payment in 2024 was contributed by largest participation of this region in the payment of support for Measure 7 and Measure 3. Under this Region, the Zlatibor District has the largest participation of the Zlatibor District in the total support paid in 2024 (EUR 4.7 m for 37 projects paid).

In the period from 1st January to 31st December 2024, 81 applications were paid (27.6% of the total number of paid projects) for projects implemented in areas with difficult working conditions in agriculture, in the amount of paid public support of EUR 12.0 m (34.1% of the total paid public support).

The average value of agricultural production of AHs in 2023 was approx. EUR 28.5 thousand (22.4% of the EU-27 average) and achieves predominant growth over the period 2018-2023. The results of the FADN research indicate significant deviations in the value of this indicator between the Serbia-North Region and the Serbia-South Region, with the first region achieving a 28.9% higher value of agricultural production compared to the second region, which is largely contributed by a more favorable structure of the AHs, higher production productivity, a larger volume of subsidies used from various sources of financing, etc. Furthermore, a significant reason is the fact that AHs of larger economic categories are predominantly located in the Serbia-North Region.

Average Net Value Added (NVA)³ of AHs during 2023 amounted to EUR 16.5 thousand (33.3% of the EU average), with a slightly higher level of the value of this indicator in the Serbia-South Region (EUR 16.7 thousand) compared to the Serbia-North Region (EUR 15.9 thousand). The average NVA per AWU, as a measure of labor productivity on AHs, in 2023 amounted to 10.7 thousand EUR/AWU (35.5% of the EU average). The higher value of labor productivity of the AHs in the Serbia-North Region (14.8 thousand EUR/AWU) compared to the Serbia-South Region (9.5 thousand EUR/AWU) contributes to the highest average value of this indicator achieved in the Vojvodina Region: 16,965 EUR/AWU (Graph 5). Economically stronger AHs concentrated in the Serbia-North Region and higher level of efficiency in crop production due to the application of modern mechanisation have a predominant impact on the aforementioned regional differences in achieved labor productivity.

Graph 5: Net Value Added of AHs per AWU (EUR/AWU) by region, 2018-2023



Source: FADN

AHs profitability, observed through the average farm net income, achieved in 2023⁴ at the level of the AHs amounts to approx. EUR 14.6 thousand, which is significantly lower than the EU average (EUR 31.2 thousand). Agricultural holdings in the Serbia-South Region achieve higher farm net income on average (EUR 15.6 thousand) compared to the Serbia-North Region (EUR 12.7 thousand), which indicates a more profitable use of resources (higher realised production value in relation to available production capacities). The introduction of new technologies and the realisation of investments on the AHs in the analysed period contributed to the growth of the average net profit of the AHs in the RS.

In order to support recipients operating in areas with difficult working conditions in agriculture (in accordance with national criteria⁵) on the territory of the RS defined by the IPARD II Programme, during the Programme implementation, 294 projects were implemented with a total support amount of EUR 35,178,987, which represents 23.8% of the total number of paid IPARD projects and 26.7% of the total amount of paid IPARD support.

³ The Net Value Added (NVA) of AHs indicates the remuneration of all factors of production (land, capital, and labor), both owned by the AHs and externally engaged.

⁴ The net profit of a AHs represents the return on equity and management, including unpaid labor.

⁵ Rulebook on the determining areas with difficult working conditions in agriculture ("Official Gazette of the RS", No. 132/21 of 1st January 2022).

It should be noted that, in addition to IPARD support, support from other sources of financing for agriculture and rural development (national, regional, local, international projects, etc.) contributed to the results achieved in the agri-food sector in the previous decade. The net effects of the contribution of the IPARD II Programme will be assessed within the *ex-post* evaluation.

Realisation of IPARD support in the context of environmental protection

A total of 50 projects with an impact on environmental protection were implemented through the IPARD II Programme, out of which more than half of the projects relate to investments in the production of energy from renewable sources (31). A significant number of projects for the purpose of environmental protection through IPARD support were paid for investments in the storage and management of manure in the field of livestock production (16). In addition, three projects for the treatment and management of waste and wastewater were also paid. The total amount of approved IPARD support for the above-mentioned projects is EUR 4,445,840. In the total number of projects paid through the IPARD II Programme, projects contributing to environmental protection achieved a share of 4.0%, while in the total amount of approved IPARD support participate with a share of 2.3%. Until 31st December 2024, a total of 26 projects were paid where the environmental protection investment is the financially dominant investment. In the total number of paid environmental protection projects through the IPARD II Programme, projects in which the environmental protection investment is the financially dominant investment achieve a share of 52.0%.

According to data from the Environmental Protection Agency for agri-environmental Programme context indicators⁶, in 2018 compared to 2012, the total agricultural area, area under natural grasslands and forests increased by 113,663 ha, which was largely contributed by the increase in the area under forests (by 82,218 ha) and agricultural area (by 29,574 ha). At the same time, the share of the area under forests and agricultural area in the total area in the mentioned period increased by 1.1 pp and 0.4 pp respectively, while the share of the area under natural grasslands remained unchanged. The area under protected grasslands also did not change in the analysed period, while the area under protected forests⁷ decreased by 0.3%.

The nitrate content in groundwater in the period 2012-2023 achieved favorable trends through the transformation of the percentage share from the “high share” category to the more favorable “moderate share” category, while the “low share” category with 2.9% of the nitrate content in groundwater in the mentioned period remains unchanged. When it comes to the nitrate content in surface waters, the situation has also improved: from 100% of the nitrate content in the “high share” category in 2012, in 2023 this share was reduced to 95.9%, while the nitrate content in surface waters in the more favorable “moderate share” category increased by the same number of percentage points: from 0% in 2012 to 4.1% in 2023.

As a result of investments in renewable energy sources (RES), including IPARD support, the total RES production in the RS increased in 2022 compared to 2014 (110,397 TJ and 90,131 TJ, respectively), with the largest share of wood fuels (66.6%, with an increase in production in the observed period by 46.9%) and hydroelectric power (28.2%, with a decrease in production in the observed period by 21.4%) in the total RES production. During the IPARD Programme

⁶Corine Land Cover 2012, 2018.

⁷% of FOWL area protected under MCPFE classes.

implementation period, biogas production increased significantly (from 215 TJ in 2014 to 2,193 TJ in 2023), as well as wind energy production (from 94 TJ in 2016 to 3,418 TJ in 2023).

Realisation of IPARD support in the context of environmental protection in 2024

In 2024, seven projects were paid through IPARD support where the environmental protection investment is the financially dominant investment (six for renewable energy sources - three projects each in Measure 1 and Measure 3, and one for investments in manure management in Measure 1).

Qualitative analysis of the achievement of objectives at the Programme level

Programme objective: “Directing investment support through the management and control system which is in accordance with the standards of good management of modern public administration, where relevant state structures apply standards identical to those applied in similar organisations in EU member states”

During the IPARD II programming period, the established IPARD Management Structure, including the control system, as well as the IPARD Operating Structure (Managing Authority and IPARD Agency) implement the relevant activities for which they are responsible in accordance with the principles of modern public administration, applying standards that are largely in line with those applied in similar institutional bodies in the EU Member States. However, within certain segments there is a need for further improvement in order to increase the overall absorption of the IPARD fund, which especially applies to the part of the IPARD Operating Structure responsible for the implementation of the IPARD Programme: through strengthening human resources and other relevant capacities for the successful implementation of the IPARD Programme, further simplification of administrative procedures, introduction of a software solution for application, processing of IPARD applications and monitoring of all relevant indicators of Programme implementation, intensification of promotional activities, etc.

In accordance with the requirements of Article 10, point 1) subparagraph (c) of the Framework Agreement (hereinafter: FwA), a National IPA Coordinator (hereinafter: NIPAC), a National Authorising Officer (hereinafter: NAO), including the National Fund and the NAO Support Office, as well as the Operating Structure for the IPARD II Programme, have been appointed. The Operating Structure of the IPARD II Programme in accordance with the FwA includes: a) the Managing Authority (whose function within the MAFWM is performed by the Department for Management of IPARD Programme) - a public body operating at the national level and implementing activities related to the preparation of the IPARD Programme, including the selection of measures and the promotion, coordination, monitoring, evaluation and reporting on the IPARD Programme and b) the IPARD Agency (whose function within the MAFWM is performed by the Directorate for Agrarian Payments), with functions similar to those of the Paying Agency in an EU Member State - implementing activities for the implementation of the IPARD Programme by receiving applications for project approval, control and calculation of obligations, approval and payment of projects, and other relevant activities. The function of monitoring the quality and effectiveness of the implementation of the IPARD II Programme, including reporting to the EC on progress in terms of Programme implementation in accordance with Article 53(2) of the FwA and Article 52 of the SA, is ensured through the establishment of the IPARD II Monitoring Committee.

Further improvement of institutional capacity remains one of the central issues for the agriculture and rural development sector after the end of the IPARD II programming period, i.e. during the

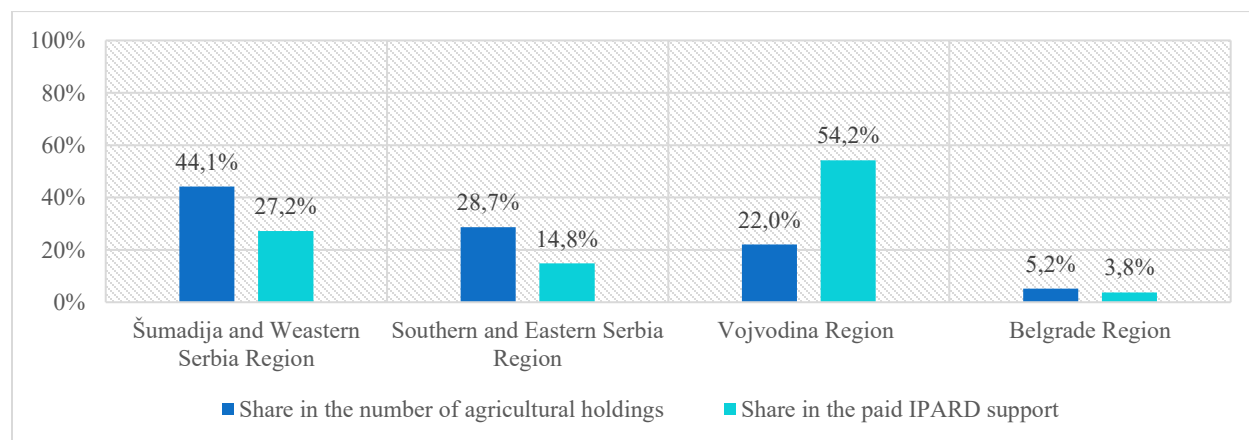
ongoing IPARD III programming period (2021-2027). Although Serbia has some level of preparation in agriculture and rural development, limited progress was made, in particular on recruitment to the IPARD structures and efficiency of processing IPARD applications and payment requests. During IPARD II programming period, activities have been carried out to establish the Land Parcel Identification System (LPIS) and the Integrated Administration and Control System (IACS) in order to improve the efficiency of the implementation of the Agriculture and Rural Development Programme. Furthermore, Farm Accountancy Data Network (FADN) for the RS has been established and includes 1,665 AHs. From the establishment of FADN system, the sample have been increased on annual basis with the aim to include 2,000 AHs at the moment of accession of the RS to the EU. The sample size and the quality of the data of the established FADN needs to be further improved. Efforts should be made to extend the collection of data to environmental and social issues in line with the EU acquis.

***Programme objective:** “Development of human and physical resources, food safety increase and the capacity of the agri-food sector to deal with the competitive constraint, as well as gradual alignment of the sector with the EU standards, particularly with those relating to hygiene and environmental protection, with the concern for balanced territorial development of rural areas”*

Given the payment condition of IPARD support, the relevant EU standards in terms of environmental protection and animal welfare must be met by the completion of the investment, it can be considered that all supported IPARD projects are aligned with the standards related to hygiene and environmental protection. Accordingly, within Measure 1, in order to achieve hygiene and animal welfare standards, IPARD support in the amount of EUR 17.0 m was paid to 106 supported AHs, which represents 20.2% of the support paid under Measure 1 and 12.8% of the total Programme budget. When it comes to Measure 3, all projects paid contributed to achieving hygiene standards from the point of food safety, which is related to 120 projects (EUR 32.6 m of paid public support) implemented with the aim to achieve this Programme objective.

The effectiveness of the Programme in terms of achieving objective regarding the balanced territorial development of rural areas can be assessed as unsatisfactory, given the significant disproportion in the regional distribution of paid IPARD support, especially if the total number of AHs at the regional level is taken into account. (Graph 6).

Graph 6: Share of the region in the number of agricultural holdings and paid support through the IPARD II Programme



Source: Censuses of Agriculture 2023

The Vojvodina Region achieved the highest share in withdrawal of the IPARD funds (over 50%), although it encompasses of 22.0% of the total number of AHs. This can be explained by the fact that the largest number of big AHs that are eligible for IPARD support are located in this region, supported by the results of the Agricultural Census 2023, according to which 70.1% of all AHs with an UAA over 20 ha are located in Vojvodina Region. Beside the above-mentioned, the possibility of using the Guarantee Fund to facilitate the implementation of projects in financial terms in Vojvodina Region, also contributed to the significant absorption of the IPARD funds in this Region. In addition to the above, the successful use of the IPARD fund by the Vojvodina Region was also contributed by the highest presence of consulting companies in the region (53.0% of the total number of consulting companies according to available data), compared to other regions.

In the continuation of this Chapter, a preliminary assessment of the improvement of the competitiveness of the agri-food sector will be carried out using the indicators such as the gross agricultural production index, the productivity of the agri-food sector, as well as the export of agri-food products, with a focus on regional distribution and effects of support, in line with the Programme aim of achieving balanced territorial development of rural areas.

During the IPARD II programming period, the *indices of the gross agricultural production* in the RS recorded cyclical movements. The most significant increase in the value of agricultural production compared to the previous year in the mentioned period was achieved in 2018: by 16.1% (taking into account the low base value of this indicator from 2017), while at the same time the most drastic decrease in the value of agricultural production was recorded precisely in 2017 (by 15.5%). A more significant increase in gross agricultural production was achieved in 2023 (by 8.5% compared to the previous year). Gross agricultural production in 2024 compared to the previous year was reduced by 7.6%.

The agricultural sector has achieved significant *productivity*⁸ growth in 2024 (6,967.6 EUR/AWU) compared to 2012 (4,061 EUR/AWU)⁹. The simultaneous moderate growth of the GVA of agricultural sector and the reduction of sectoral employment (Table 3) through combined effects caused the growth of productivity in the agricultural sector in the analysed period. However, the incomes generated from agriculture are relatively lower compared to income from other sectors, which is an indicator of the still low productivity of agricultural sector, especially in comparison with the European average of this indicator (approx. EUR 30,000 at the end of the observed period). In the same period, European countries achieved significant growth in labor productivity, while productivity growth in Serbia was very modest, closest to the level of labor productivity in Eastern European countries and at the same time slightly above the average labor productivity in the Western Balkan countries (approx. EUR 4,000). Despite the increase in the value of this indicator, the productivity gap in the agricultural sector between the RS and the EU has been widening in the analysed period, primarily due to the low rate of technological progress. Despite the efficient use of available resources, Serbia faces challenges in keeping up with the pace of adoption of new technologies that are characteristic of European countries with developed agriculture. Addressing these challenges is important from the point of improving the competitiveness of the sector and harmonising with the European standards. The adoption of new

⁸Calculated based on the ratio of GVA and sectoral employment.

⁹Programme context indicator: Labor productivity in agriculture.

technologies supported by adequate financing through national and EU support in the coming period can have an effective impact on the overall productivity of agriculture in the RS.

The food industry sector has recorded a decrease in labor productivity in the observed period (from EUR 23,175 /employee in 2014 to EUR 21.307 /employee in 2024), which is, among other things, the result of faster employment growth compared to the growth of GVA in the sector. The achieved productivity is significantly lower than the average productivity in the EU-27 (34% of the EU average). The reasons for lower productivity relate to unsatisfactory business organisation, technological lag and lack of knowledge and innovation due to insufficient investment. To this can be added the use of predominantly outdated equipment in a number of processing facilities, as well as the purchase of new equipment that does not provide optimal technological solutions in production. Increasing productivity through technological modernisation and professional development of the workforce are prerequisites for sustainable growth and competitiveness, and therefore represent development priorities in the coming period.

Export of agri-food products in the period 2014-2024 achieves predominant growth, with recorded export value above EUR 5.0 b in 2024. The declining trend of the surplus in the last years of the IPARD II programming period stabilized at the level of EUR 1.3 b (Table 3). Consequently, the import-export coverage ratio has also been decreasing in recent years and in 2024 amounted to 133.8%. The structure of exports of agri-food products of the RS differs significantly from exports to the EU, where exports of value-added products dominate. Regarding export of the RS, primary agricultural products dominates in the export structure (approx. 60% in 2024), while processed agricultural products in total agri-food exports account for 35.7%, which places Serbia as predominant exporter of agricultural raw materials and semi-finished products (mercantile maize and wheat, frozen raspberries, fresh apples, etc.). Six products from the agri-food sector are among the top twenty products in the total exports of the RS. However, the importance of the agri-food sector in the structure of the total exports of the RS shows a decreasing trend, considering that, unlike in previous years, there is no agri-food product among the top ten export products. As an indirect indicator of competitiveness in the international market, the HHI¹⁰ index for leading export products indicates an increase in the diversification of agri-food exports over the past ten years, as well as that exports are, on average, moderately concentrated in a certain number of markets.

Differences in product quality and the lack of uniform standards for its assessment have a significant impact on the price and competitiveness of exports. The limited quantities of products that Serbia can offer often represent an obstacle to conquering large markets, where stability of supply is key to maintaining a market position. In addition, the distance from the main export destinations increases the costs of transport and logistics, which further reduces price competitiveness compared to producers that are territorially closer to larger market destinations, which is also one of the key reasons for the predominant orientation of Serbian exports towards countries in the region and countries that are signatories to the CEFTA agreement.

In the period between the two Censuses of Agriculture (2012, 2023), the number of AHs decreased in all regions, with the largest decrease in the number of AHs in the Vojvodina Region (by 24.4%), while the lowest percentage decrease in the number of AHs was recorded in the Šumadija and Western Serbia Region (by 14.6%). The UAA decreased in three regions (mostly in the Vojvodina

¹⁰The Herfindahl-Hirschman Index (HHI) represents the share of a given market. By comparing the HHI values for the base year and the current year, it is possible to determine whether a country has become more competitive or its position has deteriorated.

Region: by 6.2%), while in only one region the UAA has increased (Šumadija and Western Serbia Region by 3.6%). The most drastic reduction in agricultural capacities in the analysed ten-year period is evident in the livestock sector, for all types of livestock (cattle, pigs, sheep and poultry) - with the exception of the number of sheep in the Vojvodina Region, which recorded an increase of 15.1% in the observed period, while the number of poultry in the Šumadija and Western Serbia Region stagnated at a level of approx. 1.2 m heads.

The total number of two-axle tractors in 2023 was 482,498, which is a significantly higher number than in the previous census (by 17.4%). When it comes to tractors owned by AHs, in the observed period it has significantly improved, especially, the number of two-axle tractors which has increased in all regions, from 11.3% in the Southern and Eastern Serbia Region to 23.6% in the Šumadija and Western Serbia Region (Table 9).

Table 9: Changes in agricultural capacity at the regional level, 2012- 2023

Description	Serbia - North				Serbia - South			
	Vojvodina Region		Belgrade Region		Šumadija and Western Serbia Region		Southern and Eastern Serbia Region	
	2023	Index 2023/2012	2023	Index 2023/2012	2023	Index 2023/2012	2023	Index 2023/2012
AHs	111,950	75.6	26,211	78.8	224,420	85.4	145,744	77.6
UAA, ha	1,499,521	93.8	138,752	103.6	959,146	98.1	641,955	98.7
Cattle	230,345	91.3	34,643	65.1	330,005	79.6	130,415	69.0
Pigs	1,028,996	73.7	79,213	39.2	780,881	67.8	374,615	57.3
Sheep	311,096	115.1	76,143	97.0	1,039,046	99.6	276,397	82.1
Poultry	9,676,565	81.1	1,199,605	100.1	7,244,027	78.2	3,484,242	82.5
Two-axle tractors	126,756	118.4	26,586	118.5	183,741	123.6	145,415	111.3

Source: Census of Agriculture 2023, SORS

The increase in the number of tractors has also influenced the reduction of the average age of this type of agricultural mechanisation: the share of tractors older than 10 years in the inter-census period has decreased from 95.0% to 90.6%. However, the largest number of tractors is still older than 20 years (73.8%). Outdated mechanisation is present in all regions. Almost half of the number of two-axle tractors is in the category of up to 40 kW (47.6%). One tractor processes an average of 5 ha of UAA, with an average of three livestock unit per tractor.

Summary result of the IPARD II Programme

The Programme is consistent with national policies and strategic priorities. Through the implementation of the IPARD II Programme, as of 31st December 2024, 1,556 projects were approved in the amount of approved EU support of EUR 148,063,195 and 1,237 projects were paid in the amount of EU support of EUR 99,031,455. The Programme has proved relevant for the successful recipients, in terms of increasing their quality standards and competitiveness. However, considering the Programme execution rate of 56.6% in relation to the initial budget, it can be stated that the result of the Programme implementation is partially successful, which was certainly contributed by the insufficient number of employees in the IPARD OS.

Effectiveness

During of the Programme implementation period, the agri-food industry sector recorded an increase in labor productivity and output growth. On the other hand, as a result of faster growth of imports than exports, the surplus of the agri-food external trade, as well as the degree of import-export coverage rate during the last years of Programme implementation have been showing a downward trend. At the same time, the trade structure is unfavorable, due to the higher share of raw materials and lower value-added products in total exchange, which indicates the need for

greater investments in added value products - Measure 3 for larger, commercially oriented farms, as well as the introduction of support for processing on smaller AHs in order to diversify their income.

Observed at farm level, for successful applicants the investments contributed to increase in competitiveness, due to technical improvement of their equipment and increased quality of their production. The IPARD investments contributed to increase in labor productivity on AHs (net value added of AHs per AWU), which applies to almost all supported sectors (with the exception of the poultry sub-sector, where only six IPARD projects were implemented), and especially to AHs in the largest economic size class of the standard output (from EUR 100,000 to EUR 250,000).

At the same time, in terms of certain macro-economic aspects, the Programme effectiveness can be assessed as limited. The horizontal integration with the aim to improve competitiveness at country level is not fully achieved, taking into account scattering of individual projects that are not contributing to integration of typical local products. The vertical integration of production and processing between Measure 1 and Measure 3 projects is also unsatisfactory. The investments are of small scale and the result is only a consolidation and strengthening of capacity at the individual level. Given the above-mentioned, establishment of producer groups for small and medium-sized producers, would be of great importance, which is conditioned by setting up of legal framework. This could certainly contribute to the horizontal integration of locally and regionally specific product supply and at the same time strengthen the market negotiation position of producers who benefit from IPARD support in order to place their products.

One of the results of the IPARD support under Measure 7 (104 paid projects in the field of rural tourism in the amount of EU support of EUR 11.6 m), is increase in the number of AHs that diversify their income in recent years, primarily from the point of rural tourism (the number of family AHs that deal with the rural tourism at the end of the implementation period is approx. 900). At the same time, after the start of the implementation of Measure 7, the tourist capacities show a tendency to increase, both the number of accommodation units (by 49.3% from 2020 to 2023) and the number of beds in the tourist accommodation capacities (by 40.7% from 2020 to 2023).

Due to delays in entrustment and beginning of implementation of Measure 9, it can be noted that this Measure did not achieve the expected results during the IPARD II programming period. However, the positive effects in terms of the experience gained in implementing this specific IPARD Measure will certainly be of great importance for IPARD III programming period, especially by using the lessons learned.

There is a risk that the Programme's ultimate impact at the national level will be very limited. The final results and impact of the Programme will be assessed by external experts as part of the Programme *ex-post* evaluation.

Qualitative analysis of achievement of objectives per measure

Measure 1: Investments in physical assets of agricultural holdings

The implementation of Measure 1 began by publishing the First Public Call for submission of applications for project approval on 25th December 2017, and was concluded by publishing of the Seventh Public Call, which was closed on 22nd April 2022. Within the seven calls, a total of 2,260 projects were submitted in the amount of requested public support of EUR 205.5 m and EUR 154.1

m EU support, out of which 1,185 projects were approved (public support: EUR 111.3 m, EU support: EUR 83.5 m) and 1,011 projects were paid, in the amount of public support of EUR 84.0 m and EU support of EUR 63.0 m (Table 10). The total amount of eligible investments realised under Measure 1 for the 1,011 paid projects is EUR 141.9 m. Including ineligible expenditures, the total investments under Measure 1 for the 1,011 paid projects are EUR 206.7 m. Measure 1 achieved the largest share both in the total number of paid IPARD projects (81.7%) and in the total amount of paid IPARD support (63.6%).

Table 10: Overview of submitted, approved and paid projects per call, Measure 1

No. of call and year of call closure	Submission		Approval		Payment		Approval rate* (%)		Payment rate* (%)		Execution rate* (%)	
	projects	EU support (EUR m)	projects	EU support (EUR m)	projects	EU support (EUR m)	projects	EU support (EUR m)	projects	EU support (EUR m)	projects	EU support (EUR m)
	a		b		c		(b/a)		(c/b)		(c/a)	
1 (2018)	85	5.4	42	2.8	32	2.1	49.4	52.5	76.2	74.0	37.6	38.9
2 (2018)	393	8.6	190	4.0	142	3.1	48.3	45.8	74.7	77.5	36.1	36.5
3 (2019)	151	30.8	70	11.1	53	7.5	46.4	36.0	75.7	67.6	35.1	24.5
4 (2019)	437	11.7	294	8.1	264	7.4	67.3	69.3	89.8	91.4	60.4	63.4
5 (2019)	169	31.4	93	15.1	80	10.3	55.0	48.0	86.0	68.2	47.3	32.9
6 (2021)	369	53.6	261	33.7	221	24.0	70.7	62.9	84.7	71.2	59.9	44.8
7 (2022)	656	12.6	235	8.7	219	8.5	35.8	69.4	93.2	97.3	33.4	67.5
Total	2,260	154.1	1,185	83.5	1,011	63.0	52.4	54.2	85.3	75.5	44.7	40.9

* In order to realistically present the data in the table, the calculation of the approval, payment and execution rate of EU support (expressed in %) refers to the amount of requested, approved and paid EU support expressed in EUR and not in EUR m (as shown in the table).

The dynamics of submission of applications for project approval indicates an increase in the number of applications submitted in each subsequent call (which also applies to calls for the tractors). The approval, payment and execution rates have recorded a predominant increase during the Programme implementation period (with the exception of the Third Call) and have reached their highest values within the last published calls.

The payment rate in relation to approved projects and support, both in total and at the level of each call, achieved higher average values compared to the approval and execution rate in relation to submitted applications, i.e. requested support. The lowest values were achieved by the execution rate in relation to the number of submitted applications, i.e. requested support. Some of the reasons that contributed to the low execution rate in relation to submitted applications are: empty and incomplete applications, applications that do not meet the conditions for payment of support, failure to comply with the deadlines for completing applications and submitting applications for payment, implementation of the appeals procedure, etc.

Realisation and effectiveness of IPARD support by type of investment

By the end of the Programme implementation, a total of 365 projects were paid for investments in equipment and mechanisation (excluding tractors) under Measure 1, with the amount of approved IPARD support of EUR 40.8 m, while a total of 83 projects were paid for investments in construction/reconstruction and equipping of facilities with an amount of approved IPARD support of EUR 19.2 m. Observed from the aspect of financially dominant investment at the level of the realised project, investments in equipment and mechanisation (including tractors) also dominate in the total number of paid projects under Measure 1: 942 paid projects (93.2%) and EUR 62.3 m of paid IPARD support (74.2%), out of which 625 projects only related to tractors in the amount of IPARD support of EUR 25.4 m, while 69 projects were paid for investments in the construction and equipment of agricultural facilities, with a total amount of paid IPARD support of EUR 21.7 m.

Observed at the investment level, the largest volume of payments was made for the construction and equipping of new warehouses (including ULO cold storage), where 20 were paid out of 63 applications submitted, with a total amount of paid IPARD support of EUR 6.6 m. Within Measure 1, the payment of projects for investments in construction and equipping of facilities began in 2020, and during that and the following year, an annual average amount of approx. EUR 300,000 of public support was paid and it continuously increases during the Programme implementation period. The total paid public and private eligible expenditure for the construction, reconstruction, modernisation and equipping of agricultural facilities during the Programme implementation period amount to EUR 40.7 m and at the annual level reached its lowest value in 2020 (EUR 488,595), while the highest amount was paid in the last year of the Programme implementation - EUR 18.3 m. This was accompanied by a significant increase in the share of realised IPARD II Programme eligible investments in fixed assets under Measure 1 in the total investments of the RS in the agricultural sector (from 0.3% in 2020 to 8.1% in 2023). However, considering that the largest amount of IPARD investments under Measure 1 was paid in 2024, it is a reliable assumption that the share was the largest in the final year of the Programme implementation period, as well as that the share was of approx. 9% in that year. Given the increasing trend of the paid IPARD support for the purpose of improving fixed assets in the agricultural sector, the expected effects will be reflected in the period after the end of the IPARD II Programme implementation, considering the long-term effects of this type of support.

During the period 2014-2024, the Programme context indicator Gross Fixed Capital Formation in Agriculture (GFCF) is recording continuous growth, reaching a value of EUR 451.8 m in 2024, which represents an increase of 21.8% in relation to the previous year and 57.0% in relation to the initial year of the IPARD II programming period (EUR 287.8 m in 2014).

Implementation and effectiveness of IPARD support per investment sector

The total volume of investments through the IPARD II Programme (including ineligible expenditures) under Measure 1 of over EUR 60 m was achieved by the Fruit and Vegetable Sector and the Other Crops Sector (EUR 66.2 m and EUR 62.9 m respectively). A more significant total volume of investments through the IPARD II Programme was also achieved by the Meat Sector (EUR 27.3 m), while the total realisation of investments through the IPARD II Programme in other sectors is below EUR 10 m.

The average value of agricultural production in the period 2014-2024 in the RS amounted to EUR 6.1 b, with the value of this indicator exceeding the average for the period in the last four years, reaching the amount of EUR 6.9 b in 2024 (Table 11). The largest contribution to the value of agricultural production is made by plant production (EUR 4.4 b), with a share of approx. 2/3, while livestock production, with about EUR 2 b, achieved a significantly lower share in the total value of this indicator. The unfavorable structure of agricultural production in RS is particularly evident in comparison with countries with developed agriculture, which are characterised by an inversely proportional ratio of the share of plant and livestock production, where the share of livestock in the total value of agriculture is approx. 60%. During the observed period, greater variations were expressed in plant production, while livestock production recorded stagnation over a number of years, with a slight decrease in production at the end of the observed period (Table 11). The above trends are contributed by various possibilities of adjusting plant and livestock production to market fluctuations, taking into account the average length of production cycles (on average longer production cycles in livestock production), as well as variations in agricultural product prices that

accompanied the mentioned period. The dynamics of the realised value of total plant production during the analysed period are significantly influenced by oscillations in the volume of production and prices in crop and vegetable production, while the influence of fruit and viticulture production on the trends of this indicator is of lower importance.

Table 11: *Indices and values of agricultural production in the Republic of Serbia, 2014-2024*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Agricultural production, EUR m	5,424	4,988	5,490	5,038	5,466	5,571	5,974	6,699	7,835	7,182	6,922
	Index (previous year = 100)										
Agricultural production		92.0	109.0	88.1	114.3	98.8	102.0	94.4	91.9	108.7	91.6
Plant production	106.3	87.3	119.5	76.5	125.5	101.9	104.6	89.9	88.7	115.5	87.9
- Crop and vegetable production	111.8	83.4	124.7	71.9	130.8	101.5	104.4	89.8	83.3	127.1	85.7
- Fruit production	84.1	105.0	102.2	94.7	109.3	102.9	106.0	89.6	109.3	80.6	98.7
- Viticulture	61.3	139.3	85.5	113.5	90.4	109.3	98.0	97.1	104.3	80.9	98.6
Livestock production	101.4	103.5	98.3	101.5	101.3	100.9	99.7	98.6	98.7	95.1	101.4
- Cattle breeding	99.9	100.5	99.3	100.3	99.4	101.2	98.9	98.7	95.9	94.2	97.0
- Pig farming	104.8	103.8	104.5	100.7	98.6	102.5	100.8	96.2	97.2	94.2	103.6
- Sheep farming	104.2	102.8	89.1	107.4	103.3	95.2	100.3	101.3	101.7	96.4	100.0
- Poultry farming	100.5	102.6	95.1	102.1	106.5	103.8	99.9	101.3	98.8	101.0	106.6

Source: SORS

Despite the need for more significant financial support for livestock production in order to establish an optimal structure of agricultural production, taking into account the average higher investments per unit of production capacity (procurement of quality breeding and production animals, animal feed costs, livestock housing capacity, milking equipment, manure handling, etc.), along with the current growing trend in input prices, the largest amounts of paid IPARD II support relate to investments in plant production. For investments in equipment in plant production, four times more IPARD support was paid (EUR 67.1 m) compared to paid support to livestock production (EUR 16.9 m). Furthermore, the number of paid projects for plant production (905) was 8.5 times higher than the number of paid projects for livestock production (106).

The higher share of plant production in the total amount of paid IPARD support (79.8%) compared to livestock production (20.2%) is primarily contributed by the Other Crops Sector, with a total paid support of EUR 37.8 m for 680 paid projects. A significant share in the realisation of IPARD support was also achieved by the Fruit and Vegetables Sector with EUR 28.3 m of paid support (of which EUR 21.1 m relates to the Fruit Sub-sector) for 214 paid projects. At the same time, for investments in livestock production, the largest volume of IPARD support was realised in the Meat Sector (EUR 9.7 m for 80 paid projects). The average value of realised IPARD project in the livestock production (EUR 159,956) is two times higher compared to the plant production (74,095 EUR). The share of individual sectors in the total paid support and projects is presented in the Graph 24 (Chapter 6.2), and more detailed data on the realisation of IPARD support by sector are provided in the Annex (Table O.1.a).

Table 12: Changes in capacity and production volume from supported sectors, Measure 1

	Ø 2014-2019		Ø 2020-2024		Index Ø 2020-2024/ Ø 2014-2019	
	Area (000 ha) / Number of livestock (000)	Production (000) t	Area (000 ha) / Number of livestock (000)	Production (000) t	Capacities (area / number of livestock)	Production
<i>Plant production</i>						
Cereals	1,743	9,652	1,736	9,840	99.6	101.9
Sugar beet	50	2,923	40	1,939	80.0	66.3
Oil burners	417	1,467	494	1,261	118.5	86.0
Potato	39	732	25	602	64.1	82.2
Fresh vegetables and beans	74	1,095	60	858	81.1	78.4
Fruit	180	1,624	190	1,417	105.6	87.3
- Berries	33	197	38	194	115.2	98.5
Grapes	21	153	19	148	90.5	96.7
<i>Livestock production</i>						
Cattle → Beef meat	901	74	794	77	88.1	104.1
- Dairy cows → Milk (mill. l)	428	1,501	369	1,409	86.2	93.9
Pigs → Pork	3,023	291	2,602	297	86.1	102.1
Sheep and goats → Mutton	1,909	32	1,886	31	98.8	96.9
Poultry → Poultry meat	16,535	97	14,893	122	90.1	125.8
- Laying hens → Eggs (mill.of eggs)	9,635	1,856	7,899	1,627	82.0	87.7

Source: SORS

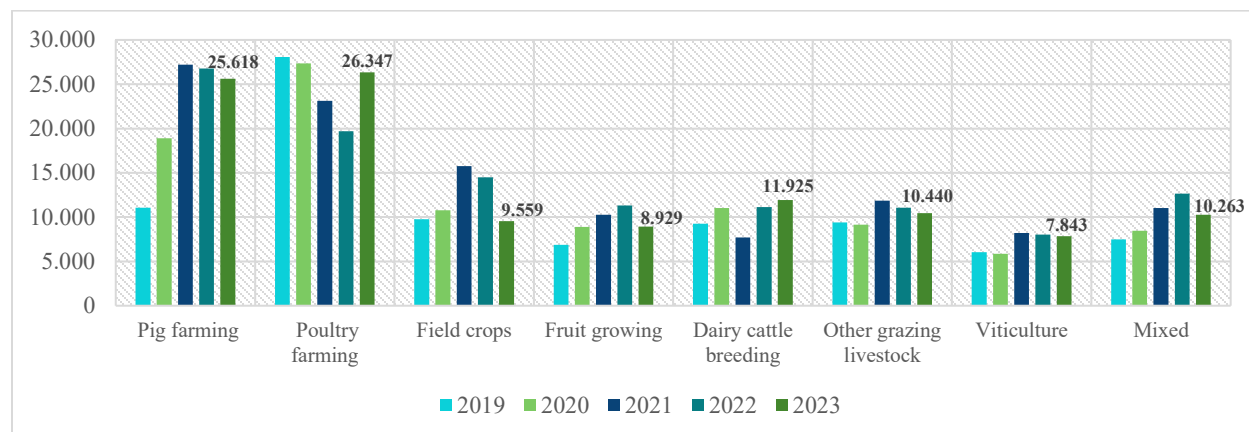
In the second sub-period (2020-2024) compared to the first sub-period (2014-2019), the increase in crop production capacity was achieved in the oilseed and fruit sectors (primarily within berries sub-sector), which, however, was not accompanied by an increase in production, due to a decrease in yield (by 0.7 pp for sunflower, 0.6 pp for soybean and 0.2 pp for raspberry). At the same time, a slight increase in production by 1.9% within crop production was achieved only in the cereal sector, while other sectors recorded a decrease in production in the second compared to the first sub-period of Programme implementation. Livestock production in the second sub-period recorded a decrease in production capacity in terms of the number of heads in all sectors, while according to SORS data, an increase in gross domestic meat production was achieved in the cattle, pig and poultry sectors. The milk and egg sector recorded a simultaneous decrease in both capacity and production in the second sub-period compared to the first (Table 12).

The assessment of the effects of the implemented IPARD support for Measure 1 in the following text will also be viewed through changes in foreign trade of important products of supported sectors within this Measure, as well as at the AH level.

The leading primary agricultural products in export are fruits and pome fruits, citrus fruits, melons and watermelons, with a share of 14.5% in total exports of agricultural and food products and a realised export value in 2024 of EUR 747 m, as well as cereals (share of 13.7%, EUR 702 m) with a tendency for export growth in 2024 compared to the previous year. Primary agricultural products, which dominated exports during 2024, were: commercial corn, frozen raspberries, commercial wheat, dog and cat food, fresh apples, etc. The most important primary agricultural products in import also relate to fruit with a share of 9% in 2024 (with a tendency for export growth in 2024 compared to the previous year), followed by cacao, meat, etc. The largest trade surplus in 2024 was achieved in the cereals sector: EUR 610.2 m (70% more than in 2023) and fruit sector: EUR 392.7 m (7% less than in 2023).

