

Annual Implementation Report on IPARD II Programme for 2022

Belgrade, 2023



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



IPARD
EU4Rural Areas

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LIST OF ABBREVIATIONS

A

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

C

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

D

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

E

EU – European Union
EC – European Commission

F

FAO – Food and Agriculture Organization
FwA – Framework Agreement

G

GDP – Gross domestic product
GVA – Gross value added

I

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

L

LAG – Local Action Group
LSGU – Local self-governments unit
LDS – Local Development Strategies

LEE – List of eligible expenditures

LEADER - *Liaison entre Actions de developpement de l'Economie Rurale* (fr.)

LPIS – Land Parcel Identification System

M

MA – Managing Authority
MAFWM – Ministry of Agriculture, Forestry and Water Management
MC – Monitoring Committee
MF – Ministry of Finance
MS – Management Structure

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

U

UAA – Utilised Agricultural Areas
ULO – Ultra Low Oxygen
UNDP – United Nations Development Programme

EXECUTIVE SUMMARY

The Fourth 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 2022, pursuant to the Article 59(1) of Sectoral Agreement. A significant contribution to the preparation of the Report was provided by the IPARD Agency, the National Authorising Officer Support Office, the National Fund, the 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 (2022) 7208 dated 5th October 2022).

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.

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 on Financing Agreement was signed and came into force on 17th November 2020. From the beginning of the IPARD II Programme implementation up to 31st December 2022, 14 public calls have been published, out of which 13 refer to investment measures, while one public call refers 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 1,193 applications were approved, with total public support in the amount of EUR 146.8 m and the EU contribution in the amount of EUR 110.1 m. Under Measure 1, 918 applications were approved, with a total public support in the amount of EUR 84.5 m and the EU contribution

in the amount of EUR 63.4 m, 135 applications were approved for Measure 3 with a total support in the amount of EUR 40.2 m and the EU contribution in the amount of EUR 30.2 m and 140 applications were approved for Measure 7 with a total public support in the amount of EUR 22.1 m and the EU contribution in the amount EUR 16.6 m. Out of the total EU funds allocated for the period 2014-2020 (EUR 171.3 m), considering de-commitment of budget allocation for 2017 in the amount of EUR 3.7 m, 64.3% has been approved for all measures by the end of 2022. When it comes to the total amount of approved EU contribution, 57.5% was related to Measure 1, 27.4% to Measure 3 and 15.1% to Measure 7. A total of 457 applications were rejected and 268 applications were withdrawn with the EU contribution in the amount of EUR 77.6 m, while 113 applications were terminated with the EU contribution in the amount of EUR 6.3 m.

By 31st December 2022, 675 applications were paid with a total public support in the amount of EUR 52.0 m, out of which, the EU support paid was EUR 39.0 m, including advance payments. The execution rate of the total EU contribution is 22.8%, while execution rate for Measure 1 is 27.6%, 24.1% for Measure 3 and 3.1% for Measure 7. Compared to the Annual Implementation Report for 2021, progress was made in the Programme implementation, as well as in the absorption of the EU contribution, from EUR 21.8 m to EUR 39.0 m.

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

INTRODUCTION

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

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

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

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

Promotion of the IPARD II Programme led to great interest among potential recipients. This supports the fact that 3,179 applications were submitted within 14 published calls during the Programme implementation period until the end of 2022. 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 measures, 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 2022 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 2022 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 MAFWM.

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

1.1. Macroeconomic trends, structural characteristics of the economy and situation in agriculture and rural areas

According to the data of Statistical Office of the Republic of Serbia (SORS), in 2021 gross domestic product (GDP) amounted to EUR 50,351.7 m at constant prices and real GDP increase, compared to 2020, was 7.5%. The most significant share in GDP formation, observed per industry, in 2021 had the following sectors: sector of processing industry (13.0%), wholesale and retail trade and repair of motor vehicles (11.8%), real estate sector (6.8%), agriculture, forestry and fisheries sector (6.3%), construction sector (6.0%) and sector of information and communication (5.1%). In 2021, the gross value added (GVA) of the primary sector was 6.3% in current prices, while the rate of real growth was -5.7% (Statistical Yearbook of Serbia 2022, SORS). The macroeconomic indicators of the Republic of Serbia (RS) in period 2012-2021 are presented in the Table 1.

Table 1: Macroeconomic indicators for the Republic of Serbia for the period 2012–2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
GDP (EUR m)	29,118.4	29,958.1	28,433.9	28,119.2	28,494.4	29,504.9	31,600.3	44,909.4	45,696.4	50,351.8
GDP per capita (EUR)	4,676.7	5,082.9	4,973.2	5,037.1	5,210.8	5,588.4	6,142.7	6,624.0	6,785.7	7,803.1
Unemployment rate (%)	24.6	23.0	19.9	18.2	15.9	14.1	13.3	10.9	9.5	11.0
Export of goods and services (EUR m)	10,422.4	13,564.2	13,782.4	12,418.5	13,817.7	15,780.4	17,862.1	18,227.7	18,192.6	23,993.0
Import of goods and services (EUR m)	17,568.5	19,079.0	18,750.4	16,595.5	17,546.2	20,351.0	24,030.1	24,817.2	24,483.2	31,739.6
Balance (EUR m)	-7,146.0	-5,514.8	-4,968.0	-4,177.0	-3,728.5	-4,570.6	-6,168.1	-6,589.5	-6,290.7	-7,746.6

Source: SORS

The foreign trade exchange

When it comes to the foreign trade exchange of the RS, the export of goods and services reached a value of EUR 27.0 b in 2022, while, on the other hand, the import reached a value of EUR 38.2 b. In the entire observed period, the RS recorded a negative foreign trade balance, which was the lowest in 2016. The European Union (EU) is the most important foreign trade partner of the RS. The agri-food sector has achieved a positive foreign trade balance since 2005 and it amounted to EUR 1.4 b in 2022.

In 2022, the value of the exports of agri-food products reached the level of EUR 4.1 b, where the highest value is achieved by export to the EU market. The imports of agri-food products reached value of EUR 2.7 b in 2022.

The most represented product group in exports in 2022 was vegetables and fruit, which participated with 27.3% of the total value of agri-food products export, while the share of cereals and its products was 22.9%. In addition to these two product groups, tobacco and tobacco manufactures (10.8%), beverages (9.1%), feeding stuff for animals excluding unmilled cereals (8.2%), and various food products also had a high share in the structure of agri-food products export (7.0%). In 2022, the most represented products in import by value were vegetables and fruit (21.8%), coffee, tea, cocoa, spices and manufactures thereof (12.5%), beverages and tobacco (tobacco and tobacco manufactures 10.3% and beverages 6.6%) and various food products (9.5%).

Out of all markets to which the RS exports its agri-food products, the most significant is the EU market with a share of 48.9% in the value of total export of this product group in 2022. Also, the EU market is the most important market in terms of agri-food products import, i.e. 68.3% of the total value of import of this product group was imported from this market. In addition to the EU market, a significant export partner is the CEFTA countries market, with a share of 26.5% of the value of agri-food products export during 2022. Agri-food products import from the CEFTA countries market was 8.4% in the total import value of this product group.

Employment

According to the Labour Force Survey, the number of employed persons in 2021 was 2,848,800 and is 2.6% higher than the previous year. The number of active persons (labour force, which consists of employed and unemployed persons) in 2021 was 3,201,200, which compared to 2020 represents an increase by 4.1%. The activity rate was 54.7% and is higher by 2.5 percentage points compared to the previous year. In 2021, the highest activity rate was recorded in the Belgrade Region (57.6%), followed by the Šumadija and Western Serbia Region and the Vojvodina Region (55.7% and 54.5% respectively), while the Southern and Eastern Serbia Region recorded the lowest value (50.5%). In 2021, the number of unemployed persons was 352,400, while the unemployment rate was 11.0%. This rate for women was 12.1%, and is higher by 1.9 percentage points compared to the male unemployment rate (10.2%). The lowest unemployment rate in 2021 was recorded in the Belgrade Region (8.8%), followed by the Vojvodina Region (9.5%) and the Šumadija and Western Serbia Region (12.6%). The Southern and Eastern Serbia Region recorded the highest unemployment rate (13.6%). The highest share of employment in the agriculture, forestry and fishing sector in 2021 was achieved in the Šumadija and Western Serbia Region (52.3%), while the lowest was in the Belgrade Region (5.4%).

Unemployment rate in the RS in 2021 was 11.0% and compared to 2020 has increased (9.5%), while the unemployment rate of the rural population in 2021 was 10.3%. High rates of unemployment and inactivity are present in the young population and more in the young population in urban areas than in rural areas, and at the same time more in young women than in young men population. The assisting household members are highly present in the employment structure in rural areas and it is particularly typical for female rural population, where more than one fifth of employed women work as assisting household members.

Micro, small and medium enterprises and entrepreneurs

According to the SORS data, in 2020 the number of micro, small and medium-sized enterprises and entrepreneurs (SMEs) amounted to 403,288 which represents 99.9% of the total number of enterprises. Entrepreneurs are dominant in the SMEs structure with a share of 74.0%. Observed per type of activity, the largest share in the structure of SMEs has wholesale and retail trade and repair of motor vehicles (23.9%), while the share of 1.7% of SMEs was recorded in the field of

agriculture, forestry and fisheries. The total number of employees in SMEs is 965,461 where the share of processing industry is dominant in the structure of SMEs with 26.3%, while in the field of agriculture, forestry and fishery is 2.4%. The number of enterprises by size, in total and in the sector of agriculture, forestry and fishery is presented in Table 2.

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

	Entrepreneurs	Micro enterprises	Small businesses	Medium enterprises	SMEs
Total number of enterprises	298,279	90,106	12,187	2,176	403,288
Sector of agriculture, forestry and fishery	3,020	3,447	379	85	6,931
Total number of employees	272,446	167,316	246,883	278,816	965,461
Sector of agriculture, forestry and fishery	1,758	4,578	8,070	8,338	22,744

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

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

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

Basic characteristics of agricultural production in the Republic of Serbia

According to Farm Structure Survey, conducted in 2018, 564,541 agricultural holdings (AH) were identified in the RS and compared to data from the Census of agriculture 2012, the number of AHs decreased by 10.6%. Family AHs have the highest share (even 99.7%) in the AH structure. Around 43% of AHs are located in the Šumadija and Western Serbia Region. Average age of AH holders is 60 years for a man and 65 for a woman. Around 95% of AH holders have acquired knowledge in the field of agriculture by engaging in this activity, while a formal education in the field of agriculture has acquired 4.0% of holders. Also, the data obtained from conducted Farm Structure Survey in 2018 shows that the average size of AH in the RS is 6.2 ha, which is an increase compared to 2012 when the average size of AH was 5.4 ha. The largest number of AHs (39.0%) is smaller than 2 ha, 32.0% of AHs are between 2-5 ha, 0.7% of AHs are between 50 and 99 ha, while 0.3% of AHs are over 100 ha. The number of AHs by size is presented in Table 3.

Table 3: Agricultural holdings by size

	Used agricultural land (ha)								
	In total	0 ha	≤ 2 ha	2.01-5 ha	5.01-10 ha	10.01-20 ha	20.01-50 ha	50.01-100 ha	>100 ha
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

The utilised agricultural area (UAA) in the RS covers 3,475,894 ha according to the Farm Structure Survey (results from 2018). The structure of the UAA shows that 74.3% is comprised of arable land and gardens, 19.5% make up meadows and grassland while permanent crops make up only 6.0%. The area under organic farming in 2021 is 23,527 ha, i.e. 0.6% of the total UAA area.

The share of mixed AHs is predominant 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, however, this is more than four times lower value than the EU average.

1.2. Population

According to the Census of population from 2011, the RS had a population of 7,186,862. According to the SORS population estimation from 2021, a population is 6,834,326, while the number of population according to the first results of the Census of population, households and dwellings from 2022 is 6,690,887. Compared to the Census from 2011, the total number of population decreased by 495,975 (6.9%). Out of the total population, 38.6% lives in rural areas that are considered as “other settlements” in the RS. More than 50% of the population in the Šumadija and Western Serbia Region represents rural population, which makes it the region with the largest number of rural population in the RS. The average age of the population was 43.5 years in 2021. Observed by type of settlements, in urban areas the average age of the population is 42.4 years, while in rural areas the average age of the population is 45.2 years. The age structure of population in 2021 is presented in Table 4.

