

Annual Implementation Report on IPARD II Programme for 2023

Belgrade, 2024



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



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LIST OF ABBREVIATIONS

A

AAS – Agriculture Advisory Services
AD – Administrative district
AIR – Annual Implementation Report
AH – Agricultural holding
AP – Autonomous Province
APTA – Action Plan for Measure “Technical Assistance”

C

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

D

DAP – Directorate for Agrarian Payments
DG AGRI – Directorate-General for Agriculture and Rural Development

E

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

F

FAO – Food and Agriculture Organization
FwA – Framework Agreement

G

GDP – Gross domestic product
GVA – Gross value added

I

IA – IPARD Agency
IACS – Integrated Administration and Control System
IPA – Instrument for Pre-Accession Assistance EU
IPARD – Instrument for Pre-Accession Assistance for Rural Development
IPARD MC – IPARD Monitoring Committee
IPARD OS – IPARD Operating Structure
IT – Information Technologies

L

LAG – Local Action Group
LSGU – Local self-governments unit

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 Authorising Officer
NAO SO – National Authorising 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

PACA – Primary Administrative or Judicial Finding
PHRD – Project “Strengthening Agricultural Sector Capacities for Evidence-Based Policy Making”
PRAG – Practical Guide to EC External Aid Contract Procedure
PVCA – Plan of Visibility and Communication Activities

R

RAH – Register of Agricultural Holdings
RD IT – Rural Development IT solution
RS – Republic of Serbia

S

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

U

UAA – Utilised Agricultural Areas

EXECUTIVE SUMMARY

The Fifth Annual Implementation Report on IPARD II Programme contains information on 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 2023, pursuant to the Article 59(1) of Sectoral Agreement. A significant contribution to the preparation of the Report was provided by the National Authorising Officer Support Office, the National Fund, the IPARD Agency, the Sector for International Cooperation within Ministry of Agriculture, Forestry and Water Management, 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(2023) 5240 dated 27th July 2023).

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 the aim to support implementation and monitoring of the Programme, as well as its possible modification in order to improve the quality.

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 12th 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 to the 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 2023, 15 public calls have been published, out of which 13 refer to investment measures, while two calls refer to Measure 9: Technical Assistance.

By the end of the reporting period, budget implementation tasks for two measures foreseen under the IPARD II Programme were not entrusted, namely for the agri-environment-climate and organic farming measure and implementation of local development strategies – LEADER approach.

A total of 1,540 applications were approved, with total public support in the amount of EUR 194.9 m and the EU contribution in the amount of EUR 146.2 m. Under Measure 1, 1,181 applications were approved, with a total public support in the amount of EUR 110.3 m and the EU contribution in the amount of EUR 82.7 m, 169 applications were approved for Measure 3 with a total support

in the amount of EUR 53.8 m and the EU contribution in the amount of EUR 40.4 m, 189 applications were approved for Measure 7 with a total public support in the amount of EUR 30.8 m and the EU contribution in the amount EUR 23.1 m, while for Measure 9 one application was approved with a total public support in the amount of EUR 3,200 and the EU contribution in the amount of EUR 2,720. Out of the total EU funds initially allocated for the period 2014-2020 (EUR 175.0 m) 83.5% of funds have been approved for all measures by the end of 2023, while the same indicator considering de-commitment of budget amounts to 92.2%. When it comes to the total amount of approved EU contribution, 56.6% was related to Measure 1, 27.6% to Measure 3, 15.8% to Measure 7 and 0.002% to Measure 9. A total of 563 applications were rejected and 313 applications were withdrawn due to applicant withdrawal with the EU contribution in the amount of EUR 99.4 m, while 156 applications were terminated with the EU contribution in the amount of EUR 12.6 m.

By 31st December 2023, 1,064 applications were paid with a total public support in the amount of EUR 98.7 m, out of which paid EU support was EUR 74.0 m, including advance payments. The execution rate of the initial total EU contribution is 42.3%, while the execution rate of the EU contribution after de-commitment amounts to 46.7%. By the end of the reporting period, there were no payments under Measure 9. Compared to the previous year, progress was achieved in the Programme implementation in terms of the absorption of EU contribution, from EUR 39.0 m to EUR 74.0 m of paid EU support.

INTRODUCTION

The Republic of Serbia is fully committed to the European integration process and is 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 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 the 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 and organic farming measure, 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 Programme quality improvement, as well as implementation, monitoring and evaluation of the Programme.

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. 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 rural areas 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 3,181 applications were submitted within 15 published calls during the Programme implementation period until the end of 2023. IPARD support is available through four entrusted measures - Measure 1: Investments in physical assets of agricultural holdings, Measure 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 implementation, 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 measure, activities undertaken related to Programme evaluation, use of other international financial support instruments, financial flow per measure, as well as implementation of the Plan of Visibility and Communication Activities.

The Annual Implementation Report on the IPARD II Programme in the Republic of Serbia for 2023 includes cumulative financial data, obtained by monitoring the implementation of the Programme based on 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 2023 financial year was prepared by the Managing Authority in cooperation with the IPARD Agency, the National Authorising Officer Support Office, the National Fund, the Ministry of European Integration and the Sector for International Cooperation within the MAFWM.

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 the National Bank of Serbia (NBS) and Statistical Office of the Republic of Serbia (SORS) data, in 2022 the gross domestic product (GDP) amounted to EUR 60.4 b, which represents an increase compared to the previous year by 13.3%. The most significant share in GDP formation in 2022 were achieved by the following sectors: the processing industry sector (13.5%), the wholesale and retail trade and motor vehicle repair sector (12.0%), the real estate business sector (6.9%), the agriculture, forestry and fishing sector (6.5%), the construction sector (5.5%) and the information and communication sector (5.1%). In 2022, the share of the gross added value (GVA) of the agriculture, forestry and fishing sector in current prices was 7.7%. Observed according to economic activities, real GVA growth was recorded in all sectors, except for construction and agriculture sector. The key macroeconomic indicators of the Republic of Serbia (RS) in the 2012-2022 period are presented in the Table 1.

Table 1: Macroeconomic indicators of the Republic of Serbia, 2012–2022

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GDP (EUR m)	33,679	36,427	35,467	35,740	36,779	39,235	42,892	46,005	46,815	53,345	60,427
GDP per capita (EUR)	4,677	5,083	4,973	5,037	5,211	5,588	6,143	6,624	6,786	7,806	9,067
Unemployment rate (%)	25.9	24.0	20.6	18.9	16.4	14.5	13.7	11.2	9.7	11.1	9.5
Exports of goods and services (EUR m)	11,469	13,937	14,451	15,728	17,385	19,312	21,166	23,349	22,271	28,818	38,004
Imports of goods and services (EUR m)	16,992	17,782	18,096	18,643	19,597	22,343	25,257	27,960	26,370	33,439	45,054
Balance of trade (EUR m)	- 5,523	- 3,845	- 3,645	- 2,915	- 2,212	- 3,031	- 4,091	- 4,611	- 4,099	- 4,621	- 7,050
Exports of agri-food products (EUR m)	2,106	2,104	2,317	2,579	2,900	2,823	2,854	3,238	3,635	4,201	4,765
Imports of agri-food products (EUR m)	1,163	1,227	1,278	1,376	1,403	1,616	1,714	1,872	2,048	2,374	3,138
Balance of trade (EUR m)	943	877	1,039	1,203	1,498	1,207	1,139	1,365	1,586	1,827	1,626

Source: SORS, NBS

The foreign trade exchange

The indicators of the RS foreign trade exchange indicate that in 2022 the total exports of goods and services reached a value of EUR 38.0 b, while the imports reached a value of EUR 45.1 b. In the 2012-2022 period, the RS recorded a negative foreign trade balance, with the largest deficit in

2022. In the same period, the agri-food products recorded a positive foreign trade balance, with the largest surplus achieved in 2021, when it amounted to EUR 1.8 b.

According to preliminary SORS data, in 2023, the agri-food exports reached a value of EUR 4.6 b, while the imports of agri-food products in the same year amounted to EUR 3.3 b. The import-to-export coverage ratio for agri-food products in 2023 was 138.8%. The share of the exports of the agri-food products in the total RS exports in 2023 was 16.2%, while the share of the imports of abovementioned group of products in the total RS imports in the same year was 9.1%.

The most represented product group in the agri-food exports in 2023 was vegetables and fruit, which participated with 22.3% of the total value of agri-food exports, while the share of cereals and its products was 16.4%. In addition to these two product groups, tobacco and tobacco manufactures (11.8%), beverages (10.1%), feeding stuff for animals excluding unmilled cereals (8.6%) and various food and processed products (7.1%) also had a high share in the structure of agri-food exports. In 2023, the most represented products in imports by value were vegetables and fruit (19.7%), beverages and tobacco 14.0% (out of which tobacco and tobacco manufactures 8.6% and beverages 5.4%), coffee, tea, cocoa, spices and products thereof (11.5%) and various food and processed products (9.2%).

From the point of the RS exports of agri-food products, the EU market is the most significant, with a share of 46.8% in the value of the total exports of this product group in 2023. Furthermore, the EU market is the most important market in terms of the import of agri-food products, with 69.7% of the total import value of this group of products achieved from this market. An important partner in the RS export of agri-food products also is the market of the CEFTA countries, where in 2023 the value of the realised export of agri-food products on this market was 29.1%. Agri-food imports from the CEFTA countries market amounted to 7.9% in the total import value of this product group. Compared to the previous year, the EU's share in the exports of agri-food products decreased, while at the same time the share in exports to the market of CEFTA countries increased. The imports of agri-food products from the EU increased, while the share of imports from CEFTA countries decreased slightly.

Employment

According to the SORS, the number of employees of working age 15-64 years in 2022 was 2,8 m, which represent an increase by 2.2% compared to the previous year. The employment rate was 64.5%, while at the same time the unemployment rate was 9.7% and it was the lowest in the Belgrade Region (7.9%). In rural areas, which in the RS are classified as "other settlements", in 2022, 1.1 m persons were employed, while the employment and unemployment rates were 64.3% and 8.8%, respectively. The total number of employed female population in rural areas in 2022 was 472,200, with an employment rate of 55.2% and an unemployment rate of 10.1%.

The total number of employees of working age 15-64 years in the agriculture, forestry and fishing sector in 2022 amounted to 341,500, out of which 139,700 employees related to the female population. Unlike other sectors of activity, informal employment in the agriculture, forestry and fishing sector (225,500) is higher than formal employment, which amounts to 205,200 employed persons.

Micro, small and medium enterprises and entrepreneurs

According to the SORS data, in 2021, the number of micro, small and medium-sized enterprises and entrepreneurs (SMEs) amounted to 408,362 which represents 99.9% of the total number of enterprises in the RS. Entrepreneurs are dominant in the SMEs structure with a share of 74.0%.

The largest share in the structure of SMEs has wholesale and retail trade and repair of motor vehicles (23.1%), 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 989,458, with the highest employment recorded in the processing industry sector (25.9%), while in the agriculture, forestry and fishery sector abovementioned share is 2.1%. The number of enterprises by size and number of employees, in total and in the sector of agriculture, forestry and fishery is presented in the Table 2.

Table 2: Enterprises and employees in the Republic of Serbia by size, 2021

	Entrepreneurs	Micro enterprises	Small businesses	Medium enterprises	SMEs
Total number of enterprises	303,300	89,655	12,607	2,800	408,362
- agriculture, forestry and fishery sector	3,063	3,397	336	82	6,878
Total number of employees	280,387	166,634	254,584	287,853	989,458
- agriculture, forestry and fishery sector	1,912	4,392	7,168	7,415	20,887

Source: "Enterprises by size and entrepreneurs in the Republic of Serbia 2019-2021", SORS

The gross added value of the SMEs sector in 2021 amounted to EUR 18.8 b, which represents an increase of 25.1% compared to 2020. During 2021, the agriculture, forestry and fishery sector within the SMEs achieved GVA in the amount of EUR 493.3 m, which represents an increase compared to the previous year by 17.6%.

A total of 15,589 business entities which belongs to the SMEs sector participated in the exports of goods in 2021, whereby the realised value of goods exports amounted to EUR 7.9 b, out of which the agriculture, forestry and fishery sector achieved an export value of EUR 267.4 m.

Basic characteristics of agricultural production in the Republic of Serbia

According to the Farm Structure Survey 2018, 564,541 agricultural holdings (AHs) were registered in the RS and compared to the Census of Agriculture 2012 data, the number of AHs decreased by 10.6%. Family AHs have the highest share in the AHs structure (99.7%). The largest number of AHs are located in the Šumadija and Western Serbia Region (43,0%). Average age of AH holders is 60 years for a man and 65 for a woman. Approx. 95.3% of AH holders have acquired knowledge in the field of agriculture by engaging in this activity, while a formal education about agriculture has acquired 4.0% of AH holders. Furthermore, the Farm Structure Survey 2018 data indicate an increase of the average size of AH in the RS from 5,4 ha in 2012 to 6.2 ha of the utilised agricultural area (UAA) in 2018. Observed by the interval group, the largest number of AHs has a UAA of up to 2 ha (39.0%). A total of 88% of AHs have a UAA of up to 10 ha, while 0.3% of AHs have land over 100 ha. The number of AHs according to size of the UAA is presented in the Table 3.

Table 3: Agricultural holdings by size of the utilised agricultural area, 2018

	Utilised agricultural area (ha)								
	Total	0	≤ 2	2.01-5	5.01-10	10.01-20	20.01-50	50.01-100	>100
Number of AHs	564,541	5,289	220,101	180,687	95,531	40,665	17,028	3,823	1,418
Share in total number of AHs (%)	100.0	0.9	39.0	32.0	16.9	7.2	3.0	0.7	0.3

Source: Farm Structure Survey 2018, SORS

According to the SORS data, in 2022 the total UAA in the RS was 3.5 m ha. The structure of the UAA shows that 75.0% is comprised of arable land (arable field and gardens), 19.1% is related to permanent grassland, while permanent crops (fruit plantations and vineyards) represent 5.8% of the total UAA. The area under organic farming in 2022 was 25,035 ha, i.e. 0.7% of the total UAA. The share of mixed AHs is the most significant in the RS. Specialised 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, which is more than four times lower value than the EU average.

1.2. Population

According to the Census of Population, Households and Dwellings 2022, the RS had a population of 6.6 m. Out of the total population, 38.0% lives in rural areas, that in the RS are considered as “other settlements”. The average age of the RS population in 2022 was 43.9 years and in rural areas 45,3 years. Observed per region, the average age of the population over 44 years are in the Southern and Eastern Serbia Region and the Šumadija and Western Serbia Region, while in the Belgrade Region the average age of the population is the lowest and amounts 42.7 years. The age structure of the RS population in 2022 is presented in the Table 4.

Table 4: Age structure of the population in the Republic of Serbia, 2022

	Number of inhabitants		Rural areas			
	Total	Women	Total	%	Of which: Women	%
0 - 14 age	955,452	463,213	340,815	35.7	164,997	48.4
15 - 64 age	4,222,696	2,115,787	1,567,791	37.1	751,274	47.9
65 and more	1,468,855	836,025	617,615	42.0	336,152	54.4
Total	6,647,003	3,415,025	2,526,221	38.0	1,252,423	49.6

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

When it comes to the educational structure of population aged 15 and more years, according to the Census of population from 2022, the majority of the population has completed secondary education (53.1%), primary education has 17.8% of the population, 16.4% of the population has a high education, while significantly lower share in the terms of the educational structure is achieved by the population with higher education (6.0%). The educational structure of the rural population indicates a greater participation of the population with primary education, which is at a significantly higher level compared to the national average and amounts to 25.8%. The share of the population with secondary and higher education is approximately at the level of the national average and amounts to 52.6% and 3.6% respectively, while the share of high education of the rural population is at a significantly lower level compared to the national average and amounts to 6.4%.

1.3. Agriculture and Rural Development Policy

The long-term strategic direction of the RS agricultural development is defined by the Strategy of Agriculture and Rural Development of the Republic of Serbia for the 2014-2024¹ period, which encompasses the vision, strategic objectives 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

¹ “Official Gazette of the RS”, No. 85/14

defined in accordance with the process of alignment of national agricultural and rural development policies with the EU *acquis*. The Strategy represented basis for the adoption of mid-term development documents in the field of agriculture and rural development.

Within the budget allocated to the MAFWM, 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. 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 poverty reduction. 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 Union², the MAFWM is the main carrier of negotiations for the three negotiating chapters, as follows: Chapter 11 - Agriculture and rural development, Chapter 12 - Food safety, veterinary and phytosanitary policy and Chapter 13 - Fisheries. Besides that, the MAFWM representatives take part in the work of 18 more negotiating chapters. With the First Intergovernmental Conference between the RS and the EU, which was held on 21st January, 2014 in Brussels, formally was opened negotiations on the RS accession to the EU.

Chapter 11 - Agriculture and rural development

The European Commission has submitted the Screening report for the Chapter 11 which was presented on 27th February, 2015 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. 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 the IPARD II Programme to the EC, in accordance with the provisions of the 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.

² “Official Gazette of the RS”, No. 84/13, 86/13, 31/14, 79/14, 92/15, 23/18 and 36/19

The second benchmark for initiating the negotiating process in Chapter 11

The Republic of Serbia officially received information that the entrustment of budget implementation tasks for Measure 1 and Measure 3 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 European Commission 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 2023, for Chapter 11 some level of preparedness has been achieved. Limited progress has been made, particularly in terms of employment within IPARD structures and the efficiency of IPARD applications processing. In the coming year, Serbia should take measures to improve implementation and avoid further loss of IPARD funds, ensure the smooth entrustment of already entrusted IPARD measures (roll-over) for the 2021-2027 period and prepare new measures for the entrustment. It is also necessary to update and speed up the implementation of the Action Plan for harmonisation with the EU *acquis* in the field of agriculture and rural development.

1.3.2. Legal and Institutional Framework

In the reporting period, the legal and institutional framework for the IPARD II Programme implementation was modified as follows:

- The Fifth Modification of IPARD II Programme was adopted by the EC Decision *No. C(2022)7208* from 05th October 2022 and by the RS Government Conclusion from November 7th April 2023³;
- The Sixth Modification of IPARD II Programme was adopted by the EC Decision *No. C(2023)5240* from 27th July 2023 and by the RS Government Conclusion from 3rd November 2023⁴;
- 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 2014-2020 period⁵;
- Rulebook on IPARD subsidies for Investments in Physical Assets of Agricultural Holdings⁶;
- Rulebook on IPARD subsidies for Investments in Physical Assets Concerning Processing and Marketing of Agricultural and Fishery Products⁷;

³ "Official Gazette of the RS", No. 30/16, 84/17, 20/19, 55/19, 38/21 and 27/23

⁴ "Official Gazette of the RS", No. 30/16, 84/17, 20/19, 55/19, 38/21, 27/23 and 97/23

⁵ "Official Gazette of the RS", No. 26/19, 90/21, 130/22 and 29/2023

⁶ "Official Gazette of the RS", No. 84/17, 112/17, 78/18, 67/19, 53/21, 10/22, 18/22 and 23/23

⁷ "Official Gazette of the RS", No. 84/17, 23/18, 98/18, 82/19, 74/21, 10/22 and 23/23

- Rulebook on IPARD subsidies for Farm Diversification and Business Development⁸.

1.3.3. National support schemes

Agriculture and rural development subsidies are implemented based on the Law on subsidies in Agriculture and Rural Development⁹ and relevant by-laws, defining the eligibility criteria, as well as procedures 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 realised through premiums, production subsidies and input subsidy. The only type of premium is the milk premium, per litre of cow, sheep and goat raw milk, delivered in the previous quarter.

Subsides for production refer to subsidies for plant and livestock production. Subsidies for plant production are implemented as plant production basic subsidies through 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 input subsidy is for the costs of storage in public warehouses, at support level of up to 40% of the amount of storage costs.

Rural development measures

Subsidies for competitiveness improvement are implemented 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 are aimed to improve the production structure of the holding. The support for investments in physical assets of the agricultural holdings is 50% of the investment value, except for field electrification, where the support for this type of investment is 90%. For investments that are realised 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 sector; 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 realised eligible investment or 65% out of this value in the areas with difficult working conditions in agriculture.

The risk management measure is based on input subsidy of the part of the cost of insurance premiums for crops, fruit crops, perennial crops, nurseries and animals and it is realised through

⁸ “Official Gazette of the RS”, No. 76/20, 87/21, 10/22 and 25/23

⁹ “Official Gazette of the RS”, No. 10/13, 142/14, 103/15 and 101/16

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, Podunavlje, Šumadija and Kolubara administrative districts.

Subsidies for the preservation and improvement of the environment and natural resources are realised through measures related to the conservation of animal genetic resources, plant genetic resources, as well as organic farming.

Subsidies for income diversification and improvement of quality of life in rural areas are realised through the improvement of economic activities in the countryside through support for non-agricultural activities. 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 realised eligible investment.

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 paid as 100% of the value of the eligible investment.

Subsidies for improvement of the knowledge creation and transfer system include support for the development of technical-technological, applied, developmental and innovative projects in agriculture and rural development, as well as support for providing advice and information to agricultural producers, associations, cooperatives and other legal entities in agriculture and rural development. These subsidies were implemented as 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. Specific subsidies 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 subsidising 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 holders of the AHs.

Allocated funds for subsidies in agriculture and rural development

For 2023, the total amount of allocated funds for subsidies in agriculture and rural development within national support schemes was EUR 1,064.9 m. The largest share in the above-mentioned funds was related to direct payments: 84.5% and rural development measures: 10.2%. During 2023, a total of EUR 1,036.5 m was paid for the agriculture and rural development support, which represents the execution of 97.3% of the total allocated funds. More detailed data on the allocated and realised funds within the national support schemes for agriculture and rural development are presented in the Table 5.

Table 5: Allocated and realised incentive funds in 2023 within national support schemes for agriculture and rural development

Type of subsidy	Allocated funds (EUR)	Realised funds (EUR)
Direct Payments	900,064,660	891,100,545
Rural Development measures	108,768,015	99,149,292
Credit support	10,082,392	10,075,417
Specific subsidies	2,134,282	1,978,867
Other incentives*	43,872,151	34,175,971
TOTAL	1,064,921,500	1,036,480,092

* These incentives refer to market intervention measures (support to sunflower crop 2022 producers, support to flour producers, support to confectioners for the purchase of milk powder and support to storekeepers for raspberry and cherry crop 2022) and the market-oriented agriculture project.

In the total realised subsidies for direct payments in 2023, the most significant share was achieved by subsidies for crop and livestock production (87.8%). When it comes to support for rural development measures, subsidies for improving competitiveness achieved the largest share (80.9%), out of which 64.9% was paid for investments in physical assets of agricultural holdings, 14.9% for investment in physical assets concerning processing and marketing of agricultural and fishery products, while the support for risk management achieved a share of 20.2% in the total amount of subsidies paid for the improvement of competitiveness.

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 RS 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 aligning to the hygiene, food safety, animal welfare and environmental protection EU standards.

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 standards of good management of modern public administration, where relevant state structures apply standards identical to those applied in similar organisations in the EU member states.

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

Measure 1: Investments in physical assets of agricultural holdings

The objectives of this Measure include 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 address 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 investments are Milk, Meat, Egg, Fruit and Vegetables, Viticulture, 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 address 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 Vegetables 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. 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 the implementation, monitoring and evaluation of the IPARD Programme, information flow and publicity, preparation of studies, visits and seminars, external expertise, potential LAGs, preparation for implementation of the LEADER measure, as well as support for the national rural development network.

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

The results of the analysis presented in the following Report are based on the data contained in the Common Indicator Tables for Monitoring and Evaluation of the IPA Rural Development Programmes 2014-2020 submitted by the IA (Annex 1). The presented data refer to processed applications, as well as to applications in processing at the time of preparation of this Report. The data are given in the cumulative amount, with a cut-off date as of 31st December 2023. The final data were used for closed calls (First and Second Call for Measure 1 and First Call for Measure 3), while preliminary data were used for calls in which the processing of submitted applications was not completed. The final amount of eligible expenditures is indicated for approved and paid projects.

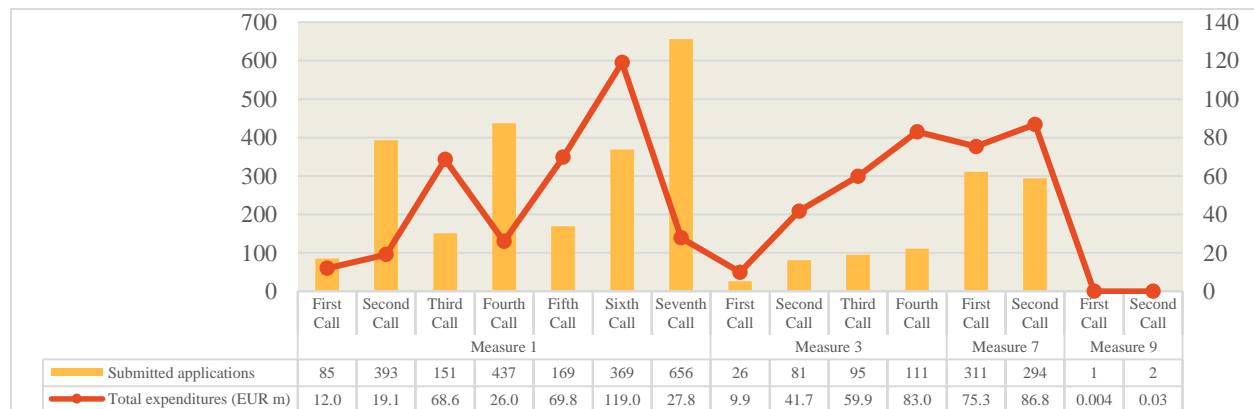
Until 31st December 2023, 15 calls were published, namely: seven for Measure 1, with a total allocated EU contribution in the amount of EUR 111.2 m, four for Measure 3, with total allocated funds in the amount of EUR 81.5 m, two for Measure 7, with total allocated funds in the amount of EUR 26.3 m and two for non-investment Measure 9: Technical Assistance in the total amount of EUR 986,327.