The effects of Measure 1 at the producer level will be assessed based on changes in labor productivity by type of agricultural production. Observed at the level of the AHs by type of production, the highest net added value per unit of labor input (AWU) is achieved by AHs in livestock production, primarily in the pig and poultry sub-sectors (Graph 7).

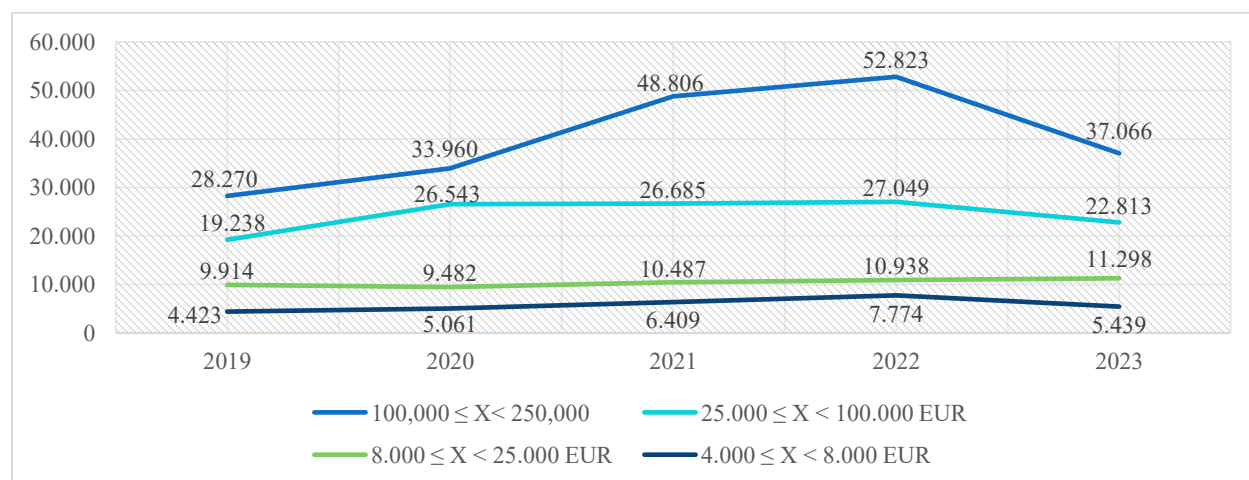
Graph 7: Net value added of agricultural holdings per AWU by type of agricultural production, 2019-2023 (EUR/AWU)



Source: FADN

The change in labor productivity of the AHs by type of production indicates differences in the value of this indicator in the period 2019-2023. In 2023, compared to 2019, the most pronounced increase in labor productivity measured by NVA/AWU was achieved by AHs in the pig farming sector (from 11,076 EUR/AWU to 25,618 EUR/AWU), a moderate increase in the value of this indicator was achieved in the milk, fruit and grape sectors, while a decline in labor productivity was recorded in the crop sector and poultry farming sector.

Graph 8: Changes in net value added per AWU by economic size class of agricultural holdings, 2019-2023 (EUR/AWU)



Source: FADN

Observed according to the economic size of the AHs based on the total value of standard output, in the period 2019-2023, AHs belonging to lower economic size classes recorded stagnation or very moderate growth in net value added per AWU, while AHs in the largest economic size class (from EUR 100,000 to EUR 250,000 of realised value of agricultural production on an annual basis) in the mentioned period achieved a greater increase of labor productivity in 2023 (EUR 37,066) compared to 2019: EUR 28,270 (Graph 7).

Summary result of Measure 1

The percentage of approved EU support in relation to the initial budget for Measure 1 is 109.8%, while the total paid support in relation to the total available funds is 82.9%. In relation to the final IPARD II Programme budget for Measure 1, the percentage of approved EU support for Measure 1 is 115.2%, while the total paid support in relation to the total available funds at the Measure level is 86.9%.

Based on the achieved result of execution of the initial Programme budget per measure, the Measure 1 can be preliminary assessed as successful in terms of the volume of absorption of available EU funds, as well as in achieving the financial objectives presented in the programming document. Moreover, considering the total amount of support implemented during Programme implementation, it can be concluded that Measure 1 contributed to the greatest extent to the overall achieved result of the IPARD II Programme in the RS.

Measure 3: Investments in physical assets concerning processing and marketing of agricultural and fishery products

The implementation of Measure 3 started by publishing the second IPARD public call for submission of applications for projects approval for IPARD support for investments in physical assets concerning processing and marketing of agricultural and fishery products for the purchase of new equipment on 27th March 2018. Four calls were published under Measure 3, out of which the last call was closed on 29th October 2021. A total of 313 projects were submitted under the calls for Measure 3 in the amount of requested public support of EUR 98.2 m and EUR 73.7 m of EU support, out of which 174 projects were approved (public support: EUR 54.5 m, EU support: EUR 40.9 m) and 120 projects were paid, in the amount of public support of EUR 32.6 m and EU support of EUR 24.4 m (Table 13). The total amount of eligible investments realised under Measure 3 for 120 paid projects amounts to EUR 75.3 m, and including ineligible expenditures amounts to EUR 125.3 m. The share of Measure 3 in the total number of paid IPARD projects is at the level of 9.7%, whereby this IPARD measure achieves more than twice the share in the total amount of paid IPARD support (24.7%).

Table 13: Overview of submitted, approved and paid projects per call, Measure 3

No. of call and year of call closure	Submission		Approval		Payment		Approval rate* (%)		Payment rate* (%)		Execution rate* (%)	
	projects	EU support (EUR m)	projects	EU support (EUR m)	projects	EU support (EUR m)	projects	EU support (EUR m)	projects	EU support (EUR m)	projects	EU support (EUR m)
	a		b		c		(b/a)		(c/b)		(c/a)	
1 (2018)	26	3.7	15	1.7	12	1.3	57.7	45.3	80.0	75.2	46.2	34.1
2 (2019)	81	15.7	42	10.0	34	7.1	51.9	63.8	81.0	71.3	42.0	45.5
3 (2020)	95	22.4	54	12.4	36	7.4	56.8	55.3	66.7	59.6	37.9	32.9
4 (2021)	111	31.9	63	16.8	38	8.7	56.8	52.8	60.3	51.6	34.2	27.2
Total	313	73.7	174	40.9	120	24.4	55.6	55.5	69.0	58.8	38.3	33.2

* In order to realistically present the data in the table, the calculation of the approval, payment and execution rate of EU support (expressed in %) refers to the amount of requested, approved and paid EU support expressed in EUR, and not in EUR m (as shown in the table).

The dynamics of submission of applications for project approval indicates an increase in the number of applications submitted in each subsequent call, which indicates an increase in the interest of recipients for this IPARD measure during the Programme implementation. The approval rate in relation to the requested support recorded a significant increase in the Second Call compared to the previous call, while at the Measure level it achieved almost equal percentage for projects and support at the level of approx. 55.6%. The payment rate in relation to approved projects and

support records a permanent decline in each subsequent call followed by increase of the rate of terminated projects. Furthermore, the execution rate in relation to the submitted applications and the requested support also records a permanent decline in each subsequent call (with the exception of the execution in relation to the requested support under the Second Call, which records an increase compared to the previous call) due to the increase of the rejection rate, as well as raising interest of potential recipients with limited budget for Fourth Call. Both of these rates achieved a higher percentage at the Measure level for paid applications in relation to the paid support.

Realisation and effectiveness of IPARD support by type of investment and investment sector

During the Programme implementation, all supported project under Measure 3 contributed to alignment with the EU standards through investments related to construction and equipping. The modernisation of processing capacities was carried out through investments in equipment and machinery within processing plants. In this regard, it is important to emphasise that the largest amount of IPARD support under Measure 3 was paid for the modernisation of equipment for processing and packaging of fruit and vegetables: EUR 12.3 m for 52 realised projects.

Under Measure 3, the payment of projects for investments in fixed assets for the construction and equipping of facilities began in 2020, and during that and the following year, an annual average amount of approx. EUR 250,000 was paid. The total paid public and private eligible expenditure for the construction, reconstruction and modernisation of processing facilities during the Programme implementation period amount to EUR 37.9 m and at the annual level reached its lowest value in 2021 (EUR 1.7 m), while the highest amount was paid in the last year of the Programme implementation - 2024 (EUR 21.8 m). According to available SORS data (until 2023), the highest share of total realised IPARD II Programme eligible investments in fixed assets under Measure 3 in the total investments in the RS food industry sector was achieved in 2022: 2.3%. However, considering that the largest amount of IPARD investments under Measure 3 was paid in 2024 (three times higher amount compared to 2022), it is a reliable assumption that the share was the largest in the final year of the Programme implementation period, as well as that the share was of above 6% in that year. The expected effects of investments in fixed assets in the food industry sector will be reflected in the period after the end of the IPARD II Programme implementation, considering the long-term effects of the realised support for this type of investment.

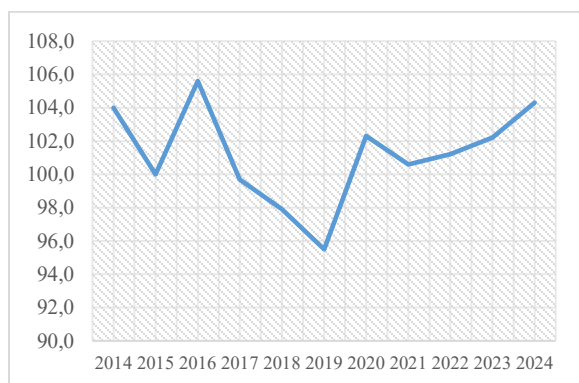
The largest total volume of investments through the IPARD II Programme was realised in the Fruit and Vegetable Processing Sector and amounts to EUR 82.0 m, out of which 68.4% refers to IPARD eligible expenditures, with the realised IPARD support amounting to EUR 25.8 m. A significant total volume of investments through the IPARD II Programme in the amount of EUR 15.1 m was also realised in the Wine Sector (out of which 67.2% refers to eligible expenditures and 26.4% to IPARD support). During the Programme implementation period, the Milk Processing Sector realised a total volume of investments in the amount of EUR 6.9 m, and the Meat Processing Sector of EUR 6.0 m. The share of paid IPARD support in the total paid eligible expenditures (including private contribution) is the highest in the Meat Processing Sector (48.8%), while the lowest share was achieved by the Milk Processing Sector (17.9%). At the same time, the Milk Processing Sector recorded the highest share of total paid eligible expenditures in the total volume of approved investment (including IPARD ineligible expenditures), while the Meat Processing Sector achieved the lowest share (66.7%). More detailed data on the structure of paid support by type of investment and investment sector under Measure 3 is presented in Table O.3.a and Table O.3.b in the Annex to the Report.

The key performances of the food industry in the period 2014-2023 in absolute terms record positive trends, which is primarily reflected in the increase in the number of economic entities (by 137.4%), employment (by 52.9%) and total turnover (by 101.6%) in 2023 compared to 2014. At the same time, relative indicators indicate stagnation in the development of this economic activity in the observed period, which is reflected in decrease of share in the total number of economic entities by 0.1 pp, of employment by 0.2 pp and total turnover by 0.6 pp.

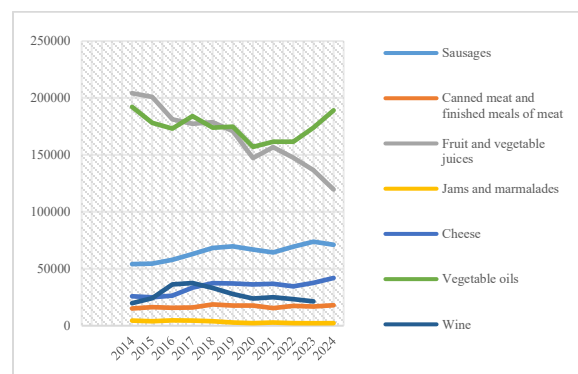
Productivity measured by value added at factor costs, employee costs and gross operating surplus in the food industry sector in the analysed period achieved a significant increase, which is understandable considering that the data are expressed in current prices. A more realistic picture of the position of the food industry in the economic system of the RS is provided by the relative indicators of the aforementioned business performances, which indicate unfavorable trends expressed through a decrease in the share of this branch of the processing industry in the total value added of the economy of the RS and in total employee costs, which implies a decrease in average salaries of employees in this significant economic activity.

In the period 2014-2024 the production of food products in the RS, compared to the previous year, recorded cyclical trends, with a more pronounced negative production trend in the middle of the observed period (2016-2019), when a significant decrease in the achieved volume of industrial processing of agricultural products was recorded. Significant growth of food industry production was recorded in the second sub-period of the Programme implementation (Graph 9).

Graph 9: Food industry production, 2014-2024 (previous year = 100)



Graph 10: Production of food products in supported sectors (t)



Source: SORS

Within the supported agricultural processing sectors, the more important products of the meat and milk processing sectors achieved production growth during the observed period, while fruit and vegetable processing products recorded a significant decline in production during the analysed period: jams and marmalades by 49.5% and fruit and vegetable juices by 41.4% in 2024 compared to 2014. It should be noted that within the Fruit and Vegetable Processing Sector under Measure 3, a larger amount of total investment was paid for the construction/reconstruction and modernisation of processing facilities (EUR 41.3 m) compared to the realised investments for modernisation of processing and packaging equipment (EUR 33.7 m). The Wine Sector recorded an 8.6% increase in production in 2023 compared to 2014 (from 198 thousand to 215 thousand hectoliters).

The share of processed agricultural products in the export structure in 2024 was at the level of 39.4%, which is above the five-year average of the previous period (31%), i.e. slightly above the share in 2023 (38.8%). The export of this group of products reached a record value of EUR 2 b in 2024, which is 11.1% more than the realised value of exports of processed agricultural products in 2023, i.e. 55.6% more than the five-year average of the previous period. Otherwise, over the last ten years, the value of exports of processed agricultural products has increased 3.7 times.

Summary result of Measure 3

The percentage of approved EU support in relation to the initial budget for Measure 3 is 65.7%, while the total paid support in relation to the total available funds is 39.3%. In relation to the final IPARD II Programme budget for Measure 3, the percentage of approved EU support for Measure 3 is 79.7%, while the total paid support in relation to the total available funds at the Measure level is 47.7%.

Based on the achieved result of execution of the initial Programme budget per measure, the Measure 3 can be preliminary assessed as partially successful in terms of the volume of absorption of available EU funds, as well as in achieving the financial objectives presented in the programming document.

Measure 7: Farm diversification and business development

Objective: “Supporting the insufficiently diversified economy of rural areas, which is highly dependent on sector of agricultural production and use of natural resources; improving employment opportunities in rural areas; increasing household incomes; increasing the attractiveness of rural areas for living and working; reducing the depopulation of rural areas.”

The implementation of Measure 7 began after the entrustment of budget implementation tasks in 2020 by publishing the First Public Call for submission of applications for project approval for IPARD support for farm diversification and business development (the Ninth IPARD Call for submission of applications for project approval) on 8th June 2020. Under Measure 7 only the rural tourism sector was supported. During the Programme implementation new sectors were not introduced due to the late entrustment and start of implementation of this Measure. Other sectors were supported through national schemes. Taking into account the later entrustment of the Measure, two public calls were published until the end of the IPARD II Programme implementation, out of which the last call was closed on 17th December 2021. The significant interest of potential recipients for this Measure was expressed by the large number of submitted applications for project approval within the two published calls: 605 in the amount of requested public support of EUR 105.3 m and EUR 79.0 m of EU support. Out of the total number of applications submitted, 195 projects were approved (public support: EUR 31.6 m, EU support: EUR 23.7 m). For the 104 projects paid, the total amount of eligible investments realised under Measure 7 amounts to EUR 26.3 m, out of which EUR 15.4 m relates to public support and EUR 11.6 m to EU support. Including ineligible expenditures, the total investments under Measure 7 for the 104 projects realised amount to EUR 58.2 m. The participation of Measure 7 in the total number of paid IPARD projects is at the level of 8.4%, and in the total amount of paid IPARD support 11.7%. Despite the decrease in the number of submitted applications for project approval under Measure 7, the amount of requested support increased in the Second compared to the First Call, which implies an increase in the value of projects submitted by potential recipients of IPARD support in the Second compared to the First Call: from EUR 118,089 to EUR 143,704 (Table 14).

Table 14: Overview of submitted, approved and paid projects per call, Measure 7

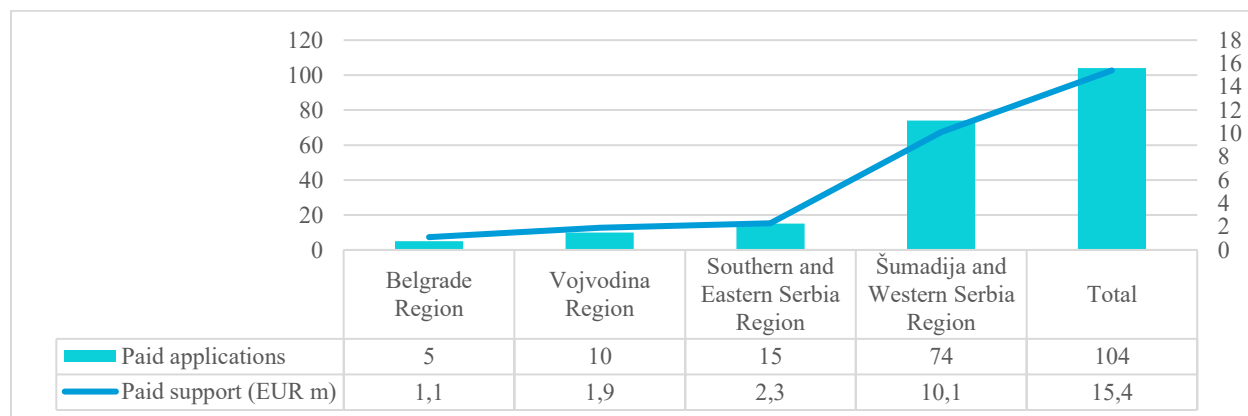
No. of call and year of call closure	Submission		Approval		Payment		Approval rate* (%)		Payment rate* (%)		Execution rate* (%)	
	projects	support (EUR m)	projects	support (EUR m)	projects	support (EUR m)	projects	support (EUR m)	projects	support (EUR m)	projects	support (EUR m)
	<i>a</i>		<i>b</i>		<i>c</i>		<i>(b/a)</i>		<i>(c/b)</i>		<i>(c/a)</i>	
1 (2020)	311	36.7	118	12.9	61	6.3	37.9	35.1	51.7	48.6	19.6	17.0
2 (2021)	294	42.2	77	10.8	43	5.3	26.2	25.5	55.8	49.3	14.6	12.6
Total	605	78.9	195	23.7	104	11.6	32.2	30.0	53.3	48.9	17.2	14.6

* In order to realistically present the data in the table, the calculation of the approval, payment and execution rate of EU (expressed in %) refers to the amount of requested, approved and paid EU support expressed in EUR, and not in EUR m (as shown in the table).

The same cannot be stated from the aspect of the dynamics of project approval and payment, given that in the Second Call, compared to the First Call, the amount of approved and paid support was reduced, as evidenced by the lower approval, payment and execution rates for Measure 7 compared to Measure 1 and Measure 3. For example, the achieved execution rate of IPARD support for Measure 7 is at the level of 14.6%, while for Measure 1 and Measure 3 it is several times higher (40.9% and 33.2% respectively). The difference in implementation is particularly pronounced in relation to Measure 1, which is characterised by the largest number of submitted applications, which can be attributed to the largest number of applications for the procurement of tractors under this Measure, whose projects require less complex project documentation, and therefore a shorter application processing period. In addition, a significant reason for the lower execution rate for Measure 7 is the more pronounced delay in the start of its implementation (the implementation of Measure 7 started in the second phase of the IPARD II programming period). The approval, payment and execution rates achieved a higher percentage within the Measure at the level of the number of projects in relation to the paid support.

Realisation and effectiveness of IPARD support by type of investment

The total value of investments realised under Measure 7 through the IPARD II Programme implementation for 104 paid projects amounts to EUR 50.3 m, out of which EUR 26.3 m relates to total eligible expenditures. Given that the focus of diversification of business activities in rural areas within the IPARD II Programme is on rural tourism, the key investments through the IPARD II Programme implementation during the Programme implementation period related to the setting of tourist homesteads and recreational zones. Within the eligible expenditures for the above purposes, 92 projects were realised, with a total investment value of EUR 41.6 m, out of which EUR 23.6 m relates to total eligible expenditures, and EUR 13.8 m to IPARD support. During the Programme implementation, the modernisation of existing tourist facilities was carried out with a total investment value of EUR 7.4 m within 11 realised projects, as well as one realised project with investment in facilities and equipment for leisure fishing, hunting and horse riding with a total investment value of EUR 1.1 m.

Graph 11: Number of applications and paid support under Measure 7 per region (EUR m)

Considering that the key objectives of Measure 7 are based on improving employment opportunities in rural areas, as well as increasing household income in rural areas, the focus of the analysis of the achievement of the objectives of Measure 7 will be various aspects of the labor market in rural areas and sources of income of rural households, i.e. AHs.

In 2023, out of the total employed population of the RS (2.8 m), 1.1 m live in rural areas (39.3%). The share of rural areas in the total number of unemployed persons is at approximately the same level and amounts to 38.3%. The activity rate of the rural population is 37.8% (urban 28.1%), the employment rate is 29.5% (urban 20.3%), the unemployment rate is 22.0% (urban 27.6%), and the rate of the population outside the labor force is 62.2% (urban 71.9%). The above labor market indicators indicate that there are no significant differences between urban and rural areas, i.e. that rural areas offer greater employment opportunities for people with lower education, and that the position of the rural population on the labor market is somewhat more favorable compared to the population of urban areas.

The income of rural households in 2024, as well as in the past ten-year period, comes mostly from regular employment (43.7%) and pensions (28.9%). Income from agriculture, hunting and fishing accounts for 10.7% of total available household income, while the value of in-kind consumption, which is mostly attributed to the consumption of food produced on the AH, is at the level of 6.8%. Income generated from agriculture is relatively lower compared to income from other sectors, which is an indicator of the low productivity of the agricultural sector. In addition, the rural population has fewer employment opportunities in the non-agricultural sector, which increases the risk of poverty in this category.

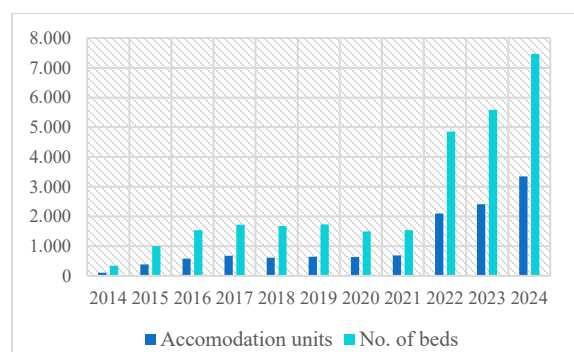
According to the results of the Census of Agriculture 2023, 880 AHs are engaged in rural tourism as a second profitable activity in order to generate an additional source of income. Despite the decrease in the total number of AHs in the period between the two agricultural censuses (2023, 2012), the number of farms engaged in rural tourism as a second profitable activity on the AH increased by 366 AHs in the period between the two censuses (880 AHs in 2023 and 514 AHs in 2012), with their share in the total number of AHs in the inter-census period increasing from 0.1% in 2012 to 0.2% in 2023. By the end of 2024, the total number of registered family AHs engaged in rural tourism is 891.

The results of the Census of Agriculture 2023 indicate that a significantly larger number of AHs generate additional incomes by engaging in other profitable activities, such as: brandy production

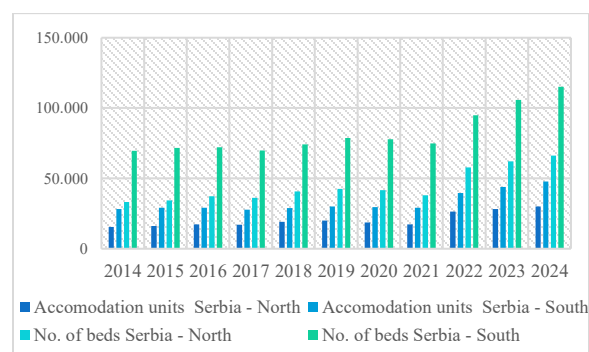
(28,042), fruit and vegetable processing (16,676), milk processing (16,558), meat processing (6,039), forestry and woodworking activities (9,517), contract work in agriculture or other activities (4,188), crafts (1,637), etc. The largest share of AHs engaged in rural tourism in the total number of AHs is achieved by the Šumadija and Western Serbia Region (65%), followed by the Southern and Eastern Serbia Region (21.0%) and the Vojvodina Region (10%), while the Belgrade Region achieves a share of 4%.

Tourist accommodation capacities in the RS, both the total number of accommodation units and the total number of beds in the period 2014-2024, show a growth trend at the beginning and at the end of the period. A sharp increase in accommodation units and the number of beds was achieved in 2022-2024 period, which coincides with the period of the start of the implementation of Measure 7, which at the same time confirms the statement about the expressed great interest of IPARD recipients for this Measure (by 200.4% higher amount of requested support compared to the budget allocated under the calls for Measure 7). The total number of accommodation units and the number of beds in rural tourist households in 2024 (3,348 and 7,475 respectively) increased significantly compared to 2014: 109 and 344 respectively (Graph 12). The average number of beds per accommodation unit in rural tourist households decreased from 3.2 in 2014 to 2.2 in 2024, which is approximately at the national average level (2.3).

Graph 12: Accommodation capacities of rural tourist households



Graph 13: Regional distribution of tourism capacities, 2014-2023



Source: SORS

The largest number of accommodation capacities is located within the Serbia - South Region (47,789 accommodation units and 115,185 beds), with a tendency for these capacities to grow in the period 2014-2024 (by 69.5% and 65.4% respectively). The increase in tourist accommodation capacities was certainly contributed by the increase in tourist arrivals and overnight stays in the RS (both domestic and foreign) in 2024 compared to 2014 (by 102.2% and 108.0% respectively).

Summary result of Measure 7

The percentage of approved EU funds in relation to the initial budget for Measure 7 is 135.2%, while the total paid support in relation to the total available funds is 66.1%. In relation to the final IPARD II Programme budget for Measure 7, the percentage of approved EU funds for Measure 7 is 79.8%, while the total paid support in relation to the total available funds at the Measure level is 39.9%.

Based on the achieved result of execution of the initial Programme budget per measure, the Measure 7 can be preliminary assessed as successful in terms of the volume of absorption of

available EU support, as well as in achieving the financial objectives presented in the programming document, while in relation to the final budget Measure 7 can be assessed as partially successful.

Measure 9: Technical Assistance

Support under Measure 9 covers eligible expenditures related to the implementation, monitoring and evaluation of the IPARD II Programme, including support for appropriate information flow and publicity of the Programme, support for studies, visits and seminars, external expertise, potential LAGs and preparation for the LEADER measure of the IPARD II Programme, as well as support for the national rural development network.

The budget implementation tasks for Measure 9 were entrusted in 2020. After the adoption of the rulebook, the implementation of Measure 9 began by publishing the First Public Call in 2022 for design of the IPARD website. Taking into account the later entrustment of the Measure, as well as the start of implementation, two public calls were published for it by the end of the IPARD II Programme implementation, out of which the last call was closed on 29th December 2023.

Table 15: Overview of submitted, approved and paid projects per call, Measure 9

No. of call and year of call closure	Submission		Approval		Payment		Approval rate* (%)		Payment rate* (%)		Execution rate* (%)	
	projects	support (EUR m)	projects	support (EUR m)	projects	support (EUR m)	projects	support (EUR m)	projects	support (EUR m)	projects	support (EUR m)
1 (2022)	1	3,230	1	2,720	1	2,721	100.0	84.2	100.0	100.0	100.0	84.2
2 (2023)	2	26,703	1	16,065	1	16,075	50.0	60.2	100.0	100.1	50.0	60.2
Total	3	29,933	2	18,785	2	18,796	66.7	62.8	100.0	100.1	66.7	62.8

* In order to realistically present the data in the table, the calculation of the approval, payment and execution rate of EU support (expressed in %) refers to the amount of requested, approved and paid EU support expressed in EUR and not in EUR m (as shown in the table).

Note: The difference in the amount of approved and paid EU support for Measure 9 appear as a result of exchange rate differences applied at the time of approval, i.e. payment of the project.

For the two paid projects, the total amount of realised investments under Measure 9 amounts to EUR 22,100, out of which EUR 18,796 relates to EU support. Compared to other IPARD measures, the share of Measure 9 in the total number of paid IPARD projects is at the lowest level and amounts to 0.2%, while in the total amount of paid IPARD support, the share is 0.02%. The approval rate and the execution rate of projects in relation to submitted applications for Measure 9 are 66.7%, while the rates for support amounts at a lower level are: 62.8%.

Given the late start of implementation of Measure 9 (the measure was implemented after the Rulebook for the implementation of Measure 9 was prepared and approved by the Minister of the MAFWM in November 2021, but the first call was published by the IPARD Agency in November 2022), it was not used to support the implementation, monitoring and evaluation of the IPARD II Programme, nor for the other above-mentioned programme-eligible activities, and in this way Measure 9 could not contribute to improving the quality of the IPARD II Programme and its implementation.

On the other hand, within the two realised IPARD projects, the Measure 9 budget was used for the development of the IPARD MA website and for the services for the preparation, printing, production, copying, distribution of printed promotional material. Although the IPARD MA website became functional in April 2024, i.e. in the last year of the Programme implementation, it had a positive effect in terms of improving the visibility and flow of information related to the IPARD II Programme. Namely, the IPARD MA website provides a lot of information relating, among other things, to the legal basis, current IPARD measures, public calls and conducted evaluations of the IPARD II Programme, including reports on its implementation. The promotional

material whose development was financed from the budget for Measure 9 of the IPARD II Programme relates to the IPARD III Programme. The projects implemented through Measure 9 in the previous period to support the publicity and promotion of the IPARD Programme will certainly contribute to the effectiveness of the implementation of the IPARD III Programme.

2.3. Achievement of the proposed objective

Accomplishment of objectives at Programme level

Until 31st December 2024, a total of EUR 132.1 m of IPARD support was paid through the implementation of the IPARD II Programme, out of which EUR 99.0 m of EU support and EUR 33.0 m of RS support were paid for 1,237 realised IPARD projects.

The dynamics of the utilisation of total IPARD support at the annual level recorded fluctuations during the IPARD II Programme implementation period. The largest increase in the implementation of support compared to the previous year (over 100%) was recorded in 2021 and 2020. After 2021, until the end of the Programme implementation, a more moderate increase in the implementation of support compared to the previous year was evident: by 82.2% in 2023, 62.6% in 2022 and 53.4% in 2024 (Table 16).

Table 16: Cumulative realisation of EU support at annual level, previous year = 100,0

Measure	2018	2019		2020		2021		2022		2023		2024	
	EUR m	EUR m	Index	EUR m	Index	EUR m	Index	EUR m	Index	EUR m	Index	EUR m	Index
Measure 1	0	4.58	-	6.65	145.2	15.58	234.3	24.81	159.2	49.07	197.8	63.01	128.4
Measure 3	0	0	-	3.04	-	6.22	204.6	10.63	170.9	14.90	140.2	24.44	164.0
Measure 7	0	0	-	0	-	0	-	0	-	0.59	-	11.57	1,961.0
Measure 9	0	0	-	0	-	0	-	0	-	0	-	0.02	-
Total	0	4.58	-	9.69	211.6	21.80	225.0	35.44	162.6	64.56	182.2	99.03	153.4

The budget execution for the IPARD Programme compared to the initial budget is 56.6%, while the Programme budget execution rate compared to the final budget is 64.5%. The above differences in the initial and final Programme budget execution rates are the result of financial modifications due to de-commitment of unspent budget, during the implementation period, both to the overall Programme budget and to the budget at the measure level. The mentioned resulted in a higher budget execution rate for Measure 7 compared to the initial budget than in relation to the final budget, while Measure 1, Measure 3 and Measure 9 achieved a higher budget execution rate compared to the final budget (Table 17).

Table 17: Budget execution for the IPARD II Programme, EU contribution

Measure	Paid EU support (EUR)	Initial budget *			Final budget **		
		(EUR)	Execution rate		(EUR)	Execution rate	
			%	2024/2023 pp		%	2024/2023 pp
Measure 1	63,008,406	76,040,000	82.9	+13.7	72,475,219	86.9	+14.4
Measure 3	24,436,894	62,210,000	39.3	+8.3	51,267,771	47.7	+10.0
Measure 4	0	8,750,000	0.0	0.0	0.0	-	0.0
Measure 5	0	5,250,000	0.0	0.0	0.0	-	0.0
Measure 7	11,567,360	17,500,000	66.1	+54.1	29,663,968	39.9	+31.9
Measure 9	18,796	5,250,000	0.4	+0.4	34,000	55.3	+55.3
Total	99,031,455	175,000,000	56.6	+14.3	153,440,958	64.5	+16.3

* Commission Implementing Decision C(2015) 257 of 20th January 2015

** Commission Implementing Decision C(2024) 6019 of 22nd August 2024

In terms of achieving financial and operational targets, better results were achieved in relation to the final compared to the initial Programme budget, taking into account that each financial modification of the IPARD II Programme was accompanied by the alignment of targets with the amended budget, both at the Programme level and at the level of each measure. Consequently, the reduction of the Programme budget based on the automatic de-commitment of unspent EU support resulted in a reduction of quantified target values, which certainly contributed to a higher rate of target execution in relation to the final budget compared to the initial Programme budget.

In the total number of realised IPARD projects, Measure 1 achieved the largest share of 81.7%. The contribution of other IPARD measures to the total realisation of IPARD projects is at a significantly lower level and does not exceed 10%: 9.7% for Measure 3, 8.4% for Measure 7 and 0.2% for Measure 9.

In relation to the **initial budget**, the achieved targets relate to the Programme indicator *Number of economic entities performing modernisation projects in agri-food sector* and to the indicator *Number of economic entities progressive upgrading towards EU standards*, with an execution rate of 106.4% and 134.2% respectively. The achieved execution rate for the indicator *Number of projects having received IPA support in agri-food sector and rural development* is 85.8%, while for the indicator *Number of beneficiaries investing in promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors* is at the lowest level of 18.1%. When it comes to the financial objective *Total investment generated via IPA in agri-food sector and rural development (EUR m)*, it was achieved at the level of 65.7% (Table 18).

Table 18: Execution of the financial and operational targets of the IPARD II Programme

Description of target indicators	IPARD realisation		Initial budget *			Final budget **		
	2024	Total	Target	Execution rate (%)		Target	Execution rate (%)	
				2024	total		2024	total
Number of projects having received IPA support in agri-food sector and rural development	232	1,235	1,439	16.1	85.8	1,210	19.2	102.1
Number of economic entities performing modernisation projects in agri-food sector	141	1,131	1,063	13.3	106.4	870	16.2	130.0
Number of economic entities progressive upgrading towards EU standards	141	1,131	843	16.7	134.2	620	22.7	182.4
Number of jobs created (gross)	NA	NA	260	-	-	130	-	-
Number of beneficiaries investing in promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors	7	50	276	2.5	18.1	62	11.3	80.6
Total investment generated via IPA in agri-food sector and rural development, EUR m	82,178,933	243,541,451	370,768,547	22.2	65.7	358,619,263	22.9	67.9

* Commission Implementing Decision C(2015) 257 of 20th January 2015

** Commission Implementing Decision C(2024) 6019 of 22nd August 2024

NA - Data is not available

In relation to the **final budget**, operational targets *Number of projects having received IPA support in agri-food sector and rural development*, *Number of economic entities performing modernisation projects in agri-food sector* and *Number of economic entities progressive upgrading towards EU standards* were achieved with an execution rate of 102.1%, 130.0% and 182.4% respectively, while for the operational target *Number of beneficiaries investing in promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors*, achieved execution rate of 80.6% in relation to the final budget and is significantly higher compared to the initial budget. Table 18 shows the number of realised projects

where investments related to environmental protection represent the financially dominant investment, while the total number of realised investments of this type is 50. The target for financial indicator *Total investment generated via IPA in agri-food sector and rural development (EUR m)* in relation to the final budget was achieved with an execution rate of 67.9% (Table 18). During the IPARD II programming period within monitoring of the target indicator *Number of jobs created (gross)* data were not available.

Accomplishment of objectives at Programme level in 2024

In 2024, EUR 32.5 m of EU support was paid, which represents an increase of 4.2% compared to the previous year 2023. Out of the total amount of EU support paid during the IPARD II programming period 32.8% was paid in 2024.

When it comes to the financial indicator *Total investment generated via IPA in agri-food sector and rural development (EUR m)*, it was achieved in 2024 at a level of 22.2% compared to the initially set target value. In relation to the initially set target values at the Programme level, the execution rate in 2024 for operational targets is: 13.3% for the indicator *Number of economic entities performing modernisation projects in agri-food sector*, 16.7% for the indicator *Number of economic entities progressive upgrading towards EU standards*, 16.1% for the indicator *Number of projects having received IPA support in agri-food sector and rural development* and 2.5% for the indicator *Number of beneficiaries investing in promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors*.

Execution of objectives per IPARD measure

Until 31st December 2024, with a share in regard to the final Programme budget of 86.9% and an initial Programme budget of 82.9% for 1,011 realised IPARD projects, Measure 1 contributed the most to the total execution rate of the IPARD II Programme. When it comes to Measure 3, an execution rate for 120 realised projects in relation to the final Programme budget is 47.7% and compared to the initial budget is 39.3%. Measure 7 with 104 paid projects achieves an execution rate in relation to the final Programme budget of 39.0% and compared to the initial budget of 66.1%. Significant difference between the execution rate in relation to the final and initial Programme budgets when it comes to Measure 7 created as a result of the financial modifications to the IPARD II Programme that were made during the Programme implementation period in terms of the reallocation of the budget between IPARD measures, whereby the final budget for Measure 7 (EUR 29,663,968) was significantly increased in relation to the initial budget: EUR 17,500,000 (Table 17). The aforementioned budget reallocation in favour of Measure 7 was carried out based on expressed significant interest of recipients for this Measure, whereby in both published calls the requested support significantly exceeds the allocated funds per call: by 2.4 times in the First and 3.8 times in the Second Call (Table 7). The lowest contribution to the total IPARD execution was made by Measure 9: the execution rate for the two realised projects compared to the final Programme budget is 55.3%, and 0.4% compared to the initial budget. As in the case of Measure 7, the explanation for the large difference in realisation compared to the final and initial Programme budget for Measure 9 is the budget reallocation due to the financial modifications of the IPARD II Programme, whereby the budget for Measure 9 was drastically reduced: from EUR 5,250,000 in the initial to EUR 34,000 in the final budget (Table 17).