Table 4: Age structure of the population in the Republic of Serbia, 2021

Age structure of population	Number of inhabitants*	Share in total population (%)
0 - 14 age	977,124	14.3
15 - 64 age	4,402,974	64.4
65 and more	1,454,228	21.3
Total	6,834,326	100.0

Source: SORS; *SORS estimation

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

1.3. Agriculture and Rural Development Policy

The long-term strategic direction of agricultural development in the RS is defined by the Strategy of Agriculture and Rural Development of the Republic of Serbia for the period 2014-2024¹, which encompasses the vision, strategic goals and directions of agriculture and rural development of the RS in the ten-year period. The future directions of agricultural development in the RS are defined in accordance with the process of alignment of national agricultural and rural development policies with the EU *acquis*.

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

The Strategy represented basis for the adoption of mid-term development documents in the field of agriculture and rural development, namely the national programme for agriculture and the national rural development programme. These programmes contain detailed triannual plans and a timetable for the implementation of the measures, as well as the basic activities of adjusting the national agricultural and rural development policy to the relevant EU Common Agricultural Policy (CAP) schemes in the pre-accession period.

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

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

1.3.1. Negotiations with European Union, commitments in negotiations

In accordance with the Decision on establishment of the Coordination body for the pre-accession process of the Republic of Serbia to the European 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 representatives of the MAFWM take part in the work of 18 more negotiating chapters.

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

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

Chapter 11 - Agriculture and rural development

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

- That the RS ought to present an Action Plan to the EC, which will serve as a basis for the transposition, implementation and enforcement of the EU *acquis* in agriculture and rural development;
- That the RS ought to submit the request for entrustment of budget implementation tasks for IPARD II to the EC, in accordance with the provisions of 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.

The second benchmark for initiating the negotiating process in Chapter 11

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

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

According to the EC Progress Report for the RS in 2022, for Chapter 11 some level of preparedness has been achieved. Progress has been realised, especially through the adoption of the Law on Amendments to the Law on Agriculture and Rural Development, improvement of the efficiency of IPARD applications processing, as well as timely submission of the IPARD Programme for the period 2021-2027.

Preparing the Negotiating Position for Chapter 11

With the support of the IPA 2015 Technical Assistance Project: “Capacity building for the alignment with the *acquis* in the areas of agriculture, rural development, food safety, veterinary and phytosanitary policy”, the MAFWM prepared the first Draft Negotiating Position for Chapter 11.

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 the IPARD II Programme adopted by the EC Decision *No. C (2022) 7208* on 5th October 2022;
- Decision on the appointment of responsible persons and bodies for the management of the programmes of pre-accession assistance of the European Union within the Instrument for Pre-Accession Assistance (IPA II) for the period 2014-2020³;
- Rulebook on IPARD subsidies for Investments in Physical Assets of Agricultural Holdings⁴;
- Rulebook on IPARD subsidies for Investments in Physical Assets Concerning Processing and Marketing of Agricultural and Fishery Products⁵;
- Rulebook on IPARD subsidies for Farm Diversification and Business Development⁶;
- Modification of the entrusted procedures for the IPARD II Programme implementation from 7th July 2022.

1.3.3. National support schemes

Agriculture and rural development subsidies are implemented based on the Law on subsidies in Agriculture and Rural Development⁷ 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 basic subsidies and paid per hectare, while subsidies in livestock production are implemented through subsidies for: quality breeding animals, animals for fattening, suckler cows, bee hive, breeding of beef cattle for production of calves and production of fish for consumption.

³ “Official Gazette of the RS”, No. 26/19, 90/21 and 130/22

⁴ “Official Gazette of the RS”, No. 84/17, 112/17, 78/18, 67/19, 53/21, 10/22 and 18/22

⁵ “Official Gazette of the RS”, No. 84/17, 23/18, 98/18, 82/19, 74/21 and 10/22

⁶ “Official Gazette of the RS”, No. 76/20, 87/21 and 10/22

⁷ “Official Gazette of the RS”, No. 10/13, 142/14, 103/15 and 101/16

The only type of input subsidy is for the cost 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; 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 cost of insurance premiums for crop, fruit crop, perennial crop, nursery and animaland is realised through reimbursement of 40% of paid insurance premiums (45% for areas with difficult working conditions in agriculture) or in the maximum amount of 70% of the paid insurance premium in the Moravica, Zlatibor, Podunavlje, Šumadija and Kolubara administrative districts.

Subsidies for sustainable resource management aimed at conservation and improvement of environment and natural resources are implemented 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 include a set of measures aimed at support of non-agricultural activities related to improving the quality of life in the countryside. Subsidies include investments in the rural tourism sector, hunting tourism sector and old and artistic crafts. Subsidies are determined as a percentage of the value of 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 determined 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. They include subsidies for the implementation of breeding programmes - selection measures, subsidies for promotional activities in agriculture and rural development (measures and actions in agriculture) and subsidies for production of planting material, certification and clone selection.

Credit support

Credit support is based on 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.

Allocated funds for subsidies in agriculture and rural development

According to the Decree on Allocation of Subsidies in Agriculture and Rural Development for 2022⁸, the allocated funds for subsidies in agriculture and rural development amounted to EUR 483 m. Out of that, EUR 351.6 m was allocated for direct payments, EUR 77.1 m for rural development measures, EUR 1.9 m for specific subsidies, for credit support was allocated EUR 6.1 m, while for IPARD support allocated funds amounted to EUR 46.2 m.

Allocated funds for agriculture and rural development in 2022 were increased by 27% compared to funds allocated in 2021.

During 2022, approx. EUR 480 m was paid for subsidies in agriculture and rural development. The largest amount of budget funds was realised based on direct payments (73%), while 16% of the total realised budget were spent on rural development measures. EUR 351.5 m was spent on the direct payments implementation for credit support EUR 6.0 m, while EUR 1.9 m was paid for specific subsidies. EUR 76.7 m was paid in 2022 for rural development measures.

Regarding IPARD support, by the end of 2022, the total public support in the amount of EUR 52.0 m was paid, out of which the RS contribution amounted to EUR 13.0 m. Out of the total amount of public support EUR 35.4 m was paid for Measure 1, for Measure 3 EUR 15.6 m, while for Measure 7 was paid EUR 1.0 m, including advance payments.

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

⁸ “Official Gazette of the RS” No. 125/21, 10/22, 30/22, 52/22, 67/22, 99/22, 126/22 and 141/22

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

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

- development of human and physical resources, food safety increase and the capacity of the agri-food sector to deal with the competitive constraint, as well as gradual alignment of the sector with the EU standards, particularly with those relating to the hygiene and environmental protection, with a concern for a balanced territorial development of rural areas,
- directing investment support through the management and control system which is in accordance with 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 providing support to primary agricultural producers in the process of alignment with rules, standards, policies and practices of the EU; ensuring support for economic, social and territorial development, for the purpose of smart, sustainable and inclusive growth, through a development of physical capital; ensuring answer to climate change challenges by promoting efficient utilisation of resources; productivity increase and the quality of products together with a reduction of production expenditures; improvement of competitiveness of local producers with the adjustment to the requirements of the domestic and foreign market. The selected sectors for 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 answer to climate change challenges by promoting energy from renewable sources. The selected sectors for investments are Sector of Milk Processing, Meat Processing, Egg Processing, Fruit and 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 from these areas. Through Measure 7 potential recipients can obtain support for a wide range of investments such as construction and reconstruction of accommodation facilities, landscape, recreational activities, construction of

tasting and food and beverage sales, design of website, purchase of equipment for energy production from renewable sources, etc.

Measure 9: “Technical Assistance”

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

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

From the beginning of the IPARD II Programme implementation until 31st December 2022, 14 calls were published, as follows: seven for Measure 1 with a total allocated funds in the amount of EUR 111.2 m, four for Measure 3 with a 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 one for the non-investment Measure “Technical Assistance”.

During the reporting period, two calls were published, as follows:

- *The Seventh Call* for submission of applications for project approval for IPARD support for purchase of a new tractor within Measure 1 was published on 14th February 2022 with the deadline for submission of applications for project approval in the period from 17th February to 22nd April 2022, with total allocated funds in the amount of EUR 11,496,038 (EU contribution EUR 8,622,029). Within this Call, 656 applications were submitted with the amount of requested public support of EUR 31.8 m (EUR 23.8 m EU contribution).
- *First Call* for submission of applications for project approval for IPARD support under Measure 9, which was published on 18th November 2022, with the deadline for submission of applications for project approval by the end of December 2022 and total allocated funds in the amount of EUR 767,362 (contribution EU 652,258 EUR). Under this Call, one application was submitted by the Managing Authority (MA) in the amount of requested public support of EUR 6,300 (EUR 5,355 EU contribution) and it refers to the design of the IPARD MA website.

Out of 14 public calls, from the aspect of processing of all submitted applications, the First and Second Calls for Measure 1, as well as the First Call for Measure 3, are closed.

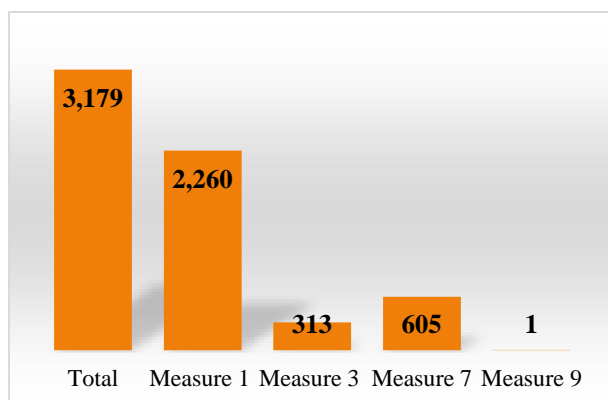
The results of the analysis presented in the Report are based on data included in the Common Indicator Tables for Monitoring and Evaluation of the IPA Rural Development Programmes 2014-2020 submitted by the IA (Annex 1). Presented data are related to processed applications, as well as applications in processing at the time of preparation of this Report. Data are given in cumulative amount by the end of December 2022. The final data for the closed calls (First and Second Call for Measure 1 and First Call for Measure 3) and preliminary data for other calls were used in the analytical part of the Report. The final amount of eligible expenditures is indicated for the approved and paid applications.

The total number of submitted applications for IPARD support for investment measures by the end of 2022 was 3,178, while one application was submitted within the open Call for Measure 9 during 2022. The largest number of submitted applications was under Measure 1 (2,260, i.e. 71.1%), while a significantly lower number of applications was submitted for Measure 7 (605, i.e. 19.0%) and Measure 3 (313, i.e. 9.9%).

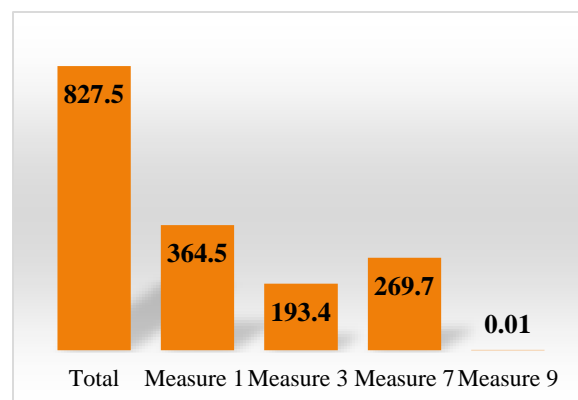
For 3,178 submitted applications for investment measures, the requested expenditures for investment were EUR 827.5 m, and the estimated public support EUR 490.7 m (EUR 368.0 m EU contribution). The largest amount of requested expenditures for investment (EUR 364.5 m) refers to Measure 1, as well as requested support: EUR 218.7 m (EUR 164.0 m EU support), with a share of 44.6% in the total requested support. Measure 7, with total requested support in the amount of EUR 175.3 m (EUR 131.5 m EU support) for 605 submitted applications, in the total amount of requested support achieves a share of 35.7%. The lowest number of applications for investment was submitted within Measure 3 (313), with a total requested support of EUR 96.7 m (EUR 72.5 m EU support) and a share of 19.7% in the total amount of the requested support. The situation regarding submitted applications and requested expenditures for investment per measure is presented in Graph 1.

Graph 1: Total number of submitted applications and amount of requested expenditures, M1, M3, M7, M9

1.a. Submitted applications



1.b. Requested expenditures (EUR m)



From the beginning of the Programme implementation by the end of 2022, 1,193 decisions on project approval were adopted in the amount of EUR 110.1 m of EU support, which represents 29.9% of the requested EU support and 64.3% of allocated EU support, out of which 359 decisions on project approval in the amount of EUR 44.1 m of EU support were adopted during 2022. By the end of 2022, EUR 39.0 m of EU support was paid for 675 projects (including advance payment), which represents 10.6% of requested EU support, 22.8% of allocated EU support and 35.4% of approved EU support, out of which 165 projects were paid in the amount of EUR 17.2 m of EU support during 2022. A total of 838 applications were rejected, withdrawn by applicants and terminated, in the total amount of EUR 83.4 m of EU support, which represents 22.7% of requested EU support (14.4% rejected, 6.5% withdrawn and 1.7% terminated projects). A total of 1,261 applications were in the administrative processing (39.7%), while the number of applications in the appeal procedure was reduced from 26 in 2021 to 18 in 2022.

