

Annual Implementation Report on IPARD II Programme for 2021

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



IPARD
EU4Rural Areas

TABELE OF CONTENT

EXECUTIVE SUMMARY	1
INTRODUCTION.....	3
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	5
1.1. Macro-economic trends, structural characteristics of the economy and situation in agriculture and rural areas	5
1.2. Population.....	8
1.3. Agriculture and Rural Development Policy	8
1.3.1. Negotiations with European Union, commitments in negotiations	9
1.3.2. Legal and Institutional Framework.....	11
1.3.3. National support schemes	15
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	18
2.1. General framework.....	18
2.2. Review of the progress achieved and quality analysis of meeting the measures objectives	20
2.3. Achievement of the proposed objective	39
3. FINANCIAL COMMITMENTS AND EXPENDITURE BY MEASURE.....	43
4. MEASURES TO IMPROVE THE QUALITY AND EFFICIENCY OF THE IPARD PROGRAMME IMPLEMENTATION.....	48
4.1. Managing Authority activities.....	48
4.1.1. Statement of Assurance	52
4.2. NAO and National Fund activities	53
4.3. IPARD Agency activities	55
4.3.1. Controls, carried out per measure and irregularities detected	56
4.3.2. Audit Missions.....	57
4.4. Monitoring Committee activities	58
4.5. Monitoring and Evaluation systems	58
4.5.1. Ensuring and coordinating the monitoring activity	58

4.5.2. Programme Evaluation activities.....	59
4.6. Activities undertaken for the solution of problems related to the IPARD II Programme implementation.....	59
4.7. Utilisation of Technical Assistance within the IPARD II Programme	62
4.8. Steps taken for involving the local authorities in the implementation of the IPARD II Programme	62
4.9. Steps taken for ensuring the publicity of the IPARD II Programme	63
4.10. Data to demonstrate that Union funds are complementing funding available in Serbia..	64
5. IPARD II PROGRAMME CO-ORDINATION WITH OTHER COMMUNITY PREACCESSION INSTRUMENTS AND FINANCIAL INSTRUMENTS FROM INTERNATIONAL SUPPORT.....	64
5.1. Assistance provided under other IPA components	64
5.2. Complementarity of IPARD II Programme with NRDP	69
6. FINANCIAL TABLES AND EXPENDITURES PER MEASURES.....	70
6.1. Contracted projects.....	74
6.2. Completed projects.....	82
6.3. Sensitive sectors	90
6.4. Sanctioned and cancelled projects.....	94
7. SUMMARY OF THE EVALUATION ACTIVITIES IN RELATION TO THE EVALUATION PLAN.....	98
8. ACTIVITIES CARRIED OUT FOR THE IMPLEMENTATION OF THE COMMUNICATION PLAN.....	101
CONCLUSION	106

LIST OF TABLES

<i>Table 1: Macroeconomic indicators for the Republic of Serbia for the period 2012-2020</i>	5
<i>Table 2: Enterprises in the Republic of Serbia by size in 2020</i>	7
<i>Table 3: Agricultural holdings by size</i>	7
<i>Table 4: Age structure of population in 2020*</i>	8
<i>Table 5: Submitted, approved, paid, rejected and withdrawn IPARD applications</i>	39
<i>Table 6: Indicators and targets for Measure 1</i>	40
<i>Table 7: Indicators and targets for Measure 3</i>	41
<i>Table 8: Indicators and targets for Measure 7</i>	41
<i>Table 9: Programme objectives (sum of indicators for each measure)</i>	42
<i>Table 10: Maximum indicative EU contribution for IPARD fund for the period 2014-2020 (EUR)</i>	43
<i>Table 11: Financial plan per measure in EUR, 2014-2020</i>	43
<i>Table 12: Financial implementation of EU contribution per IPARD measure (EUR)</i>	44
<i>Table 13: Utilisation of EU contribution per implementation year (EUR)</i>	45
<i>Table 14: IPARD allocations and paid EU contribution per year of implementation (EUR)</i>	45
<i>Table 15: Completed Public Calls per IPARD measure, 2021</i>	47
<i>Table 16: Activities in risk mitigation and deficiencies in the implementation of Measure 1 under the IPARD II Programme in 2021</i>	49
<i>Table 17: Activities in risk mitigation and deficiencies in the implementation of Measure 3 under the IPARD II Programme in 2021</i>	51
<i>Table 18: Activities in risk mitigation and deficiencies in the implementation of Measure 7 under the IPARD II Programme in 2021</i>	52
<i>Table 19: Budget breakdown by measure 2014-2020 after the Fourth Modification of the IPARD II Programme (EUR)</i>	71
<i>Table 20: EU contribution by measure 2014-2020 after the Fourth Modification of the IPARD II Programme (%)</i>	72
<i>Table 21: Overview of submitted, approved and paid applications per measure and call</i>	72
<i>Table 22: Financial overview of the IPARD II Programme implementation per measure (EUR)</i>	73
<i>Table 23: Review of rejected and withdrawn applications per measure and call</i>	95
<i>Table 24: Indicators for visibility and communication activities implemented in 2021</i>	102
<i>Table 25: AAS Central Serbia</i>	105
<i>Table 26: AAS AP Vojvodina</i>	105

LIST OF GRAPHS

<i>Graph 1: Total number of submitted applications and amount of requested expenditures: M1, M3, M7</i> ..	22
<i>Graph 2: Status in terms of applications processing per year, M1, M3 and M7</i>	23

Graph 3: Submitted applications and requested expenditures per call, M1, M3, M7.....	24
Graph 4: Structure of submitted applications by sector, Measure 1, Measure 3, Measure 7, (%).....	25
Graph 5: Structure of submitted applications per type of investment*, M1, M3, M7 (%).....	26
Graph 6: Submitted applications per group of investment, Measure 1.....	27
Graph 7: Submitted applications per group of investment, Measure 3.....	29
Graph 8: Submitted applications per group of investment, Measure 7.....	30
Graph 9: Structure of submitted applications and requested expenditures per type of recipient (%), Measure 1.....	31
Graph 10: Structure of submitted applications and requested expenditures per type of recipient (%), Measure 3.....	32
Graph 11: Structure of submitted applications and requested expenditures per type of recipient (%), Measure 7.....	32
Graph 12: Submitted applications and requested support per region (EUR), Measure 1.....	33
Graph 13: Share of regions in the total number of submitted applications and requested support (%), Measure 1.....	34
Graph 14: Number of submitted applications and requested support per administrative district (EUR), Measure 1.....	34
Graph 15: Submitted applications and requested support per region (EUR), Measure 3.....	35
Graph 16: Share of regions in the total number of submitted applications and requested support (%), Measure 3.....	36
Graph 17: Number of submitted applications and requested support per administrative district (EUR), Measure 3.....	36
Graph 18: Submitted applications and requested support per region (EUR), Measure 7.....	37
Graph 19: Share of regions in the total number of submitted applications and requested support (%), Measure 7.....	37
Graph 20: Number of submitted applications and requested support per administrative district (EUR), Measure 7.....	38
Graph 21: Paid support in relation to the allocated budget per measure (EUR).....	46
Graph 22: Requested expenditures for investment and estimated EU support per measure (EUR m).....	73
Graph 23: Approved applications and EU support in relation to submitted applications/requested EU support (EUR).....	74
Graph 24: Share of approved applications and EU support in relation to submitted applications/requested EU support* (%).....	75
Graph 25: Share of approved applications, eligible expenditures for investment, total public and EU support per Call, Measure 1 (%).....	76
Graph 26: Share of sectors in total number of approved applications and in the amount of approved public support (%), Measure 1.....	77
Graph 27: Share of approved applications, eligible expenditures for investment, total public and EU support per call, Measure 3 (%).....	79

Graph 28: Share of sectors in total number of approved applications and the amount of approved public support (%), Measure 3	80
Graph 29: Approved applications, approved eligible expenditures for investment, approved public and EU support (EUR m), First Call, Measure 7	81
Graph 30: Approved applications, approved public and EU support (EUR m) per sector, Measure 7.....	82
Graph 31: Paid applications and public support in relation to submitted/approved applications/public support	83
Graph 32: Share of paid applications/support in relation to approved application/support (%).	83
Graph 33: Share of paid applications, eligible expenditures for investment and paid support per call (%), Measure 1	84
Graph 34: Share of sectors in total number of paid applications and the amount of paid EU support (%), Measure 1	86
Graph 35: Share of paid applications, eligible expenditures for investment and paid EU support per call (%), Measure 3.....	87
Graph 36: Share of sectors in total number of paid applications and the amount of paid EU support (%), Measure 3	88
Graph 37: Approved/paid applications/expenditures for investment in relation to submitted applications/expenditures for investment (%).	89
Graph 38: Progress in terms of approved and paid public support (EUR)	89
Graph 39: Share of sensitive categories in the total number of submitted, approved and paid applications and expenditures (%), Measure 1	91
Graph 40: Share of young farmers in the total number of submitted, approved and paid applications and expenditures per call (%), Measure 1	92
Graph 41: Share of women in the total number of submitted, approved and paid applications and expenditures per call (%), Measure 1	93
Graph 42: Share of sensitive categories in the total number of submitted and approved applications and expenditures (%), Measure 7	94
Graph 43: Cumulative overview of rejected and withdrawn applications per measure and year	97
Graph 44: Most common reasons for rejection of applications	98

LIST OF ANNEXES

Annex 1: Common Indicator Tables for Monitoring and Evaluation of IPA Rural Development Programmes 2014-2020

Annex 2: Additional documents for submission to the Managing Authority

Annex 3: Sensitive categories and type of recipients

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
CMO - Common Market Organisation
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

F

FAO – Food and Agriculture Organization
FwA – Framework Agreement

G

GDP – Gross domestic product
GEF - Global Environment Facility
GVA – Gross value added

I

IA – IPARD Agency
IACS - Integrated Administration and Control System
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 developpment 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

O

OSCs - On-the-spot checks

P

PHRD Grant - Policy and Human Resources Development Fund Grant
PRAG - Practical Guide to EC External Aid Contract Procedure
PVCA - Plan of Visibility and Communication Activities

R

RS – Republic of Serbia

S

SA – Sectoral Agreement
SCTM - Standing Conference of Towns and Municipalities
SMEs - Micro, small and medium-sized enterprises and entrepreneurs
SORS – Statistic Office of the Republic of Serbia

U

UAA – Utilized Agricultural Areas

EXECUTIVE SUMMARY

The Third Annual Implementation Report on the IPARD II Programme contains information on agriculture and rural development policy area of the Republic of Serbia. The Managing Authority has prepared the Annual Report covering the period from the 1st January to 31st December 2021, pursuant to Article 59 (1) of the Sectoral Agreement. A significant contribution to the preparation of the Report was provided by the IPARD Agency, the National Authorizing Officer Support Office, the National Fund, the Sector for International Cooperation, MAFWM, as well as the Ministry of European Integration.

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

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

By the Decision of the EC *PRE/2016/001/RS/CLO*, dated 26th February 2018, the Letter of closure with recommendations for Measure 1 “Investments in physical assets of agricultural holdings” and Measure 3 “Investments in physical assets concerning processing and marketing of agricultural and fishery products” was obtained, while Financing Agreement between the Government of the Republic of Serbia and the European Commission for IPARD II assistance for agriculture and rural development under the Instrument for Pre-Accession Assistance IPA II came into force on 6th June 2018. The Letter of closure with condition and recommendations for Measure 7 “Farm diversification and business development” and Measure 9 “Technical Assistance” was obtained by Decision of the EC *PRE/2019/008/RS/CLO*, dated 31st March 2020. After entrustment of Measure 7 and Measure 9 under the IPARD II Programme on 1st October 2020 the Amendment on Financing Agreement was signed and came into force on 17th November 2020. From the beginning of the IPARD II Programme implementation up to 31st December 2021, twelve public calls have been published.

A total of 834 applications were approved, with total public support in the amount of approx. EUR 88.1 m and the EU contribution in the amount of approx. EUR 66.1 m. For Measure 1, 680 applications were approved, with a total public support in the amount of approx. EUR 52.3 m and the EU contribution in the amount of approx. EUR 39.2 m, 100 applications were approved for Measure 3 with a total support in the amount of approx. EUR 28.1 m and the EU contribution in the amount of approx. EUR 21.0 m and 54 applications were approved for Measure 7 with a total

Annual Implementation Report on IPARD II Programme for 2021

public support in the amount of approx. EUR 7.7 m and the EU contribution in the amount of approx. EUR 5.8 m. Out of the total EU funds allocated for the period 2014-2020 (EUR 175.0 m), 37.8% has been approved for all measures by the end of 2021. When it comes to the total amount of approved EU contribution, 59.4% was related to Measure 1, 31.8% to Measure 3 and 8.8% to Measure 7. A total of 355 applications were rejected and 226 applications were withdrawn with the EU contribution in the amount of approx. EUR 58.6 m.

By 31st December 2021, 510 applications were paid with a total public support in the amount of approx. EUR 29.1 m and the EU contribution in the amount of approx. EUR 21.8 m. By the end of 2021, EU support in the total amount of EUR 21.8 m was paid, which contributed to the execution rate of the total EU contribution of 12.5%, while execution rate for Measure 1 is 16.0%, 12.6% for Measure 3 and for Measure 7 there were no paid applications. Compared to the Annual Implementation Report for 2020, progress was made in the implementation of the Programme, as well as in the absorption of the EU contribution, from EUR 9.7 m (5.5%) to EUR 21.8 m (12.5%).

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

INTRODUCTION

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

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

The Programme defines measures that provide financial support to the sector of primary agricultural production, sector of processing and marketing of agricultural and fishery products, agri-environment-climate measure and organic farming, implementation of local development strategies, as well as support for the farm diversification and business development in rural areas of the Republic of Serbia. Priority sectors for investments are the Milk Sector, Meat Sector, Fruit and Vegetables Sector, Other Crops Sector, Egg Sector and Viticulture/Wine Sector. The measures support investments in the construction and/or reconstruction of facilities, as well as the procurement of new mechanisation, equipment and new technologies. Furthermore, the Measure “Technical Assistance” is envisaged in the IPARD II Programme with aim to support implementation and monitoring of the Programme, as well as its possible modification.

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

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

Promotion of the IPARD II Programme led to great interest among potential recipients. This supports the fact that 2,521 applications were submitted within twelve published calls during the Programme implementation period until the end of 2021. IPARD support is available through four entrusted measures: Measure 1 “Investments in physical assets of agricultural holdings”, Measure

Annual Implementation Report on IPARD II Programme for 2021

3 “Investments in physical assets concerning processing and marketing of agricultural and fishery products”, Measure 7 “Farm diversification and business development” and Measure 9 “Technical Assistance”.

The purpose of reporting is to provide information on implementation of priorities and measures related to the achievement of the objectives of the IPARD II Programme, based on financial realization, as well as in relation to common and specific indicators and quantified target values.

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

The Annual Implementation Report on the IPARD II Programme in the Republic of Serbia for 2021 includes cumulative financial data, obtained by monitoring the implementation of the Programme on the basis of the Common Indicator Tables for Monitoring and Evaluation. The analysed data are presented in the form of tables and graphs.

The Report on the implementation of the IPARD II Programme for 2021 financial year was prepared by the Managing Authority in cooperation with the IPARD Agency, the National Authorizing Officer Support Office, the National Fund, the Ministry of European Integration and the Sector for International Cooperation, MAFWM.

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

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

According to data of the Statistical Office of the Republic of Serbia (SORS), in 2020 gross domestic product (GDP) amounted to EUR 45,632.1 m at constant prices and real GDP decrease, compared to 2019, was 0.9%. The most significant share in GDP formation, observed per industry, in 2020 had the following sectors: sector of processing industry (13.3%), wholesale and retail trade and repair of motor vehicles (11.3%), real estate sector (7.0%), agriculture, forestry and fisheries sector (6.3%), construction sector and sector of information and communication (5.4% each). In 2020, the gross added value of the primary sector was 6.3% (Statistical Yearbook of Serbia 2021, SORS). The macroeconomic indicators of the Republic of Serbia (RS) in period 2012-2020 are presented in the Table 1.

Table 1: Macroeconomic indicators for the Republic of Serbia for the period 2012-2020

	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP (EUR m)	29,118.4	29,958.1	28,433.9	28,119.2	28,494.4	29,504.9	31,600.3	33,040.8	45,632.1
GDP per capita (EUR)	4,677.0	5,083.0	4,973.0	5,034.0	5,203.0	5,581.0	6,137.5.0	6,625.27.0	6,776.2
Unemployment rate (%)	24.6	23.0	19.9	18.2	15.9	14.1	13.3	10.9	9.5
Export of goods and services (EUR m)	9,579.7	12,467.4	12,668.0	11,414.4	12,700.4	14,504.4	16,417.8	16,753.8	16,606.5
Import of goods and services (EUR m)	16,147.9	17,536.3	17,234.3	15,253.6	16,127.5	18,705.4	22,087.1	22,810.6	22,342.9
Balance (EUR m)	-6,568.2	-5,068.9	-4,566.3	-3,839.2	-3,427.1	-4,201.0	-5,669.3	-6,056.7	-5,736.4

Source: SORS

The foreign trade exchange

When it comes to the foreign trade exchange of the RS, the export of goods and services reached a value of approx. EUR 23.2 b in 2021, while, on the other hand, the import reached a value of approx. EUR 30.6 b. In the entire observed period, the RS recorded a negative foreign trade balance, which was the lowest in 2016. The European Union (EU) is the most important foreign trade partner of the RS. The agri-food sector has achieved a positive foreign trade balance since 2005 and it amounted to EUR 1.7 b in 2021.

In 2021 the value of the export of agri-food products reached the level of EUR 4.0 b, where the highest value is achieved by export to EU market. The import of agri-food products reached value of EUR 2.3 b in 2021.

The most represented product group in export in 2021 was vegetables and fruit, which participated with 28.9% of the total value of agri-food products export, while the share of cereals and its products was 25.9%. In addition to these two product groups, tobacco and tobacco products (10.4%), beverages (7.5%), feeding stuff for animals excluding unmilled cereals (6.6%) and various food products also had a high share in the structure of agri-food products export (5.9%). In 2021, the most represented products in import by value were vegetables and fruit (25.0%), coffee, tea, cocoa, spices and manufactures thereof (12.1%), beverages and tobacco (tobacco and tobacco products 10.4% and beverages 6.3%) and various food products (10.4%).

Out of all markets to which the RS exports its agri-food products, the most significant is the EU market with share of approx. 50% in the value of total export of this product group in 2020. Also, the EU market is the most important market in terms of agri-food products import, i.e. 65.4% of the total value of import of this product group was imported from this market. In addition to the EU market, a significant export partner is the CEFTA countries market with a share of approx. 24.0% of the value of agri-food products export during 2020. Agri-food products import from the CEFTA countries market was approx. 9.3% in the total value of this product group import.

Employment

Employment is being decreased in the primary sector and the share of primary sector in total employment was 14.6% in 2020. Observed per region, the largest share of employment in sector of agriculture, forestry and fishery was achieved in the Šumadija and Western Serbia Region (50.4%), while the lowest share is in the Belgrade Region (4.6%).

Unemployment rate in the RS in 2020 was 9.5% and compared to 2019 has decreased (10.9%), while the unemployment rate of the rural population in 2020 was 8.8%. High rates of unemployment and inactivity are present in the young population and more in the young population in urban areas than in rural areas, and at the same time more in young women than in young men population. The assisting household members are highly present in the employment structure in rural areas and it is particularly typical for female rural population, where more than one fifth of employed women work as assisting household members.

Micro, small and medium sized enterprises and entrepreneurs

According to the SORS data, in 2020 the number of micro, small and medium-sized enterprises and entrepreneurs (SMEs) amounted to 403,288 which represents 99.9% of the total number of enterprises. Entrepreneurs are dominant in the SMEs structure with a share of 74.0%. Observed by the type of activity, the largest share in the structure of SMEs has wholesale and retail trade and repair of motor vehicles (23.9%), while the share of 1.7% of SMEs was recorded in the field of agriculture, forestry and fishery. The total number of employees in SMEs is 965,461 where the share of processing industry is dominant in the structure of SMEs with 26.3%, while in the field of agriculture, forestry and fishery is 2.4%. Table 2 shows the number of enterprises by size, in total and in the sector of agriculture, forestry and fishery.

Table 2: Enterprises in the Republic of Serbia by size in 2020

	Entrepreneurs	Micro enterprise	Small enterprise	Medium-sized enterprises	SMEs
No. of enterprises	298,279	90,106	12,187	2,176	403,288
No. of enterprises in the agriculture, forestry and fishery sector	3,020	3,447	379	85	6,931
No. of employees	272,446	167,316	246,883	278,816	965,461
No. of employees in the agriculture, forestry and fishery sector	1,758	4,578	8,070	8,338	22,744

Source: "Enterprises by size and entrepreneurs in the Republic of Serbia 2018-2020", SORS

Gross value added (GVA) of the SMEs sector in 2020 amounted to EUR 15,035.6 m, which is an increase of 19.1% compared to 2018 (EUR 12,627.6 m). During 2020, the agriculture, forestry and fishery sector within the SMEs generated GVA in the amount of EUR 419.5 m.

In the export of goods in 2020 participated a total of 15,203 business entities which belongs to the SMEs sector. When it comes to the value of export of goods of the SMEs sector in 2020, export of goods amounted to EUR 6.7 b, out of which the agriculture, forestry and fishery sector had a value of export of EUR 250.9 m.

Basic characteristics of agricultural production in the Republic of Serbia

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

Table 3: Agricultural holdings by size

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

Source: Farm Structure Survey, 2018, SORS

The utilized agricultural areas (UAA) in the RS cover 3,475,894 ha according to the Farm Structure Survey, 2018. The structure of the UAA shows that 74.3% is comprised of arable land (arable land and gardens), 19.5% make up meadows and grassland while permanent crops make up only 6.0%. The area under organic farming in 2020 is 19,318 ha, i.e. 0.6% of the total area of the UAA.

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

1.2. Population

According to the Census of population from 2011, the RS had a population of 7,186,862, while according to the SORS population estimation from 2020, a population is 6,899,126. Out of the total population 38.8% lives in rural areas that are considered as “other settlements” in the RS. More than 50% of the population in the Šumadija and Western Serbia Region represents rural population which makes it the region with the largest number of rural population in the RS. The average age of the population is 43.4 years in 2020. Observed by type of settlements, in urban areas the average age of the population is 42.4 years, while in rural areas the average age of the population is 45.1 years. The age structure of population in 2020 is showed in Table 4.

Table 4: Age structure of population in 2020*

Age structure of population	Number of inhabitants	Share in total population, %
0 - 14 age	984,675	14.3
15 - 64 age	4,458,276	64.6
65 and more	1,456,175	21.1
Total	6,899,126	100.0

Source: SORS

*SORS estimation

In the educational structure of the population, according to the Census of population from 2011, the majority of the population has completed secondary education (48.9% of the total population), primary education has 20.8% of the population, while significantly lower share in the educational structure have population with high education (10.6%) and higher education (5.7%).

1.3. Agriculture and Rural Development Policy

The long-term strategic direction of agricultural development in the RS is defined by the Strategy of Agriculture and Rural Development of the Republic of Serbia for the period 2014-2024 (“Official Gazette of the RS”, No. 85/14), which encompasses the vision, strategic goals and directions of agriculture and rural development of the RS in the ten-year period. The future directions of agricultural development in the RS are defined in accordance with the process of alignment of national agricultural and rural development policies with the EU acquis.

The Strategy represented the basis for the adoption of med-term development documents in the field of agriculture and rural development, namely the national programme for agriculture and the national rural development programme. These programmes contain detailed triannual plans and a

timetable for the implementation of the measures, as well as the basic activities of adjusting the national agricultural and rural development policy to the relevant EU Common Agricultural Policy (CAP) schemes in the pre-accession period.

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

Part of rural development policy relates to sustainable management of natural resources and environmental protection, as well as improvement of the quality of life in rural areas and reduction of poverty. Sustainable management of resources and environmental protection are the basis for ensuring the long-term stability and quality of domestic agricultural production in conditions of increasing risks in the global food market.

1.3.1. Negotiations with European Union, commitments in negotiations

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

The first Intergovernmental Conference between the RS and the EU held on 21st January, 2014 in Brussels formally opened negotiations on the RS accession to the EU. After the negotiation process was initiated, the process of analytical examination of legislative (screening process) started in order to check and evaluate the alignment of the RS legislation with the EU acquis. On 5th February 2020, the European Commission (EC) adopted a new methodology for the EU accession process, which aims to establish a credible perspective of EU membership. According to the new methodology, the chapters are divided into six clusters (except for chapters 34 - Institutions and 35 - Other issues) and the Council of the European Union officially adopted this new methodology in its conclusions of 25th March 2020. On the Twelfth Intergovernmental Conference on the Accession of the Republic of Serbia to the European Union it was marked the official start of the implementation of the new methodology in the process of negotiations on the accession of the Republic of Serbia to the European Union. At the same time, it was stated that the RS has opened Cluster 1 - Fundamentals, bearing in mind that all negotiation chapters in this cluster have been opened in the negotiations so far. On the Thirteenth Intergovernmental Conference on the Accession of the Republic of Serbia to the European Union Cluster 4 - Green Agenda and Sustainable Connectivity was officially opened.

Until the end of the reporting period, the RS has opened 22 negotiating chapters (Chapter 4 - Free movement of capital, Chapter 5 - Public Procurement, Chapter 6 - Company Law, Chapter 7 - Intellectual Property Law, Chapter 9 - Financial Services, Chapter 13 - Fisheries, Chapter 14 - Transport Policy, Chapter 15 – Energy, Chapter 17 - Economic and Monetary Policy, Chapter 18 - Statistics, Chapter 20 - Enterprise and Industrial policy, Chapter 21 - Trans-European networks, Chapter 23 - Judiciary and Fundamental Rights, Chapter 24 - Justice, Freedom and Security,

Chapter 27 - Environment and climate changes, Chapter 29 - Customs Union, Chapter 30 – External Relations, Chapter 32 - Financial Control, Chapter 33 - Financial and budgetary provision and Chapter 35 - Other Issues and provisionally closed two negotiating chapters (Chapter 25 - Science and research and Chapter 26 - Education and culture).

Five negotiating positions were submitted to the EU Council and that for Chapter 2 – Freedom of movement for workers, Chapter 3 - Right of establishment and freedom to provide services, Chapter 10 - Information Society and Media, Chapter 16 – Taxation, Chapter 19 - Social Policy and Employment.

Chapter that is ready or in advanced stage of preparation for the opening, where the EU Council adopted Screening reports and the RS has received an invitation for submission of the negotiating position is: Chapter 28 - Consumer and Health Protection (the final draft of the negotiating position was submitted to the EC for consultation on 4th March 2020).

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

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

Chapter 11 - Agriculture and rural development

The EC has submitted the Screening report for the Chapter 11 which was presented on 27th February 2015 on 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 in Chapter 11 and that is necessary to fulfil two benchmarks in order to open the negotiating process. The opening benchmarks for Chapter 11 were:

- That the RS ought to present an Action Plan to the EC, which will serve as a basis for the transposition, implementation and enforcement of the EU acquis in agriculture and rural development;
- That the RS ought to submit the request for entrustment of budget implementation tasks for IPARD II to the EC, in accordance with the provisions of EC Implementing Regulation No. 447/2014.

The first benchmark for initiating the negotiating process in Chapter 11

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

The second benchmark for initiating the negotiating process in Chapter 11

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

The EC assessed that the RS had met both benchmarks for opening the negotiating process in the Chapter 11 and submitted its Opening Benchmark Assessment Report to the Working Party on Enlargement and Countries Negotiating Accession to the EU (COELA) on 11th February 2018. So far, the Report has been approved by 22 Member States.

According to the EC Progress Report for the RS in 2021, for Chapter 11 some level of preparedness was achieved through the adoption of the framework legislation on common market organisation and the conclusion of the first call of the newly entrusted IPARD II measure “Farm diversification and business development” in October 2020.

Preparation of Negotiation Position for the Chapter 11

The MAFWM, with the support of IPA 2015 Technical Assistance Project: “Capacity building for the alignment with the acquis in the areas of agriculture, rural development, food safety, veterinary and phytosanitary policy” has started activities on preparation of negotiation position for Chapter 11, which is described in more detail in the Chapter 5.1 Assistance provided under other IPA components.

1.3.2. Legal and Institutional Framework

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

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

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

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

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

Annual Implementation Report on IPARD II Programme for 2021

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

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

- Law on Agriculture and Rural Development (“Official Gazette of the RS”, No. 41/09, 10/13 – other law, 101/16, 67/21 – other law and 114/21);

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

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

The IPARD II Programme defines measures that provide financial support to the sector of primary agricultural production, sector of processing and marketing of agricultural and fishery products, agri-environment-climate and organic farming, implementation of local development strategies, as well as support for the farm diversification and business development in rural areas of the Republic of Serbia. Furthermore, in the IPARD II Programme, in addition to the above measures, the measure “Technical Assistance” is envisaged.

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

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

- Regulation on the management of 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);

This Regulation prescribes in detail the manner of managing the European Union (EU) Pre-Accession Assistance programmes in the Republic of Serbia, which are financed from the Instrument for Pre-Accession Assistance (IPA II) for the period 2014-2020 years, responsible persons and bodies, as well as the manner in which their mutual relations are regulated, and in connection with the preparation, coordination, implementation, monitoring, evaluation and

reporting on the implementation of IPA II funded programmes in case the European Commission entrusts budget execution to certain programmes to the RS.

- 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 and 90/21);

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

- Rulebook on IPARD subsidies for the investments in physical assets of agricultural holdings (“Official Gazette of the RS”, No. 84/17, 112/17,78/18, 67/19, 53/21 and 10/22);

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

- Rulebook on IPARD subsidies for the investments in physical assets concerning processing and marketing of agricultural and fishery products (“Official Gazette of the RS”, No. 84/17, 23/18, 98/18, 82/19 and 74/21);

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

- Rulebook on IPARD subsidies for the farm diversification and business development (“Official Gazette of the RS”, No. 76/20 and 87/21);

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

- Rulebook on conditions, manner and procedure for Technical Assistance measure implementation under the Instrument for Pre-Accession Assistance for Rural Development (“Official Gazette of the RS”, No. 107/21);

Annual Implementation Report on IPARD II Programme for 2021

This Rulebook prescribes in more detail the eligible recipients for IPARD subsidies, the amount of subsidies, as well as the conditions, manner and procedure of implementation of the IPARD Programme for the “Technical Assistance” Measure.

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

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

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

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

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

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

- Rulebook on determining areas with difficult working conditions in agriculture (“Official Gazette of the RS”, No. 122/21);

This Rulebook determines the areas with difficult working conditions in agriculture for a period of three years.

- 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;

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

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

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

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

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

- Protocol for cooperation between the Governmental Audit Office of EU funds, the Managing Authority and IPARD Agency;

The Protocol defines the mutual relations and business cooperation between the Audit Authority, the Managing Authority and IPARD Agency in the process of implementation of the Instrument for Pre-Accession Assistance under the policy area “Agriculture and Rural Development” (IPARD), as well to ensure full cooperation and enable the Audit Authority to perform its tasks within the deadlines set out in the Framework Agreement and the Sectoral Agreement.

- 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;

The Protocol regulates in more detail the mutual relationship of the parties regarding the manner and conditions for keeping bank accounts opened with the NBS for the purpose of managing the IPA II Programmes in cases where the EC entrusts the budget implementation tasks of certain Programmes to the RS.

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

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

- Manual of Procedures for Implementation of the IPARD II Programme;
- Rulebook on internal organization and systematization of working positions in the Ministry of Agriculture, Forestry and Water Management.

1.3.3. National support schemes

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

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

- direct payments,

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

Direct payments

In terms of allocated budget, direct payments are the most important type of subsidies, and they were realized through premiums, production subsidies and recourse. The only type of premium is the milk premium, in the amount of RSD 10.0 (ten) per litre of cow, sheep and goat raw milk, delivered in the previous quarter. In order to be eligible for the premium for cow milk, it is necessary that the premium recipient delivers at least 3,000 litre of cow's milk per quarter to dairies, or at least 1,500 litres in areas with difficult working conditions in agriculture.

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

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

Measures for rural development

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

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

Support for investments in processing and marketing of agricultural and food products and fishery products refers to: construction of facilities and purchase of equipment in wine production; purchase of control and registration labels for agri-food products and wine; achieving quality standards by supporting the improvement of wine and brandy quality. Subsidies are provided in the amount of 50% of the value of the realized eligible investment excluding the amount of the value added tax or 65% out of this value in the areas with difficult working conditions in agriculture.

The risk management measure is based on regressing part of the cost of insurance premiums for crops, fruits, perennials, nurseries and animals and is realized through reimbursement of 40% of paid insurance premiums (45% for areas with difficult working conditions in agriculture) or in the

maximum amount of 70% of the paid insurance premium in the Moravica, Zlatibor and Kolubara administrative districts.

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

- Conservation of animal genetic resources;
- Conservation of plant genetic resources;
- Organic production (support for plant and livestock production).

Subsidies for income diversification and improvement of quality of life in rural areas include a set of measures aimed at support of non-agricultural activities related to improving the quality of life in the countryside. Subsidies include investments in the rural tourism sector, hunting tourism sector and old and artistic crafts. Subsidies are determined as a percentage of the value of realized eligible investment, excluding the amount of the value added tax, as well as percentage for areas with difficult working conditions in the agriculture according to the location of the investment.

Subsidies for the preparation and implementation of Local Development Strategies include support for the programmes for preparation and implementation of Local Development Strategies and it is paid to the maximum aid intensity of 100%. Partnerships for territorial rural development are eligible for subsidies.

Investments in rural infrastructure include support for investments in the construction and equipping of facilities for water supply, road infrastructure and for storage and processing of agricultural products. Subsidies are determined as a percentage of 100% of the value of the eligible investment.

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

Specific Subsidies

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

Credit support

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

Allocated funds for subsidies in agriculture and rural development

According to the Decree on Allocation of Subsidies in Agriculture and Rural Development for 2021 (“Official Gazette of the RS” No. 159/20, 15/21, 32/21, 46/21, 64/21, 90/21, 109/21 and 120/21) the allocated funds for subsidies in agriculture and rural development amounted to EUR 377.5 m (RSD 44.4 b). Out of that, EUR 266.0 m (RSD 31.3 b) was allocated for direct payments, EUR 59.6 m (RSD 7.0 b), for rural development measures, EUR 2.1 m (RSD 250.0 m) for specific subsidies, for credit support was allocated EUR 4.0 m (RSD 470.0 m), while for IPARD support allocated funds amounted to EUR 45.8 m (RSD 5.4 b).

Allocated funds for agriculture and rural development in 2021 were increased by 26% compared to funds allocated in 2020.

During 2021, approx. EUR 345.5 m (RSD 40.6 b) was paid for subsidies in agriculture and rural development. The largest amount of budget funds was realized on the basis of direct payments (77%), while 17% of the total realized budget funds were spent on rural development measures.

In 2021 on the implementation of *direct payments* it was spent EUR 265.1 m, for *credit support* EUR 3.8 m was paid, while EUR 2.1 m was paid for *specific subsidies*.

For *rural development measures* in 2021 was paid EUR 58.3 m.

Regarding *IPARD support*, by the end of 2021, the total public support in the amount of EUR 29.1 m was paid, out of which the RS contribution amounted to EUR 7.3 m. Out of the total amount of public support EUR 20.8 m was paid for Measure 1, while for Measure 3 EUR 8.3 m.

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

2.1. General framework

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

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

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

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

Measure 1 - Investment in physical assets of agricultural holdings

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

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

Objectives of this Measure include strengthening of the agri-food sector competitiveness by investing in its modernisation, for the purpose of a more efficient production, progressive alignment with the EU rules and standards related to environmental protection, food safety and product quality, animal welfare and traceability in the food chain and waste management, strengthening of the competitiveness of the agri-food industry in selected sectors through adjustment to the requirements of national and foreign markets, technical-technological improvement of the sector and ensuring answer to climate change challenges by promoting energy from renewable sources. The selected sectors for investments are Sector of Milk Processing, Meat Processing, Egg Processing, Fruit and Vegetable Processing, as well as Wine Sector.

Measure 7 – Farm diversification and business development

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

Through Measure 7 potential recipients can obtain support for a wide range of investments such as construction and reconstruction of accommodation facilities, landscape, recreational activities, construction of tasting and food and beverage sales, design of website, purchase of equipment for energy production from renewable sources, etc.

Measure 9 – Technical Assistance

The objectives of this Measure are to support in the implementation and monitoring of the IPARD Programme. Specific objectives of Measure 9 relate to support for the implementation and monitoring of the Programme, information flow and publicity, preparation of studies, visits and seminars, external expertise, evaluation of the Programme, as well as support for potential LAGs, preparation for implementation of the LEADER measure and support for the national rural development network.

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

From the beginning of the implementation of the IPARD II Programme until 31st December 2021, twelve calls were published, out of which three calls were published in 2021. Published Calls for IPARD support within the reporting period are: Sixth Call for Measure 1, Fourth Call for Measure 3 and Second Call for Measure 7.