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Table 19: Execution of financial and operational targets per IPARD measure

Description of target indicators	IPARD realisation		Initial budget *			Final budget **		
	2024	Total	Target	Execution rate (%)		Target	Execution rate (%)	
				2024	Total		2024	Total
MEASURE 1								
Number of projects supported	105	1,011	720	14.6	140.4	830	12.7	121.8
Number of holdings performing modernisation projects	105	1,011	600	17.5	168.5	690	15.2	146.5
Number of holdings progressively upgrading towards EU standards	105	1,011	380	27.6	266.1	440	23.9	229.8
Number of holdings investing in renewable energy production	3	4	60	5.0	6.7	8	37.5	50.0
Number of holdings investing in livestock management in view of reducing N ₂ O and methane emissions (manure storage)	1	10	120	0.8	8.3	16	6.3	62.5
Total investment in physical capital by holdings supported, EUR m	31,797,905	141,916,960	168,977,778	18.8	84.0	161,056,042	19.7	88.1
MEASURE 3								
Number of projects supported	36	120	463	7.8	25.9	180	20.0	66.7
Number of enterprises performing modernisation projects	36	120	463	7.8	25.9	180	20.0	66.7
Number of enterprises progressively upgrading towards EU standards	36	120	463	7.8	25.9	180	20.0	66.7
Number of enterprises investing in renewable energy production	3	12	46	6.5	26.1	18	16.7	66.7
Number of jobs created (gross)	NA	NA	160	-	-	90	-	-
Total investment in physical capital by enterprises supported, EUR m	27,137,773	75,337,451	165,893,333	16.4	45.4	136,714,057	19.9	55.1
MEASURE 7								
Number of projects supported	91	104	256	35.5	40.6	200	45.5	52.0
Number of agricultural holdings/enterprises developing additional or diversified sources of income in rural areas	91	104	167	54.5	62.3	100	91.0	104.0
Number of recipients investing in renewable energy production	0	0	50	0.0	0.0	20	0.0	0.0
Number of jobs created (gross)	NA	NA	100	-	-	40	-	-
Total investment in physical capital by enterprises supported, EUR m	23,243,255	26,287,040	35,897,436	64.7	73.2	60,849,165	38.2	43.2
MEASURE 9								
Number of promotion materials for general information of all interested parties (leaflets, brochures etc.)	15,000	15,000	11,118	134.9	134.9	530	2,830.2	2,830.2
Number of publicity campaigns	0	0	167	0.0	0.0	0	0.0	0.0
Number of workshops, conferences, seminars	0	0	334	0.0	0.0	0	0.0	0.0
Number of expert's assignments supported	0	0	44	0.0	0.0	0	0.0	0.0
Number of meetings of the Monitoring Committee	0	0	14	0.0	0.0	0	0.0	0.0
Number of studies on elaboration and implementation of Programme measures	0	0	83	0.0	0.0	0	0.0	0.0
Number of rural networking actions supported	0	0	49	0.0	0.0	0	0.0	0.0
Number of potential LAGs supported	0	0	72	0.0	0.0	0	0.0	0.0

* Commission Implementing Decision C(2015) 257 of 20th January 2015

** Commission Implementing Decision C(2024) 6019 of 22nd August 2024

NA - Data not available

Success in achieving the set targets in relation to the initial and final Programme budget was achieved for certain operational targets of Measure 1, while no financial target during the IPARD II Programme implementation at the level of IPARD measures in relation to the set value was not achieved (Table 19). For the financial target *Total investment in physical capital by holdings supported (EUR m)* within Measure 1, the most favourable result was achieved with an execution rate of 88.1% in relation to the final and 84.0% in relation to the initial Programme budget.

The success in execution of the operational objectives of Measure 1 can be attributed to the high level of interest for this Measure expressed by recipients, which was demonstrated by the highest

number of both submitted applications for project approval and paid projects and support. In addition, the total number of submitted applications for project approval under Measure 1 is 2.5 times higher than the total number of submitted applications for all other IPARD measures. For the same reason, this Measure also achieves a better result in terms of the execution rate for the financial target compared to the remaining IPARD measures.

Compared to Measure 1, Measure 3 has not completely achieved financial and operational targets. In addition to the lower total number of applications submitted for this Measure, it is also characterised by a significantly higher rate of rejection and withdrawal due to withdrawal by the applicant (40.3%). The key reasons for project rejection under this Measure relate to the unacceptability of investment criteria and failure to provide the required additional documentation.

The aggravating circumstances that accompanied Measure 7 and Measure 9 related to the delay in the start of implementation, as well as to conditional implementation until the administrative requirements were met. First requirement related to replacement of the short-term contracts of all Assistant Directors in the IA with the long-term or permanent contracts. Second requirement was that no payment shall be made in favor of a claimant or to their assignee(s) for whom it is established that they artificially created the conditions required for obtaining such payment with a view to obtain an advantage contrary to the objective of the support. By the DG AGRI Letter Ref. Ares(2024)7346497 – 16/10/2024 the condition set in the Article 7 of the Financing Agreement is lifted. Furthermore, due to the specifics of the implementation process of Measure 9 and the lack of experience in its implementation, as well as the longer period for the preparation and adoption of the legal basis for its implementation, the operational targets were not achieved. When it comes to Measure 7, the rate of rejection and withdrawal due to withdrawal by the applicant is 32.7%. The key reasons for the rejection of projects under Measure 7 relate to the unacceptability of investment criteria and failure to provide the required additional documentation.

The explanation for the low execution of operational targets from the point of environmental protection, in addition to the insufficient response of potential recipients for this type of investment, is partly in the way of monitoring the aforementioned indicators according to the principle of financially dominant investment, considering that this type of investment does not, as a rule, represent an investment of higher value. For the above reason, the executions rates at the level of IPARD measures for indicators related to environmental protection are certainly at a higher level than those shown.

When it comes to the indicator *Number of jobs created (gross)*, during the IPARD II Programme implementation, data for this indicator were not available due to difficulties in their collection.

Execution of objectives per IPARD measure in 2024

In 2024, EUR 13.3 m of EU support was paid for Measure 1, EUR 8.6 m for Measure 3, EUR 10.6 m for Measure 7 and EUR 18,796 for Measure 9.

Under **Measure 1**, the execution rates for operational and financial targets in 2024 compared to the initially set target values are: 14.6% for the indicator *Number of projects supported*, 17.5% for the indicator *Number of holdings performing modernisation projects*, 27.6% for the indicator *Number of holdings progressively upgrading towards EU standards*, 5.0% for the indicator *Number of holdings investing in renewable energy production*, 0.8% for the indicator *Number of holdings investing in livestock management in view of reducing N₂O and methane emissions*

(manure storage) and 18.8% for the financial indicator *Total investment in physical capital by holdings supported (EUR m)*.

Within **Measure 3**, the execution rates for the operational targets *Number of projects supported*, *Number of enterprises performing modernisation projects* and *Number of enterprises progressively upgrading towards EU standards* in 2024 are 7.8% each compared to the initially set target values. At the same time, for the operational target *Number of enterprises investing in renewable energy production* the execution rate is 6.5%, while for the financial target *Total investment in physical capital by enterprises supported (EUR m)* is 16.4%.

Within **Measure 7**, the execution rates for operational and financial targets in 2024 compared to the initially set target values are: 35.5% for the indicator *Number of projects supported*, 54.5% for the indicator *Number of agricultural holdings/enterprises developing additional or diversified sources of income in rural areas*, 0.0% for the indicator *Number of recipients investing in renewable energy production* and 64.7% for the financial target *Total investment in physical capital by enterprises supported (EUR m)*.

Regarding **Measure 9**, the execution rate for the indicator *Number of promotional materials for general information of all interested parties (leaflets, brochures etc.)* in 2024 compared to the initially set target value is 134.9%, which indicates that the initially set target value was exceeded by 34.9%. The execution rate for other indicators within this Measure is 0.0%.

Key factors that influenced the implementation of the IPARD II Programme

The evaluation of the IPARD II Programme conducted during 2020 indicated the most significant factors that influenced the deviation from the planned results in the initial phase of the Programme implementation:

- Delays in the entrustment of measures;
- A longer period of administrative control and on-the spot controls of investments due to a large number of incomplete applications;
- Insufficient information of applicants regarding the interpretation of the eligibility criteria for IPARD support;
- Inability to use IPARD support during project implementation;
- Certain eligibility criteria for potential recipients within Measure 3 (objects on the DG SANTE list are not eligible for IPARD support);
- Complex procedures for obtaining IPARD support, especially when it comes to submitting three offers.

When it comes to the delays in the entrustment of measures and the start of the Programme implementation, the RS faced a number of challenges, given that it had no experience in the implementation of the IPARD Programme or similar programmes until then. Namely, the closure of the findings of the audits carried out, which are an integral part of the entrustment of budget implementation tasks process, required a longer period of time, especially considering that it was necessary to secure an adequate location for the IA, i.e. a facility that meets the prescribed standards and ensures the smooth functioning of the IA. The start of the IPARD Programme implementation also implied the provision of an adequate number of trained staff, as well as additional harmonisation of the legal framework for the implementation of controls of national standards by technical bodies.

Although ensuring an adequate number of trained staff is of utmost importance for the Programme implementation, throughout the entire implementation period, the IPARD OS faced insufficient human capacities, fluctuation of employees and an inadequate retention policy for retaining of trained staff, which negatively affected the Programme implementation. Namely, when it comes to insufficient human capacities, in the initial phase of the Programme implementation, a ban on the employment of staff in the public sector was in force, for which it was necessary to obtain the consent of a special Commission for giving consent for new employment and additional employment with users of public funds. In order to overcome the above difficulties, it was necessary to introduce “smart HR management”, which implied the rotation of employees in the IA in accordance with job requirements. Throughout the entire Programme implementation period, efforts were made to provide adequate training for employees, which led to an improvement in the level of expertise and professional skills. When it comes to the staff retention policy, it is important to note that there was no possibility of financing the top-ups for employees through Measure 9, and that there was no legal basis for implementing this measure of the staff retention policy. The eligible expenditure on the level of salary support (top-ups) for employees in the IPARD Operating Structure was not supported under the IPARD II Programme, due to the decision of the DG AGRI and in accordance with the Article 33 (l) and Annex 4 point 5 Eligibility, Technical Assistance (j) of the Sectoral Agreement and the List of the Eligible Expenditures for Measure 9 (point 9.11.1, footnote 5). In that regard the List of Eligible Expenditures was amended accordingly and approved by the DG AGRI Letter on Third modification of the List of Eligible Expenditures under the IPARD Programme 2014-2020 of 24th March 2020. However, a Regulation on Job Classification and Criteria for Civil Servants Job Description was amended, which removed restrictions on advancement to the higher ranks for key bodies of the IPA system.

The beginning of the Programme implementation was also characterised by insufficient experience and awareness of applicants, primarily in terms of interpreting the eligibility criteria for IPARD support. This led to both a longer period of administrative control and on-the-spot control of investments due to a large number of incomplete applications, as well as to the rejection of a certain number of applications for payment. During the Programme implementation period, numerous trainings were conducted for potential recipients, advisors and consultants. One of the factors that had a negative impact on the Programme implementation in terms of a longer period for applications processing was frequent changes of approved projects, which consequently affected the extension of the period for final payments of the projects.

Table 20: Detailed overviews of calls and average time needed for project approval and payment

Measure	Call	Opening call date	Closing call date	Average time needed for approval (working days)	Average time needed for payment (working days)
Measure 1	1	25/12/2017	26/02/2018	210	111
	2	04/01/2018	26/02/2018	320	106
	3	24/10/2018	09/01/2019	360	124
	4	24/09/2019	25/11/2019	245	92
	5	24/09/2019	23/12/2019	405	91
	6	21/06/2021	10/09/2021	245	73
	7	14/02/2022	22/04/2022	236	152
Measure 3	1	27/03/2018	28/05/2018	260	109
	2	18/12/2018	11/03/2019	217	149
	3	26/11/2019	24/02/2020	462	95
	4	16/08/2021	29/10/2021	306	65
Measure 7	1	08/06/2020	31/10/2020	335	83

	2	23/09/2021	17/12/2021	316	67
Measure 9	1	18/11/2022	30/12/2022	245	63
	2	26/05/2023	29/12/2023	161	26

During the IPARD II Programme implementation period several modifications of the Programme were performed due to the low absorption rate of available financial support and to prevent automatic de-commitment of funds allocated to non-entrusted IPARD measures. The request for an extension of the deadline for the absorption of IPARD funds, i.e. the application of the “n+4” rule, was submitted to the European Commission five times and it was successfully granted. Due to this extension Serbia had more time to implement the IPARD II Programme. The submission of a requests for an extension of the deadline for the utilisation of allocated EU funds was accompanied by the preparation of an Action Plan for Improvement of Absorption of IPARD funds, that was accomplished to a great extent. More detailed information are presented in the Chapter 4.6.

The IPARD II Programme defined six measures, out of which two measures were not entrusted by the end of the programming period, namely Measure 4 - Agri-environment-climate and organic farming measure and Measure 5 - Implementation of local development strategies – LEADER approach. Regarding Measure 4, which included exclusively support for organic farming, it was not entrusted due to introduction of significant financial support for organic production through national support schemes, including a simpler administrative procedure for obtaining national subsidies in relation to IPARD support. Even though agri-environmental measure was financed through national budget as support for organic production, it cannot be considered as a preparatory measure for IPARD Measure 4. On the other hand, the lack of a legal basis was the key reason for non-entrustment of Measure 5, given that the applicable regulation did not allow LSGUs to be members of citizens’ associations. Furthermore, the delay in the implementation of Measure 9 affected the engagement of external expertise, which would be of exceptional importance for the preparation of entrustment package for Measures 4 and 5, taking into account their specificity. The technical assistance under IPA was delivered but for preparation of measure fiches for Measure 4 and Measure 5 for the programming period 2021-2027, as well as draft acts and procedures needed for their entrustment and implementation under the IPARD III Programme.

One of the external factors that had a negative impact on Programme implementation is significant increase in market prices of construction materials, machinery, equipment and mechanisation, which contributed to a high rate of withdrawal, as well as modification of approved projects. In response to the above-mentioned challenges, the price indexation was introduced during the Programme implementation period, which required a long period starting from initiating, determining the methodology, obtaining approval from the EC, as well as changing the legal basis and entrusted procedures. In addition to the price indexation, the advance payments in the amount up to 50% of approved IPARD support were also introduced and had a positive impact on the IPARD II Programme implementation, in terms of facilitating of project implementation financially. On the other hand, Serbia did not use a possibility of interim payments, which could facilitate project implementation.

The IPARD II Programme implementation was also accompanied by a series of adverse circumstances that had an impact on the global level (COVID-19 pandemic, the war in Ukraine, etc.).

In the previous period, significant efforts were made to improve the IPARD II Programme implementation. The experiences gained through the IPARD II Programme implementation are crucial in the context of the IPARD III Programme, as well as the continuous efforts to accelerate the process of applications processing, with the aim of minimising uncertainty regarding the outcome for potential recipients. The duration of application processing in all stages could be identified as one of the significant factors affecting the success of the Programme implementation.

The final impact of the IPARD II Programme at the country level will be determined after *ex-post* evaluation of the Programme, which is planned for 2025.

3. FINANCIAL COMMITMENTS AND EXPENDITURE BY MEASURE

Through the Programme implementation period, allocated budget per measure have been modified due to the reallocation between measures and the de-commitment of unspent budget . The initial Programme EU contribution allocated for the IPARD II Programme amounted to EUR 175.0 m, while after de-commitment of the budget is EUR 153.4 m. At the end of the programming period it was total paid EUR 99.0 m of EU contribution. In other words, EUR 76.0 m (43.4%) was lost at the end of the programming period.

By the end of December 2024, the approval rate of EU support after de-commitment is 96,5%. The same indicator calculated based on the initial financial plan is 84.6%, which represent lower value by 11.9 pp. By the end of the reporting period, the execution rate of the Programme budget after de-commitment achieves a higher value compared to the initial financial plan by 7.9 pp (64.5% and 56.6% respectively).

3.1. Programme performance in relation to the initial budget

The maximum indicative EU contribution for the period 2014-2020 in the amount of EUR 175.0 m was allocated under the IPARD II Programme. In the Table 21 the EU budget per year is presented.

Table 21: Maximum indicative EU contribution to the IPARD Fund, 2014-2020

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

Source: IPARD II Programme, Commission Implementing Decision C(2015) 257 of 20th January 2015

Within the total public support for entrusted investment measures, 75% of the support amount refers to the EU contribution, while the national contribution is 25%. In the case of Measure 9, the EU contribution amounts 85% of the total public support, while national co-financing is 15% (Table 22). The largest share in the total allocated EU contribution has Measure 1, with a share of 43.5%, while Measure 3 in the total allocated EU contribution has a share of 35.5%. Measure 7, for which budget implementation tasks were entrusted in 2020, has a share 10.0% of the EU contribution, while 3.0% of the allocated EU contribution relates to Measure 9. During the IPARD II Programme implementation, the budget implementation tasks were not entrusted for Measure 4 and Measure 5.

Table 22: Financial plan by measure, 2014–2020 (EUR)

Measure	Total public support	EU contribution	EU contribution (%)	National contribution	National contribution (%)
Measure 1	101,386,667	76,040,000	75	25,346,667	25
Measure 3	82,946,667	62,210,000	75	20,736,667	25
Measure 4	10,294,118	8,750,000	85	1,544,118	15
Measure 5	5,833,333	5,250,000	90	583,333	10
Measure 7	23,333,333	17,500,000	75	5,833,333	25
Measure 9	6,176,471	5,250,000	85	926,471	15
Total	229,970,588	175,000,000	-	54,970,588	-

Source: IPARD II Programme, Commission Implementing Decision C(2015) 257 as of 20th January 2015

By the end of 2024, decisions on project approval were made in the amount of EUR 148.1 m of EU contribution, which represents 84.6% of the total IPARD support foreseen in the initial financial plan. Accordingly, approval rates of the EU contribution envisaged by initial financial plan per measure are: 109.8% for Measure 1, 65.7% for Measure 3, 135.2% for Measure 7 and 0.4% for Measure 9 (Table 23). Through Programme modifications funds were reallocated from non-entrusted measures to entrusted measures, as well as between entrusted measures in line with interest expressed by the potential recipients. The stated approval rate for Measure 1 is a result of financial modifications of the Programme and reallocation of budget. As in the case of Measure 1, approval rate for Measure 7 also exceeds 100% as a result of reallocation of budget considering that the budget for Measure 7 has increased compared to the initially allocated budget (by 69.5%).

Cumulatively observed, from the beginning of the IPARD II Programme implementation by the end of the programming period, the execution rate of EU contribution in relation to the initially allocated budget is 56.6%.

Table 23: Financial execution of EU contribution per measure (EUR), 2014–2020

Measure	Indicative financial plan	Approved amount	Paid amount	Approval rate (%)	Execution rate (%)
	a	b	c	d=(b/a)*100	e=(c/a)*100
Measure 1	76,040,000	83,502,279	63,008,406	109.8	82.9
Measure 3	62,210,000	40,877,369	24,436,894	65.7	39.3
Measure 4	8,750,000	0	0	0	0
Measure 5	5,250,000	0	0	0	0
Measure 7	17,500,000	23,664,761	11,567,360	135.2	66.1
Measure 9	5,250,000	18,785	18,796	0.4	0.4
Total	175,000,000	148,063,195	99,031,455	84.6	56.6

Source: IPARD II Programme, Commission Implementing Decision C(2015) 257 as of 20th January 2015 and Common Indicator Tables for Monitoring and Evaluation

By the end of 2024, public support in the amount of EUR 132.1 m was paid, out of which EU contribution is EUR 99.0 m. Out of the total paid EU contribution, 63.6% related to Measure 1, 24.7% to Measure 3, 11.7% to Measure 7, while 0.02% related to Measure 9, with the execution rate of the initially allocated EU contribution per measure of 82.9%, 39.3%, 66.1% and 0.4% respectively (Table 23).

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Table 24: IPARD allocations and paid EU contribution per implementation year of the IPARD II Programme (EUR)

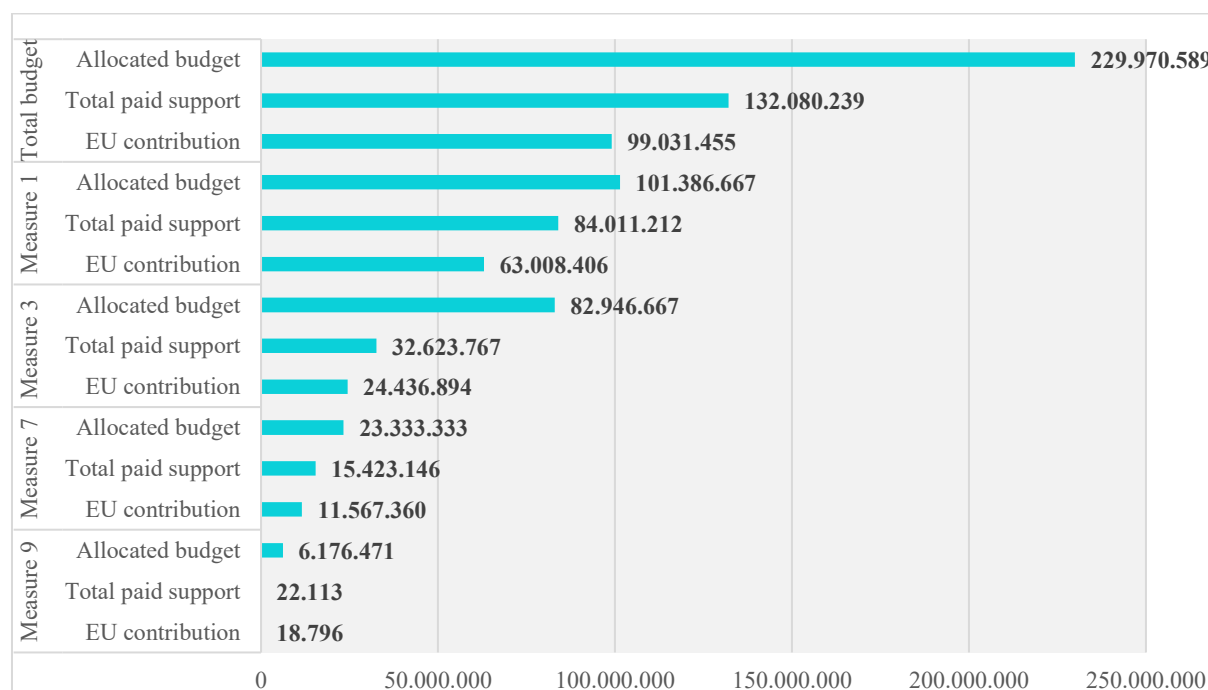
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2014 - 2020
Indicative EU contribution	0	15,000,000	20,000,000	25,000,000	30,000,000	40,000,000	45,000,000	0	0	0	0	175,000,000
Measure 1	0	7,535,248	9,900,325	10,622,224	11,199,743	17,002,434	19,780,025	0	0	0	0	76,040,000
Measure 3	0	6,164,752	8,099,675	8,690,276	9,162,757	13,910,066	16,182,475	0	0	0	0	62,210,000
Measure 4	0	0	0	2,187,500	2,187,500	2,187,500	2,187,500	0	0	0	0	8,750,000
Measure 5	0	0	0	500,000	1,000,000	1,900,000	1,850,000	0	0	0	0	5,250,000
Measure 7	0	1,000,000	1,500,000	2,000,000	5,000,000	4,000,000	4,000,000	0	0	0	0	17,500,000
Measure 9	0	300,000	500,000	1,000,000	1,450,000	1,000,000	1,000,000	0	0	0	0	5,250,000
Paid EU contribution	0	0	0	0	0	4,545,633	5,110,853	12,032,930	13,716,673	31,178,857	32,477,443	99,031,455
Measure 1	0	0	0	0	0	4,545,633	2,067,994	8,854,920	9,221,903	25,035,071	13,282,887	63,008,406
Measure 3	0	0	0	0	0	0	3,042,859	3,178,010	4,437,844	5,231,024	8,578,088	24,436,894
Measure 4	0	0	0	0	0	0	0	0	0	0	0	0
Measure 5	0	0	0	0	0	0	0	0	0	0	0	0
Measure 7	0	0	0	0	0	0	0	0	56,926	912,762	10,597,672	11,567,360
Measure 9	0	0	0	0	0	0	0	0	0	0	18,796	18,796

Source: IPARD II Programme, Commission Implementing Decision C(2015) 257 as of 20th January 2015 and Common Indicator Tables for Monitoring and Evaluation

In relation to the total amount of paid EU contribution (EUR 99.0 m), a share of 32.8% was achieved in 2024, a share of 31.5% was achieved in 2023, 13.9% in 2022, 12.2% in 2021, 5.2% in 2020, while a share of 4.6% was achieved in 2019. Execution rate in relation to the initial financial plan (EUR 175 m) is 18.6% in 2024, 17.8% in 2023, 7.8% in 2022, 6.9% in 2021, 2.9% in 2020 and 2.6% in 2019.

Realisation of the total public support in relation to the initially allocated budget per measure is presented in Graph 14.

Graph 14: Paid support in relation to the initial budget per measure (EUR)



3.2. Programme performance in relation to the budget after de-commitments

During the entire IPARD II Programme implementation period, the RS submitted a request for an extension of the deadline for utilisation of the allocated EU funds five times, for allocations from 2016, 2017, 2018, 2019 and 2020.

The MAFWM in December 2019, sent a letter to the EC with a request for an extension of the deadline for the utilisation of IPARD funds from the 2016 allocation from the “n+3” to the “n+4” financing rule and submitted an Action Plan for Improvement of Absorption of IPARD funds. On 12th December 2019, the EC approved an amendment to the Financing Agreement, which enabled the funds, which were foreseen by the IPARD II Programme for implementation by the end of 2019, to be used by the end of 2020.

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

The MAFWM submitted the letter to the EC with request for extension of the deadline for absorption of IPARD funds for 2018 allocation (“n+4” rule instead “n+3” financing rule) on 25th October 2021. On 19th November 2021, the Delegation of the EU to RS delivered to the MAFWM decision by which the DG AGRI approves the extension of the deadline for the absorption of IPARD funds for 2018 allocation under the IPARD II Programme by the end of 2022.

On 11th November 2022, the MAFWM submitted the letter to the EC with a request for an extension of the deadline for the absorption of IPARD funds for 2019 allocation (“n+4” instead of the “n+3” financing rule), as well as an updated Action plan for Improvement of Absorption of IPARD funds for 2022 and 2023. By the letter dated of 15th December 2022, the EC informed the RS that the request regarding the extension of the deadline for the absorption of IPARD funds for 2019 allocation under the IPARD II Programme by the end of 2023 is approved.

On 10th November 2023, the MAFWM submitted the letter to the EC with a request for an extension of the deadline for the absorption of IPARD funds for 2020 allocation (“n+4” instead of the “n+3” financing rule), as well as an updated Action plan for Improvement of Absorption of IPARD funds for 2023 and 2024. By letter *Ref. Ares (2023)8415835 as of 8th December 2023*, the EC informed the RS that the request regarding the extension of the deadline for the absorption of IPARD funds for 2020 allocation under the IPARD II Programme by the end of 2024 is approved.

The EC informed the RS regarding the beginning of the application of the rule related to the automatic de-commitment of allocated funds and the amount that falls under the mentioned rule, and in accordance with the Article 34(1) of the SA. Accordingly, five financial modifications of the IPARD II Programme have been made. More detailed information regarding the financial modification of the Programme is presented in Chapter 6.

Given that by the end of 2023, the funds in the total amount of EUR 21,559,042.08 were not used for pre-financing, interim payments, and that the NAO did not submit a payment request for the same, the budget commitment in the specified amount was automatically de-committed. Accordingly, the total budget for the IPARD II Programme, i.e. the allocated EU contribution amounts to EUR 153,440,957.92 during 2024. Interest earned on the IPARD II euro account, opened with the NBS, according to the NF, since the beginning of the IPARD II Programme implementation is EUR 0.0.

Table 25: Maximum indicative EU contribution for IPARD Fund, 2014-2020

Year	2014.	2015	2016	2017.	2018.	2019.	2020.	2014-2020.
Total (EUR)	-	15,000,000	20,000,000	21,303,213	17,181,067	34,956,678	45,000,000	153,440,958

Source: IPARD II Programme, Commission Implementing Decision C(2024) 6019 of 22nd August 2024

By modification of the IPARD II Programme, total public support, as well as EU contribution are allocated to entrusted measures: Measure 1, Measure 3, Measure 7 and Measure 9. The largest share in the total allocated EU contribution has Measure 1 with a share of 47.2%, while Measure 3 in the total allocated EU contribution has a share of 33.4%. Measure 7, for which budget implementation tasks were entrusted in 2020, has a share of 19.3% of the EU contribution, while 0.02% out of the allocated EU contribution refers to Measure 9 (Table 26).

Table 26: Financial plan per measure, 2014–2020

Measure	Total public support (EUR)	EU contribution (EUR)	EU contribution (%)	National contribution (EUR)	National contribution (%)
Measure 1	96,633,625	72,475,219	75	24,158,406	25
Measure 3	68,357,028	51,267,771	75	17,089,257	25
Measure 4	0	0	85	0	15
Measure 5	0	0	90	0	10
Measure 7	39,551,957	29,663,968	75	9,887,989	25
Measure 9	40,000.00	34,000	85	6,000	15
Total	204,582,611	153,440,958	-	51,141,653	-

Source: IPARD II Programme, Commission Implementing Decision C(2024) 6019 of 22nd August 2024

During the reporting period, the IA submitted 63 requests for funds to the NF and all were approved (one request was partially approved).

By the end of 2024, decisions on project approval were made in the amount of EUR 148,063,195, which represent 96.5% of the total IPARD support foreseen in the financial plan after de-commitment. Out of the total approved EU contribution 56.4% refers to Measure 1, 27.6% to Measure 3, 16.0% to Measure 7, while 0.01% refers to Measure 9. Accordingly, the approval rates of the EU contribution envisaged by financial plan per measure are: 115.2% for Measure 1, 79.7% for Measure 3, 79.8% for Measure 7 and 55.3% for Measure 9 (Table 26). Cumulatively observed, from the beginning of the IPARD II Programme implementation until the end of the reporting period, in relation to the available EU budget in 2024, the execution rate is 64.5%.

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

Activities conducted by the Management and Operating Structure in order to improve the quality and efficiency of the IPARD Programme implementation are listed below.

4.1. Managing Authority activities

The Managing Authority is responsible for preparation and implementation of the IPARD II Programme, as follows:

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

The MA is responsible for establishing a monitoring and reporting system to gather financial and statistical information on progress in the IPARD II Programme implementation. The monitoring and reporting system shall contribute to the preparation of annual and final reports on IPARD II Programme implementation, which the MA shall submit to the IPARD II MC, the NAO, the NIPAC and the EC. The MA conduct evaluations of the IPARD Programme and reports on implemented activities envisaged in the Evaluation Plan.

Furthermore, the MA shall prepare an annual Action Plan for the envisaged activities under Measure 9, as well as the Plan of Visibility and Communication Activities and reports to the IPARD II MC members on their realisation.

The MA is also responsible for promotional and info activities. Detailed overview of all promotional activities conducted during the entire Programme implementation period has been presented under the Chapter 8, while information on public calls have been presented under Chapter 2.2.

Activities implemented by the Managing Authority in 2024

During 2024, the MA performed the following activities:

- A proposal for the Seventh modification of the IPARD II Programme has been prepared, which has been adopted through the written procedure by the IPARD II MC members. The mentioned modification of the IPARD II Programme has been adopted by the EC;
- A terms of reference has been prepared for the engagement of an independent expert in order to conduct an *ex-post* evaluation.

Risks encountered in the IPARD II Programme implementation and actions taken

Throughout the entire IPARD II Programme implementation period, the MA in coordination with the IA, undertook activities in order to identify and eliminate risks and shortcomings affecting the IPARD II Programme implementation.

Table 27: Risks and undertaken activities in order to eliminate risks and shortcomings in the implementation of Measure 1 of the IPARD II Programme

Risks in the implementation of the measure (verifiability and controllability)	Mitigation activities	Overall assessment
1. Potential risk regarding implementation of the two new sectors in IPARD Programme (Egg and Grape sector).	Meetings with experts that prepared sectoral analysis for Egg Sector and Grape Sector, communication process with stakeholders, the MC members and the DG AGRI	Prepared: • sectoral analyses; • the Third modification of the IPARD II Programme (August 2019).
2. Potential risk regarding definition of specific eligibility criteria for the Egg Sector and Grape Sector.	Following the elaboration of sectoral analyses and communication process, specific criteria have been defined in cooperation with all representative stakeholders. The specific criteria were further agreed at the regular MA and IA meetings.	Harmonised specific eligibility criteria for the Egg Sector and Grape Sector.
3. Necessity to introduce new definition of specific eligibility criteria for the nursery production in Fruit and Grape Sector, because producers engaged in nursery production cannot meet the previously defined specific criteria.	Following the elaboration of sectoral analyses and communication process, specific criteria have been defined in cooperation with all representative stakeholders. The specific criteria were further agreed at the regular MA and IA meetings.	Harmonised specific eligibility criteria in nursery production.
4. Potential risk regarding implementation of Measure 1 due to introduction of new group of investments in Fruit Sector (investment in establishing and restructuring of fruit plantations (purchase of perennial planting material - except annual plants), including soil preparation)	Regular MA and IA meetings. Meetings with representatives of the Sector for Agricultural Policy and consultations with the MC members and the DG AGRI.	Amendment to the Rulebook on IPARD subsidies for investments in physical assets of agricultural holdings ("Official Gazette of the RS", No 84/17, 112/17,78/18 and 67/19) (September 2019).
5. a) During application processing a risk was identified in defining the location of the investment, therefore the definition of the location of investment was specifically indicated in the rulebook and stated in the application for project approval. b) Risk was identified in determining the size of legal entities. c) The risk is identified for potential recipients who invest in the procurement and installation of equipment in already existing facilities to submit application for project approval with building permit enclosed, issued by local self-	Regular MA and IA meetings.	Amendment to the Rulebook on IPARD subsidies for investments in physical assets of agricultural holdings ("Official Gazette of the RS", No 84/17, 112/17,78/18 and 67/19) (September 2019). including technical clarifications, definitions, specific criteria, necessary application documentation and a List of Eligible Expenditures was adopted.

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governments (excluding use permit in the project approval stage). d) The risk was identified that the potential recipients cannot submit official financial statements for the previous calendar year at the time of submission of application.		
6. A risk has been identified for small producers in the Fruit and Vegetable Sector, with mixed farms, that are not able to meet animal welfare standards.	Regular MA and IA meetings. Meetings with representatives of the Sector for Agricultural Policy, technical bodies and consultations with the MC members and the DG AGRI.	The Second Modification of the IPARD Programme (March 2019) and Amendments to the Rulebook on IPARD subsidies for investments in physical assets of agricultural holdings ("Official Gazette of the RS", No 84/17, 112/17 and 78/18 and 67/19) (September 2019), by which a derogation from the verification of national standards on AH up to 15 ha in the Fruit and Vegetable Sector was adopted, in thatway the standards are checked only in the sector of investment to which the application relates and not on the entire AH.
7. Potential risk regarding implementation of Measure I due to introduction of new group of investments in Meat Sector, (keeping/breeding of heavy lines parent flocks).	Regular MA and IA meetings. Meetings with representatives of the Sector for Agricultural Policy and consultations with the MC members and the DG AGRI.	Amendment to the Rulebook on IPARD subsidies for investments in physical assets of agricultural holdings ("Official Gazette of the RS", No 84/17, 112/17 and 78/18) (October 2018).
8. The risk that applicants with small plantations could apply for large storage capacities and then after the realisation of the investment they will be engaged only in trade and not in their own production was identified.	Regular MA and IA meetings and consultations with the MC members and the DG AGRI.	Amendments to the Rulebook on IPARD subsidies for investments in physical assets of agricultural holdings ("Official Gazette of the RS", No 84/17, 112/17 and 78/18) (September 2019). Definition of specific eligibility criteria in the Fruit and Vegetable Sector (for storage facilities, however, capacities have to be met at the beginning of investment).
9. The need has been identified to enable open-field vegetable producers with more than 50 ha and less than 100 ha to use IPARD support to increase competitiveness.	Regular MA and IA meetings and consultations with the MC members and the DG AGRI.	The Second Modification of the IPARD Programme (March 2019) and Amendments to the Rulebook on IPARD subsidies for investments in physical assets of agricultural holdings ("Official Gazette of the RS", No 84/17, 112/17 and 78/18 and 20/19) (September 2019). Definition of specific eligibility criteria for Vegetables sector (from max 50 ha to max 100 ha).
10. It was determined that the greatest burden in terms of number of submitted applications and the amount of requested support is related to Measure 1, while there is significantly less interest for Measure 3 - which refers to processing. For that reason, it is necessary to reallocate the budget between measures, in order to exclude the risk that the funds intended for farmers and processors will be returned to the EU budget (de-commitment). Also, it was determined that the funds allocated to Measure 5 (non-entrustedmeasure) may remain	Regular MA and IA meetings and consultations with the NAO and the DG AGRI.	The Fourth Modification of the IPARD II Programme (April 2021) include budget reallocation. The allocations for Measure 5 from 2017, 2018, 2019 and 2020 are reallocated to Measure 1. Also, the allocation for Measure 3 for 2020 is reallocated to Measure 1.

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unspent, and that is necessary to reallocate the funds to Measure 1.		
11. A risk has been identified that a certain number of young farmers (up to 40 years of age on the day of adoption of the decision on project approval) during the administrative processing of the application will exceed the limit of 40 years. In this situation, they lose the right to an additional 5% of support and additional points.	Regular MA and IA meetings and consultations with the NAO and the DG AGRI.	The definition of a young farmer has been changed by the Fourth Modification of the IPARD II Programme (April 2021) and Amendments to the Rulebook for Measure 1 (May 2021). Young farmer is considered to be a person who is under 40 years of age at the time of submission of application for project approval in accordance with new definition. The Amendment is in line with the previous Amendment to the Sectoral Agreement.
12. Potential risk of de-commitment of the allocated funds to non-entrusted measures.	Regular MA and IA meetings; Consultations with the MC members and the EC representatives. Meetings of the Working Group for Amendments to the Law on Agriculture and Rural Development were held.	Fourth Modification of the IPARD II Programme (April 2021): Changes of the Financial Tables - reallocation of budget for 2017, 2018, 2019 and 2020 from Measure 5 to Measure 1. Annual financial allocation for Measure 3 for 2020 is reallocated to Measure 1, (due to higher number of potential recipients under Measure 1). Furthermore, Amendment to the Sectoral Agreement and adoption of the Law on Amendments to the Law on Agriculture and Rural Development (November 2021) introduced the possibility of advance payment to IPARD recipients.
13. Within the Other Crops Sector, hop producers are not eligible recipients. Accordingly, there is a potential risk that funds will not be used sufficiently. The sectoral analysis prepared for the purpose of the IPARD III Programme has shown that hop producers should be supported, as well.	Regular MA and IA meetings.	By the amendments to the Rulebook on Measure 1 (May 2021), hop producers were introduced under the Other Crops Sector.
14. Due to the insufficiently precise definition of "location of investment" under the Rulebook on Measure 1, there was a potential risk that applicants would not obtain an adequate number of points, in case where the location of investment differs from the residence.	After the Audit Authority finding related to the inconsistency in awarded points to applicants, in case where the location of the investment differs from the residence, regular MA and IA meetings were held, as well as consultations with potential recipients.	By the Amendments to the Rulebook for Measure 1 (May 2021) the "location of the investment" was defined for those applicants where the location of the investment differs from the residence.
15. Risk that all potential recipients could not apply for the IPARD support related to construction on rented land parcels.	Regular MA and IA meetings and consultations, as well as consultation with potential recipients.	By the Amendments to the Rulebook for Measure 1 (May 2021), recipients who apply for IPARD support in construction on rented land parcels are eligible.
16. There was a significant number of potential recipients who expressed interest for IPARD support for investments in construction of facilities where certain type of works had already been started before application submission. In accordance with the provisions of the Rulebook on Measure 1, these investments were not eligible.	Regular MA and IA meetings, as well as consultations with potential recipients.	Amendments to the Rulebook for Measure 1 (May 2021) provide the possibility that the investments in construction of facilities where certain type of works had already been started before application submission are eligible.