In 2022, compared to 2021, the number of approved applications under Measure 1 increased significantly (from 154 to 238) and at the same time the number of paid applications has decreased (from 279 to 124). Within Measure 3, the opposite tendency was noted: the number of paid applications increased (from 14 to 30) and the number of approved applications decreased (from 43 to 35), while the number of approved applications increased under Measure 7 (from 54 to 86), and, during 2022 advance payments were made for 11 approved projects. During the Programme implementation period, the largest number of applications on an annual level was approved in 2022 (359), the largest number of paid (293) and rejected (121) applications was recorded in 2021, while the largest number of withdrawn applications was in 2019 (68). More detailed data are presented in the Annex 2: tables 2-7.

Observed per measure and year, the largest number of applications was approved in 2020 for Measure 1. The largest number of paid applications was recorded in 2021 also for Measure 1. Bearing in mind that the largest number of applications was submitted within Measure 1, this Measure is also characterised by the large number of rejected and withdrawn applications, where the highest number of rejected and withdrawn applications was recorded in the initial implementation year (2018).

Submitted applications per call

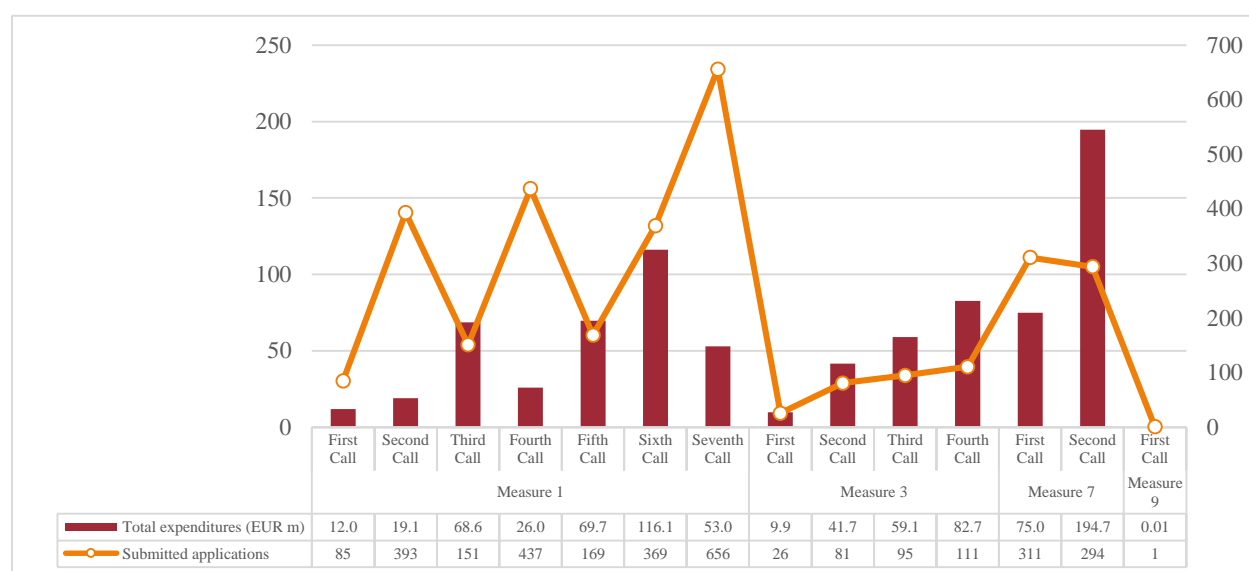
The largest number of applications for IPARD support were submitted by potential recipients within the Seventh Call for Measure 1 - for the purchase of a new tractor (656 applications), while the largest amount of requested expenditures (EUR 194.7 m) was recorded within the Second Call for Measure 7.

For **Measure 1**, a total of 2,260 applications were submitted, with the largest number of submitted applications within the calls related to the purchase of a tractors: Second, Fourth and Seventh Call (a total of 1,486 applications), followed by the Sixth (369), Fifth (169) and Third Call (151), while the lowest number of applications was submitted within the First Call (85). From the point of the amount of requested expenditures for investment per call, the situation is different. By far the largest amount of requested expenditures relates to the Sixth Call (EUR 116.1 m), followed by the Fifth and Third Calls (approx. EUR 70 m per call), which is understandable, taking into consideration that under these calls investments for the construction of facilities were also eligible beside investments in purchase of equipment and mechanisation.

Measure 3, with a total of 313 submitted applications and EUR 193.4 m of requested expenditures for investment, from call to call during the Programme implementation, records a continuous increase, both in terms of the number of submitted applications (the largest number of submitted applications: 111, was achieved in the last, Fourth Call) and in terms of requested expenditures for investment (the largest amount of requested expenditures: EUR 82.7 m, was also realised within the Fourth Call).

Under **Measure 7**, potential recipients submitted a total of 605 applications within two public calls for IPARD support, with a total of EUR 269.7 m of requested expenditures for investment. A slightly higher number of applications was submitted under the First Call (311), while the expenditures for investments in a significantly higher total amount were requested by potential recipients within the Second Call (EUR 194.7 m) compared to the First Call (EUR 75.0 m).

A more detailed overview of submitted applications and requested expenditures per call is presented in Graph 2 and in Table 1 of Annex 2 of the Report.

Graph 2: Submitted applications and requested expenditures per call, M1, M3, M7, M9

The highest average value of the investment per submitted application from the point of requested expenditures for investments refers to Measure 3 (EUR 617,844). The same indicator for Measure 7 is EUR 445,732, while the average value of investment per submitted application is the lowest under Measure 1 (EUR 161,272). The lowest average value of investment per submitted application was achieved under Measure 1 due to the significant share of applications for the purchase of tractors in the total number of submitted applications for this Measure (65.8%) and at the same time a smaller share of the requested expenditures for the purchase of a tractors in the total amount of requested expenditures for the investment within Measures 1 (26.9%).

Submitted applications per sector and sub-sector

Based on available data on applications classified per sector, more than half of the total number of submitted applications under **Measure 1** refers to the Other Crops Sector: 54.6% (968 submitted applications), 30.3% of the submitted applications refer to the Fruit and Vegetables Sector (538), while the share of other sectors in the total number of applications submitted is significantly lower. The structure of approved and paid applications per sector is similar to the structure of submitted applications, with the largest number and share of the Other Crops Sector (550 approved applications, i.e. 59.9% of the total approved applications per sector and 395 paid applications, i.e. 67.9% of paid applications per sector) and the Fruit and Vegetables Sector (232 approved applications, i.e. 25.3% of the total number of approved applications per sector and 122 paid applications, i.e. 21.0% of paid applications per sector).

The Cereal Sub-Sector is dominant with 866 submitted applications and a share of 48.8% in the total number of submitted applications under Measure 1. The Fruit Sub-Sector, with 446 submitted applications and share of 25.1% in the total number of submitted applications, is also significant from the point of expressed interest of potential recipients for investments within Measure 1, while other sub-sectors have a share in the total number of submitted applications with approx. 5% (Sub-Sectors Oil crops and Vegetables) or below 5% (Sub-Sectors Pigs and Dairy cows, Cattle, Poultry, Grapes, Sheep and Goats, Eggs, Sugar beets).

Out of the total number of submitted applications under Measure 1, 486 applications are unclassified per sector (21.5%), which primarily refers to applications for purchase of a tractor submitted under the Seventh Call for Measure 1.

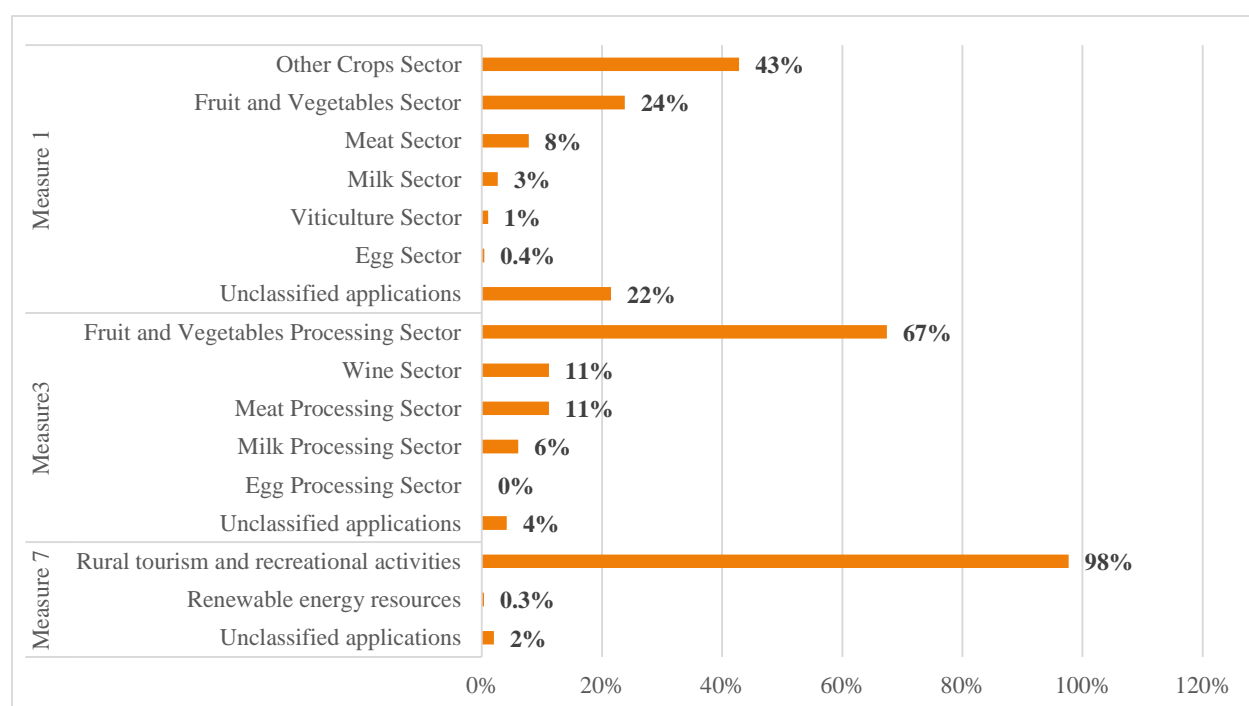
When it comes to **Measure 3**, the Fruit and Vegetables Processing Sector dominates in the total number of both submitted and approved and paid applications (211 submitted applications, i.e. 70.3% of the total number of submitted applications and classified per sector within Measure 3, 106 approved applications, i.e. 78.5% and 55 paid applications, i.e. 87.3%). Potential recipients of IPARD support submitted a significantly lower number of applications within other sectors (35 each in the Wine Sector and the Meat Processing Sector and 19 applications in the Milk Processing Sector), while no applications were submitted within the Egg Processing Sector.

Within Measure 3, in terms of the number of submitted applications, the most represented Sub-Sector relates to fruit and vegetables processing, with 87 submitted applications and a share of 29.0% in the total number of submitted applications, as well as Sub-Sector related to construction and reconstruction of processing facilities: 84 applications (28.0%). Submitted applications for investments in renewable energy production within Measure 3 (33) achieve a share of 11.0%, wineries 9.7% with 29 submitted applications, dairies 5.0% with 15 submitted applications and other sub-sectors within the Measure 3 less than 5%.

Out of the total number of applications submitted under Measure 3, 13 applications (4.2%) were unclassified, considering that the sector/sub-sector was not specified in the application for project approval.

The Rural Tourism and Recreational Activities Sector within Measure 7 is dominant from the point of interest of potential recipients in terms of share in the total number of submitted applications (share of 99.7% for 591 submitted applications - excluding unclassified applications) in relation to the Renewable Energy Resources Sector (two submitted applications).

Graph 3: Structure of submitted applications per sector (%), M1, M3, M7



Regarding the structure of submitted applications under Measure 7 potential recipients expressed the greatest interest in investments for setting up of tourist homesteads and recreational zones: 468 applications (78.9% of the total number of submitted classified applications under Measure 7), then for investments in modernisation of existing tourist facilities: 82 applications, with a share of 13.8%, while for other sub-sectors there was significantly less interest from potential recipients (up to 3% share in the total number of submitted applications under this Measure). Out of the total number of submitted applications under Measure 7 per sector, 12 applications (2.0%) were not classified.