From the beginning of implementation by the end of 2021 six calls were published under **Measure 1**:

- *The First Call* for investments in physical assets of agricultural holdings for the purchase of new equipment, machinery and mechanisation was published on 25th December 2017, and closed on 26th February 2018 with allocated funds in the amount of EUR 8,368,901 (EU contribution EUR 6,276,676). This Call is closed from the point of processing of all submitted applications.
- *The Second Call* for investments in physical assets of agricultural holdings for the purchase of a new tractor was published on 4th January and closed on 26th February 2018 with allocated funds in the amount of EUR 4,653,363 (EU contribution EUR 3,490,023).
- *The Third Call* for investments in physical assets of agricultural holdings for the construction and equipment of facilities and the purchase of new equipment, machinery and mechanisation (excluding tractors) was published on 22nd October 2018 and closed on 9th January 2019 with allocated funds in the amount of EUR 25,502,411 (EU contribution EUR 19,126,808).
- *The Fourth Call* for investments in physical assets of agricultural holdings for the purchase of a new tractor was published on 24th September and closed on 25th November 2019, with total allocated funds in the amount of EUR 10,280,718 (EU contribution EUR 7,710,539).
- *The Fifth Call* related to investments in physical assets of agricultural holdings for the construction and procurement of new equipment, machinery and mechanisation (excluding tractors) was published on 24th September and closed on 23rd December 2019 with total allocated funds in the amount of EUR 33,036,730 (EU contribution EUR 24,777,548).
- *The Sixth Call* for investments in physical assets of agricultural holdings for the construction and purchase of new equipment, machinery and mechanisation (excluding tractors) was published on 21st June and closed on 23rd September 2021 with total allocated funds in the amount of EUR 54,949,999 (EU contribution EUR 41,212,499).

The *Seventh Call* for submitting applications for project approval for IPARD support for purchase of a new tractor within Measure 1 was published on 14th February 2022 with the deadline for submission of applications for project approval in the period from 17th February to 22nd April 2022 with total allocated funds in the amount of EUR 11,496,038 (EU contribution EUR 8,622,028).

Under **Measure 3** by the end of 2021 four calls were published:

- *The First Call* for investments in physical assets concerning processing and marketing of agricultural and fishery products for the purchase of new equipment was published on 27th

Annual Implementation Report on IPARD II Programme for 2021

March and closed on 28th May 2018 with total allocated funds in the amount of EUR 7,405,712, out of which the EU contribution amounted EUR 5,554,284. This Call is closed from the point of processing of all submitted applications.

- *The Second Call* within this Measure for investments in construction and purchase of new equipment was published on 18th December 2018 and closed on 11th March 2019 with total allocated funds in the amount of EUR 29,749,633, out of which the EU contribution amounted EUR 22,312,225.
- *The Third Call* under this Measure was published on 26th November 2019 and closed on 24th February 2020 with total allocated funds in the amount of EUR 46,039,335, out of which the EU contribution amounted EUR 34,529,501.
- *The Fourth Call* for investments in physical assets concerning processing and marketing of agricultural and fishery products was published on 16th August 2021 and closed on 29th October 2021 with total allocated funds in the amount of EUR 25,523,419, out of which the EU contribution amounted EUR 19,142,564.

Regarding **Measure 7**, from the beginning of the IPARD II Programme implementation two calls were published:

- *The First Call* for investments related to the farm diversification and business development was published on 8th June with an initial deadline for submission of applications for project approval from 1st July to 1st October 2020. Deadline for application submission was extended until 30th October 2020. Total allocated funds within this Call amounted EUR 20,000,000, out of which the EU contribution amounted EUR 15,000,000.
- *The Second Call* for submission of applications for project approval was published on 23rd September and closed on 17th December 2021, with total amount of allocated funds in the amount of EUR 15,002,450, out of which the EU contribution amounted EUR 11,251,837.

The results of the analysis presented in the Report are based on data included in the Common Indicator Tables for Monitoring and Evaluation of the IPA Rural Development Programmes 2014-2020 submitted by the IA (Annex 1), final data for closed Calls (the first calls for M1 and M3) and preliminary data for other calls. All presented data are related to processed applications, as well as applications in a process at the time of preparation of this Report. Data are given in cumulative amount with a cut of date on 31st December 2021, while the final amount of eligible expenditures is indicated for the approved and paid applications.

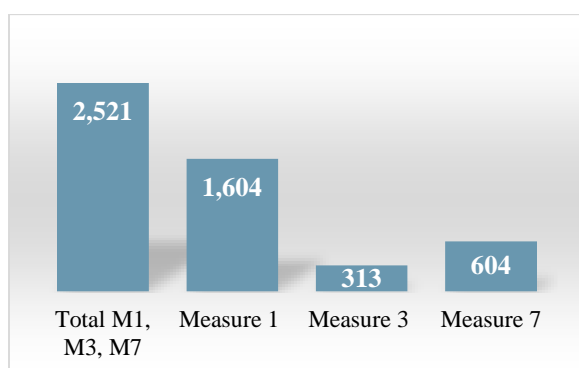
The total number of submitted application for IPARD support by the end of 2021 was 2,521. During 2021, 773 applications were submitted within three public calls for IPARD measures. Out of the total number of submitted applications, more than half of the applications were processed (approved, rejected or withdrawn by applicants): 1,389 applications, i.e. 55.1%. There are 1,132 applications in the administrative processing procedure (44.9%), out of which 26 applications are in the appellate procedure.

Annual Implementation Report on IPARD II Programme for 2021

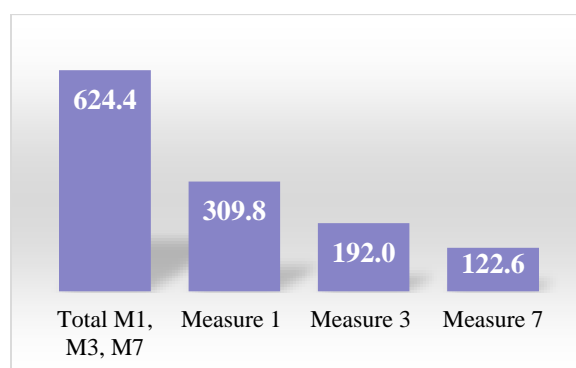
Until 31.12.2021, the total requested expenditures for investment for 2,521 submitted applications amounted to EUR 624.4 m (estimated IPARD support: EUR 361.5 m). With 1,604 submitted applications (63.6%) and requested expenditures for investment in the amount of EUR 309.8 m (49.6%) Measure 1 is still dominant in both of these indicators, despite decrease compared to previous reporting (AIR 2020) in favor of primarily Measure 7. For Measure 3, 313 applications were submitted (12.4%) with the total requested expenditures in the amount of approx. EUR 192.0 m (30.7%), while 604 applications (24%) were submitted by potential recipients within the First Call for Measure 7, with the requested expenditures in the amount of EUR 122.6 m (19.6%). Abovementioned data are presented in Graph 1 (1.a. and 1.b).

Graph 1: Total number of submitted applications and amount of requested expenditures: M1, M3, M7

1.a. Submitted applications

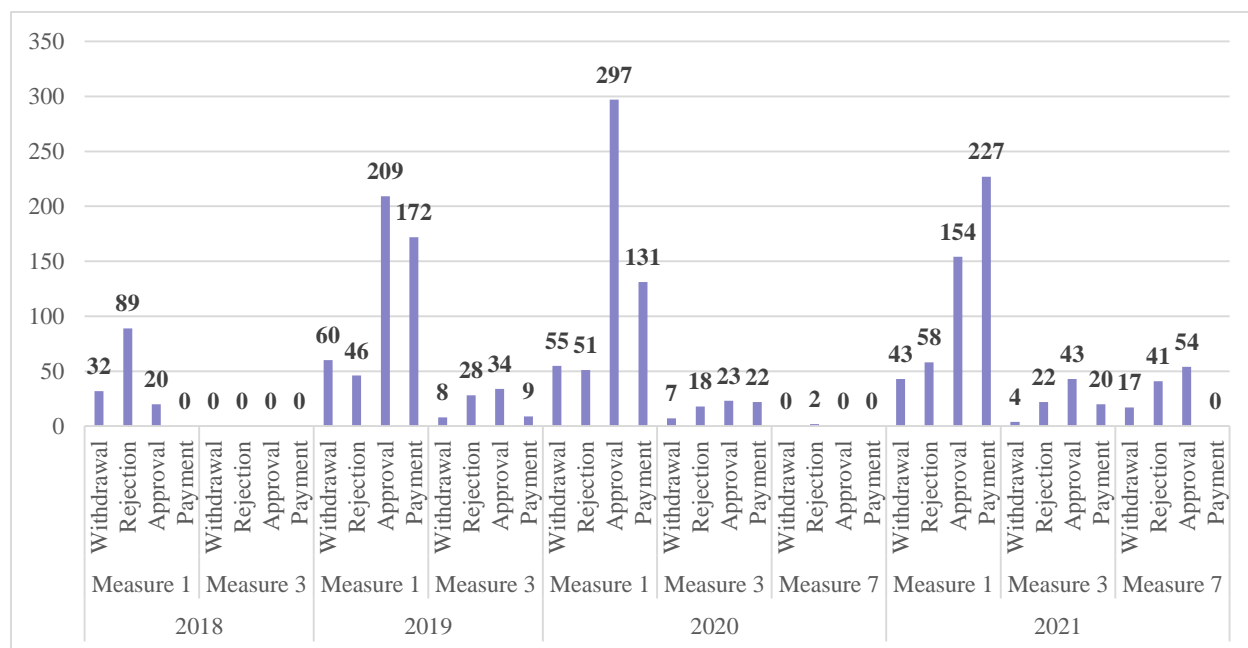


1.b. Requested expenditures (EUR m)



Observed by year, in 2021 compared to 2020, the number of approved applications for Measure 1 decreased (from 297 to 154) and at the same time the number of paid applications significantly increased (from 46 to 279), while within Measure 3 reverse trend is achieved: the number of approved applications has increased (from 23 to 43) and the number of paid applications has decreased (from 23 to 14). When it comes to Measure 7, 54 applications have been approved. During the implementation period at the annual level the largest number of applications was approved in 2020 (320), the largest number of applications was paid (293) and rejected (121) in 2021, while the largest number of withdrawals was in 2019 (68). The dynamics of applications processing by year is presented in Graph 2 (more details in Annex 2: Tables 2-7).

Graph 2: Status in terms of applications processing per year, M1, M3 and M7



Submitted applications per call

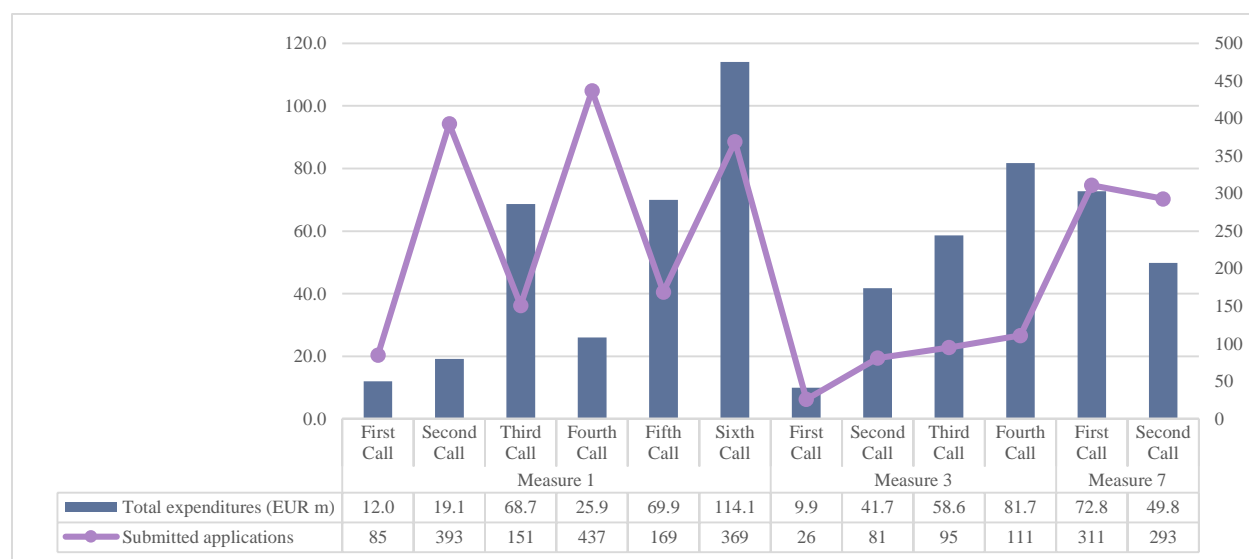
The largest number of applications were submitted by potential recipients within the Fourth Call for Measure 1 for the purchase of a new tractor (437 applications), while the largest amount of requested expenditures - over EUR 100 m was achieved under the Sixth Call for the same Measure (EUR 114.1 m).

Under **Measure 1** (1,604 submitted applications) the largest number of applications was submitted within the call related to the purchase of tractors (437 applications for the Fourth and 393 applications for the Second Call), followed by the Sixth (369), Fifth (169) and Third public call (151), while the lowest number of applications was submitted within the First Public Call (85). From the point of the amount of requested expenditures for investment by call, the situation is different. By far the largest amount of requested expenditures relates to the Sixth Call (EUR 114.1 m), followed by the Fifth and Third Calls (approx. EUR 70 m per call), which is understandable taking into consideration that under this calls investments for the construction of facilities were also eligible beside investments in purchase of equipment and mechanisation.

Under **Measure 3**, with a total of 313 submitted applications and requested expenditures for investment of approx. EUR 192 m, there is a continuous increase in both the number of submitted applications and requested expenditures for investment. Accordingly, the largest number of applications and requested expenditures was realized within the Fourth Call (111 applications - share: 35.5%, EUR 81.7 m - share: 42.6%, respectively).

Under **Measure 7**, potential recipients submitted 604 applications within two public calls, with a total requested expenditures of EUR 122.6 m and a larger share of both the number of submitted applications and the requested expenditures for investment under the First Call (Graph 3; more details in Annex 2: Table 1).

Graph 3: Submitted applications and requested expenditures per call, M1, M3, M7

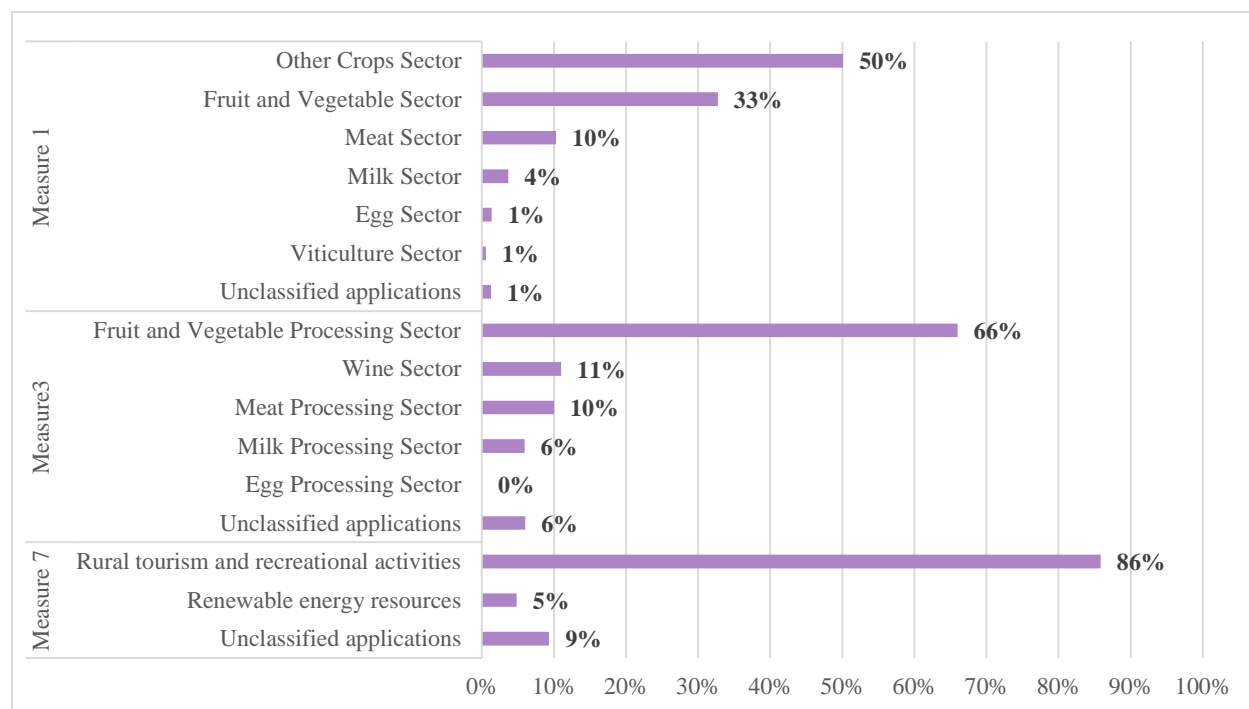


The analysis of the significance of IPARD measures from the aspect of interest of potential recipients indicates that with 1,604 submitted applications (63.6%) and requested expenditures for investment in the amount of EUR 309.8 m (49.6%), despite to decrease in the total number of submitted applications and amount of the total requested expenditures for investment compared to AIR 2020, Measure 1 remains dominant in both of these indicators. When it comes to the share of Measure 3 and Measure 7 in the total number of submitted applications and requested expenditures for investment, the analysis indicates a higher share of Measure 7 in the total number of submitted applications (24%) and the higher share of Measure 3 in the total requested expenditures for investment (30.8%). This results in by far the highest average value of investment per submitted application for Measure 3 (EUR 613,395), which makes an increase of approx. EUR 74,000 compared to AIR 2020. The same indicator for Measure 7 is EUR 202,906 and for Measure 1 is EUR 193,144. Measure 1 achieves the lowest amount of the average value of investment per submitted application, primarily due to the large share of submitted applications for the purchase of tractors in the total number of submitted applications for all investments under this Measure (51.7%).

Submitted applications per sector

The largest number of submitted applications under **Measure 1** refers to the Other Crops Sector with half of the total number of submitted applications: 804 submitted, 422 approved and 340 paid applications. A significant, but considerably smaller number of applications refers to the Fruit and Vegetable Sector (525 submitted, 162 approved and 84 paid applications), as well as to the Meat Sector (165, 56, 33 applications, respectively). Other sectors have a significantly lower share in the total number of submitted, approved and paid applications (more details in *Annex 1: Tables O.1.b and O.3.b, Annex 2: Tables 8-10*).

Graph 4: Structure of submitted applications by sector, Measure 1, Measure 3, Measure 7, (%)



When it comes to **Measure 3** (based on available data for the first three calls), the Fruit and Vegetable Processing Sector absolutely dominates in the total number of submitted applications (134 submitted, 85 approved and 34 paid applications), as well as the Sector of Rural Tourism and Recreational Activities under **Measure 7** with 267 submitted and 54 approved applications. An overview of the share of individual sectors in the total number of submitted applications for each IPARD measure is presented in Graph 4.

Submitted applications per sub-sector

Under **Measure 1** Cereals Sub-sector is absolutely dominant with 705 submitted applications and a share in the total number of submitted applications of 44%. The Fruit Sub-sector with 436 applications and share in the total number of submitted applications of 27% is also significant from the point of expressed interest of potential recipients, while other sub-sectors have a share in the total number of submitted applications below 10% (Oil crops and Vegetables Sub-sectors with 6% share each, Pigs and Dairy cows Sub-sectors with 4% each, Cattle Sub-sector 3%, Poultry Sub-sector 2%, Grapes, Sheep & Goats and Eggs Sub-sectors with 1% each and Sugar beet Sub-sector with share in the total number of submitted applications of 0.4%). Out of the total number of submitted applications, 20 applications were unclassified (approx. 1%), due to the fact that sector, sub-sector or total/eligible volume of investment were not specified.

Based on the available data under **Measure 3** in terms of the number of submitted applications (First, Second and Third Public Calls), the most represented sub-sector relates to fruit and vegetable processing, with 64 submitted applications and share of 32% in the total number of submitted applications, as well as investments in construction and reconstruction of processing facilities: 47 applications (23%). Applications for investments in the production of energy from

Annual Implementation Report on IPARD II Programme for 2021

renewable sources achieve a share of 10%, wineries 7%, dairies and slaughterhouses 5% each, etc. There are 13 unclassified applications (6%), where sub-sector was not specified.

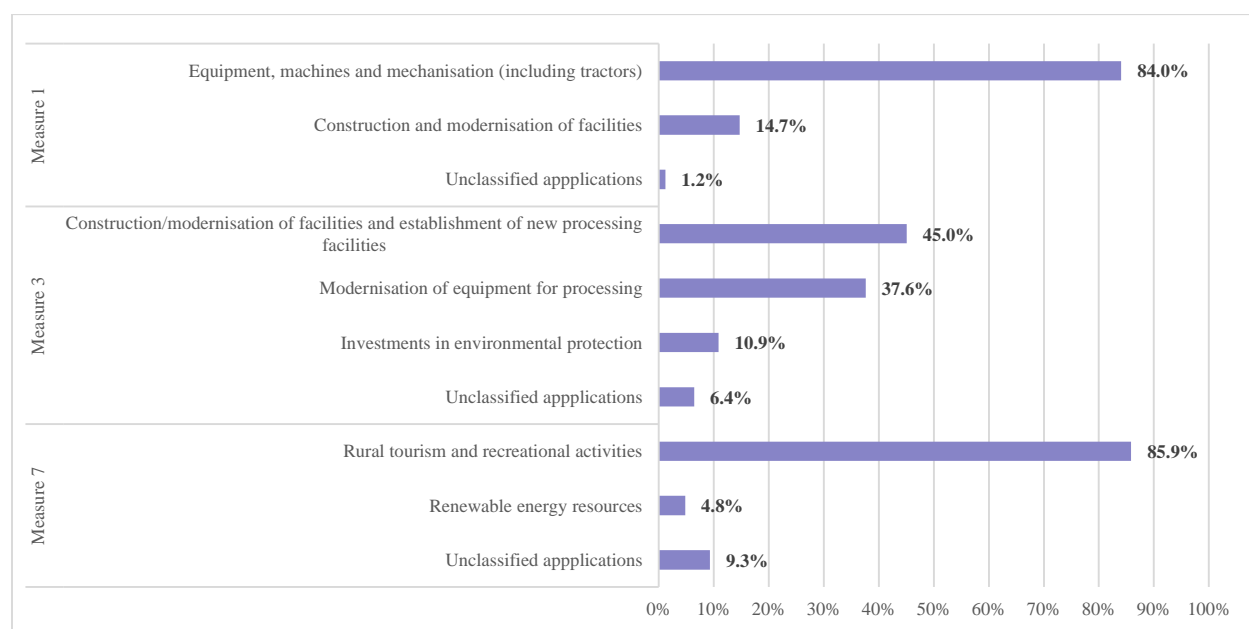
Based on the available data for **Measure 7** in terms of the number of submitted applications (First Public Call), potential recipients expressed the greatest interest in investments for setting of tourist homesteads and recreational zones: 198 applications (64%), then for investments in modernisation of existing tourist facilities: 49 (16%), while for other sub-sectors there was significantly less interest from potential recipients (up to 5% share in the total number of submitted applications under this Measure). There are 29 unclassified applications (9%).

More detailed data on the number of submitted applications by sub-sector are presented in Annex 1 (Tables O.1.a, O.3.a. and O.7).

Submitted applications per group and type of investments

The total number of submitted applications for construction and modernisation of facilities under **Measure 1** by the end of 2021 was 236 (14.7%), while the number of submitted applications for the purchase of new equipment, machinery and mechanisation (including 830 submitted applications for tractors) was 1,348 (84.1%). The number of unclassified applications from the point of type of investment was 20. Compared to the previous annual reporting (AIR 2020) until the end of 2021, in terms of the number of submitted applications, the share of investments in construction and modernisation of facilities increased from 11.4% to 14.7%, while the share of applications for new equipment, machinery and mechanisation decreased from 87.5% to 84.1%.

Graph 5: Structure of submitted applications per type of investment*, M1, M3, M7 (%)



* In case when potential recipient of IPARD support submit application for project approval for more than one investment, classification by type of investment is conducted on the basis of financially dominant investment.

Within the investments for *construction and modernisation of facilities*, the largest number of applications was submitted for the construction of new warehouses (including ULO cold storages) in the Fruit and Vegetable Sector and the Other Crops Sector: 108 applications (6.7% of the total

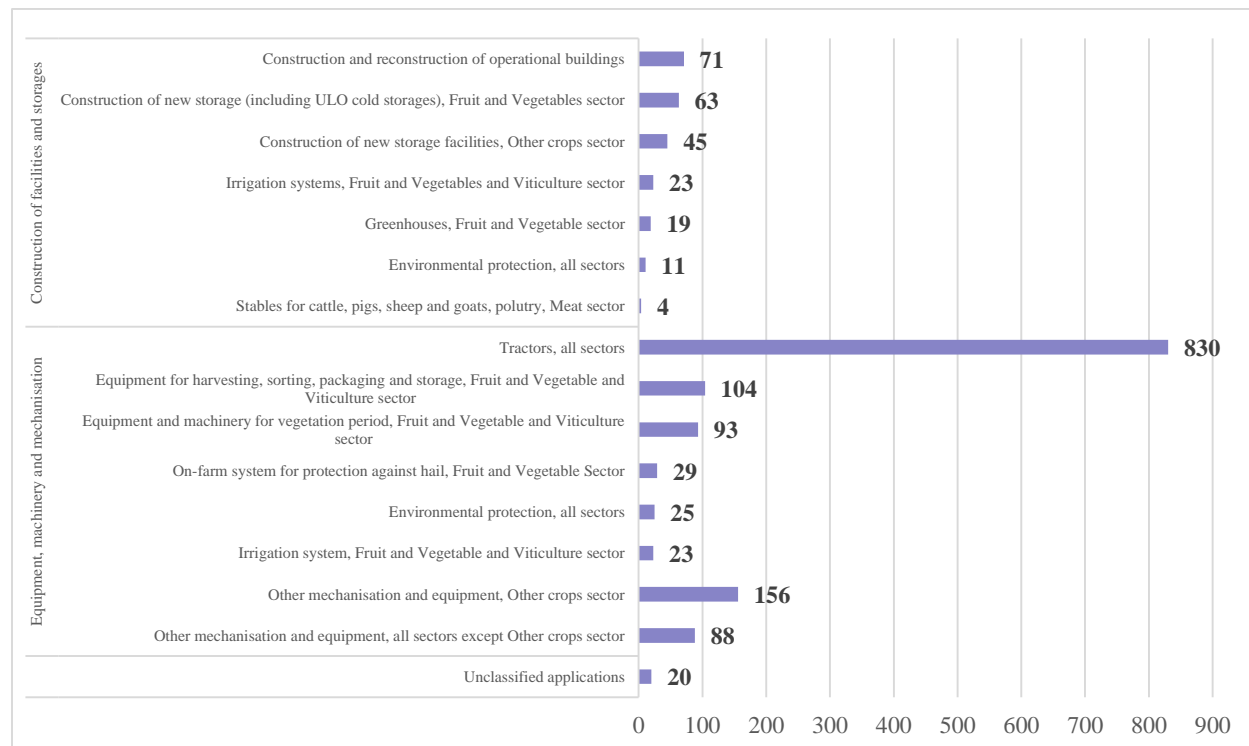
Annual Implementation Report on IPARD II Programme for 2021

number of submitted applications for Measure 1), as well as for construction of new and reconstruction of existing operational buildings in the livestock sector: 71 applications (4.4%).

Within the investment related to *equipment, machinery and mechanisation* more than half of the total number of submitted applications under Measure 1 referred to the purchase of tractors: 830 (51.7%), while a significantly lower number of applications were submitted for equipment, machinery and mechanisation for the following groups of investments: harvesting, sorting, packaging and storage: 104 (6.5%), equipment and machinery for the vegetation period: 93 (6.0%), on-farm system for protection against hail: 29 (1.8%), etc. The largest number of submitted applications for project approval for IPARD support for the purchase of tractors was realized within the Other Crops Sector (603 applications, approx. 73%), then in the Fruit and Vegetable Sector (159 applications, approx. 19%), while the Meat, Milk and Viticulture Sectors achieved a significantly lower share in the total number of submitted applications for tractors (45 applications or 5%, 14 applications or 2% and nine applications or 1%, respectively).

Investments related to environmental protection in the total number of submitted applications under Measure 1 have a share of 2.2%. The number of submitted applications that are significant for environmental protection (in all sectors, especially in the livestock sector) are as follows: 21 (1.3% of the total number of submitted applications for Measure 1) for manure storage and manure handling equipment, 12 (0.7%) for renewable energy, three (0.2%) for facilities for waste management, wastewater treatment, air pollution prevention measures. The submitted applications per group of investment under Measure 1 are presented in Graph 6.

Graph 6: Submitted applications per group of investment, Measure 1

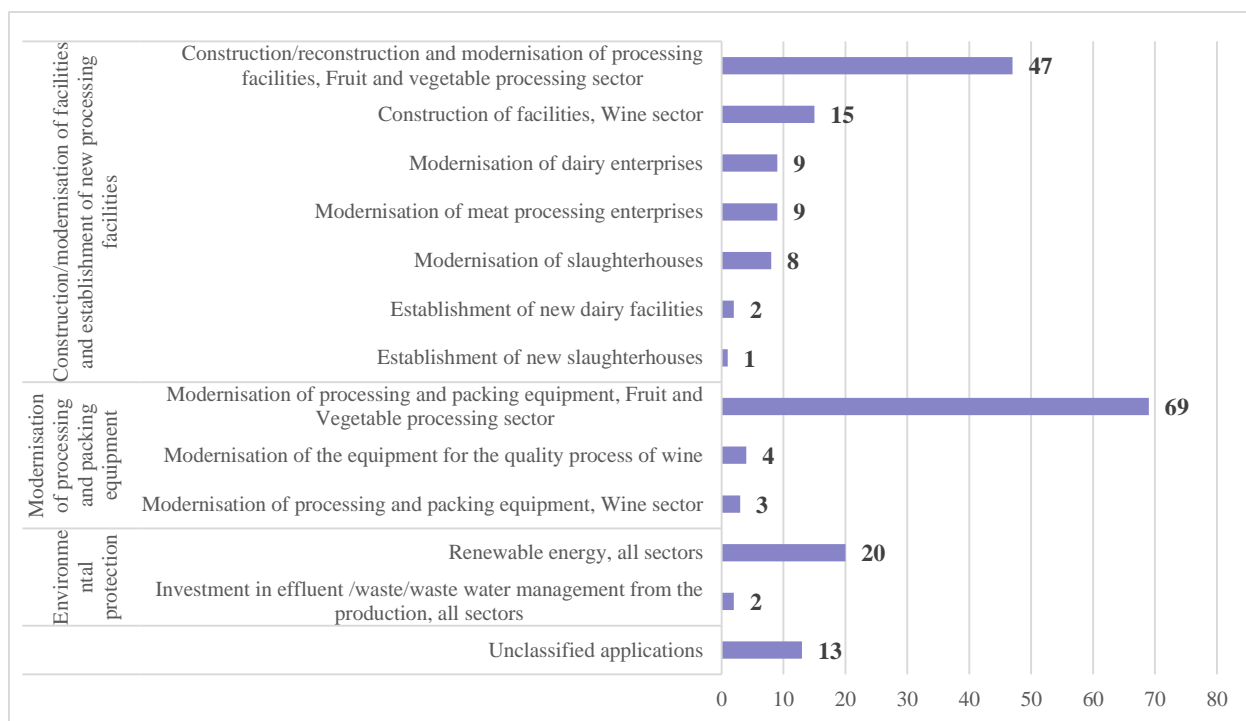


The largest number of submitted applications for the IPARD support refers to investments in plant production (1,351 submitted applications), while for investments in the field of livestock production a total of 233 applications were submitted by the end of 2021. The results of the On-going evaluation of the IPARD II Programme for the implementation period 2017-2019 in terms of lower interest for IPARD support in livestock production indicate primarily insufficient knowledge and information of potential recipients regarding environmental standards (minimum national standards and EU standards), as well as lack of knowledge on the possibilities under the IPARD Programme for this type of investment.

According to the type of investment and based on the available data under **Measure 3** (First, Second and Third Call), it can be concluded that the largest share in the total number of submitted applications was for investments in construction/modernisation of facilities and establishment of new processing plants: 45.0% but also significant share of submitted applications for investments in modernisation of processing equipment: 37.6%. Taking into consideration the nature of production processes in the agri-food industry, as well as the conditions related to meeting the EU environmental standards, under Measure 3 there is a significant share of submitted applications in the field of environmental protection: (10.9%), while unclassified applications have a share of 6.4% in the total number of submitted applications by the end of 2021.

Within the investments *for construction/modernisation of facilities and establishment of new processing plants*, the largest number of applications was submitted for construction/reconstruction and modernisation of fruit and vegetable processing plants (47), i.e. 23.3% of the total number of submitted applications under this Measure, then for the construction and modernisation of slaughterhouses and meat processing enterprises (18 applications with a share of 8.9%), construction of facilities in the Wine Sector (15 applications, with a share of 7.4%) and construction and modernisation of dairies: 11 applications (5.4%).

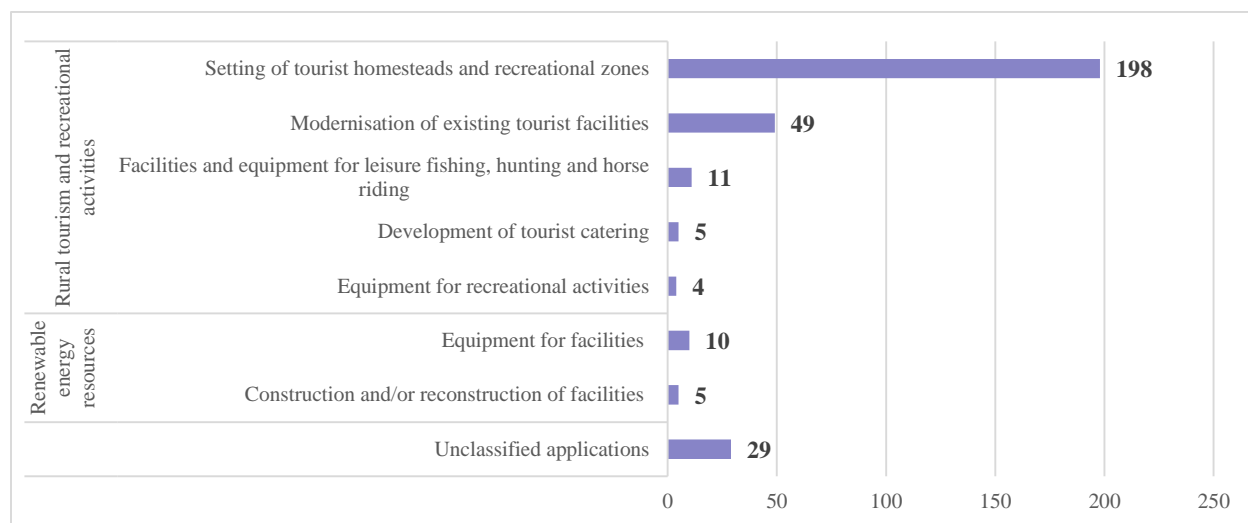
For the investments *in the modernisation of processing equipment*, the greatest interest in terms of the number of submitted applications was expressed within the Fruit and Vegetable Processing Sector with a total of 69 submitted applications for the modernisation of processing and packaging equipment and a share in the total number of submitted applications of 34.2%. Based on available data by the end of 2021, four applications were submitted for the modernisation of equipment for improving the quality of wine, while for the modernisation of equipment for processing and packaging within the same Sector - three applications (Graph 7).

Graph 7: Submitted applications per group of investment, Measure 3

Within the Fruit and Vegetable Processing Sector the significant interest was expressed also for *investments in environmental protection*, where 18 applications were submitted for a group of investments related to renewable energy production.

Available data on applications submitted by potential recipients under **Measure 7** (the First Public Call) indicate by far the largest share of investments for the setting of tourist homesteads and recreational zones within the *Rural tourism and recreational activities* Sub-sector, which have a share of approx. 63.7% in the total number of submitted applications, while within the *Renewable energy resources* Sub-sector, equipment for facilities achieved a share of 3.2%. Unclassified applications under the First Public Call for Measure 7 have a share of 9.3% in the total number of submitted applications.

Within the investments for the setting of tourist homesteads and recreational zones, 198 applications were submitted, which represents almost two thirds of the total number of applications submitted under the First Call for Measure 7. A significant group of investments from the point of expressed interest by potential recipients under Measure 7 refers to the modernisation of existing tourist facilities as well (49 submitted applications, with a share of approx. 16%), while other investments groups did not achieve a significant share in the total number of submitted applications for the First Call under Measure 7 (Graph 8).

Graph 8: Submitted applications per group of investment, Measure 7

The number of submitted applications regarding environmental protection under this Measure is 15 applications and there are referring to investments in the renewable energy resources, out of which 10 applications relate to equipment for facilities and five to the construction/reconstruction of facilities.

Submitted applications per type of recipients

In the total number of submitted IPARD applications, natural persons (individual farmers) achieve a share of 74.5% and in the requested expenditures 44.4%, entrepreneurs 2.7%, or 3.4% respectively, companies 21.6%, i.e. 50.4% respectively, while agricultural cooperatives participate in the total number of submitted applications with 1.2% and in the requested expenditures with 1.8%. Although individual farmers have by far the largest share in the number of submitted applications, their share in the requested expenditures is almost twice less. On the other hand, companies achieve a share of more than twice higher in the total requested expenditures compared to their share in the number of submitted applications. This indicates a significantly higher average value of investment per submitted application for companies (EUR 544,543) compared to individual farmers (EUR 138,952).