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17. Risk that applicants cannot obtain required documentation in case of ownership change.	Regular MA and IA meetings, as well as consultations with potential recipients.	The amendment to the Rulebook for Measure 1 (May 2021) introduced a provision that in the case of a ownership change the use permit may be issued to another person if the use permit was issued before the acquisition of ownership.
18. The recipients will not be able to provide the full amount of funds for the realisation of the investment.	Regular MA and IA meeting, as well as meetings of the Working Group for Amendments to the Law on Agriculture and Rural Development.	Modification of the Sectoral Agreement and adoption of the Law on Amendments to the Law on Agriculture and Rural Development (November 2021), which introduced the possibility of advance payment to the IPARD recipients. The Amendment to the Rulebook for Measure 1 (January 2022) introduced a provision regarding possibility of advance payment to the IPARD recipients.
19. The process of administrative verification of applications is too long due to submission of incomplete applications by potential IPARD recipients.	Regular MA and IA meetings.	The Amendment to the Rulebook for Measure 1 (January 2022) prescribes mandatory documentation for each applicant. Furthermore, the provision that prescribes only one amendment to the approved project was introduced.
20. The increase in the prices of construction materials, mechanisation and equipment, both in the RS and on the global market, is one of the reasons of withdrawal of projects by recipients.	Regular MA and IA meetings. Introduction of price indexation through amendments to the Rulebook.	The Amendment to the Rulebook for Measure 1 (March 2023) was adopted, which introduce the possibility of price indexation, in order to improve absorption of funds.

Table 28: Risks and undertaken activities in order to eliminate risks and shortcomings in the implementation of Measure 3 of the IPARD II Programme

Risks in the implementation of the measure (verifiability and controllability)	Mitigation activities	Overall assessment
1. Potential risk regarding implementation of Measure 3 in Egg Processing Sector and Grape Processing Sector.	Meetings with experts that prepare sectoral analyses for Egg Processing Sector and Grape Processing Sector, communication process with stakeholders, the IPARD II MC members and the DG AGRI	Prepared: - sectoral analyses, - the Third Modification of the IPARD II Programme (August 2019).
2. Risk was identified regarding defining specific eligibility criteria for the Egg Processing Sector and Grape Processing Sector.	Specific criteria have been defined in communication process with all representative stakeholders. The specific criteria were further agreed at the regular MA and IA meetings.	The Amendments to the Rulebook on IPARD subsidies for investments in physical assets concerning processing and marketing of agricultural and fishery products ("Official Gazette of the RS", No 84/17, 23/18, 98/18 and 82/19) (November 2019) to harmonise specific eligibility criteria in the two new sectors (Egg Processing Sector and Grape Processing Sector).
3. a) During application processing, a risk was identified in defining the location of investment, so the definition of the location of investment was specifically indicated in the rulebook and stated in the application for project approval. b) Difficulties in defining related legal entities have been identified.	Regular MA and IA meetings.	The Amendments to the Rulebook on IPARD subsidies for investments in physical assets concerning processing and marketing of agricultural and fishery products ("Official Gazette of the RS", No 84/17, 23/18, 98/18 and 82/19) (March 2018, December 2018 and November 2019) including technical clarifications, definitions, specific criteria, necessary documentation for application submission.

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c) The size of legal entities needed to be further defined. The rulebook should define specific eligibility criteria for new sectors.		
4. In 2018 budget implementation tasks for Measure 7 and Measure 9 were not entrusted and it was necessary to reallocate the budget in order to eliminate the risk of returning the funds intended for potential recipients of these measures to the EU budget (de-commitment).	Regular MA and IA meetings and consultations with the NAO and the DG AGRI.	By the Second Modification of the IPARD II Programme (March 2019) the budget reallocation from 2015 and 2016 was carried out for Measure 7 and Measure 9 to the budget for Measure 3.
5. Potential risk of de-commitment of the allocated funds to non-entrusted measures.	Regular MA and IA meetings; Consultations with the MC members and the EC representatives. Meetings of the Working Group for Amendments to the Law on Agriculture and Rural Development were held.	The Fourth Modification of the IPARD II Programme (April 2021): Annual financial allocation for Measure 3 from 2020 was reallocated to Measure 1 (due to higher number of potential recipients under Measure 1). Furthermore, Amendment to the Sectoral Agreement and adoption of the Law on Amendments to the Law on Agriculture and Rural Development (November 2021) introduced the possibility of advance payment to IPARD recipients.
6. There was a significant number of potential recipients who expressed interest for IPARD support for investments in construction of facilities where certain type of works had already been started before application submission. In accordance with the provisions of the Rulebook on Measure 3, these investments were not eligible.	Regular MA and IA meetings, as well as consultations with potential recipients.	The Amendments to the Rulebook for Measure 3 (July 2021) provide the possibility that the investments in construction of facilities where certain type of works had already been started before application submission are eligible.
7. Risk that investments in the procurement of a line for processing of agricultural products cannot be fully controlled because they are not accompanied by a technical-technological project.	Regular MA and IA meetings.	The Amendments to the Rulebook for Measure 3 (July 2021) introduced the obligation to submit a technical-technological project for investments in the procurement of a line for processing of agricultural products.
8. Risk that all potential recipients could not apply for the IPARD support in construction on rented land parcels.	Regular MA and IA meetings, as well as consultation with potential recipients.	By the Amendments to the Rulebook for Measure 3 (July 2021), recipients who apply for the IPARD support in construction on rented land parcels are eligible.
9. The recipients will not be able to provide the full amount of funds for the realisation of the investment.	Regular MA and IA meeting, as well as meetings of the Working Group for Amendments to the Law on Agriculture and Rural Development.	Amendment to the Sectoral Agreement and adoption of the Law on Amendments to the Law on Agriculture and Rural Development (November 2021), introduced the possibility of advance payment to IPARD recipients. The Amendment to the Rulebook for Measure 3 (January 2022) introduced provisions regarding possibility of advance payment to IPARD recipients.
10. The increase in the prices of construction materials, mechanisation and equipment, both in the RS and on the global market is one of the reasons of withdrawal of projects by recipients.	Regular MA and IA meetings; Introduction of the possibility of price indexation through Amendments to the Rulebook.	The Amendment to the Rulebook for Measure 3 (March 2023) was adopted, which introduce the possibility of price indexation, in order to improve absorption of funds.

Table 29: Risks and undertaken activities in order to eliminate risks and shortcomings in the implementation of Measure 7 of the IPARD II Programme

Risks in the implementation of the measure (verifiability and controllability)	Mitigation activities	Overall assessment
1. Farmers under 40 years, on the day of application approval can receive additional points, as well as higher support. Taking into account the duration of administrative processing of submitted application, the risk that the applicant at the moment of application processing does not meet criteria was identified.	Regular MA and IA meetings; At the MC sessions there was an initiative proposed by young farmers related to this particular issue. Additional consultations were made with the EC representatives.	The Amendment to the Sectoral Agreement and the IPARD II Programme, as well as definition of young farmer within Rulebook for Measure 7 ("Official Gazette of the RS", No. 87/2021 of September 10, 2021), according to which young farmer is under 40 years on the day of submission of application for project approval.
2. Due to the insufficiently precise definition of "location of investment", under the Rulebook for Measure 7, there was a potential risk that applicants would not obtain an adequate number of points, in case where the location of investment differs from the residence.	After the Audit Authority finding related to the inconsistency in awarded points to applicants, in case where the location of the investment differs from the residence, regular MA and IA meetings were held, as well as consultations with potential recipients.	By the Amendments to the Rulebook for Measure 7 the "location of the investment" was defined for those applicants where the location of the investment differs from the residence ("Official Gazette of the RS", No. 87/2021 of September 10, 2021).
3. There was a significant number of potential recipients who expressed interest for IPARD support for investments in construction of facilities where certain type of works had already been started before application submission. In accordance with the provisions of the Rulebook for Measure 7, these investments were not eligible.	Regular MA and IA meetings, as well as consultations with potential recipients.	Amendments to the Rulebook for Measure 7 provide the possibility that the investments in construction of facilities where certain type of works had already been started before application submission are eligible ("Official Gazette of the RS", No. 87/2021 of September 10, 2021).
4. The recipients will not be able to provide the full amount of funds for the realisation of the investment.	Regular MA and IA meeting, as well as meetings of the Working Group for Amendments to the Law on Agriculture and Rural Development.	Amendment to the Sectoral Agreement and adoption of the Law on Amendments to the Law on Agriculture and Rural Development, introduced the possibility of advance payment to the IPARD recipients. The amendment to the Rulebook for Measure 7 ("Official Gazette of the RS", No. 10/2022 of January 28, 2022) introduced a provision regarding possibility of advance payment to the IPARD recipients.
5. Increase in the prices of construction materials, mechanisation and equipment, both in the RS and on the global market, is one of the reasons of withdrawal of projects by recipients.	Regular MA and IA meetings; Introduction of the possibility of price indexation through Amendments to the Rulebook.	The Amendment to the Rulebook for Measure 7 ("Official Gazette of the RS", No. 25/2023 of March 31, 2023) was adopted, which introduced the possibility of price indexation, in order to improve the absorption of funds.

During 2024, no activities related to the risks were undertaken considering that this was the last year of the IPARD II Programme implementation.

4.2. NAO and National Fund activities

Procedure changes

The Managing and the IPARD OS in the period 2018-2019 submitted several requests for change of the procedures, while the largest number of requests have been submitted by the IA. The proposed changes were assessed and approved by the NAO with the support of the NAO

SO, except for one that was presented as substantial and approved by the DG AGRI (*Reference Area (2019) 5128610-07/08/2019*). The proposed and approved substantial change was related to the sequence of steps to be followed in the scoring and ranking of applications for future calls under Measure 1, in order to make the entire process of application processing more efficient.

During 2020, the NAO SO submitted one request for changes of procedures as a result of the inclusion of the relevant annexes for the implementation of new measures (Measure 7 and Measure 9), as well as minor technical corrections for existing measures. The changes did not affect the conditions for entrustment of budget implementation tasks, nor were assessed as substantial according to the guidelines on substantial changes received from the EC. All proposed changes were assessed and approved by the NAO. Due to the amendments to the Financing Agreement that entered into force on 17th November 2020, a change of procedures was initiated by the MA and the IA in order to consolidate the Manual of Procedures for Measures 7 and Measure 9.

In 2021, the IA submitted two requests for change of the procedures due to the adopted amendments to the rulebooks for implementation of Measure 1, Measure 3 and Measure 7. The proposed changes did not affect the terms of the entrustment, nor were assessed as substantial according to the instructions on substantial changes received from the EC. All proposed changes were approved by the NAO and relate to technical corrections, simplification of procedures, etc.

During 2022, the IPARD OS submitted three requests for change of the entrusted procedures (two by the IA and one by the MA). In addition, three applications for exceptional situations were submitted by the IA to the NAO for approval.

Change of procedures in the IA: In 2022, the IA submitted two requests for change of the procedures due to amendments to the Law on Agriculture and Rural Development, as well as the rulebooks for the implementation of Measure 1, Measure 3 and Measure 7. The proposed amendments did not affect the conditions for entrustment of budget implementation tasks, nor were assessed as substantial. All proposed amendments were approved by the NAO and relate to technical corrections, exclusion of certain annexes for the purpose of administrative simplification, simplification of procedures, etc.

Change of procedures in the MA: During 2022, the MA submitted one request for change of the entrusted procedures due to harmonisation with the amended Systematisation Act, annexes related to the PRAG procedures, as well as amendments to the SA.

Three requests for change of the entrusted procedures (one by the Management Structure and two by the IA) were submitted during 2023. In addition, one request for exceptional situation was submitted by the IA to the NAO for approval.

Change of procedures within the Management Structure: As a result of improving practice-based procedures, introducing new and updating existing annexes related to Measure 1, Measure 3, Measure 7 and Measure 9, including technical corrections made, the Management Structure submitted one request for change of the entrusted procedures during 2023.

Changing procedures in the IA: During 2023, the IA submitted two requests for change of the procedures due to amendments to the rulebooks for the implementation of Measure 1, Measure 3 and Measure 7 due to the introduction of price indexation. In addition to the changes of procedures due to the introduction of price indexation, the addressing of audit recommendations was also subject to the harmonisation of procedures. The proposed changes did not affect the conditions for entrustment of budget implementation tasks, nor were assessed as substantial. All proposed changes and amendments were approved by the NAO and relate to technical

corrections, exclusion of certain annexes for the purpose of administrative simplification, simplification of procedures, etc.

During 2024, there were no requests for change of the entrusted procedures or requests for exceptional situations.

On-the-spot checks performed by the Management Structure

In 2019, the NAO SO performed two on-the-spot checks in the IA, in accordance with the on-the-spot check plan. During 2020 five controls have been performed, out of which two were related to the horizontal processes. During 2021, and in accordance with on-the-spot check plan for 2021, the NAO SO performed eight on-the-spot checks in the IA (five in accordance with the plan and three *ad-hoc*), as well as one in the MA, including four visits to selected IPARD recipients. During 2022, and in accordance with the on-the-spot check plan for 2022, the NAO SO carried out four on-the-spot checks in the IA, one in the MA and three visits to selected IPARD recipients. During 2023, and in accordance with the on-the-spot check plan for 2023, the NAO SO carried out five on-the-spot checks in the IA, including three visits to selected IPARD recipients and two on-the-spot checks in the MA.

On-the-spot checks performed by the Management Structure in 2024

During 2024, in accordance with the on-the-spot check plan for 2024, the NAO SO conducted six on-the-spot checks, including three visits to selected recipients. NAO SO fully implemented the on-the-spot check plan for 2024. The controls were focused on work and horizontal processes. The purpose of the on-the-spot checks was to verify the compliance of the implementation of work processes in the IA and MA with entrusted procedures, the efficiency and effectiveness of the established system for the IPARD II Programme implementation, as well as the control of investments on the field. One of the objectives of on-the-spot checks is to verify whether IPARD bodies are actually implementing the procedures based on which they have been entrusted with budget implementation tasks under the IPARD II Programme.

The National Fund performed certification desk-based check in the period August - October 2024. The focus of the certification desk-based check was on four recipients to whom support had been paid through request for funds from the IA to the NF.

Management meetings in 2024

During 2024, several consultative meetings were held between relevant representatives of the Management and IPARD OS, with the main focus on the IPARD II Programme implementation and preparation for “roll-over entrustment” under the IPARD III Programme. The NAO and the bodies within the IPARD structure initiated the meetings of the Working Group on the entrustment of budget implementation tasks for the new measures, which resulted in the preparation of an Action Plan with all relevant steps to be implemented in order to prepare and submit the request for entrustment of budget implementation tasks. The meetings were also attended by representatives of the Audit Authority and internal auditors, taking into account that the EC agreed that the external audit report on the entrustment of budget implementation tasks package should be provided by the Audit Authority.

Risk management

The risk registers of all IPARD bodies have been prepared in accordance with the relevant procedure and have been approved by the head of the relevant institution. All bodies regularly monitor the identified risks and the implementation of mitigation plans and report to the NAO Risk Coordinator, enabling oversight of the risk management process in the system as a whole. Approved updated Risk Registers were submitted to the NAO SO by the NF, the MA and the IA.

Durin the programming period, two IPARD II Risk Management Panels at the NAO level were organised (2021 and 2024). In December 2024 the second Panel was organised, while updated risk registers were submitted to the NAO SO. The meeting was attended by all risk managers and other representatives of all IPARD bodies. An overview of the conclusions of the previous Panel was provided, as well as a summary of the measures implemented in the meantime.

4.2.1. Statement of Assurance

In accordance with Article 59(2) of the FwA IPA II and Article 46(1) of the SA, from the beginning of the IPARD II Programme implementation, the NAO submitted a total of seven Management Declarations to the EU, including Management Declaration for 2024, which covers:

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

The NAO confirmed statements in the Annual Management Declarations based on direct and continuous supervision and monitoring of the proper functioning of the Internal Control System set up for the implementation of the IPARD II Programme.

The RS is undoubtedly and resolutely on a solid path towards joining the EU. In this regard, all the processes taking place on that path are recognized as important, as is the need to establish a stable system of governance at the level of central institutions of the IPA system.

Within the overall responsibility of the NAO for the efficient functioning of the internal control system and ensuring the legality and regularity of the spending of funds for the IPARD II Programme implementation, as well as in the light of the supervision activities of the Management Structure and monitoring activities during 2024, it can be concluded and reported that the work of previous years continued with the same intensity or even greater, that awareness and commitment were significantly improved and that reactions to unforeseen situations were quick both at the operational and management levels. The year 2024 was fullfilled with challenges, both in administrative and operational work, and in terms of internal changes that occurred at the beginning of the year. The IPARD system and institutions showed a high level of commitment and professionalism to overcome every obstacle in order to demonstrate their ability and efficiency to preserve stability and continuity of work. Inter-institutional communication and information exchange was uninterrupted and ad-hoc meetings were very often organised on all topics that were in focus at that moment. The NAO and structures completely supported IPARD bodies in their intentions to increase efficiency in work processes in order to increase the absorption of IPARD funds and reduce automatic de-commitment of funds. The plans made at the beginning of the year for the final payment of IPARD II funds were partially achieved. The MAFWM have shown readiness and commitment to promptly respond to operational challenges, but most importantly to resolve key issues identified by the authorities within the IPARD system and relevant auditors, in terms of personnel and implementing the necessary changes in internal reorganisation with realistic staffing and employment plans.

Taking into account that the IPARD II Programme implementation was completed on 31st December 2024, in the coming period the NAO and the IPARD structure will focus on activities related to the closure of the IPARD II Programme (in accordance with the DG AGRI Guidelines and the provisions of the FwA, SA and Financing Agreement).

4.3. IPARD Agency activities

According to the Rulebook on Internal Organisation and Systematisation of Work Posts in the MAFWM, which entered into force on 18th March 2023, the number of systematised work posts within the DAP is 276, out of which 232 are working on the IPARD Programme implementation. Until 31st December 2024, the total number of employees in the DAP was 311 (192 permanent and 119 temporary), out of which 195 employees worked on IPARD tasks (162 permanent and 33 temporary).

The new Rulebook on Internal Organisation and Systematisation of Work Posts, which entered into force on 31st January 2025, stipulates the number of employees to be 281, out of which 219 on jobs related to the IPARD Programme implementation.

From the beginning of the IPARD II Programme implementation, five directors of the DAP (IA) were appointed. By the end of 2024, the Director of the DAP and five out of seven Assistant Directors were appointed on the five-year period, while one Assistant Director was appointed for a period of six months in acting status.

During the IPARD II Programme implementation period, the challenges of the IA are related to insufficient number of employees and fluctation of employees, incompleteness of submitted documentation, issuance of documentation by the competent institutions, implementation of the ranking procedure under public calls, document and data management, difficulties in application processing due to the need to prove the origin for each individual item of investment, but also to COVID-19 pandemic, which has unequivocally affected the work.

The above-mentioned was accompanied by insufficient human capacities, a ban on hiring staff in the public sector and fluctuation of employees. When it comes to the staff retention policy, it is important to note that there was no possibility of financing top-ups for employees through Measure 9 because this type of eligible expenditure was not supported under the IPARD II Programme, due to the decision of the DG AGRI and in accordance with the Article 33 (l) and Annex 4 point 5 Eligibility, Technical Assistance (j) of the Sectoral Agreement and the List of the Eligible Expenditures for Measure 9 (point 9.11.1, footnote 5), and that there was no legal basis for implementing this measure of the staff retention policy. However, the Regulation on Job Classification and Criteria for Civil Servants Job Description was amended, which removed restrictions on advancement to the highest ranks for key bodies of the IPA system. Furthermore, one of the reasons for the low utilisation of funds in the initial Programme implementation phase is the large and complex projects that required a longer processing period. In addition, the draft procedures were used in practice for the first time with insufficient experience of employees and the need to improve procedures due to shortcomings observed in their implementation.

When it comes to the duration of the application processing period, as one of the most significant factors affecting the results of the Programme implementation, it can be stated that a large number of incomplete applications had a negative impact. In order to improve the efficiency of applications processing, the Law on Agriculture and Rural Development was amended to prescribe mandatory documentation when submitting an application for project approval. At the same time, the DG AGRI audit also pointed out delays in the timely payment of applications. In some cases, the period between the receipt of a payment request submitted by recipient and the issuance of a payment decision exceeds the deadline defined by the SA. Delays in payments occurred due to delays in the submission of documentation and the need for additional controls. Also, the reason for the delay is the insufficient number of employees in the IA, which was also indicated by a detailed workload analysis.

Furthermore, in the administrative processing of applications for payment of IPARD support, the IA faced certain difficulties regarding cooperation with external institutions, i.e. other state bodies and stakeholders of public authority. The difficulties related to the duration of the procedure and the issuance of documentation by the competent institutions, which are of interest for the further conduct of the administrative procedure in terms of determining the fulfillment of general and special eligibility criteria for obtaining IPARD support such as a certificate of settled due obligations based on public revenues issued by the competent local government, a certificate of settled due obligations based on public revenues issued by the competent republican Tax Administration, an extract from the real estate cadastre, a certificate of origin of goods, a construction and use permit, an act of the competent authority on the fulfillment of standards, etc. The identified difficulties were overcome through continuous communication and cooperation of the IA with relevant institutions, primarily with the inspections responsible for verifying the fulfillment of national and EU standards, the Tax Administration, the Republic Geodetic Authority, the Chamber of Commerce and local self-government units.

The scoring and ranking procedure, which was applied to as many as nine out of a total of 13 published calls for investment measures, negatively affected the length of the period required for applications processing and was often accompanied by objections to the ranking list.

In addition to the above-mentioned, market disruptions in terms of increasing in market prices of construction materials, machinery, equipment and mechanisation resulted in a large number of both changes to the offers, as well as changes to projects and applications for extension of the deadline for the realisation of the investment, which required additional engagement and time for processing and supplementation of applications. In addition, during 2023 activities related to the establishment of software solution in order to speed up the process of administrative processing of applications were performed.

During the IPARD II Programme implementation period, constant training of employees was carried out, which was reflected in training on the implementation of relevant legal regulations, as well as understanding the functioning of other institutions that are crucial for collecting data from official records, and which are important for the decision-making regarding payment of IPARD support.

During completeness and correctness check of payment requests for IPARD support, in a large number of cases, requests were sent to recipients to arrange the applications. Also, in order to arrange payment requests as quickly and easily as possible, applicants were contacted, which significantly affected the duration of applications processing. The last year of the IPARD II Programme implementation was marked by a large number of applications for extension of the deadline for investment implementation due to various reasons.

Exceptional situations

During 2018 and 2019, nine applications for approval of exceptional situations were submitted by the IA, out of which six were approved, one was partially approved, two were rejected. In 2020, a total of four applications for approval of exceptional situations were submitted, out of which three were approved, in order to overcome the difficulties arising from the COVID-19 pandemic, while for one request the NAO assessed that the situation described in the request was not treated as an exception. One request for exceptional situations was submitted in 2021 and was partially approved, and concerns the implementation of pre-approval controls for projects under the Sixth Call for Measure 1. As for exceptional situations in 2022, three applications were submitted and all were approved. The applications related to the implementation of pre-approval controls for the project under the Seventh Call for Measure 1, the methodology for calculating and verifying the declared areas under plantations in the fruit

sector, while the third request was related to the methodology for calculating eligible expenditures. During 2023, one request for approval of an exceptional situation was submitted and was approved on 25th December 2023. Due to force majeure, the exceptional situation applies to applications for the final payment of investments in the construction, equipping and establishment of plantations, establishment, renovation and equipping of plantations, as well as vegetable sowing machines, which were in processing phase at the time the decision on the natural disaster was made (*No. 217-7104/2023 of 2nd August 2023*) and applications submitted within three months of the decision. No applications for approval of exceptional situations were submitted during 2024.

Change of the IA procedures

Information on change of the IA procedures are presented in the Chapter 4.2.

4.3.1. Controls, carried out per measure and irregularities detected

During the entire IPARD II Programme implementation period, a total of 3,514 on-the-spot controls were carried out, out of which 2,701 controls were carried out under Measure 1, 443 controls for Measure 3, 362 controls for Measure 7 and eight controls for Measure 9. In 2024, the Sector for On-the-Spot Control carried out 598 on-the-spot controls, including additional controls at all stages of the process, out of which 36 were before project approval, 264 before final payment and 294 *ex-post* controls. As expected in the last year of the IPARD II Programme implementation, the emphasis was on controls before final payment, so they dominated the commitments with 103 controls carried out for Measure 1, 38 for Measure 3, 91 for Measure 7 and two in Measure 9, with an additional 30 supplementary controls including controls of hidden works.

Upon reviewing the register of irregularities, it was concluded that, based on the Report on the on-the-spot control, 6 cases of irregularities were identified.

Irregularities

Since the beginning of the IPARD II Programme implementation, a total of 19 irregularities, 10 PACA irregularities and nine signals of irregularities were confirmed. The amount of funds with registered irregularities (EU contribution) for the entire IPARD II Programme implementation period amounts to EUR 2,891,067.25.

Table 30: Review of irregularities during the IPARD II Programme implementation period

Year	Total	Out of which		Solved		Undecided
		Signals	PACA	Confirmed	Unconfirmed	
2018	2	2	0	0	2	-
2019	8	8	0	1	6	1
2020	2	2	0	1	1	-
2021	13*	11	3	3	11	-
2022	11	7	4	5	4	2
2023	4	3	1	2	2	-
2024	8	3	5	7	0	1
Total	48*	36	13	19	26	4

Source: IPARD Agency

*in 2021, in one application there is both a signal and a PACA

During 2024, eight reports of irregularities were reported from the IPARD II Programme, i.e. three signals of irregularities and five PACA reports.

In accordance with the procedure for management of irregularities, a decision was made to confirm the irregularity for two signal irregularities, and one signal is still in the resolution process. For five PACA irregularity reports, the procedure was completed and a decision was made to confirm the irregularity. The amount of funds with registered irregularities (EU contribution) in 2024 is EUR 1,409,768.71.

Reporting of possible fraud and other irregularities related to the Instrument of Pre-Accession Assistance, as well as in accordance with operational procedures, any confirmed irregularity, submitted by the IA, electronically through Anti-Fraud Information System (AFIS) portal, was recorded by the NAO and forwarded electronically to the EC. Also, the EC is regularly informed about each subsequent update of confirmed cases of irregularities via the AFIS portal.

4.3.2. Audit Missions

During the entire IPARD II Programme implementation period, a total of four external audits were carried out, in relation to the entrustment of budget implementation tasks. In addition, four audits were carried out by the DG AGRI (out of which three audits related to the submitted applications for entrustment of budget implementation tasks for the IPARD II Programme), six audits of systems and operations each, six audits of annual accounts and assessments carried out regarding the consistency of the annual management declarations for the relevant year. Starting from 2019, the Audit Authority has issued an annual report on audit activities every year, as well as an annual audit opinion. In Table 31 an overview of the findings identified during the audits carried out by the EC and the Audit Authority for all IPARD bodies throughout the entire programming period, as well as for 2024, is presented.

Table 31: Overview of audit findings for all IPARD bodies

Revised body	Number of findings	Number of closed findings	Number of open findings	Review of findings in 2024
Management structure (NAO SO, NF)	29	24	5	3 findings (1 closed and 2 open)
Managing Authority	17	16	1	1 finding opened and immediately closed
IPARD Agency	132	105	27	9 findings (2 closed and 7 open)
Total	178*	145	33	

Source: Annex C04 – External Audit Register

* out of which 20 findings relate to more than one body

Audits conducted during 2024

Internal audit conducted within the Management Structure: During 2024, one internal audit was conducted within the Management Structure with a focus on the National Fund. The audit concerned the assessment of the information contained in the documentation and accounting system established under IPA. No findings were identified.

Internal audit conducted within the MA: During 2024, the MA was not subject to an internal audit in relation to the IPARD II Programme.

Internal audit conducted in the IA: During 2024, seven internal audits were conducted in the IA and two follow-up audits, in accordance with the annual audit plan for 2024. The following internal audits were conducted: audit of irregularity and fraud management, Re performance audit of project approval for Measure 9, Public call for submission of applications for project approval for the implementation of the Measure Technical Assistance in 2022, audit of the Group for Reporting, audit of the debt management, audit of reference price calculations, audit of on-the-spot control (on-site controller monitoring) and Re performance audit of payment approval for Measure 9, Public call for submission of applications for project approval for the implementation of the Measure Technical Assistance in 2022. Internal auditors identified six

new findings (out of which two medium and four low importance) and conducted a follow-up of 32 previous findings (out of which 13 were implemented).

Information on the Audit Authority findings, recommendations and measures taken by the IPARD structure

The Audit Authority carried out a system audit relating to IPARD II Programme in the period from 1st April 2023 to 31st March 2024, and the final audit report was received on 12th December 2024. In the period from 1st April to 30th September 2024, the Audit Authority carried out an audit of the management and control system established under indirect management for the IPARD Programme under IPA 2014-2020, in order to obtain reasonable assurance as to its efficient and effective functioning. The Audit Authority also carried out a follow-up of the audit findings carried out by the Audit Authority and the EC for the IPARD II Programme (a total of 41 findings for all IPARD bodies) and concluded to close 13 findings. Two findings were identified, one of which was major and one of which was intermediate finding. The findings relate to: inconsistency in the implementation of administrative controls and the seasonal aspect of *ex-post* on-the-spot controls.

The audit of the Management Declaration and Annual Accounts for the financial year 2024 started in November 2024, after which the annual audit activity report and the annual audit opinion will be prepared. The audit of operations under the IPARD II Programme for the financial year 2024 started in October 2024, after which the final report will be submitted.

The audit of operations under the IPARD II Programme for the financial year 2023 was carried out in the period August 2023 - February 2024, and the final report was issued on 14th March 2024. The sample covered 18.1% of the total expenditure declared in 2023. During 2023, one confirmed debt based on irregularities was identified, one debt from the financial year 2022 was identified, 20 overpayments, as well as 35 advance payments, so these transactions were also covered by the sample. Two findings were identified, one of which was major and one of which was intermediate finding. The Audit Authority identified one major finding with a financial impact of a total of EUR 168.46 overpayment and EUR 2,450.52 underpayment and one intermediate finding with no financial implications for the EC budget.

The Audit Authority delivered its Annual Audit Opinion and Annual Audit Activity Report for 2023 for the IPARD II Programme on 15th March 2024. The Annual Audit Activity Report included the following: a systems audit for 2023, an audit of operations for 2023, an audit of the annual financial statements or reports/annual accounts and an assessment of the consistency of the annual management declaration for 2023, as well as the follow-up of the implemented recommendations addressed by the DG AGRI and the Audit Authority. Five payment delays were identified out of a total of 355 payments. Based on the audits carried out, the auditors provided reasonable assurance that the amounts stated in the final accounts and financial statements for the previous year were valid and acceptable and that the financial information was accurate.

Also, follow-up of findings identified by the EC and the Audit Authority was carried out: 52 findings in total, out of which 10 findings are considered closed.

In relation to the Action Plan for filling the positions of Assistant Directors in the IA on a long-term basis (*Ref. Ares (2020)4050421 of 31st July 2020*), including the position of Director of the IA (*letter No. Ares (2023)4725632 of 7th July 2023* and *letter Ref. Ares (2024)4992909 of 10th July 2024*), the NAO regularly reports to the DG AGRI on the progress made in relation to the Action Plan on a quarterly basis. The NAO and its structures will continue to monitor and report on the status of the conditions set out in the Financing Agreement and the state of implementation of other DG AGRI recommendations through reporting in the Annual

Management Declaration, as well as through regular reporting on the implementation of the Action Plan for filling the positions of Assistant Directors in the IPARD Agency on a long-term basis and any changes in this regard will be reported immediately.

4.4. Monitoring Committee activities

Examining the achieved results of the IPARD II Programme, as well as the achievement of the objectives defined for certain measures and progress in the use of financial resources are some of the functions performed by the IPARD II Monitoring Committee (hereinafter: IPARD II MC).

The IPARD II MC is composed of representatives of the competent state authorities and bodies, relevant economic, social and environmental partners, and is chaired by a senior representative of the MAFWM, who has the voting right. On the other hand, the EC, NIPAC, NAO, the MA and the IA participate in the work of the IPARD II MC without voting right. The IPARD II MC sessions are held at least twice within 12 months. The Managing Authority acts as the Secretariat of the IPARD II MC and as such prepares information, analyses and reports on the activities carried out, which it informs the IPARD II MC. Smooth work is achieved by ensuring a quorum, i.e. the presence of 2/3 of the IPARD II MC members at regular sessions.

Since the beginning of the IPARD II Programme implementation, a total of eleven sessions of the IPARD II MC have been held, while written procedure for the adoption of documents was carried out four times.

First session of the IPARD II MC was held on 11th February 2016, and by that occasion the Rules of Procedure of the IPARD II Monitoring Committee were adopted. The members were informed regarding submission of the package for entrustment with budget implementation tasks for four IPARD measures (Measure 1, Measure 3, Measure 7 and Measure 9), as well as about the progress in terms of entrustment. In addition, the Plan of Visibility and Communication Activity, Action Plan for Technical Assistance for 2016, as well as the Evaluation Plan with the envisaged evaluation activities were adopted at the First session.

Second session of the IPARD II MC was held on 3rd October 2017, members were informed regarding the progress in terms of entrustment with budget implementation tasks. Considering that the first findings of the EC auditors from May 2016 were not satisfactory, i.e. four blocking findings were found, the entrustment of budget implementation tasks could not be approved. In this regard, the RS prepared an Action Plan for the finalisation of the entrustment with budget implementation tasks process under the IPARD II Programme, and the entrustment package included two measures (Measure 1 and Measure 3). The decision on approval of the IPARD II Programme modification was made through a written procedure and adopted by the EC in July 2017. After the first Programme modification, the first Plan of Call was presented, which focused on investments in the procurement of equipment and mechanisation (including tractors for Measure 1).

Third session of the IPARD II MC was held on 5th June 2018 and on that occasion the positive EC response regarding the entrustment of budget implementation tasks which was sent in October 2017 was announced. The members were informed about the implementation of the public calls for Measure 1 and Measure 3. With the consent of the EC, the List of Eligible Expenditures was amended on 4th June 2018. IPARD websites were activated on the MAFWM website and the DAP website, which contain all relevant information for IPARD recipients and applicants, as well as answers to frequently asked questions. In November 2017, an e-mail address became active through which all potential recipients can ask questions and leave comments. Guides for Measure 1 and Measure 3 were also prepared with information on the

necessary conditions that applicants need to meet. Leaflets and the publication “To IPARD support in 10 steps” were printed.

Fourth session of the IPARD II MC was held on 20th November 2018, at which the Second Modification of the IPARD II Programme was adopted. The proposed amendments related to derogations for small producers up to 15 ha in the Fruit and Vegetables Sector in Measure 1. A List of settlements outside rural areas was defined, in order to enable that Measure 7 would be implemented only in rural areas. Furthermore, funds from Measure 7 and Measure 9 were reallocated to Measure 3 for the same calendar years. The first request for pre-financing was submitted to the EC and funds in the amount of EUR 22.5 m were approved.

Fifth session of the IPARD II MC was held on 14th May 2019 within the Agricultural Fair in Novi Sad. The following topics were discussed: a proposal for modification of the IPARD II Programme, the launch of public calls, the publication of the Plan of Calls for 2019, the preparation of a package for entrustment with budget implementation tasks for Measure 7 and Measure 9, and the implementation of activities from the Plan of Visibility and Communication Activities. The proposal for the Third Modification of the IPARD II Programme involved the introduction of two new sectors (Egg Sector and Viticulture/Wine sector) based on the initiative of producers and sectoral analyses. The next steps also involved amending the List of Eligible Expenditures. The members were informed that procedure for conducting an ongoing evaluation, as well as for development of sectoral analyses as part of the preparation for the next programming period has been initiated.

Sixth session of the IPARD II MC was held on 28th November 2019 and on that occasion members were informed regarding implementation of public calls and achieved results, submission of package for entrustment with budget implementation tasks for Measure 7 and Measure 9. The preparation of the entrustment package included a number of activities such as: preparation of the Draft Rulebook for Measure 7, implementation of external and internal audits, case simulations for Measure 7 and Measure 9, signing of the Agreement on the Implementation of the Measure Technical Assistance between the IA and the MA, signing of the Memorandum of Understanding between the IA and the MA, as well as the signing of the Agreement between the NAO, the MA and the IA. The Action Plan for the Measure Technical Assistance for 2020 was presented and adopted at the session. An initiative to appoint relevant representatives of the Egg and Viticulture/Wine sector to the IPARD II MC was launched.

Seventh session of the IPARD II MC was held on 30th October 2020. At the session, it was announced that on 31st March 2020, a positive response was received from the EC regarding entrustment of budget implementation tasks for Measure 7 and Measure 9. In addition, the IPARD II MC members were presented with the results of the implemented IPARD public calls, the first Annual Implementation Report on IPARD II Programme for the period 2018-2019, which was adopted through a written procedure, as well as the results of the implemented promotional activities. The Proposal for the Fourth Modification of the IPARD II Programme, the Proposal for Amendment to the Action Plan for Technical Assistance for 2020 and the Proposal for Action Plan for Technical Assistance for 2021 were adopted. The results of the audit of the IPARD system, conducted by the Audit Authority, as well as ongoing evaluation of the IPARD II Programme, conducted by the Institute of Agricultural Economics, were also presented at the session.

Eighth session of the IPARD II MC was held on 11th June 2021. The IPARD II MC members approved the Annual Implementation Report on IPARD II Programme for 2020. In addition, current information regarding the implementation of IPARD measures, as well as the draft IPARD III Programme and the progress achieved in its preparation were also presented.

Ninth session of the IPARD II MC was held on 21st June 2022. The Annual Implementation Report on IPARD II Programme for 2021, as well as the proposal for the Fifth Modification of the IPARD II Programme were approved at the session. Furthermore, the IPARD III Programme, which was adopted by the EC on 9th March 2022, was presented at the session. Also, an overview of the results achieved regarding IPARD II Programme implementation, as well as envisaged activities for the forthcoming period was given.