During the reporting period, *the Second Call* for submission of applications for project approval for IPARD support under Measure 9 was published on 26th May 2023, with a deadline for submission of applications for project approval until the end of December 2023 and a total allocated budget funds in the amount of EUR 508,128 (EU contribution EUR 431,909). Within the mentioned call, two applications were submitted by the Managing Authority (MA): for the procurement of promotional material and service for preparation, printing, producing, copying, distributing of printed promo materials, in the amount of requested public support of EUR 31,322 (EUR 26,624 of EU contribution).

In order to be eligible for IPARD support, a total of 3,178 applications were submitted for investment-type projects by the end of 2023, while a total of three applications were submitted for the non-investment-type of IPARD measure (Measure 9), out of which two applications were submitted during 2023. The total requested expenditures amounted to approx. EUR 700 m and estimated public support EUR 408.1 m (EUR 306.1 m of EU contribution).

Overview of submitted applications and requested expenditures per measure and call until 31st December 2023 is presented in Graph 1 and in the Annex 2 (Table 1).

Graph 1: Submitted IPARD applications and requested expenditures per measure and call



From the beginning of Programme implementation by the end of 2023, 1,540 decisions on project approval were made (347 decisions were approved in 2023) in the amount of EUR 146.2 m of EU support (EUR 36.1 m was approved in 2023), which represents 47.8% of the total requested EU support and 92.2% of the available EU Programme support. In the same period, 1,064 projects were paid (389 projects were paid in 2023) - including advance payment, with the amount of EU support of EUR 74.0 m (EUR 35.0 m was paid in 2023), which represents 24.2% of the total requested EU support, 46.7% of the available EU Programme support and 50.6% of the total approved EU support.

A total of 1,032 applications were rejected, withdrawn and terminated (out of which 194 applications were rejected, withdrawn and terminated in 2023), with a total amount of EU support of EUR 112.0 m (EUR 28.6 m of EU support was rejected, withdrawn and terminated in 2023), which represents 36.6% of the total requested EU support (21.5% rejected, 11.0% withdrawn and 4.1% terminated). In administrative processing, with a cut-off date as of 31st December 2023, there were 765 applications (24.0% of the total number of submitted applications), which represents a significant decrease in the number of applications in the processing in 2023 compared to the previous year (by 496 applications). The number of applications in the appeal procedure is continuously decreasing on an annual basis (26 applications in 2021, 18 applications in 2022 and 15 applications in 2023).

Submitted applications per call, sector and type of investment

The largest number of applications for IPARD support, as well as the amount of requested support, were achieved under calls for Measure 1: in the Seventh Call - for the purchase of a new tractor, the largest number of applications were submitted (656), while the largest amount of requested EU support was recorded under the Sixth Call (EUR 53.5 m).

For the projects within **Measure 1**, a total of 2,260 applications were submitted, with the largest number of applications submitted under the calls related to the purchase of a tractor: the Second, Fourth and Seventh calls (a total of 1,486 applications), while the lowest number of applications were submitted within the First Call (85). From the point of the amount of requested EU support, the situation is different. By far the largest amount of requested expenditures refers to the Sixth Call (EUR 53.5 m), followed by the Fifth and Third Call (approx. EUR 30 m per call), considering that within the aforementioned calls, investments for construction of facilities were eligible.

Measure 3, with a total of 313 submitted applications and EUR 73.0 m of requested EU support recorded continuous growth from call to call, during the Programme implementation period (the largest number of applications submitted: 111 and the largest amount of requested expenditures for investment: EUR 31.1 m was realised under the last, Fourth Call).

When it comes to **Measure 7**, potential recipients submitted a total of 605 applications for IPARD support within two calls, with a total of EUR 79.0 m of requested EU support. A larger number of applications were submitted under the First Call (311), while higher amount of requested expenditures for investment were recorded in the Second Call (EUR 42.3 m). A more detailed overview of submitted applications and requested expenditures per call is presented in the Graph 1 and in the Annex 2 (Table 1).

The average value of requested EU support per submitted application until 31st December 2023 was EUR 96,215. The higher amount of average value of requested EU support per submitted application compared to the IPARD average refer to Measure 3 (EUR 233,109) and Measure 7 (EUR 130,649). Measure 1 records the lowest value of this indicator (EUR 68,152), primarily due to the significant share of tractors in the total number of submitted applications under this Measure.

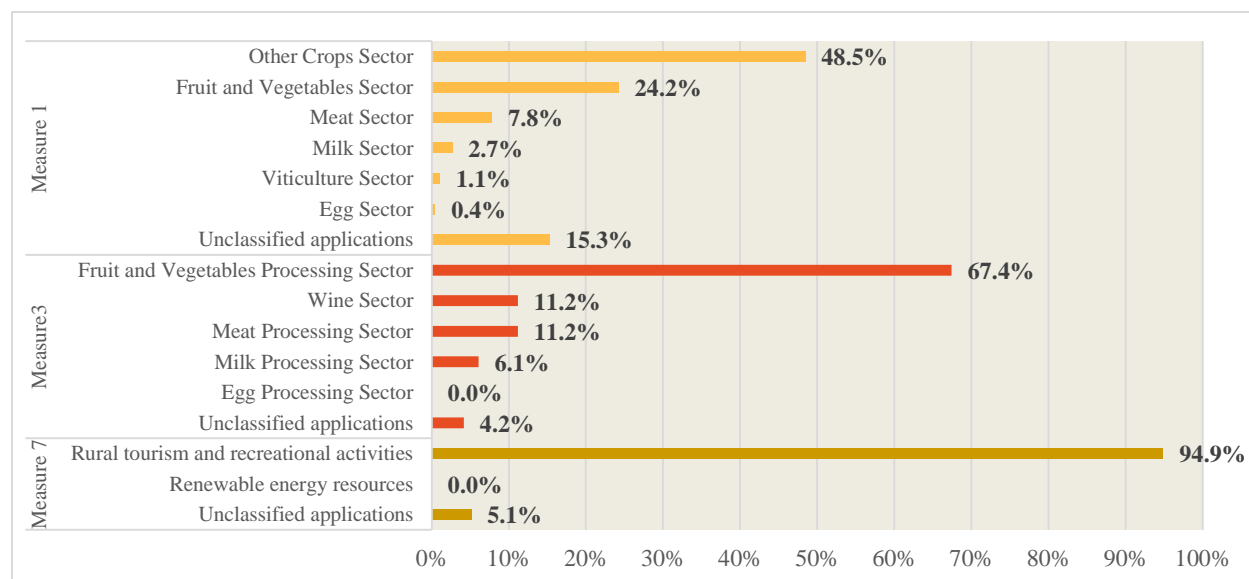
The average value of requested EU support per submitted application amounts to EUR 156,606, excluding tractors. For the non-investment type of measure (Measure 9), the average amount of requested EU support for the three submitted projects was EUR 9,951.

Almost half of the total number of applications submitted under **Measure 1** refers to the Other Crops Sector: 48.5% (1,095 applications, with the dominant share of cereal sub-sector: 87.9%), followed by the Fruit and Vegetables Sector with 548 applications submitted (24.2%, with the dominant share of fruit sub-sector: 83.0%), while in the Meat Sector 177 applications were submitted (7.8%, with the highest share of the pig sub-sector: 41.2%). Other sectors have a significantly lower share in the total number of submitted applications. Within Measure 1, out of the total number of submitted applications, 346 applications were unclassified per sector (15.3%).

When it comes to **Measure 3**, the Fruit and Vegetables Processing Sector recorded the largest number submitted applications (211 submitted applications or 67.4%), out of which the largest number of applications was submitted for processing equipment and investments in the construction and reconstruction of processing capacities (92 and 84 applications respectively). Other sectors have a lower share in the total number of submitted applications: the Meat Processing Sector and the Wine Sector with 35 submitted applications each, and the Milk Processing Sector with 19 submitted applications. Out of the total number of applications submitted under Measure 3, 13 applications were unclassified per sector (4.2%).

Within **Measure 7**, the investments related to Rural Tourism and Recreational Activities are absolutely dominant in terms of the interest of potential recipients expressed through share in the total number of submitted applications (a share of 94.9% with 574 submitted applications). Within this type of investment, the dominant investments in terms of submitted applications is setting of tourist homesteads and recreational zones, with 453 submitted applications (78.9%). Until 31st December 2023, within this Measure there were 31 unclassified applications, i.e. 5.1%.

Graph 2: Structure of submitted IPARD applications per sector (%)



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

The dominant type of investment in terms of the number of applications submitted under **Measure 1** refers to the *purchase and installation of equipment and mechanisation* (74.2% for 1,677

submitted applications). On the other hand, investments for the construction and modernisation of facilities by the end of 2023 record a lower number of submitted applications (237, i.e. 10.5%).

Within investments for the construction and modernisation of facilities, the largest number of applications was submitted for the *construction of storages* (109 applications, i.e. 46% - excluding unclassified applications), followed by the construction of new operational buildings and stables (73 applications, i.e. 30.8%), while a lower number of applications were submitted for other investments (23 for irrigation systems, 19 for greenhouses and 13 for investments related to environmental protection).

When it comes to investments related to equipment and mechanisation, two-thirds of the total applications submitted under Measure 1 is related to the purchase of a *tractor* (1,154 applications or 51.1% of the total number of applications submitted under Measure 1). At the same time, the share of a tractor in the total requested EU support was realised in the amount of EUR 32.8 m or 21.3%. A significantly lower number of applications were submitted for equipment and other mechanisation (excluding tractors), whereby the greatest interest of potential recipients in terms of specific group/type of investment was expressed for machinery and equipment for harvesting, sorting, packing and storage in the Fruit and Vegetables Sector and the Viticulture Sector (98 submitted applications), equipment and machinery for the vegetation period in the same previously mentioned sectors (93 submitted applications) and hail protection systems (31 submitted applications).

Within the financially dominant investments related to environmental protection in the total number of applications submitted under Measure 1, the greatest interest of potential recipients was expressed for the construction and equipping of facilities for the *storage and management of manure*.

When it comes to **Measure 3**, an equal number of applications were submitted for the construction and equipping of processing facilities on the one hand and equipment for processing capacities on the other hand (129 applications each), while 41 applications were submitted in the field of environmental protection.

In regard to the investments for the construction and modernisation of processing facilities, potential recipients have expressed interest in both the *reconstruction and modernisation of existing facilities and the construction of new processing capacities*.

From the point of equipping of processing capacities, potential recipients expressed the greatest interest for the *modernisation of processing and packaging equipment* in the Fruit and Vegetables Processing Sector (92 submitted applications), as well as for the modernisation of meat processing enterprises (20 submitted applications).

Under the financially dominant investments that concern environmental protection, in the total number of applications submitted under Measure 3, with 30 submitted applications for investments in energy production from renewable sources, the Fruit and Vegetables Processing Sector is dominant.

Available data on the applications submitted by potential recipients within **Measure 7** indicate an absolute domination of the type of investments related to rural tourism and recreational activities, with a total of 574 submitted applications. By the end of 2023, within this Measure there were no projects with financially dominant investment in the field of renewable energy resources.

The type of investment for the setting of tourist homesteads and recreational zones within group of investments related to the Rural Tourism and Recreational Activities dominates in terms of

number of submitted applications (453 or 78.9%). Also, potential recipients expressed great interest for investments that refers to the modernisation of existing tourist facilities (80 submitted applications), while other types of investments in the total number of submitted applications under Measure 7 achieved a share below 3%.

A more detailed overview of submitted applications for IPARD support per type of investment is presented in the Annex 1 (Tables O.1.b, O.3.b and O.7).

Submitted applications per type of recipients

In the total number of submitted applications, natural persons (individual farmers and entrepreneurs) have a share of 80.9% and legal entities (companies and agricultural cooperatives) have a share of 19.1%. The share of the mentioned type of recipients in the total requested expenditures is disproportionate to the share in submitted applications (natural persons: 51.1%, legal persons: 48.9%). In the total number of applications submitted, individual farmers achieved a share of 76.7% (a share of 44.5% in the requested expenditures), entrepreneurs a share of 4.2% (a share of 6.6% in the requested expenditures), companies a share of 18.3% (a share of 47.4% in the requested expenditures), while agricultural cooperatives participate in the total number of submitted applications with a share of 0.9% and in requested expenditures with a share of 1.5%. Although individual farmers submitted about $\frac{3}{4}$ of projects, their share in the requested expenditures is below 50%. On the other hand, companies with a share of 18.3% in submitted applications achieved almost half of the total requested expenditures, which results in a significantly higher amount of average value of investment per submitted application for this type of recipient (EUR 571,807) compared to the value of the mentioned indicator for individual farmers (EUR 127,649).

In the total number of applications submitted under Measure 1, individual farmers have a share of 87.7%, companies have a share of 10.7%, while agricultural cooperatives and entrepreneurs have a significantly lower share (below 1%). The share of *natural persons* in the total number of submitted applications for Measure 1 (1,998) is 88.4%, and in the total requested expenditures (EUR 205.4 m) is lower and amounts to 60.0%. In the number of applications submitted by natural persons within all calls, individual farmers have an absolutely dominant share in relation to entrepreneurs, and the largest share in the total requested expenditures is achieved within calls for submission of applications for the purchase of a tractor: Second, Fourth and especially Seventh Call (99.7%).

Legal entities with a share in the total number of submitted applications of only 11.6%, have a significant share of 40.0% in the total requested expenditures which results in five times higher average value of investment per submitted application for legal entities compared to this indicator achieved by natural persons within Measure 1. Under the Sixth Call for Measure 1, legal entities achieved the largest amount of requested expenditures (EUR 50.4 m) and the largest number of submitted applications (89). When it comes to the legal entities as potential recipients, within all calls companies have dominant share in relation to agricultural cooperatives. Agricultural cooperatives have a negligible share in the total number of submitted applications, with an increasing tendency in the number of submitted applications in each subsequent call, except in the Fourth and Seventh Call, where there were no applications submitted by this type of recipients. The largest number of applications submitted by agricultural cooperatives was realised within the Sixth Call (13, with requested expenditures for investment in the amount of EUR 4.7 m).

When it comes to **Measure 3**, out of 313 submitted applications, legal entities submitted 274 (87.5%). The share of companies in the total number of applications submitted by legal entities

under Measure 3 is 97.4%, while the share of agricultural cooperatives is 2.6%. Furthermore, entrepreneurs submitted 37 applications for project approval under this Measure.

Regarding the requested expenditures, the situation is not significantly different compared to the submitted applications. According to this indicator as well, companies achieved dominant share of 98.3% (EUR 175.7 m) compared to agricultural cooperatives, which requested investments in the amount of EUR 3.1 m within this Measure.

Although individual farmers as natural persons are not eligible recipients under Measure 3, this type of recipient submitted two applications and they were rejected due to non-fulfillment of the prescribed conditions.

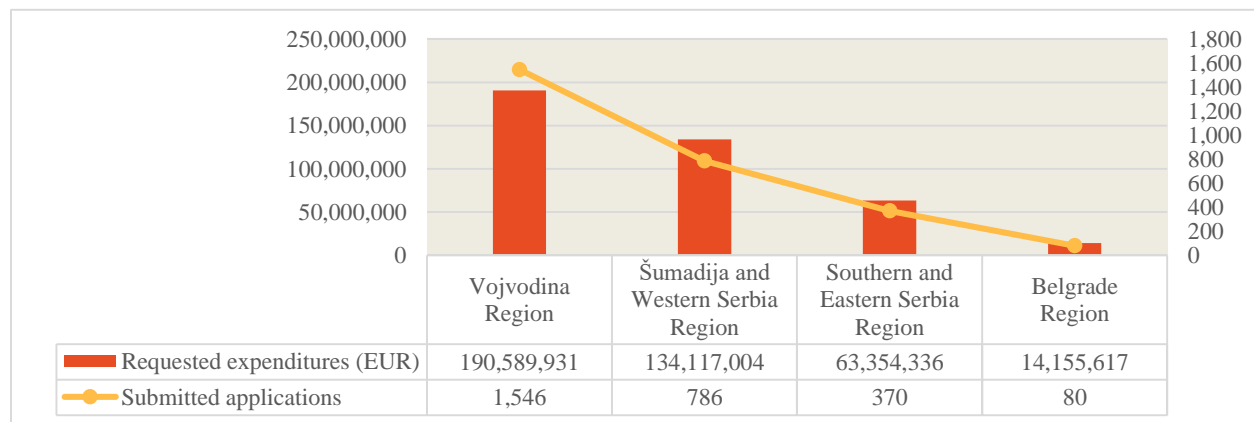
Under **Measure 7**, a similar situation can be noted regarding the share of certain type of recipients as in Measure 1, with a more expressed participation of natural persons compared to legal persons: 88.1% of applications submitted by natural persons and 11.9% of applications submitted by legal persons. Within natural persons, a significantly larger number of applications for Measure 7 were submitted by individual farmers (84.8%) compared to entrepreneurs (15.2%). Analogous to the submitted applications, the largest share in the total requested expenditures is realised by natural persons (83.8%) in relation to legal entities (16.2%), and within this group individual farmers (78.9%) in relation to entrepreneurs (21.1%).

A more detailed overview of submitted applications for IPARD support per type of recipient is presented in the Annex 3 (Table 1).

Submitted applications per region

In regard to regional distribution, the Vojvodina Region is dominant both in terms of the number of submitted IPARD applications (1,546 applications, i.e. 55.6%), and in terms of requested public expenditures (EUR 190.6 m, i.e. 47.4%). When it comes to the number of submitted applications, the largest number was submitted within Measure 1 (approx. 70%, 1,366 submitted applications) in the the total amount of requested public expenditures of EUR 143.1 m.

Graph 3: Submitted IPARD applications and requested expenditures per region



The second-placed region in terms of the total number of submitted IPARD applications is the Šumadija and Western Serbia Region, with a total of 786 applications submitted (28.3%) and the corresponding amount of requested public expenditures of EUR 134.1 m (33.3%). Within this region, in terms of the total number of submitted applications (344) and the amount of requested public expenditures (EUR 62.6 m), potential recipients expressed the greatest interest in investments in rural tourism and recreational activities (Measure 7). A significantly lower share in

the total number of submitted applications (13.3%) and requested public expenditures (15.8%) was achieved by the Southern and Eastern Serbia Region, followed by the territorially smallest Belgrade Region (2.9%, i.e. 3.5% respectively).

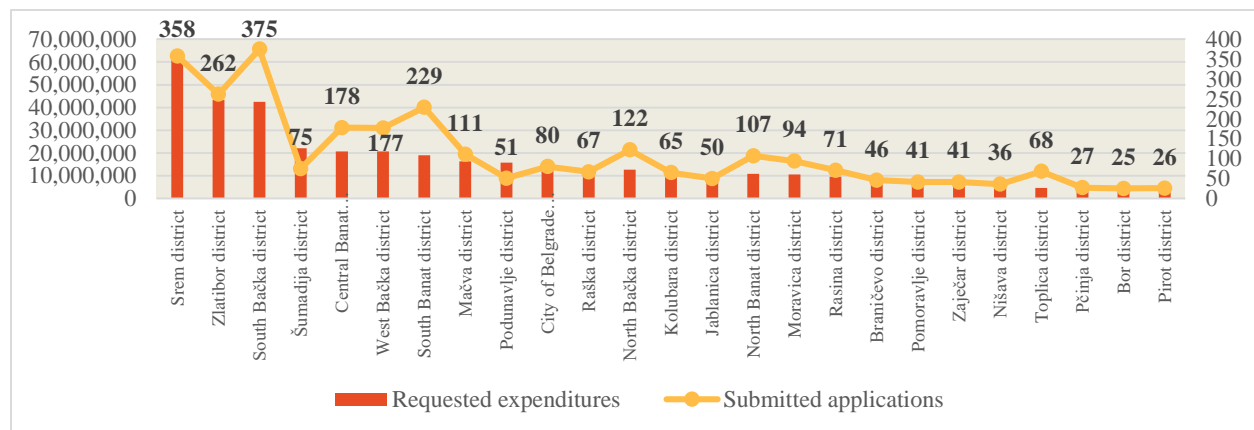
The Vojvodina Region has a greater share in the total number of submitted applications compared to the share in the total requested expenditures for investment (primarily due to the large number of submitted applications for the purchase of a tractor, as investments of lower value), while the other regions record the opposite proportion: a higher share of requested expenditures in total requested expenditures in relation to the share of submitted applications in the total number of submitted applications.

Based on regional distribution per IPARD measure, potential recipients from the Vojvodina Region expressed the greatest interest in investments in the physical assets of agricultural holdings (Measure 1), with Srem and South Bačka administrative districts leading in terms of the number of submitted applications and requested expenditures (31.8 % of the total number of submitted applications and 36.3% of the total requested expenditures under Measure 1).

On the other hand, the Šumadija and Western Serbia Region is the most significant from the point of participation in the total number of submitted applications and requested expenditures for investments in the field of rural tourism and recreational activities within Measure 7, as well as in investments related to the processing and marketing of agricultural and fishery products (Measure 3). In this respect, potential recipients of IPARD support from the Zlatibor administrative district expressed the greatest interest in both of the mentioned IPARD measures, with 156 submitted applications and requested expenditures in the amount of EUR 25.7 m for Measure 7, and with 38 submitted applications and requested expenditures for investment in the amount of EUR 12.4 m for Measure 3.

When it comes to the administrative district level, in terms of the total number of submitted IPARD applications, South Bačka and Srem administrative district are dominant with over 300 submitted applications. A significant number of applications were also submitted by potential recipients of Zlatibor and South Banat administrative district: 262 and 229 applications respectively, while potential recipients from other administrative districts submitted less than 200 applications for IPARD support (Graph 4).

Graph 4: Number of submitted applications and requested expenditures per administrative district



The potential recipients of the Srem administrative district requested the largest amount of public expenditures for the submitted applications compared to other administrative districts (EUR 64.2 m), followed by the Zlatibor and South Bačka administrative districts, with over EUR 40 m of

requested expenditures. Šumadija, Central Banat and West Bačka administrative districts requested expenditures for submitted applications in the amount of approx. EUR 20 m, while potential recipients from other administrative districts requested expenditures in the amount of less than EUR 20 m.

Although with the lowest amount of requested public expenditures and the number of submitted applications compared to other regions, the Belgrade Region achieves the highest average value of investment per submitted application (EUR 176,945). The Šumadija and Western Serbia Region and the Southern and Eastern Serbia Region achieved an average value of investment per submitted application in the amount of approx. EUR 171,000. The lowest value of this indicator was achieved by the Vojvodina Region (EUR 123,279), primarily due to the significant share of submitted applications for the purchase of a tractor, as projects of lower value.

2.3. Achievement of the proposed objective

Execution at the Programme level

As of 31st December 2023, financial execution of the IPARD II Programme is 40.7%, i.e. EUR 86.1 m of total paid public support, out of which paid EU contribution amounts to EUR 64.6 m for 999 completely paid projects. By the mentioned cut-off date, the execution rate of the Programme including advance payment is 46.7% for 1,064 paid projects in the amount of EUR 98.7 m of total public support and EUR 74.0 m of paid EU contribution.

Measure 1 mostly contributed to the Programme execution rate for completely paid projects: execution rate of 55.6% for 909 projects in the amount of EUR 49.1 m of EU contribution. When it comes to Measure 3, execution rate is 34.3% for 81 completely paid projects in the amount of EUR 14.9 m of EU contribution, while Measure 7 contributed to the smallest extent to the overall execution of the Programme budget (2.2%) with nine completely paid projects in the amount of EUR 586,282 of EU contribution. Including the advance payment, the contribution to the execution of the overall Programme budget per measure is as follows: Measure 1 59.6%, Measure 3 44.4% and Measure 7 8.0%. For the non-investment IPARD measure (Measure 9) until the end of 2023, there were no payments.