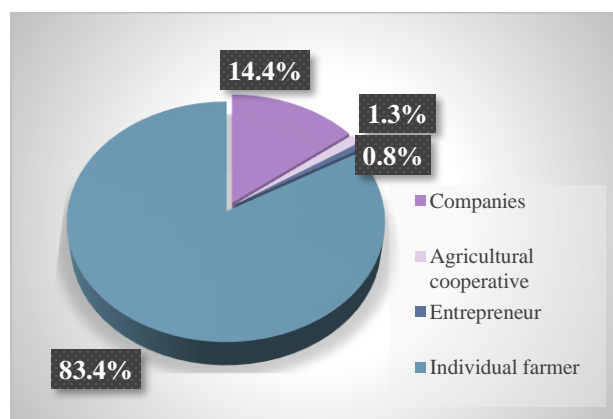
In the total number of submitted applications under **Measure 1**, individual farmers achieve a dominant share of 83.4% (decrease compared to the previous annual reporting by 2.7 percentage points), companies achieve a share of 14.4% (increase of share by 1.8 percentage points), while agricultural cooperatives and entrepreneurs achieve a significantly lower share (1.3% and 0.8% respectively), with an increase in this share for agricultural cooperatives by 0.7 percentage points and for entrepreneurs by 0.2 percentage points (Graph 9).

Although the share of *natural persons* (individual farmers and entrepreneurs) in the total number of submitted applications for Measure 1 is dominant (83.4%), the share of this type of recipients in the total requested expenditures (EUR 172.3 m) is significantly lower (55.6%). This especially refers to the First Call, where the share of natural persons in the total number of submitted applications is 72%, and in the total requested expenditures 39%. At the same time, companies with a share of only 26% in the submitted applications participate in the total requested

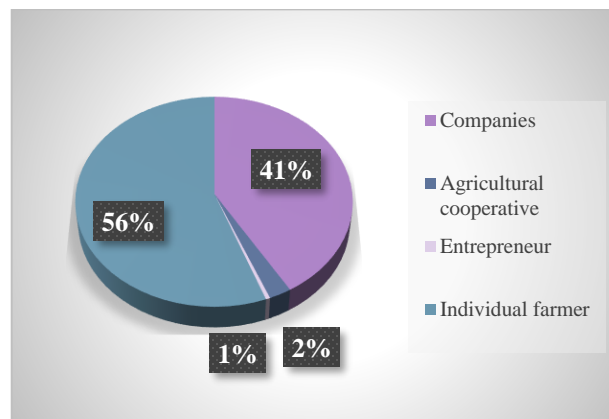
expenditures with a significant share of 60%, which results in four times higher average value of investments per submitted application for companies in relation to individual farmers within this call for Measure 1. On the other hand, individual farmers achieve a dominant share in the total requested expenditures within the call for submission of applications for the purchase of tractors (Second and Fourth Call): 96.2% and 97.9% respectively, which results in the lowest average value of investments per submitted application (EUR 48,675 within the Second Call and EUR 60,016 within the Fourth Call).

Graph 9: Structure of submitted applications and requested expenditures per type of recipient (%), Measure 1

9.a. Submitted applications



9.b. Requested expenditures for investment



Under Measure 1, the largest number of applications were submitted by natural persons (individual farmers and entrepreneurs) within the Second and Fourth Call (approx. 97%). For both mentioned calls, the investment was related to the purchase of a new tractor. The lowest share in the total number of submitted applications was realized by natural persons within the Third Call (60%). Within applications submitted by natural persons under all calls, individual agricultural holdings achieved dominant share in the total number of submitted applications in relation to entrepreneurs (97% in the Fifth Call up to 100% in the Third Call).

Legal entities (companies and agricultural cooperatives) achieved the largest share in the total number of submitted applications within the Third Call (40%). In all calls, share of companies is dominant in relation to agricultural cooperatives (85% in the Sixth Call up to 100% in the Fourth Call). Agricultural cooperatives achieve a negligible share in the total number of submitted applications, but with a tendency in increasing the number of submitted applications in each subsequent call (with the exception of the Fourth Call). The largest number of applications submitted by agricultural cooperatives was realized within the Sixth Call (13 applications).

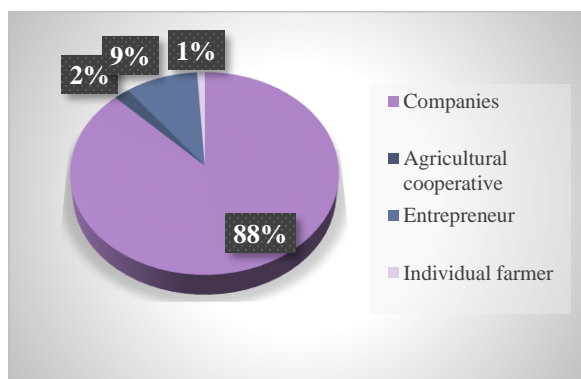
When it comes to **Measure 3**, based on the available data for the first three calls, from the point of type of recipients, out of a total of 202 submitted applications, 181 applications (90%) referred to legal entities (company and agricultural cooperatives), with a share of companies in the total number of submitted applications under Measure 3 of 87.6%. In regard to entrepreneurs, 19 applications for project approval were submitted under this Measure.

Regarding the requested expenditures, the situation is not significantly different in relation to the submitted applications. Also according to this indicator, companies achieved a dominant share of

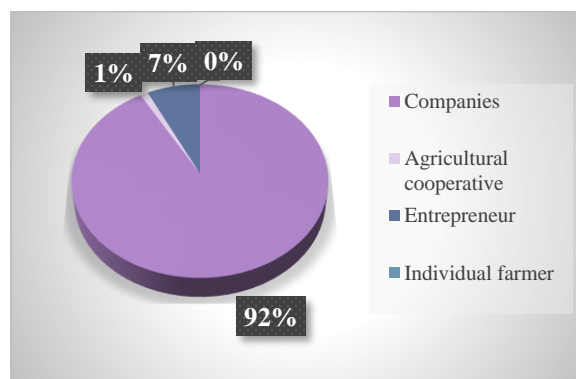
92% (EUR 102,3 m) compared to entrepreneurs, with requested expenditures of approx. EUR 8.0 m under Measure 3.

Graph 10: Structure of submitted applications and requested expenditures per type of recipient (%), Measure 3

10.a. Submitted applications



10.b. Requested expenditures for investment

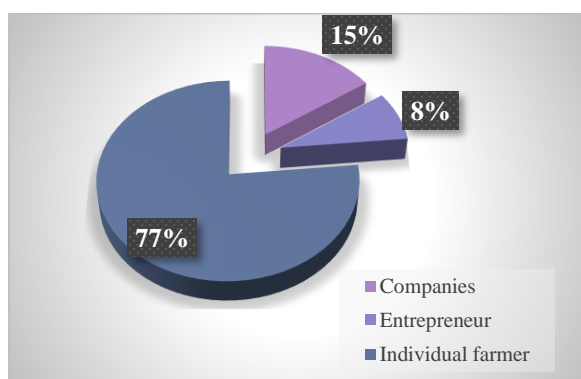


Although individual farmers as natural persons are not eligible recipients under Measure 3, they submitted two applications, which were rejected due to non-fulfillment of conditions (Graph 10).

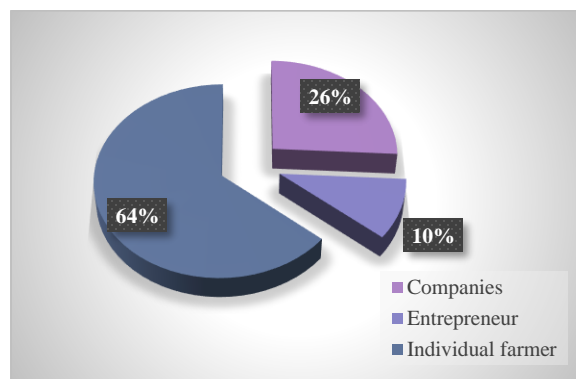
Based on the available information regarding the applications submitted under the First Call for **Measure 7**, a similar trend is observed in terms of achieved share by certain types of recipients as in the case of Measure 1: 85% of applications submitted by natural persons and 15% of applications submitted by legal entities (Graph 11).

Graph 11: Structure of submitted applications and requested expenditures per type of recipient (%), Measure 7

11.a. Submitted applications



11.b. Requested expenditures for investment



Within natural persons, the largest number of applications for Measure 7 was submitted by individual farmers (90.5%).

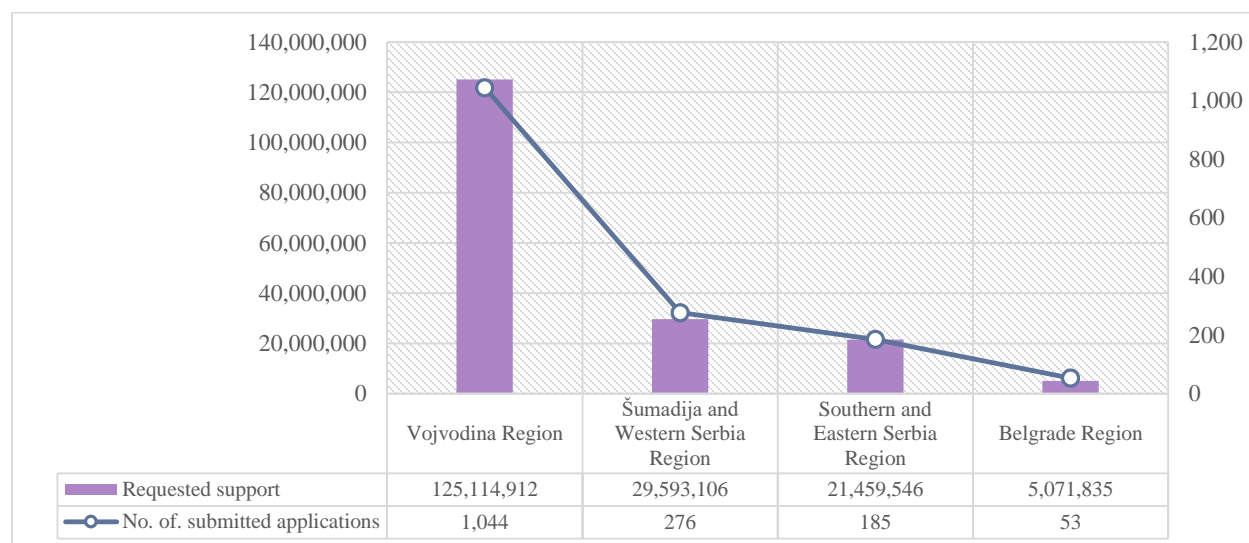
Regarding the share of certain type of recipients in the total amount of requested expenditures, the largest share is achieved by individual farmers (64.1%), which is lower compared to the share of this category of recipients in number of submitted applications (76.5%). According to this indicator, companies, as the second most important category of recipients under Measure 7, achieve a share of 25.9% (share of 15% in the number of submitted applications), while

entrepreneurs in the total amount of required expenditures for investments participate with 10.1% and 8% in the total number of submitted applications under the First Call for Measure 7.

Submitted applications per region

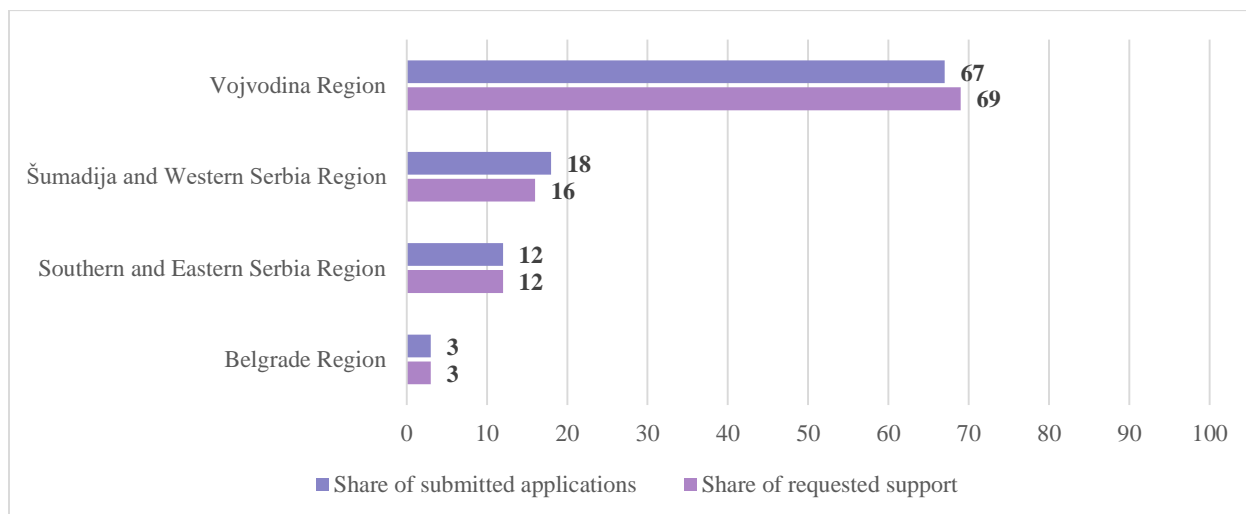
Observed by region, within **Measure 1**, the Vojvodina Region achieves a dominant share both in the number of total submitted applications for project approval and in the amount of requested support. The share of the Vojvodina Region in the total number of submitted applications under Measure 1 is 67% (1,044 applications), while in the requested support this Region participates with 69% (EUR 125.0 m). In the total number of submitted applications for project approval, the Šumadija and Western Serbia Region participates with 18% (276 applications), and in the requested support with 16% (EUR 29.6 m). The Southern and Eastern Serbia Region achieved a share of 12% in the total number of submitted applications for project approval, as well as in the requested support (185 applications, i.e. EUR 21.5 m), while the participation of the Belgrade Region in the total submitted applications and requested support is 3% each: 53 applications, i.e. EUR 5.0 m (Graphs 12 and 13).

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



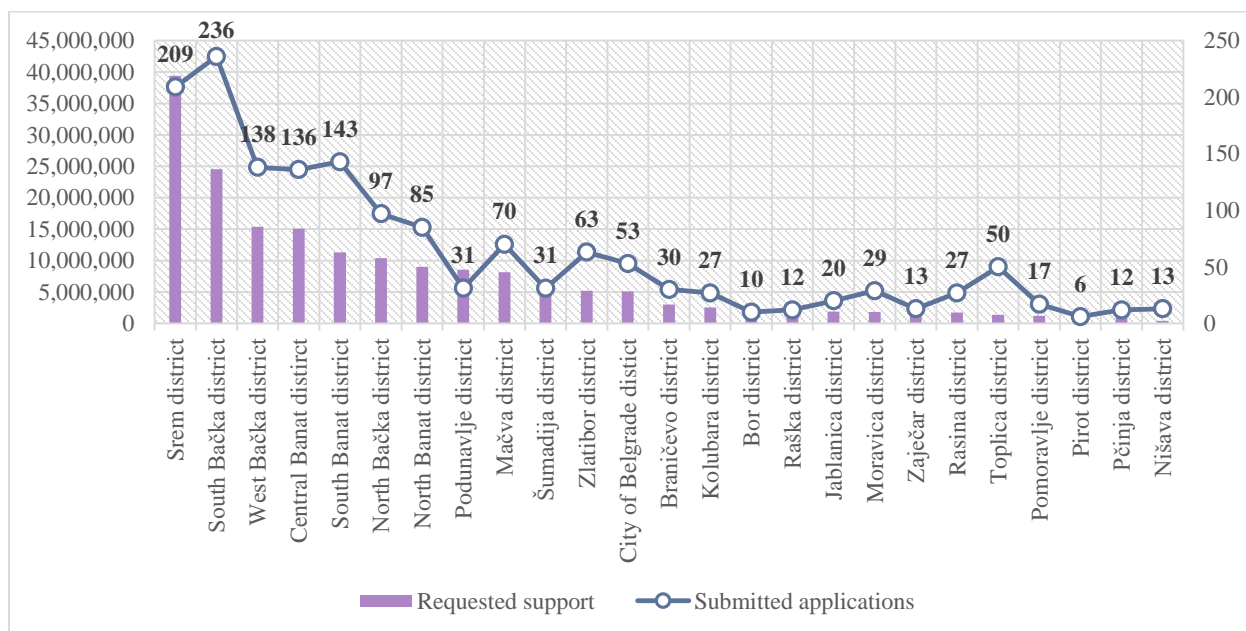
In relation to AIR 2020, the share of individual regions in the total number of submitted applications has not changed significantly. In relation to the previous annual reporting, the difference in the amount of total requested support between the first and second region (Vojvodina Region and Šumadija and Western Serbia Region) is still significant: four times higher and amounts to EUR 95.5 m.

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



The average amount of requested support per submitted application for Measure 1 was EUR 116,328 and has increased by EUR 22,385 or 19% compared to previous reporting on an annual basis. The above-average amount of requested support per submitted application is realized by the Vojvodina Region (EUR 119,842), while the lowest average amount of requested support per application refers to the Southern and Eastern Serbia Region (EUR 95,695). The value of this indicator for the remaining two regions is above EUR 100,000.

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

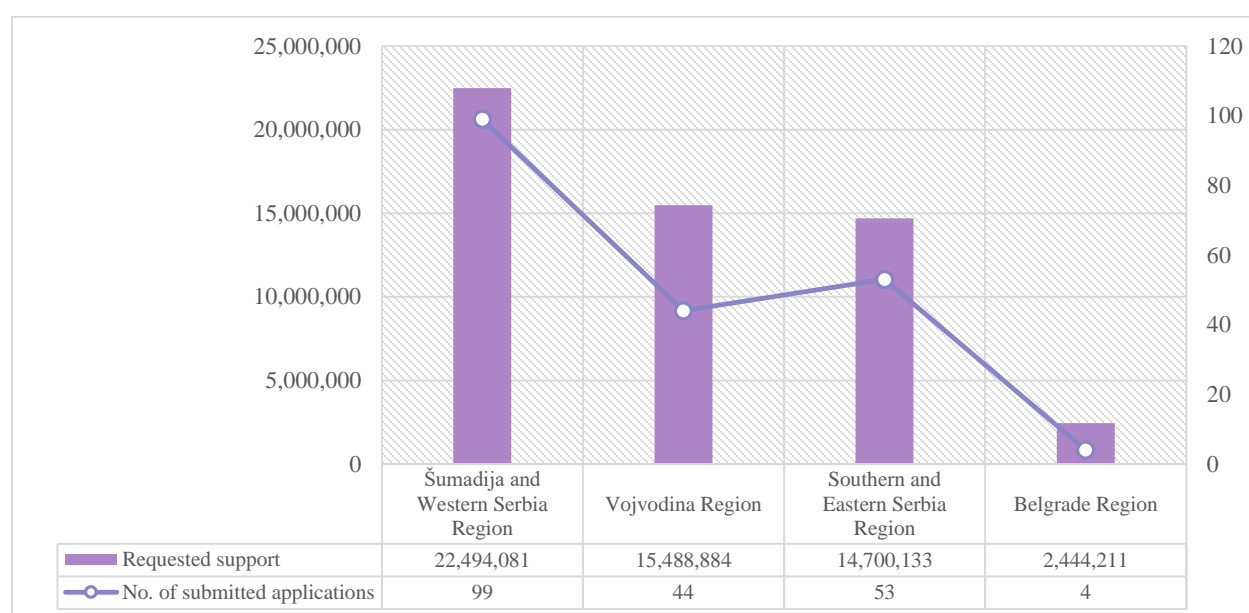


The largest number of submitted applications for project approval was realized by two administrative districts of the Vojvodina Region: South Bačka district (236) and Srem district

(209). Observed from the point of the total amount of requested support, seven districts with the highest value belong to the Vojvodina Region, with the first positioned Srem district (EUR 39.4 m). On the other hand, the amount of requested support below EUR 1.0 m was realized by two administrative districts of the Southern and Eastern Serbia Region: Nišava administrative district and Pčinja administrative district (Graph 14). The administrative districts that achieved the highest average value of investments per submitted application also belong to the Southern and Eastern Serbia Region (Podunavlje district: EUR 276,709 and Bor district: EUR 238,629).

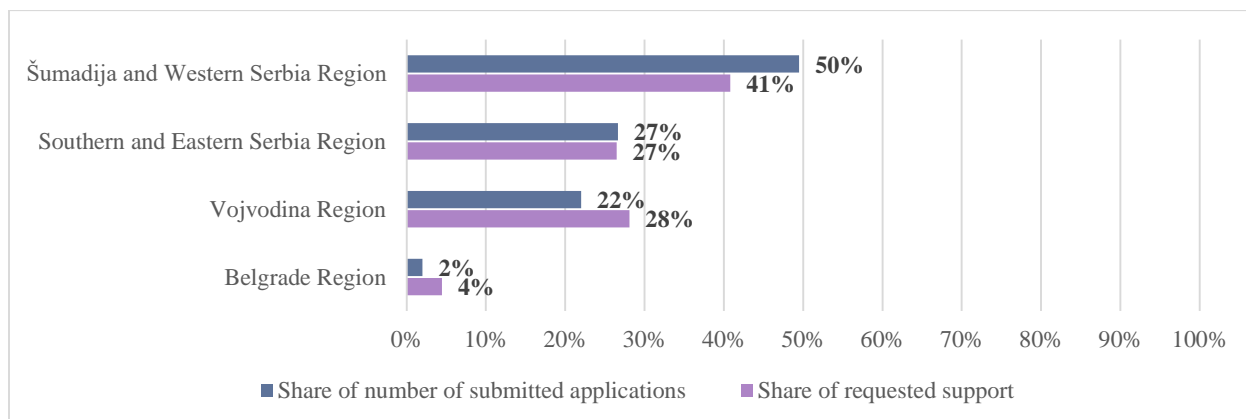
Under **Measure 3**, the largest share in the total requested support is realized by the Šumadija and Western Serbia Region (EUR 22.5 m), as well as in the total number of submitted applications (99), followed by: Vojvodina Region with the total requested support of EUR 15.5 m for 44 submitted applications, Southern and Eastern Serbia Region with EUR 14.7 m of total requested support for 53 submitted applications and the Belgrade Region with the lowest values for the analyzed indicators: EUR 2.4 m of requested support for four submitted applications (Graph 15).

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



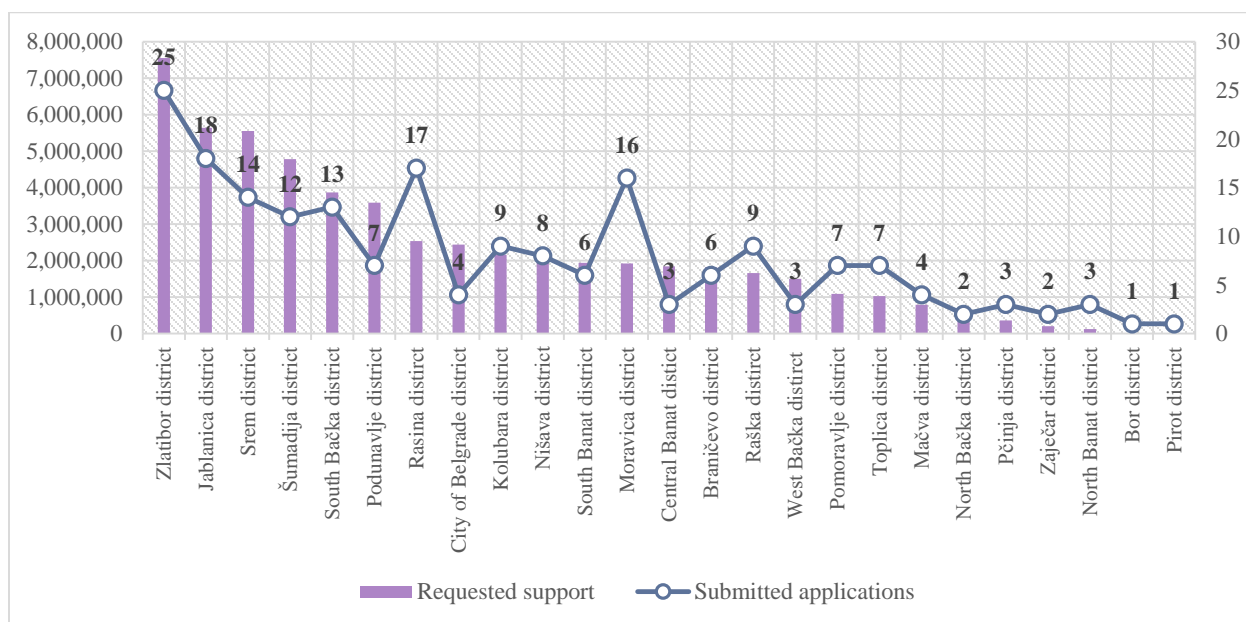
The share of the Šumadija and Western Serbia Region in the total number of submitted applications is significant (50%). Compared to the previous annual reporting (AIR 2020), there has been no change in terms of the participation of individual regions in the submitted applications. From the point of participation in the abovementioned indicator, Šumadija and Western Serbia Region is followed by: Southern and Eastern Serbia Region (27%) and Vojvodina Region (22%), while the Belgrade Region achieves the lowest share in the total number of submitted applications: 2% (Graph 16).

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



The average value of requested support per submitted application for Measure 3 in relation to the previous annual reporting has increased by EUR 3,109 or 1.1% and amounts to EUR 275,637. Although the Šumadija and Western Serbia Region achieved the largest share in the total number of submitted applications for project approval and the amount of total requested support, the above-average amount of requested support per submitted application is realized by the Belgrade Region: EUR 611,053 and the Vojvodina Region: EUR 352,020 while the remaining two regions achieved an average value of less than EUR 300,000 per submitted application. The average value of the requested support per submitted application under Measure 3 is at a significantly higher level compared to this indicator for Measure 1 (EUR 116,328), which is understandable given the significantly higher average value of investments under Measure 3 compared to the average value of investments for Measure 1.

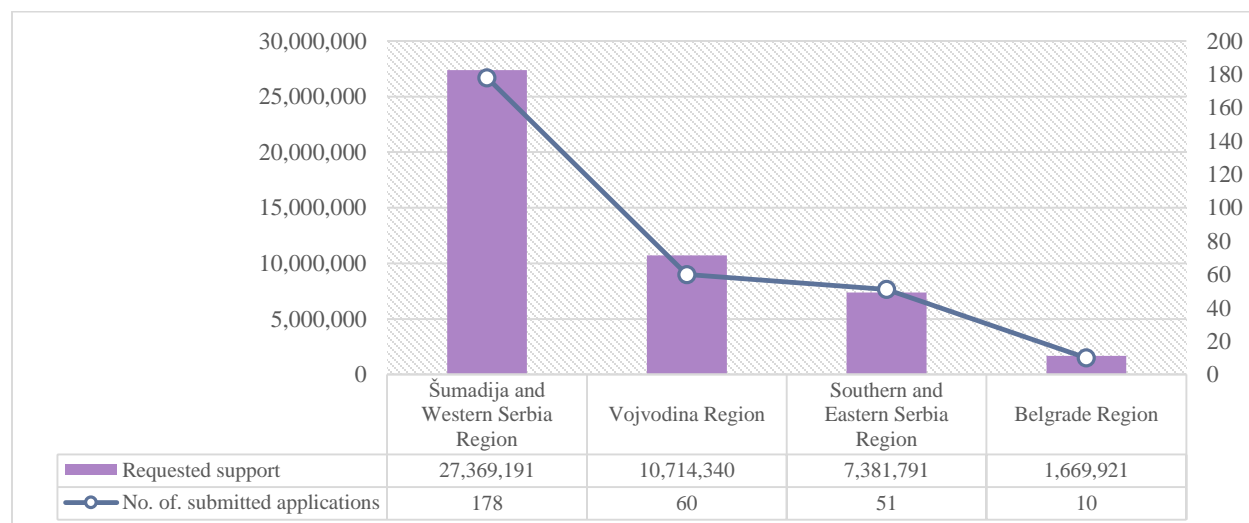
Graph 17: Number of submitted applications and requested support per administrative district (EUR), Measure 3



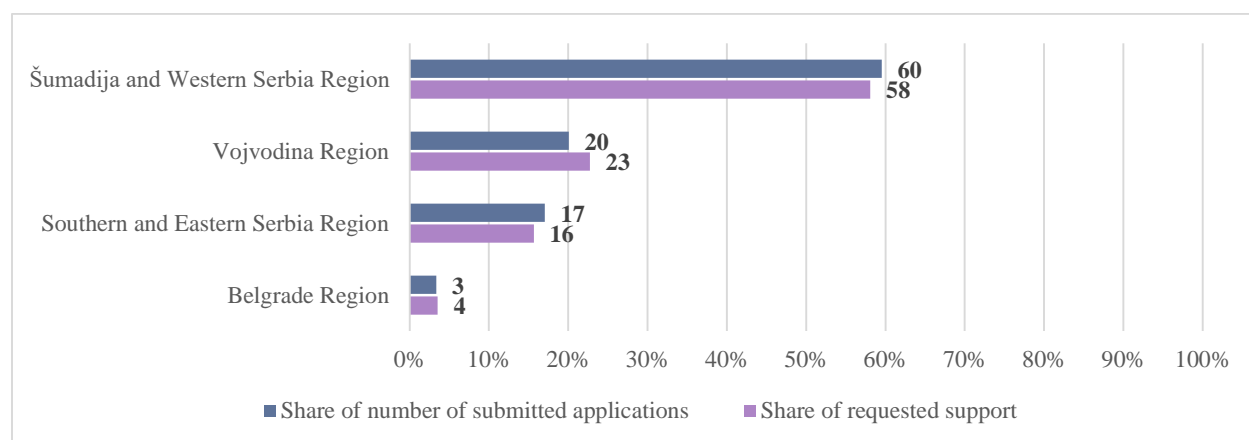
The dominant share of the Šumadija and Western Serbia Region, both in the total number of submitted applications and in the total amount of requested support, is contributed by the Zlatibor district with 25 submitted applications (12.5%) and requested support of EUR 7.6 m (13.7%). In addition to the Zlatibor district, the Jablanica district, as well as the Srem district, achieve the amount of total requested support above EUR 5.0 m. Administrative districts with the lowest number of submitted applications for Measure 3 belong to the Southern and Eastern Serbia Region: Pirot district and Bor district, one submitted application each (Graph 17).

Within **Measure 7**, from the point of the number of submitted applications (178, i.e. 60%) and the amount of requested support (EUR 27.4 m, i.e. 58%), the largest share has the Šumadija and Western Serbia Region, followed by: the Vojvodina Region with a total requested support of EUR 10.7 m (23%) for 60 submitted applications (20%), the Southern and Eastern Serbia Region with EUR 7.4 m (16%) of total requested support for 51 submitted applications (17%) and the Belgrade Region with the lowest values for the analyzed indicators: EUR 1.7 m (4%) of requested support for 10 submitted applications (3%), which is presented in Graphs 18 and 19.

Graph 18: Submitted applications and requested support per region (EUR), Measure 7

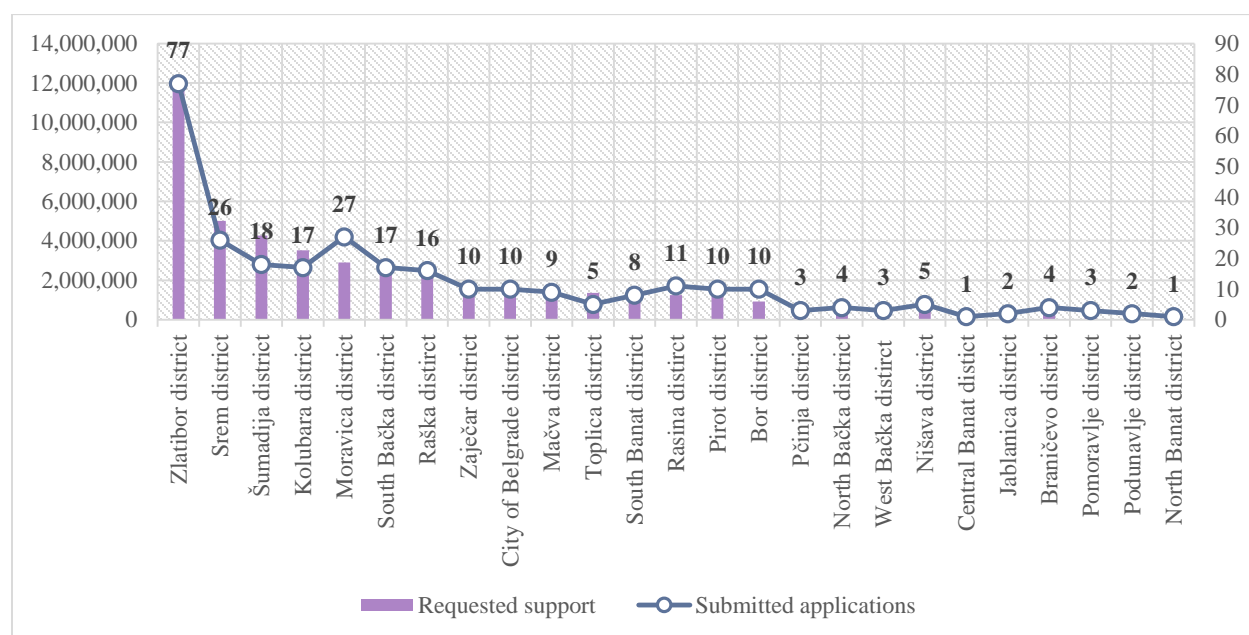


Graph 19: Share of regions in the total number of submitted applications and requested support (%), Measure 7



Based on available data on submitted applications and requested support, until 31st Decembar 2021, the average amount of requested support per submitted application for Measure 7 is EUR 157,643. Although the Šumadija and Western Serbia Region achieved the largest share in the total number of submitted applications for project approval and in the amount of total requested support, the highest average value of application is achieved by two regions: the Vojvodina Region (EUR 178,572) and the Belgrade Region (EUR 166,992), while the remaining two regions achieved an average value per submitted application below EUR 160,000. The average value of investments per submitted application for project approval under Measure 7 is higher compared to the same indicator for Measure 1 (EUR 116,328) and at the same time at a significantly lower level compared to this indicator for Measure 3 (EUR 275,637).

Graph 20: Number of submitted applications and requested support per administrative district (EUR), Measure 7



The highest share of the Šumadija and Western Serbia Region, both in the total number of submitted applications and in the total amount of requested support under Measure 7, is contributed by the dominant position of Zlatibor district according to both indicators (77 applications: 60% and requested support of EUR 11.6 m: 24.7%). In addition to Zlatibor district, both the Srem district and Šumadija district achieved the amount of total requested support above EUR 4.0 m. Districts with the lowest number of submitted applications for project approval for Measure 7 belong to the Vojvodina Region: North Banat district and the Central Banat district, one submitted application each (Graph 20).

Note: The part of the Report related to the territorial analysis does not include applications for project approval that did not have a location indicated (46 applications submitted within all six calls for Measure 1, two applications submitted within the first three calls for Measure 3 and 12 applications submitted within the First Call for Measure 7).

2.3. Achievement of the proposed objective

Out of the total number of submitted applications for project approval (2,521) by the end of 2021, the IA adopted the following decisions: 834 decisions on project approval, 355 decisions on rejection of applications due to non-fulfillment of conditions, 226 decisions on withdrawal of applications, while 510 applications were paid (Table 5).

Table 5: Submitted, approved, paid, rejected and withdrawn IPARD applications

Measure	Submitted applications		Approved applications		Paid applications		Rejected applications		Withdrawn applications **	
	No.	Requested support * (EUR)	No.	Amount of support * (EUR)	No.	Amount of support * (EUR)	No.	Requested support (EUR)	No.	Requested support (EUR)
Measure 1	1,604	139,411,380	680	39,223,358	470	15,581,227	244	24,586,178	190	11,562,915
Measure 3	313	71,997,211	100	21,045,056	40	6,221,997	68	9,716,231	19	4,235,874
Measure 7	604	59,745,574	54	5,810,533	0	0	43	6,651,515	17	1,879,236
Total	2,521	271,154,165	834	66,078,947	510	21,803,224	355	40,953,924	226	17,678,025

* EU contribution

** Applications withdrawn by applicant

Out of the total number of submitted applications for project approval, 834 applications were approved (33.1%), with the corresponding amount of EU support of EUR 66.1 m. Compared to the AIR 2020, ratio of the number of approved applications and number of submitted applications decreased by 0.3 percentage points. At the same time, the total number of approved applications increased by 43% (by 251 applications) compared to the AIR 2020, while approved EU support was almost twice times higher: by 96%, i.e. by EUR 32.3 m. By the end of 2021, 510 applications were paid with the amount of EU support of EUR 21.8 m, which represents a significant increase in payment between the two annual reports: by 290 paid applications (an increase of 135%) and by EUR 12.1 m of paid EU support (increase by 125%).

The increase in the approval and payment of IPARD projects was also accompanied by a significant increase in the number of rejected and withdrawn applications in 2021 compared to 2020. The number of rejected application in the period between the last two reports, increased by 53%, i.e. by 123 rejected applications, while the number of withdrawn applications increased by 40%, i.e. by 64 applications.