Tenth session of the IPARD II MC was held on 14th December 2022. The IPARD II MC members approved the Action Plan for the Measure Technical Assistance for 2023. Furthermore, the IPARD II MC members were presented with the System Audit Report for 2022. Also, EC representatives presented the guidelines for communication and visibility within the IPARD III Programme. At the same time, the IPARD II MC members were informed about the progress achieved in the IPARD II Programme implementation through the Report on the Implementation of the IPARD II Programme for the reporting period 01 January - 30 June 2022.

Eleventh session of the IPARD II MC was held on 28 June 2023. The IPARD II MC members discussed the achieved results and progress in the IPARD II Programme implementation, as well as the plan of activities for the coming period.

Written procedure

During 2020, the IPARD II MC members adopted the Annual Implementation Report on IPARD II Programme for 2018-2019 through a written procedure.

During 2021, the MA has prepared the Action Plan for the Measure Technical Assistance for 2022, as well as the updated Evaluation Plan under the IPARD II Programme, which were approved by the IPARD II MC members through a written procedure. At the same time, the IPARD II MC members were informed about the progress achieved in the IPARD II Programme implementation through the Report on the Implementation of the IPARD II Programme for the reporting period 01 January - 31 August 2021.

During 2023, the IPARD II MC members adopted the Annual Implementation Report on IPARD II Programme for 2022, as well as the Sixth Modification of the IPARD II Programme through a written procedure.

During 2024, the IPARD II MC members adopted through a written procedure the Annual Implementation Report on IPARD II Programme for 2023, as well as the Seventh Modification of the IPARD II Programme.

4.5. Monitoring and Evaluation systems

The Managing Authority and the IPARD II MC monitor the efficiency and quality of the IPARD II Programme implementation, which is reported to the EC, while other stakeholders are informed by publishing reports on official website of the MAFWM and the IPARD MA. Monitoring of the Programme implementation is carried out through operational and financial indicators defined by the IPARD II Programme. The MA is responsible for the process of organisation and management of the monitoring, evaluation and reporting system in relation to the IPARD II Programme implementation. The collected information is presented to the IPARD II MC members in the form of a report on the IPARD II Programme implementation. In order to improve work process, primarily in terms of efficiency, the IPARD RD IT software solution is being upgraded, which will significantly positively affect the speed and quality of work.

4.5.1. Ensuring and coordinating the monitoring activity

In accordance with the duties undertaken pursuant to the Memorandum of Understanding concluded between the MA and the IA, the IA reports to the MA on the IPARD II Programme implementation through the Common Indicator Tables for Monitoring and Evaluation of the IPA Programme for Rural Development (Monitoring Tables), as well as other relevant reports. In addition, the IA also submits information on the controls carried out, irregularities detected, as well as additional information and data on the IPARD II Programme implementation. The Annex 1 to this Report contains the cumulative Monitoring Tables with final results on IPARD II Programme implementation.

4.5.2. Programme Evaluation activities

During the IPARD II programming period, in accordance with the Evaluation Plan (hereinafter: EP), three evaluations of the IPARD Programme were carried out: an *ex-ante* evaluation of the IPARD II Programme, an ongoing evaluation during the implementation of the IPARD II Programme and an *ex-ante* evaluation of the IPARD III Programme. The above-mentioned evaluations were carried out by external experts, while during the Programme implementation period the MA carried out internal evaluations, as well as certain evaluation activities envisaged by the EP. The recommendations of the *ex-ante* evaluations were of great importance for improving the quality of the Programme document and they are an integral part of the final version of the IPARD Programme.

The external evaluation of the IPARD II Programme for the implementation period 2018-2019 was carried out with the aim of administrative simplification in order to improve the overall absorption of IPARD funds on the one hand and to assess the availability of quality data for the Programme context indicators on the other hand. The evaluation recommendations were largely implemented by the IPARD OS, the competent IPARD bodies and the relevant data providers for the Programme context indicators. A lower number of unaddressed recommendations by the end of the Programme implementation period, which are also important for improving the absorption of the IPARD III fund, are being implemented continuously by the IPARD OS.

Within the evaluation activity “*Administrative simplification with the aim of improvement of the absorption of IPARD fund*”, during the Programme implementation period, in order to address the evaluation recommendations, the following activities were carried out by the IPARD OS and the competent IPARD bodies: mandatory and complete documentation was introduced with the submission of applications for project approval; the number of changes to approved projects was limited; a longer period was provided between the change of the IA procedures after amendments to the IPARD rulebooks and the publication of the call; the possibility of using loans with a subsidized interest rate was provided for the implementation of IPARD projects; records of resolving appeals were improved and the number of members of the Appeal Commission was increased; a cooperation agreement and a Protocol on Cooperation on data exchange between the MAFWM and the Ministry of Finance were signed: Tax Administration in order to ensure the exchange relevant data in the fastest and most efficient manner; checklists for the evaluation of IPARD potential recipients by the agricultural advisors were developed; additional indicators have been included in the regular monitoring system for the IPARD II Programme implementation and other. The recommendation on the need to publish the list of consultancy service providers has been addressed by publishing the updated list on the IA website periodically. The recommendation on the introduction of a “start-up” support model in the Milk Processing Sector under Measure 3 has been implemented in the context of the IPARD III Programme. After the successfully implemented LPIS pilot project,

the LPIS software has been established and the real estate cadastre being linked via the e-Agrar application (after the LPIS database is filled, it will replace the cadastre). In order to address the recommendation regarding the introduction of a software solution for recording and applications processing, an external company was engaged to maintain and repair the identified deficiencies in the existing software for processing of IPARD applications.

The implementation of the recommendations concerning IPARD technical bodies depend on establishing the IACS system by the DAP. In the future period, the emphasis will be on activities aimed at establishing a service that will enable the electronic submission of applications for obtaining the support, including connection with the software for processing of IPARD applications.

Regarding the address of recommendations within evaluation activity *“Assessment of data availability for context indicators of the IPARD II Programme”* during the Programme implementation period relevant activities were implemented by the data providers with the purpose to ensure quality data availability calculated in accordance with the EU calculation methodology in order to ensure comparability at the regional level.

The Action plan for the implementation of the evaluation recommendations regarding the evaluation results for three groups of Programme context indicators (socio-economic, sectoral and agri-environmental indicators) was prepared by the MA. As a result of conducted activities by the data providers during the IPARD II Programme implementation period for certain number of context indicators it is ensured data availability in accordance with the EU methodology. Data availability for certain context indicators is ensured during 2024 after the implementation of results of the Census of Agriculture 2023 and major revision of national accounts performed by the SORS during 2024. For lower number of data that are still unavailable (primarily for certain agri-environmental indicators), activities are ongoing to ensure them through the EU4Green project implementation.

The detailed list of all recommendations from external evaluations is presented in the Annex 4.

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

During the IPARD II Programme implementation period, the MA took steps to overcome the identified difficulties and improve the IPARD II Programme implementation in order to use the allocated EU funds as efficiently as possible. In this regard, a total of seven Programme modifications were implemented, which related to the introduction of new sectors, which resulted in a wider scope of recipients. Furthermore, certain Programme modifications included financial changes due to the automatic de-commitment of allocated funds, including reallocation of funds per measures in order to increase the absorption of IPARD fund. In addition to the above-mentioned, in order to improve overall Programme implementation activities were carried out regarding the simplification of procedures, amendments to the Law on Agriculture and Rural Development and the List of Eligible Expenditures were performed in order to ensure facilitated access to financial resources for the implementation of planned investments, etc. All above-mentioned has been reflected through the amendments to the rulebooks for the implementation of entrusted IPARD II measures.

Furthermore, during the IPARD II Programme implementation period, thresholds for the eligible projects under Measure 7 were increased, from EUR 5,000 to EUR 20,000. The limit of EUR 20,000 was set based on the previous experience gained through the national support schemes. This had a positive impact on the work load in terms of not processing a high number of small scale projects (EUR 5,000 - 20,000). In this way in the focus of the IPARD II

Programme were project of higher value, while small project were supported through national schemes.

Eligibility threshold for IPARD support has been decreased from EUR 10,000 to EUR 5,000 for fruit, vegetables, other crops and viticulture sectors and for milk, meat and egg sector from EUR 15,000 to EUR 5,000, under Measure 1 of IPARD II Programme (First Modification of IPARD II Programme, September 2017). Under Measure 3, by the same modification, in Milk Processing Sector, minimal amount of IPARD support is decreased to EUR 10,000 from EUR 20,000, as well as in Meat Processing Sector and Fruit and Vegetables Processing Sector. Furthermore, two new sectors under Measure 1 – Eggs Sector and Viticulture Sector are introduced with Third Modification of IPARD II Programme, as well as two sectors under Measure 3 Egg Processing Sector and Wine Sector (August 2021). In this regard, by lowering threshold in terms of amount of IPARD support, the range of eligible recipients has been increased. In addition, by Second Modification of IPARD II Programme (September 2019) specific eligibility criteria for open-field producers in Vegetable Sector under Measure 1 has been introduced, significantly increasing range of potential recipients.

Overcoming the risk of de-commitment of unused IPARD funds

During the entire IPARD II Programme implementation period, the RS submitted a request for an extension of the deadline for utilisation of allocated EU funds five times, for allocations from 2016, 2017, 2018, 2019 and 2020. More detailed information is presented in the Chapter 3.2.

The submission of a requests for an extension of the deadline for the utilisation of allocated EU funds was accompanied by the preparation of an Action Plan for Improvement of Absorption of IPARD funds. The most significant activities defined by the Action Plan were related to capacity building in terms of increasing the number of employees and implementing sustainable human resources policy in the IPARD OS, as well as activities related to simplifying the administrative verifications of expenditures, introducing a software solution as an auxiliary tool in order to accelerate the process of applications processing, implementation of Measure 9, as well as promotion of the Programme and training of potential recipients and consulting services, usage of e-services at full capacity for the exchange of data between state bodies in the applications processing and introduction and implementation of price indexation and advance payments. To a great extent activities foreseen by the Action Plan were accomplished, such as recruitment of new staff, filling the positions of assistant directors in the IA on a long-term basis, introduction and implementation of price indexation, implementation of Measure 9, as well as activities related to promotion and visibility and education of all interested parties. These activities foreseen by the Action Plan and that are of great importance for the IPARD Programme implementation were successfully implemented and had a positive impact. On the other hand, activities that are not implemented yet are related to introduction of a guarantee fund for IPARD recipients, sustainable human resource policy for the Operating Structure, RD IT solution as an auxiliary tool in order to accelerate the applications processing, introduction of LPIS, as well as preparation and submission of entrustment packages for new measures under the IPARD III Programme.

In order to overcome the risk of de-commitment of unused IPARD funds, a Working Group for Monitoring and Reporting to the European Commission on the Implementation of the Action Plan for Improvement of Absorption of IPARD funds was established. During the Programme implementation period, a total of eight meetings of the Working Group were held (one in 2021, two in 2022 and five meetings in 2023), while no meetings of this Working Group were held in 2024. After each meeting, the EC was informed about the results achieved and further steps in terms of overcoming the risk of de-commitment of IPARD funds. The establishment and meetings of the Working Group contributed to better coordination and communication between

the relevant institutions, which had a positive impact regarding identifying and resolving problems.

Law on Amendments to the Law on Agriculture and Rural Development

The Law on Amendments to the Law on Agriculture and Rural Development was published on 30th November 2021 (“Official Gazette of the RS”, No. 41/09, 10/13 - other law, 101/16, 67/21 - other law, 114/21 and 19/25). The reasons for adoption of this Law are primarily reflected in the need to fulfill the requirements of the SA, and the necessity of improving efficiency in processing of applications, as well as introducing the possibility of advance payments. The most significant Law modification refers to the introduction of advance payment to IPARD recipients in the amount of up to 50% of the approved amount of IPARD support, with a bank guarantee corresponding to 110% of the requested advance payment. In this way, IPARD recipients were enabled to ensure a significant amount of the necessary financial resources for the implementation of the planned investment, which had a positive impact on the absorption of the EU financial contribution and the reduction of the risk of de-commitment. By amendment to the Law it is prescribed the mandatory documentation for submission of application for project approval, namely: duly completed application form, proper offers for the procurement of investment, business plan and inventory of movable and immovable property as of 31st December of the previous year in relation to the year in which the application is submitted. Furthermore, the legal base for implementation of IPARD Measure 5 is ensured in the manner prescribed by the EC. Considering that during the Programme implementation amendment to the already approved project was identified as one of the bottleneck, the Law introduced only one amendment of the approved project.

Price indexation

Extreme price fluctuations in the market led to introduction and application of price indexation for certain and justified categories of IPARD expenditures. In that regard, amendments to the rulebooks for Measure 1, Measure 3 and Measure 7 have been conducted and the Annex to the Agreement on Cooperation between the MAFWM and the SORS was signed in order to ensure data regarding the price index of industrial products for selected cost categories. The NAO approved the proposal to amend the IA procedures, which formally enabled price indexation in the payment phase for IPARD support from 11th April 2023.

Capacity building

The amendment to the Rulebook on Internal Organisation and Systematisation of Work Posts in the MAFWM, which entered into force on 21st May 2021, established a new organisational unit - the Department for Management of IPARD Programme. The separation of the Department for Management of IPARD Programme from the Sector for Rural Development indicated the readiness of the MAFWM to strengthen its own capacities for the IPARD Programme implementation, including aspect of acceleration of decision-making process. Four groups have been formed within the Managing Authority - Department for Management of IPARD Programme, with 17 systematised work posts. At the end of 2024, the number of employees was 15, out of which 13 were permanent employees and two employees contract based. The procedure for filling two executive positions is underway.

In order to implement the staff retention policy, at the end of May 2021, the Government of the RS adopted the Regulation on Job Classification and Criteria for Civil Servants Job Description, which removed restrictions on advancement to the highest ranks for key bodies of the IPA system.

Increased awareness of potential recipients due to uneven absorption of IPARD funds by region, or by IPARD measures

In order to address the lack of information of potential recipients within the regions with insufficient absorption of IPARD funds, additional efforts were made in promotional and educational activities. The number of information days for potential recipients (especially in the Southern and Eastern Serbia Region) and the number of trainings for advisors and consultants were increased. An advisory module has been prepared with the aim of greater involvement of the AAS in providing support for the IPARD II Programme implementation. During the IPARD II Programme implementation period, the Managing Authority paid great attention to the development and distribution of promotional material and the implementation of promotional activities, with the aim of increasing the visibility of the IPARD II Programme in the RS. A detailed overview of the promotional activities carried out is given in the Chapter 8.

4.7. Utilisation of Technical Assistance within the IPARD II Programme

Entrustment of budget implementation tasks for Measure 9 was obtained in the second phase of IPARD II Programme implementation. By the end of March 2020, the DG AGRI submitted a letter of conclusion with the conditions and recommendations *PRE 2019/008/RS*, and amendment to the Financing Agreement between the RS and the EC which enabled the implementation of IPARD Measure 9 entered into force on 17th November 2020. Although the MAFWM has allocated the budget for Measure 9 pre-financing since 2019, the implementation of Measure 9 has started in November 2022.

Delays in implementation of Measure 9 were caused by the time needed for preparation and adoption of the rulebook for its implementation. The rulebook itself implied that, in addition to the PRAG rules implementation, each step should be checked by the IA and followed by a conclusion of Director of DAP (from the moment of submitting application for project approval to the adoption of the decision). In accordance with the above, it was necessary to make six conclusions, and this number did not include conclusions related to the amendment of the project, i.e. the tender documentation. Furthermore, the reasons for delay in Measure 9 implementation were aggravating circumstances such as formation of the Group for PRAG within the Sector for Project Approval, within the IPARD Agency, as well as specificities in implementation of the Measure 9 that slow the process. With the amendment of the Act on Internal Organisation and Systematisation of Work Posts in the Ministry of Agriculture, Forestry and Water Management in February 2022, the Group for PRAG was established within the IPARD Agency.

Under the IPARD II programming period, the MA has in total submitted three applications for project approval, with a total amount of requested public support of EUR 35,215 (EU contribution: EUR 29,933). First applications related to “Design and updating of Web pages including support for maintenance and content management” (IPARD web site) was submitted on 21st November 2022 within the First Call for Measure 9, and it was approved and paid after realisation of the project in the amount of public support of EUR 3,200 (EU contribution of EUR 2,720). The second application for project approval, “Preparation, printing, producing, copying, distributing of promo materials” in the amount of EUR 18,900 (EU contribution of EUR 16,065), was paid for producing of 15,000 pieces of different promotional material (guides for applicants, informative guidelines, brochures, leaflets). The both contracts were implemented and paid in 2024. The third procurement “Supply of promotional materials” (valued EUR 12,515) was cancelled (after two re-launches) due to no offers/valid offers received. All mentioned procurements had to be repeated, due to the lack of offers from the

economic operators, although they expressed interest in participating in the procurement procedure during the market research. It is assumed that the reason for not participating in the tender and submitting offers is that the contacted economic operators do not have sufficient experience with procurement under PRAG rules, the projects are small in scale, but must involve more human or other resources in preparing the offer, language barrier, etc.

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

Regional and local authorities of the RS, in particular autonomous province (hereinafter: AP) and local self-governments units: towns and municipalities (LSGUs), were very involved in the drafting of IPARD II Programme. Specifically, the cooperation were based on ensuring the demarcation of the IPARD II Programme with programmes of support measures for the implementation of agricultural and rural development policies for the territory of the AP of Vojvodina and LSGUs, which are financed through the budget of the AP and LSGUs. Allocated funds for the implementation of agricultural and rural development programmes of AP and LSGUs for the 2018-2024 period are presented in the Table 32.

Table 32: Number of approved support programs for agriculture and rural development at the level of AP and LSGUs and total allocated support (EUR m), 2018-2024

	2018	2019	2020	2021	2022	2023	2024
Number of approved AP and LSGUs programmes	120	121	113	121	119	111	110
Funds allocated for agricultural and rural development programmes	23.0	26.0	23.0	24.5	32.1	32.8	34.0
Funds allocated for rural development measures	18.7	20.3	16.7	19.7	26.5	25.3	30.4
Support paid for rural development measures	18.9	20.4	16.7	19.8	23.6	25.3	-

During the IPARD II Programme implementation, AP Vojvodina and LSGUs (Standing Conference of Towns and Municipalities, hereinafter: SCTM) had an active roles as IPARD II MC members. In that respect they were involved in the process of implementation and modifications of the IPARD II Programme and relevant rulebooks.

According to the Plan of Visibility and Communication Activities (hereinafter: PVCA) local authorities provided support in IPARD II Programme implementation through information of potential recipients on opportunities, requirements, administrative procedures within the IPARD II Programme, as well as through preparation of applications for project approval and business plans. AP Vojvodina and LSGUs were involved in all national, regional and local information events organised by the IPARD OS. Promotional materials are also disseminated through electronic rural network of LSGUs. In order to prepare for implementation of the IPARD LEADER measure, during 2019 and 2020, local authorities were involved in preparation of Local Development Strategies (LDS) through national support measure based on LEADER approach. In this respect, 21 LDSs were approved in 2020, out of 22 potential LAGs supported for development of LDSs in 2019. Along with relevant information published on the MAFWM and DAP websites related to the IPARD II Programme, representatives of the AP Vojvodina and LSGUs are also provided with an electronic copies of the newsletter "IPARD in Focus".

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

Publicity of the IPARD II Programme is ensured through different types of activities. IPARD info days, printing of the promotional material, participation at the agricultural fairs, as well as

organisation of the IPARD II MC sessions were supported through IPA technical assistance. The Fifth session of the IPARD II MC was supported by the IPA 2013 project: “Support to IPARD OS (MA, IA and AAS)”. The Seventh session of the IPARD II MC was supported within the IPA 2015 project: “Capacity building for the alignment with the acquis in the areas of agriculture, rural development, food safety, veterinary and phytosanitary policy” in 2020. Due to COVID 19 pandemic, promotional activities in 2020 were reduced and implemented through online events mainly. The Eighth session of the IPARD II MC was supported within the IPA 2015 Technical Assistance Project: “Capacity building for the alignment with the acquis in the areas of agriculture, rural development, food safety, veterinary and phytosanitary policy” in 2021, while the Tenth session of the IPARD II MC was supported by the IPA 2017 project: “Support to the IPARD Operating Structure”.

All promotional activities in 2019 were financed from the grant, approved by Government of Japan to the RS in May 2017, for strengthening capacities of the IA and the MA. Mentioned activities were related to development of three IPARD promotional videos, leasing time to broadcast IPARD promotional videos on a national TV channel, printing of promotional IPARD materials (guides, brochures, leaflets, banners and posters) and organisation of different events in order to monitor the implementation and promotion of the IPARD II Programme. The second component of this grant was used for supplying the material for refurbishing of new office spaces in the IA and supplying the IT equipment, with the aim of enabling the facilities to function in accordance with the IPARD II entrustment criteria.

The videos for the announcement of the calls were intended for broadcast through the national TV service, and the animated video was published on the official websites of MAFWM and DAP, as well as the websites of promoting partners. Design and printing service for promotional IPARD materials, included: 5 IPARD banners, 400 IPARD posters, 10,000 IPARD leaflets, 3,400 IPARD brochures (To IPARD support in 10 steps), 1,000 Guidelines for applicants for IPARD Measure 1 and 1,150 for IPARD Measure 3, which were published on the IPARD web page (<http://ipard.gov.rs/>) and the DAP web page (<https://uap.gov.rs/ipard-ii-u-srbiji>). Printed materials were disseminated to the AAS, Provincial Secretariat for Agriculture, Water Management and Forestry and the LSGUs, as well as during the IPARD promotional events.

In the reporting period those pages were visited 602,490 times annually. During 2019 new chat application was launched on the DAP web page. Bi - monthly bilingual (EN and SR) newsletter “IPARD in focus” was initiated at the end of 2019 and it is being disseminated to more than 2,000 e-mail addresses. In the reporting period, 29 newsletters have been published. For the newest information on events, announcements, calls and rules regarding the IPARD Programme implementation, IPARD Managing Authority accounts on Instagram (@iparnadlanu) and Facebook (IPARD na dlanu) have been registered for the general public and potential recipients. Also, publicity of the IPARD II Programme is ensured through updated information on the Web pages of the MAFWM and the IA.

In order to promote rural tourism through IPARD Measure 7, TV video was produced. Design and printing service for promotional IPARD materials included: 600 Guidelines for national support measure based on LEADER approach and 1,000 Guidelines for recipients for IPARD Measure 7, which were published on the IPARD web page (<http://ipard.gov.rs/>) and the DAP web page (<https://uap.gov.rs/ipard-ii-u-srbiji>). Detailed overview of the implemented activities under the PVCA for the period 2014-2020 is presented in the Chapter 8.

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

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

The National Fund, under the responsibility of the NAO, checks and confirms that the Ministry in charge of agriculture and rural development properly plans budget appropriations for the IPARD II Programme. Within the financial plan of the Ministry, the MA and the IA (only in case of Measure 9) are responsible for planning appropriate provisions within their scope of responsibilities and in accordance with the Financial Plan in the IPARD II Programme. The National Fund provides the opinion to the Budget Department of the Ministry of Finance on the existence and correctness of the funds planned for the national public co-financing and other non-eligible expenditures to be covered from the national resources. Furthermore, the NF provides the opinion to the amounts planned for recovery of irregularities, financial corrections and overpayments before the funds are included in the annual Law on Budget of the Republic of Serbia.

Starting from the 2016, the IA planned the necessary funds for the IPARD II Programme implementation in the annual Law on Budget of the Republic of Serbia, while the MA started planning the funds necessary for the implementation of Measure 9 from 2020.

The interest earned on the IPARD II Euro Account opened in the NBS, from the beginning of the IPARD II Programme implementation amounts to EUR 0.00. The basis for funds depositing is the Article 15 of the Protocol on the manner and conditions for managing bank accounts within the NBS for the purpose of the management of the Pre-accession Assistance programmes of the EU under the Instrument for Pre-accession Assistance for the period 2014- 2020, which says that funds are to be deposited in accordance with the most recent Contract regulating the relationship regarding the management of the foreign currency of the RS by the NBS. In accordance with above-mentioned Contract, the NBS shall pay the interest at the EONIA/EURIBOR interest rate depending on the deposit maturity. From the moment of the receipt of the IPARD II funds both interest rates have been negative.

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

5.1. Assistance provided under other Community pre-accession instruments and financial instruments from international support

5.1.1. Assistance provided under other IPA components

The following projects have been realised during the IPARD II Programme implementation period.

1. The IPA 2014 Twinning Project “Strengthening Capacities for the Implementation and Further Development of the Legislative Framework in the Field of Organic Production

and Food Quality Policy”, which aimed to strengthen the capacity of the MAFWM in the field of organic production and food quality policy with geographical indications. The project had a total value of EUR 1,139,971. The contract with the selected Twinning partner, a consortium comprising Italy, France, and Austria, was implemented from February 2018 to February 2021.

2. Technical Assistance Project **IPA 2015 “Capacity building for the alignment with the acquis in the areas of agriculture, rural development, food safety, veterinary and phytosanitary policy”**, coordinated by Sector for International Cooperation and European Integration MAFWM, started on 21st January 2019 and completed on 20th March 2023 through the direct management contract.

3. During the period from October 2020 to October 2021, the framework contract EU FWC SIEA Lot 1 specific contract **“Support to IPARD Managing Authority and IPARD Agency with the implementation of IPARD measures”** was implemented. The project results included support to the MA in the final phase of entrustment of budget implementation tasks and the initial phase of implementing of measures 7 and 9 under the IPARD II Programme, support to the IA in the implementation of measures 7 and 9, as well as the development and upgrade of software for the IPARD II Programme implementation.

4. Technical Assistance project **IPA 2017 “Support to the IPARD Operating Structure (Managing Authority and IPARD Agency)”** was contracted in November 2021, commenced in January 2022. The project was concluded in March 2023, following a two-month extension. Within Component 1 of the project, rulebooks for the implementation of measures 1, 3 and 7 along with their respective annexes, were developed. The Rulebook and Manual of Procedures for Measure 9 was updated in accordance with the new PRAG rules. Draft rulebooks for Measure 4 and Measure 5, including all corresponding annexes, were also prepared. Within Component 2, the project focused on capacity building for employees of the Directorate for Agrarian Payments (IPARD Agency) in processing of applications and supporting the IPARD Agency in transitioning to the IPARD III Programme. Within the IT component, activities related to IT audit and upgrading the existing IT solution were carried out.

5. The IPA 2018 Twinning Project **“Strengthening and Aligning Administrative Capacities for the Establishment of Agricultural Market Regulation”**. Twinning partners were Poland, Lithuania and France. The project was financed from unallocated IPA 2018 funds, with a total budget of EUR 1,795,476 m, fully funded by the EU. The main goal of the project was to strengthen capacities for introducing mechanisms for the organisation of the Common Agricultural Market in accordance with the EU standards.

6. The IPA 2018 Twinning Project **“Support for the Establishment of a Carcass Classification System in Accordance with the EU Common Agricultural Policy”** was implemented from May to November 2017 in partnership with the Kingdom of Denmark. The project value was in the amount EUR 249,999. The end beneficiary of the project was the Sector for Agricultural Policy within the MAFWM. The main project results were the establishment of basis for the implementation of a carcass classification system and a price reporting system in accordance with the EU regulations.

7. IPA 2018 Technical Assistance **“Introducing and maintenance of functioning Land Parcel Identification System in pilot municipalities in Republic of Serbia”** FWC SIEA 2018 – Phase 1. This technical assistance was successfully implemented from January until December 2019. The project outputs were: Draft LPIS Methodology, Terms of Reference and Technical specification for the LPIS software, Terms of Reference and Technical specifications for Land cover layer, Photo-interpretation manual, analysis of advantages and disadvantages of reference packages and proposal of reference parcel for Serbia.

8. The IPA 2019 Project “**Support for Disaster Risk Reduction and Climate-Resilient Agriculture**” was signed with a total budget of EUR 2,500,000. It is implemented by the Food and Agriculture Organization of the UN through a direct contract award by the EU Delegation. The planned project duration is four years, i.e. until 2025, but it has been extended for an additional year. The objective of the project is to strengthen agricultural advisory services, provide training for employees at the local and central levels, provide support to farmers, etc. Project provided support to the Measure 4 during preparation of the IPARD III Programme and its second modification. Unlike the IPARD II Programme, Measure 4 under IPARD III Programme does not include organic production, but other operations that are not financed from the national budget. Provided support includes:

- Financing conducting calculations of annual payments for Agri-environment-climate and organic farming measure (Calculations was done by the Faculty of Agriculture of the University of Belgrade; Q4 2021);
- Printing brochure about Measure 4, prepared by the MA (Q2 2022);
- Trainings for agricultural advisors of the Agricultural Advisory Expert Services (December 2022);
- Survey on the interest of the farmers in Measure 4 (collecting opinions; Q4 2022 – Q1 2023);
- Financing conducting re-calculations of annual payments for Agri-environment-climate and organic farming measure (Q3 2024).

5.1.2. Assistance provided under other financial instruments from international support

Bilateral projects

1. The Projects for the “**Development of the Financial System in Rural Areas of the Republic of Serbia**” support the development of the primary agricultural sector and the agricultural industry by providing loans to end beneficiaries through the refinancing of credit lines for local financial institutions in the amount of up to EUR 23.5 m funded by the Federal Government of the Republic of Germany. The Financing Agreement for the development of the financial sector in rural areas of Serbia, Phase 4, was signed in August 2018. Business & Finance Consulting GmbH (Consultant) was selected by the German Development Bank (KfW) in July 2019 on behalf of the MAFWM of Serbia to implement the Development of Financial Systems in Rural Areas (SRFP 2 Programme) in the amount of EUR 1.4 m funded by the Federal Government of the Republic of Germany as well through the same programme as a support to loans. The project was implemented until the end of January 2023. The Programme provided support to micro, small and medium-sized enterprises, including agricultural businesses and registered farmers in rural Serbia, through a series of technical assistance measures aimed at helping key stakeholders to improve access to finance. Under the technical assistance part of the project, it supported Advisory Services through trainings on improvement of dairy production on agricultural farms, strengthening the competitiveness of vegetable/fruit production. It also implemented capacity building trainings to agricultural producers on the topics related to small farms, genetic resources and the development of short value chains in the service of sustainable rural development; production, packaging and promotion of berries in accordance with market requirements; development of brochures for agricultural producers. It supported analyses of the fertility of arable agricultural land in 2020 and 2021 and the preparation of maps on agricultural land fertility for 2021, etc.

2. The Projects “**Enhancing Rural Competitiveness and Productivity in the Agribusiness Sector**”, was implemented in partnership with the United Nations Development Programme and achieved milestones over its three-year duration (2020–2022). In 2020 it was funded by the

SDC in amount of USD 251,600 and co-funded by the Government of Serbia in amount of USD 93,634.21. In 2021 it was funded by the Government of Serbia in amount of USD 39,710.12. In 2022 it was funded by the Green Agenda (EU) and SDC in amount of USD 41,118.89 and co-funded by the Government of Serbia in amount of USD 32,930.46. Total amount over 3 years with different sources of funding was USD 458,993.68. The project contributed to rural economic growth, sustainable agricultural practices, and better land management frameworks in targeted regions. In 2020, the project focused on two components: (1) improving public fund allocation to stimulate rural economic growth and (2) identifying abandoned state-owned land for better utilisation. It identified 538 parcels (979 hectares) across 13 municipalities, prepared shelterbelt designs in Vršac, conducted soil samples on 3,001 plots to guide organic production, and drafted key policy documents, including the “Code of Good Agricultural Practice” and the “Rulebook for Leasing Abandoned Land”. It developed an open-source geo-mapped online database providing details on 4,282 agribusiness facilities, aiding stakeholders in farm resource management. In 2021, the project identified 1,319 abandoned parcels across 12 municipalities (1,071 hectares), with recommendations for afforestation in Pančevo and Veliko Gradište. Continued soil analysis confirmed the potential for organic farming in specific plots. In 2022, Component 2 expanded to include the identification of afforestation areas and protective belts in Vojvodina. Field verification carried out in Subotica, Zrenjanin, and Ruma assessed 1,635 land plots, confirming 1,210 plots (1,203 hectares) as abandoned. Soil tests on 36 samples supported their suitability for organic farming. 1,477 parcels (1,496 hectares) were identified in 15 municipalities, with afforestation recommendations for Zrenjanin and Subotica. Over the project lifecycle (2020–2022), more than 7,500 hectares of abandoned state-owned land was verified identifying 3,344 parcels (3,547 hectares) for potential economic, agricultural, and environmental transformation. It laid the foundation for improved rural competitiveness, agricultural productivity, and sustainable land-use strategies in Serbia.

World Bank projects

Serbian Competitive Agriculture Project – SCAP was funded from the IBRD 9023 YF loan. The Project is based on the Law on Ratification of the Loan Agreement between the Republic of Serbia and International Bank for Reconstruction and Development, which entered into force in mid-February 2020. The closing date of the project is 31st December 2025, and the total project value is EUR 45,800,000. The key institutional beneficiary is the MAFWM, while the project’s grant facility target group consists of micro, small and medium-sized operators in both the primary agriculture sector and the food processing and marketing sector in Serbia. There is no overlap or duplication between the SCAP and the IPARD Preogramme. Under the SCAP, three Calls were launched. A total of 1,334 beneficiaries were supported within First and Second Call with total investment value of EUR 47,700,276, out of which the amount of grants is EUR 23,850,138. Within the Third Call, implementation of 44 Grant Agreements is ongoing, with total investment value of EUR 12,887,188.53, out of which the amount of grants is EUR 6,443,594.26. Sectors/Sub-sectors covered under the Calls were:

- a. First Call: Primary agricultural production in the sectors of fruit, vegetables, flowers, and grapes.
- b. Second Call: Primary agricultural production in the sectors of meat, milk, beekeeping, and aquaculture.
- c. Third Call: Focused on improving competitiveness and linkages within the value chain in the area of collection, processing and marketing of agricultural products, as well as enhancing marketing of handicraft products. The following sectors were included:
 - reception, handling, quality control, processing, storage, and marketing of arable crops;

- competitiveness in the processing and marketing of milk and dairy products;
- competitiveness in the processing and marketing of meat and meat products;
- competitiveness in wine production and marketing;
- competitiveness in processing/finishing, packaging and marketing of bee products;
- marketing of traditional and artisanal handicraft products certified in line with the relevant regulation governing the definition, certification, and registry of such crafts;
- competitiveness in collection, processing, preparation for further sales and marketing of fruit and vegetables.

Overview of eligibility criteria per call under the SCAP

First Call	Second Call	Third Call
○ up to 0.5 ha of production under protected structures (greenhouses, plastic tunnels, etc.); ○ up to 2 ha of berries, or up to 5 ha of other fruit species; ○ up to 2 ha of vineyards, on parcels registered in the Viticulture Register in accordance with the Law on Wine; ○ up to 3 ha of open-field vegetables; ○ 0.1 to 50 ha of flowers in open-field production.	○ for investments related to cow milk production: up to a maximum of 19 dairy cows; ○ for investments related to beekeeping: from 5 to 1,000 beehives registered in the Central Database of Animal Identification; ○ for investments related to meat production: facilities registered in line with the Veterinary Law with the following maximum capacity: up to 19 cattle and/or up to 149 sheep and goats and/or up to 29 sows and/or up to 99 fattening pigs per cycle and/or up to 3,999 broilers per cycle and/or up to 399 fattening turkeys per cycle; ○ for investments related to aquaculture: facilities registered in the Aquaculture Register, as well as in the Register of Establishments in line with the Veterinary Law.	○ Registered in the Business Registers Agency with active status, as one of the following: entrepreneur, company, or agricultural cooperative; ○ employs no more than 50 staff; ○ has annual turnover not exceeding EUR 5,000,000, documented with official financial statements submitted to the Business Registers Agency for the previous year; ○ not part of a group of related entities that includes medium or large enterprises. Crops ○ registered in the Register of Agricultural Product Buyers, maintained by the Ministry of Trade, and/or ○ listed in the Central Register of Establishments in accordance with the Food Safety Law. Milk ○ possession of a veterinary-sanitary approval issued by the Ministry of Agriculture/Veterinary Directorate authorising activities and assigning a veterinary control number; ○ established milk processing capacity of less than 3,000 liters per day. Meat ○ possession of a veterinary-sanitary approval as above; ○ established daily slaughtering capacity less than 10 cattle, or 50 pigs/sheep/goats, or 5,000 broilers. Wine ○ registered in the Viticulture Register under the Law on Wine; ○ capacity entered in the Register of less than 20,000 liters per year. Bee Products ○ possession of a veterinary-sanitary approval, and/or ○ registered in the Register of Agricultural Product Buyers (Ministry of Trade). Handicraft Products (traditional and artisanal) ○ registered for preservation of traditional/handicraft activities, certified

		in line with the regulation on artisanal crafts, certification procedures, and record-keeping of issued certificates. Fruit and Vegetables ○ registered in the Register of Agricultural Product Buyers (Ministry of Trade), and/or ○ listed in the Central Register of Establishments under the Food Safety Law.
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When it comes to tractors financed through the SCAP, the total number of tractors financed under the First and Second Call was 1,208 new tractors (maximum power of up to 80 kW).

Trust fund grant programmes under the SCAP

1. Grant project “Strengthening Agriculture Sector Capacities for Evidence-based Policy Making”, financed by the Government of Japan started in February 2020 and finalised on 30th November 2024. The main results were related to the assessment of the contribution base for the calculation of the pension and tax contributions for the agricultural producers in Serbia. For the Monitoring and Evaluation system in Serbia, 30 modules for trainings have been identified and described. The project developed 10 agrarian policy tools. The SAIRP has been developed for reporting on agricultural information, whose testing is entering in the final stage. A total of 150 development indicators have been developed, in order to establish a reporting platform under the new EU reporting framework.

2. The Project has been awarded a grant from the Israeli Trust Fund - FoodSystems2030 (FS2030) – Catalyzing Digital Innovations for Productive, Transparent and Resilient Agri-Food Value Chains. The proposed pilot project aims to establish a Center of Excellence at the University of Belgrade’s Faculty of Agriculture, transforming a dedicated plot of land into a highly advanced, technology-driven agricultural hub. This will enable the introduction of modern solutions such as automation, digitalization, and Climate Smart Agriculture practices to Serbian farmers, companies, and public institutions with access to the latest technologies and innovations in the agricultural sector.

FAO Projects in the area of rural development and agricultural policy

The Country Programming Framework (hereinafter: CPF) for the Republic of Serbia for the period 2019–2022 is a document signed by the FAO representatives on behalf of the organisation as an agreement with individual member countries. It serves as a framework document for the implementation of FAO-funded projects. This document defines three priority areas toward which the FAO will direct its support, amounting to USD one million over a four-year period. The Country Programming Framework includes the following three priority areas: 1. the development of agricultural production on small family farms, improvement of living standards in rural areas for both men and women, and the creation of environment for sustainable agricultural production; 2. strengthening resilience to natural disasters and climate change and improving sustainable management of natural resources; and 3. increasing the competitiveness of the agriculture and food production sector through the modernisation of market chains.