Table 6: Execution of the Programme budget for completed projects, cumulative

Measure	Realisation of EU support (EUR)					2023	Target value* 2014-2020. (EUR)	Execution rate, 12/31/2023 (%)	Index 2023/ 2022
	2018	2019	2020	2021	2022				
	a	b	c = (a/b)						
Measure 1	0	4,577,520	6,645,922	15,581,227	24,808,136	49,074,599	88,322,473	55.6	197.8
Measure 3	0	0	3,043,987	6,221,997	10,628,933	14,903,271	43,461,806	34.3	140.2
Measure 7	0	0	0	0	0	586,282	26,200,000	2.2	-
Measure 9	0	0	0	0	0	0	500,000	0.0	0.0
Total	0	4,577,520	9,689,909	21,803,224	35,437,069	64,564,152	158,484,280	40.7	182.2

* Sixth Modification of the IPARD II Programme: EC Decision C(2023)5240 of 27th July 2023

Realisation of IPARD support records a continuous increasing tendency during Programme implementation on an annual basis. The lowest amount of support was paid in 2019 (EUR 4.6 m), and in each subsequent year a larger amount of total IPARD support was paid compared to the previous. The largest amount of EU support was paid in 2023 (EUR 29.2 m), which represents an increase in the total amount of paid IPARD support compared to the previous year by 82.2%. The

largest total volume of paid support in 2023 was contributed, among other things, by the accelerated payment of projects for all IPARD measures, and especially for Measure 1, which, compared to the previous year, achieved an increase by 97.8% in terms of the volume of projects payment.

Table 7: Execution of the Programme operational and financial targets – completed projects

Indicator	Realisation per year					Realisation 12/31/2023 (cumulative)	Target value 2014-2020	Execution rate (%)
	2019	2020	2021	2022	2023			
						a	b	c = (a/b)
Number of projects having received IPA support in agri-food sector and rural development	145	72	293	135	354	999	1,310	76.3
Number of economic entities performing modernisation projects in agri-food sector	145	72	293	135	345	990	870	113.8
Number of economic entities progressive upgrading towards EU standards	145	72	293	135	345	990	620	159.7
Number of jobs created (gross)	NA	NA	NA	NA	NA	NA	150	-
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	4	7	9	20	198	10.1
Total investment generated via IPA in agri-food sector and rural development (EUR)	9.6	12.8	27.7	35.1	69.5	154.8	365.9	42.3

NA – The data is not available.

* Sixth Modification of the IPARD II Programme: EC Decision C(2023)5240 of 27th July 2023

From the point of execution of Programme operational and financial targets during the entire Programme implementation period, the most effective reporting year is 2023. The statement is supported by the fact that the largest number of projects were paid in 2023, with the largest amount of paid support compared to all other implementation years, which resulted in a significant increase of targets execution rate compared to those achieved in previous years.

Until 31st December 2023, two operational targets were achieved and exceeded: *Number of economic entities progressive upgrading towards EU standards* - the target was reached and exceeded by 59.7% and *Number of economic entities performing modernisation projects in agri-food sector* - the target was reached and exceeded by 13.8%. The execution rate for the indicator *Number of projects having received IPA support in agri-food sector and rural development* is 76.3%, while the execution rate for the indicator *Total investment generated via IPA in agri-food sector and rural development* is doubled compared to the previous year and until 31st December 2023 was 42.3%. Although with the lowest achieved execution rate compared to other indicators at the Programme level, the indicator *Number of beneficiaries investing in promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors* achieved an increase from 4.8% at the end of 2022 to 10.1% at the end of 2023 (Table 7). The low execution rate for this indicator, calculated based on data available through the Common Indicator Tables for Monitoring and Evaluation, is certainly contributed by the fact that investments are recorded according to financially dominant investment in the tables for monitoring of the Programme implementation.

It should, however, be noted that with the latest modification of the IPARD II Programme due to the automatic de-commitment of unused EU funds in the amount of EUR 12.8 m, the total Programme budget was reduced by EUR 16.5 m. The largest amount of de-committed funds was related to the allocation for Measure 1 (EUR 10.3 m of the total amount of public support and EUR 7.7 m of EU contribution), while within Measure 3, the de-commitment of funds was made

in a smaller amount (EUR 6.8 million of the total amount of public support and EUR 5.1 m of EU contribution). The reduction of the Programme budget consequently leads to decreasing of the quantified target values, which, to a certain extent, contributed to a higher execution rate of the target values in 2023 for Programme operational and financial indicators.

Execution of objectives according to measure

The progress in reaching the target values of indicators per IPARD measure (expressed by the execution rate) is presented below in a tabular form, with an accompanying explanation.

Table 8: Execution of the operational and financial targets per IPARD measure

Indicator	Execution per year					Execution 12/31/2023 (cumulative) a	Target value* 2014-2020 b	Execution rate (%) c = (a/b)
	2019	2020	2021	2022	2023			
MEASURE 1								
Number of projects supported	145	46	279	112	327	909	830	109.5
Number of holdings performing modernization projects	145	46	279	112	327	909	690	131.7
Number of holdings progressively upgrading towards EU standards	145	46	279	112	327	909	440	206.6
Number of holdings investing in renewable energy production	0	0	1	1	0	2	40	5.0
Number of holdings investing in livestock management in view of reducing N20 and methane emissions (manure storage)	0	0	2	4	3	9	110	8.2
Total investment in physical capital by holdings supported (EUR m)	9.6	4.4	19.0	22.3	55.3	110.6	196.3	56.3
MEASURE 3								
Number of projects supported	0	26	14	23	18	81	180	45.0
Number of enterprises performing modernisation projects	0	26	14	23	18	81	180	45.0
Number of enterprises progressively upgrading towards EU standards	0	26	14	23	18	81	180	45.0
Number of enterprises investing in renewable energy production	0	0	0	2	6	9	18	50.0
Number of jobs created (gross)	NA	NA	NA	NA	NA	NA	90	NA
Total investment in physical capital by enterprises supported (EUR m)	0.0	8.5	8.7	12.9	13.0	43.0	115.9	37.1
MEASURE 7								
Number of projects supported	0	0	0	0	9	9	300	3.0
Number of agricultural holdings/enterprises developing additional or diversified sources of income in rural areas	0	0	0	0	9	9	150	6.0
Number of recipients investing in renewable energy	0	0	0	0	0	0	30	0.0
Number of jobs created (gross)	NA	NA	NA	NA	NA	NA	60	NA
Total investment in physical capital by recipients supported (EUR m)	0.0	0.0	0.0	0.0	1.2	1.2	53.7	2.2

NA – The data is not available.

* Sixth Modification of the IPARD II Programme: EC Decision C(2023)5240 of 27th July 2023

Analogous to the execution of targets at the Programme level, it can be stated that since the beginning of the Programme implementation, in comparison with every previous year of the IPARD II Programme implementation, the 2023 is the most effective in terms of the execution of operational and financial targets per IPARD measure.

When it comes to operational targets, in relation to the set target values, the greatest success was realised by Measure 1 as of 31st December 2023, with achieved and at the same time exceeded target values for three indicators: *Number of holdings progressively upgrading towards EU standards*: 206.6%, *Number of holdings performing modernization projects*: 131.7% and *Number*

of projects supported: 109.5%. When it comes to Measure 3, the largest number of indicators reached the execution rate of 45.0% in relation to the set target values, while the lowest execution rate for operational targets was achieved within Measure 7 (Table 8).

Within the indicators related to environmental protection, the greatest success was achieved by Measure 3, with an execution rate of 50.0% for the indicator *Number of enterprises investing in renewable energy production*.

Regarding the indicator Number of jobs created (gross) through the IPARD II Programme implementation data was not available, due to the difficulties in collecting. Having in mind the importance of this indicator, the IPARD MA and the IA have taken activities in order to ensure its availability for the IPARD III programming period.

The execution of financial targets is at a lower level compared to the achieved execution rate for most of the operational indicators within each IPARD measure. As in the case of operational targets, compared to other measures, Measure 1 achieved the greatest success with an execution rate of 56.4% in relation to the target value of the financial indicator *Total investment in physical capital by holdings supported (EUR)*. Measure 3 achieved an execution rate of the financial indicator in relation to the set target of 37.1%, while the lowest realisation of the financial target as of 31st December 2023 was recorded under Measure 7: 2.2%, considering that implementation of this Measure has started in the later stage (Table 8).

3. FINANCIAL COMMITMENTS AND EXPENDITURE BY MEASURE

In order to present the realistic performance of the IPARD II Programme, this part of the Report contains both analysis of Programme implementation in relation to the original budget, as well as in relation to the available budget after de-commitment of funds.

The original Programme EU contribution allocated for the IPARD II Programme amounted to EUR 175.0 m, while after de-commitment is reduced by EUR 16,515,720, i.e. by 9.4%. Through the Programme implementation period, allocated budget per measure have been modified due to the transfer between measures and the de-commitment. In relation to the starting point, budget for Measure 1 has increased by EUR 12,282,473 and for Measure 7 by EUR 8,700,000. When it comes to the Measure 3, budget was reduced by EUR 18,748,194 and for Measure 9 by EUR 4,750,000. Regarding non-entrusted measures, an absolute budget reduction has been done.

By the end of December 2023, the approval rate of EU support after de-commitment is 92,2%. The same indicator calculated based on the initial financial plan is 83.5%, which represent lower value by 8.7 percentage points. In the same period, the execution rate of Programme budget after de-commitment, including advance payments, achieves largest value in relation to the initial financial plan by 4.4 percentage points (46.7% and 42.3% respectively). If only completely paid projects are observed, until 31st December 2023, the execution rate of Programme EU budget after de-commitment is 40.7%, while this indicator in relation to the initial financial plan (36.9%) achieved lower value by 3.8 percentage points.

3.1. Programme performance in relation to the original budget

The maximum indicative EU contribution for the period 2014-2020 in the amount of EUR 175.0 m was allocated under the IPARD II Programme. In the Table 9 the EU budget per year is presented.

Table 9: Maximum indicative EU contribution for IPARD fund, 2014-2020 (EUR)

Year	2014	2015	2016	2017	2018	2019	2020	2014-2020
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, Commission Implementing Decision C(2015) 257 as of 20th January 2015

Within the total public support for entrusted investment measures, 75% of the support amount refers to the EU contribution, while the national contribution is 25%. In the case of Measure 9, the EU contribution amounts 85% of the total public support, while national co-financing is 15% (Table 10). The largest share in the total allocated EU contribution has Measure 1, with a share of 43.5%, while Measure 3 in the total allocated EU contribution has a share of 35.5%. Measure 7, for which budget implementation tasks were entrusted in 2020, has a share of 10.0% in the EU contribution, while 3.0% out of the allocated EU contribution refers to Measure 9. During the IPARD II Programme implementation, the budget implementation tasks were not entrusted for Measure 4 and Measure 5.

Table 10: Financial plan per measure, 2014-2020

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

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

By the end of 2023, decisions on the project approval were made in the amount of EUR 146,179,470 of EU contribution, which represents 83.5% of the total IPARD support foreseen in the initial financial plan. Accordingly, approval rates of the EU contribution envisaged by initial financial plan per measure are: 108.7% for Measure 1, 64.9% for Measure 3, 132.2% for Measure 7 and 0.05% for Measure 9 (Table 11).

Cumulatively observed, from the beginning of the IPARD II Programme implementation by the end of the reporting period, the execution rate of EU contribution in relation to the originally allocated budget is 42.3% (including advance payments).

Table 11: Financial execution of EU contribution per measure (EUR)

Measure	Indicative financial plan	Approved amount	Paid amount	Approval rate (%)	Execution rate (%)
	a	b	c	d=(b/a)*100	e(c/a)*100
Measure 1	76,040,000	82,688,186	52,605,852	108.7	69.2
Measure 3	62,210,000	40,361,960	19,300,403	64.9	31.0
Measure 4	8,750,000	0	0	0	0
Measure 5	5,250,000	0	0	0	0
Measure 7	17,500,000	23,126,605	2,107,680	132.2	12.0
Measure 9	5,250,000	2,720	0	0.05	0
Total	175,000,000	146,179,470	74,013,935	83.5	42.3

Source: IPARD II Programme, Commission Implementing Decision C(2015) 257 as of 20th January 2015 and Common Indicator Tables for Monitoring and Evaluation (Table G5b)

By the end of 2023, public support in the amount of EUR 98,685,248 was paid, out of which EU contribution is EUR 74,013,935. Out of the total paid EU contribution 71.1% referred to Measure 1, 26.1% to Measure 3, while 2.8% referred to Measure 7, with the execution rate of the initially allocated EU contribution per measure of 69.2%, 31.0% and 12.0% respectively (Table 11). By the end of the reporting period, there were no payments under Measure 9.

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Table 12: IPARD allocations and paid EU contribution per implementation year (EUR)

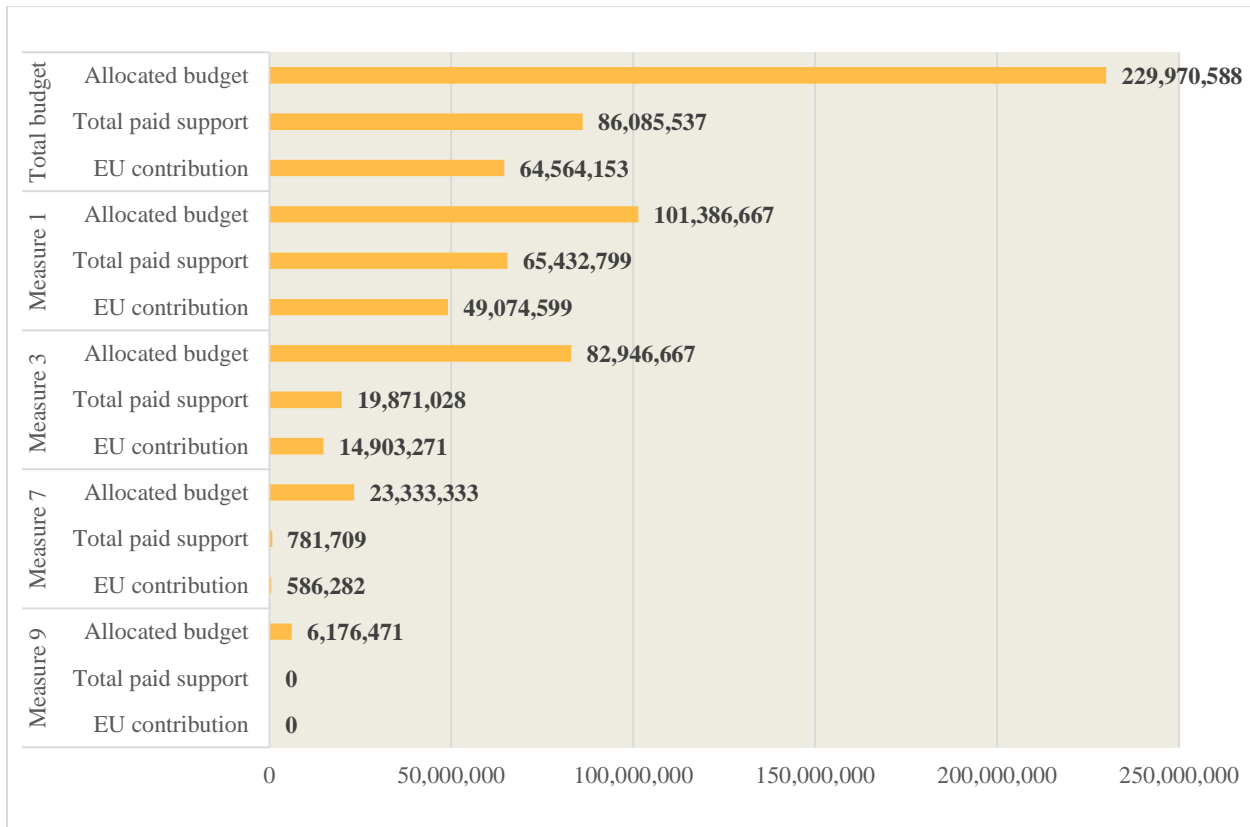
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014 - 2020
Indicative EU contribution	0	15,000,000	20,000,000	25,000,000	30,000,000	40,000,000	45,000,000	0	0	0	175,000,000
Measure 1	0	7,535,248	9,900,325	10,622,224	11,199,743	17,002,434	19,780,025	0	0	0	76,040,000
Measure 3	0	6,164,752	8,099,675	8,690,276	9,162,757	13,910,066	16,182,475	0	0	0	62,210,000
Measure 4	0	0	0	2,187,500	2,187,500	2,187,500	2,187,500	0	0	0	8,750,000
Measure 5	0	0	0	500,000	1,000,000	1,900,000	1,850,000	0	0	0	5,250,000
Measure 7	0	1,000,000	1,500,000	2,000,000	5,000,000	4,000,000	4,000,000	0	0	0	17,500,000
Measure 9	0	300,000	500,000	1,000,000	1,450,000	1,000,000	1,000,000	0	0	0	5,250,000
Paid EU contribution	0	0	0	0	0	4,577,520	5,112,389	12,113,315	17,221,415	34,989,296	74,013,935
Measure 1	0	0	0	0	0	4,577,520	2,068,402	8,935,305	10,954,651	26,069,973	52,605,852
Measure 3	0	0	0	0	0	0	3,043,987	3,178,010	5,468,552	7,609,855	19,300,403
Measure 4	0	0	0	0	0	0	0	0	0	0	0
Measure 5	0	0	0	0	0	0	0	0	0	0	0
Measure 7	0	0	0	0	0	0	0	0	798,211	1,309,469	2,107,680
Measure 9	0	0	0	0	0	0	0	0	0	0	0

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

In relation to the total amount of paid EU contribution (EUR 74.0 m), a share of 47.3% was achieved in 2023, in 2022 a share of 23.3% in 2021 a share of 16.4%, in 2020 a share of 6.9%, while a share of 6.2% was achieved in 2019. Execution rate in relation to the original overall financial plan (EUR 175 m) is 20.0% in 2023, 9.8% in 2022, 6.9% in 2021, 2.9% in 2020 and 2.6% in 2019.

Realisation of the total public support in relation to the originally allocated budget per measure is presented in the Graph 5.

Graph 5: Paid support for completely projects in relation to the allocated budget per measure (EUR)



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

The Financing Agreement for the period 2014 - 2020 foresees a budgetary commitment for the 2018 financial year in the amount of EUR 30.0 m. The Financing Agreement was amended, based on the exchange of letters of mutual understanding between the MAFWM and the EC dated 20th January 2022, and instead of “n+3” the “n+4” financing rule was determined, which approved the extension of the realisation of the 2018 budgetary commitment until 31st December 2022. The European Commission informed Serbia by letter *Ref. Ares (2023)1463256* as of 28th February 2023 regarding the beginning of the application of the rule related to the automatic de-commitment of allocated funds and the amount that falls under the mentioned rule, and in accordance with the Article 34(1) of the SA for the IPARD II Programme. Given that the funds from the budget allocation for 2018 in the amount of EUR 12,818,933.11 were not used for the purpose of pre-financing, for interim payments, and that NAO did not submit a request for payment, the EC informed Serbia about the application of automatic de-commitment of budgetary commitment in the specified amount. Accordingly, the total budget for the IPARD II Programme, i.e. the allocated EU contribution, ending with the reporting period, amounts to EUR 158,484,279.56. Interest earned on the IPARD II euro account, opened with the NBS, according to the NF, since the beginning of the IPARD II Programme implementation is EUR 0.0.

Table 13: Maximum indicative EU contribution for IPARD fund, 2014-2020 (EUR)

Year	2014	2015	2016	2017	2018	2019	2020	2014-2020
Total	-	15,000,000	20,000,000	21,303,213	17,181,067	40,000,000	45,000,000	158,484,280

Source: IPARD II Programme

By modification of the IPARD II Programme, total public support, as well as EU contribution are allocated to entrusted measures: Measure 1, Measure 3, Measure 7 and Measure 9. The largest share in the total allocated EU contribution has Measure 1, with a share of 55.7%, while Measure 3 in the total allocated EU contribution has a share of 27.4%. Measure 7, for which budget implementation tasks were entrusted in 2020, has a share of 16.5% in the EU contribution, while 0.3% out of the allocated EU contribution refers to Measure 9 (Table 14).

Table 14: Financial plan per measure, 2014-2020

Measure	Total public support (EUR)	EU contribution (EUR)	EU contribution (%)	National contribution (EUR)	National contribution (%)
Measure 1	117,763,298	88,322,473	75	29,440,824	25
Measure 3	57,949,075	43,461,806	75	14,487,269	25
Measure 4	0	0	85	0	15
Measure 5	0	0	90	0	10
Measure 7	34,933,333	26,200,000	75	8,733,333	25
Measure 9	588,235	500,000	85	88,235	15
Total	211,233,941	158,484,280	-	52,749,662	-

Source: IPARD II Programme

In 2023 financial year there were no published calls for investment measures, while one call was published under Measure 9 (Second Public Call).

During the reporting period, the IA submitted 66 requests for funds to the NF and all were approved (two requestes are partially approved). For the submitted and approved requests for funds, the NF transferred funds to the IA, which made payments to 390 recipients, out of which 340 referred to Measure 1, 33 to Measure 3 and 17 for Measure 7. Total support paid to recipients during the reporting period amounted to EUR 46,652,395.50, out of which the EU contribution amounted to EUR 34,989,296.11 and the RS contribution amounted to EUR 11,663,099.39.

By the end of 2023, decisions on the project approval were made in the amount of EUR 146,179,470 of EU contribution, which represents 92.2% of the total IPARD support foreseen in the indicative financial plan (increase by 32.7% compared to the previous reporting year). Out of the total approved EU contribution 56.6% refers to Measure 1, 27.6% to Measure 3, 15.8% refers to Measure 7, while 0.002% refers to Measure 9. Accordingly, approval rates of the EU contribution envisaged by indicative plan per measure are: 93.6% for Measure 1, 92.9% for Measure 3, 88.3% for Measure 7 and 0.5% for Measure 9 (Table 15).

Cumulatively observed, from the beginning of the IPARD II Programme implementation by the end of the reporting period, the execution rate is 46.7% (including advance payments).

Table 15: Financial execution of EU contribution per measure (EUR)

Measure	Indicative financial plan	Approved amount	Paid amount	Approval rate (%)	Execution rate (%)
	a	b	c	$d=(b/a)*100$	$e(c/a)*100$
Measure 1	88,322,473	82,688,186	52,605,852	93.6	59.6
Measure 3	43,461,806	40,361,960	19,300,403	92.9	44.4
Measure 4	0	0	0	0.0	0.0
Measure 5	0	0	0	0.0	0.0
Measure 7	26,200,000	23,126,605	2,107,680	88.3	8.0
Measure 9	500,000	2,720	0	0.5	0.0
Total	158,484,280	146,179,470	74,013,935	92.2	46.7

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

By the end of 2023, public support in the amount of EUR 98,685,248 was paid, out of which EU contribution is EUR 74,013,935. Out of the total paid EU contribution 71.1% referred to Measure 1, 26.1% to Measure 3, while 2.8% referred to Measure 7, with the execution rate of the indicative EU contribution per measure of 59.6%, 44.4% and 8.0% respectively (Table 15). By the end of the reporting period, there were no payments under Measure 9.

Compared to the previous reporting year, significant progress has been made in terms of realisation of the EU contribution for Measure 1 and Measure 3 (98.2%, i.e. 65.1% respectively), while payments for Measure 7 were made in the amount of EUR 2.1 m of the total EU contribution. The EU contribution in the amount of EUR 35.0 m was paid in 2023, which represent an increase by 89.7% of the total paid EU contribution in 2023 compared to 2022 (Table 16).