The realization per measure

The progress in reaching the target values of indicators for entrusted IPARD measures in the process of Programme implementation, measured by the execution rate, is presented in the following text in tabular form, with the accompanying explanation.

Measure 1**Table 6: Indicators and targets for Measure 1**

Indicator	Realization				Realization 31.12.2021. (cumulative)	Target value 2014-2020	Execution rate 2021 (%)
	2018	2019	2020	2021			
					a	b	c = (a/b)
Number of projects supported	0	145	46	279	470	720	65.3
Number of holdings performing modernisation projects	0	145	46	279	470	600	78.3
Number of holdings progressively upgrading toward EU standards	0	145	46	279	470	380	123.7
Number of holdings investing in renewable energy production	0	0	0	0	0	60	0
Number of holdings investing in livestock management in view of reducing N ₂ O and methane emissions (manure storage)	0	0	0	0	0	120	0
Total volume of investments (EUR)	0	9,645,783	4,370,020	19,044,361	33,060,164	168,977,778	19.6

In 2018, there were no payment of IPARD support within **Measure 1**, considering that this was the first year of the IPARD II Programme implementation. Until 31st December 2021, the execution rate for indicators “Number of projects supported” (470) and “Total volume of investments (EUR)” (approx. EUR 33.0 m) was 65.3% and 19.6%, respectively. In the period between the two annual reports, the execution rate for indicators was almost two times higher: for the indicator “Number of projects supported” it increased by 38.8 percentage points and for the indicator “Total volume of investments (EUR)” by 11.3 percentage points. Observed per year of Programme implementation, the highest realization of IPARD support was achieved in the 2021 (EUR 19.0 m of paid EU support for 279 projects), which represents progress in implementation of the IPARD Programme compared to the results achieved during the previous three-year period (2018-2020). The execution rate achieved in 2021 for the indicator “Number of projects supported” for Measure 1 (65.3%) is significantly higher than the achieved execution rate for the financial aspect of this indicator, i.e. for the indicator “Total volume of investments (EUR)”: 19.6%. A higher execution rate by the end of 2021 was achieved for the indicator: “Number of holdings performing modernisation projects”: 78.3% (increase by 46.5 percentage points compared to AIR 2020), and especially for the indicator: “Number of holdings progressively upgrading toward EU standards”: 123.7%, where target value set for the IPARD programming period 2014–2020 was achieved and exceeded. The execution rate for the mentioned indicator exceeded the target value of 380 projects by 23.7 percentage points, i.e. by 90 paid projects.

Measure 3

Table 7: Indicators and targets for Measure 3

Indicator	Realization				Realization 31.12.2021. (cumulative)	Target value 2014-2020	Execution rate 2021 (%)
	2018	2019	2020	2021			
					a	b	c = (a/b)
Number of projects supported	0	0	26	14	40	463	8.6
Number of enterprises performing modernisation projects	0	0	26	14	40	463	8.6
Number of enterprises progressively upgrading toward EU standards	0	0	26	14	40	463	8.6
Number of enterprises investing in renewable energy production	0	0	0	0	0	46	0
Total volume of investment (EUR)	0	0	8,466,018	8,704,627	17,170,645	165,893,333	10.4
Number of jobs created (gross)	0	0	0	0	0	160	0

The first realized payment of IPARD projects within **Measure 3** was in 2020, in which the largest number of IPARD projects were paid (26), while 14 projects were paid in the 2021, but with twice higher average value of the investment per project (EUR 621,759) in relation to the value of this indicator in 2020 (EUR 325,616). The previous statement is also confirmed by the higher amount of IPARD support in 2021 year (EUR 8.7 m) compared to 2020 year (EUR 8.5 m), despite the lower number of paid projects in 2021. The execution rate for the indicator “Number of projects supported” by the end of 2021 was 8.6% (an increase by 3 percentage points compared to the AIR 2020), and for the indicator “Total volume of investments (EUR)” was 10.4% (increase by 5.3 percentage points compared to the previous annual report). The execution rate for the indicators “Number of enterprises performing modernisation projects” and “Number of enterprises progressively upgrading toward EU standards” until 31st December 2021 was 8.6%, which is an increase of 3 percentage points compared to the previous annual report.

Measure 7

Table 8: Indicators and targets for Measure 7

Indicator	Realization				Realization 31.12.2021. (cumulative)	Target value 2014-2020	Execution rate 2021 (%)
	2018	2019	2020	2021			
					a	b	c = (a/b)
Number of projects supported	0	0	0	0		463	0.0
Number of agricultural holdings/enterprises developing additional or diversified source of income in rural areas	0	0	0	0	0	463	0.0
Number of recipients investing in renewable energy	0	0	0	0	0	463	0.0
Total volume of investment (EUR)	0	0	0	0	0	165,893,333	0.0
Number of jobs created (gross)	0	0	0	0	0	46	0.0

For the projects submitted by potential recipients for **Measure 7**, there was no payment of IPARD support by the end of 2021, and accordingly the execution rate for all indicators is 0%. However, it is important to note that during the 2021, 54 decisions on project approval were adopted, with the total amount of approved support of EUR 7.7 m.

Observed by measure, based on the IPARD results achieved by the end of 2021, it can be stated that the highest execution rates in relation to the target values of indicators was achieved under Measure 1, where the target value for the indicator “Number of holdings progressively upgrading toward EU standards” by the end of 2021 exceeded by 23.7 percentage points and amounted 123.7%.

The realization at the Programme level

Table 9: Programme objectives (sum of indicators for each measure)

Indicator	Realization				Realization 31.12.2021. (cumulative)	Target value 2014-2020	Execution rate 2021 (%)
	2018	2019	2020	2021			
					a	b	c = (a/b)
Number of projects having received IPA support in agri-food sector and rural development	0	145	72	293	510	1,439	35.4
Total investment generated via IPA in agri-food sector and rural development	0	9,645,783	12,836,038	27,748,988	50,230,809	370,768,547	13.5
Number of economic entities performing modernisation projects in agri-food sector	0	145	72	293	510	1,063	48.0
Number of economic entities progressive upgrading towards EU standards	0	145	72	293	510	843	60.5
Number of jobs created (gross)	0	0	0	0	0	260	0.0
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	0	0	0	0	0	276	0.0

By the end of 2021, 510 recipients received IPA support in the agri-food sector and rural development through the implementation of the IPARD II Programme, which is a significant increase in the number of supported IPARD recipients compared to the end of 2020 (191). Accordingly, in terms of implementation at the Programme level (Chapter 6.4 of the IPARD II Programme), the total execution rate for the indicator “Number of projects having received IPA support in agri-food sector and rural development” also achieved a significant increase by the end of 2021, compared to the previous year (by 20.3 percentage points) and on 31st December 2021 it was 35.4%. Also, there was an increase in the realization of the financial Programme indicator “Total investment generated via IPA in agri-food sector and rural development” (from 6.1% by the end of 2020 to 13.5% by the end of 2021, i.e. by 7.4 percentage points). Furthermore, compared to the previous reporting year, there was a significant increase in the execution rate for Programme objectives expressed through indicators: “Number of economic entities performing modernisation projects in agri-food sector” (execution rate by the end of 2021 was 48%, which represents an increase compared to the result achieved at the end of 2020 by 27.6 percentage points) and “Number of economic entities progressive upgrading towards EU standards” (execution rate by

the end of 2021: 60.5%, an increase in relation to realization in previous year by 34.8 percentage points).

3. FINANCIAL COMMITMENTS AND EXPENDITURE BY MEASURE

The IPARD II Programme defines the maximum indicative EU contribution for the period 2014-2020 in the amount of EUR 175 m. Interest earned on the IPARD II euro account, opened with the NBS, according to the NF, since the beginning of the IPARD II Programme implementation is EUR 0.

Table 10: Maximum indicative EU contribution for IPARD fund for the period 2014-2020 (EUR)

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

Within the total public support for entrusted investment measures (Measure 1, Measure 3 and Measure 7), 75% of the amount refers to the EU contribution, while the national contribution is 25% of public support, and in the case of Measure 9 the EU contribution is 85% and national co-financing is 15% (Table 11). Total public support, as well as EU contribution are allocated to entrusted measures, i.e. Measure 1, Measure 3 and Measure 7 and Measure 9 by the modification of the IPARD II Programme. The largest share in the total allocated IPARD fund has Measure 1 with the amount of the total public support of EUR 129,963,299 while the amount of EU contribution is EUR 97,472,474 (55.7%). In the total allocated EU contribution, Measure 3 has a share of 28.2%, Measure 7 of 15%, while Measure 9 has a share of 1.1% in the total allocated EU contribution.

Table 11: Financial plan per measure in EUR, 2014-2020

Measure	Total public support (EUR)	EU contribution (EUR)	EU contribution (%)	National contribution (EUR)	National contribution (%)
Investments in physical assets of agricultural holdings (Measure 1)	129,963,299	97,472,474	75	32,490,825	25
Investments in physical assets concerning processing and marketing of agricultural and fishery products (Measure 3)	65,770,035	49,327,526	75	16,442,509	25
Agri-environment-climate and organic farming measure (Measure 4)	0	0	85	0	15
Implementation of Local Development Strategies – LEADER approach (Measure 5)	0	0	90	0	10
Farm diversification and business development (Measure 7)	34,933,333	26,200,000	75	8,733,333	25
Technical Assistance (Measure 9)	2,352,942	2,000,000	85	352,942	15
Total	233,019,609	175,000,000	-	58,019,609	-

Source: IPARD II Programme

In 2021 financial year three calls were published – the Sixth Call for Measure 1, the Fourth Call for Measure 3 and the Second Call for Measure 7.

During the reporting period, the IA submitted 32 requests for funds to the NF and all of them were approved. For the submitted and approved requests for funds, NF transferred funds to IA, which

made payments to 295 recipients, out of which 279 referred to Measure 1 and 16 to Measure 3 (total support paid to recipients amounted EUR 16,151,086.98, out of which EU contribution amounted to EUR 12,113,315.06).

By the end of 2021, decisions on the project approval were made in the amount of EUR 66,078,948 (EU contribution), which represents 37.8% of the total IPARD support foreseen in the indicative financial plan (increase by 18.5 percentage points compared to AIR 2020). Of the total approved amount of EU contribution 59.4% refers to Measure 1, 31.8% to Measure 3 and 8.8% to Measure 7, which represents 40.2%, 42.7% and 22.2% of EU contribution foreseen in indicative plan respectively (Table 12).

Table 12: Financial implementation of EU contribution per IPARD measure (EUR)

Measure	EU contribution				
	Indicative financial plan	Approved amount	Paid amount	Execution rate of approval (%)	Execution rate of payment (%)
	a	b	c	$d=(b/a)*100$	$e=(c/a)*100$
Measure 1	97,472,474	39,223,358	15,581,227	40.2	16.0
Measure 3	49,327,526	21,045,056	6,221,997	42.7	12.6
Measure 4	0	0	0	0.0	0.0
Measure 5	0	0	0	0.0	0.0
Measure 7	26,200,000	5,810,533	0	22.2	0.0
Measure 9	2,000,000	0	0	0.0	0.0
Total	175,000,000	66,078,948	21,803,224	37.8	12.5

Source: IPARD II Programme, Common Indicator Tables for Monitoring and Evaluation

By the end of 2021, EUR 21,803,224 was paid of the total amount of the EU contribution, out of which 71.5% referred to Measure 1 and 28.5% to Measure 3, with the execution rate of the indicative EU contribution per measure of 16%, i.e. 12.6%, respectively (Table 12).

Compared to the previous reporting year (2020), significant progress has been made in terms of utilisation of EU contribution for Measure 1 and Measure 3. In 2021, compared to 2020, there was an increase in the total approved amount of EU contribution by 89.8%, while the total paid EU contribution was increased by 125% (Table 13).

Annual Implementation Report on IPARD II Programme for 2021

Table 13: Utilisation of EU contribution per implementation year (EUR)

Measure	Indicative financial plan	2020				2021				Index 2021/2020	
		Approved amount	%	Paid amount	%	Approved amount	%	Paid amount	%	Approved amount	Paid amount
Measure 1	97,472,474	21,808,384	22.4	6,645,923	6.8	39,223,358	40.2	15,581,227	16.0	179.9	234.5
Measure 3	49,327,526	11,945,784	24.2	3,043,987	6.2	21,045,056	42.7	6,221,997	12.6	176.2	204.4
Measure 7	26,200,000	0	0.0	0	0.0	5,810,533	22.2	0	0.0	0.0	0.0
Measure 9	2,000,000	0	0.0	0	0.0	0.0	0.0	0	0.0	0.0	0.0
Total	175,000,000	33,754,168	19.3	9,689,910	5.5	66,078,948	37.8	21,803,224	12.5	195.8	225.0

Source: IPARD II Programme, Common Indicator Tables for Monitoring and Evaluation

In 2021, the EU contribution was paid in the total amount of EUR 12.1 m (EUR 8.9 m for Measure 1 and EUR 3.2 m for Measure 3), which increased the total paid EU contribution in 2021 compared to 2020 by 125% (Table 14).

Table 14: IPARD allocations and paid EU contribution per year of implementation (EUR)

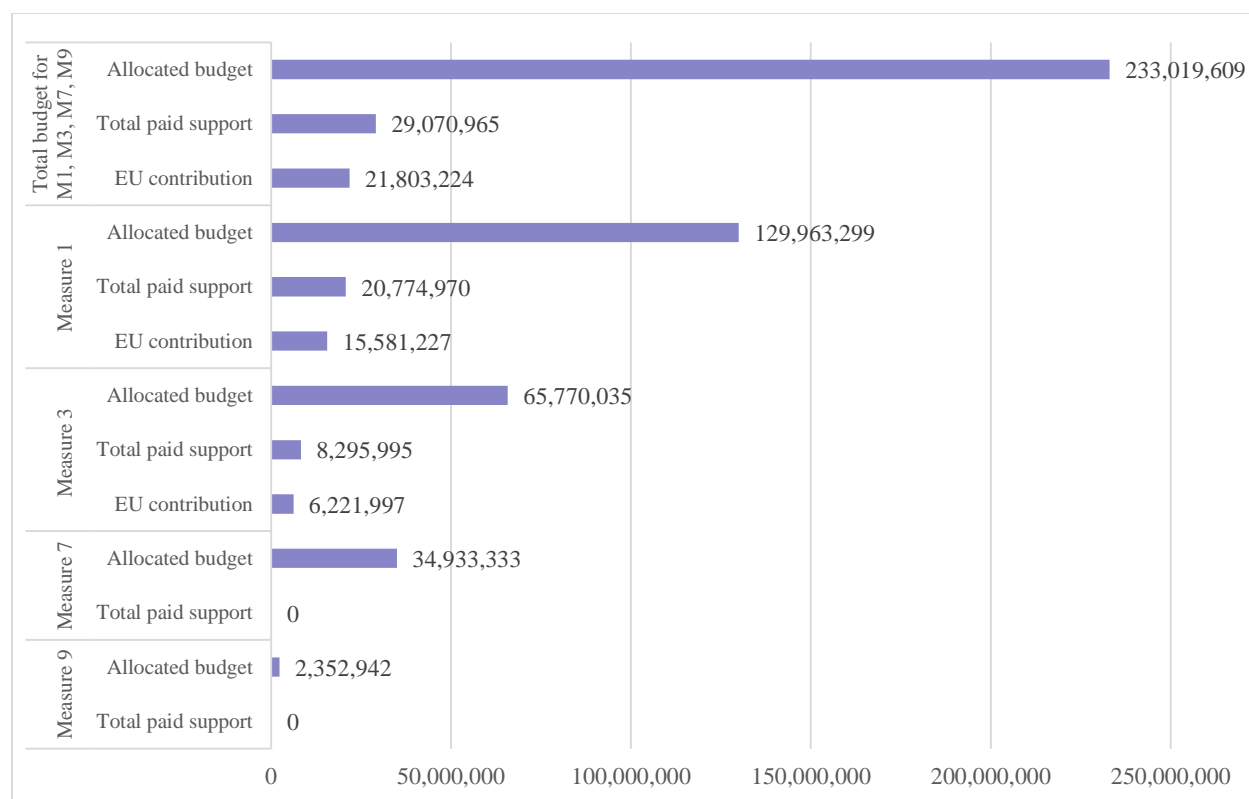
	2014	2015	2016	2017	2018	2019	2020	2021	2014-2020.
EU contribution	-	15,000,000	20,000,000	25,000,000	30,000,000	40,000,000	45,000,000	-	175,000,000
Measure 1	-	7,535,248	9,900,325	11,122,224	12,199,743	18,902,434	37,812,500	-	97,472,474
Measure 3	-	7,464,752	10,099,675	8,690,276	9,162,757	13,910,066	0	-	49,327,526
Measure 7	-	-	-	5,187,500	8,637,500	6,187,500	6,187,500	-	26,200,000
Measure 9						1,000,000	1,000,000	-	2,000,000
Paid EU contribution	-	0	0	0	0	4,577,520	5,112,390	12,113,315	21,803,224
Measure 1	-	0	0	0	0	4,577,520	2,068,403	8,935,305	15,581,227
Measure 3	-	0	0	0	0	0	3,043,987	3,178,010	6,221,997
Measure 7	-	0	0	0	0	0	0	0	0
Measure 9	-	0	0	0	0	0	0	0	0

Source: IPARD II Programme, Common Indicator Tables for Monitoring and Evaluation

In relation to the total amount of paid EU contribution (EUR 21.8 m), in 2021 it was achieved a share of 55.6%, in 2020 a share of 23.4% and 21.0% in 2019. Execution rate of EU contribution in relation to the overall financial plan is 6.9% in 2021, 2.9% in 2020 and 2.6% in 2019. At the same time, with the total paid amount of the EU contribution of EUR 21.8 m, up until 31st December 2021, the execution rate in relation to the total allocated funds (EUR 175 m) was 12.5%, where the realisation of the total EU contribution for Measure 1 is 16.0% and for Measure 3 this indicator is 12.6%.

The realization of the total public support in relation to allocated budget per published call is presented in Graph 21.

Graph 21: Paid support in relation to the allocated budget per measure (EUR)



Within the twelve calls published so far for all entrusted IPARD measures, the realization of the total allocated budget in relation to paid total public support amounted to 12.5%, for Measure 1 (for six published calls) 16.0%, for Measure 3 (for four published calls) 12.6%, while for the Measure 7 within the two published calls, up until 31st December 2021, there were no paid projects (Graph 21).

By the end of 2021, two calls were completed in terms of processing and payment of applications: The First Call for Measure 1 and the First Call for Measure 3. Out of the total number of approved projects under the First Call for Measure 1 no application for payment was submitted for ten approved applications, as well as under the First Call for Measure 3 no application for payment was submitted for three approved projects.

Table 15: Completed Public Calls per IPARD measure, 2021

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

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

During the reporting period, there was one personal change in the IPARD Operating Structure (IPARD Agency), while within Management Structure there were no personnel changes in the observed period.

4.1. Managing Authority activities

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

- drafting the IPARD II Programme and any amendments to it;
- the controllability and verifiability of the measures defined in the IPARD II Programme;
- the selection of measures under each call for submission of applications, the eligibility conditions 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.

The Managing Authority is responsible for establishing a monitoring and reporting system to gather financial and statistical information on progress in implementation of the IPARD II Programme, on the basis of data provided by the IA. The monitoring and reporting system shall contribute to the preparation of annual and final reports on IPARD II Programme implementation, which the Managing Authority shall submit to the IPARD II Monitoring Committee, NAO, NIPAC and EC. The Managing Authority conduct evaluation of the IPARD Programme, as well and reports on implemented activities envisaged in the Evaluation Plan.

Futhermore, the Managing Authority shall prepare an Annual Action Plan for the envisaged activities under Measure 9, the Plan of Visibility and Communication Activities and reports to the IPARD II Monitoring Committee members on their realisation.

During the reporting period, the Managing Authority has performed the following activities:

- The Proposal of Fourth Modification of the IPARD II Programme was prepared and adopted at the Seventh session of the IPARD II Monitoring Committee by members and submitted to the EC for approval on 30th November 2020. The EC adopted the Proposal of Fourth Modification of the IPARD II Programme by its Implementing Decision *C (2021) 2585* on 9th April 2021. By the Conclusion of the Government of the RS number 05: *48-3420/2021* of 15th April 2021 the Programme on amendments to the IPARD Programme for the RS for the period 2014-2020 was adopted. This Programme modification refers to financial tables, aimed at reallocating of IPARD funds by measures and years in order to better absorb funds.
- 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 and 114/21). The reasons for adoption of this Law are primarily reflected in the need to meet the requirements of the Sectoral Agreement between the Government of the RS and the EC setting out provisions for the implementation of European Union financial assistance to the Republic of Serbia under the IPARD Programme, as well as the need to improve the efficiency of application processing and to introduce advance payment. The

most significant modification made by the Law refers to the possibility 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 order to avoid bad practice of submitting “empty/incomplete applications” by the IPARD recipients, which extends the time of administrative processing of applications, the Amended Law on Agriculture and Rural Development prescribes mandatory documentation submitted by IPARD recipients when submitting an Application for Project Approval for investment measures under the IPARD Programme. Furthermore, an important prerequisite for the entrustment of Measure 5: Implementation of Local Development Strategies - LEADER approach within the IPARD III Programme is enabled by amending the Law, which established a legal basis for the implementation of this Measure in the manner prescribed by the EU.

- The 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, 78/18, 67/19, 53/21, 10/22 and 18/22) and 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, 82/19, 74/21 and 10/22) followed by the adoption of the Amendment to the Law on Agriculture and Rural Development. These amendments primarily aimed to introduction of the possibility of advance payment, as well eliminate the identified shortcomings during the implementation of the public calls in the previous period.
- The amendments to the Rulebook on IPARD subsidies for farm diversification and business development were published in the “Official Gazette of RS”, No. 87 of 10th September 2021 and No. 10 of 28th January 2022.
- The Managing Authority has prepared the IPARD III Programme for the Republic of Serbia for the period 2021–2027, which was submitted to the European Commission for adoption on 16th November 2021. Based on the available data at the time of preparation of Report, the IPARD III Programme was adopted by the EC on 9th March 2022.

Risks encountered in implementing the IPARD II Programme and actions taken

In the reporting period, the MA in coordination with the IA, undertook activities in order to identify and eliminate risks and deficiencies affecting the implementation of the IPARD II Programme with the aim of IPARD II Programme improvement. The activities stated in the Tables 16, 17 and 18 are related to amendments to the rulebooks for Measure 1, Measure 3 and Measure 7, Fourth modification of the IPARD II Programme and adoption of the Law on Amendments to the Law on Agriculture and Rural Development in order to improve the efficiency of implementation.

Table 16: Activities in risk mitigation and deficiencies in the implementation of Measure 1 under the IPARD II Programme in 2021

Risks in the implementation of the measure (verifiability and controllability)	Mitigating Actions	Overall assessment
1. Potential risk of de-commitment of the allocated funds to non-entrusted measures	Regular MA and IA meetings; Consultations with MC members and 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: Changes of the Financial Tables - reallocation of budget for 2017, 2018, 2019 and 2020 from Measure 5 to Measure 1. Annual financial allocations for Measure 3 for 2020 are reallocated to Measure 1, within the allocation for 2020

Annual Implementation Report on IPARD II Programme for 2021

		(due to higher number of potential recipients in Measure 1). Furthermore, 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 IPARD recipients.
2. Farmers under 40 years on the day of application approval can receive additional points, as well as higher aid intensity. 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 EC representatives.	Amendment to the Sectoral Agreement and the IPARD II Programme, as well as definition of young farmer within Rulebook on Measure 1, according to which young farmer is under 40 years on the day when submitting the application for project approval.
3. Within the Other Crops Sector, hop producers are not eligible recipients. Accordingly, there is a potential risk that funds will not be used sufficiently under this sector. The sectoral analysis prepared for the purpose of the IPARD III Programme preparation has shown that hop producers should be supported, as well.	Regular MA and IA meetings.	By the amendments to the Rulebook on Measure 1, hop producers were introduced under the Other Crops Sector.
4. 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 on Measure 1 the “location of the investment” was defined for those applicants where the location of the investment differs from the residence.
5. Risk that all potential recipients could not apply for IPARD support in 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 on Measure 1, recipients who apply for IPARD support in construction on rented land parcels are eligible.
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 1, these investments were not eligible.	Regular MA and IA meetings, as well as consultations with potential recipients.	Amendments to the Rulebook on Measure 1 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 applicants cannot obtain required documentation in case of change of ownership.	Regular MA and IA meetings, as well as consultations with potential recipients.	The amendment to the Rulebook on Measure 1 introduced a provision that in the case of a change of ownership the use permit may be issued to another person if

Annual Implementation Report on IPARD II Programme for 2021

		the use permit was issued before the acquisition of ownership.
8. 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, which introduced the possibility of advance payment to IPARD recipients.

Table 17: Activities in risk mitigation and deficiencies in the implementation of Measure 3 under the IPARD II Programme in 2021

Risks in the implementation of the measure (verifiability and controllability)	Mitigating Actions	Overall assessment
1. Potential risk of de-commitment of the allocated funds to non-entrusted measures	Regular MA and IA meetings; Consultations with MC members and 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: Changes of the Financial Tables - reallocation of budget for 2017, 2018, 2019 and 2020 from Measure 5 to Measure 1. Annual financial allocations for Measure 3 from 2020 are reallocated to Measure 1, within the allocation for 2020 (due to higher number of potential recipients in Measure 1). Furthermore, 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 IPARD recipients.
2. 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.	Amendments to the Rulebook on Measure 3 provide the possibility that the investments in construction of facilities where certain type of works had already been started before application submission are eligible.
3. Risk that investments in the procurement of a line for processing agricultural products cannot be fully controlled because they are not accompanied by a technical-technological project.	Regular MA and IA meetings.	Amendments to the Rulebook on Measure 3 introduced the obligation to submit a technical-technological project for investments in the procurement of a line for processing agricultural products.
4. Risk that all potential recipients could not apply for 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 on Measure 3, recipients who apply for IPARD support in construction on rented land parcels are eligible.
5. 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 IPARD recipients.

Table 18: Activities in risk mitigation and deficiencies in the implementation of Measure 7 under the IPARD II Programme in 2021

Risks in the implementation of the measure (verifiability and controllability)	Mitigating Actions	Overall assessment
1. Framers under 40 years, on the day of application approval can receive additional points, as well as higher aid intensity. 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.	Amendment to the Sectoral Agreement and the IPARD II Programme, as well as definition of young farmer within Rulebook on Measure 7, according to which young farmer is under 40 years on the day when submitting the application for project approval.
2. Due to the insufficiently precise definition of “location of investment”, under the Rulebook on 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 on Measure 7 the “location of the investment” was defined for those applicants where the location of the investment differs from the residence.
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 on Measure 7, these investments were not eligible.	Regular MA and IA meetings, as well as consultations with potential recipients.	Amendments to the Rulebook on 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.
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 IPARD recipients.

4.1.1. Statement of Assurance

In accordance with Article 59 (2) of the FwA IPA II and Article 46 (1) of the SA, NAO submitted to the EC Annual Management Declaration for 2021, which covers:

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

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

The NAO gave an emphasis to the following three areas in the Annual Management Declaration for 2021:

- **Timely implementation of the IPARD Programme for the period 2014-2020** in order to ensure timely implementation and absorption of IPARD funds. Special attention will be given to regular monitoring and supervising key processes and enhancing the collaboration between Management and Operating Structure. One of the tools to be used are regular meetings in order to discuss the ongoing tasks and issues. In addition, the MAFWM initiated the formation of the Working Group in order to monitor and report to the EC on the implementation of activities envisaged by the Action Plan for improvement of absorption of IPARD funds.
- **Staff capacity in all IPARD bodies, focusing on:**
 - further recruitment of staff in line with Work Load Analysis;
 - applying different tools and mechanisms for retaining staff;
 - continuous training and improving institutional capacity.
- **Implementation of Retention policy for staff within IPARD bodies:** The highest levels of the Serbian authorities have acknowledged the retention policy issue as one of the priorities. In the forthcoming period further actions regarding retention policy will be continued for the entire IPA/IPARD structure. The NAO and Management Structure bodies give full support to all IPARD bodies in achieving the common goal of increasing the absorption of IPARD funds and keeping the system stable and efficient.
- **Changes of the legal base and procedural framework:** In order to ensure effective implementation of the IPARD II Programme, the Working Group within the MAFWM have initiated necessary activities for change of the national legislation and consequently the procedures that will significantly improve the working processes in terms of complexity and time consumption.
- **Reatment of irregularities and fight against corruption and fraud will continue:** Joint work and successful cooperation among IPARD bodies and AFCOS, will continue during 2022.
- **Preparation of institutional, legal and procedural framework for the IPARD III Programme:** The aim of the NAO and Management Structure bodies, as well as all IPARD bodies is to make use of the lessons learnt in the most productive way in order to ensure timely entrustment of the IPARD III Programme.

4.2. NAO and National Fund activities

During the reporting period, IA submitted 32 Requests for funds (RfFs) to the NF and all of them were approved. For submitted and approved RfFs the NF transferred funds to the IA, which executed payments to the 295 recipients, out of which 279 for Measure 1 and 16 for Measure 3 (total value paid to the recipients: EUR 16,151,086.98, out of which EU contribution: EUR 12,113,315.06, national contribution: EUR 4,037,771.92). Two RfF were submitted and approved in 2019, but payments were executed in 2020.

The total payment rate since the beginning of the implementation of the IPARD II Programme is 12.5%. The NAO SO during the reporting period actively monitored and supervised the functioning of the system established for the implementation of the IPARD II Programme, through analysis of available data and reports, regular meetings, as well as on-the-spot checks in accordance with the annual plan.

Changes in the procedures

In the reporting period, the IA has submitted two requests for changes of the procedures due to adopted Amendments to the Rulebook on IPARD subsidies for investments in physical assets of agricultural holdings, Rulebook on IPARD subsidies for investments in physical assets concerning processing and marketing of agricultural and fishery products and Rulebook on IPARD subsidies for farm diversification and business development. The proposed changes did not affect the entrustment requirements, neither was substantial according to the guidance on significant changes received from the EC. All proposed changes were assessed and approved by the NAO and refer to the technical corrections, simplification of procedures, etc.

On-the-spot checks by the Management Structure

During the reporting period and in accordance with on-the-spot check (OSCs) plan for 2021, the NAO SO performed eight on-the-spot checks in the IA (five according to the OSC plan and three ad-hock) and one in the MA, including four visits to the selected IPARD recipients.

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

One of the objectives of on-the-spot controls carried out by the NAO SO in all IPARD bodies is to check if the IPARD bodies actually implement the procedures on the basis of which they have been entrusted with budgetary tasks for the IPARD II Programme implementation.

Processes that were selected for checks in the IA, in line with OSC plan, are: project approval, on-the-spot control before project and payment approval, ex-post control, payment approval and horizontal processes (Horizontal Matters, Irregularities, Risk Management).

Documents were collected in advance, reviewed desk-based, discussed and controlled during on-the-spot checks.

Main findings were related to: staffing, inadequate risk management approach, the missing answers that had to be provided in the checklists, the unclear or incorrect references that had to be provided in the checklists, non-compliance with the deadline for adoption of a decision, the non-compliance in the answers from A1 and A2 processors provided in the checklists, the use of different versions of the checklists compared to the valid version of the Manual of Procedure in force, issuing Decision on project approval for support before verification procedure is completed, non-compliance with the procedure in terms of check for previously implemented projects.

Regarding the visits to the recipients, it was found that the investments are in place, in use, marked and in accordance with characteristics given in the documents.

In addition to the on-the-spot check plan, three ad-hock controls were conducted related to:

1. Irregularities,

2. One on-the-spot check was carried out in order to determine the reasons for the delays within project approval process, and
3. Follow-up of implementation of previous NAO SO on-the-spot check findings.

During on-the-spot check in the MA, conducted desk-based, in November 2021, subject of the control were horizontal processes (Horizontal Matters, Irregularities, Risk Management and Management Declaration). The report relating to this control contains one finding regarding reporting arising from HR Management and one recommendation regarding segregation of duties.

Additionally, the NF performed desk-based check during September - October 2021. The focus of the desk based check was payment of three recipients paid through RfF from the IA to the NF for the Measure 1 (two recipients) and Measure 3 (one recipient).

One finding was related to incorrect filling of the IA's Annex DAP 05-01.15 Reconciliation of the executed payments.

During the third desk-based check performed by the NF it is concluded that relevant approval/execution of payments to the three selected recipients, as well as recording of accounting transactions are conducted in accordance with the entrusted procedures.

However, some inconsistencies occurred. Namely, non-compliance with the 9-months rule for administrative processing of application from the date of submission of application, incorrect filling of some fields in the entrusted tables, missing signatures, inadequate reconciliations.

4.3. IPARD Agency activities

According to the Rulebook on Internal Organisation and Systematization of Work Posts in the MAFWM which entered into force on 21st May 2021, the number of systematized working posts within the Directorate for Agrarian Payments is 282, out of which 235 are working on implementation of the IPARD II Programme.

The total number of employees in the DAP was 261 on 31st December 2021 (155 permanent employees and 106 contracted employees), out of which 154 IPARD staff (122 permanent employees and 32 contracted employees).

The public competition for filling 10 vacancies, which was published in June 2021, has ended and nine employees were engaged (out of which eight are IPARD staff), while one work post remain vacant after public competition. Furthermore, public competition for filling 24 vacancies (out of which 22 IPARD staff) was published on 29th September 2021 and is still ongoing by the end of the reporting period.

During 2021, the IA has prepared forms of acts for dealing with applications for approval of IPARD projects, objections in the ranking procedure and applications for approval of IPARD support for:

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

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

When it comes to the exceptional situations, a total of one request for exception was submitted, which was approved and it is related to the implementation of control before project approval within the Sixth Call for Measure 1.

During 2021 the IA has submitted two requests for change of procedures to the NAO:

- In order to harmonize with the Systematization Act and adopted Rulebook on the 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, 78/18, 67/19 and 53/21), as well as with audit recommendations. The NAO approved change of procedures;
- As a result of the amendments to the Rulebook regulating the implementation of Measure 7, the NAO approved change of procedures.

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

4.3.1. Controls, carried out per measure and irregularities detected

On the spot controls performed by the IPARD Agency

IPARD Agency has carried out a total of 579 on-the spot controls in 2021. Under Measure 1, 432 on-the spot controls were carried out, including control of the specific eligibility criteria. As a result of approved exceptional situation for the Fourth Public Call under Measure 1, where controls before project approval were not performed, in 2021 under that Public Call 219 controls before payment were carried out (which represent approx. 72% out of the total controls before payment performed in 2021). The non-implementation of controls before project approval made the controls before payment more complex and demanding, however, only in one case there was a deviation from the submitted application of the recipient.

Furthermore, one more exceptional situation was approved regarding Sixth Public Call for Measure 1 for investment in mechanisation. Based on that, controls before project approval will be performed by using alternative means. Acting on requests for on-the-spot control by that Public call has started in December 2021.

When it comes to Measure 3, 81 on-the spot controls were carried out, while 66 on-the spot controls were carried out within Measure 7. Ex-post controls were performed for the second year in a row.

Identified irregularities:

During 2021, in the Directorate for Agrarian Payments 10 irregularity signals were registered. After necessary controls in accordance with the procedure for irregularities management, three irregularities were confirmed. The confirmed irregularities had no financial impact, so there was no refund.

4.3.2. Audit Missions

Audit Authority performed System Audit regarding IPARD II Programme in the period April-September 2021 and final audit report was received in October 2021. The functioning of the management and control system established under indirect management for IPARD Programme for IPA 2014-2020 in all institutions of the IPARD system were checked.

There are two major, 14 intermediate and seven minor findings. The most significant findings were related to: non-efficiency and non-effectiveness of the existing supervision process within Department for Implementing International Assistance; failure to update Bank mandates in accordance with the change that occurred in the personnel of DAP management (closed); inaccuracy, unreliability and inconsistency of data on date and time of submitted applications; inconsistent application of the 4-eyes principle and non-existing weekly verification by the Head of all documents generated in the IPARD Registry Office; uneven treatment in providing data needed to update the Risk Register; failure to deliver internal and external audit reports to the IPARD Agency's Irregularity officer. IPARD bodies have taken steps to address the recommendations.

Regarding Audit of Operations of IPARD II Programme for 2020, Audit Authority has performed audit of operations for 2020, in the period December 2020–March 2021 and final report was issued on 11th March 2021. There were two intermediate findings without financial impact: inconsistent application of the DAP 02-02 Methodology for calculation of reasonableness of general costs in the part that refers to the calculation of the maximum eligible costs for preparation of the business plan, excess of the 6-month payment deadline. Both of the findings are closed.

In addition, Audit of Operations for IPARD II Programme for 2021, Audit Authority has started in November 2021 and finished by 28th February 2022. Final report, submitted on 11th March 2022, contains one major, four intermediate and one minor finding. Major finding relates to the inconsistent application of the Checklist for Measure 3 in the part related to verification of List of approved facilities of the Directorate General of the European Commission for food safety.