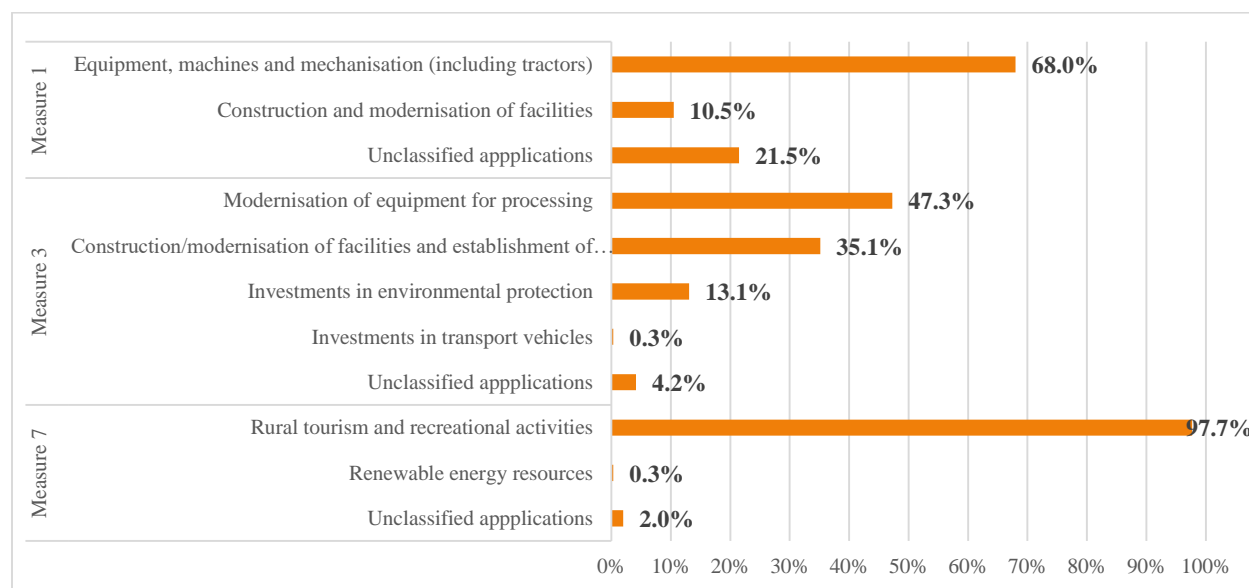
More detailed data on the number of submitted applications per sector and sub-sector are presented in the Annex 1 (tables O.1.a, O.3.a and O.7).

Submitted applications per type of investment

The total number of submitted applications for construction and modernisation of facilities under **Measure 1** amounts 237 (10.5% of the total number of submitted applications), while the number of submitted applications for the purchase of new equipment, machinery and mechanisation was 1,537 (68.0%), whereby the stated share of this group of investments is at a higher level, considering that the largest number of unclassified applications refers to the Seventh Call, under which the eligible investment was the purchase of a tractor. Within Measure 1, there were 486 unclassified applications, which represents 21.5% of the total number of submitted applications for Measure 1.

The structure of submitted applications per type of investment and measure is presented in Graph 4.

Graph 4: *Structure of submitted applications per type of investment* and per IPARD measure (%)*



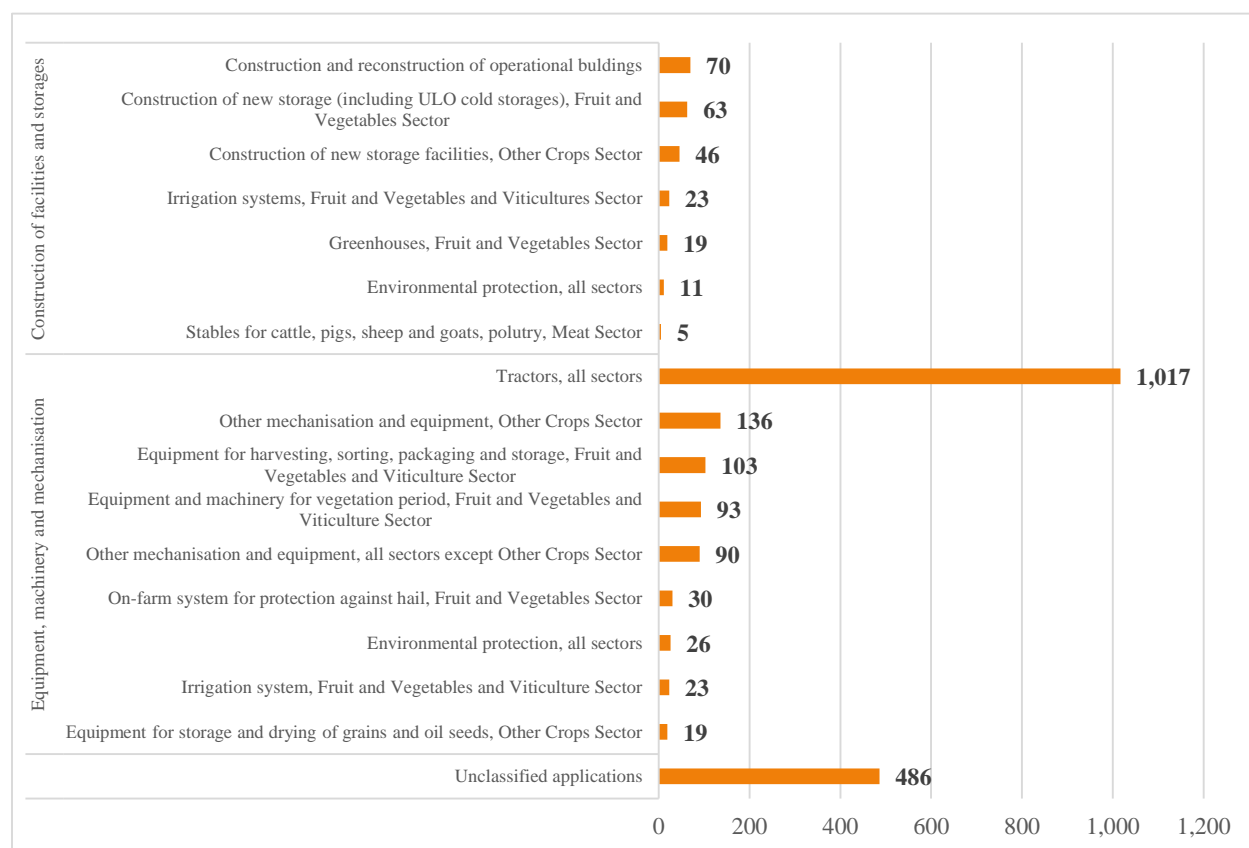
* In case when potential recipient of IPARD support submit an application for project approval for more than one investment, classification per type of investment is conducted based on financially dominant investment.

Within the investments for *construction and modernisation of facilities*, the largest number of applications was submitted for the construction of new warehouses (including ULO cold storages) in the Fruit and Vegetables Sector (108), which represents 4.8% of the total number of submitted applications under Measure 1. This was followed by construction/modernisation of facilities in the

Meat Sector (67), that is 3.0% and the Other Crops Sector, with 46 applications (2.0% of the total number of submitted applications under Measure 1). Other sectors from the point of participation in the type of investments related to the construction and modernisation of facilities have a share of less than 2% in the total number of submitted applications under Measure 1.

Within investments related to *equipment, machinery and mechanisation*, two-thirds of the total number of submitted applications under Measure 1 is related to the purchase of a tractor: 1,486 (65.8%), while at the same time the share of tractors in the total requested expenditures for the investment was 26.9% (EUR 98.0 m). The largest number of submitted applications for project approval for IPARD support for the purchase of a tractor was achieved within the Other Crops Sector (767, i.e. 33.9% of the total number of applications submitted under Measure 1), while the other sectors in the total number of submitted applications for tractors achieved significantly lower share (7.6% Fruit and Vegetables Sector, 2.4% Meat Sector and less than 2% other sectors). Compared to tractors, a significantly lower number of applications were submitted for equipment, machinery and other mechanisation (excluding tractors). When it comes to this type of investment, the greatest interest from potential recipients through submitted applications was expressed for the group of investments related to the other mechanisation and equipment (excluding tractors and equipment for storage and drying of grains and oil seeds) within the Other Crops Sector (136 submitted applications), followed by machinery and equipment for harvesting, sorting, packaging and storage (102 submitted applications), equipment and machinery for the vegetation period (87 submitted applications) and on-farm system for protection against hail in Fruit and Vegetables Sector (30 submitted applications), etc.

Graph 5: Submitted applications per type and group of investment, M1



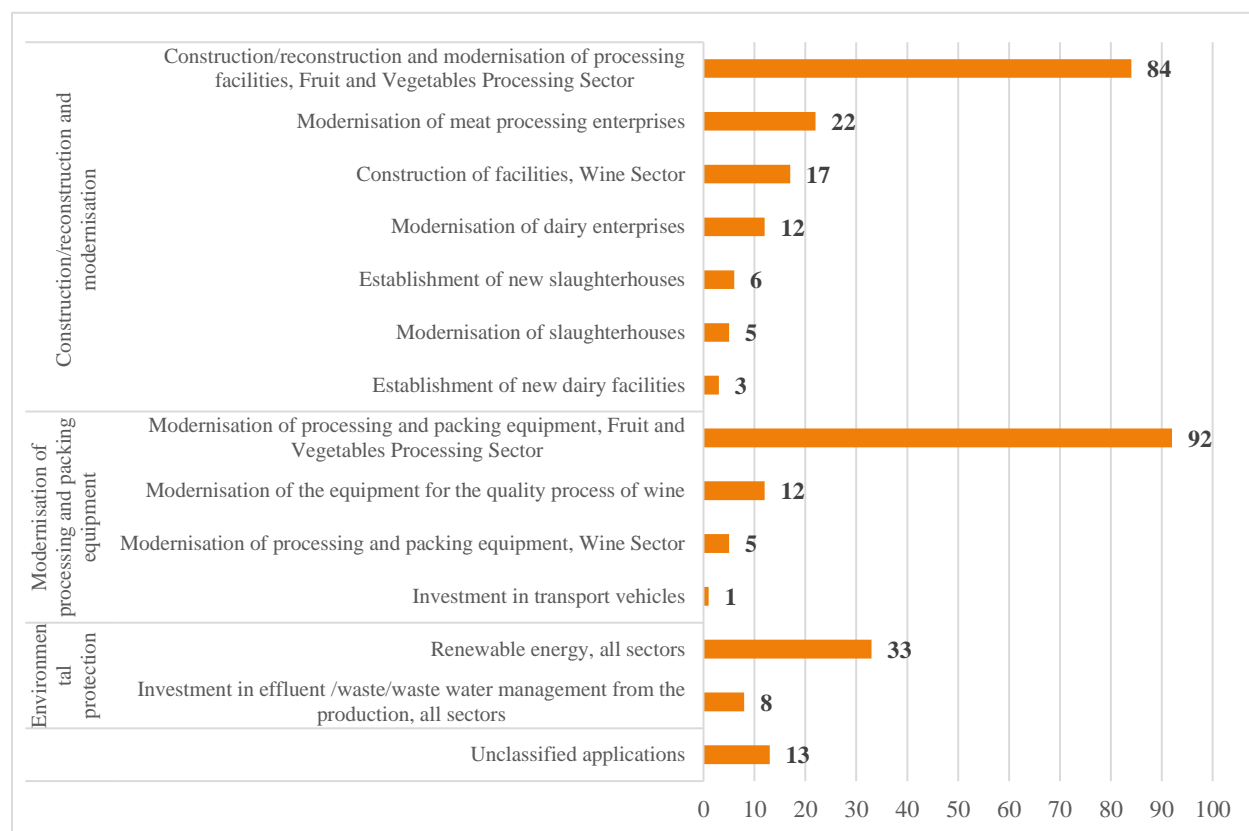
Investments exclusively related to environmental protection in the total number of submitted applications under Measure 1 have a share of 1.6%. The number of submitted applications significant for environmental protection (in all sectors, especially in the livestock sector) are as follows: 22 applications for manure storage and manure handling equipment (1.0% of the total number of submitted applications within Measure 1), 12 applications for renewable energy (0.5%), three applications for facilities for waste management, wastewater treatment, air pollution prevention measures (0.1%). The submitted applications per group of investment under Measure 1 are presented in Graph 5.

The available data related to the classified applications under Measure 1 indicate that the largest number of submitted applications for IPARD support refers to investments in plant production (1,529 submitted applications), while for investments in the field of livestock production, a total of 245 applications were submitted until the end of 2022.