The Project “Reducing the Risk of Natural Disasters/Climate-Resilient Agriculture” was implemented in the period 2014-2016 following the floods. The FAO engaged in post-disaster recovery and disaster risk reduction (DRR) by directing its support to a large number of small family farms in Serbia, providing emergency aid and animal feed. The total number of beneficiaries is 34,500 small farms (approx. 144,000 people).

The Project “Establishing the Foundations for the Conservation and Development of Busha Cattle on Stara Planina” aimed to support the implementation of the Genetic Conservation Program for Busha Cattle in the Stara Planina region. The project was completed in 2022, with a budget of USD 65,000.

The Project “Support for Capacity Building and Assistance to Organic Production in Serbia”, funded by the FAO with a total budget of USD 300,000, aimed to enhance capacities for organic production in the RS.

The Technical Cooperation Project, with a budget of USD 350,000, focused on reducing the risk of natural disasters in agriculture and promoting climate-resilient agriculture was implemented in 2021 and 2022.

The Technical Cooperation Project “Support to the MAFWM in Aligning National Legislation with the Requirements of Good Agricultural and Environmental Conditions” was implemented in the Sector for Agricultural Policy within MAFWM, with a total budget of USD 50,000. The project was completed in 2021.

The Project “Assessment of the Situation and Identification of the Needs of Employees in the Ministry of Agriculture, Forestry, and Water Management for the Development of Gender-Sensitive Policies” had a total budget of EUR 50,000. The project was completed in 2021.

During 2023 and 2024, the project “Assistance to Agricultural Households in Serbia Affected by Floods” was implemented with a total budget of USD 300,000, under which the vouchers were provided to support farmers who suffered damages.

The Technical Assistance Project “Introduction and Implementation of Legal Management Requirements”, with a total budget of USD 70,000, provided support for the further implementation of good agricultural and environmental conditions. The project was implemented in 2024 and early 2025.

The implementation of the Project “Development of the National Strategy for Agriculture and Rural Development” is currently ongoing, with a total budget of USD 100,000.

The Project “Support for the Implementation of National Guidelines for the Sustainable Transformation of Food Systems” provided support for national and local dialogues on the transformation of food systems in Serbia. The project was completed in 2024.

The Project “Support for the Sustainable Transformation of Food Systems to Enhance Environmental Protection and Rural Development, Reduce Poverty, and Implement the 2030 Agenda in Serbia – MDF Fund” is currently ongoing.

5.2. Complementarity of IPARD II Programme with NRDP

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

- IPARD Programme;
- National Rural Development Programme;
- National Agriculture Programme.

The risk of overlap between the IPARD II Programme and the NRDP may arise in terms of support measures, types of investment and potential recipients. The Chapter 10 of the IPARD II Programme refers to the manners of how the complementarity between IPARD measures and national rural development support measures is ensured. The Chapter 10.3 of the IPARD II

Programme provides a table with clearly defined demarcations between the measures, investments and eligible recipients supported by the IPARD II Programme and the NRDP.

In accordance with the Law on Subsidies in Agriculture and Rural Development, support programmes for the implementation of agricultural and rural development policy for the territory of AP/LSGU cannot conflict with national programmes for agriculture and rural development, while clear demarcations with the IPARD Programme must be respected.

The Ministry responsible for agriculture and rural development gives approval to provincial and local self-government bodies for their agricultural and rural development programmes, thus ensuring a control mechanism and preventing overlap of potential recipients, support measures and types of investment of the IPARD Programme and local rural development programmes.

6. FINANCIAL TABLES AND EXPENDITURES PER MEASURES

During the entire IPARD II Programme implementation period, seven Programme modifications were made, out of which five were financial modifications.

First financial modification was implemented within the Second Modification of the IPARD II Programme and approved by the IPARD II MC members on 20th November 2018. The aforementioned financial modification was officially approved by the EC by Decision *C (2018) 8691* of 14th December 2018. The reallocation of budgetary funds was carried out in order to eliminate the risk of de-commitment of unused IPARD funds, given that the entrustment of budget implementation tasks for Measure 7 and Measure 9 was not carried out until 2020. The financial modification provided an additional EUR 3.3 m for Measure 3.

Second financial modification was implemented within the Fourth Modification of the IPARD II Programme and was approved at the Seventh session by the IPARD II MC members. The aforementioned financial modification was officially approved by the EC by Decision *C (2021) 2585* of 9th April 2021. The reallocation of budgetary funds was carried out in order to mitigate the risk of automatic de-commitment of allocated IPARD funds, given that the entrustment of budget implementation tasks for Measure 4 and Measure 5 was not carried out during the IPARD II programming period. The financial allocation for 2020 for Measure 3 was reallocated to Measure 1 due to the significant interest of potential recipients for Measure 1. The financial modification provided an additional EUR 21.4 m for Measure 1 and EUR 11.2 m for Measure 7.

Third financial modification was implemented within the Fifth Modification to the IPARD II Programme, which was approved at the Ninth session by the IPARD II MC members. The aforementioned financial modification was officially approved by the EC by Decision *C(2022)7208* of 5th October 2022. The Fifth Modification of the IPARD II Programme was initiated by EC Letter No. *AGRI.G.4/FK/D(2022)2980186* by which the EC informed the RS about the start of the application of the rule relating to the automatic de-commitment of allocated funds and the amount falling under the aforementioned rule, in accordance with Article 34(1) of the SA. Taking into account that the funds were not used according to the “n+4” financing rule, the EU budget funds for 2017 were reduced by EUR 3,696,787.33. The budget allocation for 2017 for Measure 7 was reduced by EUR 1.5 m, while the funds from Measure 9 for 2019 and 2020 were reallocated in the same amount to the corresponding annual allocations for Measure 7. Furthermore, the budget from the 2017 allocation for Measure 1 was reduced by EUR 1,458,640.96, while for Measure 3 it was reduced by EUR 738,146.37.

Fourth financial modification was implemented within the Sixth Modification to the IPARD II Programme, which was approved by the IPARD II MC members through a written procedure. The Sixth Modification of the IPARD II Programme was initiated by the EC Letter No.

Ares(2023)1463256-28/02/2023 by which the EC informed the RS about the start of the application of the rule relating to the automatic de-commitment of allocated funds and the amount falling under the aforementioned rule, in accordance with the Article 34(1) of the SA. Taking into account that the funds were not used according to the “n+4” financing rule, the EU budget funds for 2018 were reduced by a total of EUR 12,818,933.11. Accordingly, the budget from the 2018 allocation for Measure 1 was reduced by EUR 7,691,359.87, while for Measure 3 it was reduced by EUR 5,127,573.24.

Fifth financial modification was implemented within the Seventh Modification of the IPARD II Programme, which was approved by the IPARD II MC members through a written procedure, while the EC adopted it by Decision *C(2024) 6019* of 22nd August 2024. The Seventh Modification of the IPARD II Programme was initiated by the EC Letter *No. Ares(2024)1382584-22/02/2024*, by which the EC informed the RS of the start of the application of the rule relating to the automatic de-commitment of allocated funds and the amount falling under the aforementioned rule, in accordance with the Article 34(1) of the SA. Taking into account that the funds were not used according to the “n+4” financing rule, the EU budget funds for 2019 were reduced by a total of EUR 5,043,321.64. Accordingly, the budget from the 2019 allocation for Measure 3 was reduced by EUR 3,194,789.38, while for Measure 7 it was reduced by EUR 1,848,532.26.

Table 33 presents the initially allocated budget for IPARD measures, as well as the budget after the Seventh Modification of the IPARD II Programme, i.e. in the last year of the IPARD II Programme implementation period.

Table 33: *Allocated budget, initially and after the Seventh Modification of the IPARD II Programme*

Measure	Initially allocated EU contribution*, EUR (%)							
	2014	2015	2016	2017	2018	2019	2020	2014-2020
Measure 1	-	7,535,248 (50.23%)	9,900,325 (49.50%)	10,622,224 (42.49%)	11,199,743 (37.33%)	17,002,434 (42.51%)	19,780,025 (43.96%)	76,040,000
Measure 3	-	6,164,752 (41.10%)	8,099,675 (40.50%)	8,690,276 (34.76%)	9,162,757 (30.54%)	13,910,066 (34.78%)	16,182,475 (35.96%)	62,210,000
Measure 4	-	-	-	2,187,500 (8.75%)	2,187,500 (7.29%)	2,187,500 (5.47%)	2,187,500 (4.86%)	8,750,000
Measure 5	-	-	-	500,000 (2.00%)	1,000,000 (3.33%)	1,900,000 (4.75%)	1,850,000 (4.11%)	5,250,000
Measure 7	-	1,000,000 (6.67%)	1,500,000 (7.50%)	2,000,000 (8.00%)	5,000,000 (16.67%)	4,000,000 (10.00%)	4,000,000 (8.89%)	17,500,000
Measure 9	-	300,000 (2.00%)	500,000 (2.50%)	1,000,000 (4.00%)	1,450,000 (4.83%)	1,000,000 (2.50%)	1,000,000 (2.22%)	5,250,000
Total	-	15,000,000	20,000,000	25,000,000	30,000,000	40,000,000	45,000,000	175,000,000
EU contribution after the Seventh modification of the IPARD II Programme**, EUR (%)								
Measure 1	-	7,535,248 (50.23%)	9,900,325 (49.50%)	9,663,583.04 (45.36%)	4,508,383.13 (26.24%)	18,902,434 <u>(54.07%)</u>	37,812,500 – 15,847,254.20 = <u>21,965,245.80</u> <u>(48.81%)</u>	<u>72,475,218.97</u>
Measure 3	-	7,464,752 (49.77%)	10,099,675 (50.50%)	7,952,129.63 (37.33%)	4,035,183.76 (23.49%)	13,910,066 – 3,194,789.38 = <u>10,715,276.62</u> <u>(30.65%)</u>	<u>11,000,754.20</u> <u>(24.45%)</u>	<u>51,267,771.21</u>
Measure 4	-	-	-	-	-	-	-	0.00
Measure 5	-	-	-	-	-	-	-	0.00

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Measure 7	-	-	-	3,687,500 (17.31%)	8,637,500 (50.27%)	7,187,500 - 1,848,532.26 = 5,338,967.74 (15.27%)	6,687,500 + 5,312,500 = 12,000,000 (26.67%)	<u>29,663,967.74</u>
Measure 9	-	-	-	-	-	-	500,000 - 466,000 = 34,000 (0.08%)	<u>34,000</u>
Total	-	15,000,000	20,000,000	21,303,212.67	17,181,066.89	<u>34,956,678.36</u>	45,000,000	<u>153,440,957.92</u>

Source: IPARD II Programme

* Commission Implementing Decision C(2015) 257 of 20th January 2015

** Commission Implementing Decision C(2024) 6019 of 22nd August 2024

The total requested EU support until the end of 2024 amounted to EUR 306.8 m, out of which 50.2% refers to Measure 1, 24.0% to Measure 3, 25.7% to Measure 7 and 0.01% to Measure 9. Observed per call for investment measures, the largest amount of requested EU support refers to the Sixth Call for Measure 1 (EUR 53.6 m), and the lowest amount of requested EU support is recorded within the First Call for Measure 3 (EUR 3.7 m).

Table 34: Financial overview of the IPARD II Programme implementation per measure

Measure	Submitted			Approved			Paid			EU support (%)		
	App.	EU support (EUR)	Public support (EUR)	App.	EU support (EUR)	Public support (EUR)	App.	EU support (EUR)	Public support (EUR)	Approved/ requested	Paid/ requested	Paid/ approved
Measure 1	2,260	154,142,925	205,523,900	1,185	83,502,279	111,336,372	1,011	63,008,406	84,011,212	54.2	40.9	75.5
Measure 3	313	73,662,208	98,216,277	174	40,877,369	54,503,159	120	24,436,894	32,623,767	55.5	33.2	59.8
Measure 7	605	78,974,589	105,299,452	195	23,664,761	31,553,015	104	11,567,360	15,423,146	30.0	14.6	48.9
Measure 9	3	29,933	35,215	2	18,785	22,100	2	18,796	22,113	62.8	62.8	100.1
Total	3,181	306,809,654	409,074,844	1,556	148,063,195	197,414,646	1,237	99,031,455	132,080,239	48.3	32.3	66.9

At the end of the IPARD II Programme implementation period, the share of paid in relation to the requested support was 32.3%, while the share of paid in relation to the approved support was 66.9%. When it comes to investment measures, the largest share of paid support in relation to the approved support was achieved by Measure 1 (75.5%), followed by Measure 3 (59.8%), while Measure 7 achieved the lowest share of 48.9%. The same analogy applies to the share of paid in relation to the requested support. When it comes to Measure 9, two out of three submitted applications were implemented, therefore the share of paid in relation to the approved support is 100%, while in relation to the requested support is 62.8% (Table 34).

Table 35: Execution of IPARD II support in relation to the last approved financial plan

Measure	Allocated public support (EUR)	Allocated EU contribution (EUR)	Paid public support (EUR)	Paid EU support (EUR)	Execution rate (%)
Measure 1	96,633,625	72,475,219	84,011,212	63,008,406	86.9
Measure 3	68,357,028	51,267,771	32,623,767	24,436,894	47.7
Measure 4	0	0	0	0	0
Measure 5	0	0	0	0	0
Measure 7	39,551,957	29,663,968	15,426,146	11,567,360	39.0
Measure 9	40,000.00	34,000	22,113	18,796	55.3
Total	204,582,611	153,440,958	132,080,239	99,031,455	64.5

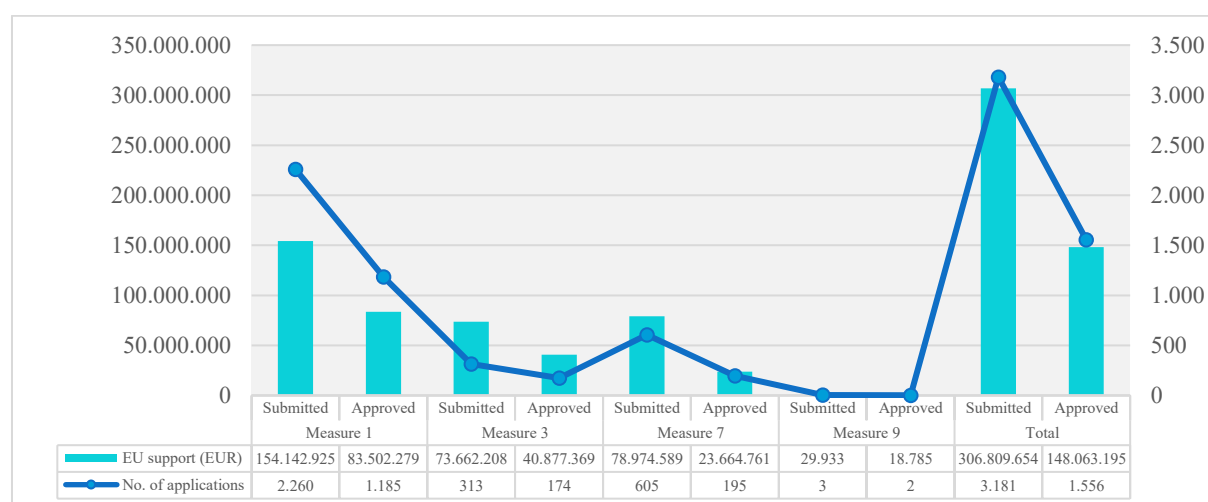
In the Table 35 are presented the execution rates of the IPARD II support in relation to the last approved financial plan (after de-commitments). Therefore, the execution rate at the Programme level is 64.5%, while observed per measure it can be noted that Measure 1 achieved

the highest execution rate (86.9%) and Measure 7 achieved the lowest execution rate (39.0%) in relation to the last approved financial plan.

6.1. Contracted projects

During the entire IPARD II Programme implementation period, 1,556 decisions on project approval were made in the amount of EUR 148.1 m of EU support, while 15 applications were approved in 2024 in the amount of EUR 2.6 m of approved EU support. The average amount of total approved EU support per application was EUR 95,156. For Measure 1, a total of 1,185 applications were approved in the amount of EUR 83.5 m of EU support, 174 applications were approved for Measure 3 (EUR 40.9 m of EU support), while 195 applications were approved for Measure 7 in the amount of EUR 23.7 m of EU support. Two applications were approved for Measure 9 in the amount of EUR 18,785 of EU support.

Graph 15: Submitted/approved applications and requested/approved EU support (EUR)



In relation to the total number of submitted applications and requested EU support, 48.9% of applications and 48.3% of EU support were approved. The largest share of approved applications in the number of submitted applications per measure refers to Measure 3 (55.6%), Measure 1 achieves a share of 52.4%, while Measure 7 achieves a share of 32.2%. Observed from the point of the share of approved EU support in the requested EU support per measure, the largest share was also achieved by Measure 3 (55.5%), followed by Measure 1 (54.2%), while Measure 7 achieved a share of 30.0% of approved in relation to the requested EU support. When it comes to Measure 9, the share of approved in relation to the submitted applications is 66.7%, while the share of approved in relation to the requested EU support is 62.8% (Graph 15).

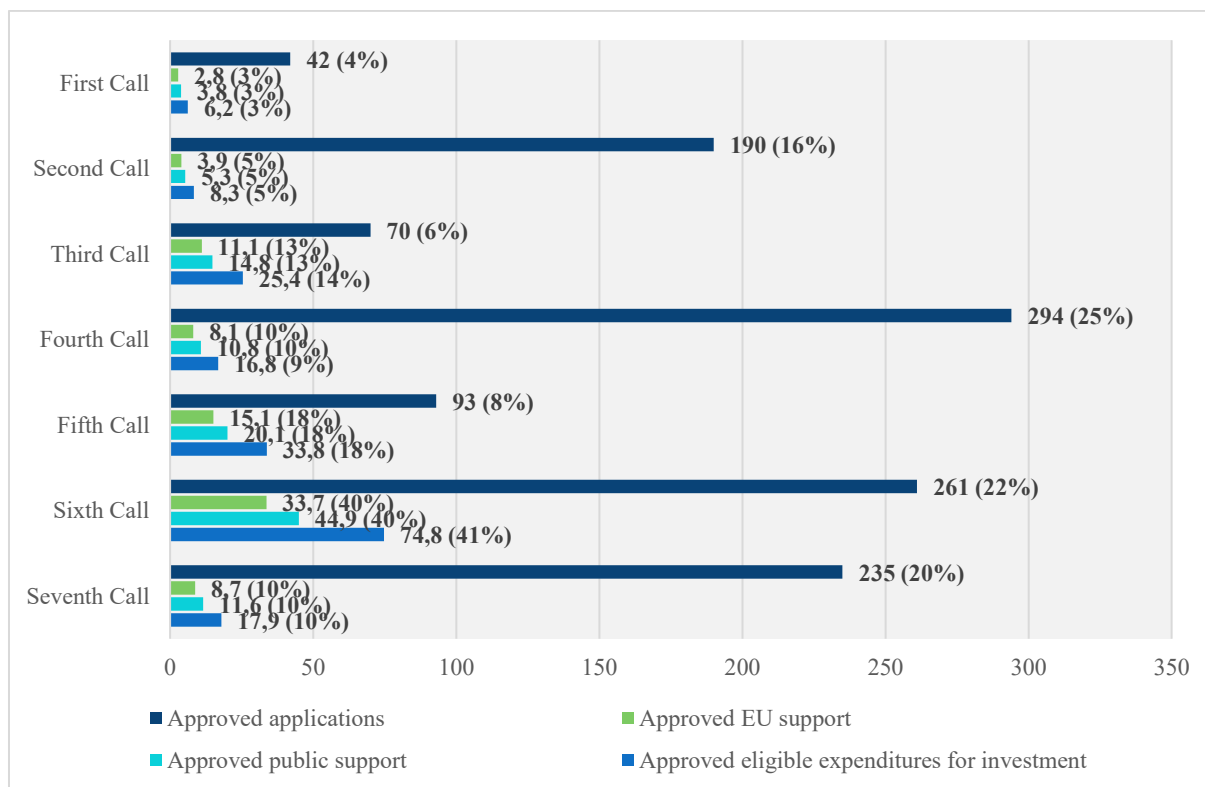
Measure 1

The IPARD Agency adopted 1,185 decisions on project approval, with a total approved eligible expenditures for investment in the amount of EUR 183.2 m and a total approved public support of EUR 111.3 m, out of which EUR 83.5 m of EU contribution. The average amount of approved EU support per application was EUR 70,466.

The largest number of approved applications was achieved in the Fourth Call (294 applications, i.e. 24.8% of total approved applications for Measure), while the largest amount of approved public support was achieved under the Sixth Call (45.0 EUR m, i.e. 40.4% of total approved public support). The largest average amount of approved public support per application was achieved within the Fifth Call (216,206 EUR) and Third Call (211,664 EUR). Within the calls

related to the purchase of a new tractor, significantly lower average values of approved public support per application were achieved (Seventh Call: EUR 49,447, Fourth Call: EUR 36,730 and Second Call: EUR 27,657). The share of approved applications, expenditures and support per call under Measure 1 is presented in Graph 16.

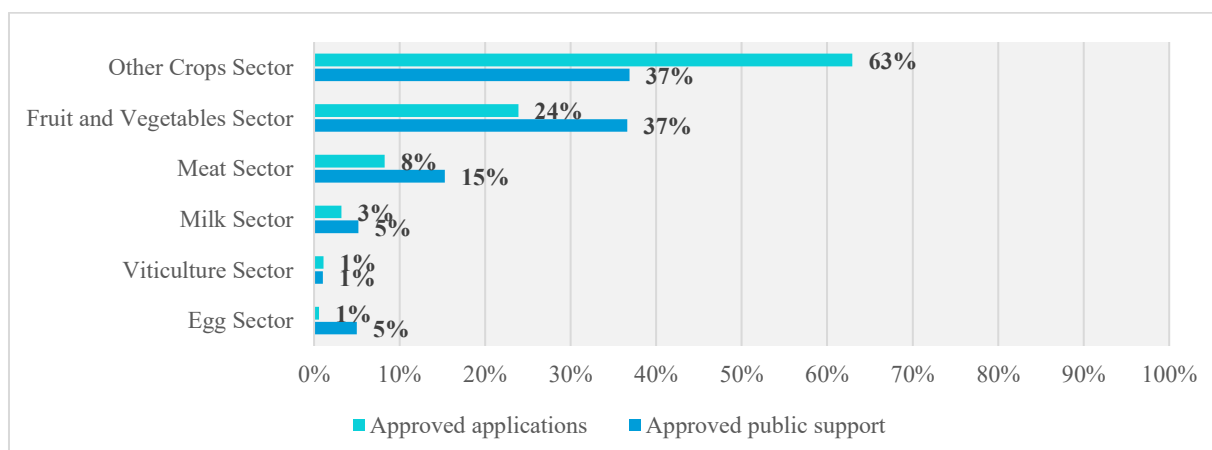
Graph 16: *Approved applications, EU support, public support and eligible expenditures (EUR m) per call, Measure 1*



More detailed information on approved applications, expenditures and support per call under Measure 1 is provided in the Annex 2 (Table 1).

Within Measure 1, the Other Crops Sector has the largest share in the total number of approved applications (746 approved applications, i.e. 63.0%) and the total approved public support (with an amount of EUR 39.7 m and a share of 36.9%), followed by the Fruit and Vegetables Sector. The lowest number of applications was approved in the Egg Sector (Graph 17).

Graph 17: *Share of sectors in the total number of approved applications and the amount of approved public support (%), Measure 1*



A larger share in the total approved support compared to the share in the total number of approved applications under Measure 1 was achieved by the Fruit and Vegetable Sector, Meat Sector, Milk Sector and Egg Sector, while a larger share in the total number of approved applications compared to the share in the total approved support was achieved by the Other Crops Sector. The average value of approved public support is the highest in the Eggs Sector (EUR 769,196), followed by the Meat Sector and the Milk Sector (EUR 167,816 and EUR 146,916 respectively), while the lowest average value of approved public support was achieved in the Other Crops Sector (EUR 53,203). The total approved general costs from the point of public support amount to EUR 3.7 m.

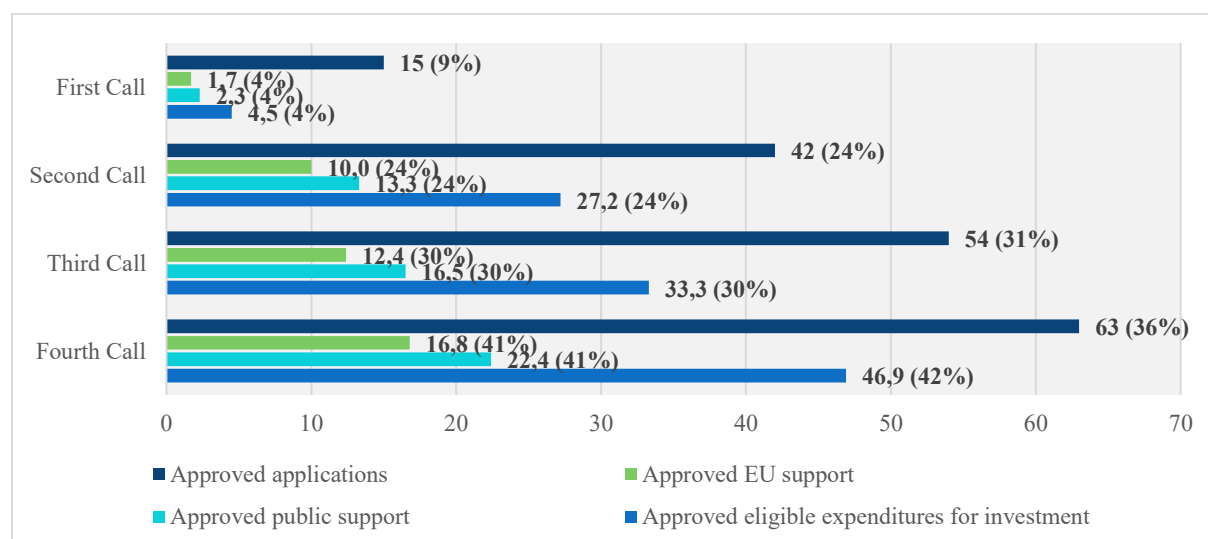
Observed per type of investment, the largest number of applications and public support under Measure 1 (1,086 and EUR 70.0 m respectively) was approved for the procurement of *equipment, machinery and mechanisation* (including tractors), while a significantly lower number of approved applications and public support related to investments in the *construction and equipping of facilities* (99 and EUR 37.6 m respectively).

Measure 3

Regarding Measure 3, 174 decisions on project approval were made with approved eligible expenditures for investment in the amount of EUR 111.9 m and total public support of EUR 54.5 m, out of which the EU contribution was EUR 40.9 m. The average amount of approved EU support per application for Measure 3 was EUR 234,927, which is 3.3 times higher than the average amount of approved EU support compared to this indicator for Measure 1.

The largest number of approved applications and the amount of approved public support was achieved within the Fourth Call (63 applications in the amount of EUR 22.4 m, which represents 41.2% of the total approved public support within this Measure). The average amount of approved public support per application is the highest within the Fourth Call (EUR 356,232) and the Second Call (EUR 316,575), while the lowest value of this indicator was achieved under the First Call: EUR 150,047 (Graph 18).

Graph 18: Approved applications, EU support, public support and eligible expenditures (EUR m) per call, Measure 3

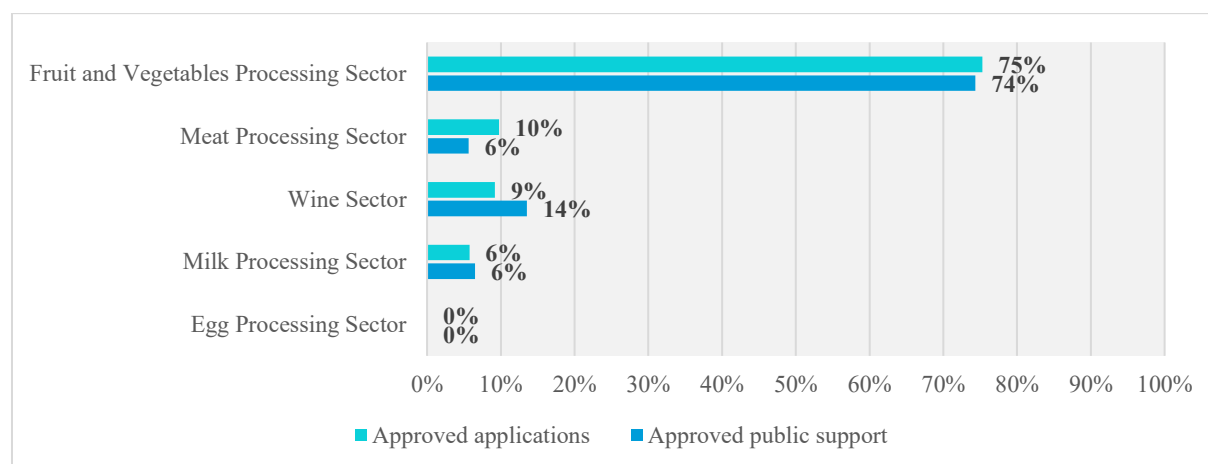


More detailed information on approved applications, expenditures and support per call for Measure 3 is provided in the Annex 2 (Table 1).

Analysis by sector within Measure 3 indicates the largest share in the total number of approved applications and approved public support of the Fruit and Vegetable Processing Sector (131

approved applications, i.e. 75.3% of the total number of approved applications and EUR 39.8 m of approved public support, i.e. 74.3% of the total amount of approved public support). At the same time, the Fruit and Vegetable Processing Sector achieves a larger share in the total approved applications compared to its share in the total approved support. On the other hand, the Milk Processing Sector, the Meat Processing Sector and the Wine Sector achieved a significantly lower share in the total number of approved applications under Measure 3. There were no applications submitted by potential recipients under the Egg Processing Sector (Graph 19). The total approved general costs from the point of public support amount to EUR 0.9 m.

Graph 19: Share of sectors in the total number of approved applications and the amount of approved public support (%), Measure 3



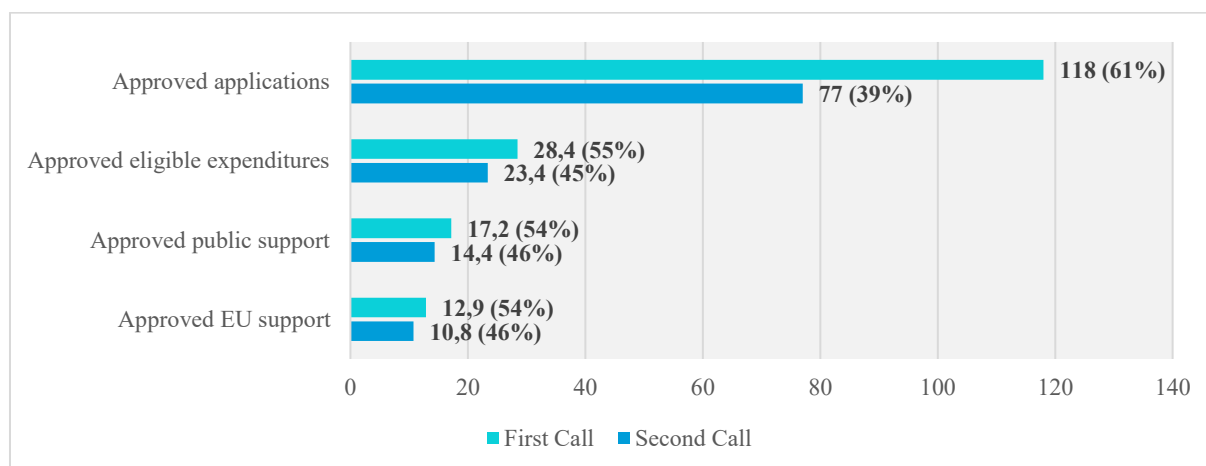
The average amount of approved public support for investments in the construction/reconstruction and modernisation of fruit and vegetable processing facilities is EUR 418,814, while the same indicator for investments in the modernisation of fruit and vegetable processing and packaging equipment is EUR 244,074. In the Meat Processing Sector, the average amount of approved public support for investments in the modernisation of enterprises is EUR 178,897, while in the Milk Processing Sector the average amount of approved public support for investments in the modernisation of dairies is EUR 410,232.

Measure 7

Regarding Measure 7, by the end of 2024, 195 decisions on project approval had been made (32.2% of the total number of applications submitted under this Measure), with approved eligible expenditures for investment of EUR 51.8 m and total public support of EUR 31.6 m, out of which the EU contribution was EUR 23.7 m. The average amount of approved EU support per application for Measure 7 was EUR 121,358.

A larger number of approved applications and the amount of approved public support was achieved within the First Call (118 applications with a public support amount of EUR 17.2 m, which represents 54.5% of the total approved public support within this Measure). The average amount of approved public support per application within the First Call is EUR 145,696, while within the Second Call this indicator achieves a higher value and amounts to EUR 186,505.

Graph 20: *Approved applications, EU support, public support and eligible expenditures (EUR m) per call, Measure 7*



Within Measure 7, the largest number of approved applications relates to the setting of tourist homesteads and recreational zones (142 applications in the amount of EUR 25.5 m of approved public support). For investments in the modernisation of existing tourist facilities, 45 applications were approved in the amount of EUR 4.3 m of approved public support. The total approved general costs from the point of public support amount to EUR 1.0 m.

Measure 9

In regard to Measure 9, by the end of 2024, two decisions on project approval were made (66.7% of the total number of applications submitted under this Measure), with approved eligible expenditures in the amount of EUR 22,100, out of which the EU contribution was EUR 18,785. The average amount of EU support approved per application for Measure 9 was EUR 9,393.

Approved projects in 2024

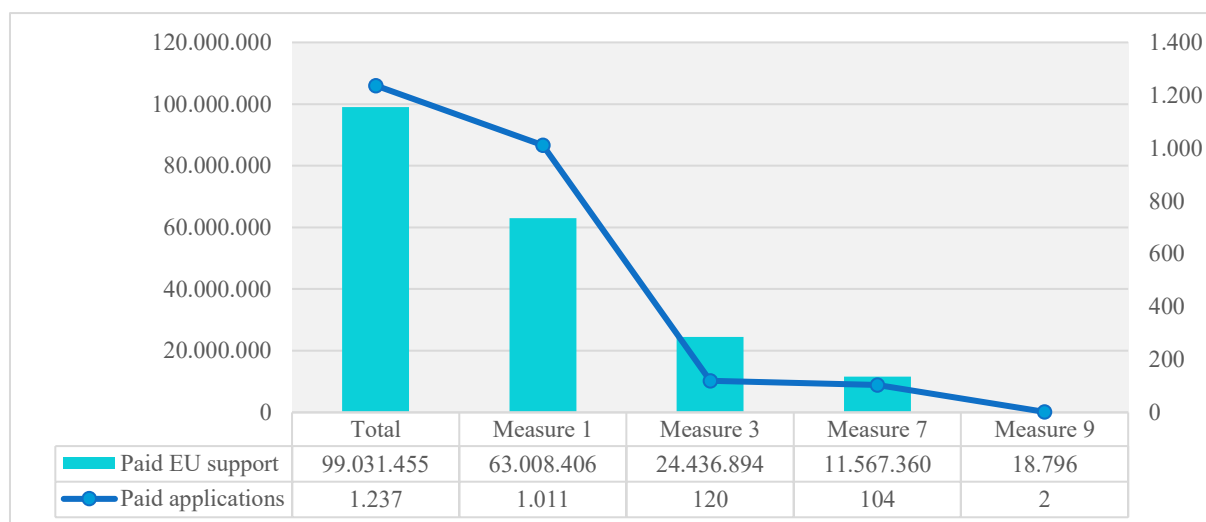
During 2024, 15 IPARD projects were approved in the amount of public support of EUR 3.5 m (EU contribution: EUR 2.6 m). Observed per IPARD measure, in the same year, two projects were approved for Measure 1 in the amount of EUR 1.0 m of public support (EU contribution: EUR 0.7 m), six projects were approved for Measure 3 in the amount of EUR 1.7 m of public support (EU contribution: EUR 1.3 m), six projects were approved for Measure 7 in the amount of EUR 0.8 m of public support (EU contribution: EUR 0.6 m), while one project was approved for Measure 9 in the amount of EUR 18,900 of public support (EU contribution: EUR 16,065). More detailed data on projects approval are presented in Annex 2 (Tables 2, 3, 4 and 5).

The type of investment for which the largest amount of support was approved in 2024 under Measure 1 is the construction of new operational buildings (within the Milk Sector) with an approved amount of public support of EUR 0.6 m (EU contribution: EUR 0.5 m). Under Measure 3, the most significant type of investment in the mentioned year was related to the construction of a winery with an approved amount of public support of EUR 1.0 m (EU contribution: EUR 0.7 m), while under Measure 7 the most common type of investment was the setting of tourist homesteads and recreational zones, with an approved amount of public support of EUR 0.3 m (EU contribution: EUR 0.2 m).

6.2. Completed projects

During the IPARD II Programme implementation, 1,237 decisions on payment approval of IPARD support were made in the amount of public support of EUR 132.1 m (the EU contribution is EUR 99.0 m).

Graph 21: Paid applications and EU support (EUR m)



After the amendments to the Law on Agriculture and Rural Development from 2021 the possibility of advance payments to IPARD recipients was introduced, the first advance payment under the IPARD II Programme was made on 13th April 2022. By the end of the IPARD II Programme implementation, a total of 66 projects were paid in advance in the amount of EUR 12.8 m of public support, out of which the EU contribution is EUR 9.6 m. Out of the total number of projects for which an advance payment was made, 56 projects were completed with the corresponding amount of public support paid in advance of EUR 10.1 m (EU support EUR 7.6 m). In addition, 10 projects in the amount of EUR 2.6 m of public support paid in advance (EU support EUR 2.0 m) is in the refund phase, out of which two projects were refunded in the amount of public support of EUR 1.5 m by the end of 2024. The main reasons for the refund of funds paid in advance were related to the failure in submission of final payment request by the recipients or payment requests were submitted beyond the deadline. In addition to that, withdrawal of the payment requests was common reason for the refund of funds paid in advance.