Audit Authority has performed Audit of the Annual Financial Reports or Statements/Annual Accounts and assessment regarding consistency of the annual Management Declaration for 2021, drawn up by the NAO, with the audit work, conducted from 1st February 2021 to 10th March 2022. Audit Authority obtained reasonable assurance that: amounts recognised as eligible expenditure are complete, reliable, accurate and properly entered into accounting software; all transactions related to the sample were recorded on adequate accounting code (in accordance with the Rulebook on Standard Classification Framework and Chart of Accounts for Budget System); expenditure from selected sample declared to the Commission correspond to the amount of expenditure shown as cost recognised in the accounting of the IA and NF.

In November 2020, DG AGRI conducted IT audit (engaged external company PwC from Belgrade). Report was issued on 1st February 2021. The findings addressed to the IA were related to: Human resource security, Operations Security, Compliance, Organization of information security, Access Control, Supplier relationships, Information security aspects of business continuity management (ISO 27002), including communication/exchange of information between the Audit Authority and the IPARD entities addressed to the IA. IPARD bodies have taken steps to meet the recommendations and two findings were closed.

4.4. Monitoring Committee activities

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

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

The Eight session of the IPARD II Monitoring Committee was held on 11th June 2021 in Belgrade. The draft Annual Implementation Report on the IPARD II Programme of the Republic of Serbia for 2020 was presented at the session, as well as the latest data regarding implementation of IPARD measures. Furthermore, the IPARD II Monitoring Committee members were informed on the content of the draft IPARD III Programme, as well as achieved progress in its preparation.

The IPARD MA has prepared the Action plan for Measure “Technical Assistance” for 2022, as well as an updated Evaluation Plan of the IPARD II Programme. The mentioned documents were adopted in the written procedure on 31st December 2021 by the IPARD II Monitoring Committee. Also, the Semi-Annual Implementation Report for the reporting period 1st January–31st August 2021 has been prepared with the aim of informing the IPARD II Monitoring Committee on achieved progress in the implementation of IPARD II Programme.

4.5. Monitoring and Evaluation systems

The Managing Authority and the IPARD II Monitoring Committee monitor the efficiency and quality of the IPARD II Programme implementation and they inform the EC. The programme is monitored through operational and financial indicators presented in the IPARD II Programme. The Managing Authority is responsible for the process of organisation and management of the monitoring and reporting system related to the IPARD II Programme implementation. Information collected after a previous consultation with the IA and EC, is presented to the members of the IPARD II Monitoring Committee in the form of the implementation report on the IPARD II Programme.

4.5.1. Ensuring and coordinating the monitoring activity

In accordance with duties undertaken pursuant to the Memorandum of Understanding concluded between the IA and the MA, the IA has been regularly reporting to the MA on the implementation of the IPARD II Programme. Data are delivered on the basis of Common Indicator Tables for Monitoring and Evaluation of the IPARD II Programme and other reports prepared. Common Indicator Tables for Monitoring and Evaluation of the IPA Programme for Rural Development

2014-2020 include all relevant information presented as operational and financial indicators. Also, the IA provides information on conducted controls, detected irregularities, as well as additional information and data on the implementation of the IPARD II Programme. Annex 1 of this Report contains cumulative Common Indicator Tables for Monitoring and Evaluation of the IPARD II Programme, with cut-off date of 31st December 2021.

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

4.5.2. Programme Evaluation activities

The conduction of the evaluation of the EU pre-accession assistance programme for agriculture and rural development is obligation envisaged in the Framework and Sectoral Agreement. The basic evaluation principles of the EU IPARD assistance to the RS are defined pursuant to Article 55 of the Framework Agreement. Within the IPARD Operating Structure, MA (Department for Management of IPARD Programme, MAFWM) – Group for Monitoring, Evaluation and Reporting of IPARD Programme is responsible for activities related to evaluation of the IPARD Programme. These activities are performed in close cooperation with the IA and in consultation with the EC.

During 2021, under preparation of the IPARD Programme for the programming period 2021-2027, the ex-ante evaluation of the IPARD III Programme was carried out. The results and recommendations of the ex-ante evaluation, as well as proposed activities of the IPARD Operating structure are included in the IPARD III Programme. The final draft of the Programme submitted by the MA to the EC on 21st January 2022 was adopted by the EC *Commission Implementing Decision C (2022) 1537* of 9th March 2022.

By the end of 2021, preparatory activities for engagement of independent expertise for the second ongoing evaluation of the IPARD II Programme for the implementation period 2020-2021 were performed. In the last quarter of 2021, terms of reference were prepared in cooperation with the EC. Tender procedure for procurement of evaluation services is ongoing, while the final results of the evaluation of the IPARD II Programme for the implementation period 2020-2021 will be included within the AIR 2022.

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

Overcoming the risk of de-commitment of IPARD funds

The Ministry of Agriculture, Forestry and Water Management submitted the letter to the EC with request for extension of the deadline for absorption of IPARD funds for 2018 allocation for one year (n + 4 rule instead n + 3) on 25th October 2021.

On 19th November 2021, the Delegation of the EU to RS delivered to the MAFWM decision by which EC 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.

Serbian Authorities are well aware of the possibility to face de-commitment in 2022 and accordingly has taken many steps with aim to address the obstacles.

What was not under the direct influence of Serbian Government was the COVID - 19 pandemic that has created a lot of unpredictable circumstances. On the one hand, the administration was working with limited capacity. On the other hand, the price fluctuations and inability to import part or whole investment led to modification of the project and extension of projects realization.

The Action Plan for improvement of absorption of IPARD funds, which was submitted to the EC, indicating activities that will be taken in 2022, as well as in the forthcoming years. Main activities envisaged within the Action Plan are as follows:

- **General activities:**
 - Capacity building (employment and retention policy);
 - Advance Payments of projects;
 - Development of IT solution (including LPIS system);
 - Weekly monitoring of progress in application processing;
 - Regular meetings.
- **Implementation of Measure “Technical Assistance”;**
- **Communication and Visibility:**
 - Direct communication with recipients;
 - Promotional activities.
- **Education:**
 - Recipients and
 - Relevant partners included in the process of IPARD Programme implementation.
- **Other activities.**

Furthermore, Working Group for monitoring and regular reporting to the European Commission on the implementation of the Action Plan was established. So far, two such meeting has been held and the EC was informed on the achieved results. In the next period, it will be worked on overcoming the risk of de-commitment of IPARD funds.

The 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 and 114/21). The reasons for adoption of this Law are primarily reflected in the need to meet the requirements of the Sectoral Agreement between the Government of RS and the EC on the mechanisms of implementation of the Union’s financial assistance to the RS within the IPARD Programme, as well as the need to improve the efficiency of application processing and introduction of advance payment.

The most significant modification made by the Law refers to the possibility 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 order to avoid bad practice of submitting “empty/incomplete applications” by the IPARD recipients, which extends the time of administrative verification of applications, the Amended Law on Agriculture and Rural

Development prescribes mandatory documentation to be submitted by IPARD recipients within Application for Project Approval for investment measures under the IPARD Programme. Accordingly, the Application for Project Approval will be rejected without consideration if it does not contain the following: properly filled application form, precise offers for the procurement of the subject of the investment, business plan and inventory of movable and immovable assets as of 31st December of the previous year in relation to the year in which the application is submitted. Also, an important precondition for entrustment of Measure 5: Implementation of Local Development Strategies - LEADER approach within the IPARD III Programme is enabled by amending the Law, which created a legal basis for the implementation of this Measure, as prescribed by the EU.

Another important novelty that the Amendment to the Law on Agriculture and Rural Development brings to IPARD recipients refers to the possibility of only one amendment to the approved project. The provisions of the Law also define the procedure for the Application for Project Approval that is not legally and formally correct, and as such requires a correction, i.e. supplementation. In that case, the application can be supplemented at most once and the deadline for supplementing the application is from at least eight to a maximum of 20 days.

The Fourth Modification of the IPARD II Programme

The proposal of the Fourth modification of the IPARD II Programme was adopted at the Seventh session by the members of the IPARD II Monitoring Committee and on 30th November 2020 it was submitted to the EC for approval. By the *Implementing Decision of the EC No. C (2021) 2585* of 9th April 2021 the Proposal of the Fourth modification was adopted by the EC. Fourth modification to the IPARD II Programme was approved by the Conclusion of the Government of the RS, No. 05-3420/2021 on the adoption of the Programme on Amendments to the IPARD Programme for the RS for the period 2014-2020 of 15th April 2021. This Programme modification includes changes in the financial tables in order to reallocate IPARD funds by years and measures.

In addition to the amendments to the financial tables, the Fourth modification to the IPARD II Programme also refers to financial demarcation in order to prevent double financing of rural tourism through IPARD Measure 7 and the national measure. The maximum amount of subsidies for the national measure is up to EUR 20,000, while the minimum amount of support for IPARD Measure 7 is EUR 20,000.

Also, in accordance with the amendments to the SA within the Fourth modification of the IPARD II Programme, a new definition of a young farmer was introduced, according to which a “young farmer” is a person under 40 at the time of submission of application for project approval and not at the time of adoption of the Decision on project approval.

Capacity building

By the Amendment to the Rulebook on Internal Organization and Systematization of Work Positions in the MAFWM, which entered into force on 21st May 2021 new organization unit – Department for Management of IPARD Programme was established. Segregation of the Department for Management of IPARD Programme from the Sector for Rural Development does not affect the system of entrusted institutions, but indicates the readiness of the MAFWM to strengthen its own capacities to implement the Programme and contribute to timely decision making.

Four groups have been established within the Department for Management of IPARD Programme. The number of systematized working posts within the Department for Management of IPARD Programme is 17. At the end of 2021 the number of employees was 16, out of which 14 permanents and two contract based. All staff in the Managing Authority are engaged on the jobs related to the MA functions.

4.7. Utilisation of Technical Assistance within the IPARD II Programme

IPA 2018 FwC project: “Support to IPARD Operating Structure (MA and IA)” was intended to support the entrustment and initial stages of implementation of Measure 7 and Measure 9 of the IPARD II Programme, development of a segment of the rural development software (IT RD) and to contribute effectively to all activities of the MA during preparation of the IPARD III Programme. Project has started in October 2020 and was closed in June 2021. The total budget of the project was EUR 299,000. Project has delivered to MA and IA staff four workshops related to implementation of IPARD Measure 9: “Technical Assistance” and PRAG rules for public procurement (Case simulation Training on preparation of tender dossiers related to the implementation of IPARD Measure 9 and ex-ante control of prepared tender dossiers – Modules 1, 2, 3, 4). MA and IA staff with the engaged PRAG expert has developed five tender dossiers, as follows: Ex-ante evaluation of IPARD III Programme 2021-2027 of the RS, organization of and participation in events and visits related to IPARD Programme of the RS, design, updating and maintenance of IPARD website, supply of promotional materials, support to IPARD Agency in upgrade and simplification of procedures.

The Department for Management of IPARD Programme has prepared an Action Plan for Technical Assistance measure (APTA) for 2021 which was adopted by the IPARD II Monitoring Committee. The Department for Management of IPARD Programme has submitted filled Annex *DAP 04-01.TA.01 - Information of activity* to the IPARD Agency, for the needs of the Sector for on-the-spot control. This document contains planned activities envisaged in APTA 2021. According to the APTA, Application for design, updating and maintenance of IPARD website has been submitted to the IA in March 2021, which was not realized. As the additional legal basis for the implementation of Measure 9, the Rulebook on requirements, manner and procedure for Technical Assistance measure implementation under the Instrument for Pre-Accession Assistance for Rural Development (“Official Gazette of the RS”, No. 107 of 12th November 2021) was prepared and published.

With the support of IPA 2015 Technical Assistance Project: “Capacity building for the alignment with the acquis in the areas of agriculture, rural development, food safety, veterinary and phytosanitary policy”, the Department for Management of IPARD Programme organized the Eighth session of the IPARD II Monitoring Committee, as well as printing of Special issue of newsletter “IPARD in focus”, in order to be disseminated at the 88th International agricultural fair in Novi Sad in September 2021.

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

In order to provide demarcation and avoid overlapping of the IPARD II Programme with programmes of support measures for implementation of agricultural policy and rural development policies for the territories of local self-governments and the AP Vojvodina, local and regional

authorities of the RS were involved in the consultation process and in the IPARD II Programme modification.

Funds for the implementation of local and regional agricultural and rural development programmes are provided annually in the budgets of the AP Vojvodina and local self-governments.

Ministry of Agriculture, Forestry and Water Management gives approval to the form and content of the programmes of support measures for the implementation of agricultural policy and rural development policies for the territory of the AP and local self-governments, as well as the form of the report on the implementation of agricultural and rural development measures, according to the Rulebook on the form and content of the support programmes for the implementation of agricultural policy and rural development policies and the form of the report on the implementation of agricultural and rural development measures (“Official Gazette of the RS” No. 24/15, 111/15, 110/16, 16/18 and 87/19). Compliance with the legal provisions is determined by the Ministry in charge of agriculture and rural development through the procedure of issuing the Decision on granting prior approval to the programmes of support measures for the implementation of agricultural policy and rural development policies for the territory of the AP and local self-governments. These programmes are adopted by the competent authority of the AP Vojvodina and local self-governments after the previous approval of the MAFWM.

During 2021, 121 support programmes were approved with approx. EUR 24.5 m budget, out of which EUR 19.7 m was allocated for rural development measures.

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

According to the approved Plan of Visibility and Communication Activities (PVCA), local authorities are foreseen to take part as supporting services to the implementation of IPARD II Programme. AP Vojvodina and local self-governments are providing the potential recipients with the latest information related to financing opportunities, calls and implementation of the IPARD II Programme, as well as on the occasion of the events organized by AP Vojvodina and Standing Conference of Towns and Municipalities (SCTM). Promotional materials are also disseminated through electronic rural network of local self-governments. Local and regional authorities require continuous capacity building to support potential recipients to prepare application for project approval and business plans. They are involved in various information events organized by IPARD OS.

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

Publicity of the IPARD II Programme is ensured through different types of technical assistance. Printing of the promotional material, participation at the Agricultural Fair, as well as organisation of the Eighth session of the IPARD II Monitoring Committee are supported within 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.

The web pages of the MAFWM and the DAP contain all relevant information for (potential) recipients. In the reporting period these pages were visited 802,920 times.

Bi-monthly newsletter “IPARD in focus” was initiated at the end of 2019 and it is disseminated to more than 2,000 e-mail addresses regularly. In the reporting period, 13 newsletters and one special edition, for dissemination at 88th International Agricultural fair, held from 18th to 24th September 2021, have been published. For the newest information on events, announcements, calls and rules regarding the implementation of the IPARD II Programme and preparation of the IPARD III Programme in Serbia, IPARD MA accounts on Instagram (@ipardnadlanu) and Facebook (IPARD na dlanu) have been created for the general public and (potential) recipients.

Detailed overview of the implemented activities in 2021 under the PVCA of the IPARD II Programme is presented in the Chapter 8.

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

In the accordance with the Budget System Law (Article 68a) and the Instruction for the Preparation of the Budget of the RS issued by the Minister of Finance, budget beneficiaries are responsible for the proper planning of the national contribution (including the non-eligible expenditure 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. The IA and the MA (only for Measure 9), within the financial plan of the Ministry in charge of Agriculture and Rural Development are responsible for planning appropriate provisions within their scope of responsibilities and in accordance with the Financial Plan in the IPARD II Programme. National Fund provides the opinion to the Budget Department of the Ministry of Finance on the existence and correctness of the funds planned for the national public co-financing and other non-eligible expenditure to be covered from the national resources. Furthermore, provides the opinion to the amounts planned for recovery of irregularities, financial corrections and overpayments.

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

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

5.1. Assistance provided under other IPA components

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

Under the decentralised (indirect) management system of the financial assistance under IPA rules, the following bodies and persons responsible for management, implementation, control and audit

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

IPA 2013

IM IPA 2013 Technical assistance project “**Support to IPARD Operating Structure (Managing Authority, IPARD Agency and Advisory services)**” finished on December 2019 provided support to the IPARD OS during entrustment of Measure 1 and Measure 3, assistance during the modification of the IPARD II Programme, update of the relevant procedures of the MA and IA, the preparation of the entrustment package for IPARD II Measure 7 and Measure 9, as well as development of the Rural Development IT solution. Besides it raised awareness of the IPARD II Programme in the RS and improved the capacity of technical bodies. As a continuation of that project, in the period from October 2020 to October 2021 DM FwC “Support to IPARD Managing Authority and IPARD Agency with the implementation of IPARD measures” was successfully implemented. The results of the project were support to the Managing Authority in the final phase of entrusting budget tasks and the initial phase of implementation of IPARD II Measure 7 and Measure 9, support to the IA in the implementation of mentioned measures, as well as software development.

IPA 2014

IM Twinning project “**Strengthening capacities for implementation and further development of the legislative framework in the field of organic production and food quality policy**” was contracted in the amount of approx. EUR 1.1 m and was implemented from 4th February 2018 until 3rd February 2021. The main outputs achieved within the project are: adoption of the draft law regulating the field of organic production harmonized on the base of the GAP analysis report and related rulebooks and procedures, adoption of the draft law on quality schemes for agricultural products and agri-food products and related rulebooks and procedures. For three Serbian products with geographical origin has been drafted a “Single Document” and “Technical Specification” as required by the relevant EU legislation. The capacity of relevant stakeholders was strengthened through trainings, workshops and study visits.

IPA 2015

DM 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**” started on 21st January 2019, coordinated by the Sector for International Cooperation and European Integration - Department for EU integration within MAFWM.

Under Component 1, key activities and outputs are focused on: Update of the Action Plan for the Chapter 11, preparation of negotiating position for the Chapter 11, preparation of documents that can serve as a basis for making the necessary decisions in order to meet the obligations arising from the EU accession process.

Furthermore, The Law on Organization of the Market of Agricultural Products was prepared and adopted (“Official Gazette of the RS”, No. 67 of 2nd July 2021) with assistance of this project.

Under Component 2, key activities and outcomes are focused on: The first Draft Strategy with the Action Plan for transposition, implementation and effective and efficient implementation of the

EU *acquis* in the field of food safety, veterinary and phytosanitary policy, as well as contingency plan for classical swine fever (Benchmark 2 for opening negotiations); presentation of the level of harmonization of national legislation with the EU *acquis* in the Chapter 12 and definition of the legislative framework (Benchmark 1 for opening negotiations); drafting of the Law on Official Controls, Law on Food Safety, Law on Veterinary Medicine, Law on Plant Health and Law on Seeds and Planting Material (part of the legislative framework) (Benchmark 1 for opening negotiations); preparation of the Draft strategy for border inspection of food and feed safety, as well as veterinary and phytosanitary controls with the action plan (BIPs Strategy); preparation of negotiating position for the Chapter 12; preparation of various analyses related to the organizational structure of the MAFWM required for the implementation of the EU *acquis communautaire* in the area of Chapter 12, official and reference laboratories, etc.; preparation of training programs needed to improve the administrative capacity in order to implement the *acquis* in the field of food safety, veterinary and phytosanitary policy; activities related to operator registration and establishment of a plant passport registration system, etc. Furthermore, Draft Strategy for achieving the quality of raw milk in accordance with EU standards is prepared.

IPA 2016

IM Twinning project **“Improvement of forest management in Serbia as a contribution to climate change adaptation and mitigation”** will be implemented by the selected Austrian - Slovakian consortium. The project is fully funded under IPA 2016 in the amount of EUR 1.0 m. The project was contracted on 14th December 2020 and the planned duration is 24 months. Final beneficiary of the project is Forest Directorate. Overall objective is to improve forest management in the RS in line with the EU standards and requirements.

DM IPA 2016 Technical Assistance Project **“Reinforcement of Animal Health and Welfare”** started with the implementation in June 2019 and it is extended by the June 2022. Total budget is EUR 1.4 m. Final beneficiary is Veterinary Directorate, MAFWM. Deliverables of this project related to the animal welfare are improvement of animal welfare standards in accordance with the EU legislation and practice.

IPA 2017

IM IPA 2017 Technical assistance project **“Support to IPARD Operating Structure (Managing Authority and IPARD Agency)”** was contracted in November 2021 and will end in November 2022. Component I is related to building capacities of the MA for the implementation of the IPARD III Programme. Managing Authority should be prepared with regard to procedures and all related documents for rollover process of IPARD II entrusted measures (M1, M3, M7 and M9), as well as for the entrustment of Measure 4 and Measure 5 within the IPARD III Programme. Under Component II capacities of the IA should be strengthened to implement IPARD II Programme and prepared for implementation of the IPARD III Programme. It is necessary to strengthen the relevant IA staff for the conduction of the on-the-spot control on IPARD III measures, also, provide the support with regard to procedures and all related documents for rollover of IPARD II entrusted measures, as well as for the entrustment of Measure 4 and Measure 5 under the IPARD III Programme. IT audit of the Internal Control System of the computerized processing of applications for IPARD measures should be performed in line with the International Organisation 27002: Code of practice for Information Security controls (ISO) or equivalent/preparation for e-accreditation. Also, RD IT solution for the implementation of the IPARD Programme should be upgraded.

IPA 2018

IM IPA 2018 unallocated Twinning project **“Strengthening and adaptation of administrative capacities for the introduction of the Organization of Agricultural Markets”** will start on 5th May 2022. Notification letter was sent to the future twinning partner consortium Poland-Lithuania –France. Project will strengthen the MAFWM’s capacities regarding the introduction of the CMO mechanisms, in line with the EU acquis through: Strengthening fruits and vegetable sector, the wine and aromatized wine products sector, animal products sector, the sugar sector, tobacco sector and hops sector in the RS, strengthening administrative capacities in the MAFWM in relation to creating conditions for the smooth establishment and functioning of producer organizations, associations of producer organizations and inter-branch organizations in line with EU requirements, creating conditions for the smooth establishment and functioning market interventions (public interventions and private storage aid) in the RS in a line with EU acquis.

IM IPA 2018 Twinning project **“Support to establishment of carcass classification system in line with EU Common Agricultural Policy”** was circulated to the EU member states on 20th January 2022. The deadline for proposals is 17th March 2022. It will assist the capacities of the MAFWM to further develop and implement legislation and reforms within the institutional framework through establishing a harmonized system for common organization of agricultural markets in the area of classification of carcasses.

Two contracts from IPA 2018 Technical assistance and supply project **“Support for first stage building of a functional IACS (Integrated Administration and Control System)”** in the amount of TA EUR 2.9 m and for supply procurement of approx. EUR 0.9 m were reallocated to IPA 2021, since the preconditions were not fulfilled.

IPA 2019

Project **“Support to disaster risk reduction and climate resilient agriculture”** was planned in the amount of EUR 2.5 m. The project will be implemented by the Food and Agriculture Organization of the United Nations (FAO). Project duration is planned until 2025. Project objective is to strengthen agricultural sector in this filed through strengthening of the advisory services, training of employees at the local and central level, providing support to farmers, agricultural schools, etc.

IPA 2021

IPA 2021 Action Document defines Activity 1.1: **Development of the Operational Integrated Administration and Control System (IACS) (I phase)** in line with the EU CAP requirements (TA EUR 2.9 m and supply of approx. EUR 0.9 m). Activities through this project will support the preparation of all necessary systems required under the CAP for the period 2021-2027. To establish the IACS in line with EU requirements, the proposed intervention will support the procurement of software (except LPIS system) and hardware for full IACS implementation, as well as to strengthen capacities of the IA to successfully finalise this complex process through development of the remaining IACS components. Through this activity integration of all registers, databases, data and software into integrated system (IACS) is envisaged. It includes strengthening of human capacities for IACS and LPIS system at all levels, as well as raising awareness among farmers. This will be introduced through carefully designed campaigns on the novelties related to the payment entitlements and IACS functionalities.

Bilateral Projects

Projects for Development of financial system in rural areas in the RS was implemented on the basis of the Inter-Governmental protocols between the Government of the Federal Republic of Germany and the Government of the RS on Financial Cooperation. These projects are based on the Protocols on development cooperation signed for Rural I – Rural IV for the period 2010-2014. The purpose of these projects was to support the development of primary agricultural sector and the agricultural industry through the provision of loans to final recipients through a refinancing of credit lines to local financial institutions. The aim of the project was to support micro, small and medium sized enterprises (SMEs), including agricultural enterprises and registered agricultural producers in rural Serbia through set of technical assistance measures aimed at helping key stakeholders and to facilitate access to finance for SMEs. Project ended in December 2021.

In May 2017, Government of Japan approved utilization of the financial funds remained upon completion of the previous project **“Support to the Agricultural Sector of Serbia through Vitalization of Domestic Fertilizer Production”**, which was implemented in the period 2008-2009 in the RS, for strengthening capacities of the IA and MA for implementation of the IPARD II Programme. One component of this grant was used for supply of material for refurbishing of new office premises in the IA and supply of IT equipment, in accordance with the IPARD II entrustment criteria. Other component was used for promotion of IPARD Programme among stakeholders through promotional IPARD videos on a national TV channel, printing of promotional IPARD material and organization of different events in order to monitor the implementation and promotion of IPARD Programme. Further utilization of remaining funds is aimed for the same purpose in accordance with plan in 2022.

World Bank projects

PHRD Grant **“Strengthening agriculture sector capacities for evidence-based policy making”** is implemented from February 2020 in duration of three years. Total project amount is approx. EUR 1.6 m. Project objective is to strengthen the monitoring and evaluation capacity and systems of the MAFWM and its decentralized services for evidence-based strategic planning in the area of agriculture and rural development. Project has following components: a) capacity building for evidence-based policy making and b) project management and administration, monitoring and evaluation and knowledge dissemination.

FAO projects

The project **“Contribution to Sustainable Forest Management in Low Emissions and Sustainable Development in Serbia”**, funded by the Global Environment Facility (GEF) in the amount of USD 3.2 m, has been implemented since 2018. FAO contributes to this initiative through its programme of technical cooperation (USD 0.3 m) aimed at sustainable wildlife management and the project from GEF 7 allocation has also been approved, in partnership with the Forest Directorate.

In the Sector for Agricultural Policy has completed the project of technical cooperation **“Support to the MAFWM in harmonization of national legislation with the requirements of Good Agricultural and Environmental Conditions (GAEC)”** in the total amount of USD 0.05 m.

The project **“Assessment of the situation and identification of the needs of employees in the Ministry of Agriculture, Forestry and Water Management for developing gender-sensitive policies”** in the amount of EUR 0.05 m was completed in 2021.

The project “**Assistance to the Development of Capacity and Support Services for Organic Agriculture in Serbia**” in the amount of USD 0.3 m, financed by the FAO, in order to raise the capacities for organic production in the RS, has started with the implementation in the spring of 2021.

In its final phase is the FAO-funded **Technical Cooperation Project (TCP)** in the amount of USD 0.4 m, which aims to reduce the risk of natural disasters in agriculture and achieve the climate-resistant agriculture (disaster risk reduction/climate smart agriculture).

In 2021 has started the project “**Preservation of genetic resources of Buša cattle on Stara Planina**”. Project value is approx. USD 0.1 m.

The project which aims to **improve the monitoring of agricultural land pollution**, in the amount of approx. USD 0.06 m, is carried out in cooperation with the Environmental Protection Agency.

Projects funded by loans

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, entered into force mid-February 2020, while the closing date is 31st December 2024. Total amount of project is EUR 45.8 m. Project beneficiary is the MAFWM, while the project’s grant facility target group consists of micro, small and medium-sized producers in both the primary agriculture sector and the food processing and marketing sector in the RS. Project implementation team has been established and is operational. In line with the provisions of the Loan Agreement, the Central Fiduciary Unit within the Ministry of Finance performs the fiduciary function for the project. The SCAP provides grants for productive investments undertaken by micro, small and medium-size agri-food producers, producer groups and enterprises currently unable to undertake productive investments through the existing national rural development measures and IPARD Programme. Eligible investments for support are those that fall below the minimum physical size thresholds applied under the IPARD Programme. SCAP supports recipients’ compliance with national standards, which enable to the agricultural producers in the RS to participate under the IPARD Programme.

5.2. Complementarity of IPARD II Programme with NRDP

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

- IPARD II Programme of the Republic of Serbia;
- National Rural Development Programme;
- National Agriculture Programme.

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

IPARD II Programme of the RS for the period 2014-2020, Chapter 10. Information on the Complementarity of the IPARD II Programme with measures funded by other (national or international) sources, contains the explanation of how the complementarity of IPARD measures

and national rural development measures will be ensured. Chapter 10.3. of the IPARD II Programme is a table that clearly defines the demarcation between: measures, investments and eligible recipients supported through the IPARD II Programme and NRDP. After the adoption of the IPARD Programme by the EC, the adoption of the NRDP by the Government of the RS must comply with the demarcation table of the IPARD Programme.

Measure for improvement of economic activities in the countryside through support of non-agricultural activities envisaged by the NRDP, with the purpose to support smaller investments in rural tourism, as well as to equip craft and art workshops. In order to demarcation with IPARD Measure 7, within the Fourth Modification of the IPARD II Programme, the financial delimitation was determined in such a way that the maximum support which is determined from the national budget, is lower than the minimum value of support in the IPARD Measure 7. Furthermore, after entrustment of budget implementation tasks for IPARD Measure 7 “Farm diversification and business development” and publication of the First Call, in 2020 Public Call through national measure was not published.

Support programmes for the implementation of agricultural policy and rural development policies for the territory of the AP and local self-governments must not conflict with national programmes for agriculture and rural development, which is defined within the Law on subsidies in Agriculture and Rural Development, while clear demarcations with IPARD Programme have to be respected. Ministry in charge of agriculture and rural development gives approval to AP and local self-governments for their programmes for agriculture and rural development, thus providing control mechanism and preventing overlapping of potential recipients, supportive measures and type of investments of IPARD Programme and local programmes for rural development.

6. FINANCIAL TABLES AND EXPENDITURES PER MEASURES

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

The second financial change was implemented within the Fourth Modification of the IPARD II Programme and approved by the members of the IPARD II Monitoring Committee at the Seventh session. The mentioned financial change was officially approved by the EC by Decision *C (2021) 2585* of 9th April 2021, while in the national legislation was approved by the Conclusion of the Government of the RS number 05: *48-3420/2021* of 15th April 2021. The Fourth Modification of the IPARD II Programme included reallocation of budget as follows:

- Financial allocations for Measure 4 for 2017, 2018, 2019 and 2020 have been reallocated to Measure 7 to allocations for 2017, 2018, 2019 and 2020;

Annual Implementation Report on IPARD II Programme for 2021

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

The reallocation of budget funds was performed in order to eliminate the risk of de-commitment of IPARD funds, considering that the entrustment budget implementation tasks for Measure 4 and Measure 5 was not performed during the IPARD II programming period. The financial allocation for Measure 3 for 2020 were reallocated to Measure 1 due to the higher interest of potential recipients for Measure 1 (Table 19). The financial change provided an additional EUR 21.4 m for Measure 1 and EUR 11.2 m for Measure 7.

Table 19: Budget breakdown by measure 2014-2020 after the Fourth Modification of the IPARD II Programme (EUR)

Measure	EU contribution							
	2014	2015	2016	2017	2018	2019	2020	2014-2020
Investments in physical assets of agricultural holdings	-	7,535,248	9,900,325	10,622,224 +(500,000 M5) = <u>11,122,224</u>	11,199,743 +(1,000,000 M5) = <u>12,199,743</u>	17,002,434 +(1,900,000 M5) = <u>18,902,434</u>	19,780,025 +(16,182,475 M3) +(1,850,000 M5) = <u>37,812,500</u>	<u>97,472,474</u>
Investments in physical assets concerning processing and marketing of agricultural and fishery products	-	7,464,752	10,099,675	8,690,276	9,162,757	13,910,066	16,182,475	<u>49,327,526</u>
Agri-environment-climate and organic farming measure	-	-	-	2,187,500	2,187,500	2,187,500	2,187,500	<u>8,750,000</u> 0
Implementation of Local Development Strategies - LEADER approach	-	-	-	500,000	1,000,000	1,900,000	1,850,000	<u>5,250,000</u> 0
Farm diversification and business development	-	-	-	2,000,000 +(2,187,500 M4) +(1,000,000 M9) = <u>5,187,500</u>	5,000,000 +(2,187,500 M4) +(1,450,000 M9) = <u>8,637,500</u>	4,000,000 +(2,187,500 M4) = <u>6,187,500</u>	4,000,000 +(2,187,500 M4) = <u>6,187,500</u>	15,000,000 <u>26,200,000</u>
Technical Assistance	-	-	-	1,000,000	1,450,000	1,000,000	1,000,000	<u>4,450,000</u> <u>2,000,000</u>
Total	-	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

Table 20: EU contribution by measure 2014-2020 after the Fourth Modification of the IPARD II Programme (%)

Measure	EU contribution						
	2014	2015	2016	2017	2018	2019	2020
Investments in physical assets of agricultural holdings	-	50.23	49.50	44.49	40.67	47.26	84.03
Investments in physical assets concerning processing and marketing of agricultural and fishery products	-	49.77	50.50	34.76	30.54	34.77	-
Agri-environment-climate and organic farming measure	-	-	-	-	-	-	-
Implementation of Local Development Strategies - LEADER approach	-	-	-	-	-	-	-
Farm diversification and business development	-	-	-	20.75	28.79	15.47	13.75
Technical Assistance	-	-	-	-	-	2.50	2.22
Total	-	100.00	100.00	100.00	100.00	100.00	100.00

Source: IPARD II Programme

The current financial plan for the reporting period relating to the financial year 2021 is shown in Table 11 in the Chapter 3.

Cumulative data on the IPARD II Programme implementation indicate that by the end of 2021 within twelve published calls (six for Measure 1, four for Measure 3 and two for Measure 7) a total of 2,521 applications were submitted (1,604 for Measure 1, 313 for Measure 3 and 604 for Measure 7) with the total requested public support in the amount of EUR 361.5 m, out of which EUR 185.9 m for Measure 1, EUR 96.0 m for Measure 3 and EUR 79.7 m for Measure 7 (Table 21).

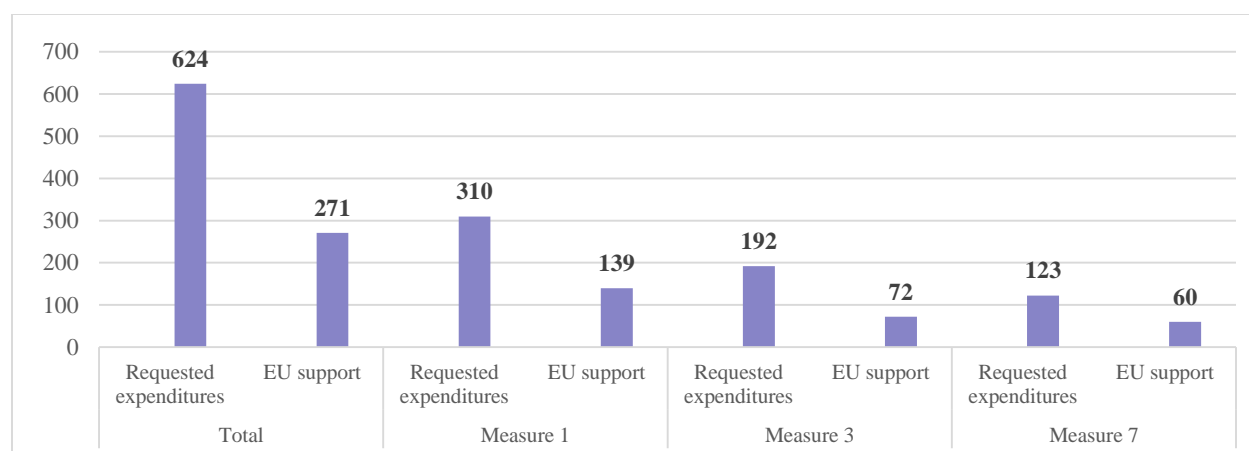
Table 21: Overview of submitted, approved and paid applications per measure and call

IPARD II		Submitted applications			Approved applications			Paid applications		
Measure	Call	No. of applications	Total public support (EUR)	EU support	No. of applications	Total public support (EUR)	EU support	No. of applications	Total public support (EUR)	EU support
Measure 1	1	85	7,209,545	5,407,159	42	3,784,815	2,838,611	32	2,801,390	2,101,042
	2	393	11,481,365	8,611,024	189	5,232,209	3,924,157	136	4,024,230	3,018,173
	3	151	41,202,694	30,902,021	70	14,870,361	11,152,770	33	3,143,948	2,357,961
	4	437	15,565,977	11,674,483	292	10,717,140	8,037,855	241	9,075,207	6,806,405
	5	169	41,963,644	31,472,733	86	17,615,458	13,211,593	28	1,730,196	1,297,647
	6	369	68,458,613	51,343,960	1	77,829	58,372	0	0	0
Total M1		1,604	185,881,840	139,411,380	680	52,297,811	39,223,358	470	20,774,970	15,581,227
Measure 3	1	26	4,964,531	3,723,399	15	2,233,014	1,674,761	12	1,693,447	1,270,085
	2	81	20,851,123	15,638,343	43	13,646,789	10,235,092	24	6,192,267	4,644,201
	3	95	29,311,655	21,983,741	42	12,108,272	9,135,204	4	410,282	307,711
	4	111	40,868,971	30,651,728	0	0	0	0	0	0
Total M3		313	95,996,281	71,997,211	100	28,060,075	21,045,056	40	8,295,995	6,221,997
Measure 7	1	311	47,303,552	35,477,664	54	7,747,378	5,810,533	0	0	0
	2	293	32,357,213	24,267,910	0	0	0	0	0	0
Total M7		604	79,660,765	59,745,574	54	7,747,378	5,810,533	0	0	0
Total M1+M3+M7		2,521	361,538,885	271,154,164	834	88,105,264	66,078,948	510	29,070,966	21,803,224

Total requested EU support up until 31st December 2021 amounts to EUR 271.2 m, out of which 51.4% refers to Measure 1, 26.6% to Measure 3 and 22.0% to Measure 7. Observed per call, the largest amount of requested EU support refers to the Sixth call for Measure 1 (EUR 51.3 m) and

First Call for Measure 7 (EUR 35.5 m), while the lowest amount of requested EU support is within the First call for Measure 3 (EUR 3.7 m). Compared to AIR 2020, the total number of submitted applications increased by 44% and the requested EU support by 67%.