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Table 16: IPARD allocations and paid EU contribution per implementation year (EUR)

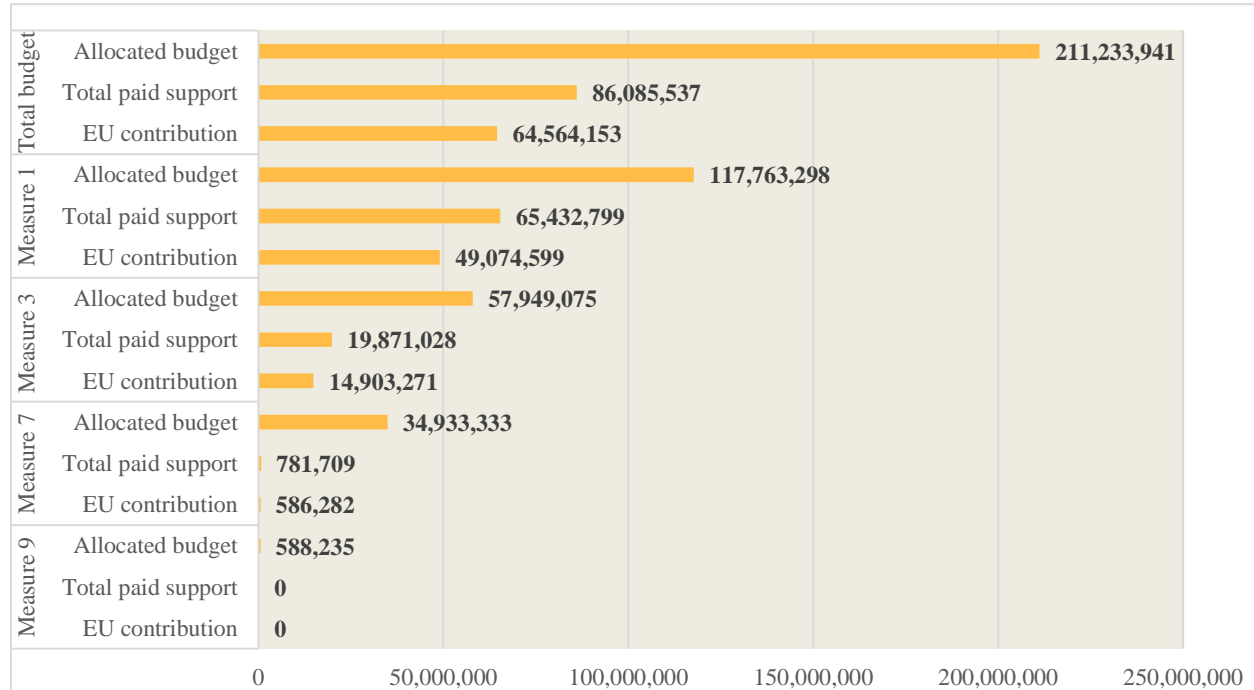
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014 - 2020
Indicative EU contribution	0	15,000,000	20,000,000	21,303,213	17,181,067	40,000,000	45,000,000	0	0	0	158,484,280
Measure 1	0	7,535,248	9,900,325	9,663,583	4,508,383	18,902,434	37,812,500	0	0	0	88,322,473
Measure 3	0	7,464,752	10,099,675	7,952,130	4,035,184	13,910,066	0	0	0	0	43,461,806
Measure 7	0	0	0	3,687,500	8,637,500	7,187,500	6,687,500	0	0	0	26,200,000
Measure 9	0	0	0	0	0	0	500,000	0	0	0	500,000
Paid EU contribution	0	0	0	0	0	4,577,520	5,112,389	12,113,315	17,221,415	34,989,296	74,013,935
Measure 1	0	0	0	0	0	4,577,520	2,068,402	8,935,305	10,954,651	26,069,973	52,605,852
Measure 3	0	0	0	0	0	0	3,043,987	3,178,010	5,468,552	7,609,855	19,300,403
Measure 7	0	0	0	0	0	0	0	0	798,211	1,309,469	2,107,680
Measure 9	0	0	0	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 74.0 m), a share of 47.3% was achieved in 2023, in 2022 a share of 23.3% in 2021 a share of 16.4%, in 2020 a share of 6.9%, while a share of 6.2% was achieved in 2019. Execution rate in relation to the overall financial plan (EUR 158.5 m) is 22.1% in 2023, 10.9% in 2022, 7.6% in 2021, 3.2% in 2020 and 2.9% in 2019.

Realisation of the total public support in relation to the allocated budget per published call is presented in the Graph 6.

Graph 6: Paid support for completely projects in relation to the allocated budget per measure (EUR)



By the end of 2023, three calls were completed in terms of processing and payment of applications: The First and the Second Call for Measure 1 and the First Call for Measure 3. Out of the total number of approved projects under the First and the Second Call for Measure 1 for 57 approved projects no application for payment was submitted or was terminated, while for the three approved projects under the First Call for Measure 3, no application for payment was submitted, i.e. it was terminated (Table 17).

Table 17: Closed calls per measure, 31st December 2023

Measure/Call	Submitted applications		Rejected applications		Withdrawn applications		Approved applications		Paid applications		
	No.	Public support (EUR)	No.	Public support (EUR)	No.	Public support (EUR)	No.	Public support (EUR)	No.	Public support (EUR)	
M1	First Call	85	7,209,545	25	2,077,058	18	814,188	42	3,784,815	32	2,801,390
	Second Call	393	11,478,100	97	1,971,938	106	2,969,760	190	5,254,771	143	4,229,809
M3	First Call	26	4,964,531	8	2,213,023	3	394,564	15	2,250,709	12	1,693,447
Total		504	23,652,176	130	6,262,019	127	4,178,512	247	11,290,295	187	8,724,646

Source: Common Indicator Tables for Monitoring and Evaluation

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

In the reporting period there were no personal changes in the management and control system, as well as in the Management Structure.

- **Changes related to the Managing Authority:**
 - Work position of Head of the Group for Programming of IPARD Measures for Competitiveness Improvement, Rural Infrastructure and LEADER Approach is vacant as of 26th June 2023.
- **Changes related to the IPARD Agency:**
 - Assistant Director of the Sector for On-the-Spot Check was relieved as of 17th January 2023;
 - Acting Assistant Director of the Sector for On-the-Spot Check was appointed on a short-term basis;
 - Assistant Director of the Sector for Economic and Financial Issues was appointed on the five-year period as of 9th March 2023;
 - Assistant Director of the Sector for Legal and General Affairs was appointed on the five-year period as of 9th March 2023;
 - Assistant Director of the Sector for Coordination, International Cooperation and IACS was appointed on the five-year period as of 27th April 2023;
 - Assistant Director of the Sector for Projects Approval was appointed on the five-year period as of 27th April 2023;
 - Assistant Director of the Sector for Payments Approval was appointed on the five-year period as of 27th April 2023;
 - Acting Assistant Director of the Sector for IT was relieved as of 3rd August 2023;
 - Director of the DAP was appointed on the five-year period as of 5th October 2023;
 - Acting Assistant Director of the Sector for IT was appointed on the five-year period as of 26th October 2023.
- **Changes related to the Audit Authority:**
 - Acting Director of the Audit Authority was appointed for the period of six months as of 27th July 2023.

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 criteria and the financial allocation per measure and call;
- development and updating of the appropriate national legal basis for the IPARD II Programme implementation;
- assisting and supporting the IPARD II Monitoring Committee work.

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

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

During the reporting period, the MA has performed the following activities:

- The Proposal of the Sixth Modification of the IPARD II Programme has been prepared and adopted by the IPARD II MC members through the written procedure. This Modification has been adopted by the EC and the Government of the RS;
- The amendments to the Rulebook on IPARD subsidies for Investments in Physical Assets of Agricultural Holdings, the Rulebook on IPARD subsidies for Investments in Physical Assets Concerning Processing and Marketing of Agricultural and Fishery Products, the Rulebook on IPARD subsidies for Farm Diversification and Business Development in order to introduce indexation of approved value of eligible expenditures and determination of amount of final payment of IPARD support. These amendments allow better absorption of IPARD II Programme funds.

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 shortcomings affecting implementation of the IPARD II Programme. The activities presented in Table 18 are related to amendments to the rulebooks for Measure 1, Measure 3 and Measure 7, in order to implement measures, eliminate identified risks and improve the efficiency of implementation.

Table 18: Risks and undertaken activities in order to eliminate risks and shortcomings in the implementation of the IPARD II Programme measures in 2023

Risks in the implementation of IPARD measure (verifiability and controllability)	Undertaken activities	Result
Measure 1		
1. The increase in the prices of construction materials, mechanisation and equipment, both in the RS and on the global market, is one of the reasons of withdrawal of investment by the recipients	Regular MA and IA meetings; Introduction of price indexation through amendments to the Rulebook.	Amendment to the Rulebook for Measure 1 was adopted, which introduce the possibility of price indexation, in order to improve absorption of funds.
Measure 3		
1. The increase in the prices of construction materials, mechanisation and equipment, both in the RS and on the global market, is one of the reasons of	Regular MA and IA meetings; Introduction of price indexation through amendments to the Rulebook.	Amendment to the Rulebook for Measure 3 was adopted, which introduce the possibility of price indexation, in order to improve absorption of funds.

withdrawal of investment by the recipients		
Measure 7		
1. The increase in the prices of construction materials, mechanisation and equipment, both in the RS and on the global market, is one of the reasons of withdrawal of investment by the recipients	Regular MA and IA meetings; Introduction of price indexation through amendments to the Rulebook.	Amendment to the Rulebook for Measure 7 was adopted, which introduce the possibility of price indexation, in order to improve absorption of funds.

4.1.1. Statement of Assurance

In accordance with Article 59 (2) of the FwA IPA II and Article 46 (1) of the SA, the NAO submitted to EC Management Declaration for 2023, 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 systems under the 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.

In the Management Declaration for 2023, the NAO gives an emphasis to the following areas which will be in focus during 2024:

- **Completion of the IPARD II Programme implementation:** Special attention will be given to the improvement of budget absorption and respect of the de-commitment rule, taking into account that all remaining IPARD II expenditures should be paid by 31st December 2024. Regular meetings between the Management and Operating Structure in order to discuss the ongoing tasks and issues will be continued, including meetings of the Working Group for Monitoring and Reporting 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:** Considering that all IPARD bodies performed more detailed and accurate planning of the required number of staff, as well as showed devotion to the importance of improving the know-how through various trainings, it can be concluded that this topic has been significantly improved, although it remains in the NAO/NAO SO focus of monitoring and supervision, due to its importance and impact on the functionality of the system.
- **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, and further actions will be continued in the next period for the entire IPA/IPARD structure. Positive changes regarding the staff retention measures were implemented through the amendment of the Decree on Job Classification, staff appraisal, rewarding and initiation of the internal and public job competitions. These initial steps can be considered as minor yet important retention activities, that will encourage the whole structure to plan

and to continue working on developing the functional and effective retention policy measures. Furthermore, soft measures like providing the wide range of trainings that strengthen the capacities of the staff, including also specific soft skills are as equally important since their aim is to prevent the staff outflow.

- **Preparation of institutional, legal and procedural framework and start of the IPARD III Programme implementation:** The aim of the NAO and the MS bodies, the MA and the IA is to make use of the lessons learned in the most productive way in order to ensure timely entrustment and implementation of IPARD III Programme.

4.2. NAO and National Fund activities

In the reporting period, three requests for change of the entrusted procedures were submitted (one by the Management Structure and two by the IA). In addition, one request for exceptions was submitted by the IA to the NAO for approval.

Changes in the Management Structure procedures: As a result of improvement of procedures based on practice, technical corrections, introducing new annexes and updating of existing annexes regarding measures 1, 3, 7 and 9, the Management Structure submitted one request for change of the entrusted procedures.

New version of procedures within the Management Structure is:

- Version 3.1 as of 1st November 2023.

Changes in the IA procedures: In the reporting period, the IA has submitted two requests for change of the entrusted procedures due to adopted Amendments to the Rulebooks for implementation of Measure 1, Measure 3 and Measure 7, as a result of introduction of price indexation. In addition to changes in procedures due to the introduction of price indexation, fulfilling the recommendations of audit findings were also the reason for the harmonisation of procedures. All proposed changes did not affect the entrustment requirements, neither was substantial according to the guidance on significant changes received from the EC. Proposed changes were assessed and approved by the NAO and refer to the technical corrections, exclusion of certain annexes with the aim of administrative simplification, simplification of procedures, etc. Versions of procedures remain the same (3.1), only documents which were the subject of the changes are valid as of:

- 11th April 2023 (11 documents), and
- 10th November 2023 (eight documents).

On-the-spot checks performed by the Management Structure:

During the reporting period and in accordance with on-the-spot check plan for 2023, the NAO SO performed five on-the-spot checks in the IA, including three visits to the selected IPARD recipients and two on-the-spot check in the MA.

The NAO SO fully implemented on-the-spot check plan. 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 the MA have been applied according to the entrusted procedures, whether the established system for implementation of IPARD II Programme functions effectively and efficiently and to check the investment on the field.

One of the objectives of on-the-spot checks carried out by the NAO SO in all IPARD bodies is to check if the IPARD bodies properly implement the procedures, based on which they have been entrusted with budget implementation tasks under the IPARD II Programme.

The NAO SO performed also on-the-spot check for Measure 9: Technical Assistance for the first time, considering that implementation of this Measure was initiated in 2022 when the First Call for submission of applications for project approval was published and further administrative procedures and contracting were conducted in 2023.

The National Fund performed certification desk-based check during September/October 2023. The focus of the certification desk-based check was on four recipients to whom support had been paid through RfFs from the IA to the NF for Measure 1 (two recipients) and Measure 3 (one recipient) and Measure 7 (one recipient).

Management meetings

During 2023, several consultative meetings were held between relevant representatives of the Management and Operating Structure, with the main focus on the IPARD II Programme implementation and preparation for “roll-over entrustment” under the IPARD III Programme. Additionally, most important topics were: updating and harmonisation of procedures for the IPARD III Programme, sustainable HR policy, treatment of irregularities, administrative errors, deadline for administrative processing of applications, ranking of IPARD recipients, possibility of payments in euros to recipients, forecast of payments, etc.

In order to overcome potential weaknesses within the system it was discussed on the new approaches of improvement of the IPARD system, as well as on the enhancement of the information flow with the aim of improvement of communication between relevant stakeholders.

Risk management

All bodies regularly monitor identified risks and realisation of mitigation plans and report to the NAO Risk Coordinator, enabling the supervision of the risk management process within the system as a whole. Approved updated Risk Registers were submitted to the NAO SO by the NF, the MA and the IA.

4.3. IPARD Agency activities

According to the Rulebook on Internal Organisation and Systematisation of Work Posts in the MAFWM, which entered into force on 18th March 2023, the number of systematised work posts within the DAP is 276, out of which 232 are working on the IPARD II Programme implementation. Until 31st December 2023, the total number of employees was 320, out of which 196 IPARD staff (162 permanent employees and 34 contracted employees).

The public competition for filling 31 vacancies (out of which 29 are IPARD staff) announced on 20th July 2022 was successfully completed at the beginning of April 2023. The public competition for filling 32 IPARD vacancies, which was announced on 17th May 2023, ended in December 2023. It is expected that 19 new employees will start work at the beginning of 2024. For several work posts, the competition was unsuccessful, due to failure to meet the required criteria.

By the decisions of the Government of the RS as of 9th March 2023 and 27th April 2023, Assistant Directors in the IA were appointed on the five-year period, while by the decision of the Government of the RS as of 5th October 2023 the Director of the IA was appointed on the five-year period (detailed in the Chapter 4). A public competition for filling the position of Assistant Director of the Sector for On the Spot Check, which was announced in December 2023, is ongoing.

During 2023, the IA performed tasks of updating the acts for handling applications for approval of IPARD projects and requests for payment approval of IPARD support in relation to the previously published public calls, which are still in the processing procedure.

In the reporting period, one request for exceptional situation was submitted, which was approved on 25th December 2023. Due to force majeure, an exceptional situation is applied on applications for final payment of investments in the construction, equipping and establishment of plantations, establishment, restoration and equipping of plantations, as well as seeder machines for vegetables, that were in processing at the time when the decision on natural disaster was issued (No. 217-7104/2023 as of 2nd August 2023) and those submitted within three months from the adoption of the decision.

Some of the challenges faced by the IA were related to market disruptions, which resulted in a large number of both changes to the offers, as well as changes to projects and applications for extension of the deadline for the realisation of the investment, which required additional engagement and time for processing and supplementation of applications. In addition, during 2023 activities related to the establishment of software solution in order to speed up the process of administrative processing of applications were performed. Furthermore, a new approach for verification of reasonableness of costs was prepared, with the aim of simplifying and speeding up the approval process, better absorption of funds and reducing the risk of automatically de-commitment of funds, reducing the burden on applicants and administration and more efficiently achieving better results and reducing mistakes in to the project approval process. Instead of the “double” verification system for the same cost, which after years of implementation has resulted as inefficient and which began to represent an operational obstacle both for the administration in their work and for the applicants, the IA developed a proposal for the introduction of a “simplified” verification system. The aforementioned system of checking the reasonableness of costs is a mechanism that consists of a simplification of the “double” check system and represents a major change in the procedures of the project approval process, and is expected to be adopted in the coming period. Also, some of the challenges faced by the IA during the reporting period were related to the delay in the submission of documentation by various external bodies, then delays in obtaining use permits, as well as untimely delivery of confirmations from local self-government units, a long process of registering facilities in the cadastre, etc.

Steps have been taken in order to overcome the identified difficulties, i.e. more productive cooperation with external institutions, including inspection bodies (Technical Bodies) responsible for necessary compliance checks with both national and EU standards, as well as with local self-government units regarding the issuance of use permits, registration of properties in the Real Estate Cadaster, and confirmations of double financing. Furthermore, continuous employee education and the expansion of cooperation with other external institutions, such as the Chamber of Commerce and Industry of Serbia concerning the issuance of certificates of origin of goods, have led to the positive results. All above-mentioned activities resulted in reduction of the necessary time for processing of applications, in relation to the period of six months foreseen by the SA for processing of payment requests (for Measure 1 - 66 days, for Measure 7 - 58 days and for Measure 3 - 91 days).

4.3.1. Controls, carried out per measure and irregularities detected

In the reporting period, 872 on-the-spot controls were carried out. In 2023 it is continued with performing on-the-spot controls before project approval by using alternative means (exceptional

situations under the Sixth and the Seventh Call for Measure 1), whereby a total of 174 on-the-spot controls were conducted, which represents more than a half of the total number of on-the-spot controls before project approval carried out in Measure 1 in 2023. A total of 245 controls were conducted in Measure 1, 39 in Measure 3, 62 in Measure 7 and one in Measure 9. The controls of the payment requests processed so far did not show a single deviation in relation to the submitted request, in cases where the control before project approval was carried out by alternative means.

Controls before the final payment for Measure 7 started in 2023, and a total of 400 controls before payments were carried out, including supplementary controls (351 in Measure 1, 36 in Measure 3 and 13 in Measure 7), out of which 30 controls were related to hidden works. Through special e-mail address, notifications on the performance of hidden works are received (instead of using postal services), as well as photos of subject of control with Geo-tag marking made by recipients, by which further acceleration of the verification process is achieved. Based on the provided geotagged photos, subjects of hidden works were recorded in 12 cases by the end of 2023, which justifies efforts that controls by alternative means should become equal to controls by physical visits.

In accordance with the plan prepared based on the risk calculation, *ex-post* controls were carried out during 2023. Given that the number of paid applications is successively increasing from year to year, the number of projects that are subject to control after payment is also increasing. During 2023, a total of 125 *ex-post* controls were carried out with five additional controls.

During the reporting period, three signals of irregularity and one PACA irregularity were reported. In accordance with the procedure for management of irregularities, a decision was made to confirm the irregularities for two applications (one PACA irregularity and one irregularity signal were confirmed). For one signal report, a decision was made that there is no irregularity. The resolution procedure for three reports of irregularities has been completed, and for one report it is ongoing. In regard to the confirmed irregularities, one criminal complaint was submitted to the competent prosecutor's office and two initiatives to determine the passive status of the farm holding. Due to the confirmed irregularity with financial impact, decisions were made for the return of funds. The recipient acted according to the refund decision and voluntarily returned the total amount of RSD 2.7 m.

4.3.2. Audit Missions

Internal audit performed in the MA:

In the reporting period, one internal audit has started in the MA. The introductory meeting was held on 25th December 2023. This internal audit is in accordance with the Annual internal audit plan for 2023 and is ongoing.

Internal audit performed in the IA:

In the reporting period, five internal audits were performed in the IA and one follow-up, in accordance with the annual audit plan for 2023.

Following internal audits were performed: audit of debt management, audit of the management of irregularities and frauds, re-performance audit of payment approval for Measure 7 - First Public Call, audit of the reasonableness of costs control system based on three offers and the system for calculating eligibility of expenditures and funds planning system audit required for the execution of payments and disbursements of funds from IPARD fund. The internal auditors identified 13 findings in total, out of which three are major, four intermediate, and six minor findings.

Major findings were as follows: Department for Project Approval from the International Incentive for Agricultural Policy Programme did not use the procedures that were valid for the processing of applications from the specific public call; the entrusted procedures do not clearly prescribe the methodology of calculating eligible general costs; communication and reporting lines related to the successful implementation of tasks from the scope of work of the Sector for Project Approval were not established in an adequate way, i.e. the employees were not always available with the information necessary for the performance of their tasks.

Intermediate findings were: the Manual of the Unit for Debt Management, as well as the flowchart, do not adequately define all the steps in the debt management procedure; the internal deadlines prescribed by the Manual of the Department for Payment Approval were not respected, i.e. the deadline of six months from the moment of receipt of the Request for payment to the final payment of the recipient, which is prescribed by the Article 41 of Sectoral Agreement, has not been respected; increased supervision in Department for Payment Approval is not being implemented in accordance with the Manual and the Decision on the especially exposed and sensitive jobs (in the meantime this finding is closed).

Reports with the action plans for implementation of audit recommendations, with set deadlines were submitted to the NAO with the informing purposes.

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

The Audit Authority performed the System Audit regarding the IPARD II Programme covering the period from 1st April 2022 to 31st March 2023, and the Final Audit Report was received in August 2023. During the period from 1st April to 30th June 2023, the Audit Authority performed the audit of the management and control system established under indirect management for IPARD Programme for the period 2014-2020, in order to obtain reasonable assurance with regard to its efficient and effective functioning. The audit also included a follow-up of findings issued in previous audit report for the entire Programme structure.

There were two major and four intermediate findings. The most significant findings were related to application of an inappropriate version of the Manual of Procedures; application of Framework Agreement, Sectoral Agreement and procedures related to debts; exceptional situation; application of the scoring and ranking criteria defined by the IPARD II Programme; Check List (CKL) for the preparation of Management Declaration (in the meantime, it was introduced CKL for preparation of Management Declaration by the IA, within change of procedures in November 2023); inappropriate date of the Declaration that the applicant submits with Application form and Payment Request Form, as well as with their supplementation and amendments.

Regarding Audit of Management Declaration and Annual Accounts for FY 2023, the Audit Authority started with audit in August 2023 and it is planned to be finished by 4th March 2024, after which Annual Audit Activity Report and Annual Audit Opinion will be issued.

In August 2023, the Audit Authority started Audit of Operations for IPARD II Programme for FY 2023, which will be finished by 29th February 2024, after which final report will be submitted.

The Audit of Operations for IPARD II Programme for FY 2022, was conducted in the period October 2022 – March 2023, and the Final Report was issued on 14th March 2023. The sample covered 21.7% of the total payments made in 2022. During 2022, there were five confirmed cases of irregularities and two identified confirmed debts, as well as 30 advance payments (for the first time), so the sample covered these transactions as well. There were three identified findings, out

of which two major and one intermediate. The Audit Authority identified one finding with financial impact in the amount of EUR 9.0 on the correctness of the declared amount of expenditures. However, those overpayments do not affect the overall assessment of Management and Control System for the IPARD II Programme.

Furthermore, the Audit Authority submitted the Annual Audit Opinion and Annual Audit Activity Report for the year 2022 for the IPARD II Programme on 14th March 2023. The Annual Audit Activity Report included the following: System Audit for 2022, Audit of Operations for 2022, Audit of the Annual Financial Reports or statements/Annual Accounts and assessment regarding consistency of the Annual Management Declaration for 2022 and Follow-up of previous system and operations audits. There were identified nine late payments out of a total of 165 payments. By the Letter *Ares (2023)4725632* as of 7th July 2023, the DG AGRI notified the Serbian authorities regarding findings in relation to financial year 2022 and considered exclusion from EU funding of an amount of EUR 1,042,053.64.

Based on the audits performed, the auditors provide reasonable assurance that the amounts stated in the final accounts and financial statements for the previous year are valid and acceptable and that the financial information is accurate. A follow-up of the EC and the Audit Authority findings was also performed (a total of 62 findings, out of which 11 findings can be closed).

DG AGRI audit mission

The DG AGRI audit mission was held in the period from 29th November to 1st December 2023 in relation to the acceptance of accounts for the year 2022 under the IPARD II Programme. After the audit mission, on 11th December 2023, representatives of the MA and the IA submitted additional evidence related to the subject of the audit.

4.4. Monitoring Committee activities

From the beginning of the IPARD II Programme implementation, a total of eleven IPARD II MC sessions have been held, while during the reporting period one session was held and written procedure for adoption of documents was performed.

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

The Eleventh session of the IPARD II MC was held on 28th June 2023. The MC members discussed the achieved results and progress in the IPARD II Programme implementation, as well as planned activities for the next period. After the session, a visit of IPARD support recipients was organised in order to present examples of a good practice.

4.5. Monitoring and Evaluation systems

The MA and the IPARD II MC 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 MA 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 the EC, is presented to the IPARD II MC members in the form of the implementation reports on the IPARD II Programme. In order to improve the work process, primarily in terms of efficiency,

the upgrade of the IPARD RD IT software solution is ongoing, which will significantly affect the speed and quality of work.

4.5.1. Ensuring and coordinating the monitoring activity

In accordance with duties undertaken pursuant to the Memorandum of Understanding concluded between the MA and the IA, the IA is reporting to the MA on the IPARD II Programme implementation. Data are delivered based on the Common Indicator Tables for Monitoring and Evaluation of the IPA Programme for Rural Development for the period 2014-2020 and other reports prepared. Tables for monitoring the IPARD II Programme implementation 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 IPARD II Programme implementation. The Annex 1 of this Report contains cumulative Common Indicator Tables for Monitoring and Evaluation of the IPARD II Programme, with cut-off as of 31st December 2023.