In the total number of submitted applications for **Measure 3**, it can be concluded that the largest share in the total number of submitted applications was for investments in construction/modernisation of facilities and establishment of new processing plants: 47.6% (149 submitted applications), while the share of submitted applications for investments in modernisation of processing equipment was 34.8% for 109 submitted applications.

Within the investments *for construction/modernisation of facilities and establishment of new processing plants*, the largest number of applications was submitted for construction/reconstruction and modernisation of fruit and vegetables processing plants (84), i.e. 26.8% of the total number of submitted applications under this Measure, then for the construction and modernisation of slaughterhouses and meat processing enterprises (33 applications with a share of 10.5%), construction of facilities in the Wine Sector (17 applications, with a share of 5.4%) and construction and modernisation of dairies: 15 applications (4.8%).

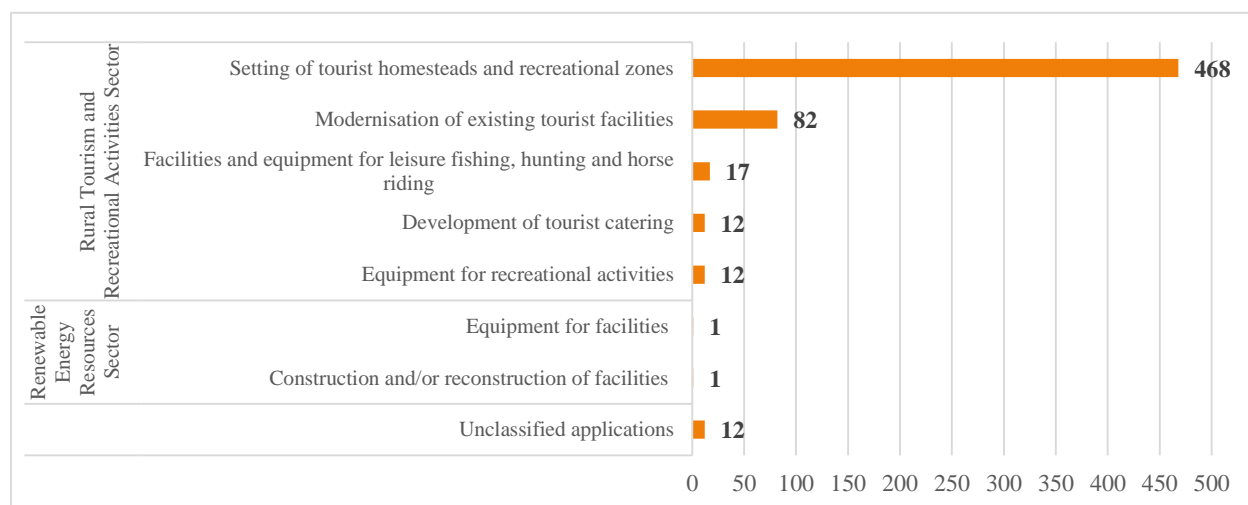
For the investments *in modernisation of processing equipment*, the greatest interest in terms of the number of submitted applications was expressed within the Fruit and Vegetables Processing Sector, with a total of 92 submitted applications for the modernisation of processing and packaging equipment and a share of 29.4% in the total number of submitted applications. Based on available data by the end of 2022, 12 applications were submitted for the modernisation of equipment for improving the quality of wine, while for the modernisation of equipment for processing and packaging within the same Sector – five applications (Graph 6).

Graph 6: Submitted applications per type and group of investment, M3

Considering the nature of the production processes within the processing industry, as well as the requirements related to the EU standards in terms of environmental protection, within Measure 3 it is evident that there is a significant share of submitted applications related to this type of investment: 13.1% for 41 submitted applications, with the largest number of submitted applications for this type in the Fruit and Vegetables Processing Sector (30 applications for investments in renewable energy sources and five applications for investments in waste water treatment). By the end of 2022, unclassified applications have a share of 4.2% (13 applications) of the total number of submitted applications.

Available data on applications submitted by potential recipients under **Measure 7** indicate by far the largest share of the Rural Tourism and Recreational Activities Sector, which in the total number of submitted applications achieves a share of 97.7% (591 submitted applications), while within the Renewable Energy Resources Sector potential recipients submitted two applications for IPARD support. Unclassified applications within Measure 7 (12) have a share of 2.0% in the total number of submitted applications.

For investments related to the setting of tourist homesteads and recreational zones within the Rural Tourism and Recreational Activities Sector, 468 applications were submitted, which represents 77.4% of the total number of applications submitted under Measure 7. A significant group of investments from the point of interest of potential recipients within this sector refers to the modernisation of existing tourist facilities (82 submitted applications with a share of 13.6%), while other groups of investments achieved a share below 3% in the total number of submitted applications under Measure 7 (Graph 7).

Graph 7: Submitted applications per type and group of investment, M7

Within this Measure two submitted applications relate to environmental protection exclusively, i.e. for the construction/reconstruction of the facility and the purchase of equipment for renewable energy resources.

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 recipient

In the total number of submitted applications, natural persons (individual farmers and entrepreneurs) achieve a share of 78.7%, while legal entities (companies and agricultural cooperatives) have a share of 21.3%. At the same time, achieved share in the total requested expenditures was unproportional to the share in submitted applications (natural persons: 57.1%, legal persons: 42.9%). In the total number of submitted applications, individual farmers achieved a share of 74.1% (51.4% of the requested expenditures), entrepreneurs 4.6% (5.6% of the requested expenditures), companies 20.3% (41.6% of the requested expenditures), while agricultural cooperatives participate in the total number of submitted applications with 1.0%, and in requested expenditures with 1.4%. Although individual farmers have the largest share in the total number of submitted applications, their share in the requested expenditures barely exceeds 50%. On the other hand, the companies in the total requested expenditures achieve more than double share compared to their share in the number of submitted applications. The above indicates a significantly higher average value of investment per submitted application for companies (EUR 574,448) compared to the value of this indicator for individual farmers (EUR 194,922). Values of the mentioned indicator for both types of IPARD recipients show an increasing tendency compared to the previous annual reporting.

In the total number of applications submitted under **Measure 1**, individual farmers have a dominant share of 85.9%, companies have a share of 12.3%, while agricultural cooperatives and entrepreneurs have a significantly lower share: approx. 1%. Although the *natural persons* have a dominant share of 86.6% in the total number of submitted applications under Measure 1 (1,645 submitted applications), the share of this type of recipients in the total requested expenditures (EUR 192.0 m) is at a significantly lower level: 58.6%. Previously mentioned especially applies to the First Call, where the share of natural persons in the total number of submitted applications

is 72.9%, and in the total requested expenditures is 39.1%. At the same time, legal entities with a share of only 27.1% in the total number of submitted applications participate in the total requested expenditures with a significant share of 60.8%, which results in a four times higher average value of investments per submitted application for legal entities compared to this indicator for natural persons within this Call under Measure 1. On the other hand, individual farmers achieve a dominant share in the total requested expenditures within the calls related to the purchase of a tractor: the Second, the Fourth, and especially the Seventh Call (96.2%, 97.9% and 99.8% respectively), with increasing tendency, while at the same time the largest number of applications was submitted by natural persons under these calls for Measure 1. In terms of applications submitted by natural persons within all calls, individual AH has a dominant share in relation to entrepreneurs (from 96.5% in the Fifth Call to 100% in the Third and the Seventh Call).

Legal entities achieved the largest share in the total number of submitted applications within the Third Call (40.4%). In all calls, the share of companies is dominant compared to agricultural cooperatives (from 85.2% in the Sixth Call to 100% in the Fourth and the Seventh Call). Agricultural cooperatives have a negligible share in the total number of submitted applications, but with an increasing tendency of the number of submitted applications in each subsequent call, except in the Fourth and the Seventh Call, where no applications were submitted by this type of recipient. The largest number of applications submitted by agricultural cooperatives was realised within the Sixth Call (13).

When it comes to **Measure 3**, out of a total of 313 submitted applications, 274 (87.5%) were related to legal entities. The share of companies in the total number of applications submitted by the legal entities under Measure 3 is 97.4%, while the share of agricultural cooperatives is 2.6%. When it comes to entrepreneurs, 37 applications for project approval were submitted under this Measure.

Regarding the requested expenditures, the situation is not significantly different compared to the submitted applications. Furthermore, according to this indicator companies achieved a dominant share of 98.3% (EUR 174.3 m) compared to agricultural cooperatives, with requested value of investments in the amount of EUR 3.1 m under 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 eligibility criteria.

When it comes to **Measure 7**, a similar share of certain types of recipients was achieved in comparison to Measure 1, with a more pronounced participation of natural persons in relation to legal entities: 88.1% of applications submitted by natural persons and 11.9% by legal entities. Within natural persons, a significantly higher number of applications under Measure 7 were submitted by individual farmers (85.0%) compared to the entrepreneurs (15.0%).

Analogous to the submitted applications, the largest share in the total requested expenditures is realised by natural persons (90.2%), out of which individual farmers were 88.9%, entrepreneurs 11.1%, and legal legal entities - companies 9.8%.

Submitted applications per region

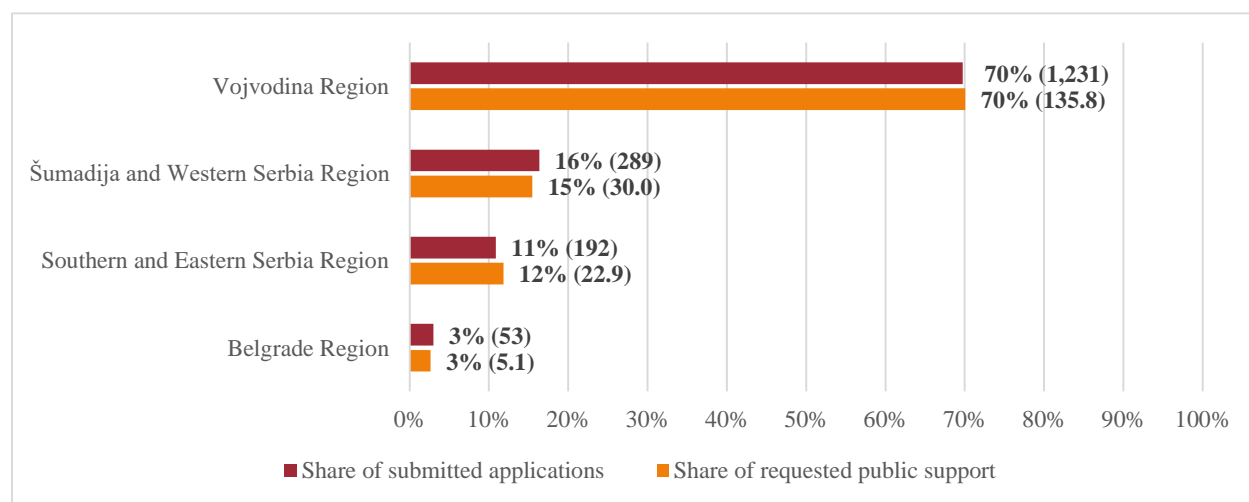
Within **Measure 1**, the Vojvodina Region achieves dominant share, both in terms of the number of submitted applications for project approval and in terms of the amount of requested support. The share of the Vojvodina Region in the total number of applications submitted under Measure 1

is 69.7% (1,231 applications), while this Region participates with 70.1% in the requested support (EUR 135.8 m). In the total number of submitted applications for project approval (289 applications), the Šumadija and Western Serbia Region participates with 16.4%, and in the requested support (EUR 30.0 m) with 15.5%. In the total number of applications submitted, as well as in the requested support, the Southern and Eastern Serbia Region achieved a share of approx. 11% (192 applications, i.e. EUR 22.9 m), while the share of the Belgrade Region in the total number of submitted applications and requested support amounts to approx. 3% for 53 applications, i.e. EUR 5.1 m (Graph 8).

In relation to the AIR 2021, the achieved share of regions in the total number of submitted applications and requested public support has not changed, whereby an additional increase in the share of the Vojvodina Region has been accomplished, with a decrease of a share of other regions, both in the submitted applications and in the total requested public support. According to the abovementioned, the dominant position of the Vojvodina Region has not changed with the participation of approx. 70% in the total submitted applications and requested public support within Measure 1. Compared to the previous annual reporting, the difference in the amount of total requested support between the first two positioned regions (Vojvodina Region and Šumadija and Western Serbia Region) is still significant: the amount of requested public support of the Vojvodina Region compared to the Šumadija and Western Serbia Region is 4.5 times higher, with the difference in the total requested support in the amount of EUR 105.8 m.

The average value of requested support per submitted application under Measure 1 is EUR 109,793 and it has decreased by EUR 6,535 compared to the previous annual reporting. The Southern and Eastern Serbia Region (EUR 119,430) and the Vojvodina Region (EUR 110,285) achieved an above-average value of the requested support per submitted application, while the Šumadija and Western Serbia Region and the Belgrade Region achieved an average value of the requested public support per submitted application below the average value for Measure 1 (EUR 103,737 and EUR 96,487 respectively).