Graph 22: Requested expenditures for investment and estimated EU support per measure (EUR m)



By the end of 2021, in the process of processing the submitted applications, a total of 581 applications (23%) were rejected and withdrawn, with the amount of estimated EU support of EUR 58.6 m, i.e. 22% of the estimated total requested EU support (Table 22). Out of the stated number of applications, 355 were rejected, while 226 applications were withdrawn by applicant. Observed per measure, the largest number of applications was rejected and withdrawn under Measure 1, 75% in relation to the total number of rejected and withdrawn applications, i.e. 27% in relation to the total number of submitted applications under this Measure. Under Measure 3, 15% of applications were rejected and withdrawn in relation to the total number of rejected and withdrawn applications, while 28% of application were rejected and withdrawn in relation to the total number of submitted applications under this Measure. When it comes to Measure 7, 10% of applications were rejected and withdrawn both in the total number of rejected and withdrawn application and in total number of submitted applications within this Measure.

Table 22: Financial overview of the IPARD II Programme implementation per measure (EUR)

Measure	Approved applications		Rejected and withdrawn applications		Paid applications		EU support (%)		
	No.	EU support	No.	EU support	No.	EU support	Approved/ Requested	Paid/ Requested	Paid/ Approved
Measure 1	680	39,223,358	434	57,952,318	470	15,581,227	28.1	11.2	39.7
Measure 3	100	21,045,056	87	13,952,106	40	6,221,997	29.2	8.6	29.6
Measure 7	54	5,810,533	60	8,530,751	0	0	9.7	0	0
Total	834	66,078,948	581	58,631,950	510	21,803,224	24.4	8.0	33.0

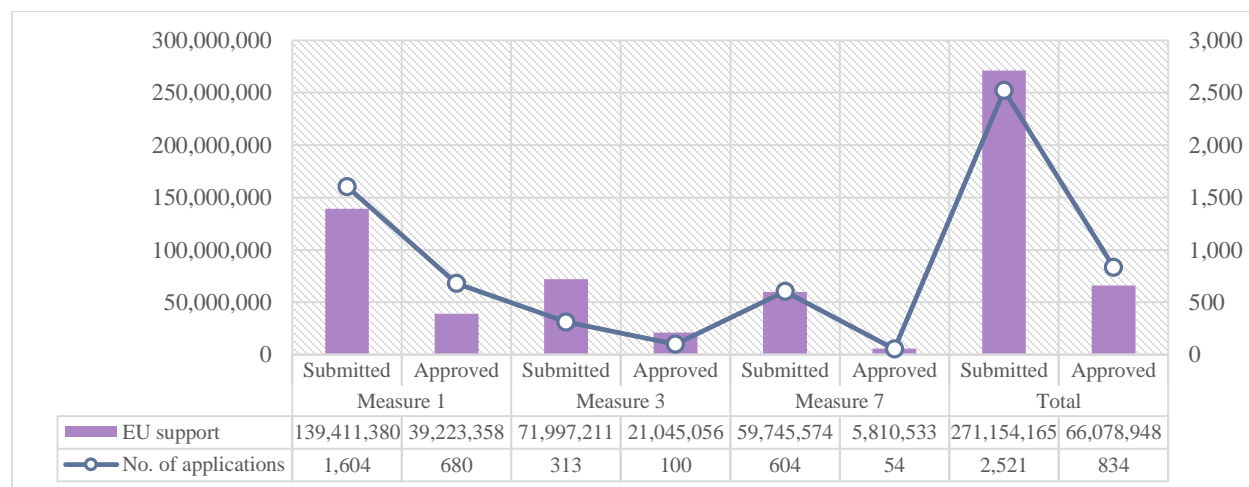
An indicator of the share of total approved EU support in the total requested EU support (24.4%) increased slightly compared to AIR 2020, the share of paid in relation to requested EU support (8.0%), as well as indicator of the share of paid in relation to the approved EU support (33.0%). A more detailed analysis of the abovementioned data generally indicates an increase in the share of approved support in relation to the requested EU support for Measure 1, Measure 3 and Measure

7, as well as of paid support in relation to the requested and approved EU support for Measure 1 and paid in relation to the requested EU support for Measure 3 and decrease in the percentage share of paid support in relation to the approved EU support for Measure 3 in relation to the previous annual reporting.

6.1. Contracted projects

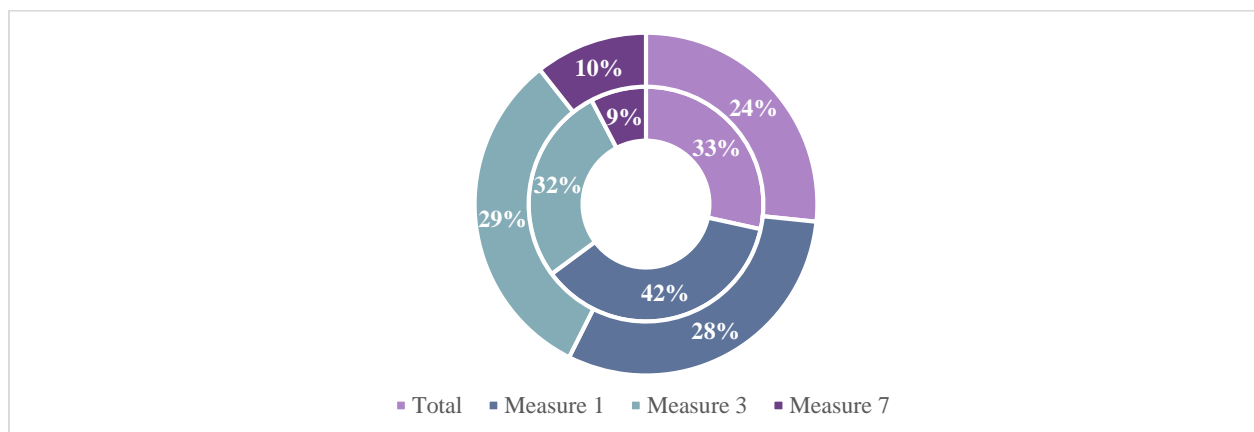
By the end of 2021, 834 decisions on project approval for IPARD support were adopted (EUR 66.1 m of EU support), which represents an increase in the number of approved applications compared to AIR 2020 by 251 applications (an increase by 43%) and by EUR 32.3 m of approved EU support. The average amount of total approved EU support per application, as of 31st December 2021, amounted to EUR 79,231 (increase compared to AIR 2020 by EUR 21,334). For Measure 1 in the reporting period, 680 applications were approved (EUR 39.2 m of EU support), 100 applications were approved for Measure 3 (EUR 21.04 m of EU support), while 54 applications were approved for Measure 7 in the amount of EUR 5.8 m.

Graph 23: *Approved applications and EU support in relation to submitted applications/requested EU support (EUR)*



In relation to the total number of submitted applications and the estimated EU support, up until 31st December 2021, 33.1% of applications and 24.4% of EU support was approved (Graph 23). The largest number of approved applications refers to Measure 1 (680), 100 applications were approved within Measure 3, while 54 applications were approved under Measure 7. At the same time, the largest share of approved applications in the total number of submitted applications per measure is under Measure 1 (42%), Measure 3 achieves a share of 32%, while Measure 7 achieves a share of 9%. Observed from the aspect of share of approved EU support in the requested EU support per measure, the highest share was achieved under Measure 3 (29%), then Measure 1 (28%), while Measure 7 achieved a share of 10% of the approved in relation to the requested EU support (Graph 24).

Graph 24: Share of approved applications and EU support in relation to submitted applications/requested EU support* (%)



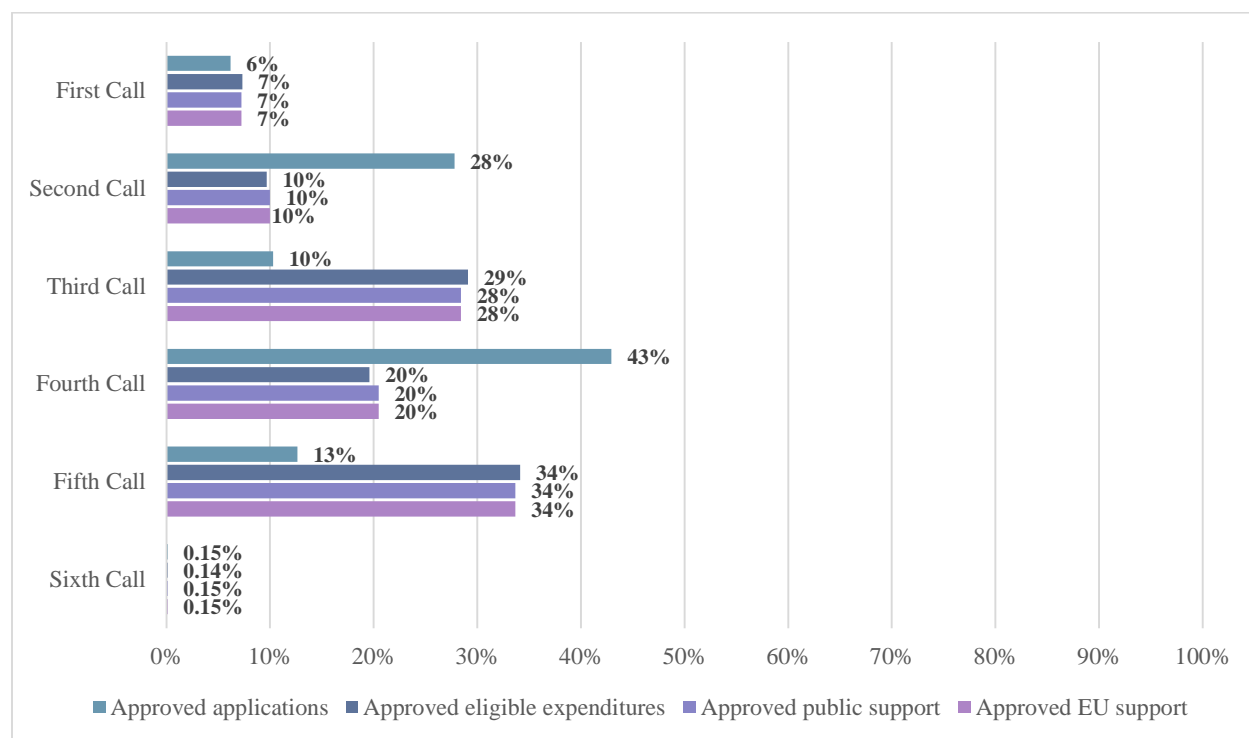
*Outer ring: the share of approved in the total requested EU support;
Inner ring: the share of approved in the total number of submitted applications

Measure 1

The IPARD Agency adopted 680 decisions on project approval (42.4% out of the total number of submitted applications within Measure 1), with total approved eligible expenditures for investment in the amount of EUR 85.1 m and the amount of approved total public support of EUR 52.3 m, out of which EU contribution is EUR 39.2 m. Compared to the previous annual reporting, the following trend of significant increase of individual indicators was achieved: 29% for approved applications, 80% for approved total public support and for approved EU support. The average amount of approved EU support per application up until 31st December 2021, amounted to EUR 57,681. Observed **per year of Programme implementation**, 154 applications were approved in 2021, which represents decrease compared to 2020, when 297 applications were approved, i.e. 43.7% out of the total number of approved applications within Measure 1 (Annex 2: Table 2).

Observed **per Call**, the largest number of approved applications was realized under the Fourth Call (292 applications, i.e. 43% of the total approved applications for Measure 1), while the largest amount of approved EU support was realized within the Fifth Call (EUR 13.2 m, i.e. 34% of the total approved EU support). The highest average amount of approved EU support per application is achieved within the Third Call (EUR 159,325), then within Fifth Call (EUR 153,623). Significantly lower average values of approved EU support per application were achieved under Calls related to the purchase of a new tractor (the Fourth Call: EUR 27,527 and the Second Call: EUR 20,763). Under the First Call the average amount of approved EU support per application was EUR 67,586.

Graph 25: Share of approved applications, eligible expenditures for investment, total public and EU support per Call, Measure 1 (%)



Within the *First Call*, 42 applications were approved, which is 6% of the total number of approved applications for Measure 1 and 49% of the total number of submitted applications under this Call. Approved eligible expenditures for investment under this Call amounted to EUR 6.2 m, which represents 7% of the total amount of approved eligible expenditures for Measure 1 and 52% of the total requested expenditures for investment under this Call. Approved EU support amounted to EUR 2.8 m, which is 7% of the total approved public support for Measure 1. This call for Measure 1 is closed in regard to processing and payment of applications. No payment request was submitted for ten approved projects. Ex-post control will be carried out within a period of five years from the moment of payment.

Within the *Second Call*, 189 applications were approved, which makes 28% of the total number of approved applications for Measure 1 and 48% of the total number of submitted applications under this Call. Approved eligible expenditures for investment under this call amounted to EUR 8.2 m, which represents 10% of the total amount of approved eligible expenditures for Measure 1 and 43% of the total requested expenditures for investment under this Call. The total approved EU support amounted to EUR 3.9 m, which is 10% of the total approved EU support for Measure 1.

Within the *Third Call*, 70 applications were approved, which makes 10% of the total number of approved applications for Measure 1 and 46% of the total number of submitted applications under this Call. Approved eligible expenditures for investment under this Call amounted to EUR 24.8 m, which represents 29% of the total amount of approved eligible expenditures for Measure 1 and 36% of the total requested expenditures for investment under this Call. The total approved EU support amounted to EUR 11.2 m, which is 28% of the total approved EU support for Measure 1.

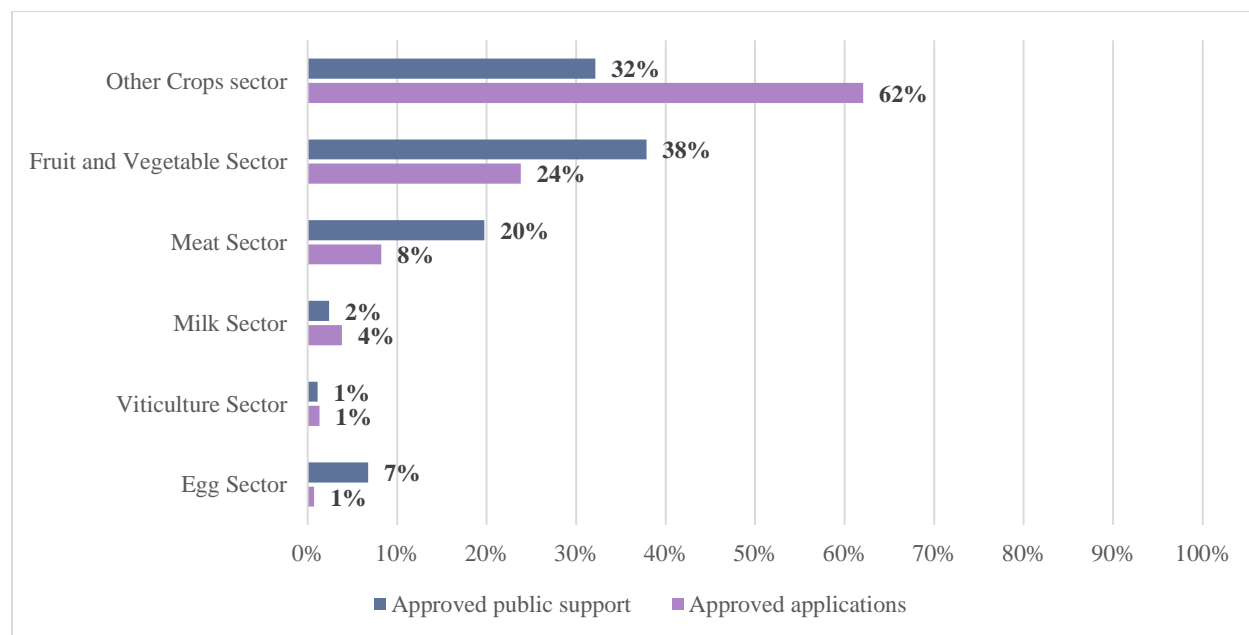
Within the *Fourth Call*, 292 applications were approved, which amounts to 43% of the total number of approved applications for Measure 1 and 67% of the total number of submitted applications under this Call. Approved eligible expenditures for investment under this Call amounted to EUR 16.7 m, which represents 20% of the total amount of approved eligible expenditures for investment under Measure 1 and 64% of the total requested expenditures for investment under this Call. The total approved EU support amounted to EUR 8.0 m, which is 20% of the total approved EU support for Measure 1.

Within the *Fifth Call*, 86 applications were approved, which makes 13% of the total number of approved applications for Measure 1 and 51% of the total number of submitted applications under this Call. Approved eligible expenditures for investment under this Call amounted to EUR 29.0 m, which is 34% of the total amount of approved eligible expenditures for Measure 1 and 42% of the total requested expenditures for investment under this Call. The total approved EU support amounted to EUR 13.2 m, which is 34% of the total approved EU support for Measure 1.

Within the *Sixth Call*, one application was approved in the amount of EUR 119.737 of approved eligible expenditures for investment. Total approved EU support amounted to EUR 58,372, which makes 0.15% of the total approved EU support under Measure 1 (Annex 2: Table 1).

Observed **per sector**, the largest share in the total number of approved applications within Measure 1 is realized by the Other Crops Sector with 422 approved applications, i.e. 62%. Out of the total approved public support for Measure 1, mentioned sector achieved a share of 32% with the amount of EUR 16.2 m. On the other hand, The Fruit and Vegetable Sector has a highest share in the total approved public support within Measure 1 (38%, i.e. EUR 19.1 m), which is presented in the Graph 26. When it comes to the Egg Sector, five applications were approved in the reporting period.

Graph 26: Share of sectors in total number of approved applications and in the amount of approved public support (%), Measure 1



By far the largest number of submitted and approved applications in the Other Crops Sector refers to the Cereals Sub-sector (86% of approved applications) and to the Fruit Sub-sector (81%) within

the Fruit and Vegetable Sector. Within the Meat Sector, from the point of approved applications, the Pigs Sub-sector achieves the highest share (46%), followed by the Cattle Sub-sector (32%). In the Milk Sector, 26 applications for dairy cattle breeding were approved. Mentioned sub-sectors achieved a similar share in the “Approved public support”. The Fruit and Vegetable Sector, the Meat Sector and the Egg Sector achieved a higher share in the total approved public support in relation to the share in the total number of approved applications under Measure 1. The Other Crops Sector and the Milk Sector achieved a higher share in the total number of approved applications in relation to share in the total approved public support. The Viticulture Sector, up until 31st December 2021, achieved an equal share both in the total approved applications for Measure 1 and the total approved public support (Graph 26). The average value of the investment per approved application is the highest in the Egg Sector (EUR 682,170), followed by the Meat Sector and Fruit and Vegetable Sector (EUR 177,735 and EUR 117,804, respectively).

When it comes to the approved public support for general costs, the largest amount was approved within Other Crops Sector and in total it amounts to EUR 994,502, while the lowest amount of public support for general costs (EUR 35,533) was approved within Viticulture Sector.

Observed per **type of investment**, the largest number of approved applications under Measure 1 (635 applications) referred to equipment, machinery and mechanisation (including tractors), while significantly lower number of approved applications referred to the investments in construction and equipping of facilities (45 applications). Furthermore, the largest amount of approved public support (67%) was approved for the purchase of new equipment, machinery and mechanisation (EUR 34.0 m), while for the construction and equipping of facilities the amount of EUR 16.5 m (33%) was approved. With 481 approved applications (an increase compared to AIR 2020 by 73 approved applications), purchase of a tractor is the dominant type of investment with EUR 14.9 m of approved public support (an increase compared to the previous annual report by EUR 2.3 m), followed by collection, sorting, packaging and storage equipment in the Fruit and Vegetable Sector with 39 approved applications (EUR 6.9 m of approved public support). The average amount of approved support per application for a tractor is EUR 31,069 and when it comes to the collection, sorting, packaging and storage equipment amounted to EUR 176,107.

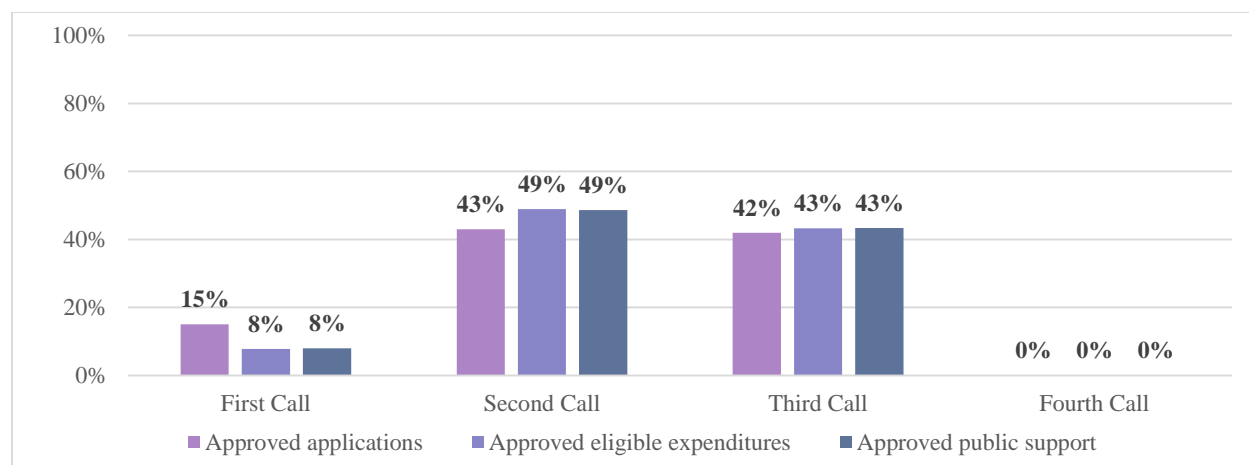
Measure 3

Regarding Measure 3, 100 decisions on project approval were adopted (32% of the total number of submitted applications under this Measure), with approved eligible expenditures for investment in the amount of EUR 57.1 m and total public support of EUR 28.1 m, out of which the EU contribution is EUR 21.0 m. This represents an increase compared to the previous reporting, by 43 approved applications, i.e. by 75%, by EUR 25.2 m, i.e. by 79% for approved eligible expenditures and by EUR 12.1 m, i.e. by 76% for approved public support. Within Measure 3, the average amount of approved EU support per application was EUR 210,451, which is four times higher amount compared to this indicator for Measure 1. Observed per year of Programme implementation 43 applications were approved in 2021 (an increase compared to 2020, when 23 applications were approved), which represents 43% of the total number of approved applications for Measure 3 (Annex 2: Table 3).

Observed per call, almost equal number of approved applications was realized within the Second and Third Call (43 applications, i.e. 42 applications, respectively), while the largest amount of approved EU support was achieved under the Second Call (EUR 10.2 m, which represents 49% of the total approved EU support under this Measure). The average amount of approved EU support

per application is the highest under the Second Call (EUR 238,025), followed by the Third Call (EUR 217,505), while the lowest value of this indicator was achieved under the First Call, i.e. EUR 111,651 (Graph 27).

Graph 27: Share of approved applications, eligible expenditures for investment, total public and EU support per call, Measure 3 (%)



Within the *First Call*, 15 applications were approved, which makes 15% of the total number of approved applications for Measure 3 and 58% of the total number of submitted applications under this call. Approved eligible expenditures for investment under this call amounted to EUR 4.5 m, which represents 8% of the total amount of approved eligible expenditures for Measure 3 and 45% of the total requested expenditures for investment under this call. Approved EU support amounted to EUR 1.7 m, which is 8% of the total approved EU support for Measure 3. This call for Measure 3 is closed in regard to processing and payment of applications. Out of the total number of approved applications within this call, no application for payment was submitted for three applications. Ex-post control will be carried out for a period of five years since the moment of payment.

Within the *Second Call*, 43 applications were approved, which makes 43% of the total number of approved applications for Measure 3 and 53% of the total number of submitted applications under this call. Approved eligible expenditures for investment under this call amounted to EUR 27.9 m, which represents 49% of the total amount of approved eligible expenditures for Measure 3 and 67% of the total requested expenditures for investment under this call. The total approved EU support amounted to EUR 10.2 m, which is 49% of the total approved EU support for Measure 3.

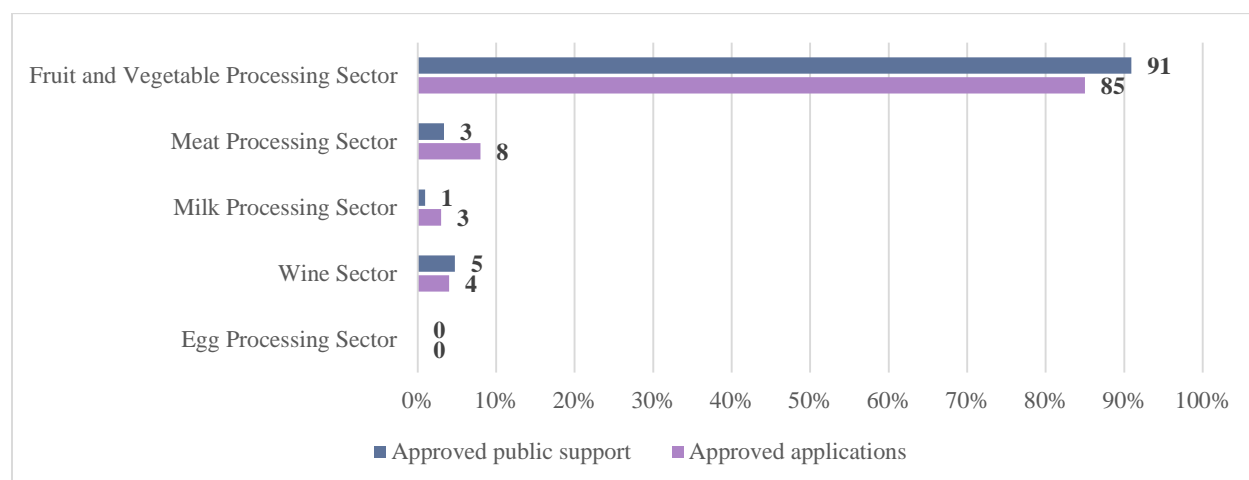
Within the *Third Call*, 42 applications were approved, which makes 42% of the total number of approved applications for Measure 3 and 44% of the total number of submitted applications under this call. Approved eligible expenditures for investment under this call amounted to EUR 24.7 m, which represents 43% of the total amount of approved eligible expenditures for Measure 3 and 42% of the total requested expenditures for investment under this call. The total approved EU support amounted to EUR 9.1 m, which is 43% of the total approved EU support for Measure 3.

Within the *Fourth Call*, up until 31st December 2021, there were no approved application.

Observed **per sector**, the largest share under Measure 3, both in the total number of approved applications and in the total approved public support, is realized by the Fruit and Vegetable Processing Sector (85 approved applications, i.e. 85% of the total approved applications and EUR

25.0 m, i.e. 91% of the total amount of approved public support). The Fruit and Vegetable Processing Sector has a higher share in the total approved public support under Measure 3 compared to the share in the total approved applications (91% and 85%, respectively), which is presented in Graph 28. 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, while within the Egg Processing Sector no decision on project approval was adopted, having in mind that there were no submitted applications by potential recipients.

Graph 28: Share of sectors in total number of approved applications and the amount of approved public support (%), Measure 3



In the Fruit and Vegetable Processing Sector, the largest number of approved applications relates to investments in processing (45 applications, i.e. 45% of approved applications for Measure 3 and 53% of approved applications under this sector), while for the construction and reconstruction of processing facilities 26 applications were approved, i.e. 26% of the total number of approved applications for Measure 3 and 31% of approved applications in this Sector. In the Meat Processing Sector four applications in investments for pork processing were approved and three applications in investments in slaughterhouses. When it comes to the Milk Processing Sector, two applications were approved for investments in dairy. The average value of investment per approved application is the highest in the Wine Sector (EUR 326,961), followed by the Fruit and Vegetables Processing Sector (EUR 294,252) and the Meat Processing Sector (EUR 116,056), while the lowest was realized within the Milk Processing Sector (EUR 87,258).

When it comes to the approved public support for general costs, the largest amount was approved within Fruit and Vegetable Processing Sector and in total it amounts to EUR 503,057, while the lowest amount of public support for general costs (EUR 6,735) was approved within Milk Processing Sector.

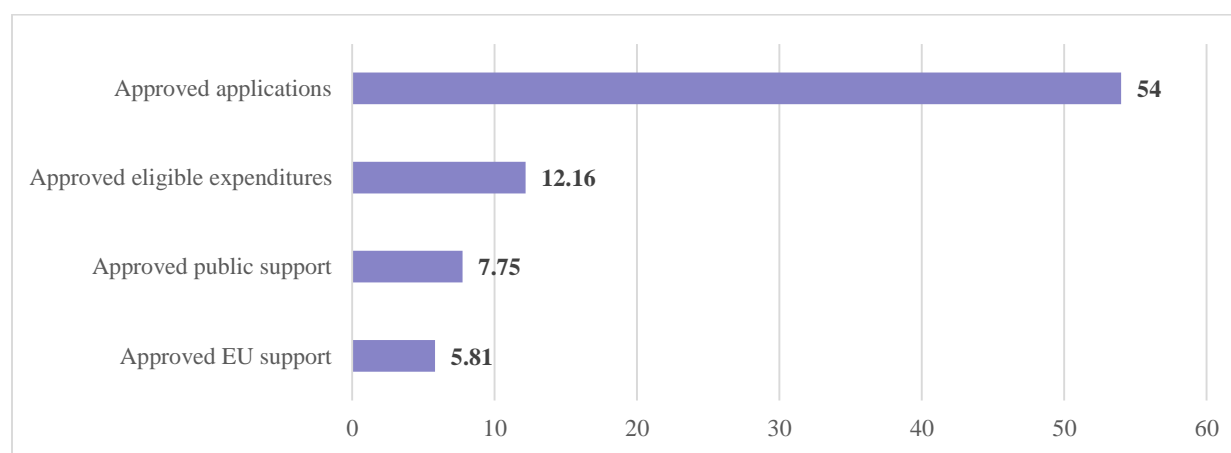
Observed per **type of investment**, the largest number of approved applications under Measure 3 relates to the modernisation of processing and packaging equipment (55), as well as to the investments in the construction/reconstruction and modernisation of processing facilities (19) within the Fruit and Vegetable Processing Sector. By the end of 2021, the significantly lower number of approved applications referred to investments in the renewable energy production within Fruit and Vegetable Processing Sector (11), as well as in modernisation of meat processing enterprises within Meat Processing Sector (six approved applications).

The average amount of approved public support for investments in the modernisation of processing and packaging equipment of fruit and vegetable per application is EUR 282,007 and for investments in the construction/reconstruction and modernisation of processing facilities of fruit and vegetable this indicator amounts to EUR 385,157. In the Meat Processing Sector, the average value of investments in modernisation of meat processing enterprises per approved application is EUR 135,993 and in the Milk Processing Sector for investments in modernisation of dairy enterprises this indicator reaches the average amount per approved application of EUR 86,650.

Measure 7

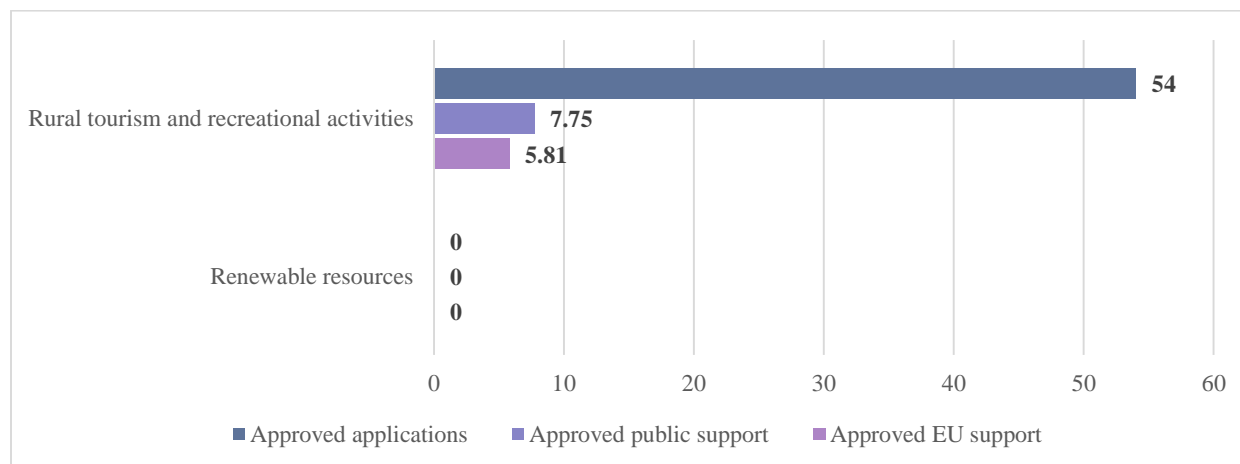
Regarding Measure 7, 54 decisions on project approval were made (9% of the total number of submitted applications under this Measure), with approved eligible expenditures for investment in the amount of EUR 12.2 m and total public support of EUR 7.7 m, out of which the EU contribution is EUR 5.8 m. The average amount of approved EU support per application for Measure 7 was EUR 107,602. Until 31.12.2021 all approved applications under Measure 7 referred to the *First Call*, while under the *Second Call* no application submitted by potential recipients of support was approved.

Graph 29: *Approved applications, approved eligible expenditures for investment, approved public and EU support (EUR m), First Call, Measure 7*



Observed **per sector**, all approved applications under Measure 7 relate to the Rural Tourism and Recreational Activities Sector. The largest number of approved applications within this Sector relates to the setting of tourist homesteads and recreational zones (44 applications in the amount of approved public support of EUR 6.7 m). Seven applications in the amount of EUR 0.6 m were approved for investments in modernisation of existing tourist facilities. Two applications were approved for equipment for recreational activities and one application for facilities and equipment for leisure fishing, hunting and horse riding. By the end of 2021, there were no applications approved within the Renewable Energy Resources Sector, although 15 applications have been submitted (Graph 30). The average amount of approved public support for investments for the setting of tourist homesteads and recreational zones is EUR 152,170, while the lowest average amount per approved application was realized for investments in equipment for recreational activities (EUR 20,368).

When it comes to the approved public support for general costs within Rural Tourism and Recreational Activities Sector and in total it amounts to EUR 264,450.

Graph 30: Approved applications, approved public and EU support (EUR m) per sector, Measure 7

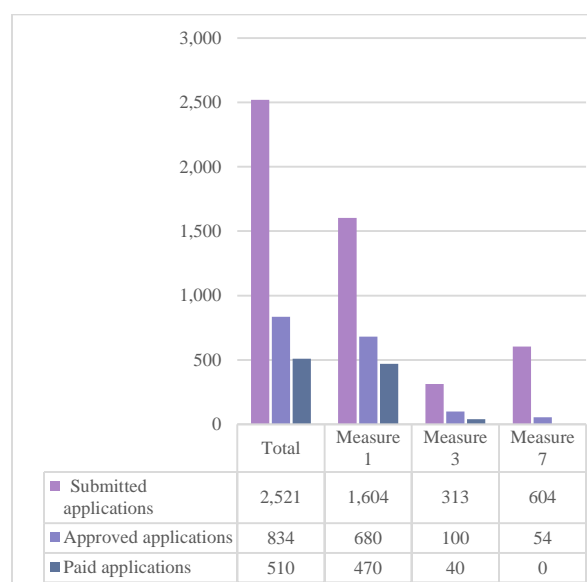
6.2. Completed projects

By the end of 2021, 510 decisions on the payment of IPARD support were adopted in the amount of paid public support of EUR 29.1 m, out of which the EU contribution amounts to EUR 21.8 m, which represents an increase in the number of paid applications compared to AIR 2020 by 293 applications and by EUR 16.2 m of paid public support. Out of the total amount of paid EU support EUR 6.5 m was paid from the allocation for 2016, while EUR 3.2 m was paid from the 2017 allocation. Observed per measure, for Measure 1 EUR 4.6 m was paid from the allocation for 2016, EUR 2.1 m was paid from the allocation for 2017, while EUR 8.9 m was paid from the allocation for 2018. When it comes to Measure 3, EUR 3.0 m was paid from the allocation for 2017, while EUR 3.2 m was paid from the allocation for 2018. When it comes to Measure 7, no applications were paid by the end of the reporting period.