4.5.2. Programme Evaluation activities

The ongoing evaluation of the IPARD II Programme for the implementation period 2018-2019 was carried out by the Institute of Agricultural Economics, Belgrade. The evaluation included activities concerning the assessment of the availability of quality data for the context indicators under the IPARD II Programme and the administrative simplification of the processing of IPARD applications in order to improve the absorption of IPARD fund. Based on the findings, evaluation recommendations were prepared, which are continuously implemented by the IPARD Operating Structure.

When it comes to the follow-up of the evaluation recommendations of the IPARD II Programme, the MA collected information from the relevant IPARD bodies and institutions regarding the activities carried out during 2023 in order to address the open evaluation recommendations. The evaluation recommendations refer to the IA, the SORS and the Environmental Protection Agency.

Evaluative activity 1: “*Assessment of data availability for context indicators of the IPARD II Programme*”

The need to ensure the availability of missing comparable quality data for certain Programme context indicators (especially for agri-environment indicators) is a recommendation of IPARD II Programme *ongoing* evaluation and the IPARD III Programme *ex-ante* evaluation. Activities aimed at ensuring the availability of context indicators are carried out as part of preparations for the upcoming IPARD II Programme *ex-post* evaluation, which is foreseen by the SA no later than one year after the end of the Programme implementation period.

When it comes to the implementation of the evaluation recommendations concerning the IPARD II Programme context indicators, the data providers reported to the MA on progress in terms of availability of missing data and alignment with the EU methodology for its calculation. For the largest number of data concerning socio-economic and sectoral context indicators, the official data provider is the SORS, while for agri-environment context indicators, the main data provider is the Environmental Protection Agency.

Socio-economic context indicators

After the Census of Population, Households and Dwellings 2022, activities are being carried out within the SORS regarding the creation of a classification for the *NSTJ 3* area level according to the urban-rural typology of the region, as well as local administrative units (*LAU 2*) according to the degree of urbanisation, which will ensure the availability of data for demographic context indicators by urban-rural typology of the region.

Sectorial context indicators

The availability of comparable data of this group of context indicators will be ensured after the establishment of data calculation statistics according to the concept of economic accounts in agriculture in line with the results of the Census of Agriculture 2023 and the major revision of the system of national accounts in 2024. The mentioned activities are ongoing within the SORS.

Agri-environmental context indicators

The largest number of missing data harmonised with the EU calculation methodology refers to the context indicators of environmental protection. Data are available according to the national calculation methodology. When it comes to the context indicator Water quality, for Sub-indicator 1. Gross balance of nutrients, basic data for the calculation for 2023 were collected, while for the indicators of Sub-indicator 2. Nitrates in fresh water: a) Groundwater and b) Surface water, the Environmental Protection Agency calculates the data continuously, according to the request.

Evaluative activity 2: Activity 2: “Administrative simplification with the aim of improvement of the absorption of IPARD fund”

Key bodies in terms of addressing of the IPARD II evaluation recommendation under Evaluative activity 2 refer to the MAFWM, the MA and the IA. By the end of the reporting period, recommendations that are responsibility of the MAFWM and the MA are addressed (reported through the previous AIRs). Implementation of activities that should be addressed by the IA are ongoing.

When it comes to the evaluation recommendation related to the introduction of LPIS and IACS systems, in 2023 the following activities were carried out: LPIS software was procured; the LPIS II phase of the pilot project was started within the project “Introduction and maintenance of a functional LPIS in pilot municipalities in the Republic of Serbia”; a legal-technical framework for the determination of EFA (Ecological Focus Area) and pro-rata systems for permanent grasslands containing landscape and tree characteristics was drafted, and the *e*-Register of Agricultural Holdings was also introduced.

In regard to the evaluation recommendation concerning the introduction of a register of appeals in the IPARD office with the appointment of a person to monitor the flow of appeal cases, it can be noted that the central register of appeals of potential IPARD recipients has not been established by the end of the reporting year 2023.

The evaluation recommendation on the need to publish the list of approved projects of IPARD recipients with publishing of the name of the consulting service provider has been addressed. These lists are published on the IA website and are continuously updated.

When it comes to the evaluation recommendation that refers to enabling the IA direct access to the necessary data of the Tax Administration that is important for the shortening the period of processing applications, during 2023 relevant activities are undertaken in order to enable access to the services of the Tax Administration that are available on the service highway. The aforementioned activities will be carried out continuously in the coming period.

In regard to the evaluation recommendation concerning the need to introduce a software solution for the electronic processing of IPARD applications, which is connected to the software solution for submitting applications in electronic form, during 2023 the IA undertook appropriate activities in relation to the IPARD RD IT software solution through project “Support to IPARD OS”. Mentioned activities are ongoing. The implementation of the project for introducing a software solution for electronic submission of applications is planned after the establishment of a software solution for electronic processing of applications.

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

The European Commission informed the RS that there is a significant risk of de-commitment of IPARD funds for 2020 allocation. In that regard, on 10th November 2023, the MAFWM submitted the letter to the EC with a request for an extension of the deadline for the absorption of IPARD funds for 2020 allocation (approval of “n+4” instead of the “n+3” financing rule), as well as an updated Action plan for Improvement of Absorption of IPARD funds for 2023 and 2024. By letter *Ref. Ares (2023)8415835* as of 8th December 2023, the EC informed the RS that the request regarding the extension of the deadline for the absorption of IPARD funds for 2020 allocation under the IPARD II Programme by the end of 2024 is approved. Accordingly, the Financing Agreement for the period 2014-2020 will be amended.

Activities envisaged by the Action Plan for Improvement of Absorption of IPARD funds refer to capacity building in terms of increasing the number of employees and applying the sustainable human resources policy in the IPARD MA and the IA, and also activities related to the simplification of the procedure through the introduction of one approach for administrative verifications of expenditures and the application of e-services for the exchange of data of state authorities. Furthermore, investigation the possibility of introducing a guarantee fund for IPARD recipients (natural persons, young farmers), introduction of a software solution as an auxiliary tool in order to speed up the process of processing of applications, implementation of Measure 9, Programme promotion and education of potential recipients and consultants, as well as preparation and submission of the entrustment package for Measure 4 and Measure 5 are activities foreseen by the Action plan for Improvement of Absorption of IPARD funds.

Five meetings of the Working Group for monitoring and reporting to the EC on the implementation of the realisation of activities envisaged by the Action Plan for Improvement of Absorption of IPARD funds have been held in the reporting period and the EC was informed on the achieved results.

During 2023, the amendments to the Rulebooks for implementation of Measure 1, Measure 3 and Measure 7 were primarily aimed at introduction of the possibility of price indexation.

Capacity building

Within the Department for Management of IPARD Programme four groups have been established. The number of systematised work positions within the Department is 17. At the end of 2023, the number of employees was 15, out of which 13 permanents and two contract based. All staff in the Department are engaged on the jobs related to the MA functions.

4.7. Utilisation of Technical Assistance within the IPARD II Programme

IPA 2017 Technical Assistance project: “Support to IPARD Operating Structure (Managing Authority and IPARD Agency)” gave continuous support within the project activities. Project has started in January 2022 and is closed in March 2023. In order to prepare rulebooks for the roll-over of already entrusted measures, as well as for entrustment of Measure 4 and Measure 5, the representatives of the MA held several meetings and workshops with project experts, representatives of the IA, legal department of the MAFWM and PHRD project key expert. One of the goals of the project is the development of the rural development software segment (RD IT). The MA and IA staff, together with the engaged PRAG expert had quality check of tender dossiers for design, updating and maintenance of IPARD website, supply of promotional materials and organisation and participation in events and visits related to the IPARD Programme of the RS.

Within the Policy and Legal Advice Center (PLAC III) project activities related to the finalisation of the rulebooks for the implementation of Measures 1, Measure 3 and Measure 7 of the IPARD III Programme are performed. On 3rd October 2023, an introductory meeting was held with the aim to determine the method of work with the expert engaged. During October and November 2023, the representatives of the IPARD MA held several workshops with the engaged expert regarding the finalisation of the aforementioned rulebooks.

Under Measure 9, the MA has submitted filled Annex “Information of activity” to the IA, for the needs of the Sector for On-The Spot Check, which contains planned activities envisaged by the Action Plan for Technical Assistance measure for 2023 (APTA). APTA was adopted by the IPARD MC. In December 2023, the MA concluded a contract with the awarded provider for the procurement of the service “Design and updating of Web pages including support for maintenance and content management”.

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 AP Vojvodina and LSGUs, the local and regional authorities of the RS are 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 within the budgets of the AP Vojvodina and LSGUs.

The MAFWM 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 LSGUs, 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 measures¹⁰. 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 and rural development

¹⁰ “Official Gazette of the RS”, No. 24/15, 111/15, 110/16, 16/18 and 87/19

policies for the territory of the AP and LSGUs, after which approved programmes are adopted by the competent authority of the AP Vojvodina and LSGUs.

During 2023, 111 support programmes were approved (110 LSGUs and AP Vojvodina) with the budget amount of EUR 32.8m, out of which EUR 25.3m was allocated for rural development measures.

Representatives of the AP Vojvodina and LSGUs have active roles during the implementation of IPARD II Programme as IPARD II MC members. 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, as well as with preparation for the IPARD III Programme implementation.

According to the approved Plan of Visibility and Communication Activities (PVCA), AP Vojvodina and LSGUs are foreseen as supporting services to the IPARD Programme implementation and as providers with the latest information related to funding opportunities, calls and implementation, as well as on the occasion of the events organised by the AP Vojvodina and the Standing Conference of Towns and Municipalities (SCTM) to the potential IPARD recipients. Along with various information on the MAFWM and DAP websites related to the IPARD II Programme implementation and preparation of the IPARD III Programme, representatives of the AP Vojvodina and LSGUs are also provided with an electronic copies of the newsletter “IPARD in Focus”, with all current information and promotional activities included. Local and regional authorities are also involved in various information events organised by the 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 type of activities. Representatives of the IPARD MA participated at the 90th International Agricultural Fair in Novi Sad on 22nd May 2023 and informed visitors regarding the implementation of the IPARD II Programme, as well as opportunities within the IPARD III Programme.

On the occasion of the International Day for Biological Diversity, within the 90th International Agricultural Fair in Novi Sad on 22nd May 2023, the National Dialogue on the Transformation of Food Systems in Serbia was held. The dialogue was organised in cooperation with the Food and Agriculture Organization (FAO), the MAFWM and the National Association for Organic Production Serbia Organica. Through the dialogue, measures and activities related to agroecology, adapting to climate change, local food production and short supply chain, preservation of indigenous varieties of plants and animals, and support to agricultural producers for implementation of sustainable practices were promoted. Furthermore, panel discussion was held, where the importance of establishing a balance between the agricultural production and conservation of natural resources was emphasised, in order to ensure a sustainable future.

The web pages of the MAFWM and the DAP contain all relevant information on IPARD support for (potential) recipients. In the reporting period these pages were visited 850,177 times.

Bi-monthly newsletter “IPARD in Focus”, launched at the end of 2019, was published in five new issues and is regularly disseminated to more than 2,000 e-mail addresses. For the newest information on events, announcements, calls and rules regarding the implementation of the IPARD Programme in Serbia, IPARD MA accounts on Instagram (@*ipardnadlanu*) and Facebook (*IPARD na dlanu*) have been created for the (potential) recipients and general public. Detailed

overview of the implemented activities in 2023 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 accordance with the Budget System Law and the Instruction for the Preparation of the Budget of the RS issued by the Minister of Finance, budget beneficiaries are responsible for proper planning of the national contribution (including 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. Within the financial plan of the Ministry, the IPARD MA and the IA (only in case of Measure 9) are responsible for planning appropriate provisions within their scope of responsibilities and in accordance with the Financial Plan in the IPARD II Programme. 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, NF provides the opinion to the amounts planned for recovery of irregularities, financial corrections and overpayments before the funds are included in the annual Law on Budget of the Republic of Serbia.

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

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

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

By Decision *C(2014)1722* of 20th March 2014, 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, bodies and persons responsible for management, implementation, control and audit of IPA

financial assistance are designated in accordance with the Article 3 of the Decree on the decentralised management of EU pre-accession assistance under IPA¹¹.

5.1. Assistance provided under other IPA components

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 in January 2019, with the implementation period until March 2023. With the support of this project, the Draft Strategy for achieving the quality of raw milk in accordance with the EU standards is prepared and, furthermore, the Law on Organisation of the Market of Agricultural Products was prepared and adopted¹².

IPA 2018

Contract for the IPA 2018 Twinning project “Strengthening and adaptation of administrative capacities for the introduction of the Organisation of Agricultural Markets” started in May 2023. The project is implemented in cooperation with partners from Lithuania, Poland and France. The aim of strengthening of the MAFWM capacities regarding the introduction of the CAP mechanisms, in line with the EU *acquis*. The project is focused on the development of by-laws, rulebooks and internal procedures. In 2023, 46 expert missions were conducted for all six components of the project, as well as three study visits.

The IPA 2018 Twinning project “Support to establishment of carcass classification system in line with EU Common Agricultural Policy” was implemented from October 2022 to November 2023. The project is implemented in cooperation with the twinning partners from Spain and Latvia with the aim of strengthening of the MAFWM for the establishment of a system of joint organisation of agricultural markets in the field of carcass classification in full compliance with EU regulations. The project produced three rulebooks, internal procedures, calibration of equipment necessary for determining the meat content of pig carcasses, and a technical specification for a database for reporting. The software for the database was developed in accordance with the technical specification by the Faculty of Agriculture in Novi Sad, which will be the controlling body of the carcass classification system.

IPA 2021

IPA 2021 unallocated Framework Contract “Introducing and maintenance of functioning LPIS in pilot municipalities in the Republic of Serbia” pilot project phase II, started on November 2023 and so far prepared the detailed work plan, performed analysis of data for selection of pilot municipalities and selection of five cadastral municipalities and defined LPIS digitisation processes. Updating of the LPIS methodology is in the process, as well as designing and planning trainings for LPIS operators. One of the important tasks is following of LPIS software development and testing.

IPA 2021 “Development of the Operational Integrated Administration and Control System (IACS) I phase in line with EU CAP requirements” - This activity will support the preparation of all necessary systems in line with the new CAP 2021-2027, procurement of hardware for full implementation, as well as to strengthen of the DAP capacities to successfully finalise this complex

¹¹ “Official Gazette of the RS – International Agreements”, No. 124/07

¹² “Official Gazette of the RS”, No. 67/21

process. In addition, through this activity integration of all registers, databases and software is envisaged.

Strengthening the Rural Competitiveness and Productivity of Agribusiness Sector

This multi-year project was implemented in four parts, from 2020 and from 2021 and it was partially financed by the Government of the RS. It was focused on identifying the state-owned abandoned land. In 2023 project was part of the broader EU initiative for the Green Agenda in the RS. Project determined the potential for afforestation of abandoned agricultural plots in state-owned land in 12 municipalities, as well as legal and institutional assumptions for sustainable management of forests on abandoned, state-owned agricultural land. It defined plots of land determination of compliance of individual cadastral parcels of abandoned agricultural state-owned land.

World Bank and FAO projects and FAO

The project “Serbian Competitive Agriculture Project – SCAP” is based on the Law on Confirmation of the Loan Agreement between the RS and the International Bank for Reconstruction and Development, which entered into force in February 2020. The deadline for the completion of the project is 31st December 2024. The total amount of the project is EUR 45.8 m. The key institutional beneficiary is the MAFWM, while the target group of the grant project consists of micro, small and medium-sized enterprises, both in the primary agriculture sector and in the processing and marketing sector. The SCAP project provides grants for investments undertaken by micro, small and medium producers of agri-food products, producers groups and companies that are currently unable to undertake investments through the existing National Rural Development Programme and the IPARD Programme.

PHRD grant project “Strengthening Agricultural Sector Capacities for Evidence-Based Policy Making” managed by the World Bank and financed by the Government of Japan. The aim of the project is to strengthen the capacity for monitoring and evaluation of the MAFWM for strategic planning in agriculture and rural development based on evidence. Project has started in February 2020 with the implementation deadline until 31st July 2024. For the Capacity Building Programme for the Monitoring and Evaluation system in Serbia, 30 modules for trainings have been identified and described, and the consultancy has been contracted in 2023. SAIRP, Serbian agriculture information reporting program, has been developed, the testing is entering in the final stage; 150 progress indicators have been developed, in order to establish a reporting platform under the new EU reporting framework.

The project “Sustainable development of organic agriculture” supports the development of the organic sector in Serbia, providing technical assistance in strengthening the policy of supporting the compliance of national legislation with the EU *acquis* and the framework for gender equality.

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

Potential risks of overlapping of the IPARD II Programme with the NRDP could be supportive measures, type of investment, as well as potential recipients. The Chapter 10 of the IPARD II Programme is related to manner of how the complementarity of IPARD measures and national rural development measures will be ensured. Under the Chapter 10.3. of the IPARD II Programme a table is presented clearly defining the demarcation between measures, investments and eligible recipients supported through the IPARD II Programme and NRDP.

According to the Law on subsidies in Agriculture and Rural Development support programmes for the implementation of agricultural policy and rural development policies for the territory of the AP and LSGUs should not overlap with national programmes for 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

The fourth financial amendment was implemented within the Sixth Modification of the IPARD II Programme, which was approved by the IPARD II MC members through written procedure. The Sixth Modification of the IPARD II Programme was initiated by the EC Letter *Ares(2023)1463256-28/02/2023* by which the EC informed the RS about the beginning of the application of the rule related to the automatic de-commitment of allocated funds and the amount that falls under the mentioned rule, which is in line with the Article 34(1) of SA. Considering that the funds were not used according to the “n+3” funding rule, the EU budget funds for 2018 allocation were reduced in the total amount of EUR 12,818,933.11. Accordingly, the budget from 2018 allocation for Measure 1 was reduced by EUR 7,691,359.87, while for Measure 3 was reduced by EUR 5,127,573.24. In addition, the Sixth Modification of the IPARD II Programme included the adjustment of the quantified target values of the indicators, in accordance with the financial modification.

Table 19: Budget breakdown per measure after the Sixth Modification of the IPARD II Programme

Measure	EU contribution, EUR (%)							
	2014	2015	2016	2017	2018	2019	2020	2014-2020
Measure 1	-	7,535,248 (50.23%)	9,900,325 (49.50%)	9,663,583.04 (45.36%)	12,199,743 – 7,691,359.87 = <u>4,508,383.13</u> (26.24%)	18,902,434 (47.26%)	37,812,500 (84.03%)	<u>88,322,473.17</u>
Measure 3	-	7,464,752 (49.77%)	10,099,675 (50.50%)	7,952,129.63 (37.33%)	9,162,757 – 5,127,573.24 = <u>4,035,183.76</u> (23.49%)	13,910,066 (34.77%)	-	<u>43,461,806.39</u>
Measure 4	-	-	-	-	-	-	-	0.00
Measure 5	-	-	-	-	-	-	-	0.00
Measure 7	-	-	-	3,687,500 (17.31%)	8,637,500 (50.27%)	7,187,500 (17.97%)	6,687,500 (14.86%)	26,200,000
Measure 9	-	-	-	-	-	-	500,000 (1.11%)	500,000
Total	-	15,000,000	20,000,000	21,303,212.67	<u>17,181,066.89</u>	40,000,000	45,000,000	<u>158,484,279.56</u>

Source: IPARD II Programme, Sixth modification

The current financial plan for the reporting period relating to 2023 is presented in Table 14 in the Chapter 3.

Total requested EU support by the end of 2023 amounts to EUR 306.1 m, out of which 50.3% refers to Measure 1, 23.8% to Measure 3, 25.8% to Measure 7 and 0.01% to Measure 9. Observed per call for investment measures, the largest amount of requested EU support refers to the Sixth Call for Measure 1 (EUR 53.5 m), while the lowest amount of requested EU support is within the First Call for Measure 3 (EUR 3.7 m).

Table 20: Financial overview of the IPARD II Programme implementation per measure

Measure	Submitted applications		Approved applications		Paid applications*		EU support (%)		
	No.	EU support (EUR)	No.	EU support (EUR)	No.	EU support (EUR)	Approved/ submitted	Paid/ submitted	Paid/ approved
Measure 1	2,260	154,024,195	1,181	82,688,186	909	49,074,599	53.7	31.9	59.3
Measure 3	313	72,963,024	169	40,361,960	81	14,903,271	55.3	20.4	36.9
Measure 7	605	79,042,358	189	23,126,605	9	586,282	29.3	0.7	2.5
Measure 9	3	29,854	1	2,720	0	0	9.1	0	0
Total	3,181	306,059,431	1,540	146,179,470	999	64,564,153	47.8	21.1	44.2

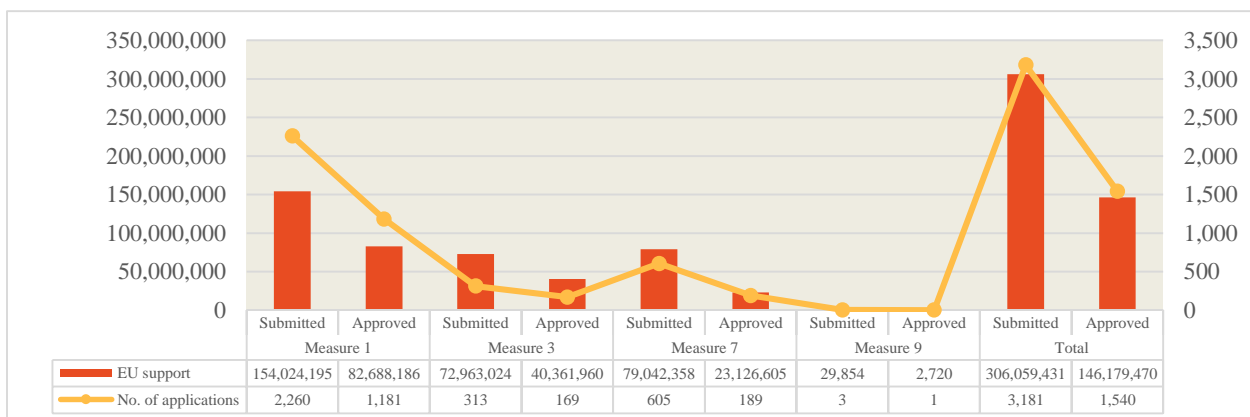
* Paid applications refer to completely paid projects

Compared to data from the AIR 2022, share of total approved EU support in the total requested EU support has increased by 17.9 percentage points, as well as the share of paid in relation to requested EU support by 11.5 percentage points and the share of paid in relation to the approved EU support by 12.0 percentage points.

6.1. Contracted projects

By the end of 2023, 1,540 decisions on the approval of IPARD support were made in the amount of EUR 194.9 m of EU support, which represents an increase in the number of approved applications compared to the previous year by 347 applications (by 29.1%) and by EUR 36.0 m of approved EU support (by 32.7%). The average amount of total approved EU support per application was EUR 94,922 (increase compared to AIR 2022 by EUR 2,608). Under Measure 1, a total of 1,181 applications were approved in the amount of EUR 82.7 m of EU support, 169 applications were approved for Measure 3 (EUR 40.4 m of EU support), while 189 applications were approved for Measure 7, in the amount of EUR 23.1 m of EU support. For Measure 9, one application in the amount of EUR 2,720 of EU support was approved.

Graph 7: Submitted/approved applications and requested/approved EU support (EUR)



In relation to the total number of submitted applications and estimated EU support, 48.4% of applications and 47.8% of EU support were approved. The largest share of approved applications in the number of submitted applications refers to Measure 3 (54.0%), Measure 1 has a share of 52.3%, while Measure 7 has a share of 31.2%. Observed from the point of share of the approved EU support in the requested EU support per measure, the largest share was also achieved by Measure 3 (55.3%), followed by Measure 1 (53.7%), while Measure 7 achieved a share of 29.3% of the approved in relation to the requested EU support (Graph 7).