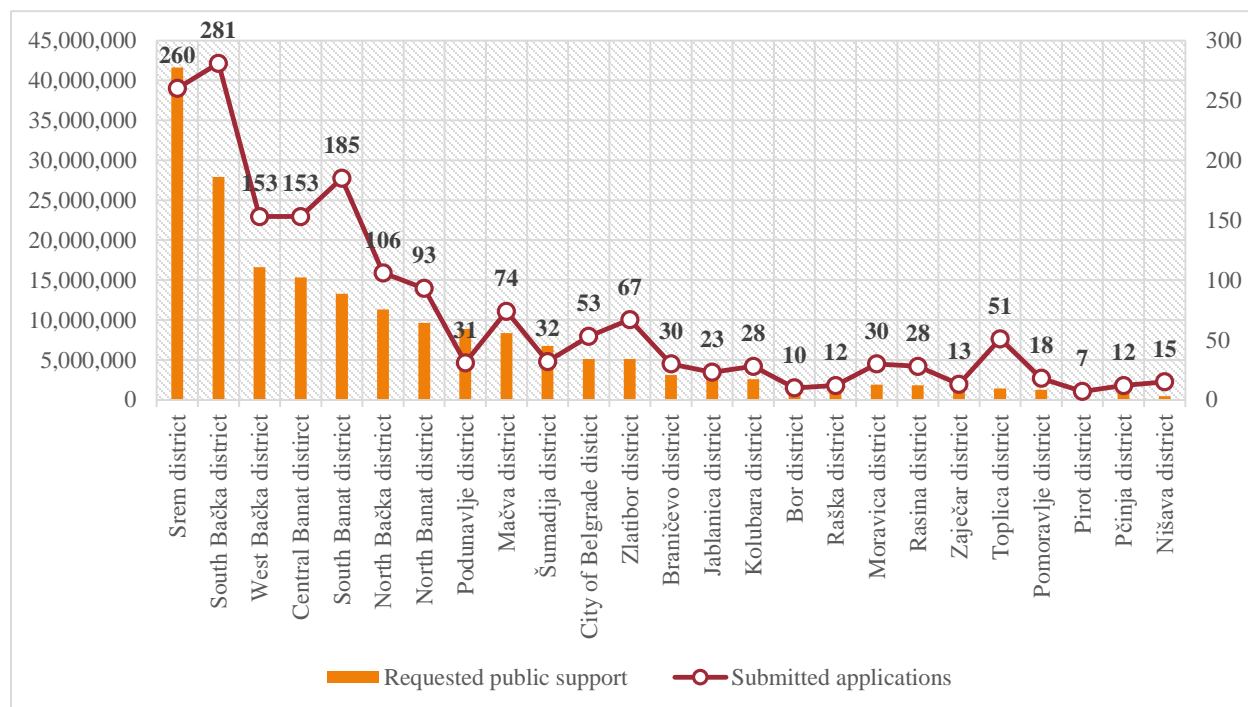
Graph 8: Share of regions in the total number of submitted applications and requested public support (%), M1



The largest number of submitted applications for project approval was achieved by two administrative districts (AD) of the Vojvodina Region: South Bačka district (281) and Srem district (260). Observed from the point of the total amount of requested support, the first seven positions

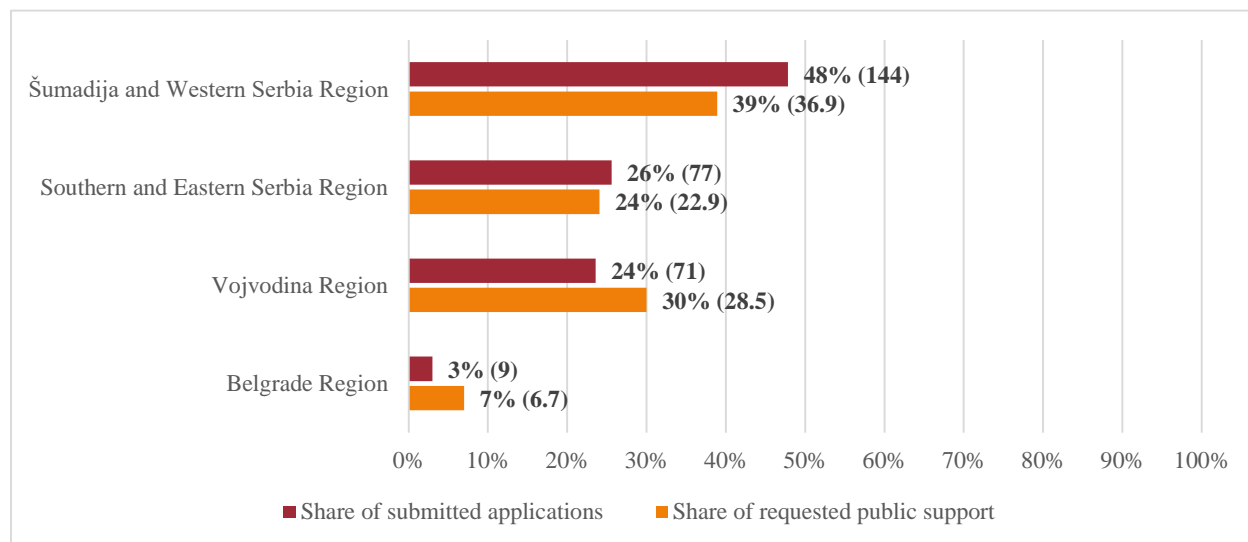
belong to the Vojvodina Region's AD, with the largest amount of requested support within the Srem and South Bačka districts (EUR 41.6 m and EUR 27.9 m respectively). On the other hand, the amount of the requested support below EUR 1.0 m was achieved by two AD of the Southern and Eastern Serbia Region: Nišava and Pčinja districts. The administrative districts that achieved the highest (Podunavlje district: EUR 286,433 and Bor district: EUR 238,799) and the lowest average value of investment per submitted application belong to the Southern and Eastern Serbia Region (Toplica district: EUR 27,819 and Nišava district: EUR 30,177).

Graph 9: Number of submitted applications and requested public support per administrative district (EUR), MI



Within **Measure 3**, the largest share in the total number of submitted applications (47.8% with 144 submitted applications) and total requested support (38.9% with EUR 36.9 m) is achieved by the Šumadija and Western Serbia Region, followed by: Southern and Eastern Serbia Region (25.6% with 77 submitted applications and the amount of total requested support of EUR 22.9 m), the Vojvodina Region with 71 submitted applications and EUR 28.5 m of requested public support and, finally, - the Belgrade Region with the lowest values for the analysed indicators: EUR 6.7 m of requested support for nine submitted applications (Graph 10).

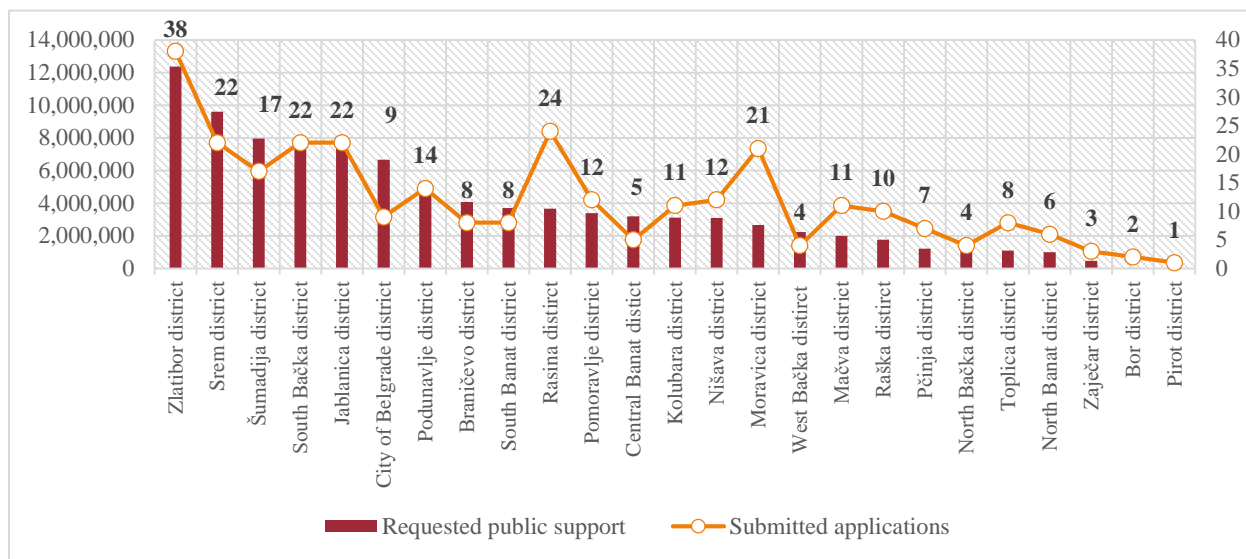
The Šumadija and Western Serbia Region has a share of 47.8% in the total number of submitted applications. Compared to the AIR 2021, there was no change in the share of regions in the total number of submitted applications. From the point of share in the above indicator, the Šumadija and Western Serbia Region is followed by the Southern and Eastern Serbia Region (25.6%) and Vojvodina Region (23.6%), while the Belgrade Region achieves the lowest share in the total number of submitted applications: 3% (Graph 10). Compared to the previous annual report, the Vojvodina Region and the Belgrade Region achieved an increase in share in the total number of submitted applications, while the Šumadija and Western Serbia Region and the Southern and Eastern Serbia Region achieved a decrease in participation in the mentioned indicator.

Graph 10: Share of regions in the total number of submitted applications and requested public support (%), M3

According to available data per region, the average value of requested public support per submitted application for Measure 3 in relation to the AIR 2021 increased by EUR 39,644 and amounts to EUR 315,281. Although the Šumadija and Western Serbia Region achieved the largest share in the total number of submitted applications for project approval and in the amount of total requested public support, the Belgrade Region and the Vojvodina Region achieved a larger average value of requested support per submitted application compared to Measure 3 (EUR 739,151 and EUR 401,160 respectively) - with an increasing tendency, while the remaining two regions achieved a value below EUR 300,000.

The Zlatibor district contributes to the largest share of the Šumadija and Western Serbia Region, both in the total number of submitted applications and in the total amount of requested support under Measure 3, with 38 submitted applications (12.6%) and requested public support of EUR 12.4 m (13.0%). In addition to Zlatibor district, Srem, Šumadija, South Bačka, Jablanica and Podunavlje districts, as well as the City of Belgrade, achieve the amount of total requested support above EUR 5.0 m. Administrative districts with the lowest number of submitted applications for project approval within Measure 3 belong to the Southern and Eastern Serbia Region, namely Pirot, Bor and Zaječar districts: one, two and three submitted applications respectively (Graph 11).

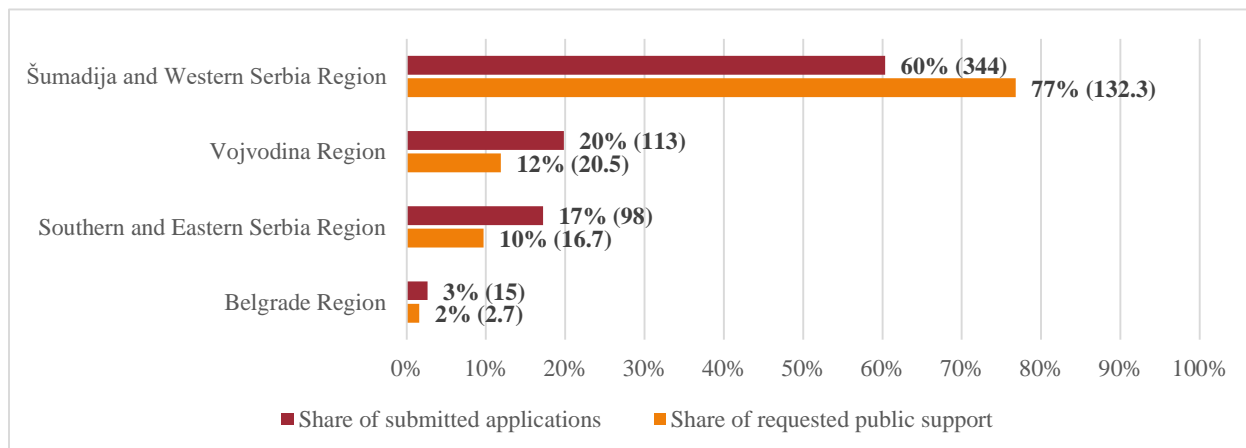
Graph 11: Number of submitted applications and requested public support per administrative district (EUR), M3



Within **Measure 7**, from the point of the number of applications submitted (344 or 60.4%) and the amount of requested support (EUR 132.3 m or 76.8%), the largest share has the Šumadija and Western Serbia Region, followed by the Vojvodina Region with total requested public support in the amount of EUR 20.5 m (11.9%) for 113 submitted applications (19.8%), the Southern and Eastern Serbia Region with EUR 16.7 m of requested public support (9.7%) for 98 submitted applications (17.2%), and - the Belgrade Region with the lowest values for the analysed indicators: EUR 2.7 m of requested public support (1.6%) for 15 submitted applications (2.6%), which is presented in Graph 12.