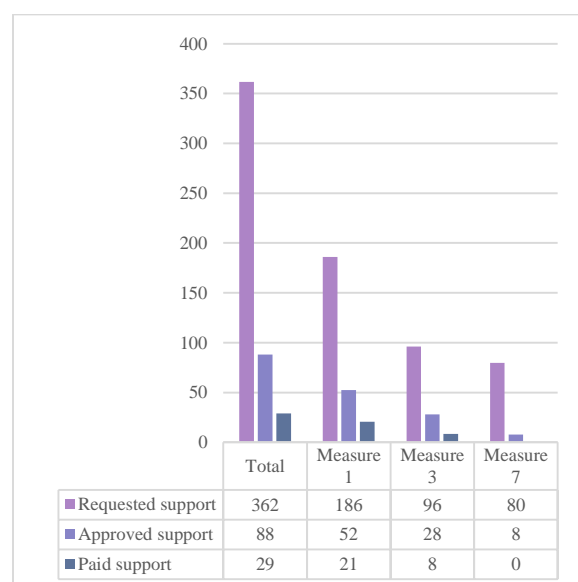
The average amount of paid EU support per application, with cut-off date of 31st December 2021, amounted to EUR 42,751 (which represents a decrease compared to AIR 2020 by EUR 1,903 per paid application). Measure 3 achieves a significantly higher average amount of paid EU support per application (EUR 155,550) compared to this indicator for Measure 1 (EUR 33,152). In 2021, 279 applications were paid for Measure 1 (EUR 11.9 m of paid public support), which represents a significant increase compared to the number of paid applications in 2020 under this Measure (46), as well as to the amount of paid public support (EUR 2.8 m). Within Measure 3, 14 applications were paid (EUR 4.2 m of paid public support), which represents a decrease compared to the number of paid applications in 2020 under this Measure (23), while amount of paid public support remained at the same level (approx. EUR 4.1 m), which indicates a significantly higher average amount of investment per paid project in 2021 compared to 2020 within this Measure. There were no project payments under Measure 7.

Graph 31: Paid applications and public support in relation to submitted/approved applications/public support

31.a. Applications

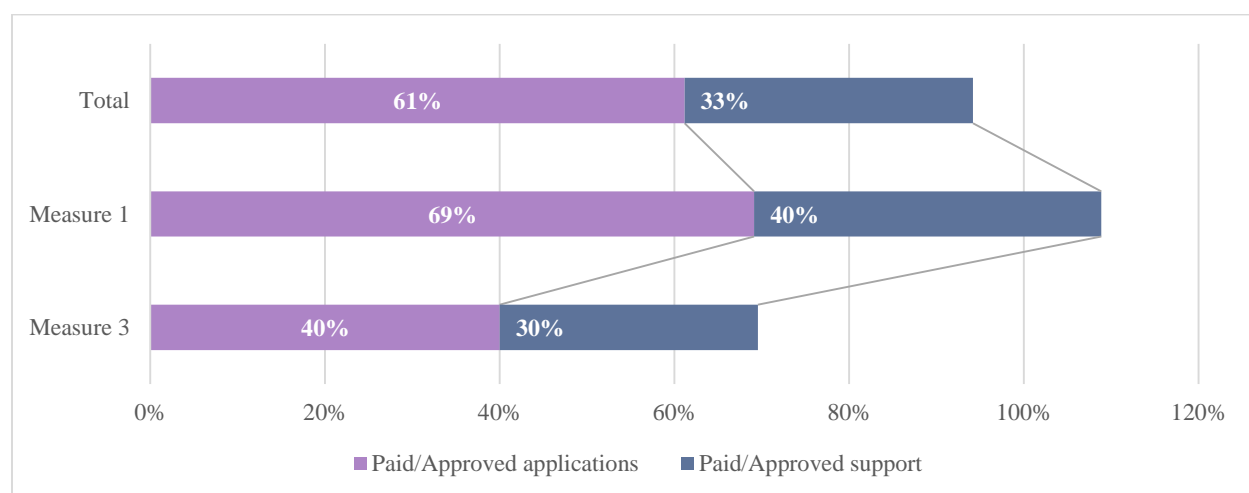


31.b. Public support (EUR m)



In relation to the total number of submitted applications and estimated requested public support, until 31st December 2021, 20% of applications (510) and 8% of public support were paid: EUR 29.1 m (Graph 31). The largest number of paid applications refers to Measure 1 (470), while 40 applications were paid under Measure 3. At the same time, the largest share of paid applications in the total number of submitted applications refers to Measure 1 (29%), while Measure 3 has a share of paid applications in relation to submitted applications of 13%. The share in the paid public support in relation to the requested support for Measure 1 is 11%, while for Measure 3 is 9% (Graph 31).

Graph 32: Share of paid applications/support in relation to approved application/support (%)



Up until 31st December 2021, the number of paid applications (510) in the total number of approved applications (834) has a share of 61%, while the share in terms of paid/approved support is significantly lower (33%). Measure 1 achieved a significantly higher share compared to Measure

3, both in terms of paid/approved applications (69%) and in terms of paid/approved support: 40% (Graph 32). No applications were paid under Measure 7 by the end of 2021.

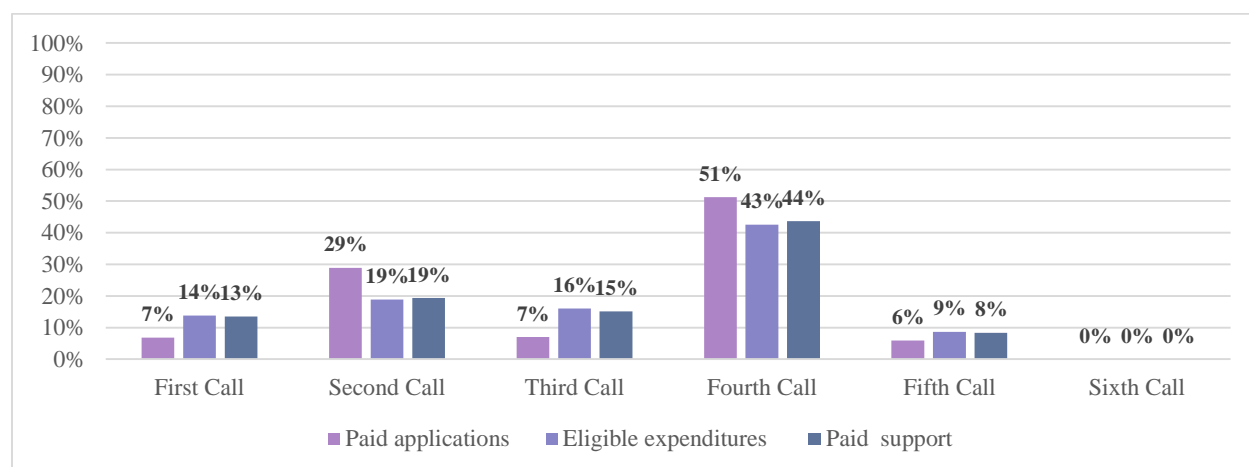
Observed **per call**, the largest number of total paid both applications and EU support referred to the Fourth Call within Measure 1 (241 applications with the amount of EUR 6.8 m of paid EU support). When it comes to the total payment **per sector**, as of 31.12.2021, the largest number of applications was paid within the Other Crops Sector (primarily within the Cereals Sub-sector) for Measure 1: EUR 12.7 m (61% out of total payment under Measure 1). With a total payment of EUR 7.6 m under Measure 3 is followed by the Fruit and Vegetable Processing Sector. From the point of the **type of investment**, by the end of 2021 the largest volume of payment was achieved for tractors within Measure 1: EUR 13.1 m (63% of the total payment), followed by the type of investment related to the modernisation of processing and packaging equipment for fruit and vegetables under Measure 3 (EUR 5.3 m).

Measure 1

Up until 31st December 2021, IA paid a total of 470 applications, which in relation to the total number of submitted applications under Measure 1 is 29.3%. The total amount of paid EU support was EUR 15.6 m. Observed per year of Programme implementation, a significant increase in the number of paid applications under Measure 1 was achieved in 2021 compared to 2020 (279 and 46 paid applications, respectively). Consequently, the amount of paid public support in 2021 is significantly higher compared to 2020 (EUR 11.9 m and EUR 2.8 m, respectively). However, it should be mentioned that in 2020, the largest number of applications have been approved under this Measure (297), i.e. 44% of the total number of approved applications for Measure 1 (Annex 2: Table 2). Until 31st December 2021, the average amount of paid EU support per project under Measure 1, was EUR 33,152.

Observed **per call**, the largest number of both paid applications and paid EU support referred to the Fourth Call (241 applications with paid EU support in the amount of EUR 6.8 m). Also, significantly lower average amount of paid EU support per project was realized within the Second and Fourth Calls (EUR 22,192 and EUR 28,242, respectively) compared to this indicator for other calls, which can be explained by the fact that the subject of investment under these two calls was for the purchase of a new tractor.

Graph 33: Share of paid applications, eligible expenditures for investment and paid support per call (%), Measure 1



Within the *First call*, a total of 32 applications were paid, which makes 7% of the total number of paid applications for Measure 1, 38% of the total number of submitted applications and 76% of approved applications within this call. Approved eligible expenditures for payment under this call amounted to EUR 4.6 m, which is 14% of the total amount of approved eligible expenditures for payment under Measure 1, 38% of the total requested eligible expenditures and 73% of the approved eligible expenditures for investment under this call. Paid EU support amounted to EUR 2.1 m, which is 14% of the total paid EU support for Measure 1. This call for Measure 1 is closed in regard to processing and payment of applications. *Ex-post* control will be carried out within a period of five years from the moment of payment.

Within the *Second Call*, 136 applications were paid, which makes 29% of the total number of paid applications for Measure 1, 35% of the total number of submitted applications and 72% of approved applications under this call. Approved eligible expenditures for payment under this call amounted to EUR 6.2 m, which represents 19% of the total amount of approved eligible expenditures for payment under Measure 1, 33% of the total requested eligible expenditures and 76% of the approved eligible expenditures for investment under this call. Total paid EU support amounted to EUR 3.0 m, which is 19% of the total paid EU support for Measure 1.

Within the *Third Call*, 33 applications were paid, which makes 7% of the total number of paid applications for Measure 1, 22% of the total number of submitted applications and 47% of approved applications under this call. Approved eligible expenditures for payment under this call amounted to approx. EUR 5.3 m, which represents 16% of the total amount of approved eligible expenditures for payment under Measure 1, 8% of the total requested expenditures and 21% of the approved expenditures for investment under this call. The total paid EU support amounted to EUR 2.4 m, which is 15% of the total paid EU support for Measure 1.

Within the *Fourth Call*, 241 applications were paid, which makes 51% of the total number of paid applications for Measure 1, 55% of the total number of submitted applications and 83% of approved applications under this call. Approved eligible expenditures for payment under this call amounted to EUR 14.1 m, which represents 43% of the total amount of approved eligible expenditures for payment under Measure 1, 54% of the total requested expenditures and 84% of the approved expenditures for investment under this call. The total paid EU support amounted to EUR 6.8 m, which is 44% of the total paid EU support for Measure 1.

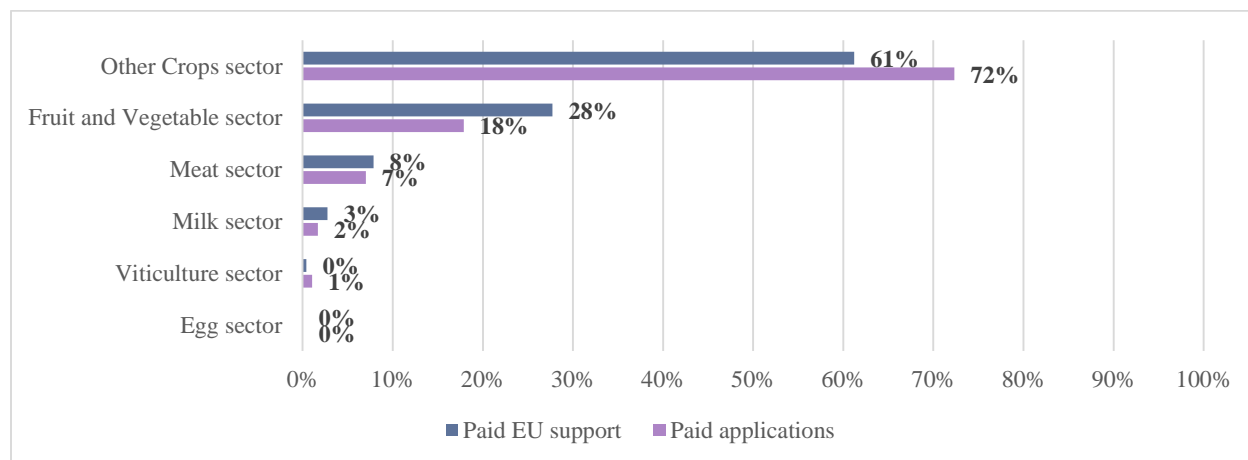
Under the *Fifth Call*, 28 applications were paid, which is 6% of the total number of paid applications for Measure 1, 17% of the total number of submitted applications and 33% of approved applications under this call. Approved eligible expenditures for payment under this call amounted to EUR 2.9 m, which is 9% of the total amount of approved eligible expenditures for payment for Measure 1, 4% of the total requested expenditures and 10% of the approved expenditures for investment under this call. The total paid EU support amounted to EUR 1.3 m, which is 8% of the total paid EU support for Measure 1.

Within the *Sixth Call* for Measure 1, there was no payment of applications until 31st December 2021 (Annex 2: Table 1).

Observed **per sector**, the largest share both in the total number of paid applications and in the total paid EU support under Measure 1 is achieved by the Other Crops Sector (340 paid applications, share of 72% and EUR 9.5 m, share of 61%). The Fruit and Vegetable Sector has a higher share in the total paid EU support under Measure 1 compared to the share in the total paid applications (28%, i.e. 18%, respectively), which is presented in Graph 34. In the Meat Sector, 33 applications

in the amount of EU support of EUR 1.2 m were paid. Until 31st December 2021, eight applications were paid within the Milk Sector, while five applications were paid under the Viticulture Sector. By the end of the reporting period, there were no paid applications within the Egg Sector, although nine applications were submitted.

Graph 34: Share of sectors in total number of paid applications and the amount of paid EU support (%), Measure 1



By far the largest number of paid applications in the Other Crops Sector refers to the Cereals Sub-sector of (292, i.e. 86%) and in the Fruit and Vegetable Sector to the Fruit Sub-sector (71, i.e. 85%). Within the Meat Sector, when it comes to paid applications, the largest share is achieved by the Pigs Sub-sector (16 paid applications, i.e. 53%), followed by the Cattle Sub-sector (11 paid applications, i.e. 33%). In the Milk Sector, eight applications have been paid for dairy cows. Mentioned sub-sectors achieved a similar share of “Paid EU support”. The Fruit and Vegetable Sector, the Meat Sector and the Milk Sector achieved a larger share in the total paid EU support compared to the share in the total number of paid applications under Measure 1. A higher share in the total number of paid applications in relation to the share in the total paid support was achieved by the Other Crops Sector (Graph 34). The average amount of paid support per application is the highest in the Milk Sector (EUR 53,998), followed by the Fruit and Vegetable Sector (EUR 51,425), the Meat Sector (EUR 37,171), the Other Crops Sector EUR 28,049 and the lowest is in the Viticulture Sector EUR 13,253.

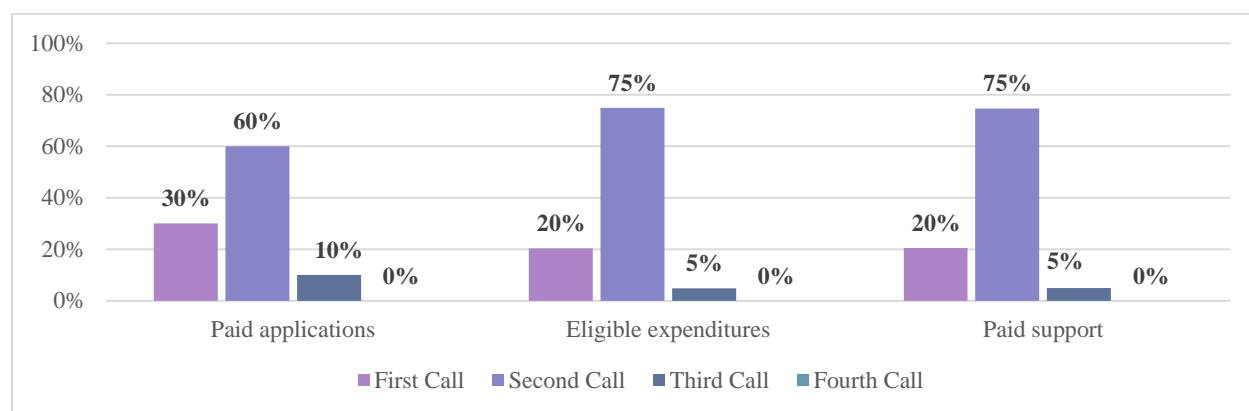
Observed **per type of investment**, the largest number of paid applications (466) referred to equipment, machinery and mechanisation (including tractors), while four paid applications referred to investments for construction and equipping of facilities (out of which three applications were in the Fruit and Vegetable Sector). With 377 paid applications, the purchase of tractors is the dominant type of investment in all sectors: EUR 9.8 m of paid EU support, followed by equipment for collection, sorting, packaging and storage in the Fruit and Vegetable Sector with 26 paid applications (EUR 2.2 m of paid EU support). The average amount of paid EU support per application for a tractor is EUR 26,060 and for equipment for collection, sorting, packaging and storage is EUR 84,500.

Measure 3

When it comes to Measure 3, 40 applications were paid (13% of the total number of submitted applications and 40% of approved applications within this Measure), with paid EU support in the amount of EUR 6.2 m. The average amount of paid EU support under Measure 3 was EUR 155,550, which is almost five times higher than the average paid EU support for Measure 1. In 2021, 14 applications with public support were paid in the amount of EUR 4.2 m (Annex 2: Table 3).

Observed **per call**, the largest number of paid applications was realized in the Second Call (24 applications, i.e. 24% of the total approved applications for this Measure), with the amount of paid EU support of approx. EUR 4.6 m, which represents 75% of the total paid EU support under this Measure. At the same time, the average amount of paid EU support per application is at a higher level under the Second Call (EUR 193,508) compared to the First Call (EUR 105,840), while the lowest average amount of paid EU support was realized under the Third Call in the amount of EUR 76,928 (Graph 35).

Graph 35: Share of paid applications, eligible expenditures for investment and paid EU support per call (%), Measure 3



Within the *First Call*, 12 applications were paid, which makes 30% of the total number of paid applications for Measure 3, 46% of the total number of submitted and 92% of approved applications within this call. Approved eligible expenditures for payment under this call amounted to EUR 3.5 m, which represents 20% of the total amount of approved eligible expenditures for payment under Measure 3, 35% of the total requested expenditures and 78% of the approved eligible expenditures for investment under this call. The paid EU support amounted to EUR 1.3 m, which is 20% of the total paid EU support for Measure 3. This call for Measure 3 is closed when it comes to processing and payment of applications. Out of the total number of approved applications within this call, for three approved applications there were no application for payment submitted. Ex-post control will be carried out within a period of five years from the moment of payment.

Within the *Second Call*, 24 applications were paid, which makes 60% of the total number of paid applications for Measure 3, 4% of the total number of submitted applications and 10% of approved applications under this call. Approved eligible expenditures for payment under this call amounted EUR 821,829, which is 5% of the total amount of approved eligible expenditures for payment under Measure 3, 1% of the total requested expenditures and 3% of the approved eligible

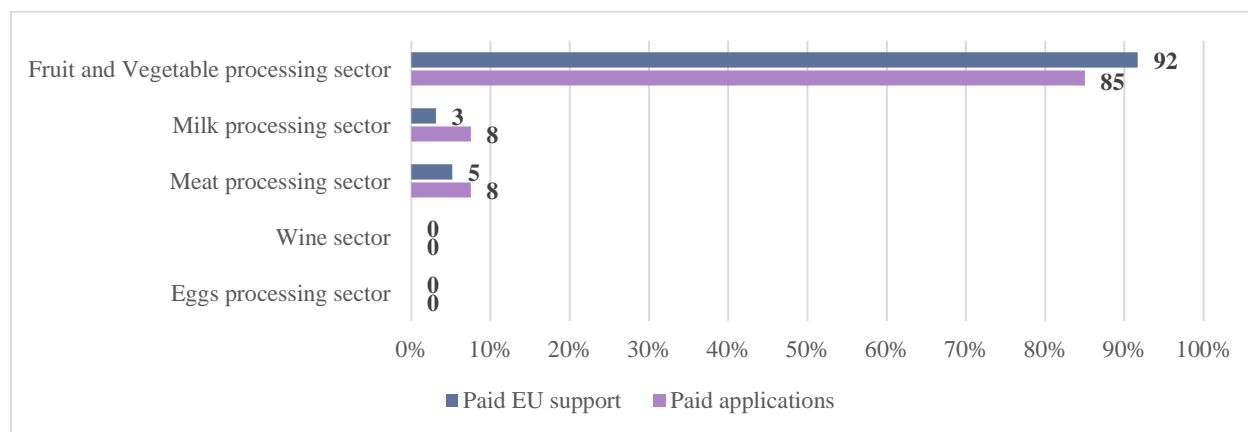
expenditures under this call. The total paid EU support amounted to EUR 4.6 m, which makes 75% of the total paid EU support for Measure 3.

Within the *Third Call*, 4 applications were paid, which makes 10% of the total number of paid applications for Measure 3, 30% of the total number of submitted applications and 56% of approved applications within this call. Approved eligible expenditures for payment under this call amounted to EUR 12.9 m, which is 75% of the total amount of approved eligible expenditures for payment under Measure 3, 31% of the total requested expenditures and 46% of the approved eligible expenditures within this call. The total EU support paid was EUR 307,711, which is 5% of the total paid EU support for Measure 3.

Within the *Fourth Call* for Measure 3, until 31st December 2021 there were no paid projects (Annex 2: Table 1).

Observed **per sector**, unlike in the case of Measure 1, the dominant share within Measure 3, both in the total number of paid applications and share in the total paid EU support, was achieved by the Fruit and Vegetable Processing Sector (34 paid applications, share of 85% and EUR 5.7 m, share of 92%). The Milk Processing Sector and the Meat Processing Sector have an equal share in the total number of paid applications (8% each), while when it comes to the share in the total paid EU support, the Meat Processing Sector achieved a larger share compared to the Milk Processing Sector (5% and 3%, respectively). No applications were paid within the Wine Sector and the Egg Processing Sector by the end of 2021, although 23 applications were submitted within the Wine Sector, while no applications were submitted in the Egg Processing Sector (Graph 36).

Graph 36: Share of sectors in total number of paid applications and the amount of paid EU support (%), Measure 3



The average amount of paid EU support per application was also the highest in the Fruit and Vegetable Processing Sector (EUR 167,791), while in the Meat Processing Sector and the Milk Processing Sector the average amount of paid EU support per application was EUR 107,592, i.e. EUR 64,778 respectively.

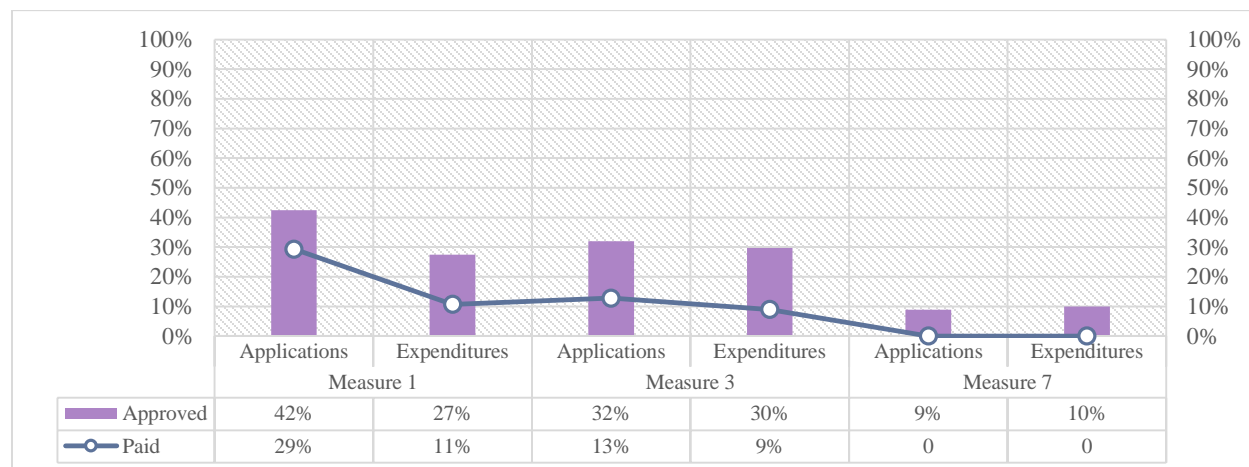
The dominant **type of investment** in regard to paid applications under Measure 3 refers to the modernisation of processing and packaging equipment in the Fruit and Vegetable Processing Sector, with a total of 28 paid applications in the amount of EUR 4.3 m of EU support. For investments in the construction/reconstruction and modernisation of processing facilities five applications were paid in the amount of EUR 1.3 m of EU support, then three applications were paid for investments in the modernisation of meat processing enterprises in the amount of approx.

Annual Implementation Report on IPARD II Programme for 2021

EUR 0.3 m of EU support. When it comes to investments in the modernisation of dairy enterprises, two applications were paid in the amount of approx. EUR 0.1 m and one application each for investment in management of waste water/waste from the production within Milk Processing Sector and investments in production of energy from renewable sources within Fruit and Vegetable Processing Sector.

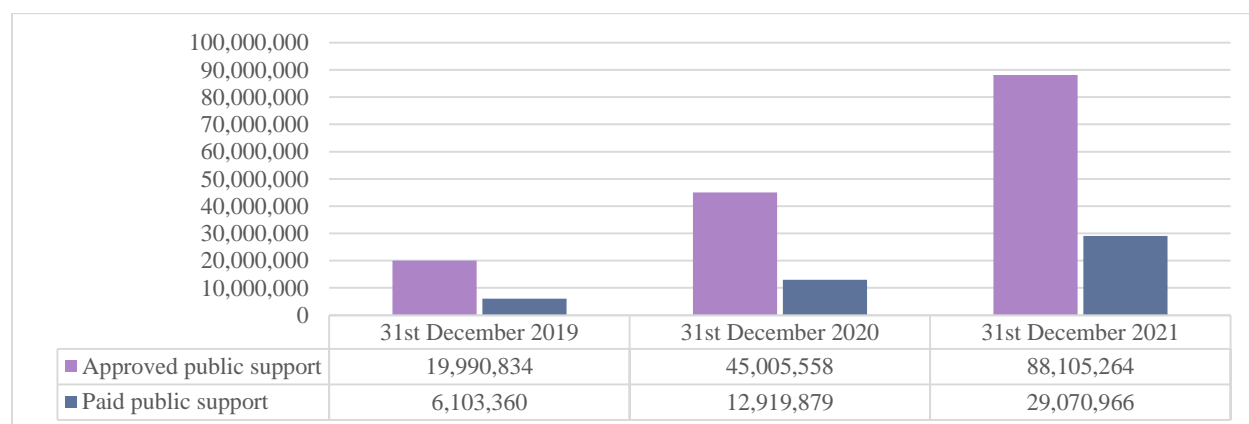
The average amount of paid EU support per application for investments in the modernisation of processing and packaging equipment in the Fruit and Vegetable Processing Sector is EUR 154,363.

Graph 37: Approved/paid applications/expenditures for investment in relation to submitted applications/expenditures for investment (%)



By the end of 2021 there is higher percentage of approved applications for Measure 1 (42%) compared to Measure 3 (32%). Also, the percentage of paid in relation to the number of submitted applications for Measure 1 is higher compared to Measure 3 (29% and 13%, respectively). Regarding the approved and requested expenditures for investment, the situation is much different: the percentage of approved expenditures is higher than requested for Measure 3 (30%) compared to Measure 1 (27%), while the percentage of paid expenditures in relation to the requested expenditures of 11% under Measure 1 and 9% under Measure 3. In the reporting period, 54 applications were approved under Measure 7, while no applications were paid.

Graph 38: Progress in terms of approved and paid public support (EUR)



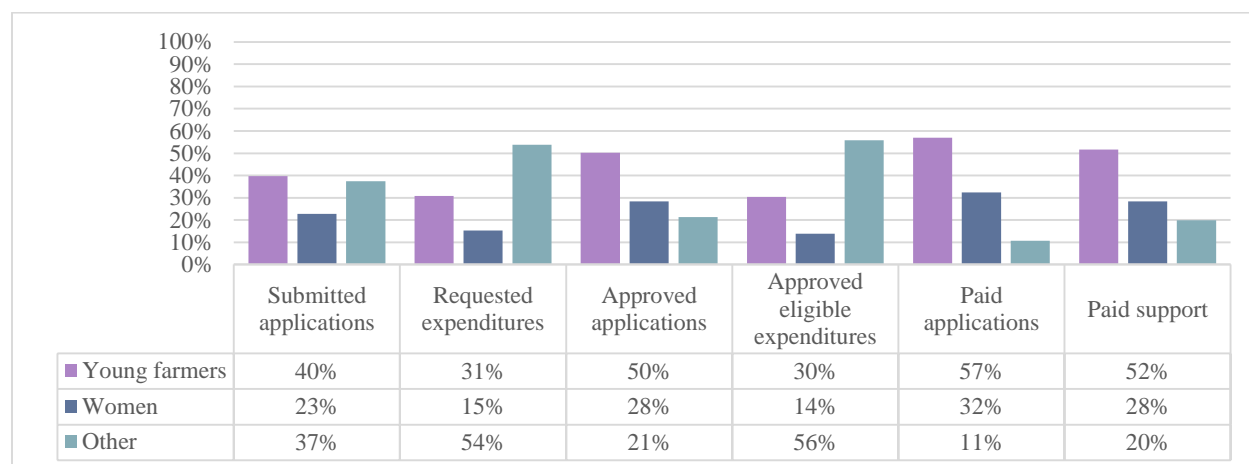
Since the last annual report, significant progress has been made in terms of total approved and paid public support. In 2021 compared to 2020, the total approved public support increased by EUR 43.1 m, i.e. by 96%. The total paid public support in 2021 cumulatively amounted to EUR 29.1 m, which was an increase in this financial indicator compared to the previous year by EUR 16.2 m, i.e. by 125%.

6.3. Sensitive sectors

Sensitive categories of recipients of IPARD support (young farmers and women), with a total of 1,222 submitted applications and the amount of requested expenditures of EUR 192.2 m, achieved more than half of the total number of submitted applications for six calls for Measure 1 and two calls for Measure 7 (55.3%) and a lower share in the total requested expenditures (44.4%) for these IPARD measures. By the end of 2021 for sensitive categories of recipients, 597 decisions on project approval were adopted with the approved eligible expenditures of EUR 47.1 m and 420 paid applications with the paid public support of EUR 16.6 m (EU contribution: EUR 12.5 m). By the end of 2021, the total number of rejected and withdrawn applications by applicants for sensitive categories of recipients was 245, with a total of rejected and withdrawn expenditures for investment in the amount of EUR 47.2 m. Within the sensitive categories of recipients, in the total number of submitted applications and the total requested expenditures, young farmers participate with 60% and women with 40%. In terms of the number of submitted applications by measure, the category of young recipients is more represented under Measure 1 and women under Measure 7.

Measure 1

The total number of submitted applications by sensitive categories under Measure 1 was 1,004 applications (young farmers 638 and women 366) - 62.6% out of the total number of submitted applications under Measure 1, with a total requested expenditures of EUR 143.0 m (young farmers: EUR 95.7 m and women: EUR 47.3 m) - 46.1% out of the total requested expenditures for Measure 1. For sensitive categories of IPARD recipients under Measure 1, 535 applications were approved (78.7% out of the total number of approved applications under Measure 1), with the amount of approved eligible expenditures of EUR 37.6 m (44.2% out of the total approved eligible expenditures under Measure 1) and 420 projects were paid (89% out of the total number of paid applications under Measure 1), with the amount of paid public support of EUR 16.6 m, which represents 80% out of the total paid public support under Measure 1 (Graph 39).

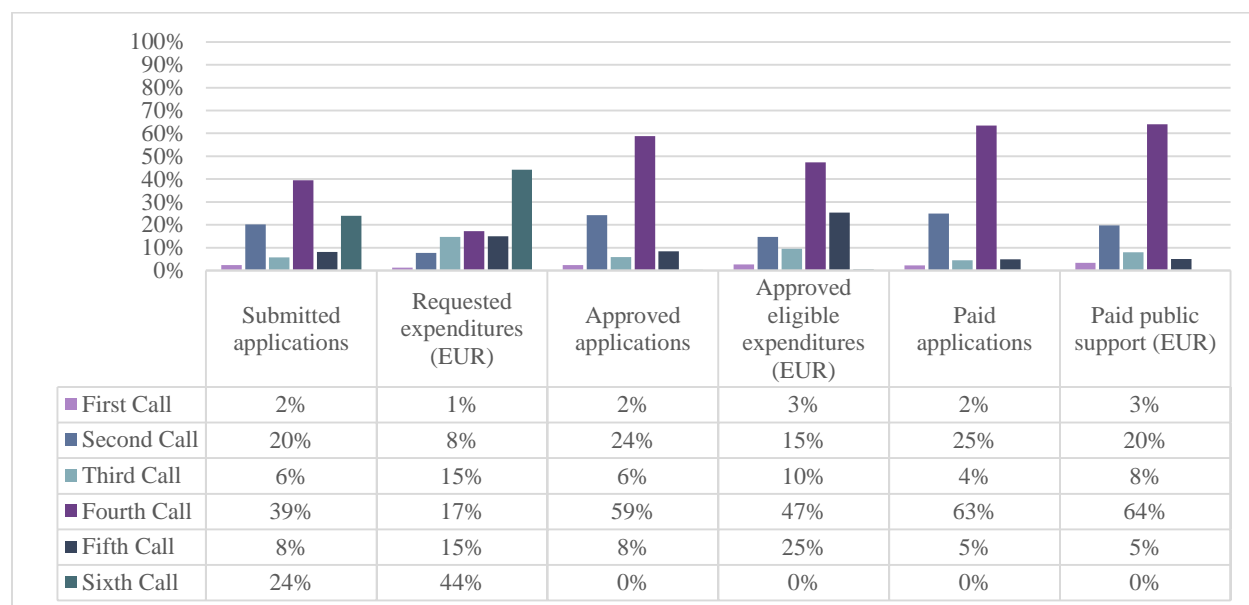
Graph 39: Share of sensitive categories in the total number of submitted, approved and paid applications and expenditures (%), Measure 1

Comparison with data from AIR 2020 leads to the conclusion of increasing the share of sensitive categories of IPARD recipients in the total amount of requested expenditures, in the total number of paid applications and in the total amount of paid public support and decrease of these categories of recipients in total number of submitted and approved applications, as well as in the total amount of approved eligible expenditures.

Sensitive categories of recipients submitted the largest number of applications within the calls related to the purchase of tractors (Second Call and especially the Fourth Call), as well as under the Sixth Call. Within the mentioned calls for Measure 1, 844 applications were submitted by sensitive categories (534 by young farmers and 310 by women), which represents 84% out of the total number applications for Measure 1 submitted by sensitive categories. In terms of submitted applications, the largest number of approved and paid applications for sensitive categories refers to the Fourth and Second Call. Observed per call from the financial aspect, by far the largest amount of expenditures by sensitive categories of recipients was requested under the Sixth Call for Measure 1: EUR 62.6 m, which represents 43.8% out of the total requested expenditures under Measure 1 by sensitive categories of recipients. The largest amount of approved eligible expenditures for sensitive categories of recipients refers to the Fourth and Second Call, while the largest amount of paid support for these categories was realized within the Fourth Call. Accordingly, the largest amounts of rejected and withdrawn requested expenditures by sensitive categories of recipients were related to the Third (EUR 15.8 m) and the Fifth Public Call (EUR 11.2 m).