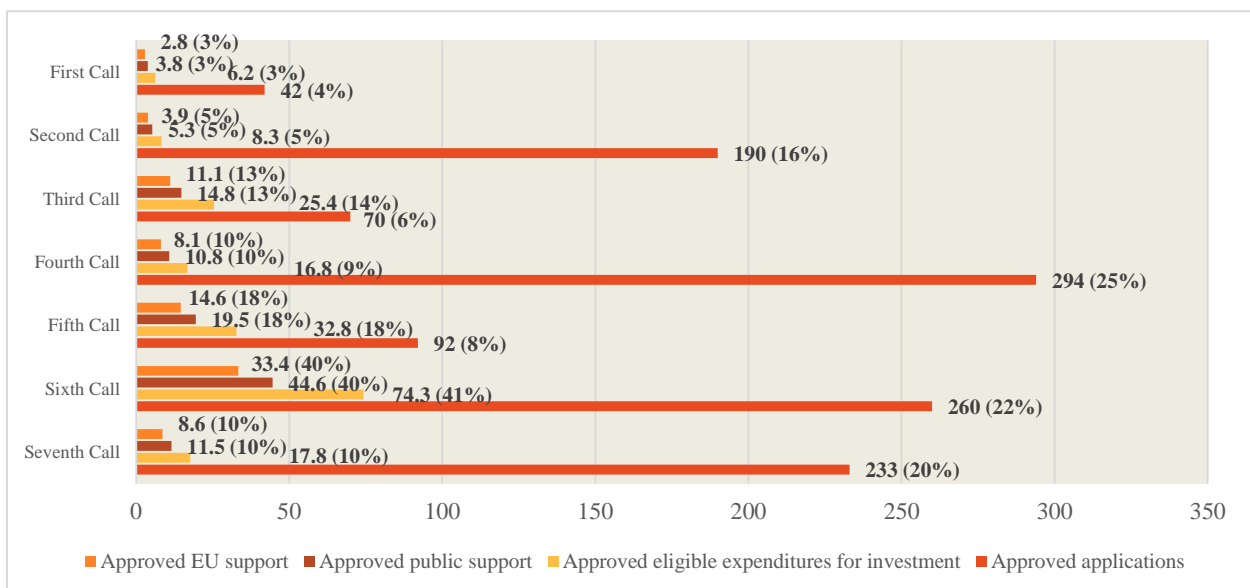
Measure 1

The IPARD Agency made 1,181 decisions on project approval, with total approved eligible expenditures for investment in the amount of EUR 181.6 m and the amount of total approved public support of EUR 110.3 m, out of which EU contribution amounts EUR 82.7 m. Compared to the previous reporting on the annual level, there was an increase by 28.6% for approved applications and 30.5% for approved support. The average amount of EU support per approved application was EUR 70,015.

In 2023, 263 applications were approved, i.e. 22.3% of the total number of approved applications under Measure 1, which represents an increase compared to 2022, when 238 applications were approved (Annex 2: Table 2).

The largest number of approved applications was realised in the Fourth Call (294 applications, i.e. 24.9% of the total approved applications within Measure), while the largest amount of approved public support was realised within the Sixth Call (EUR 44.6 m, i.e. 40.4% of total approved public support). The highest average amount of approved support per application was achieved in the Third Call (EUR 211,664) and Sixth Call (EUR 171,498). Within calls related to the purchase of a new tractor, significantly lower average values of approved support per application were achieved (Seventh Call: EUR 49,411, Fourth Call: EUR 36,730 and Second Call: EUR 27,657). The average amount of approved public support per application within the First Call was EUR 90,115. The share of approved applications, expenditures and support per call for Measure 1 is presented in the Graph 8.

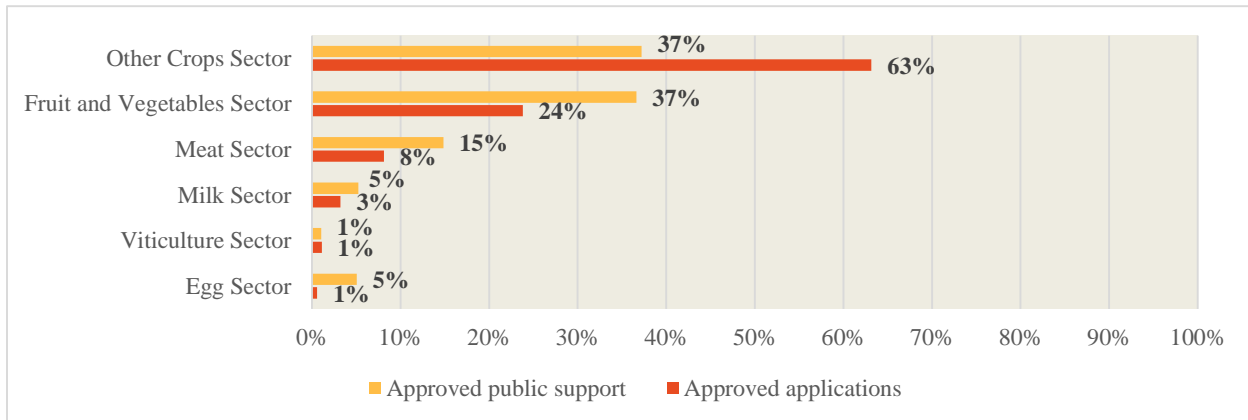
Graph 8: Approved applications, eligible expenditures, public support and EU support (EUR m) per call, Measure 1



The First and the Second Call under Measure 1 are closed in regard to processing and payment of applications. More detailed data on the approved applications, expenditures and support per call under Measure 1 are presented in the Annex 2 (Table 1).

Within Measure 1, the Other Crops Sector achieves the largest share in the total number of approved applications (746 approved applications, i.e. 63.2%) and in total approved public support (with the amount of EUR 39.7 m and a share of 37.2%), and then the Fruit and Vegetables Sector. The lowest number of applications was approved in the Egg Sector (Graph 9).

Graph 9: Share of sectors in total number of approved applications and in the amount of approved public support (%), Measure 1



By far the largest number and share of submitted and approved applications in the Other Crops Sector refers to the Cereals Sub-sector (88.5% of approved applications), and in the Fruit and Vegetables Sector to the Fruit Sub-sector (80.8%). Within the Meat Sector, from the point of approved applications, the largest share is achieved by the Pig Sub-sector (45.8%), followed by the Cattle Sub-sector (32.3%). In the Milk Sector, 38 applications for dairy cattle were approved. A similar analogy of the share of the mentioned sub-sectors is followed by the indicator “approved public support”.

A greater share in the total approved support compared to the share in the total number of approved applications under Measure 1 was achieved by the Fruit and Vegetables Sector, the Meat Sector, the Milk Sector and the Egg Sector, while the larger share in the total number of approved applications compared to the share in the total approved support was achieved by the Other Crops Sector. The average investment value per approved application is the highest in the Egg Sector (EUR 769,195), followed by the Meat Sector and the Milk Sector (EUR 164,698 and EUR 146,915 respectively), while the lowest average investment value per approved application was realised within the Other Crops Sector (EUR 53,184). Total approved general costs in terms of public support amounts to EUR 3.6 m.

Observed per type of investment, the largest number of applications and public support within Measure 1 (1,075 and EUR 76.4 m respectively) was approved for the procurement of equipment, machinery and mechanisation (including tractors), while a significantly lower number of approved applications and public support related to investments in the construction and equipping of facilities (106 and EUR 30.2 m, respectively). Within the 717 approved applications, tractors represent the dominant type of investment, which is increase by 200 approved applications compared to previous year. At the same time, approved public support for this type of investment is EUR 26.0 m (increase compared to the previous year by EUR 9.5 m). In the total number of

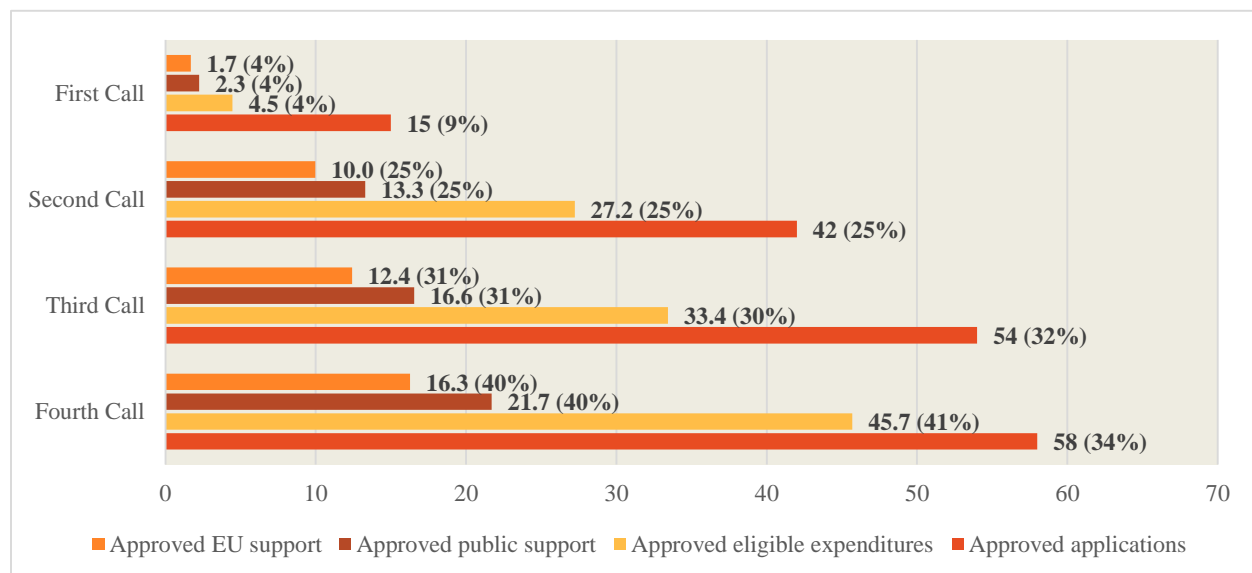
approved applications under Measure 1, tractors achieve a share of 60.7%, and 24.4% in the total approved public support. The average amount of approved public support per application for a tractor is EUR 36,223.

Measure 3

When it comes to Measure 3, 169 decisions on project approval were made, with approved eligible expenditures for investment in the amount of EUR 110.8 m and total public support of EUR 53.8 m, out of which the EU contribution amounts EUR 40.4 m. There was an increase compared to the previous annual reporting, namely by 34 approved applications and by EUR 13.6 m of approved public support. The average amount of approved EU support per application for Measure 3 was EUR 238,828, which is three times higher amount of average approved EU support compared to this indicator for Measure 1. The number of approved applications in 2023 is at approximately same level as in 2022 (35), and represents 20.1% of the total number of approved applications under Measure 3 (Annex 2: Table 3).

The largest number of approved applications and the amount of approved public support was achieved within the Fourth Call (58 applications in the amount of EUR 21.7 m, which represents a share of 40.4% of the total approved public support within this Measure). The average amount of approved support per application is the highest within the Fourth Call (EUR 374,353) and Second Call (EUR 316,575), while the lowest value of this indicator was achieved in the First Call: EUR 150,047 (Graph 10).

Graph 10: Share of approved applications, eligible expenditures, public support and EU support (EUR m) per call, Measure 3



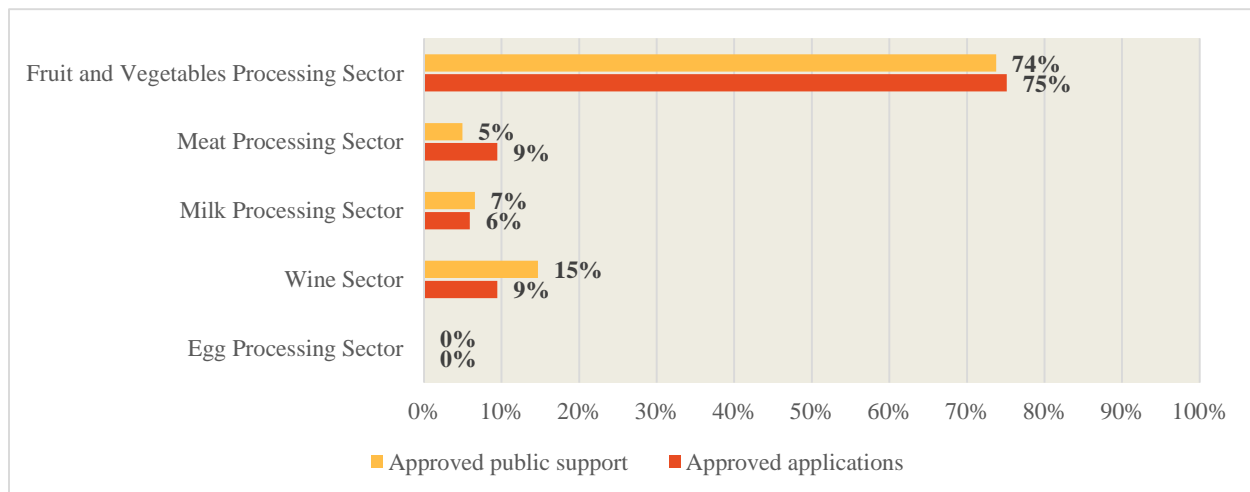
The First Call under Measure 3 is closed in regard to processing and payment of applications. More detailed data on approved applications, expenditures and support per call within Measure 3 are presented in the Annex 2 (Table 1).

Analysis per sector within Measure 3 indicates the largest share in the total number of approved applications and approved public support of the Fruit and Vegetables Processing Sector (127 approved applications, i.e. 75.1% of the total number of approved applications and EUR 39.0 m, i.e. 73.8% of the total amount of approved public support). At the same time, the Fruit and Vegetables Processing Sector achieves a higher share in the total approved public support in

relation to the share in the total approved applications. On the other hand, the Milk Processing Sector, the Meat Processing Sector and the Wine Sector achieved a significantly lower share in the total number of approved applications under Measure 3. In the Egg Processing Sector, there were no applications submitted by potential recipients (Graph 11). Total approved general costs in terms of public support amounts to EUR 0.9 m.

Under the Fruit and Vegetables Processing Sector, the largest number of approved projects related to investments for processing within processing capacities (63 applications, i.e. 37.3% of the total number of approved applications under Measure 3 and 49.6% of approved applications within this sector), while for investments for the construction and reconstruction of processing facilities 46 applications were approved, i.e. 27.2% of the total number of approved applications under Measure 3 and 36.2% of the approved applications within this Sector. In the Meat Processing Sector, seven applications were approved for investments in pork processing and three applications for investments in slaughterhouses. In the Milk Processing Sector, eight applications for investments in dairies were approved. The average value of investment per approved application is the highest in the Wine Sector (EUR 486,311), followed by the Milk Processing Sector (EUR 348,067) and the Fruit and Vegetables Processing Sector (EUR 307,230), while the lowest value of this indicator was achieved in the Meat Processing Sector (EUR 163,978).

Graph 11: Share of sectors in total number of approved applications and the amount of approved public support (%), Measure 3



Observed per type of investment, the largest number of approved applications under Measure 3 was related to the modernisation of processing and packaging equipment (69), as well as investments for the construction/reconstruction and modernisation of processing facilities (46) within the Fruit and Vegetables Processing Sector. A significantly lower number of approved applications until the end of 2023 compared to the aforementioned type of investments, related to investments in the production of energy from renewable sources within the Fruit and Vegetables Processing Sector (17), as well as investments in the modernisation of meat processing enterprises (11).

The average amount of public support for investments in the construction/reconstruction and modernisation of fruit and vegetable processing plants per approved application amounts to EUR 298,288, while the same indicator for investments in the modernisation of equipment for processing and packaging of fruits and vegetables amounts to EUR 340,873. In the Meat

Processing Sector, the average value of investments for the modernisation of enterprises per approved application amounts to EUR 209,951, and in the Milk Processing Sector, this indicator achieves an average amount of EUR 332,009 per approved application.

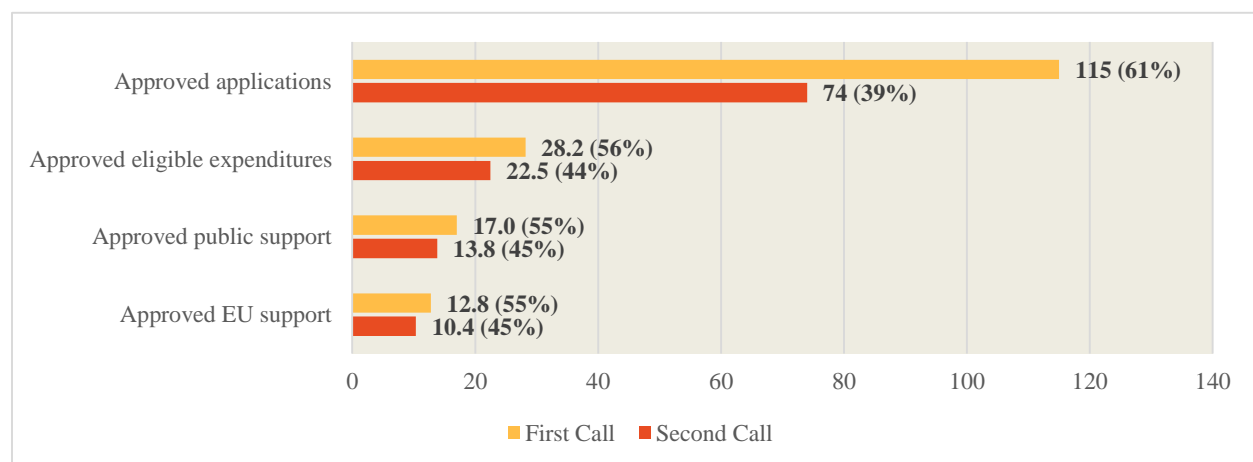
Measure 7

When it comes to Measure 7, by the end of 2023, 189 decisions on project approval were made (31.2% of the total number of applications submitted under this Measure), with approved eligible expenditures for investment in the amount of EUR 50.7 m and total public support of EUR 30.8 m, out of which the EU contribution amounts EUR 23.1 m. There was an increase compared to the previous annual reporting, namely by 49 approved applications, by EUR 14.3 m of approved eligible expenditures and by EUR 8.7 m of approved public support. The average amount of approved EU support per application for Measure 7 was EUR 122,363.

In 2023, 49 applications were approved (a decrease compared to 2022 when 86 applications were approved), which represents 25.9% of the total number of approved applications under Measure 7 (Annex 2: Table 4).

The largest number of approved applications and the largest amount of approved public support was achieved within the First Call (115 applications with the amount of public support of EUR 17.0 m, which represents 55.2% of the total approved public support within this Measure). The average amount of approved support per application within the First Call amounts to EUR 148,051, while within the Second Call this indicator achieves a higher value and amounts to EUR 186,617.

Graph 12: *Approved applications, eligible expenditures, public support and EU support (EUR m) per call, Measure 7*

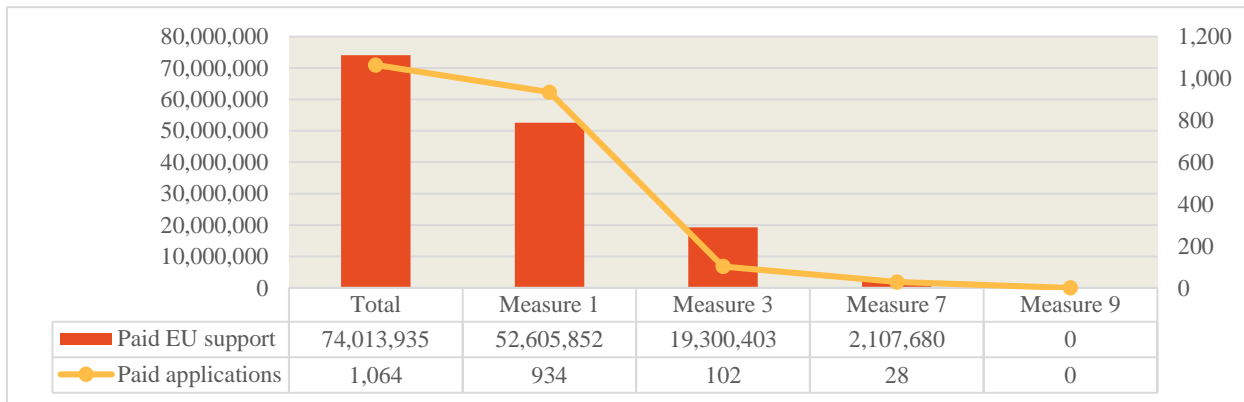


Under Measure 7, the largest number of approved applications relates to the setting of tourist homesteads and recreational zones (138 applications in the amount of EUR 24.7 m of approved public support). For investments in the modernisation of existing tourist facilities, 44 applications in the amount of EUR 4.1 m of approved public support were approved. Five applications were approved for facilities and equipment for leisure fishing, hunting and horse riding, while two applications were approved for equipment for recreational activities. The average amount of approved public support for investments for the setting of tourist homesteads and recreational zones is EUR 179,334, while the lowest average amount per approved application was achieved for investments in equipment for recreational activities (EUR 46,887). Total approved general costs in terms of public support amounts to EUR 1.3 m.

6.2. Completed projects

By the end of 2023, 1,064 decisions on payment approval of IPARD support were made in the amount of public support of EUR 98.7 m (EU contribution amounts to EUR 74.0 m), which represents an increase in the number of paid applications compared to 2022 by 389 applications, by EUR 46.7 m of paid public support and by EUR 35.0 m of EU support. Out of the total number of paid applications, 65 applications were paid in advance in the amount of EUR 9.4 m of EU contribution (Measure 1: 25 applications, Measure 3: 21 applications and Measure 7: 19 applications).

Graph 13: Paid applications and EU support (EUR m)

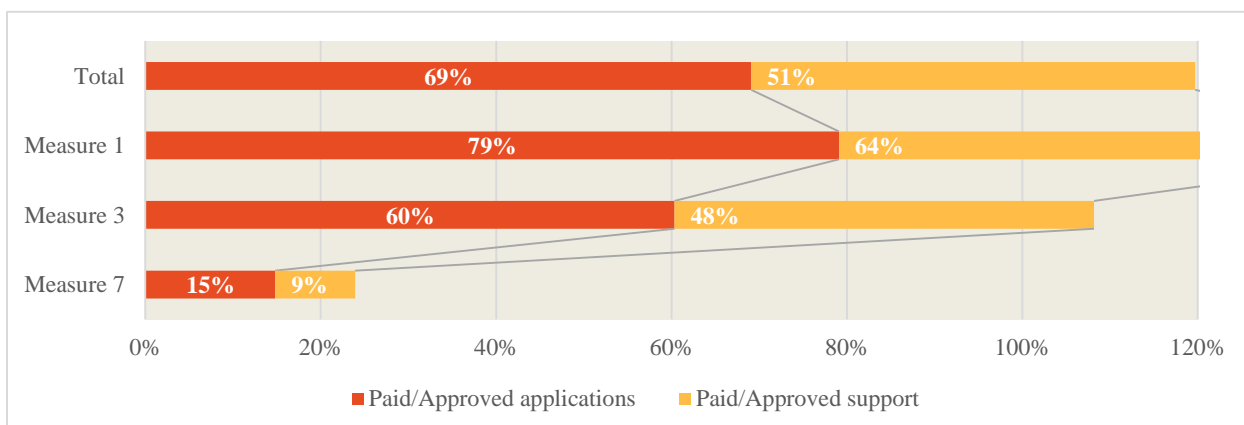


Until 31st December 2023, 999 applications were completely paid in the total amount of public support of EUR 86.1 m and EUR 64.6 m of EU support, which represents a share of 40.7% of the Programme budget.

In relation to the total number of submitted applications and requested support, 33.4% of applications and 24.2% of public support were paid (completely and in advance). When it comes to completely paid applications, the share of paid applications in the total number of submitted applications is 31.4%, and the share of paid support in the requested support is 21.1%.

Paid applications (completely and in advance) in the total number of approved applications (1,540) have a share of 69.0%, while the share of paid in relation to approved public support is lower: 50.6% (Graph 14). For completely paid applications, share is at a lower level (64.9% and 44.2%, respectively).

Graph 14: Share of paid applications/support in relation to approved applications/support



The average paid EU support for the completed IPARD project was EUR 64,629, which is a higher amount compared to 2022 by EUR 9,688. The above average is contributed by the high average amount of EU support paid per completed project for Measure 3 (EUR 183,991), which is three times higher than the IPARD average, while this indicator for Measure 1 amounts to EUR 53,987. Measure 7 achieves a slightly higher average amount of EU support compared to the IPARD average: EUR 65,142.

The largest number of paid applications and paid support refers to Measure 1 (934 paid applications in the amount of public support of EUR 70.1 m and EU support in the amount of EUR 52.6 m). A significantly lower number of applications and support was paid within Measure 3 (102 applications in the amount of paid public support of EUR 25.7 m and EU support in the amount of EUR 19.3 m), and especially within Measure 7 (28 applications in the amount of paid public support of EUR 2.8 m and EU support in the amount of EUR 2.1 m).

The largest number of paid applications and paid support (completely and in advance) refers to the calls published under Measure 1: with 265 paid applications for tractors, the Fourth Call is dominant, while the largest amount of paid support was achieved within the Sixth Call (public support in the amount of EUR 22.3 m and EU support in the amount of EUR 16.7 m).

When it comes to the total payment per sector, the largest number of applications and support was paid within the *Other Crops Sector* under Measure 1: 622 applications with the amount of paid public support of EUR 32.0 m and EU support in the amount of EUR 24.0 m (48.8% of the total payment under Measure 1). Observed per type of investment, the largest number of applications and support until the end of 2023 was paid for the purchase of *tractors* within Measure 1, Other Crops Sector (499 applications in the amount of paid public support of EUR 20.9 m and EU support in the amount of EUR 15.7 m).

Measure 1

A total of 934 applications were paid for investments under Measure 1 until the end of 2023, with the amount of paid public support of EUR 70.1 m and EU support in the amount of EUR 52.6 m. Out of the total number of paid applications, 909 applications were completely paid (EUR 65.4 m of public support and EUR 49.1 m of EU support, which represents a share of 31.0% of the total Programme budget and 55.6% of the Programme budget for Measure 1). Measure 1 in the total number of paid applications achieves a share of 87.8% and 71.1% of paid support.