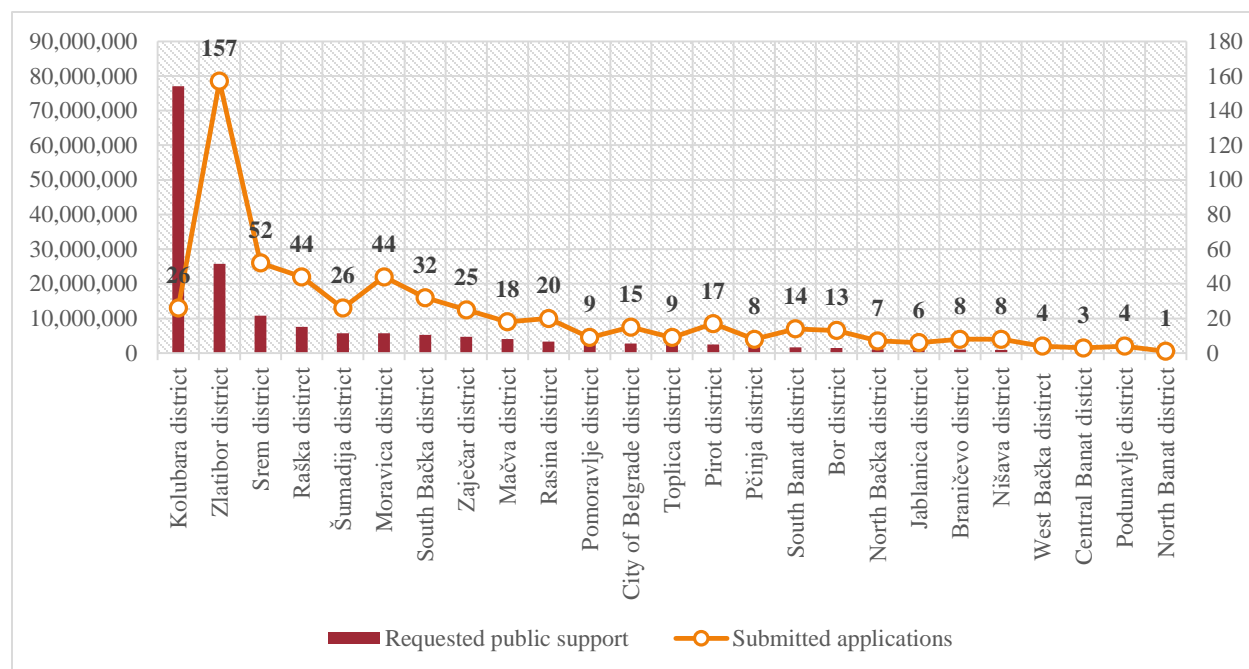
Based on the available data for Measure 7, the average value of requested support per submitted application for this Measure was EUR 302,279, which represents a significant increase compared to the AIR 2021, by EUR 144,636. The Šumadija and Western Serbia Region achieved the highest average value of the requested support per submitted application: EUR 384,702, while the other regions recorded an average value of this indicator below EUR 200,000.

Graph 12: Share of regions in the total number of submitted applications and requested public support (%), M7



The Zlatibor district (in terms of the number of submitted applications: 157, with a share of 27.5%) and Kolubara district (in terms of the amount of requested public support: EUR 77.0 m, with a share of 44.7%) contribute to the largest share of the Šumadija and Western Serbia Region, both in the total number of submitted applications and in the total amount of requested support under Measure 7. In addition to the mentioned two AD and the Srem district, the amount of requested public support exceeds EUR 10 m. Administrative districts with the lowest number of submitted applications for project approval under Measure 7 refer to the Vojvodina Region - the North Banat and the Central Banat districts - one and three submitted applications respectively (Graph 13).

Graph 13: Number of submitted applications and requested public support per administrative district (EUR), M7



Note: The chapter of the Report that refers to the analysis of submitted applications from the point of territorial distribution, does not include 495 applications within the Seventh Call for Measure 1 and 12 applications for Measure 3 that did not have a specified location of investment, as well as 35 applications within Measures 7 for which the requested investment amount is not specified.

2.3. Achievement of the proposed objective

Out of the total number of submitted applications for project approval (3,179) by the end of 2022, the IA adopted the following decisions: 1,193 decisions on project approval, 645 decisions on payment of completed projects (excluding advance payments), 457 decisions on rejection of applications due to non-fulfillment of eligibility criteria, while 268 applications were withdrawn by applicants (Table 5).

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

Measure	Submitted app.		Approved app.		Paid app.*		Rejected app.		Withdrawn app.	
	No.	Requested EU support (EUR)	No.	Amount of EU support (EUR)	No.	Amount of EU support (EUR)	No.	Requested EU support (EUR)	No.	Requested EU support (EUR)
M 1	2,260	164,013,158	918	63,359,027	582	24,808,136	301	31,119,165	217	15,746,555
M 3	313	72,519,462	135	30,164,489	63	10,628,933	81	11,457,611	22	4,371,994
M 7	605	131,463,125	140	16,607,456	0	0	75	10,503,365	29	3,815,353
M 9	1	5,355	0	0	0	0	0	0	0	0
Total	3,179	368,001,100	1,193	110,130,972	645	35,437,069	457	53,080,141	268	23,933,902

* Final payment

Out of the total number of submitted applications for project approval, 1,193 applications (37.5%) were approved in the amount of EUR 110.1 m of EU support. Compared to the AIR 2021, the number of approved applications compared to the number of submitted applications increased by 4.4 percentage points. At the same time, compared to the AIR 2021, there was an increase in the total number of approved applications by 43.0% (by 359 applications) and an increase in the amount of approved EU support by 66.7%, i.e. by EUR 44.1 m. By the end of 2022, final payments for 645 projects have been realised in the amount of EUR 35.4 m of paid EU support.

The increase in the approval and payment of IPARD projects in the period between the two annual reports was accompanied by an increase in the number of rejected and withdrawn applications due to the withdrawal by the applicant, although with a slower trend compared to the 2020-2021 period. The number of rejected applications in the 2021-2022 period recorded an increase by 28.7%, i.e. by 102 rejected applications, while the number of withdrawn applications increased by 18.6%, i.e. by 42 applications.

Execution at the Programme level

By the end of 2022, the IPARD II Programme cumulative execution rate for completed projects is 20.7% and refers to EUR 47,249,426 of total paid public support (EUR 35,437,069 EU contribution). The greatest contribution to the overall Programme execution rate was achieved by Measure 1 - with an execution rate of 25.8%. Measure 3 achieved an execution rate of 21.9%, while other measures did not contribute to financial execution at the Programme level until the end of 2022 (Table 6).

Table 6: Financial execution of the IPARD II Programme*, cumulative

Measure	Realisation of EU support (EUR)					Target value 2014-2020 (EUR)	Execution rate, by the end of 2022 (%)
	2018	2019	2020	2021	2022		
					a	a	c = (a/b)
Measure 1	0	4,577,520	6,645,922	15,581,227	24,808,136	96,013,833	25.8
Measure 3	0	0	3,043,987	6,221,997	10,628,933	48,589,380	21.9
Measure 7	0	0	0	0	0	26,200,000	0.0
Measure 9	0	0	0	0	0	500,000	0.0
Total	0	4,577,520	9,689,909	21,803,223	35,437,069	171,303,213	20.7

* Programme budget based on the Fifth modification of the IPARD II Programme, approved by Commission Decision No. C(2022)7208 of 5th October 2022.

The realisation of support during the Programme implementation, measured by the absolute amount of paid EU support, shows a continuous increasing tendency over the years: the lowest amount was paid at the beginning of the implementation period: EUR 4.6 m in 2019; EUR 5.1 m was paid in 2020; EUR 12.1 m was paid in 2021; and EUR 13.6 m of EU support was paid by the end of 2022. Observed cumulatively, the largest increase in the realisation of EU support on an annual level compared to the previous year was achieved in 2021 compared to 2020 (by 125.0%), while the lowest increase was achieved in 2022 compared to 2021 (by 62.5%).

Table 7: Realisation and execution rate of the IPARD II Programme financial and operational targets*

Indicator	Realisation				Realisation 12/31/2022 (cumulative)	Target value 2014-2020	Execution rate, by the end of 2022 (%)
	2019	2020	2021	2022			
					a	b	c = (a/b)
Number of projects having received IPA support in agri-food sector and rural development	145	72	293	135	645	1,410	45.7
Total investment generated via IPA in agri-food sector and rural development (EUR)	9,645,783	12,836,038	27,748,988	35,104,356	85,335,164	396,679,342	21.5
Number of economic entities performing modernisation projects in agri-food sector	145	72	293	135	645	960	67.2
Number of economic entities progressive upgrading towards EU standards	145	72	293	135	645	685	94.2
Number of jobs created (gross)	0	0	0	0	0	180	0.0
Number of beneficiaries investing in promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors	0	0	4	7	11	231	4.8

* Target values of indicators based on the Fifth modification of the IPARD II Programme, approved by Commission Decision No. C(2022) 7208 of 5th October 2022.

Under the IPARD II Programme, target values of indicators were redefined by the Fifth modification, which was approved by the EC on 5th October 2022. The aforementioned modification of quantified target values at the Programme level was done in line with the reduction of the total amount of the Programme budget due to the de-commitment of EU support for 2017 allocation in the amount of EUR 3.7 m.

Based on the Programme objectives and the execution rates as of 31st December 2022 the following can be stated: observed cumulatively, 645 recipients have received IPA support in agri-food sector and rural development through the IPARD II Programme implementation, which represents an increase in the total number of supported IPARD recipients compared to 2021 by 135 projects, i.e. by 26.5% (Table 7).

The execution rate for the indicator “Number of projects having received IPA support in agri-food sector and rural development” was 45.7%. At the same time, in 2022, the total amount of investments generated via IPA in agri-food sector and rural development amounted to EUR 35,104,356, which leads to a cumulative realisation in the amount of EUR 85,335,164 (increase in

relation to the total amount of paid support in 2021 by 69.9%) and results in an execution rate for this indicator at the Programme level of 21.5%.

Significant execution was achieved for the Programme indicator related to modernisation in agri-food sector: 67.2%, with a total of 645 paid projects. Within this Programme indicator, 135 projects were paid in 2022, which represents an increase by 26.5% compared to the total number of paid projects in 2021.

The highest execution rate until the end of 2022 was achieved for the Programme indicator “Number of economic entities progressive upgrading towards EU standards”: 94.2%, for 645 projects of this type, i.e. 135 projects during 2022. This Programme indicator, in relation to the total realised value (expressed by the number of paid projects that contribute to progressive upgrading towards EU standards) in 2022 achieved an increase by 26.5%. The fact that the largest number of projects implemented through the IPARD II Programme also contribute to the progressive upgrading towards EU standards certainly contributes to the highest execution rate for this indicator.

Contrary to the above, the lowest execution rate was achieved for the indicator “Number of beneficiaries investing in promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors”: 4.8%, with a total realisation of 11 projects, out of which seven projects of this type in 2022. The low execution rate of this indicator can be explained by the fact that the projects are classified according to the financially dominant investment.

When it comes to the indicator “Number of jobs created (gross)”, no progress has been made in terms of its implementation.

Observed per Programme implementation year, it can be stated that 2021 was the most successful in terms of the realisation of operational objectives, while 2022 recorded the highest amount of realisation from the point of the financial objective: “The total amount of investments generating via IPA in agri-food sector and rural development”. During the initial implementation year 2018, there was no realisation of the operational and financial objectives of the IPARD II Programme.

Execution per measure

The progress in reaching the target values of the indicators for the entrusted measures within the IPARD II Programme, expressed by the execution rate, is presented in a table below, with an accompanying explanation.