Young farmers

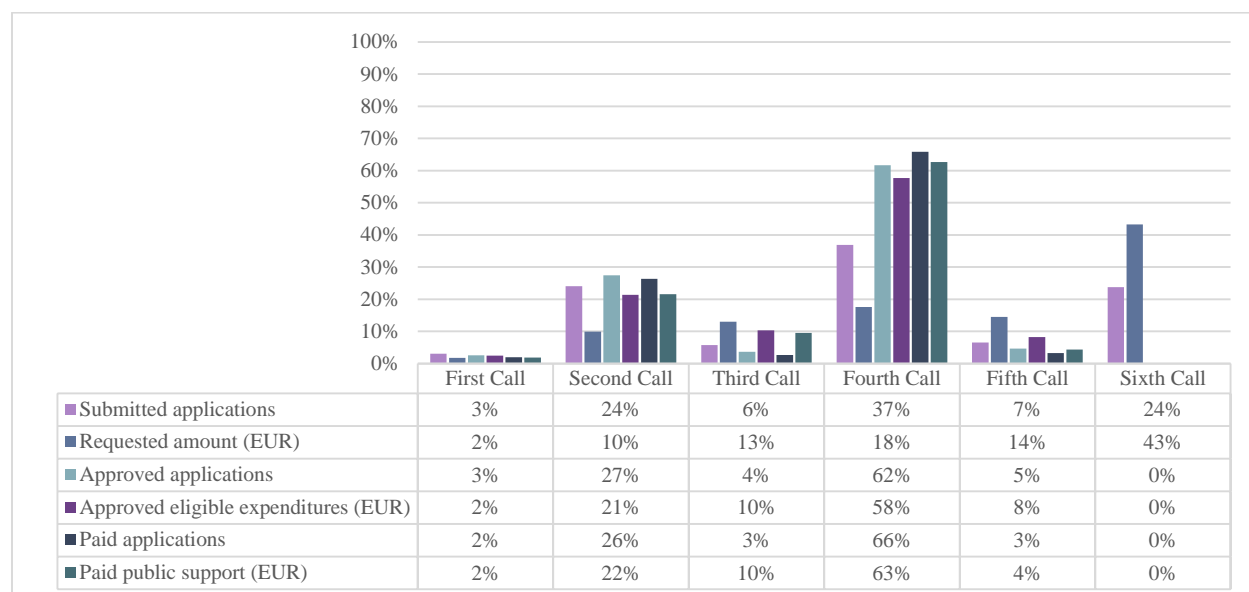
Under Measure 1, the total number of submitted applications by young farmers was 638, which is an increase compared to the previous annual reporting by 22%. The amount of requested expenditures is EUR 95.7 m, which represent a share of 31% in the total requested expenditures for Measure 1 (increase by 62% compared to the previous AIR). Although the largest number of applications by young farmers was submitted under the Fourth Call for the purchase of a new tractor: 252, by far the largest amount of requested expenditures by this sensitive category of recipients is related to the Sixth Public Call under Measure 1 (EUR 42.2 m).

Graph 40: Share of young farmers in the total number of submitted, approved and paid applications and expenditures per call (%), Measure 1

Observed per call under Measure 1, young farmers had the most significant share in the total submitted applications within the calls related to the purchase of a new tractor: Second and especially the Fourth Call (59% in total) and within the Sixth call (24%), while on the other hand, this category of sensitive recipients achieved by far the largest share in the total requested expenditure for Measure 1 within the Sixth Call (44%). When it comes to the approval of applications, the largest number of projects was approved under the Second Call (41%) and at the same time with more than half of the total amount of approved eligible expenditures under the Third Call (54%). From the point of payments to young farmers under Measure 1, the Second Public Call is dominant (75% of paid applications and share of 61% in the total paid public support for Measure 1). The largest number of applications submitted by young farmers were rejected and withdrawn under the Second Call (45), while the largest amount of rejected and withdrawn expenditures is related to the Third Call for Measure 1 (EUR 11.0 m).

Women farm holders

Within Measure 1, the total number of applications submitted by women farm holders is 366, which is an increase compared to the previous annual reporting by 31%. The requested amount of expenditures is EUR 47.3 m, which is an increase by 79% compared to the previous AIR. Women farm holders achieved a share of 15.3% in the total requested expenditures for Measure 1. As in the case of young farmers, the largest number of applications submitted by women was under the Fourth Public Call: 135, while by far the largest amount of requested expenditures by this sensitive category is related to the Sixth Public Call under Measure 1 (EUR 20.4 m), which indicates a significantly higher average value of investment under this call.

Graph 41: Share of women in the total number of submitted, approved and paid applications and expenditures per call (%), Measure 1

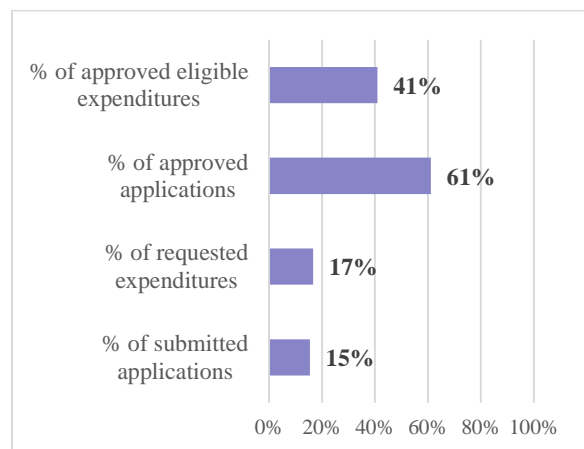
The share of women farm holders in the total number of submitted applications under Measure 1 is at a significantly lower level compared to the participation of young farmers. Participation of women under this Measure for all observed indicators is dominant within the Fourth Public Call, except for the requested amount of expenditures, where the most significant share is achieved under the Sixth Call (Graph 41). Women realized the most significant share in the total number of submitted applications in the Fourth Call (37%) and equal share in the Second and Sixth Call (24% each), while, on the other hand, this category of sensitive recipients has the largest share in total requested expenditures within the Sixth Call for Measure 1 (43%). When it comes to approval of applications, the largest number of applications was approved under the Fourth Call (119 applications, or 62%), with the largest share in the total amount of approved eligible expenditures under this call for Measure 1 (58% for EUR 6.8 m of approved eligible expenditures). When it comes to paid applications for this sensitive category of IPARD recipients for Measure 1, the Fourth Public Call is also dominant, both from the aspect of participation in the total number of paid applications to women under Measure 1 (66% for 100 paid projects) and from the aspect of participation in the total paid public support (63% for EUR 3.7 m of paid total public support). The largest number of applications submitted by women were rejected and withdrawn by applicant under the Second Call (34), while the largest amount of rejected and withdrawn expenditures is related to the Fifth Public Call for Measure 1 (EUR 5.4 m).

Measure 7

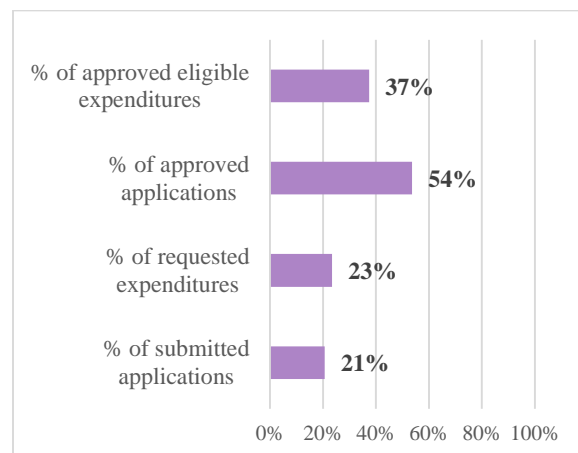
Under the First Call for Measure 7, sensitive categories of recipients submitted a total of 218 applications (93 by young farmers and 125 by women), with a total requested expenditures of EUR 49.3 m (young farmers: EUR 20.5 m and women: EUR 28.8 m). For young farmers, 33 applications were approved with the amount of approved eligible expenditures of approx. EUR 5 m, while for women 29 applications were approved with the amount of approved eligible expenditures of approx. EUR 4.6 m (Graph 42).

Graph 42: Share of sensitive categories in the total number of submitted and approved applications and expenditures (%), Measure 7

42.a. Young farmers



42.b. Women



In the total number of submitted applications under Measure 7 sensitive categories participated with 36%, while in the requested expenditures with 40%. At the same time, the share of sensitive categories of recipients in terms of approved applications is significantly lower (17%), while on the other hand their share in the total approved eligible expenditures for Measure 7 is significantly higher (41%), which leads to a preliminary conclusion on higher average project value per approved application by sensitive category of recipients for this IPARD Measure.

Compared to Measure 1, Measure 7 has a higher number of submitted applications by women (125) than by young farmers (93). Consequently, the same applies to the amount of requested expenditures for investment under Measure 7, which is at a higher level for women (EUR 28.8 m) compared to this indicator for young farmers (EUR 20.5 m). Based on available data for the First Call for Measure 7, the share of women in the total number of submitted applications is 40.2% and for young farmers is 29.9%, while the share of these sensitive categories of recipients in the total requested expenditures is 39.6% and 28.1%, respectively. Until the end of 2021, no payments were made to potential recipients under Measure 7.

More detailed data on the number of projects and requested and realized IPARD expenditures for sensitive categories of recipients is presented in Annex 3 of this Report.

6.4. Sanctioned and cancelled projects

Out of the total of 2,521 submitted applications for project approval by the end of 2021, a total of 581 applications were rejected (23%), with the total requested public support amounting to EUR 78.2 m (22%), out of which 226 applications were withdrawn by applicant: 9% in relation to the total number of submitted applications (Table 23).

Table 23: Review of rejected and withdrawn applications per measure and call

IPARD II		Rejected and withdrawn applications, 31.12.2021.		
Measure	Call	No. of applications	Total public support (EUR)	EU contribution (EUR)
Measure 1	1	43	2,891,245	2,168,434
	2	203	4,970,613	3,727,960
	3	76	21,886,037	16,414,528
	4	39	1,069,995	802,496
	5	72	16,775,954	12,581,965
	6	1	604,948	453,711
Total		434	48,198,792	36,149,094
Measure 3	1	11	2,607,586	1,955,690
	2	38	5,319,252	3,989,439
	3	38	10,675,970	8,006,977
	4	0	0	0
Total		87	18,602,808	13,952,106
Measure 7	1	60	11,374,334	8,530,751
	2	0	0	0
Total		60	11,374,334	8,530,751
Total M1+M3+M7		581	78,175,934	58,631,950

The largest number of rejected and withdrawn applications is within Measure 1 (434 applications). Observed per measure, under Measure 3 the slightly higher share of rejected and withdrawn applications in the total number of submitted applications was achieved (28%) compared to Measure 1 (27%). When it comes to Measure 7, the share of rejected and withdrawn applications in the total number of submitted applications under this Measure is 10%. Observed per year of implementation, a total of 185 applications were rejected and withdrawn in 2021, which represents an increase in the total number of rejected and withdrawn applications (by a total of 52 applications) compared to 2020. In 2021 compared to 2020, the total number both rejected and withdrawn applications has increased (Annex 2: Tables 2-4).

Measure 1 is dominant in terms of the total number of rejected and withdrawn applications (434, i.e. 75% of applications with the amount of total public support of EUR 48.2 m), which is understandable considering that there is a larger number of total submitted and processed applications under this Measure. Under Measure 1, out of the total number of submitted applications 27% were rejected or withdrawn, out of which 244 applications were rejected and 190 applications were withdrawn by applicant. During 2021, there was an increase in the number of rejected and withdrawn applications compared to 2020. By far the largest number of applications was rejected and withdrawn under the Second Call (203), while the largest amount of rejected and withdrawn total public support was within Third Call (EUR 21.9 m, i.e. 45% of the total amount of rejected and withdrawn support under this Measure). It is important to point out that in the total

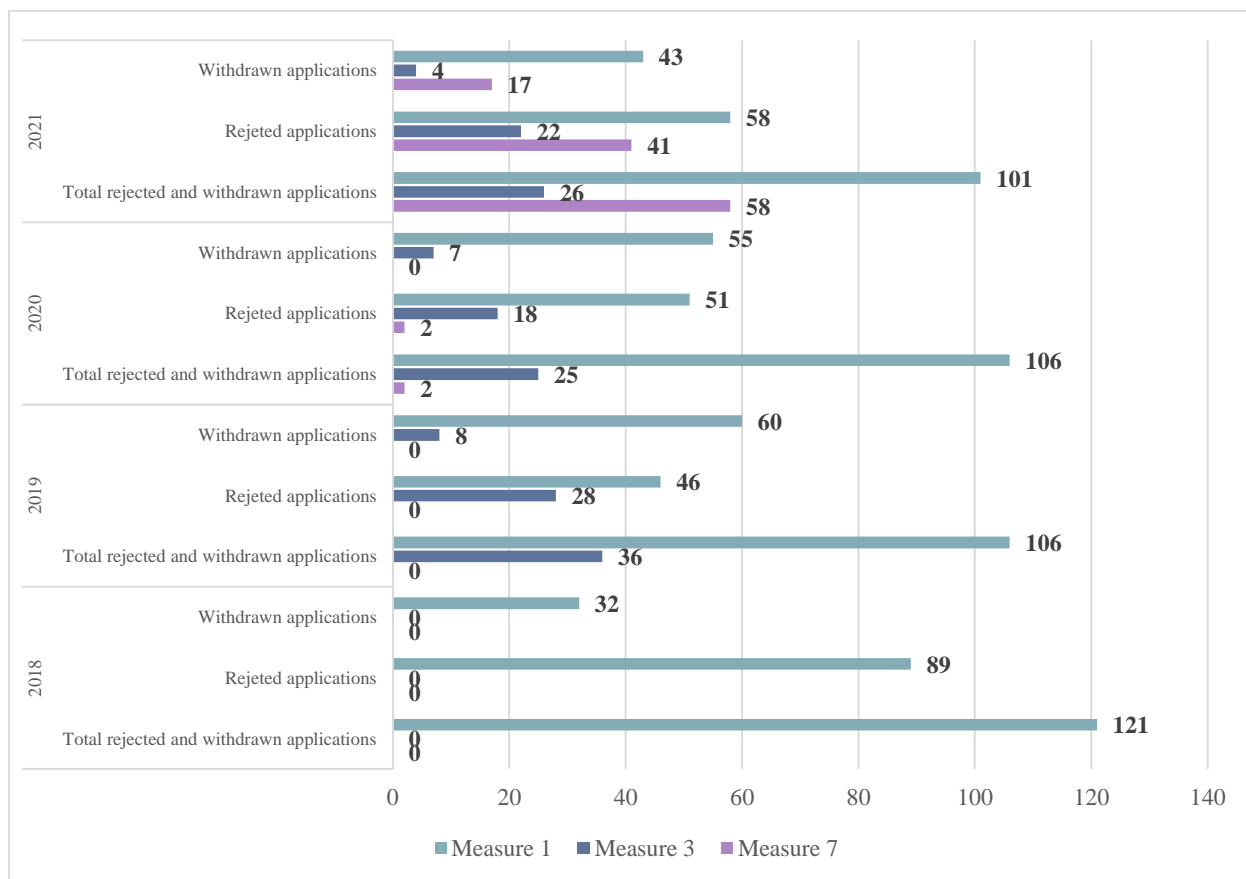
number of rejected and withdrawn applications, there is a significant number of withdrawn applications by applicant: 190 applications, or 44% (Annex 2: Table 11).

Under **Measure 3**, 87 applications were rejected and withdrawn (with the amount of public support of EUR 18.6 m), which represents 28% of the total number of submitted applications under this Measure and 15% of the total number of rejected and withdrawn applications. Cumulative data by the end of 2021 indicate an increase in the number of rejected and withdrawn applications under this Measure compared to the previous reporting year (from 61 applications in 2020 to 87 applications in 2021). Out of the total number of rejected and withdrawn applications, 68 were rejected, while 19 applications were withdrawn by applicant. Observed per year, there is slight increase in the number of rejected and withdrawn applications under this Measure (from 25 in 2020 to 26 applications in 2021), while the number of withdrawn applications decreased (from 7 to 4 applications). Observed per call under Measure 3, the number of rejected and withdrawn applications under the Second and Third Call is dominant (38 applications each), while 57% of the total rejected and withdrawn amount of public support was reached under the Third Call for this Measure. Under Measure 3, the share of withdrawn applications was significantly lower (22%) in the total number of rejected and withdrawn applications compared to this indicator for Measure 1 (Annex 2: Table 11).

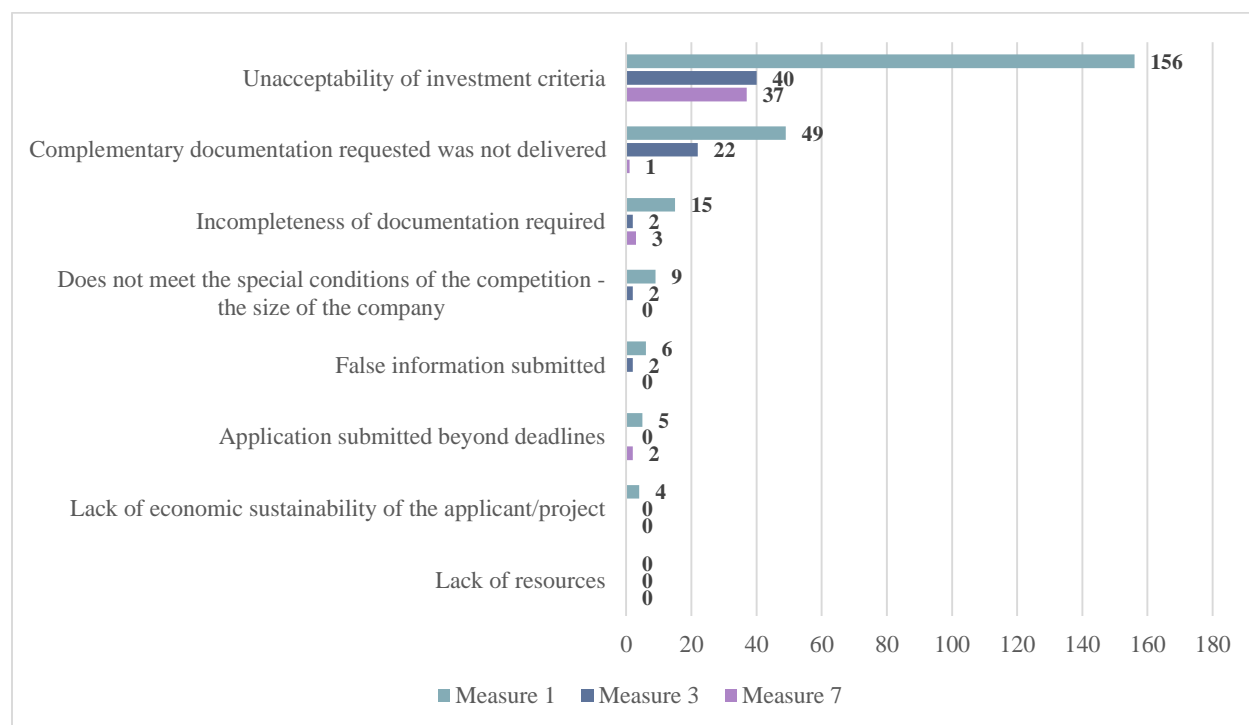
Under **Measure 7**, 60 applications were rejected and withdrawn (with the amount of public support of EUR 11.4 m), which represents 10% of the total number of submitted applications under this Measure and 10% of the total number of rejected and withdrawn applications. Out of the total number of rejected and withdrawn applications, even 43 applications referred to rejected applications, while 17 applications were withdrawn by applicant. Within Measure 7, the rate of withdrawal of applications in the total number of rejected and withdrawn applications for this Measure is 28% (Annex 2: Table 11).

Observed cumulatively per year of Programme implementation, there is an increase in rejected and withdrawn applications for Measure 1, Measure 3 and Measure 7 (Graph 43). However, during 2021 there was an increase in the number of rejected and withdrawn applications per year, calculated on the basis of chain indexes (increase in the total number of rejected and withdrawn applications in 2019 compared to 2018 by 117%, in 2020 compared to 2019 the number of rejected and withdrawn applications increased by 94%, in 2021 compared to 2020 it increased by 139%).

Graph 43: Cumulative overview of rejected and withdrawn applications per measure and year



The most common reasons for projects 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 project rejection are presented cumulatively in Graph 44 with a cut-off date of 31st December 2021.

Graph 44: Most common reasons for rejection of applications

The dominant reason for applications rejection for all three measures is related to the unacceptability of investment criteria (156 for Measure 1, 40 for Measure 3 and 37 for Measure 7), the second is the failure to submit the required documentation after receiving the request for supplementation (49 for Measure 1 and 22 for Measure 3). When it comes to Measure 7, the second most common reason for applications rejection is incompleteness of documentation required. The Second Call for Measure 1, which was published in 2018, records the largest number of rejected and withdrawn applications (203), followed by the Third Call for Measure 1 from 2018 with 76 rejected applications. Under Measure 3, the largest number of rejected and withdrawn applications was within the Second Call from 2018 and the Third Call from 2019 (38 applications each). Under the First Call for Measure 7, 60 applications were rejected and withdrawn.

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

The Evaluation Plan for the IPARD II Programme prepared by the MA with the support of external experts and in consultation with the EC, was approved by the IPARD II Monitoring Committee at the First session on 11th February 2016. This document covers the planned evaluation activities for the entire IPARD II Programme implementation period, as well as the ex-ante evaluation of the IPARD III Programme. The MA started the implementation of on-going evaluations of the IPARD II Programme in 2019 with the scope defined in consultation with the EC. The aim of the On-going evaluation for the implementation period 2017-2019 was to eliminate bottlenecks, as well as to increase the absorption capacity of the IPARD fund. Findings and recommendations of this evaluation, as well as the undertaken activities of the IPARD OS to address them were presented in the AIR 2020.

In order to align with the dynamics and current needs to improve Programme implementation, with the primary goal of increasing the overall absorption of the IPARD funds the Evaluation Plan was updated, covering the period from 2021 to the end of the IPARD II Programme implementation. In December 2021, the updated Evaluation Plan for the IPARD II Programme was approved by the IPARD Monitoring Committee members through written procedure for the adoption of documents. Implemented and planned evaluation activities for the next period are presented in this Chapter.

Activities envisaged in the Evaluation Plan of the IPARD II Programme carried out during 2021

Ex-ante evaluation of the IPARD III Programme

During the IPARD II implementation period, the MA was preparing the IPARD Programme for the next programming period: 2021-2027 (IPARD III Programme). As part of these activities, after the preparation of the first draft of the IPARD III Programme, an ex-ante evaluation was conducted before submitting the Programme to the EC for approval, as envisaged by the Evaluation Plan.

Ex-ante evaluation of the IPARD III Programme is an integral part of the programming process, from the aspect of assessing the compliance of selected measures with the needs and strategic objectives of the agriculture and rural development sector on the one hand, and the allocation of the available IPARD fund in line with priorities, on the other hand.

In accordance with the EC Guidelines for Ex-Ante Evaluation within the Instrument for Pre-Accession Assistance for Rural Development 2021-2027 (IPARD III), the ex-ante evaluation of the draft IPARD III Programme of the RS included the following activities:

- The assessment of needs, including appreciation of the SWOT analysis of the current situation and needs' assessment;
- Appraisal of the intervention strategy, including the choice of measures, targeting of recipients and targets set;
- The assessment of proposed implementation system, including monitoring, evaluation and financial management.

Ex-ante evaluation of the IPARD III Programme was conducted in the period July-September 2021 by independent expert. The ex-ante evaluation service of the IPARD III Programme is provided through public procurement within the World Bank PHRD grant project that supports the MAFWM to strengthen the capacity of the agricultural sector for planning and implementation of data-based policies (evidence-based policy).

During the evaluation process several operational meetings of the evaluators and the relevant representatives of the IPARD OS were held, as well as a several meetings with representatives of the most important stakeholders involved in the preparation of this planning document of the RS. Three interim reports with findings and recommendations based on key evaluation activities of the draft IPARD III Programme envisaged by the EC Guide for conduction of the ex-ante evaluation of the IPARD Programme for programming period 2021-2027 were submitted by the evaluation team to the MA in the late August, while the final report on the Ex-ante evaluation of the IPARD III Programme was submitted to the MA at the end of September 2021.

The findings and recommendations of the ex-ante evaluation, as well as the undertaken activities of the IPARD OS to address them are an integral part of the IPARD III Programme. Most of the

recommendations of the ex-ante evaluation were accepted by the IPARD OS and incorporated into the final version of the IPARD III Programme, which is submitted to the EC, while for a small number of recommendations that were not accepted, an appropriate explanation was given. The complete report on the ex-ante evaluation of the IPARD III Programme is available on the IPARD website of the MAFWM via link: [Ex-ante-evaluation-report-IPARD-III-Programme-2021-2027.pdf \(minpolj.gov.rs\)](https://minpolj.gov.rs/Ex-ante-evaluation-report-IPARD-III-Programme-2021-2027.pdf).

On-going evaluation of the IPARD II Programme for the implementation period 2020-2021

The Evaluation Plan for the IPARD II Programme envisages the implementation of the on-going evaluation of the IPARD II Programme for the implementation period 2020-2021, i.e. the second on-going evaluation of the IPARD II Programme.

During 2021, the MA in consultation with the EC prepared terms of reference for the engagement of independent external expertise to carry out this evaluation. The terms of reference include activities that are crucial for the final phase of the IPARD II Programme implementation and significant for the forthcoming ex-post evaluation of the IPARD II Programme. In order to improve the efficiency of the Programme, terms of reference envisage the follow up of recommendations of the previously conducted On-going evaluation of IPARD II Programme. Also, the recommendations of the Ex-ante evaluation of the IPARD III Programme are taken into account.

Accordingly, the terms of reference for the evaluation of the IPARD II Programme for the implementation period 2020-2021 envisages the following activities:

Activity 1: Monitoring of the IPARD II Programme evaluation recommendations for the implementation period 2017-2019;

Activity 2: Assessment of obstacles to the absorption of the IPARD Fund (including barriers to accessing finance) and administrative simplification based on following the recommendations of the previous on-going evaluation of the IPARD II Programme;

Activity 3: Assessment of the monitoring and evaluation system, including evaluation of the data collection methodology for the results indicator related to the number of newly created jobs under Measure 3 and Measure 7 of the IPARD II Programme;

Activity 4: Evaluation of the achieved results and impacts of the IPARD II Programme;

Activity 5: Construction assessment and strengthening the capacity for monitoring, evaluation and reporting.

The public procurement procedure for evaluation service is ongoing at the time of preparation of the Report. The results of this evaluation will be presented in the AIR 2022.

IPARD II Programme evaluation activities planned for the next period

By the end of 2022, the on-going evaluation of the IPARD II Programme for the implementation period 2020-2021 is expected to be finalized. A larger scope of the second on-going evaluation of the IPARD II Programme is understandable having in mind that the implementation process has significantly advanced and thus implies a higher number of elements that are important for evaluation from the point of finding the possibility of increasing the total absorption of IPARD fund. Also, more activities within the second on-going evaluation of the IPARD II Programme are justified from the point of view of implementing the recommendations of the ex-ante evaluation

of the IPARD III Programme, as well as from the aspect of preparation for the ex-post evaluation of the IPARD II Programme after the end of the implementation period.

Furthermore, on-going evaluation of the IPARD II Programme for the 2022 is envisaged in the Evaluation Plan to be performed in 2023 with a smaller scope in terms of activities included and budget. The emphasis in this evaluation will be on the assessment of progress in relation to the set target values of indicators, as well as on the assessment of selection criteria. Also, with the mentioned evaluation it is planned the assessment of the use of Measure 9 “Technical Assistance” fund, considering that it is entrusted and that the legal basis for its implementation has been established.

According to the Sectoral Agreement, the ex-post evaluation of the IPARD II Programme is planned for the first year after the end of implementation period. It will include evaluation of results achieved during the last implementation year, as well as the overall results of the IPARD II Programme based on already available results of previous evaluations from the aspect of assessing the extent of utilization of the IPARD fund and the wider impact of the IPARD II Programme.

This mentioned evaluation of the IPARD Programme is one of the so-called “larger scope” evaluations in terms of the number of evaluation activities involved, as well as the amount of funds engaged. Based on the updated Evaluation Plan, ex-post evaluation will provide data and information significant from the point of achieved effects of IPARD measures, the impact of the Programme on certain vulnerable categories of recipients, then on development of socio-economic trends within the sector level and in the field of environmental protection. Also, ex-post evaluation will contribute to the identification of factors that contributed to the success/failure of the Programme, which will be a basis for learning lessons, i.e. lessons learned for the next programming period.

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

Successful implementation of the IPARD II Programme and visibility of the EU financial support is ensured through continuous information and promotion actions. These activities are planned, implemented, monitored and evaluated within the framework of the Plan of Visibility and Communication Activities of the IPARD II Programme for the period 2014-2020. PVCA was prepared by the MA in cooperation with the IA, agreed with the EC and approved by the IPARD II MC on its First session.

The main goals of PVCA are to increase the awareness of the general public about the role of EU contribution to the rural development in the RS, ensure transparent information on the opportunities of the IPARD II Programme and make visible results achieved through the assistance provided by the IPARD II Programme.

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, after the entrustment of budget implementation tasks of IPARD Measure 1 and Measure 3 and continued with entrustment of Measure 7.

The majority of indicators defined in the PVCA are achieved in the reporting period. Indicators for visibility and communication activities for 2021 are presented in Table 24.

Table 24: Indicators for visibility and communication activities implemented in 2021

Type of indicator	Indicator	Achieved value on 31 st Dec 2021	Target	Execution Rate (%)
Output	Number of potential recipients attending information events	580	4,000	14.5
	Number of promotional events implemented	10	30	33.3
	Number of National events	2	5	40.0
	Number of promotional materials disseminated	500 brochures	6,000	8.3
	Number of national and regional media, reached by informational materials (press conferences, press releases)	126 through agencies news (printed, electronic and the Internet media)	20	Achieved
	Number of sector stakeholders acting as multipliers (providing links to IPARD II website, distributing promotional materials)	6 (42 with AAS)	10	60.0
	Number of TV and/or radio presentations	199	1 per call	Achieved
	Number of press conferences organized	3	At least 5 national and at least 4 regional	60.0
	Number of press releases provided	22	At least 20	Achieved
	Number of people accessing the IPARD II website	802,920 approximately 65,000 per month	2,000	Achieved
Type of indicator	Indicator	Achieved value on 31 st Dec 2021	Target	Execution Rate (%)
Result	Level of satisfaction from the informational events	N/A	At least 80% satisfied by the content and organization	Achieved
	Number of publications/articles, TV and radio reportages for the IPARD II Programme	1,323	60	Achieved
	Number of applications for grants per measure	Measure 1: 369 Measure 3: 111 Measure 7: 293	At least 80 for the M1 45 for the M3 219 for M7	Achieved for M1, M3 and M7

Source: DAP, processed by MA

Due to COVID-19 pandemic, promotional activities in 2021 were reduced and implemented more through online events. Promotion of the IPARD II Programme in 2021 was carried out through 10 information/educational events for representatives of local self-governments, 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 conference "IPARD III Programme – What is there for me?" held on 22nd September within the 88th International Agricultural Fair in Novi Sad. Beside possibilities envisaged in the new IPARD

III Programme participants at the conference had the opportunity to get first-hand information on EU assistance in the field of agriculture and rural development to the RS, within the successful stories of IPARD II support, which were presented by recipients of IPARD Measure 1 “Investments in physical assets of agricultural holdings” and IPARD Measure 3 “Investments in physical assets concerning processing and marketing of agricultural and fishery products”. In the discussion part, the representatives of the IA answered the questions concerning the implementation of IPARD II measures.

AAS are significant partners in activities related to the IPARD II Programme as well as in direct work with (potential) IPARD recipients. One online educational module for 77 agricultural advisors on identification and support to potential IPARD recipients for Measure 1 and Measure 7 was held in 2021.

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 “Agro TV” (the first specialized television in the field of agriculture). Through positive examples and the presentation of procedures for obtaining IPARD support, IPARD Programme has become more accessible to the general public and (potential) recipients. Nine episodes, out of 13 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.

The Guides for (potential) recipients for IPARD Measure 1, Measure 3 and Measure 7 are available on web pages of the MAFWM and the DAP (<http://www.minpolj.gov.rs/ipard-program-2014-2020/> and <http://uap.gov.rs/ipard-ii-u-srbiji/>). The web pages of the MAFWM and the DAP contain all relevant information for (potential) recipients. In the reporting period these pages were visited 580,780 times. Due to the lack of direct communication with potential recipients, communication is strengthened via telephone (approx. 2,400 calls), e-mail (1,351 in the reporting period) and through the chat application on the very frequent DAP website (approx. 65,000 visitors per month).

Considering IPARD information channel established through e-mail address for questions ipard.info@minpolj.gov.rs on actual public calls, more than 146 new answers were prepared during the regular weekly meetings of the IPARD OS and delivered to all interested parties. Support to recipients has also been provided in minor extent (due to COVID-19 pandemic) through direct communication in the premises of the IA.

Bi-monthly newsletter “IPARD in focus” was initiated at the end of 2019 and it is disseminated to more than 2,000 e-mail addresses regularly. In the reporting period, six newsletters (out of total 13) and one special edition, for dissemination at 88th International Agricultural Fair, held from 18th to 24th September 2021, have been published. For the newest information on events, announcements, calls and rules regarding the implementation of the IPARD II Programme and preparation of the IPARD III Programme in Serbia, IPARD MA accounts on Instagram (*@ipardnadlanu*) and Facebook (*IPARD na dlanu*) have been created for the general public and (potential) recipients.

IPARD II Programme was promoted, also, within activities of AAS which are the part of their Annual plan of activities for 2021 to disseminate information on the IPARD II Programme opportunities to potential recipients through forums, winter schools, tribunes, workshops, media, bulletins. AAS provides trainings to (potential) IPARD recipients with no adequate formal education or experience in agriculture. Registration for attending 50 hours of lessons in the appropriate sector is enabled through web page of the Institute for Science Application in

Agriculture (<https://www.psss.rs/index.php/licenciranje/ipard-50h.html>). In the reporting period, five attendees of AAS covering Central Serbia and 18 attendees of AAS covering AP Vojvodina have successfully completed mentioned training (“IPARD 50 hours”) and received the final certificate.

During reporting period, AAS covering Central Serbia have prepared in total 13 business plans for potential recipients of IPARD support. AAS covering AP Vojvodina provided of 155 advices on IPARD measures to 127 agricultural holdings.

Implemented activities of AAS in Central Serbia and in AP Vojvodina are presented in Tables 25 and 26.

Annual Implementation Report on IPARD II Programme for 2021

Table 25: AAS Central Serbia

Information tool	2016		2017		2018		2019		2020		2021	
	No. of events held	No. of participants	No. of events held	No. of participants	No. of events held	No. of participants	No. of events held	No. of participants	No. of events held	No. of participants	No. of events held	No. of participants
Events (winter schools, stands, lectures, workshops)	299	7,439	311	7,300	327	6,618	144	4,632	180	4,439	120	3,291
Media (local TV, radio, newspapers)	163	/	366	/	126	/	195	/	141	/	135	/
Bulletin/Portal of AAS	41	/	63	/	126	/	91	/	41	/	53	/

Source: AAS, processed by MA

Table 26: AAS AP Vojvodina

Information tool	2017		2018		2019		2020		2021	
	No. of events held	No. of participants	No. of events held	No. of participants	No. of events held	No. of participants	No. of events held	No. of participants	No. of events held	No. of participants
Events (winter schools, stands, lectures, workshops)	108	2,020	220	4,306	49	756	66	1,252	57	652
Media (local TV, radio, newspapers)	34	/	90	/	5	/	3	/	3	/
Bulletin/ Portal of AAS	2	/	24	/	3	/	2	/	3*	/

* Lectures related to IPARD II were posted on YouTube channel

Source: AAS, processed by MA

CONCLUSION

The implementation of the IPARD II Programme in the Republic of Serbia started at the end of 2017, although it was approved in 2015. By the end of 2021 there were four modifications of the IPARD II Programme. Modifications were related to introduction of new sectors and resulted in broader range of recipients, as well as to reallocation of funds between measures with the aim of better absorption of funds.

After four modifications of the Programme out of the total allocated EU contribution of IPARD fund for the period 2014-2020 (EUR 175 m), 37.8% of EU contribution (EUR 66,078,948) was approved and 12.5% of EU contribution was paid (EUR 21,803,223) by the end of 2021.

A total of 12 public calls for the IPARD II Programme were implemented by 31st December 2021, out of which a total of six public calls were published for Measure 1 “Investments physical assets of agricultural holdings”, four public calls for Measure 3 “Investments in physical assets concerning processing and marketing of agricultural and fishery products, while two calls were published for Measure 7: “Farm diversification and business development”.

A total of 2,521 applications were submitted, 834 applications were approved and 510 applications were paid. The number of rejected and withdrawn applications is 581, out of which 226 applications were withdrawn by applicant (rejection and withdrawn rate is 23%).

Taking into account the total number of applications submitted by the end of 2021, the approval rate is 33.1%. Out of the total number of approved applications 61.2% were paid.

The total amount of approved EU support of EUR 66,078,948 represents a share of 24.4% of the total requested EU support for all submitted applications. The total amount of paid EU support of EUR 21,803,224 makes a share of 33% of the approved EU support.

With regard to the total paid EU support, the largest share refers to Measure 1 (71%), then to Measure 3 (29%), while for Measure 7 there were no paid applications by the end of 2021.

Observed per region, in the total number of submitted applications and requested support within Measure 1 the Vojvodina Region is dominant (67% and 69%, respectively), while within Measure 3 it is the Šumadija and Western Serbia Region (50% and 41%, respectively). A significant share in abovementioned indicators, the Šumadija and Western Serbia Region achieved as well within Measure 7 (60% and 58%, respectively).

Observed per sector, under Measure 1 the largest share of submitted applications was in the Other Crops Sector (50%). When it comes to Measure 3, the largest share of submitted applications was in the Fruit and Vegetable Processing Sector (66%), while 64% of submitted applications referred to investment in Setting of tourist homesteads and recreational zones under the Rural Tourism and Recreational Activities Sector within Measure 7.

Observed per year, both the largest number of submitted and approved applications was achieved in 2020. The largest number of applications was paid in 2021 (293 applications) in the amount of EUR 16,151,086, which represent a share of 56% of total paid public support by the end of 2021.

The experience gained in the IPARD II Programme implementation will have a positive impact in the implementation of the IPARD III Programme in the new programming period.