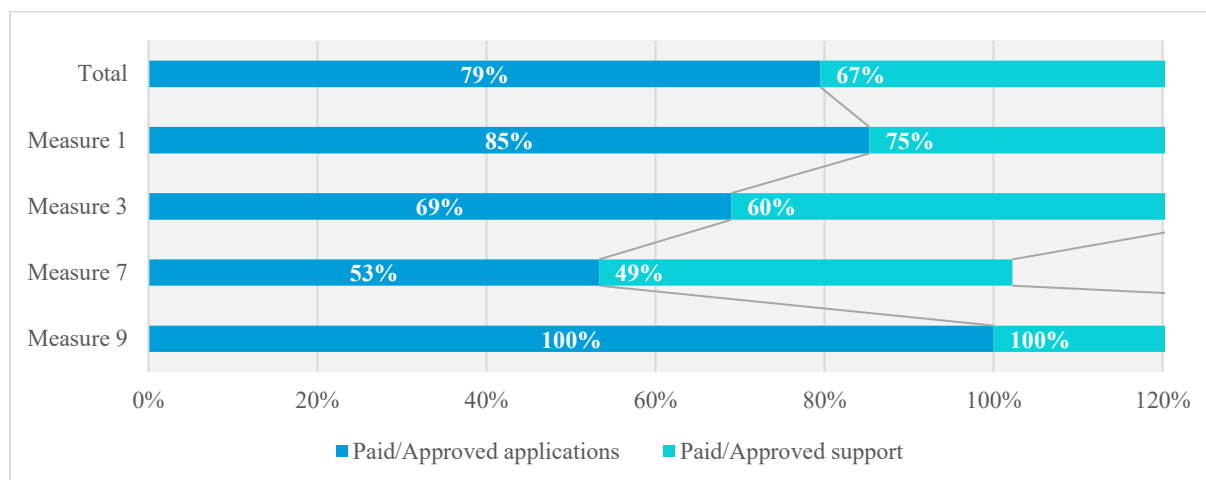
Out of the total number of paid investment-type projects, the largest number of projects was paid to natural persons: 1,007, out of which 967 projects were paid to individual farmers, while 40 projects were paid to entrepreneurs. When it comes to legal entities, a total of 228 projects were paid, with the dominant participation of companies with 218 paid projects, while a total of 10 projects were paid to agricultural cooperatives.

Although a significantly larger number of projects were paid to natural persons, from a financial perspective, legal entities achieve a disproportionately large share in the amount of support paid compared to natural persons (44.1% and 55.9% respectively). A total of EUR 73.8 m was paid to natural persons (out of which the largest amount of support was paid to individual farmers: EUR 67.4 m), while a total of EUR 58.2 m of public support was paid to legal entities (out of which the largest amount of support was paid to companies: EUR 56.2 m).

In relation to the total number of submitted applications and requested support, 38.9% of applications and 32.3% of support were paid. Paid applications in the total number of approved

applications (1,556) achieve a share of 79.5%, while the share of paid support in relation to approved support is at a lower level: 66.9% (Graph 22).

Graph 22: *Share of paid in relation to approved IPARD applications/support*



The average paid EU support per IPARD project is EUR 80,058. The highest average amount of paid EU support per project was achieved by Measure 3 (EUR 203,641), which is 2.5 times higher than the IPARD average. The mentioned indicator for Measure 1 is below the IPARD average and amounts to EUR 62,323, while the same indicator for Measure 7 amounts to EUR 111,225. Within Measure 9, the average value of paid EU support per project is EUR 9,398.

Measure 1

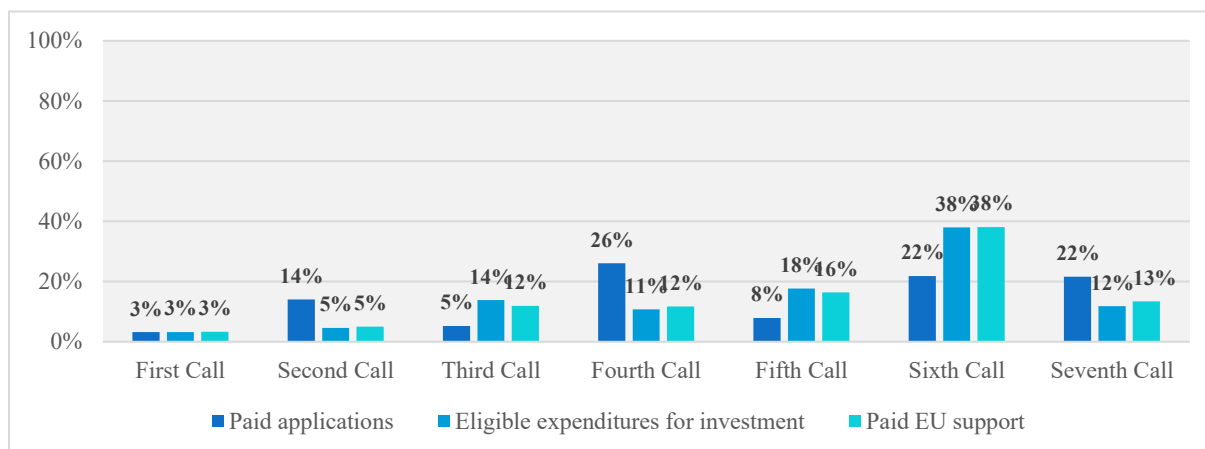
A total of 1,011 applications for investments under Measure 1 were paid by the end of 2024, with the amount of paid public support of EUR 84.0 m and EU support of EUR 63.0 m. The execution rate for Measure 1 is 41.0% of the total Programme budget and 86.9% of the Programme budget for Measure 1. In relation to the initially allocated Programme budget, the execution rate for Measure 1 is 36.0%, while the execution rate in relation to the initially allocated funds for Measure 1 is 82.9%. Measure 1 accounts for 81.7% of the total number of paid applications, and 63.6% of the paid support.

In relation to the total number of submitted applications and requested support under Measure 1, 44.7% of applications were paid, i.e. 40.9% of support, while in the total number of submitted IPARD applications, paid applications under Measure 1 achieve a share of 31.8%, and paid support achieve a share of 20.5% of the total requested IPARD support. Paid applications in the total number of approved applications for Measure 1 achieve a share of 85.3%, while the share of paid support in relation to approved support is lower and amounts to 75.5% (Graph 22).

The largest number of paid applications refers to the Fourth Call (264 paid applications for tractors), while the largest amount of paid support was realised within the Sixth Call: public support in the amount of EUR 32.0 m and EU support in the amount of EUR 24.0 m (Graph 23).

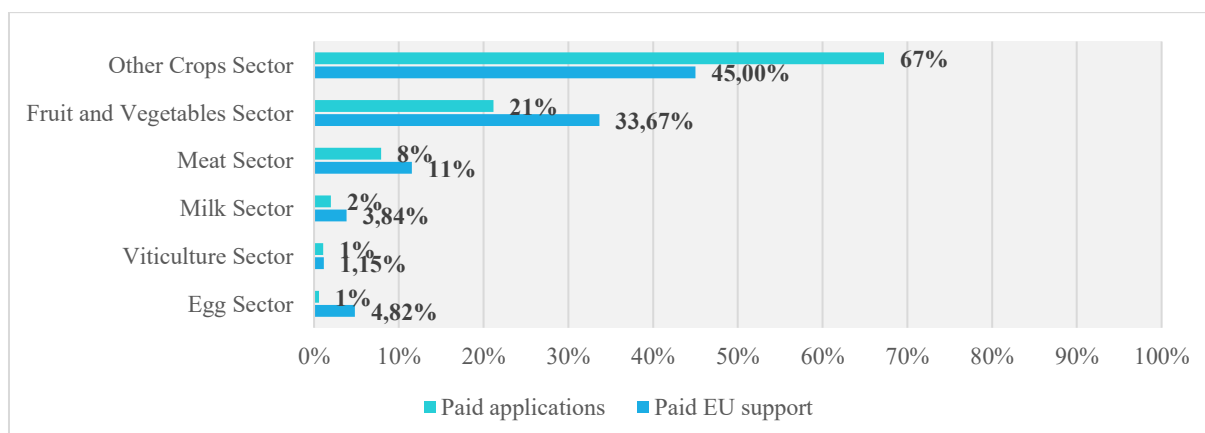
The average paid EU support per project under Measure 1 is EUR 62,323, which is a lower amount than the IPARD average (by EUR 17,735), primarily due to the significant share of tractors as investments of lower value in the total number of projects paid under Measure 1. The average value of paid EU support is the highest in the Third Call and amounts to EUR 142,386 and the lowest in the Second Call (EUR 22,116).

Graph 23: Share of paid applications, eligible expenditures for investment and paid EU support per call (%), Measure 1



The largest share in the total number of paid applications and total paid support under Measure 1 is achieved by the Other Crops Sector (67.3% for 680 paid applications and 45.0% for paid public support in the amount of EUR 37.8 m). Other sectors under Measure 1 achieve a significantly lower share in the total number of paid applications and paid support. The Other Crops Sector has a larger share in the total number of paid applications compared to its share in the total amount of paid support, while the reverse proportion of share is evident for other sectors (Graph 24).

Graph 24: Share of sectors in paid applications and EU support (%), Measure 1



The dominant sub-sector within the Other Crops Sector refers to the Cereals Sub-sector (616 paid applications with the amount of paid public support of EUR 34.6 m), and within the Fruit and Vegetables Sector to the Fruit Sub-sector (172 paid applications with the amount of paid public support of EUR 21.1 m). The average amount of paid EU support is the highest in the Egg Sector (EUR 506,269), where EU support was paid for six projects in the total amount of EUR 3,037,612. The lowest average value of paid EU support was achieved within the Other Crops Sector and amounts to EUR 41,695.

By type of investment, the largest number of paid projects and EU support (942, i.e. EUR 46.7 m) related to equipment, machinery and mechanisation (including 625 tractors), while 69 paid projects with a total paid EU support of EUR 16.3 m related to investments in the construction and equipping of facilities (mostly in the Fruit and Vegetable Sector: 32 – EUR 7.5 m and the Meat Sector: 17 – EUR 4.3 m). With 625 paid applications by the end of 2024, tractors represent

the dominant type of investment under Measure 1 (EUR 19.0 m of paid EU support), followed by equipment for harvesting, sorting, packaging and storage in the Fruit and Vegetable Sector with 62 paid applications in the amount of EUR 7.6 m of paid EU support. The average amount of paid EU support per application for a tractor is EUR 30,440, and for equipment for harvesting, sorting, packaging and storage is EUR 122,131.

Measure 3

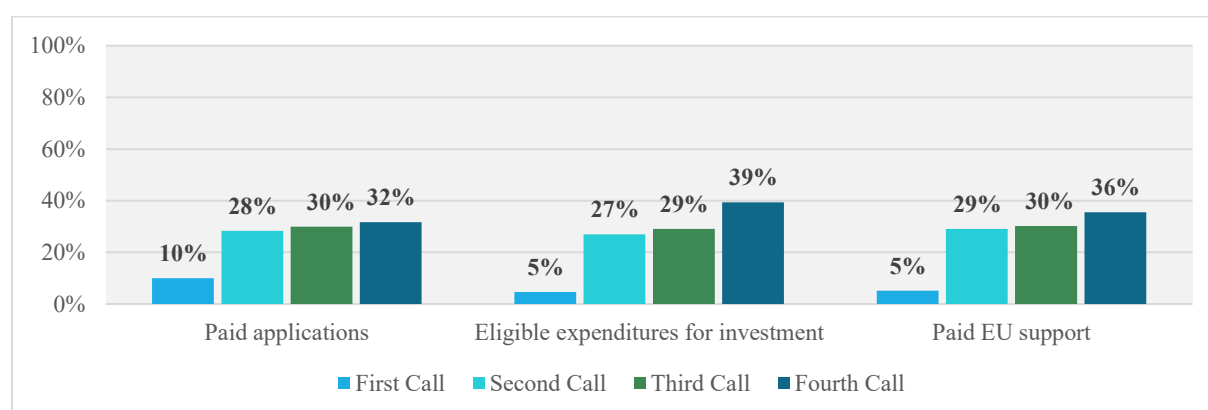
When it comes to Measure 3, as of 31st December 2024, 120 applications were paid with public support and EU support in the amount of EUR 32.6 m and EUR 24.4 m respectively. The execution rate for Measure 3 is 15.9% of the total Programme budget and 47.7% of the Programme budget for Measure 3. Compared to the initial Programme budget, the execution rate for Measure 3 amounts 14.0%, while the execution rate compared to the initial Programme budget for Measure 3 amounts 39.3%. Measure 3, unlike Measure 1, achieves a higher share in the total amount of paid support (24.7%) compared to the share in the total number of paid projects (9.7%).

In relation to the total number of submitted applications and requested support under Measure 3, 38.3% and 33.2% were paid respectively. When it comes to the total number of submitted applications for all measures, paid applications for Measure 3 account for 3.8%, while paid support accounts for 8.0% of the total requested support. Paid applications in the total number of approved applications and approved support have a lower share compared to Measure 1: 69.0% of paid applications in the approved applications and 59.8% of paid support in the approved support.

The average amount of paid EU support per project for Measure 3 is EUR 203,641, which is 2.5 times higher than the IPARD average and 3.3 times higher than the same indicator for Measure 1.

The largest number of projects and amounts of support were paid within the Fourth Call (38 projects and EUR 8.7 m of EU support). The average amount of paid EU support was the largest in the Fourth Call: EUR 228,408, and the lowest value was achieved in the First Call: EUR 105,840 (Graph 25).

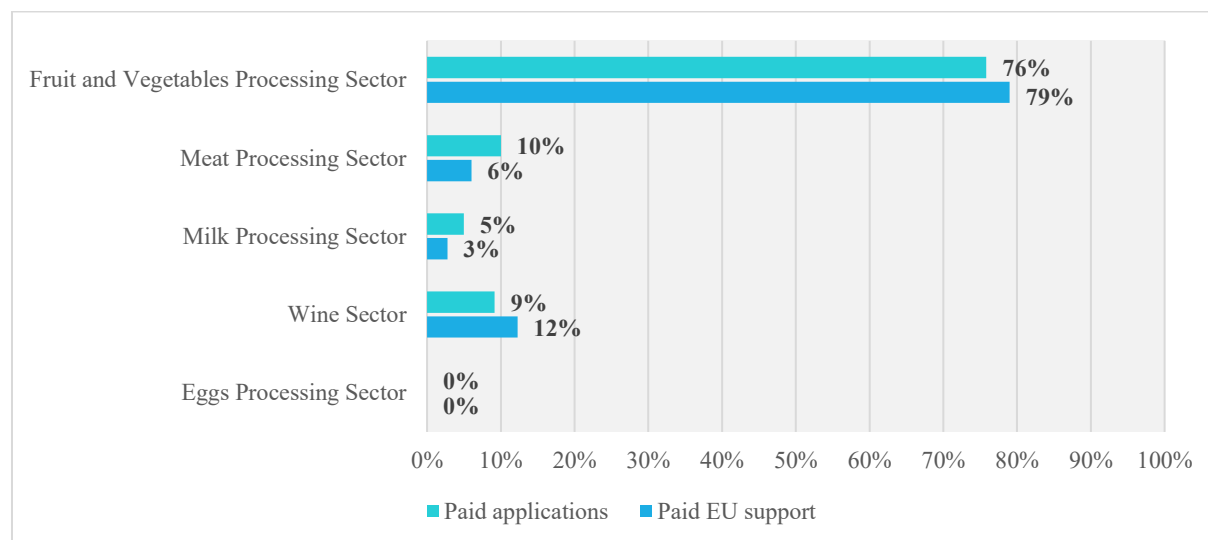
Graph 25: Share of paid applications, eligible expenditures for investment and paid EU support per call (%), Measure 3



Within Measure 3, the dominant share in the total number of paid applications and total amount of paid support is achieved by the Fruit and Vegetable Processing Sector (91 paid applications with a share of 75.8% in the total number of paid applications and EUR 19.3 m of paid EU support, with a share of 79.0% in the total amount of paid EU support). Other sectors within

Measure 3 achieve a significantly lower share for both of the above-mentioned indicators (Graph 26).

Graph 26: *Share of sectors in paid applications and EU support (%), Measure 3*



In the Fruit and Vegetable Processing Sector, the largest number of paid projects related to investments for processing within processing capacities (52 applications, or 43.3% of the total number of paid applications for Measure 3 and 57.1% of paid applications within this Sector), while 38 applications were paid for investments in the construction and reconstruction of processing facilities, or 31.7% of the total number of paid applications for Measure 3. Of the total number of implemented projects for the construction and equipping of processing facilities, the largest number of projects was paid in the Fruit and Vegetable Processing Sector (28) in the amount of EU support of EUR 8.5 m.

The average amount of paid EU support per application is the highest in the Wine Sector (EUR 272,282), followed by the Fruit and Vegetable Processing Sector (EUR 212,106), while the lowest is in the Milk Processing Sector, amounting to EUR 112,043. The dominant type of investment for which applications were paid under Measure 3 relates to the modernisation of processing and packaging equipment in the Fruit and Vegetable Processing Sector, with a total of 52 applications paid in the amount of EUR 9.2 m of EU support. Also, a significant number of projects were paid for investments in the construction, reconstruction and modernisation of processing plants in the Fruit and Vegetable Processing Sector (28 paid projects in the amount of EUR 8.5 m of EU support), as well as 11 projects for investments in the production of energy from renewable sources in the same Sector, in the amount of EUR 1.6 m of EU support.

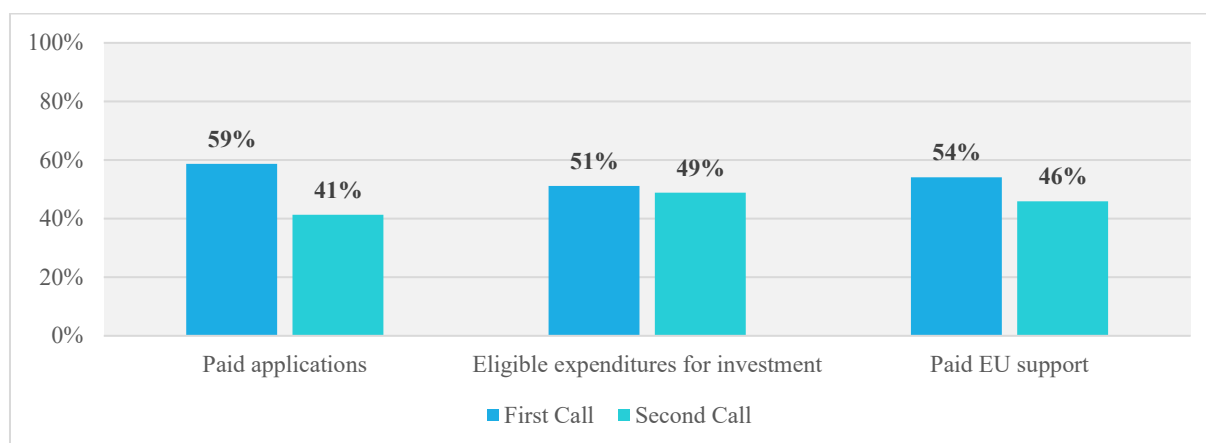
Measure 7

Within Measure 7, a total of 104 applications were paid by the end of 2024, with paid public support and EU support in the amount of EUR 15.4 m and EUR 11.6 m, respectively. The execution rate for Measure 7 is 7.5% of the total Programme budget and 39.0% of the Programme budget for Measure 7. Compared to the initial Programme budget, the execution rate for Measure 7 is 6.6%, while the execution rate compared to the initial budget for Measure 7 is 66.1%. Measure 7 accounts for 8.4% of the total number of paid projects and 11.7% of the total amount of paid support. In relation to the total number of submitted applications and requested support under Measure 7, 17.2% and 14.6% were paid respectively, while in the total number of submitted applications for all measures, paid applications and support for this Measure account for 3.3% and 3.8% respectively. Paid applications in the total number of approved applications and approved support achieve a share of 53.3% and 48.9% respectively.

The average amount of paid EU support for Measure 7 is significantly above the IPARD average and amounts to EUR 111,225.

A larger number of projects and amount of support were paid under the First Call (61 projects and EUR 8.3 m of public support, i.e. EUR 6.3 m of EU support) compared to the Second Call. Although a larger number of applications and amount of support were paid in the First Call, the Second Call recorded a higher average amount of paid EU support, amounting to EUR 123,420.

Graph 27: *Share of paid applications, eligible expenditures for investment and paid EU support per call (%), Measure 7*



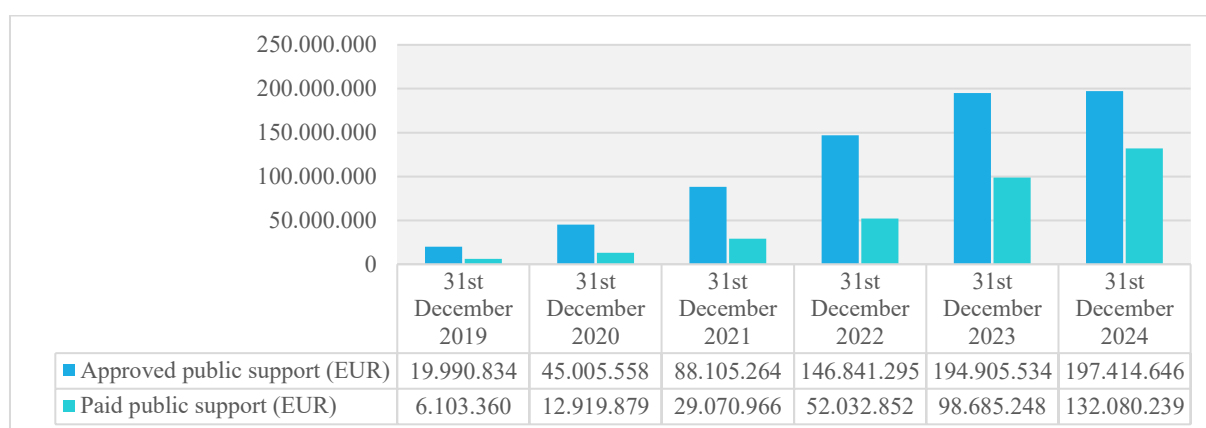
Considering that no project with a financially dominant investment within the Renewable Energy Resources has been recorded until the end of 2024, it can be stated that the investments related to Rural Tourism and Recreational Activities achieve absolute share in the total number of submitted and approved, as well as paid applications.

The most significant investment from the point of paid applications and support refers to the setting of tourist homesteads and recreational zones, with 92 paid projects and the amount of paid public support of EUR 13.8 m. For investments in the modernisation of existing tourist facilities, 11 applications were paid in the amount of EUR 1.6 m of approved public support. One application was paid for facilities and equipment for leisure fishing, hunting and horse riding, in the amount of paid public support of EUR 33,650. The average amount of paid public support for investments in the setting of tourist homesteads and recreational zones is EUR 149,743, and for investments in equipment for recreational activities is EUR 146,650.

Measure 9

Until 31st December 2024, two applications in the amount of EUR 22,113 of public support were paid under Measure 9, out of which EU support amounts to EUR 18,796. Support under Measure 9 was used to establish the IPARD website in the amount of EUR 2,721 of EU contribution, as well as for printing of promotional material in the amount of EUR 16,075 of EU contribution.

Graph 28 present the progress in terms of approved and paid IPARD support on an annual basis in cumulative amounts during the IPARD II Programme implementation period.

Graph 28: Progress in terms of approved and paid public support (EUR), 2019-2024

Based on the data presented in Graph 28, it can be noted a continuous increase of paid IPARD support annually, in the cumulative amount. The largest amount of public support was paid in 2024 in the amount of EUR 43.3 m, i.e. 32.8% of the total amount of paid public support.

Paid projects in 2024

During 2024, 237 IPARD projects were paid in the amount of public support of EUR 43.3 m (EU contribution: EUR 32.5 m). Observed per IPARD measure, in the same year, 105 projects were paid for Measure 1 with a public support of EUR 17.7 m (EU contribution: EUR 13.3 m), 39 projects were paid for Measure 3 with a public support of EUR 11.4 m (EU contribution: EUR 8.6 m), 91 projects were paid for Measure 7 with a public support of EUR 14.1 m (EU contribution: EUR 10.6 m), while two projects were paid for Measure 9 in the amount of EUR 22,113 of public support (EU contribution: EUR 18,796). More detailed data on the payment of projects are presented in Annex 2 (Tables 6, 7, 8 and 9).

During 2024, within Measure 1, the largest amount of IPARD support was paid under the Fruit and Vegetable Sector, for 31 paid applications in the amount of EUR 6.4 m (EU contribution: EUR 4.8 m). The most significant sector in terms of the total amount of paid support in 2024 for Measure 3 is also the Fruit and Vegetable Processing Sector, under which 22 applications in the amount of EUR 5.2 m were paid (EU contribution: EUR 3.9 m), while under Measure 7, 92 applications were paid in the same year in the amount of EUR 12.6 m (EU contribution: EUR 9.5 m) for investments in the field of rural tourism.

6.3. Sensitive sectors

This part of the Report presents the results of the IPARD II Programme implementation from the point of sensitive categories of IPARD support recipients (young farmers and women farm holders).

Rural areas of the RS are generally characterised by population outflow. This trend is, however, even more pronounced when it comes to sensitive categories of the population in these areas, where in the period between two censuses (2011, 2022) the number of women in rural areas decreased by 13.9%, while when it comes to the young population (up to 40 years of age) outflow is higher compared to women: by almost 20% in the inter-census period (Table 36).

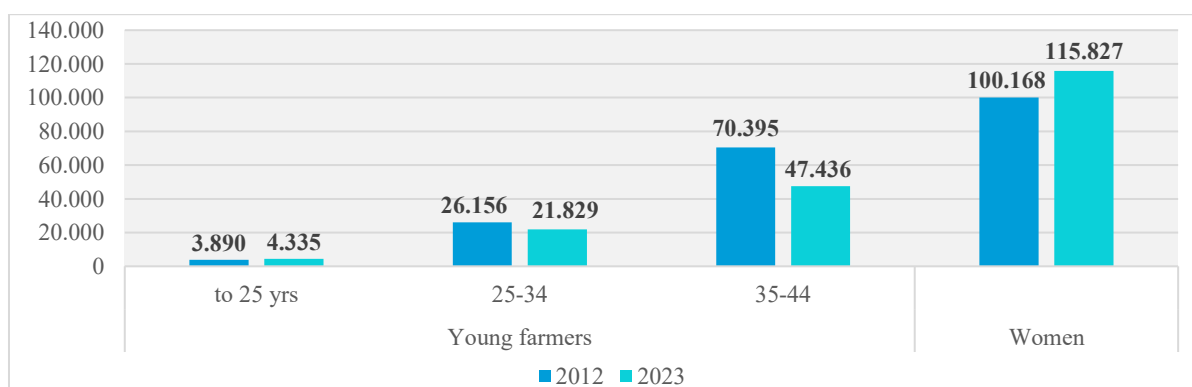
Table 36: Women and young population in rural areas of the Republic of Serbia in the inter-census period (2011, 2022)

Region	2011				2022				Index 2022/2011		
	Women	%	Young people	%	Women	%	Young people	%	total	Women	Young people
Vojvodina Region	394,103	20.4	356,540	18.5	149,419	8.9	129,275	7.7	90.1	37.9	36.3
Belgrade Region	157,770	9.5	150,735	9.1	332,326	19.1	276,457	15.9	101.3	210.6	183.4
Šumadija and Western Serbia Region	531,288	26.1	463,616	22.8	447,324	24.6	360,972	19.8	89.5	84.2	77.9
Southern and Eastern Serbia Region	371,758	23.8	302,399	19.3	323,354	23.0	255,739	18.2	89.9	87.0	84.6
Total	1,454,919	20.2	1,273,290	17.7	1,252,423	18.8	1,022,443	15.4	92.5	86.1	80.3

Source: Census of Population, Households and Dwellings 2022, SORS

When it comes to the representation of sensitive categories in the field of farm management, in the period between the two agricultural censuses (2012, 2023), opposite tendencies can be observed in relation young and female farm managers (Graph 29). Namely, the category of young farm managers in the inter-census period recorded a significant decrease in the total number (from 100,441 in 2012 to 73,600 in 2023), where the share of this sensitive category of the rural population in the total number of farm managers is recording stagnation at the level of approx. 15%. On the other hand, female AH managers recorded an increase in the period between the two censuses, both in terms of their total number (from 100,168 in 2012 to 115,827 in 2023) and in terms of their share in the total number of AH managers (15.9% in 2012 and 22.8% in 2023). The average age of the holders of the AHs of 60 years according to the Agricultural Census 2023, as well as the significantly higher participation of the female population within the older categories of the population in rural areas according to the Population Census 2022 compared to the results of previous censuses, have certainly contributed to both the overall higher number of female managers and their higher share in the total number of managers of AHs. In addition to the above-mentioned, it can be stated that the scoring system for agricultural and rural development subsidies towards strengthening the position of women in rural areas, both at the national level and in terms of IPARD support, has significantly contributed to the aforementioned changes of the AHs' management structure, which especially realated to younger categories of female farm managers.

The share of women and young people under 40 years of age in the total rural population of the RS is at a lower level compared to the national average and amounts to 49.6% and 40.5% respectively. At the same time, in the inter-census period, the share of young people in the total population decreased (from 46.4% in 2011 to 43.0% in 2022), while the share of women in the mentioned period remained almost unchanged (51.4%).

Graph 29: Number of managers of AHs in sensitive categories, 2012, 2023

Source: Census of Agriculture 2012, 2023, SORS

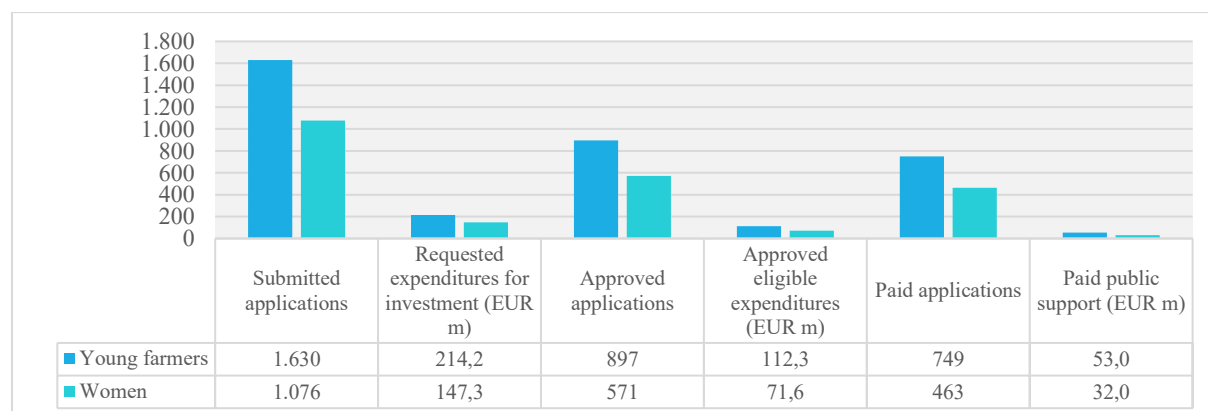
Every 11th holder of a AHs is under 40 years of age (9.2% of holders of AHs are under 40 years of age), while 23% of holders and managers are women. Although young managers record a lower share in the total number of AHs managers compared to women in 2023, this sensitive category of the rural population in both census years records a significantly higher share in the total value of agricultural production (27.3% and 22.9% respectively) compared to female holders of AHs (9.2% and 17.5%). It is necessary to emphasise the tendency of decreasing the share of young managers in the total realised value of agricultural production and at the same time a significant increase in the share of female managers in this indicator in the inter-census period.

The more favorable trends in the labor market mainly relate to the female population, which at the end of 2023 recorded a higher fluctuation of persons from the population outside the labor force to the employed contingent. The number of employed women at the end of 2023 was 1.3 m, while the number of unemployed persons in the female population was 137,100. The participation of young people aged 15-29 who are neither working nor in education or training in the total youth population (NEET rate) at the end of 2023 was at the level of 17.4%, with a significant increase on an interannual level.

When it comes to IPARD support, **young farmers** with a total of 1,630 submitted applications and the amount of requested expenditures for investment of EUR 214.2 m achieved a share of 56.9% in the total number of submitted applications under Measure 1 and Measure 7 and a share of 42.8% in the total requested expenditures for mentioned measures. By the end of 2024, 897 applications were approved to young farmers with the amount of approved eligible expenditures of EUR 112.3 m and 749 applications were paid with the amount of public support of EUR 53.0 m (EU contribution EUR 39.7 m). The total number of rejected and withdrawn applications of young farmers by the end of 2024 was 304, with a total rejected and withdrawn expenditures for investment of EUR 58.8 m. Out of total number of submitted applications, 762 applications were submitted by young women in the amount of EUR 102.9 m.

Women farm holders with a total of 1,076 submitted applications and the amount of requested expenditures for investment of EUR 147.3 m achieved a share of 37.6% in the total number of submitted applications under Measure 1 and Measure 7 and a share of 29.2% in the total requested expenditures for the mentioned measures. By the end of 2024, 571 applications were approved to women farm holders with the amount of approved eligible expenditures of EUR 71.6 m and 463 applications were paid in the amount of public support of EUR 32.0 m (EU contribution EUR 24.0 m). The total number of rejected and withdrawn applications from female farm holders by the end of 2024 was 197, with a total rejected and withdrawn expenditures for investment of EUR 37.7 m.

Graph 30: Submitted, approved and paid applications and expenditures, sensitive categories of IPARD recipients, Measure 1 and Measure 7



Young farmers submitted a total of 1,357 applications under Measure 1 with requested expenditures in the amount of EUR 143.7 m and share of 41.9% in the total requested expenditures under Measure 1. Although the largest number of applications by young farmers was submitted under the Seventh Call for the purchase of a new tractor (559 applications), by far the largest amount of requested expenditures related to the Sixth Call under Measure 1 (EUR 49.7 m).

The total number of rejected and withdrawn applications is 226 in the amount of EUR 39.8 m of expenditures (16.7% and 27.7% respectively). The largest number of applications submitted by young farmers was rejected and withdrawn under the Second Call (73), while the largest amount of rejected and withdrawn expenditures is characteristic of the Third Call under Measure 1 (EUR 15.6 m).

Women holders of agricultural holdings submitted a total of 770 applications under Measure 1 with requested expenditures in the amount of EUR 67.5 m. The share of women farm holders in the total requested expenditures under Measure 1 was 19.7%. As in the case of young farmers, the largest number of applications was submitted by women under the Seventh Call (404 applications), while the largest amount of requested expenditures was related to the Sixth Call under Measure 1 (EUR 20.9 m). The share of women farm holders in terms of the number of applications submitted under Measure 1 is at a significantly lower level compared to the share of young farmers (34.1% and 60.0% respectively).

The total number of rejected and withdrawn applications is 110 in the amount of EUR 16.1 m (14.3% and 23.9% respectively). The largest number of applications submitted by women were rejected and withdrawn under the Second Call (34), where the largest amount of rejected and withdrawn expenditures is characteristic of the Fifth Call under Measure 1 (EUR 4.5 m).

Under Measure 7, young farmers submitted a total of 273 applications with requested expenditures in the amount of EUR 70.5 m. The largest number of applications by young farmers was submitted under the Second Call (163), which also refers to the amount of requested expenditures of EUR 45.3 m.

In the reporting period, 59 applications were paid to young farmers in the amount of EUR 8.0 m of public support, with the EU contribution amounting to EUR 6.0 m. The total number of rejected and withdrawn applications was 78 and the expenditures were EUR 19.0 m (28.6% and 27.0% respectively). A larger number of applications submitted by young farmers were rejected and withdrawn under the First Call (52 applications in the amount of EUR 12.0 m rejected and withdrawn expenditures).

Under Measure 7, women farm holders submitted a total of 306 applications with requested expenditures in the amount of EUR 79.8 m. The largest number of applications by women farm holders was submitted under the Second Call (181), which also relates to the amount of requested expenditures of EUR 49.9 m.

In the reporting period, 63 applications were paid to women farm holders in the amount of EUR 8.6 m of public support, with the EU contribution amounting to EUR 6.4 m. The total number of rejected and withdrawn applications was 87 in the amount of expenditures of EUR 21.6 m (28.4% and 27.0% respectively). A larger number of applications submitted by women were rejected and withdrawn under the First Call (60 applications in the amount of EUR 14.2 m rejected and withdrawn expenditures).

Payment of projects to sensitive categories of recipients in 2024

During 2024, the total number of paid projects to young farmers was 124, in the total amount of public support of EUR 15.1 m, out of which the EU contribution was EUR 11.3 m. When it

comes to women farm holders, in the same year, a total of 102 projects were paid in the amount of paid public support of EUR 10.8 m, out of which the EU contribution was EUR 8.1 m. At the same time, the number of paid applications for young women (up to 40 years of age) was 85 in the amount of paid public support of EUR 9.0 m (EU contribution: EUR 6.7 m).

6.4. Sanctioned and cancelled projects

By the end of 2024, a total of 903 applications (28.4%) were rejected and withdrawn, with the corresponding amount of EU support of EUR 101.1 m, i.e. 33.0% of the total requested EU support. By the end of 2024, a total of 569 applications (17.9%) were rejected with the total amount of EU support of EUR 66.0 m (21.5%), while 334 applications with the total amount of EU support of EUR 35.1 m were withdrawn by the applicant, which is 10.5% of the total number of submitted applications (Table 37).

The highest number of rejected and withdrawn applications was recorded in 2021 (202), while the lowest number of rejected and withdrawn applications was recorded in 2024 (21).

Table 37: Review of rejected and withdrawn applications per measure and call

Measure	Call	Total rejected and withdrawn applications		Rejected applications		Withdrawn applications	
		Number of applications	EU contribution (EUR)	Number of applications	EU contribution (EUR)	Number of applications	EU contribution (EUR)
M 1	1	43	2,168,434	25	1,557,793	18	610,641
	2	203	3,706,273	97	1,478,953	106	2,227,320
	3	76	16,414,528	45	11,713,481	31	4,701,047
	4	44	939,867	22	475,693	22	464,174
	5	75	13,734,148	56	9,334,763	19	4,399,385
	6	105	15,953,839	75	8,648,984	30	7,304,855
	7	32	890,656	8	198,689	24	691,967
Total Measure 1		578	53,807,746	328	33,408,356	250	20,399,390
M 3	1	11	1,955,690	8	1,659,767	3	295,923
	2	39	4,271,399	28	2,175,262	11	2,096,136
	3	39	7,614,396	33	5,488,621	6	2,125,775
	4	37	9,595,511	24	5,269,219	13	4,326,291
Total Measure 3		126	23,436,996	93	14,592,870	33	8,844,126
M 7	1	159	17,985,697	123	14,172,388	36	3,813,308
	2	39	5,858,782	25	3,803,322	14	2,055,460
Total Measure 7		198	23,844,478	148	17,975,710	50	5,868,768
M 9	1	0	0	0	0	0	0
	2	1	10,638	0	0	1	10,638
Total Measure 9		1	10,638	0	0	1	10,638
Total		903	101,099,858	569	65,976,937	334	35,122,921

Measure 1 with 578 rejected and withdrawn applications in the amount of EU support of EUR 53.8 m, has the largest share in the total number and amount of support of rejected and withdrawn applications (64.0% and 53.2% respectively). Of the total number of applications

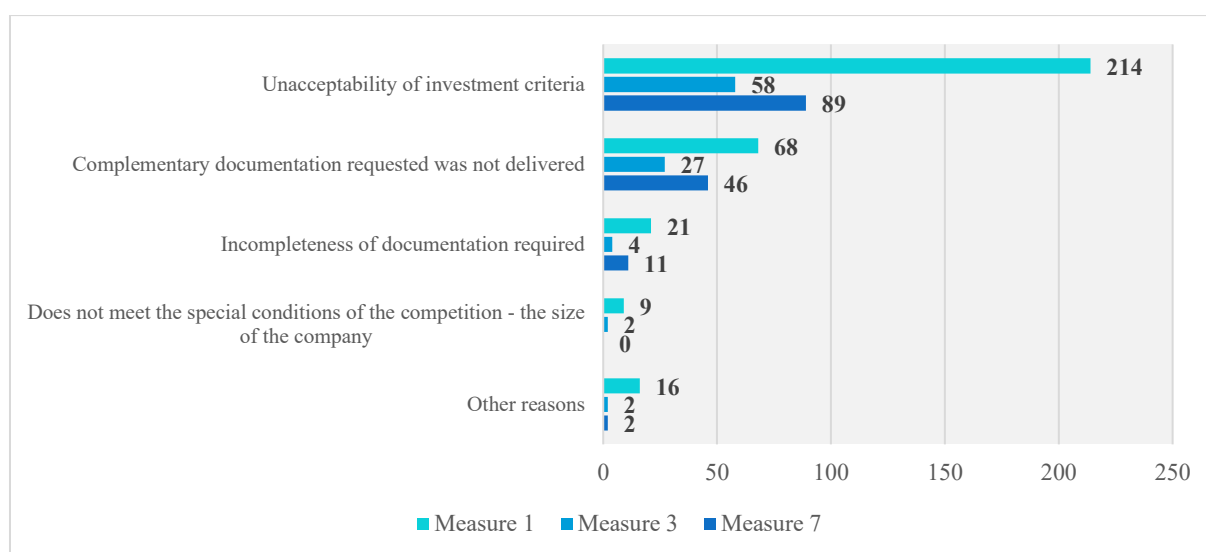
submitted under Measure 1, 25.6% of applications were rejected and withdrawn, of which 328 applications were rejected, while 250 applications were withdrawn by the applicant.