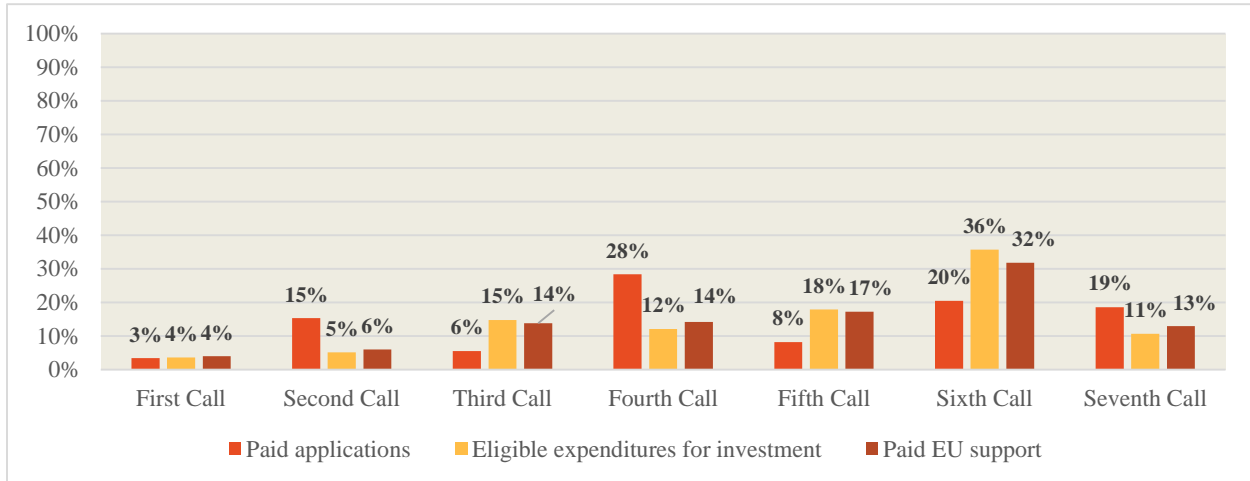
In relation to the total number of submitted applications and the requested support within Measure 1, 41.3% of applications and 34.2% of support were paid completely and in advance, while in the total number of submitted IPARD applications, paid applications under Measure 1 have a share of 29.4%, while paid support participates in the total requested IPARD support with 17.2%. Paid applications (completely and in advance) in the total number of approved applications within Measure 1 (1,181) have a share of 79.1%, while the share of paid compared to approved support is significantly lower: 63.6% (Graph 14). For the completely paid applications under Measure 1, the mentioned share is at a slightly lower level (77.0% and 59.3% respectively).

The average paid EU support per completed project under Measure 1 is EUR 53,987, which is a lower amount compared to the IPARD average by EUR 10,642, primarily due to the significant share of tractors as a low-value investment in the total number of paid projects within Measure 1.

The largest number of paid applications (completely and in advance) refers to the Fourth Call (265 paid applications for tractors), which is also the Call with the lowest average value of EU support per paid application (28,104 EUR), while the largest amount of eligible expenditures for

investment and of paid support was realised within the Sixth Call (Graph 15). The average value of paid EU support is the highest in the Third Call and amounts to EUR 139,546.

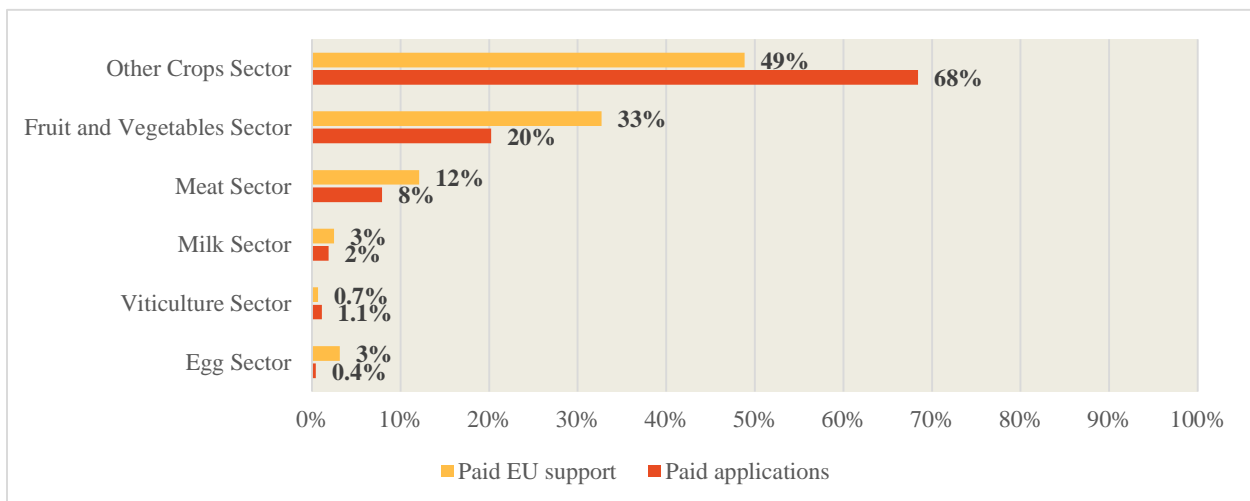
Graph 15: Share of paid applications, eligible expenditures for investment and paid EU support per call (%), Measure 1



The First and Second Call under Measure 1 have been closed in regard to processing and payment of applications. A more detailed overview of paid projects per call is presented in the Annex 2 (Table 1).

The largest share in the total number of paid applications and total paid support under Measure 1 is realised by the Other Crops Sector (68.4% for 622 paid applications and 48.8% for paid public support in the amount of EUR 32.0 m). Other sectors within Measure 1 have a significantly lower share in the total number of paid applications and paid support. The Other Crops Sector and the Viticulture Sector realised a greater share in the total number of paid applications compared to the share in the total amount of paid support, while the reverse proportion of the share is evident for the other sectors (Graph 16).

Graph 16: Share of sectors in the paid applications and paid EU support (%), Measure 1



The dominant sub-sector within the Other Crops Sector refers to the Cereals Sub-sector (548 paid applications with the amount of paid public support of EUR 28.7 m), and in the Fruit and

Vegetables Sector to the Fruit Sub-sector (148 paid applications with the amount of paid public support of EUR 16.5 m). The average amount of paid EU support is the highest in the Egg Sector (EUR 386,836), where EU support in the total amount of EUR 1,547,345 was paid for four completed projects. In other sectors, this indicator achieves a value below EUR 100,000.

Observed per type of investment, the largest number of paid projects and EU support (873, i.e. EUR 40.4 m) related to *equipment, machinery and mechanisation* (including tractors), while 36 paid projects related to investments for the construction and equipping of facilities (the most in the Fruit and Vegetables Sector: 19 and the Meat Sector: 11), with a total paid EU support in the amount of EUR 8.7 m. With 581 paid applications by the end of 2023, tractors represent the dominant type of investment under Measure 1 (EUR 17.4 m of paid EU support), followed by equipment for harvesting, sorting, packaging and storage in the Fruit and Vegetables Sector with 57 paid applications in the amount of EUR 6.6 m of paid EU support. The average amount of paid EU support per application for a tractor is EUR 29,945, and for equipment for harvesting, sorting, packaging and storage is EUR 115,232.

The largest number of paid projects for investments in primary agricultural production concerns investments in the field of plant production (816 projects), with the amount of paid EU support of EUR 40.4 m, while a total of 93 projects were paid for investments in livestock production by the end of 2023 in the amount of EU support of EUR 8.7 m.

Measure 3

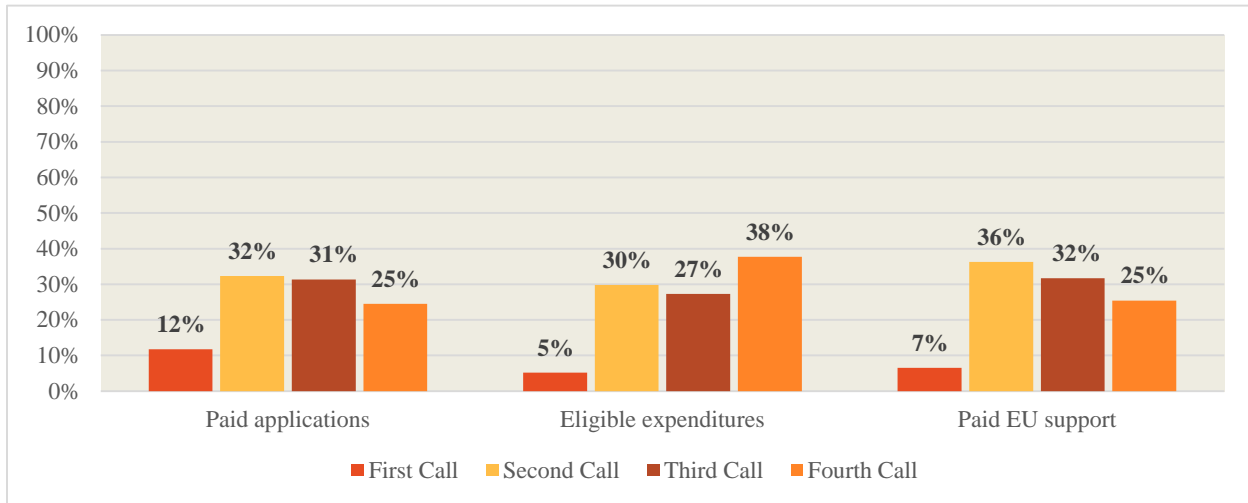
When it comes to Measure 3, until 31st December 2023, 102 applications were paid with public support and EU support in the amount of EUR 25.7 m, i.e. EUR 19.3 m respectively. Out of the stated number of paid applications, 81 projects were completely paid (EUR 19.9 m of public support and EUR 14.9 m of EU support, which represents a share of 9.4% of the total Programme budget and 34.3% of the Programme budget for Measure 3). Measure 3, compared to Measure 1, achieves a higher share in the total amount of paid support (26.1%) compared to the share in the total number of paid projects (9.6%).

In relation to the total number of submitted applications and requested support within Measure 3, 32.6% and 26.5% were paid completely and in advance, respectively. When it comes to the total number of submitted applications for all measures, the paid applications under Measure 3 participate with 3.2%, while paid support in the total requested support participates with 6.3%. Paid applications (completely and in advance) in the total number of approved applications and approved support have a lower share compared to Measure 1: 60.4% share of paid in relation to approved applications and a significantly lower share of paid in relation to approved support of 47.8%. For completely paid applications within Measure 3, the mentioned share is at a lower level (47.9% and 36.9% respectively).

The average amount of paid EU support per completed project for Measure 3 is EUR 183,991, which is almost three times higher than the IPARD average and more than three times higher than the same indicator for Measure 1.

The largest number of projects and amounts of support were paid (completely and in advance) in the Second and Third Calls (33 and 32 projects and EUR 7.0 m and EUR 6.1 m of EU support respectively). The average amount of paid EU support in the First Call is EUR 105,840, in the Third and Fourth it is at the level of approx. EUR 200,000, while the highest value of this indicator was achieved under the Second Call: EUR 212,242 (Graph 17).

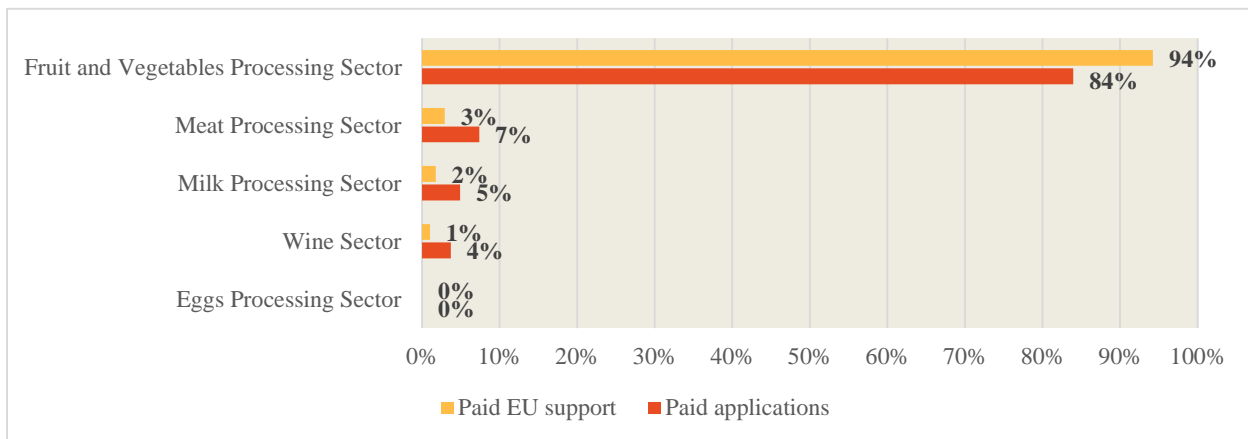
Graph 17: Share of paid applications, eligible expenditures for investment and paid EU support per call (%), Measure 3



The First Call under Measure 3 has been closed in regard to processing and payment of applications. A more detailed overview of paid projects per call is presented in the Annex 2 (Table 1).

Within Measure 3, the dominant share in the total number of paid applications and total paid support is achieved by the *Fruit and Vegetables Processing Sector* (68 paid applications with a share of 84.0% in the total number of paid applications and EUR 14.0 m of paid EU support, with the share of 94.2% in total paid EU support). Other sectors within Measure 3 achieve a significantly lower share for both abovementioned indicators (Graph 18).

Graph 18: Share of sectors in the paid applications and paid EU support (%), Measure 3



The average amount of paid EU support per application is also the highest in the Fruit and Vegetables Processing Sector (EUR 206,527), while in other sectors this indicator does not exceed EUR 100,000. The dominant type of investment for which applications have been paid under Measure 3 refers to the *modernisation of processing and packaging equipment* in the Fruit and Vegetables Processing Sector, with a total of 44 paid applications in the amount of EUR 7.4 m of EU support. Furthermore, a significant number of projects were paid for investments in the construction, reconstruction and modernisation of processing facilities in the Fruit and Vegetables

Processing Sector (16 projects were paid in the amount of EUR 5.1 m of EU support), as well as eight projects for investments in production of energy from renewable sources in the same Sector, in the amount of EUR 1.5 m of EU support. In other processing sectors, a greater number of paid projects and the amount of paid support is not recorded (three or fewer paid projects per sector with paid EU support below EUR 300,000 per project). Observed per type of investment, the highest average amount of paid EU support was realised for investments in the construction, reconstruction and modernisation of processing facilities in the Fruit and Vegetables Processing Sector (EUR 319,965).

Measure 7

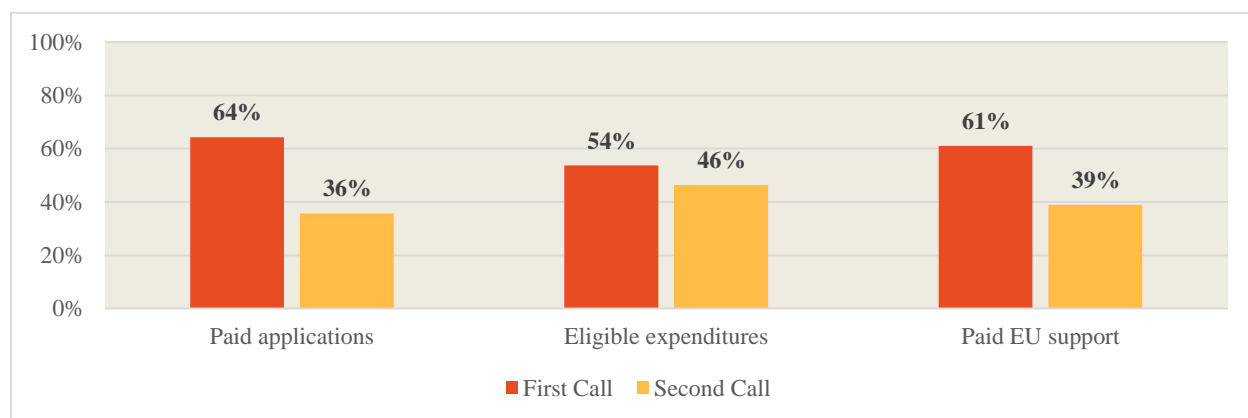
Under Measure 7, a total of 28 applications were paid by the end of 2023, with paid public and EU support in the amount of EUR 2.8 m, i.e. EUR 2.1 m respectively. Out of the stated number of paid applications, nine projects were completely paid (EUR 781,709 of public support and EUR 586,282 of EU support, which represents a share of 0.4% of the total Programme budget and 2.2% of the Programme budget for Measure 7). Measure 7 achieves approx. the same share in the total number of paid projects (2.6%) and in the total amount of paid support (2.8%).

In relation to the total number of submitted applications and requested support within Measure 7, 4.6% and 2.7% were paid completely and in advance, respectively, while in the total number of submitted applications for all measures, paid applications and support for this Measure participate with a share of approx. 0.8%. Paid applications (completely and in advance) in the total number of approved applications and approved support have a share of 14.8% and 9.1%, respectively. For completely paid applications under Measure 7, the share is at lower level compared to all paid applications (including advance payments): 4.8% and 2.5% respectively.

The average amount of paid EU support per completed project for Measure 7 is at the level of the IPARD average and amounts to EUR 65,142.

A larger number of projects and amounts of support were paid (completely and in advance) in the First Call (18 projects and EUR 1.7 m of public support, i.e. EUR 1.3 m of EU support) compared to the Second Call. Although a larger number of applications and the amount of support were paid in the First Call, it is evident that under the Second Call the average amount of paid EU support is higher and amounts to EUR 82,077.

Graph 19: Share of paid applications, eligible expenditures for investment and paid EU support per call (%), Measure 7



A more detailed overview of paid projects per call is presented in the Annex 2 (Table 1).

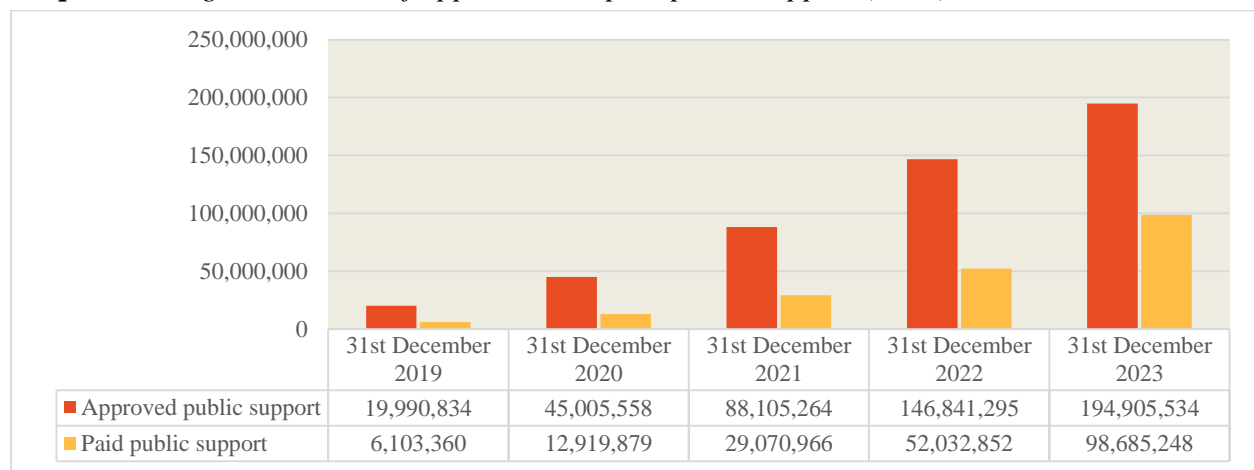
Considering that no project with a financially dominant investment within the Renewable Energy Resources has been recorded until the end of 2023, it can be stated that the investments related to *Rural Tourism and Recreational Activities* achieve and absolute share in the total number of submitted and approved as well as paid applications. Until 31st December 2023, nine projects in the amount of EU support of EUR 586,282 have been completely paid for the aforementioned investments.

The most significant investment from the point of paid applications and support refers to the *setting of tourist homesteads and recreational zones*, with seven paid projects and the amount of paid EU support of EUR 515,194.

Measure 9

Until 31st December 2023, no payment was recorded for the projects that were submitted by the MA under Measure 9.

Graph 20: Progress in terms of approved and paid public support (EUR)



Based on the data presented in Graph 20, it can be noted a continuous increase of paid IPARD support, with the most evident progress achieved during the reporting 2023. Namely, during 2023, the largest amount of public support was paid on an annual basis during the entire IPARD II Programme implementation period (EUR 46.7 m). Abovementioned resulted with the largest increase of paid support on an annual level compared to the previous year during the entire implementation period - in 2023, by 89.7% compared to the previous year, and the execution rate reached a level of 40.7% of the total Programme budget for completely paid projects, by 31st December 2023.

6.3. Sensitive sectors

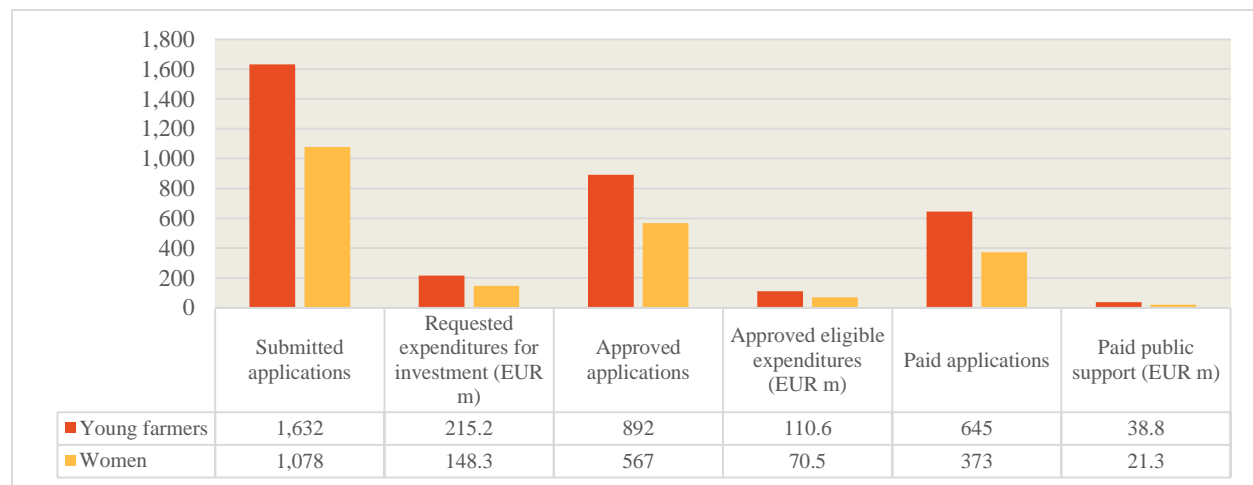
This part of the Report presents the results of the IPARD II Programme implementation from the point of sensitive categories of IPARD support recipients (young farmers and women farm holders), until 31st December 2023.

Young farmers with a total of 1,632 submitted applications and the amount of requested expenditures for investment of EUR 215.2 m achieved a share of 57.0% in the total number of submitted applications within seven calls for Measure 1 and two calls for Measure 7 and a share of 42.7% in the total requested expenditures for mentioned measures. By the end of 2023, 892 applications were approved to young farmers with the amount of approved eligible expenditures

of EUR 110.6 m and 645 applications were paid with the amount of paid public support of EUR 38.8 m (EU contribution EUR 29.1 m). By the end of 2023, the total number of rejected and withdrawn applications of young farmers was 286, with a total rejected and withdrawn expenditures for investment in the amount of EUR 58.1 m.

Women farm holders with a total of 1,078 submitted applications and the amount of requested expenditures for investment of EUR 148.3 m achieved a share of 37.6% in the total number of submitted applications within the seven calls for Measure 1 and two calls for Measure 7 and a share of 29.4% in the total requested expenditures for the mentioned measures. By the end of 2023, 567 applications were approved to women farm holders with the amount of approved eligible expenditures of EUR 70.5 m and 373 applications were paid with the amount of paid public support of EUR 21.3 m (EU contribution EUR 16.0 m). By the end of 2023, the total number of rejected and withdrawn applications of women farm holders was 193, with a total rejected and withdrawn expenditures for investment in the amount of EUR 38.4 m (Graph 21).

Graph 21: Submitted, approved and paid applications and expenditures, sensitive categories of IPARD recipients, Measure 1 and Measure 7



Measure 1

Young farmers

Within Measure 1, young farmers submitted a total of 1,357 applications with requested expenditures in the amount of EUR 143.4 m and with a share of 41.9% in the total requested expenditures under Measure 1. Although the largest number of applications by young farmers was submitted within the Seventh Call for the purchase of a new tractor (559 applications), by far the largest amount of requested expenditures was related to the Sixth Call within Measure 1 (EUR 49.5 m).