Under **Measure 3**, 126 applications were rejected and withdrawn with a total public support amount of EUR 31.2 m, which represents 40.3% of the total number of applications submitted under this Measure and 14.0% of the total number of rejected and withdrawn applications. Of the total number of rejected and withdrawn applications, 93 relate to rejected applications, while 33 applications were withdrawn. Under Measure 3, the rate of withdrawn applications by the applicant in the total number of rejected and withdrawn applications (26.2%) is significantly lower compared to this indicator for Measure 1 (43.3%).

Under **Measure 7**, 198 applications were rejected and withdrawn with a total public support in the amount of EUR 31.8 m, which represents 32.7% of the total number of applications submitted under this Measure and 21.9% of the total number of rejected and withdrawn applications. Of the total number of rejected and withdrawn applications, 148 relate to rejected applications, while 50 applications were withdrawn. Under Measure 7, the rate of withdrawn applications in the total number of rejected and withdrawn applications for this Measure is 25.3%.

The most common reasons for project rejection were related to the unacceptability of investment criteria, not delivering complementary requested documentation after receiving the request for supplementation, etc. The most common reasons for applications rejection are presented cumulatively in the Graph 31 with a cut-off date of 31st December 2024.

Graph 31: Most common reasons for rejection of applications per measure



Reasons for applications withdrawal by the potential applicants mainly related to the difficulties in securing funds for project implementation, while in some cases potential applicants cited personal reasons. In most cases, potential applicants did not state a reason for withdrawal of applications.

During the IPARD II Programme implementation, a total of 111 appeals were submitted by the IPARD applicants under all measures and public calls. The Appeal Commission resolved all appeals. The most common reasons for applications rejection, which are base for appealing, within the IPARD II programming period are failure to meet general and specific eligibility criteria for payment of IPARD support, failure to meet prescribed national and EU standards, failure to meet prescribed specific conditions for certain sectors, goods that are the subject of the investment do not originate from a country listed in the List of Eligible Countries, the

realisation of the investment is not in accordance with the decision on project approval, or the act on project amendment, failure to meet formal conditions for processing applications in question, most often untimely.

Rejected and withdrawn applications in 2024

During 2024, 21 applications were rejected and withdrawn in the amount of EUR 6.6 m of public support for all IPARD measures, out of which six applications were rejected in the amount of EUR 0.7 m, while 15 applications were withdrawn by the applicant. Observed per IPARD measure, the largest number of rejected applications in 2024 related to Measure 7 (4 applications in the amount of EUR 0.5 m of public support), while the largest number of withdrawn applications by the applicant was recorded within Measure 1 (14 applications in the amount of EUR 5.9 m of public support).

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

The Evaluation Plan for the IPARD II programming period 2014-2020 (hereinafter: EP) has been prepared in accordance with Art. 57 of the FwA, and Art. 54 and 56 of the SA concluded between the RS and the EC, in order to ensure sufficient and adequate evaluation activities, as well as appropriate funds necessary to support the implementation of those activities.

The Evaluation Plan covers activities related to the evaluation of the IPARD Programme for the entire programming period, including *ex-ante* evaluation, evaluations during Programme implementation and *ex-post* evaluation. The EP covering the IPARD II programming period was approved in 2016, at the First session of the IPARD II MC. An updated version of the document was approved by the IPARD II MC members in December 2021.

As part of the preparation of the IPARD II Programme, an *ex-ante* evaluation of the final draft of the IPARD II Programme was carried out by engaged independent evaluators, before its submission to the EC. The course of the *ex-ante* evaluation process itself, as well as the evaluators' findings and recommendations for improving the quality of the Programme and its implementation are an integral part of the final version of the draft document, and after approval by the EC, the final version of the IPARD II Programme.

Evaluations and evaluative activities envisaged by the Evaluation Plan

Evaluation: “Ex-ante evaluation of the IPARD III Programme”

During the IPARD II Programme implementation period, the IPARD MA prepared the IPARD Programme for the next programming period: 2021-2027. As part of these activities, after the preparation of the first draft of the IPARD III Programme and before submitting the Programme to the EC for approval, an *ex-ante* evaluation was carried out, as envisaged by the EP. The *ex-ante* evaluation of the IPARD III Programme is an integral part of the programming process from the point of assessing the compliance of the selected measures with the needs and strategic objectives of the agricultural and rural development sector on one hand, and the allocation of the available IPARD budget in accordance with the priorities on the other hand.

The *ex-ante* evaluation of the IPARD III Programme was carried out in the period July - September 2021 by an independent expert. The findings and recommendations of the evaluation, as well as the activities undertaken by the IPARD OS to address them, are an integral part of the IPARD III Programme. The largest number of evaluation recommendations were accepted by the IPARD OS, while for a smaller number of recommendations that were not accepted justifications were provided. The report on the *ex-ante* evaluation of the IPARD III Programme is available on the IPARD website of the MAFWM via the following link:

<https://ipard.gov.rs/wp-content/uploads/2024/02/Ex-ante-evaluation-report-IPARD-III-Programme-2021-2027.pdf>.

Evaluation: “Ongoing evaluation of the IPARD II Programme”

During the entire programming period, one external evaluation of the IPARD II Programme was carried out during the Programme implementation, for the implementation period 2018-2019. The ongoing evaluation of the IPARD II Programme was carried out with the aim of improving the absorption capacity of the IPARD Fund and assessing the availability of quality data for Programme context indicators. The evaluation indicated the most significant factors that influenced the deviation from the planned results of the implementation of the IPARD II Programme. Activities undertaken during the Programme implementation period in order to address the evaluation recommendations (including 2024) are presented in Chapter 4.5.2.

In addition to the above, the EP also envisage external ongoing evaluations of the IPARD II Programme for the implementation period 2020-2021, as well as for the implementation period until the end of 2022. The aforementioned evaluations were not carried out by independent experts, but an internal assessment of some evaluation activities that were foreseen was carried out. The results of the conducted internal assessments of the IPARD II Programme are presented in the annual implementation reports in order to inform the IPARD II MC members and the EC.

Evaluative activity: “Assessment of target values, achieved results and impact of the IPARD II Programme”

The internal assessment of the achievement of the financial and operational objectives of the IPARD II Programme is being carried out continuously. The results are presented in the annual implementation reports on IPARD II Programme, as well as in the Chapter 2 of this Report. The evaluation activity will be fully assessed by an independent expert as part of the *ex-post* evaluation of the IPARD II Programme.

Evaluative activity: “Assessment of the use of Measure 9 funds”

The internal assessment of the use of Measure 9 funds is continuously carried out after the start of the implementation of this Measure and the results are presented within the annual reports on the implementation of the IPARD II Programme. Through the financial modifications of the Programme, the initially allocated budget for Measure 9 has been significantly reduced due to the automatic de-commitment of allocated funds (reduction by 99.4%).

Conducted evaluation activities in 2024

During 2024 within the preparation of the FIR, an internal assessment of certain evaluation activities which were planned to be evaluated within the independent *ex-post* evaluation of the IPARD II Programme was carried out, and its results are an integral part of the relevant chapters of this Report.

According to the SA, taking into account the “n+3” financing rule, the *ex-post* evaluation of the IPARD II Programme was originally planned for 2024. Given the extension of the IPARD II Programme implementation period due to the approval of the “n+4” financing rule by the EC, the *ex-post* evaluation of the IPARD II Programme was postponed to 2025, after the completion of the Programme implementation. During 2024, the terms of reference for engagement of evaluation service has been designed, as well as preparation of tender dossier was carried out, while the public procurement procedure for the *ex-post* evaluation of the IPARD II Programme will be carried out in 2025 through Measure 9. The recommendations of the aforementioned evaluation will contribute to the improving absorption of the IPARD III fund.

Final Implementation Report of IPARD II Programme

Table 38: Implementation of planned IPARD II Programme evaluation activities envisaged by the Evaluation Plan

Activity	Implementation	Reporting/ comments
2021		
Ex-ante evaluation of the IPARD III Programme	Yes - External	IPARD II MC, EC and the wider public through publication of the AIR and IPARD II Programme on the IPARD website
Needs assessment, including assessment of SWOT analysis of the current situation	Yes	
Assessment of intervention strategy, including selection of measures, targeting of beneficiaries and setting of goals	Yes	
Assessment of the proposed implementation system, including monitoring, evaluation and financial management	Yes	
2022		
Ongoing evaluation of the IPARD II Programme for the implementation period 2020-2021	Yes - Internal	IPARD II MC, EC and the wider public through publication of the AIR on the IPARD website
Follow-up of the ongoing IPARD II Programme evaluation recommendations for the implementation period 2018-2019	Yes	
Assessment of obstacles to the absorption of IPARD funds (including barriers to access to finance) and administrative simplification based on the follow-up of the ongoing IPARD II Programme evaluation recommendations for the implementation period 2018-2019 and further improvement in this area	Yes	
Assessment of the IPARD II monitoring and evaluation system, including an assessment of monitoring and data collection for the result indicator related to the number of newly created jobs for Measures 3 and 7	Yes	
Assessment of targets, achieved results and impacts of the IPARD II Programme	Yes - partially	
Assessment of evaluation capacity building	Yes	
2023		
Ongoing evaluation of the IPARD II Programme for the implementation period until the end of 2022	Partially	IPARD II MC, EC and the wider public through through publication of the AIR on the IPARD website
Assessment of progress against set target values for indicators and output indicators	Yes (internal)	
Assessment of selection criteria by measure and preparation of recommendations for their improvement	No	
Assessment of the use of Measure 9 funds	Yes (internal)	
2024		
Ex-post evaluation of the IPARD II Programme	No	To be implemented in 2025 and 2026
Analysis of the effects of the IPARD II Programme by measures	No	
Assessment of the impact of IPARD support on recipients in areas with difficult conditions for agriculture	No	
Assessment of the impact of IPARD support on agricultural holdings for young farmers	No	
Assessment of the impact of the IPARD II Programme on development trends and context analysis: observing changes in the baseline values of common context indicators	No	
Identification of factors that contributed to the success/failure of the Programme	No	
Lessons learned	No	

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

Informing and promotion are important part in successful implementation of the IPARD II Programme and it ensure the visibility of the EU financial contribution. These actions are planned, implemented, monitored and evaluated within the IPARD II Plan of Visibility and Communication Activities (hereinafter: PVCA). The implementation of the PVCA and the promotion of IPARD II Programme of the RS has started after the First Modification of the IPARD II Programme, entrustment of budget implementation tasks and adoption of rulebooks for the implementation of IPARD Measure 1 and Measure 3. Activities continued with entrustment of budget implementation tasks for Measure 7 and Measure 9.

Indicators of activities implemented in the 2018 - 2024 period

Continuous information and promotion activities in the 2018-2024 period were planned, implemented, monitored and evaluated within the PVCA of the IPARD II Programme for the period 2014-2020. All indicators defined in the PVCA are achieved during the programming period. Achievement of the PVCA general and specific objectives were monitored by output and result indicators, presented in the Table 39.

Table 39: Indicators for visibility and communication activities implemented in the period 2018-2024

Type of indicator	Indicator	Cut-off date 31/12/2024	Target for the programming period	Execution rate (%)
Output	Number of potential recipients attending information events	9,861	4,000	Achieved
	Number of promotional events implemented	154	30	Achieved
	Number of national events	19	5	Achieved
	Number of promotional materials distributed	34,530	6,000	Achieved
	Number of national and regional media, reached by informational materials (press conferences, press releases)	214 registered media	20	Achieved
	Number of sector stakeholders acting as multipliers (providing links to IPARD II website, distributing promotional materials)	6 (42 with AAS)	10	Achieved
	Number of TV and/or radio presentations	1,081	1 per call	Achieved
	Number of press conferences organised	45	At least 5 national and at least 4 regional	Achieved
	Number of press releases provided	171	At least 20	Achieved
	Number of people accessing the IPARD II website	4,217,434 for entire period, approx. 50,208 per month	2,000	Achieved
Result	Level of satisfaction from the informational events	N/A	At least 80% satisfied by the content and organisation	/
	Number of publications/articles, TV and radio reportages for the IPARD II Programme	7,932	60	Achieved
	Number of applications for grants per measure	M1: 2,260; M3: 313; M7: 605; M9: 3	/	/

Promotional activities implemented in the period 2018 - 2023

Motivation of the potential recipients to prepare and submit applications for the IPARD II measures was provided through 20 regional information events organised for representatives of local self-governments, agricultural cooperatives, farmer's associations, regional development agencies, regional chambers of commerce, consultants and bank representatives, held in the period December 2017 - March 2018 for Measure 1. Also, in the same period 11 more events were organised for Measure 3, in cooperation with the Chamber of Commerce and Industry of Serbia and Chamber of commerce of AP Vojvodina. A national event on IPARD support was organised and held at the Agricultural Fair, in Novi Sad in May 2018. Starting on 26th October 2018, 9 regional information workshops on Measure 1 and Measure 3 were held. The target groups were potential IPARD recipients, farmers, agricultural cooperatives, farmer's associations, regional development agencies, AASs, consultants.

Promotion of the IPARD II Programme in 2019 was carried out through 25 information events for representatives of local self-government units, agricultural cooperatives, farmer's associations, regional development agencies, regional chambers of commerce, consultants and bank representatives. During 2019, activities of the IPARD II Programme implementation were presented at the Agricultural Fair in Novi Sad, at International Fair of Fruits, Vegetables and Viticulture (AgroBelgrade Fair), that was held for the first time, and at the Book fair in Belgrade. A national event on IPARD support was organised and held at the Agricultural Fair in Novi Sad in May 2019.

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

Promotional activities in 2021, were reduced and implemented more through online events due to COVID-19 pandemic. Promotion of the IPARD II Programme in 2021 was carried out through 10 information/educational events for representatives of local self-government units, agricultural cooperatives, farmer's associations, consultants, regional development agencies, advisory services etc. In this year, activities of the IPARD II Programme implementation were presented at the national conference "IPARD II Programme – What is there for me?" held on 22nd September within the 88th International Agricultural Fair in Novi Sad.

Promotion of the IPARD II Programme in 2022 was carried out through 30 information/educational events for representatives of local self-government units, agricultural cooperatives, farmer's associations, consultants, regional development agencies, advisory services etc. Furthermore, concerning IPARD III Programme preparation, 22 workshops and three education events were organised and held. In 2022, activities of the IPARD II Programme implementation were presented at the conference "IPARD Programme – Be informed", held on 24th May within the 89th International Agricultural Fair in Novi Sad.

Promotion of the IPARD Programme in 2023 was carried out through 18 information/educational events for representatives of local self-government units, agricultural cooperatives, farmer's associations, consultants, regional development agencies, advisory services, etc. Implemented

promotional activities in the reporting period were related to the promotion of financing opportunities through the IPARD III Programme. In 2023, activities of the IPARD II Programme implementation were presented during the 90th International Agricultural Fair in Novi Sad, on 22nd May 2023. Visitors to the International Fair of Fruits, Vegetables and Viticulture AgroBelgrade were informed about opportunities under the IPARD Programme. Also, representatives of the IPARD OS participated in the “EU Week of Opportunities”, organised by the EU Delegation to the RS. On the day dedicated to agriculture and the IPARD Programme, three panels and info sessions were held in which representatives of the IPARD OS actively participated. Furthermore, the EU Delegation to the RS hosted two workshops for IPARD recipients at the EU Infopoint premises in Novi Sad and Zaječar. Representatives of the IPARD OS took an active part in the conference on investment opportunities in renewable energy sources, which was organised by the Belgrade Chamber of Commerce.

Printed materials/Publication and/or printing of the national Rulebooks and Guide for Applicants for the Call for Proposals within the 2018-2023 period

Within the IPA 2013 project: “Support to the IPARD Operating Structure (Managing Authority, IPARD Agency and Advisory Service)”, preparation and printing of promotional material – 4,000 brochures: “To IPARD Subsidies in 10 steps” and 3,500 leaflets on IPARD measures were supported in 2018. Printed material was disseminated to potential recipients during the Agricultural Fair in Novi Sad and through AASs.

During 2019, printing of promotional IPARD materials included: five IPARD banners, 400 IPARD posters, 10,000 IPARD leaflets, 3,400 IPARD brochures (To IPARD support in 10 steps), 1,000 IPARD Guidelines for Measure 1 and 1,150 for Measure 3. Printed materials were disseminated to the IA, AASs, Provincial Secretariat for Agriculture, Water Management and Forestry, local self-government units and during IPARD promotional events. The Guides for IPARD recipients for Measure 1 and Measure 3 have been prepared and published on the web pages of the MAFWM and the DAP (<https://ipard.gov.rs/> and <http://uap.gov.rs/ipard-ii-u-srbiji/>).

Design, preparation and printing service of promotional material in 2020 included 1,000 Guidelines for (potential) recipients for IPARD Measure 7 – Farm diversification and business development and 600 Guidelines for national support measure based on LEADER approach. Printed materials were disseminated to the AASs, Provincial Secretariat for Agriculture, Water Management and Forestry, local self-government units and the IA. The Guides for (potential) recipients for IPARD Measure 7 and national support measure based on LEADER approach have been prepared and published on the web pages of the MAFWM and the DAP (<https://ipard.gov.rs/> and <http://uap.gov.rs/ipard-ii-u-srbiji/>).

Guides for (potential) recipients for IPARD Measure 1, Measure 3 and Measure 7 in 2021, 2022 and 2023 were available on web pages of the MAFWM and the DAP (<https://ipard.gov.rs/> and <http://uap.gov.rs/ipard-ii-u-srbiji/>).

Publications and/or broadcasting in mass media within the 2018-2023 period

In order to promote the IPARD II Programme, during May 2019, three videos were created: animated video 1 – “How to IPARD subsidies” (2'15"), video 2 – “Announcement of IPARD public call for Measure 1” (17"), video 3 – “Announcement of IPARD public call for Measure 3” (22") and 12 photos from the video shooting. The videos for the announcement of the calls were intended for broadcasting through the national TV service, and the animated video was published

on the official websites of the MAFWM and the DAP, as well as the websites of promoting partners. IPARD promotional videos were broadcasted on the national TV service (Public Media Institution Radio - Television of Serbia) within the IPARD promotion campaign: “Well invested IPARD returns well”. Within this campaign, in the period from 25th September to 30th December 2019, videos for Measure 1 (17") were broadcasted 67 times, and for Measure 3 (22") 47 times, in the following programmes: Morning Programme 1, Morning Programme 2, News 2, Šarenica, Znanje Imanje and This is Serbia.

Video spot on “Announcement of IPARD public call for Measure 7” was created in 2020, in order to promote the IPARD II Programme, as well as 10 photos from the video shooting. This video was intended for broadcasting through the national TV service and for publishing on the official web pages of the MAFWM and the DAP. Within the IPARD promotion campaign: “Well invested IPARD returns well”, in the period from 17th September to 29th October 2020, video for Measure 7 was broadcasted 63 times on the national TV service (Public Media Institution Radio - Television of Serbia), in the following programmes: Morning Programme 1, Morning Programme, News 2, Šarenica, Znanje Imanje and This is Serbia.

In order to bring the IPARD II Programme closer to the (potential) recipients and general public in pandemic conditions, the serial “At your service” was launched in cooperation with the Agro TV (the first specialised television in the field of agriculture) in 2020. Through positive examples and the presentation of procedures for obtaining IPARD subsidies, IPARD has become more accessible to the general public and (potential) recipients. Four episodes of this serial were recorded and broadcasted four times each on the Agro TV channel and could be downloaded from the Agro TV portal and the YouTube channel. Throughout 2021-2023 period another 29 episodes were recorded and broadcasted four times each on the “Agro TV” channel.

Bi-monthly newsletter “IPARD in focus” (Serbian and English language) was initiated at the end of 2019 and it is being disseminated to more than 2,000 e-mail addresses regularly. During the reporting period, 31 newsletters were published (seven in 2020, six in 2021 with one special edition, six in 2022, five in 2023 and six in 2024). For the newest information on events, announcements, calls and rules regarding the implementation of the IPARD II Programme, as well as preparation and implementation of the IPARD III Programme in Serbia, the MA’s accounts on Instagram (@ipardnadlanu) and Facebook (IPARD na dlanu) have been registered for the general public and potential recipients.

IPARD II Programme Website for the period 2018-2023

During the IPARD II Programme implementation, IPARD II webpage/website was designed and maintained on the MAFWM and IA websites. During the reporting period, the web pages of the MAFWM and the IA contain all relevant information for (potential) recipients in Serbian. During the reporting period, 602,490 users visited these pages annually (approx. 50,208 visitors per month).

Regular information to the mass media

Mass media were provided with information about the IPARD II Programme adoption and implementation progress and about communication activities by:

- Preparation of press releases;
- Organisation of press conferences.

Within the reporting period, 171 press releases have been prepared for various events and media. In the light of major IPARD events, such as signing of the Financing Agreement, announcing of the public calls, field visits, IPARD Monitoring Committees and other activities of significant importance for the IPARD II implementation, 45 press conferences and media briefings were held during the reporting period.

Support to (potential) recipients during the 2018-2023 period

Support to (potential) recipients during the 2018-2023 period was provided through e-mail address for questions, telephone calls and direct communication in the premises of the IA.

Considering IPARD information channel established through e-mail address for questions ipard.info@minpolj.gov.rs on actual public calls, more than 2,000 answers were prepared during the regular weekly meetings of the IPARD OS and delivered to all interested parties. Approximately 2,000 calls were provided on IPARD public calls related to Measure 1 and Measure 3 through the telephone line, as support to potential recipients and recipients in 2018 and 2019. During 2021, beside e-mail and telephone line, information regarding IPARD opportunities was available on the IA website. Due to the lack of direct communication with potential recipients, communication was strengthened via telephone (approx. 2,400 calls), e-mail (1,351 in the reporting period) and through the chat application (launched in 2019) on the very frequent DAP website. In regard to IPARD information channel established through e-mail address, more than 146 new answers were prepared during the regular weekly meetings of the IPARD OS and delivered to all interested parties.

Table 40: Support to (potential) recipients, 2018-2024

Type of support	2018-2019	2020	2021	2022	2023	2024
e-mail	2,000	1,200	1,351	1,025	1,191	1,782
Telephone line	2,000	1,000	2,400	1,400	5,300	-
Chat app: 45,254 users obtained the requested information	yes	yes	yes	yes	yes	yes

Support to recipients has also been provided in direct communication in the premises of the IA. During 2020-2021 period, direct communication in the premises of the IA was reduced due to the COVID-19 pandemic.

Trainings for the advisory service experts and private consultants

Agricultural Advisory Services are significant partners in activities related to the IPARD II Programme, as well as in direct work with potential recipients and recipients of the IPARD Programme. During 2016 and 2017, promotion of the IPARD II Programme was carried out through the AAS activities. After the first educational module on IPARD II Programme held in 2015, agricultural advisors were obliged, in their annual plan of activities, to disseminate information on the IPARD II Programme opportunities to potential recipients through winter schools, tribunes, workshops, media, bulletins, etc. In order to provide sufficient number of good quality applications, in the 3rd quarter of 2017, the new module for agricultural advisors was organised in Belgrade. Four two-day trainings were held with 116 representatives of 36 AASs, from the territory of Central Serbia and the AP Vojvodina. Each AAS has trained team, that include agro-economists and experts from the sectors covered by the IPARD Programme, who have passed the IPARD introductory module. They were involved in the promotional activities related to the IPARD II Programme, as well as in direct work with potential IPARD recipients. Therefore, it was

necessary to introduce them with all the details of the application and approval processes, in order to facilitate their future work with the recipients and to improve the quality of applications for IPARD support. The training also involved a number of newly-recruited staff members from the IPARD Agency, with the aim to expand their knowledge on the work of other sectors and thus gain comprehensive insight into a process.

Trained agricultural advisors (68) have passed another two modules in 2019: two two-day trainings on modification of the IPARD II Programme, which included introduction of new sectors and two one-day training on Measure 7.

One two-days educational module for 91 agricultural advisors from AASs on identification and support to potential IPARD recipients for Measure 1 and Measure 7 was held in 2020.

One educational module for 77 agricultural advisors from AASs on identification and support to potential IPARD recipients for Measure 1 and Measure 7 was held in 2021.

In 2022, two one-day educational module was held on the identification and support of potential IPARD recipients of IPARD Measure 4: “Agri-environment-climate and organic farming measure”, to the agricultural advisors, as a part of the support for the IPARD III Programme implementation. Module was held in Belgrade and Niš for approx. 170 agricultural advisors from the AASs covering Central Serbia and AP Vojvodina.

Two online educational modules on IPARD Measure 1 and Measure 7 for 156 and 160 agricultural advisors respectively, were held in 2023. Two educational modules on IPARD Measure 1 were provided to 151 consultants.

Two online educational modules on IPARD Measure 1 and Measure 7 were held for 150 agricultural advisors from AASs covering Central Serbia and AP Vojvodina, in 2024.

Promotion of the IPARD II Programme implemented through AASs’ activities in the 2018-2024 period

During Programme implementation, promotion of the IPARD II Programme was carried out through the activities of AASs, which were part of their Annual plan of activities to disseminate information on the IPARD II Programme opportunities to potential recipients through winter schools, tribunes, forums, workshops, media, bulletins. Implemented activities of the AASs in Central Serbia and in AP Vojvodina are presented in the Table 42.

AASs provides trainings of IPARD recipients, with no adequate formal education or experience in agriculture, for obtaining IPARD support. Registration for attending 50 hours of lessons in the appropriate sector is enabled through web page of the Institute for Science Application in Agriculture (<https://www.psss.rs/edukacije-ipard-50h/>). In the reporting period, 156 IPARD recipients have successfully completed mentioned training (in total 7,800 hours of “IPARD 50 hours”) and obtained the final certificate.

During reporting period, AASs covering Central Serbia and the AP Vojvodina have prepared in total 51 business plans (out of 2.260 submitted applications) for potential recipients of IPARD support for Measure 1 and 62 business plans (out of 605 submitted applications) for potential recipients of IPARD support for Measure 7.

AASs covering the AP Vojvodina has provided 68 assistances for potential recipients applying for IPARD support for Measure 1 in 2019, 155 advices on IPARD measures to 127 agricultural

holdings in 2021, 82 assistances on preparation of IPARD applications and 225 advices on IPARD to 169 agricultural holders in 2022, 68 advices on IPARD support in 2023 and 23 advices on IPARD support in 2024.

Activities carried out for the implementation of the communication plan in 2024

Continuous information and promotion activities in 2024 were planned, implemented, monitored and evaluated within the PVCA of the IPARD II Programme for the period 2014-2020. The majority of indicators defined in the PVCA are achieved in the reporting period. Indicators for visibility and communication activities for 2024 are presented in Table 41.

Table 41: Indicators for visibility and communication activities implemented in 2024

Type of indicator	Indicator	2024	Target for the programming period	Execution rate (%)
Output	Number of potential recipients attending information events	1,404	4,000	35.10
	Number of promotional events implemented	24	30	80.00
	Number of national events	1	5	20
	Number of promotional materials disseminated	5,000	6,000	83.33
	Number of national and regional media reached by informational materials (press conferences, press releases)	78	20	Achieved
	Number of sector stakeholders acting as multipliers (providing links to IPARD II website, distributing promotional materials)	6 (42 with AAS)	10	Achieved
	Number of TV and/or radio presentations	122	1 per call	Achieved
	Number of press conferences organised	10	At least 5 national and at least 4 regional	Achieved
	Number of press releases provided	18	At least 20	Achieved
Result	Number of people accessing the IPARD II website	402,000 per period, approximately 33,500 per month	2,000	Achieved
	Level of satisfaction from the informational events	N/A	At least 80% satisfied by the content and organisation	/
	Number of publications/articles, TV and radio reportages for the IPARD II Programme	996	60	Achieved
	Number of applications for grants per measure	N/A	/	/

Promotion of the IPARD Programme in 2024 was carried out through 24 information/educational events for representatives of local self-governments, agricultural cooperatives, farmer's associations, consultants, regional development agencies, advisory services, etc., out of which 6 educative events for potential recipients and applicants of IPARD support, Agricultural Advisory Services and consultants were held. Implemented promotional activities in the reporting period were related to the promotion of financing opportunities through the IPARD III Programme. Visitors to the 4th International Fair of Fruits, Vegetables and Viticulture (AgroBelgrade), in January 2024, were informed about opportunities under the IPARD Programme measures (M1, M3, M7) through direct communication at the stand of the IA. Activities of the IPARD II Programme implementation were also presented during the 91st International Agricultural Fair in Novi Sad, in the period from 18th to 23rd May 2024, when the representatives of the IPARD MA provided answers to visitor's questions regarding the implementation of the IPARD Programme. The partner country of the fair was the EU, at whose Pavilion numerous info-sessions and panels were held during the fair. Visitors to the Fair had possibility to learn about the IPARD Programme and opportunities that potential recipients can expect within the IPARD III Programme.

Representatives of the IPARD MA and the IA participated in the following events at the EU Pavilion: Presentation of the IPARD III Programme measures - Measure 1, Measure 3, Measure 4 and Measure 7, Steps to the IPARD III support, IPARD from a different angle, IPARD - presentation of new measures - Measure 1, Measure 3 and Measure 7 and IPARD – what do Measure 4 and Measure 5 bring.

AASs are significant partners in activities related to the IPARD Programme, as well as in direct assistance and work with (potential) IPARD recipients. In 2024, two educational modules for in-depth education on IPARD Measure 1 and Measure 7 were held for 150 advisors. In order to bring the opportunities and results of the IPARD II Programme closer to the (potential) recipients and general public in pandemic conditions, the serial “At your service” was launched in cooperation with “Agro TV” in 2020. Twelve episodes were produced in 2024, broadcasted four times each on the “Agro TV” channel and could be downloaded from the “Agro TV” portal and the YouTube channel. Support to recipients has been provided through direct communication in the premises of the IA. In addition to direct communication, communication with (potential) recipients was implemented via telephone (approx. 7,300 calls), e-mail (1,782 in the reporting period) and through the chat application on the very frequent DAP website (approx. 35,500 visitors per month).

IPARD MA website was designed and established during 2024, with all relevant information on IPARD support. Informing on IPARD opportunities, calls and achievements continuously during 2024 were provided via websites of the IPARD MA and the IA, as well as by social networks. The MAFWM and the DAP web pages contain all relevant information for applicants and (potential) recipients. In the reporting period these pages were visited 850,177 times.

During 2024, six bi-monthly newsletter “IPARD in focus” were published.

Printed promotional material (in total 15,000 pcs of guides for applicants, informative guidelines, brochures, leaflets), designed and printed under IPARD Measure 9 - Technical Assistance. Through different communication channels 5000 pcs were disseminated.

Number of national and regional media, reached by informational materials (press conferences, press releases) is 78, number of TV and/or radio presentations was 122, 10 press conferences were organised, 18 press releases were prepared and significant number of publications/articles, TV and radio reportages on the IPARD Programme were published.

IPARD Programme was promoted, also, within activities of the AASs, which are the part of their Annual plan of activities for 2024, to disseminate information on the IPARD Programme opportunities to (potential) recipients through forums, winter schools, tribunes, workshops, media and bulletins. The AASs provides trainings to (potential) IPARD recipients with no adequate formal education or experience in agriculture. In 2024, one attendee of the AASs covering AP Vojvodina has successfully completed mentioned training and received the final certificate. During 2024, AASs covering AP Vojvodina provided 23 advices on IPARD support. Implemented activities of the AAS in Central Serbia and in AP Vojvodina are presented in the Table 42.

Table 42: Number of events held and participants included in the activities of the AAS of Central Serbia and the AP of Vojvodina, 2016 - 2024

Legend: E - events; P - participants

Media	2016		2017		2018		2019		2020		2021		2022		2023		2024	
	E	P	E	P	E	P	E	P	E	P	E	P	E	P	E	P	E	P
AAS of Central Serbia																		
Events (winter schools, tribunes, lectures, workshops)	299	7,439	311	7,300	327	6,618	144	4,632	180	4,439	120	3,291	32	1,823	80	3,468	61	1,023
Media (local TV, radio, newspapers)	163	/	366	/	126	/	195	/	141	/	135	/	28	/	41	/	66	/
Bulletin/Portal of AAS	41	/	63	/	126	/	91	/	41	/	53	/	23	/	12	/	7	/
AAS of AP Vojvodina																		
Events (winter schools, tribunes, lectures, workshops)	/	/	108	2,020	220	4,306	49	756	66	1,252	57	652	34	549	55	1,025	53	929
Media (local TV, radio, newspapers)	/	/	34	/	90	/	5	/	3	/	3	/	5	/	/	/	7	/
Bulletin/Portal of AAS	/	/	2	/	24	/	3	/	2	/	3	/	3	/	/	/	/	/

CONCLUSION

During the IPARD II Programme implementation, the initially allocated EU budget of EUR 175.0 m was subject to changes and reallocation of funds between measures due to automatic de-commitment of the budget commitment, despite the fact that extensions of the deadline for utilisation of allocated EU funds were granted five times during the entire IPARD II Programme implementation period. The available EU budget in 2024 after automatic de-commitment amounted to EUR 153.4 m. At the end of the programming period, the amount of the paid EU contribution amounted to EUR 99.0 m for 1,237 paid projects. This amount indicates that unused funds amount to EUR 76.0 m (43.4%) at the end of the programming period.

The Programme implementation started in December 2017 when the first call was published. During the entire programming period a total of 15 calls were published, out of which seven calls under Measure 1, four for Measure 3 and two calls for Measure 7 and Measure 9 each. The financial performance of the IPARD II Programme is below the initially defined targets, both at the Programme level (budget execution rate 56.6%) and at the level of IPARD measures (Measure 1: 82.9%, Measure 3: 39.3%, Measure 7: 66.1%, Measure 9: 0.4%).

During 2024, there were no published calls for submission of project proposals and therefore no applications were submitted in this year. In the same year 15 projects were approved in amount of EU support of EUR 2.6 m. When it comes to payment of IPARD support, 237 IPARD projects were paid during 2024 in the amount of EU contribution of EUR 32.5 m. In the last year of the Programme implementation (2024), the achieved execution rate in relation to initial budget was 18.6%, which represent the highest volume of the achieved execution rate on annual level, as well as the highest execution rate of the total amount of paid support: 32.8%. Observed per IPARD measure, execution rate in relation to the initial budget for Measure 1 is 17.5%, 13.8% for Measure 3, 60.6% for Measure 7, while execution rate of 0.4% was achieved for Measure 9.

The Programme result, which is below expectations, was, among other things, contributed by the high rate of rejection and withdrawal of applications by recipients, which is at the level of approx. 1/3 of the requested support. The fact that the budget implementation tasks were not entrusted during the IPARD II programming period for two IPARD measures: Measure 4 and Measure 5 also contributed to the Programme results below expectations. However, entrustment packages for mentioned measures were not prepared during the IPARD II Programme, having in mind that the decision on national level was to postpone entrustment process to the new programming period.

The delay in the entrustment process of IPARD measures and consequently the start of the Programme implementation, as well as the length of the applications processing within the selection process, including the application of the scoring and ranking procedure in the majority of calls, could be identified as key factors that contributed to the achieved results of the Programme. The lack of experience of IPARD applicants, especially in the initial phases of Programme implementation, resulted in a high rejection rate of the total requested IPARD support. Also, the longer period and uncertain outcome of the application processing until the final payment led to a significant rate of withdrawn support by the applicants. Improvements of the application processing in terms of required documentation were introduced by amending the Law on Agriculture and Rural Development, but despite the above efforts, the burden on applicants in terms of obtaining the necessary documentation and submitting it in a timely manner remains significant, which often leads to withdrawal of applications. Positive indicators of the Programme

implementation, reflected in the increased interest of potential recipients, can also be attributed to changes in eligibility criteria, the introduction of new eligible sectors and the possibility of using advance payments, the application of price indexation when processing applications, etc.

The IPARD II Programme was designed in accordance with the identified needs and priorities of the end recipients. Successful applicants confirm that the Programme met their expectations in terms of supporting their business activities. The introduction of new technologies and the implementation of investments on agricultural holdings during the IPARD II programming period contributed to the growth of productivity in the agricultural sector, as well as the average net profit of holdings, however it should be noted that support from other sources of financing for agriculture and rural development (national, regional, local, international projects, etc.) also contributed to the achieved results.

Considering the achieved Programme results, it can be concluded that the institutional framework for the implementation of IPARD Programme cannot be considered fully effective. The IPARD Programme contributes to a high level of capacity building within individual institutions, although improved cooperation between institutions participating in the IPARD Programme implementation would provide the necessary efficiency. The IPARD Programme implementation has also contributed to improving the level of expertise and professional skills within the IPARD Operating Structure. However, there is room for improvement in human resources management, in particular within the IPARD Agency, given that applicants, professional associations and other stakeholders identify the need to improve and accelerate the process of applications processing, given that frequent staff fluctuation has negative consequences in terms of expertise and institutional capacity. At the same time, in order to improve the absorption of IPARD funds in the IPARD III programming period, there is a need to further improve the awareness of applicants for IPARD support through continuous training, both of potential recipients and of advisors and consultants.

The experience gained from the IPARD II Programme implementation will be used to improve the absorption of IPARD funds in the current, IPARD III programming period. Special attention should be paid to simplifying the conditions for obtaining IPARD support and the procedures for submission of applications, automating the process of submission and processing of applications, connecting existing public databases in order to provide the IPARD Agency with simplified and faster access to the necessary data and information with the aim to speed up the applications processing, increasing the number of employees in the IPARD Agency, as well as the level of training of employees in order to standardise their competencies, which would result in improving the quality of work and satisfaction of all parties involved in the process.