Observed per call within Measure 1, young farmers achieved the most significant share in the total submitted applications within the calls for the purchase of a new tractor: the Seventh, followed by the Fourth and Second calls, while on the other hand, this sensitive category of recipients achieved the largest share in the total requested expenditures under Measure 1 within the Sixth Call (34.5%). When it comes to the application approval, the largest number of applications was approved within the Fourth Call (30.3%), with a significant share in the total amount of approved eligible expenditures within the Sixth Call (41.6%). From the point of the number of paid applications to young farmers, the Fourth Call is dominant (34.0% of paid applications), while the largest share

of 31.5% in the total paid public support was achieved within the Sixth Call under Measure 1. The largest number of applications submitted by young farmers was rejected and withdrawn within the Second Call (73), while the largest amount of rejected and withdrawn expenditures is characterised for the Third Call under Measure 1 (EUR 15.6 m).

Women farm holders

Women farm holders submitted a total of 770 applications under Measure 1 with requested expenditures in the amount of EUR 67.3 m. In the total requested expenditures for Measure 1 women farm holders achieved a share of 19.7%. As in the case of young farmers, the largest number of applications by women were submitted within the Seventh Call (404 applications), while the largest amount of requested expenditures was related to the Sixth Call within Measure 1 (EUR 20.8 m).

In terms of the number of applications submitted under Measure 1 women farm holders achieved a share at a significantly lower level compared to the share of young farmers (34.1% and 60.0% respectively). Women had the largest share in the total number of applications submitted in the Seventh and Fourth Calls (52.5% and 17.7% respectively), followed by the Second and Sixth Calls (11.4% and 11.2% respectively). On the other hand, this sensitive category of recipients achieved the largest share in the total requested expenditures for Measure 1 within the Sixth Call (30.9%) and the Seventh Call (29.0%).

When it comes to the application approval, by far the largest number of applications was approved within the Seventh Call (191, i.e. 42.4%). The mentioned Call is also dominant in terms of share in the total amount of approved eligible expenditures (a share of 36.1% for EUR 14.7 m of approved eligible expenditures). From the point of payment of applications for this sensitive category of IPARD recipients for Measure 1, the Seventh Call is also dominant, both from the point of share in the total number of paid applications to women under Measure 1 (39.2% for 140 paid applications) and from the point of share in total amount of paid public support (37.4% for EUR 7.4 m of total paid public support). The largest number of applications submitted by women were rejected and withdrawn within the Second Call (34), while the largest amount of rejected and withdrawn expenditures is recorded within the Fifth Call under Measure 1 (EUR 5.4 m).

Measure 7

Young farmers

Under Measure 7, young farmers submitted a total of 275 applications with requested expenditures in the amount of EUR 71.8 m. The largest number of applications was submitted by young farmers within the Second Call (165), which also refers to the amount of requested expenditures of EUR 46.6 m.

The share of the First Call in the total number of applications submitted by young farmers under Measure 7 is 40.0% (110 applications), and the Second Call 60.0% for 165 applications submitted by young farmers. When it comes to the share of the expenditures requested by young farmers per call, the share of the Second Call is dominant in relation to the First Call (65.0% for EUR 46.6 m of the expenditures for investment requested by young farmers).

In regard to application approval, an equal number of applications from young farmers were approved within both calls for Measure 7 (56 applications each), while the share in the total amount of approved eligible expenditures is higher within the Second Call (58.7% for EUR 16.2 m of approved eligible expenditures).

In the reporting period, 15 applications in the amount of EUR 1.4 m of public support were paid to young farmers, with the EU contribution in the amount of EUR 1.1 m. A higher number of applications submitted by young farmers were rejected and withdrawn within the First Call (51 applications in the amount of EUR 11.5 m of rejected and withdrawn expenditures).

Women farm holders

Within Measure 7, women farm holders submitted a total of 308 applications with requested expenditures in the amount of EUR 81.0 m. The largest number of applications by women farm holders was submitted within the Second Call (182), which also refers to the amount of requested expenditures of EUR 51.1 m.

The share of the First Call in the total number of applications submitted by women farm holders under Measure 7 (126) is 40.9%, and the Second Call 59.1% for 182 applications submitted by women. When it comes to the share of the expenditures requested by women per call, the share of the Second Call is dominant compared to the First Call (63.0% for EUR 51.1 m of the expenditures for investment requested by women).

When it comes to the application approval, an almost equal number of applications were approved within both calls for Measure 7 (60, i.e. 57 applications), while the share in the total amount of approved eligible expenditures is higher within the Second Call (56.0% for EUR 16.6 m of approved eligible expenditures).

In the reporting period, 16 applications in the amount of EUR 1.5 m of public support were paid to women farm holders, with the EU contribution amounting to EUR 1.2 m. A higher number of applications submitted by women were rejected and withdrawn within the First Call (60 applications in the amount of EUR 14.2 m of rejected and withdrawn expenditures).

6.4. Sanctioned and cancelled projects

By the end of 2023, a total of 876 applications (27.5%) were rejected and withdrawn, with the corresponding amount of estimated EU support in the amount of EUR 99.4 m, i.e. 32.5% of the estimated total requested EU support. Until the end of 2023, a total of 563 applications were rejected (17.7%), with the total public support amounting to EUR 87.7 m (21.5%), while 313 applications were withdrawn by the applicant: 9.8% in relation to the total number of submitted applications (Table 21). The largest number of rejected and withdrawn applications is within Measure 1 (560 applications). Observed per measure, under Measure 3 the slightly higher share of rejected and withdrawn applications in the total number of submitted applications was recorded (39.6%) compared to Measure 1 (24.8%). When it comes to Measure 7, the share of rejected and withdrawn applications in the total number of submitted applications is 31.7%. Observed per implementation year, a total of 151 applications were rejected and withdrawn in 2023, which represents an increase in the total number of rejected and withdrawn applications compared to 2022 by a total of seven applications (Annex 2: Table 13).

Table 21: Review of rejected and withdrawn applications per measure and call

Measure	Call	Total number of rejected and withdrawn applications		Rejected applications		Withdrawn applications	
		No. of applications	EU contribution (EUR)	No. of applications	EU contribution (EUR)	No. of applications	EU contribution (EUR)
M1	1	43	2,168,434	25	1,557,793	18	610,641
	2	203	3,706,273	97	1,478,953	106	2,227,320
	3	76	16,414,528	45	11,713,481	31	4,701,047
	4	44	939,867	22	475,693	22	464,174
	5	76	14,160,538	57	9,761,153	19	4,399,385
	6	105	15,953,839	75	8,648,984	30	7,304,855
	7	13	314,196	8	198,689	5	115,507
Total M1		560	53,657,676	329	33,834,747	231	19,822,929
M3	1	11	1,955,690	8	1,659,767	3	295,923
	2	39	4,271,399	28	2,175,262	11	2,096,136
	3	39	7,614,396	33	5,488,621	6	2,125,775
	4	35	8,655,239	23	5,212,847	12	3,442,392
Total M3		124	22,496,724	92	14,536,498	32	7,960,226
M7	1	155	17,597,271	119	13,783,963	36	3,813,308
	2	37	5,662,794	23	3,607,334	14	2,055,460
Total M7		192	23,260,065	142	17,391,297	50	5,868,768
M9	1	0	0	0	0	0	0
	2	0	0	0	0	0	0
Total M9		0	0	0	0	0	0
Total		876	99,414,465	563	65,762,542	313	33,651,923

Measure 1 has a significant share in terms of the total number of rejected and withdrawn applications (560, i.e. 63.9% of applications with the amount of total public support of EUR 71.5 m), which is understandable considering that there is a larger number of submitted and processed applications under this Measure. Within Measure 1, out of the total number of submitted applications 24.8% were rejected and withdrawn, out of which 329 applications were rejected and 231 applications were withdrawn. 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 the Third Call (EUR 21.9 m and EUR 21.3 respectively).

Under **Measure 3**, 124 applications were rejected and withdrawn (with the amount of total public support of EUR 30.0 m), which represents 39.6% of the total number of submitted applications under this Measure and 14.2% of the total number of rejected and withdrawn applications. Cumulative data by the end of 2023 indicate an increase in the number of rejected and withdrawn applications under this Measure compared to the previous reporting year (from 103 applications in 2022 to 124 applications in 2023). Out of the total number of rejected and withdrawn applications, 92 relates to rejection, while 32 applications were withdrawn. Observed per year, there is an increase in the number of rejected and withdrawn applications under this Measure (from

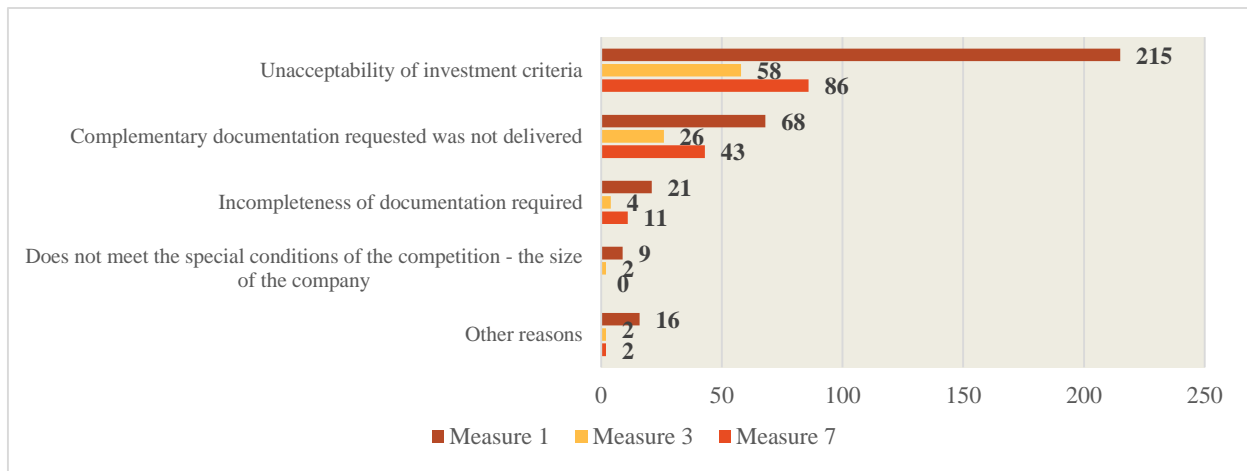
16 in 2022 to 21 applications in 2023). Observed per call under Measure 3, the number of rejected and withdrawn applications under the Third and the Second Call is dominant (39 applications each), while 38.5% of the total rejected and withdrawn amount of public support was reached under the Fourth Call for this Measure. Under Measure 3, the share of withdrawn applications in the total number of rejected and withdrawn applications (25.8%) was significantly lower compared to this indicator for Measure 1 (41.3%).

Under **Measure 7**, 192 applications were rejected and withdrawn (with the amount of total public support of EUR 31.0 m), which represents 31.7% of the total number of submitted applications under this Measure and 21.9% of the total number of rejected and withdrawn applications. Out of the total number of rejected and withdrawn applications, 142 referred to rejected applications, while 50 applications were withdrawn. Within Measure 7, the withdrawal rate of applications in the total number of rejected and withdrawn applications for this Measure is 26.0%.

The largest number of rejected and withdrawn applications was noted in 2021 (185 applications), while the lowest number of rejected and withdrawn applications was recorded in the initial implementation year (2018), i.e. 121 applications.

The most common reasons for project rejection were related to the unacceptability of investment criteria, not delivering complementary requested documentation after receiving the request for supplementation, etc. The most common reasons for project rejection are presented cumulatively in the Graph 22 with a cut-off date of 31st December 2023.

Graph 22: Most common reasons for rejection of applications per measure



The dominant reason for rejection of applications under all three measures is related to the unacceptability of investment criteria (215 for Measure 1, 86 for Measure 7 and 58 for Measure 3) and the second is failure to submit required documentation after receiving the request for supplementation (68 for Measure 1, 43 for Measure 7, 26 for Measure 3).

Observed per call, the Second Call for Measure 1 records the largest number of rejected and withdrawn applications (203), followed by the First Call for Measure 7 with 155 rejected and withdrawn applications. Within Measure 3, the largest number of rejected and withdrawn applications was realised within the Second and Third Call (39 applications each).

On the other hand, the reasons for application withdrawal so far generally have been related to ensuring funds for implementation of the projects, while in some cases potential recipients cited personal reasons. However, they mostly did not state the reason for application withdrawal.

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

The Evaluation Plan (hereinafter: EP) includes the planned activities regarding the evaluation of the IPARD Programme for the entire implementation period, including *ex-ante*, *ongoing* and *ex-post* evaluation. Evaluation Plan that covers IPARD II programming period was approved in 2016, at the First session of IPARD II MC. The updated version of the document was approved by the IPARD II MC members in December 2021.

The ongoing evaluation of the IPARD II Programme was carried out for the period 2018-2019. The evaluation included evaluative activities concerning the assessment of the availability of quality data for the context indicators of the IPARD II Programme and the administrative simplification of the processing of IPARD applications in order to improve the absorption of the IPARD fund. Recommendations of the ongoing IPARD II Programme evaluation are continuously implemented by the IPARD Operating Structure. The largest number of evaluation recommendations are implemented and reported in the previous annual reports. Activities that were carried out by the relevant IPARD bodies and institutions in 2023 are presented in the Chapter 4.5.2.

Evaluative activities envisaged by the Evaluation Plan

Evaluative activity: *“Follow-up of the recommendations of the IPARD II Programme ongoing evaluation for the implementation period 2018-2019”*

The IPARD II Programme *ongoing* evaluation was carried out with the aim of improving the absorption capacity of the IPARD fund and assessing the availability and quality of data for Programme context indicators. The activities undertaken in 2023 in order to address the recommendations of the evaluation are presented in the Chapter 4.5.2.

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

At the end of 2022 and beginning of 2023 an internal assessment of the achievement of the financial and operational targets of the IPARD II Programme for 2022 was conducted, and results are presented in the Chapter 2.3 under the AIR 2022. The Annual Implementation Report for 2022 was adopted by the IPARD II MC members through written procedure and by the EC (Ref. Ares (2023)4992847 as of 18th July 2023).

Furthermore, an internal assessment of the achievement of the financial and operational targets of the IPARD II Programme for 2023 was conducted, both at the Programme and IPARD measure level. The results of the assessment are presented in the Chapter 2.3 under the AIR 2023. The activity will be additionally and fully evaluated by the independent expertise under the IPARD II Programme *ex-post* evaluation.

Evaluative activity: *“Assessment of capacity building for evaluation”*

The assessment of monitoring and evaluation capacity was carried out by expert within the PHRD project based on data collected in the form of a questionnaire for the MA employees. Based on the assessment carried out within the project, relevant trainings were conducted for the employees of the IPARD Operating Structure, as well as for employees in other relevant MAFWM sectors, from the point of establishing a functional platform for monitoring, evaluation and reporting on support programmes for agriculture and rural development at the MAFWM level.

Evaluative activity: *“Evaluation of the use of Measure 9 funds”*

After entrustment of budget implementation tasks and adoption of the rulebook for IPARD Measure 9, the implementation of this Measure began with the submission of applications for project approval by the MA. Two calls were published under Measure 9. The Second Call under Measure 9 was published on 26th May 2023, with a deadline for applications submission until the end of December, with a total allocated budget funds in the amount of EUR 508,128 (EU contribution EUR 431,909). Taking into consideration the need for continuous information of IPARD recipients, eligible expenditures for projects submitted under Measure 9 during 2023 related to promotional activities.

The *ex-ante* evaluation of the IPARD III Programme (which is envisaged under the IPARD II programming period) was carried out in 2021, in accordance with the EP. The complete report on the IPARD III Programme *ex-ante* evaluation, with recommendations included, is available on the MAFWM website through the following link: <http://www.minpolj.gov.rs/download/Ex-ante-evaluation-report-IPARD-III-Programme-2021-2027.pdf>.

Planned activities

According to the SA, considering the n + 3 financing rule, the *ex-post* evaluation of the IPARD II Programme was initially foreseen for 2024. Taking into account the extension of the IPARD II Programme implementation period, due to the approval of the n+4 financing rule by the EC, the *ex-post* evaluation of the IPARD II Programme has been postponed to 2025, after the completion of the Programme implementation. The preparation of tender documentation and the implementation of the public procurement procedure for the IPARD II Programme *ex-post* evaluation is planned for 2024. The recommendation of the aforementioned evaluation will significantly contribute to the absorption of the IPARD III fund.

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

The main goals of the Plan of Visibility and Communication Activities of the IPARD II Programme for the period 2014-2020 are to increase the awareness of the general public about the role of the EU contribution to the rural development in the RS, ensure transparent information on the opportunities under the IPARD III Programme and make visible results achieved through the assistance provided by the IPARD II Programme.

The implementation of the PVCA and the promotion of the IPARD II Programme has started after the First modification of the Programme and the entrustment of budget implementation tasks for IPARD Measure 1 and Measure 3 and continued with entrustment of budget implementation tasks for Measure 7. Continuous information and promotion activities in 2023 were planned, implemented, monitored and evaluated within the PVCA of the IPARD II Programme for the period 2014-2020.

The majority of indicators defined in the PVCA are achieved in the reporting period. Indicators for visibility and communication activities for 2023 are presented in Table 22.

Table 22: Indicators for visibility and communication activities implemented in 2023

Type of indicator	Indicator	2023	Target for the whole programming period	Execution Rate (%)
Output	Number of potential recipients attending information events	1,205	4,000	30.13
	Number of promotional events implemented	18	30	60.00
	Number of national events	1	5	20
	Number of promotional materials disseminated	280	6,000	4.66
	Number of national and regional media, reached by informational materials (press conferences, press releases)	88	20	Achieved
	Number of sector stakeholders acting as multipliers (providing links to IPARD II website, distributing promotional materials)	6 (42 with AAS)	10	Achieved
	Number of TV and/or radio presentations	95	1 per call	Achieved
	Number of press conferences organised	6	At least 5 national and at least 4 regional	Achieved
	Number of press releases provided	16	At least 20	80.00
	Number of people accessing the IPARD II website	850,177 per period, approximately 71,000 per month	2,000	Achieved
Result	Level of satisfaction from the informational events	N/A	At least 80% satisfied by the content and organisation	/
	Number of publications/articles, TV and radio reportages for the IPARD II Programme	727	60	Achieved
	Number of applications for grants per measure	N/A	At least 80 for M1, 45 for M3 and 219 for M7	/

Promotion of the IPARD Programme in 2023 was carried out through 18 information/educational events for representatives of local self-governments, agricultural cooperatives, farmer's associations, consultants, regional development agencies, advisory services, etc. Implemented promotional activities in the reporting period were related to the promotion of financing opportunities through the IPARD III Programme.

In 2023, activities of the IPARD II Programme implementation were presented during the 90th International Agricultural Fair in Novi Sad on May 22nd 2023, when the representatives of the IPARD MA provided answers to visitor's questions regarding the implementation of the IPARD Programme. Visitors to the Fair had, also possibility to learn about the IPARD Programme and opportunities that potential recipients can expect within the IPARD III Programme.

Visitors to the International Fair of Fruit, Vegetable and Viticulture AgroBelgarde were informed about opportunities under the IPARD Programme. Also, representatives of the IPARD OS participated in the "EU Week of Opportunities", organised by the EU Delegation in the RS. On the day dedicated to agriculture and the IPARD Programme, three panels and info sessions were held in which representatives of the IPARD OS actively participated. Furthermore, the EU

Delegation in the RS hosted two workshops for IPARD recipients at the EU Infopoint premises in Novi Sad and Zaječar. In addition, representatives of the IPARD OS took an active part in the conference on investment opportunities in renewable energy sources, which was organised by the Belgrade Chamber of Commerce.

Agricultural Advisory Services (AAS) are significant partners in activities related to the IPARD Programme, as well as in direct assistance and work with (potential) IPARD recipients. In 2023, two educational modules for in-depth education and training on IPARD Measure 1 and Measure 7 were held for 156 and 160 advisors respectively.

Two educational modules for in-depth education and training on IPARD Measure 1 were provided to 151 consulting agencies.

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 specialised television in the field of agriculture) in 2021. 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. Twelve episodes were produced in 2023, broadcasted four times each on the “Agro TV” channel and could be downloaded from the “Agro TV” portal, and the YouTube channel.

Support to recipients has been provided through direct communication in the premises of the IA. In addition to direct communication, communication with (potential) recipients was implemented via telephone (5,300 calls), e-mail (1,191 in the reporting period) and through the chat application on the very frequent DAP website (approx. 79,000 visitors per month). The MAFWM and the DAP web pages contain all relevant information for (potential) recipients. In the reporting period these pages were visited 850,177 times.

Bi-monthly newsletter “IPARD in Focus” initiated at the end of 2019 is disseminated to more than 2,000 e-mail addresses regularly. In the reporting period, five newsletters 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 Programme was promoted, also, within activities of the AAS which are the part of their Annual plan of activities for 2023 to disseminate information on the IPARD Programme opportunities to (potential) recipients through forums, winter schools, tribunes, workshops, media and bulletins. The 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 (<https://www.psss.rs/edukacije-ipard-50h/>). In the reporting period, 51 attendees of the AAS covering AP Vojvodina have successfully completed mentioned training (in total 2,550 hours of “IPARD 50 hours”) and received the final certificate.

During reporting period, the AAS covering AP Vojvodina provided 68 advices on IPARD support. Implemented activities of the AAS in Central Serbia and in AP Vojvodina are presented in Table 23.

Table 23: Number of events held and participants included in the activities of the AAS of Central Serbia and the AAS of AP Vojvodina

Information tool	2023	
	Events	Participants
AAS of Central Serbia		
Events (winter schools, stands, lectures, workshops)	80	3,468
Media (local TV, radio, newspapers)	41	/
Bulletin/ Portal of ASS	12	/
AAS of AP Vojvodina		
Events (winter schools, stands, lectures, workshops)	55	1,025
Media (local TV, radio, newspapers)	/	/
Bulletin/ Portal of ASS	/	/

CONCLUSION

The European Commission officially approved the IPARD II Programme on 20th January 2015 by Decision *C(2015)257*, while the Programme implementation began by announcing the First Public Call on 25th December 2017 and after the entrustment of the budget implementation tasks for the measures related to investments in physical assets of agricultural holdings, as well as investments concerning processing and marketing of agricultural and fishery products. By the end of 2023, there were six modifications of the IPARD II Programme. Modifications referred to introduction of new sectors, which resulted in wider range of recipients, financial modifications due to de-commitment, as well as reallocation of funds between measures with the aim of better absorption of IPARD fund.

Under the IPARD II Programme, 15 calls were published by 31st December 2023, out of which seven calls were published for Measure 1: Investments in physical assets of agricultural holdings, four calls for Measure 3: Investments in physical assets concerning processing and marketing of agricultural and fishery products, two calls for Measure 7: Farm diversification and business development, while for the non-investment type of Measure two calls were published.

A total of 3,181 applications were submitted, 1,540 applications were approved and 1,064 projects were paid. The number of rejected and withdrawn applications is 876, out of which 313 applications were withdrawn by applicants (rejection and withdrawal rate in relation to the total number of applications submitted amounts to 27.5%).

By the end of the reporting period, out of the total allocated EU contribution for the period 2014-2020 (EUR 158.5 m), 92.2% of the EU contribution was approved (EUR 146.2 m) and 46.7% (EUR 74.0 m) was paid.

The total amount of approved EU support of EUR 146,179,470 represents a share of 47.8% of the total requested EU support for all submitted applications. The total amount of paid EU support of EUR 74,013,935 makes a share of 50.6% of the approved EU support.

With regard to the total paid EU support, the largest share refers to Measure 1 (71.1%), then to Measure 3 (26.1%), while the 2.8% refers to Measure 7.

Observed per region within Measure 1, both in the total number of submitted applications and in requested support, the Vojvodina Region is dominant (71.7% and 70.4% respectively), while within Measure 3, a significant share on both mentioned indicators is achieved by the Šumadija and Western Serbia Region (49.7% and 42.6% respectively). The Šumadija and Western Serbia Region achieved a significant share in abovementioned indicators as well as within Measure 7 (60.1% and 60.7% respectively).

Observed per sector, under Measure 1 the largest share of submitted applications was in the Other Crops Sector (48.5%). When it comes to Measure 3, the largest share of submitted applications was in the Fruit and Vegetables Processing Sector (67.4%), while 94.9% of submitted applications referred to investments in Setting of tourist homesteads and recreational zones within Measure 7.

Sensitive categories of recipients of IPARD support (young farmers and women farm holders), in terms of number of approved and paid projects achieved a significant increase compared to the previous annual reporting. By the end of 2023, 892 applications were approved to young farmers in the amount of approved eligible expenditures of EUR 110.6 and 645 applications was paid in the amount of paid public support of EUR 38.8 m (EU contribution of EUR 29.1 m). By the end of 2023, 567 applications were approved to women farm holders in the amount of approved eligible

expenditures of EUR 70.5 and 373 applications was paid in the amount of public support of EUR 21.3 m (EU contribution of EUR 16.0 m).

Observed per year, the largest number of approved applications was achieved in 2022 (359 applications), while the largest number of applications was paid in 2023 (389 applications) in the amount of paid EU support of EUR 35.0 m, which represent a share of 47.3% of total paid EU support by the end of the reporting period.

The experience gained in the IPARD II Programme implementation will have a positive impact in the implementation of the IPARD Programme for the programming period 2021-2027.