Table 8: Realisation and execution rate of the financial and operational targets for Measure 1

Indicator	Realisation					Realisation (cumulative) 12/31/2022	Target value 2014-2020	Execution rate, by the end of 2022 (%)
	2018	2019	2020	2021	2022			
	a	b	c = (a/b)					
Number of projects supported	0	145	46	279	112	582	900	64.7
Number of holdings performing modernization projects	0	145	46	279	112	582	750	77.6
Number of holdings progressively upgrading towards EU standards	0	145	46	279	112	582	475	122.5
Number of holdings investing in renewable energy production	0	0	0	0	1	2	60	3.3
Number of holdings investing in livestock management in view of reducing N ₂ O and methane emissions (manure storage)	0	0	0	0	4	6	120	5.0
Total volume of investments (EUR)	0	9,645,783	4,370,020	19,044,361	22,254,089	55,314,252	213,364,073	25.9

In 2018, there were no payment of IPARD support within **Measure 1**, considering that this was the first year of the IPARD II Programme implementation.

The highest execution rate was achieved for the indicator “Number of holdings progressively upgrading towards EU standards”: 122.5%, for which the target value set up in the IPARD II Programme was exceeded. Execution rate for the mentioned indicator until 31st December 2022, exceeded the target value of 475 projects by 22.5 percentage points, i.e. by 107 paid projects.

The execution rate for the indicator “Number of supported projects” was 64.7%, compared to the target value set up in the IPARD II Programme (900).

The execution rate for the indicator “Number of holdings performing modernization projects” was 77.6%, while within Measure 1 a significantly lower execution rate was achieved for indicators related to environmental protection, namely for the indicator “Number of holdings investing in livestock management in view of reducing N₂O and methane emissions (manure storage)” amounted to 5.0%, and for the indicator “Number of holdings investing in renewable energy production” - only 3.3%.

The execution rate for the indicator “Total volume of investments (EUR)”, which in addition to public support, also includes a private contribution financed by the recipient, until 31st December 2022 was 25.9%.

Table 9: Realisation and execution rate of the financial and operational targets for Measure 3

Indicator	Realisation					Realisation (cumulative) 12/31/2022	Target value 2014-2020	Execution rate, by the end of 2022 (%)
	2018	2019	2020	2021	2022			
						a	b	c = (a/b)
Number of projects supported	0	0	26	14	23	63	210	30.0
Number of enterprises performing modernisation projects	0	0	26	14	23	63	210	30.0
Number of enterprises progressively upgrading towards EU standards	0	0	26	14	23	63	210	30.0
Number of enterprises investing in renewable energy production	0	0	0	0	2	3	21	14.3
Number of jobs created (gross)	0	0	0	0	4	0	120	0.0
Total volume of investments (EUR)	0	0	8,466,018	8,704,627	12,850,267	30,020,912	129,571,679	23.2

In the initial implementation years (2018, 2019), no payments were done under **Measure 3**. The first payment for this Measure was in 2020, which also represents a year with the largest number of paid projects. The number of paid projects in 2022 increased significantly in comparison to the previous year within the mentioned Measure, which also affected the execution rates for indicators under Measure 3.

Execution rates for indicators concerning the number of supported projects, enterprises that have modernised production and enterprises that are progressively upgrading towards EU standards, until 31st December 2022 is 30% for each of the mentioned indicators. A lower execution rate was achieved for enterprises that invest in the renewable energy production (14.3%), which also represents a significant progress compared to the previous year, when the realisation of a financially dominant investment of this type has not been recorded.

For projects submitted by potential recipients under **Measure 7**, there was no payment of IPARD support until the end of 2022, and accordingly the execution rate for all indicators under this Measure is 0%. Nevertheless, it is important to note that 140 projects were approved under Measure 7 (EUR 16.6 m of EU support), out of which 86 decisions on project approval were adopted during the reporting 2022 year.

Observed per measure, based on the results achieved by the end of 2022, it can be stated that the highest execution rates in relation to the target values of the indicators were achieved within Measure 1, where the only indicator for which the target value was exceeded (“Number of enterprises progressively upgrading towards EU standards”) refers to the mentioned Measure as well.

3. FINANCIAL COMMITMENTS AND EXPENDITURE BY MEASURE

The maximum indicative EU contribution for the period 2014-2020 in the amount of EUR 175.0 m was defined under the IPARD II Programme. The Financing Agreement for the period 2014 - 2020 foresees a budgetary commitment for the 2017 financial year in the amount of EUR 25.0 m. The Financing Agreement was amended, based on the exchange of letters of mutual understanding between the MAFWM and the EC dated 24th November 2020, and instead of “n+3” the “n+4” financing rule was determined, which approved the extension of the realisation of the 2017 budgetary commitment until 31st December 2021. The European Commission informed Serbia by letter *No. AGRI.G.4/FK/D(2022)2980186* 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 2017 in the amount of EUR 3,696,787.3 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, during the reporting period, amounts to EUR 171,303,212.7. 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 10: Maximum indicative EU contribution for IPARD fund for the period 2014-2020 (EUR)

Year	2014	2015	2016	2017	2018	2019	2020	2014-2020
Total (EUR)	-	15,000,000	20,000,000	21,303,213	30,000,000	40,000,000	45,000,000	171,303,213

Source: IPARD II Programme

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 11). Total public support as well as EU contribution are allocated to entrusted measures: M1, M3, M7 and M9 by the modification of the IPARD II Programme. The largest share in the total allocated EU contribution has Measure 1, with a share of 56.0%, while Measure 3 in the total allocated EU contribution has a share of 28.4%. Measure 7, for which budget implementation tasks were entrusted in 2020, has a share of 15.3% in the EU contribution, while 0.3% out of the allocated EU contribution refers to Measure 9.

Table 11: Financial plan per measure, 2014-2020

Measure	Total public support (EUR)	EU contribution (EUR)	EU contribution (%)	National contribution (EUR)	National contribution (%)
Measure 1	128,018,444	96,013,833	75	32,004,611	25
Measure 3	64,785,840	48,589,380	75	16,196,460	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	228,325,852	171,303,213	-	57,022,640	-

Source: IPARD II Programme

In 2022 financial year two calls were published: the Seventh Call for Measure 1 and the First Call for Measure 9.

During the reporting period, the IA submitted 30 requests for funds to the NF, while 29 requests were approved. For the submitted and approved requests for funds, the NF transferred funds to the IA, which made payments to 165 recipients, out of which 124 referred to Measure 1, 30 - to Measure 3 and 11 - for Measure 7. Total support paid to recipients during the reporting period amounted to EUR 22,961,886.38, out of which the EU contribution amounted to EUR 17,221,414.64 and the RS contribution amounted EUR 5,740,471.74.

Cumulatively observed, from the beginning of the IPARD II Programme implementation by the end of the reporting period, the execution rate is 22.8% (including advance payments).

By the end of 2022, decisions on the project approval were made in the amount of EUR 110,130,972 of EU contribution, which represents 64.3% of the total IPARD support foreseen in the indicative financial plan (increase by 66.7% compared to the AIR 2021). Out of the total approved EU contribution 57.5% refers to Measure 1, 27.4% to Measure 3, while 15.1% refers to Measure 7. Accordingly, approval rates of the EU contribution envisaged by indicative plan per measure are: 66.0% for Measure 1, 62.1% for Measure 3 and 63.4% for Measure 7 (Table 12).

Table 12: 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	96,013,833	63,359,027	26,535,879	66.0	27.6
Measure 3	48,589,380	30,164,489	11,690,549	62.1	24.1
Measure 4	0	0	0	0.0	0.0
Measure 5	0	0	0	0.0	0.0
Measure 7	26,200,000	16,607,456	798,211	63.4	3.1
Measure 9	500,000	0	0	0.0	0.0
Total	171,303,213	110,130,972	39,024,639	64.3	22.8

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

By the end of 2022, public support in the amount of EUR 52,032,852 was paid, out of which EUR 39,024,639 was paid of the total allocated EU contribution. Out of the total paid EU contribution 68.0% referred to Measure 1, 30.0% - to Measure 3, while 2.0% referred to Measure 7, with the execution rate of the indicative EU contribution per measure of 27.6%, 24.1% and 3.1% respectively (Table 12).

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 (70.3%, i.e. 87.9% respectively), while first payments for Measure 7 were made in the amount of EUR 0.8 m of the total EU contribution. In 2022, compared to 2021, there was an increase in the total approved amount of EU contribution by 66.7%. The EU contribution in the amount of EUR 17.2 m was paid in 2022, which meant an increase by 79.0% of the total paid EU contribution in 2022 compared to 2021 (Table 13).

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Table 13: IPARD allocations and paid EU contribution per implementation year (EUR)

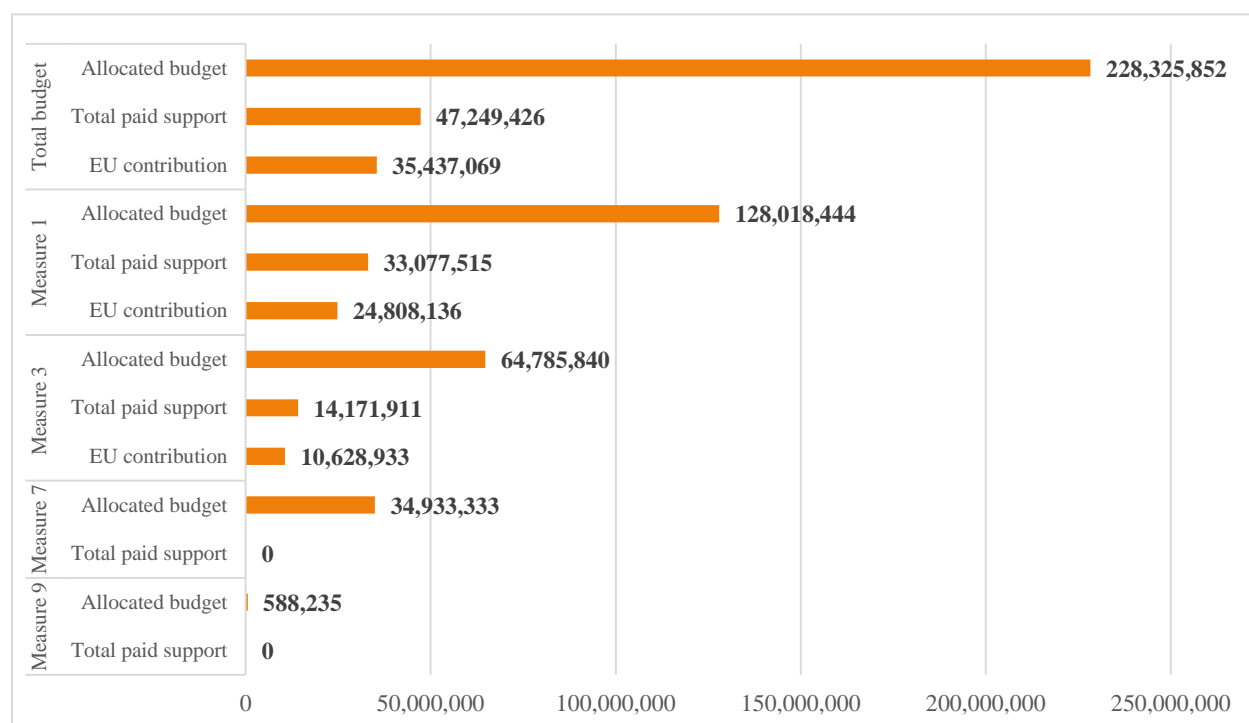
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2014 - 2020
Indicative EU contribution	0	15,000,000	20,000,000	21,303,213	30,000,000	40,000,000	45,000,000	0	0	171,303,213
Measure 1	0	7,535,248	9,900,325	9,663,583	12,199,743	18,902,434	37,812,500	0	0	96,013,833
Measure 3	0	7,464,752	10,099,675	7,952,130	9,162,757	13,910,066	0	0	0	48,589,380
Measure 7	0	0	0	3,687,500	8,637,500	7,187,500	6,687,500	0	0	19,512,500
Measure 9	0	0	0	0	0	0	500,000	0	0	500,000
Paid EU contribution	0	0	0	0	0	4,577,520	5,112,390	12,113,315	17,221,413	39,024,639
Measure 1	0	0	0	0	0	4,577,520	2,068,403	8,935,305	10,954,651	26,535,879
Measure 3	0	0	0	0	0	0	3,043,987	3,178,010	5,468,551	11,690,549
Measure 7	0	0	0	0	0	0	0	0	798,211	798,211
Measure 9	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 39.0 m), a share of 44.1% was achieved in 2022, in 2021 - a share of 31.1%, in 2020 - a share of 13.1%, while a share of 11.7% was achieved in 2019. Execution rate in relation to the overall financial plan (EUR 171.3 m) is 10.1% in 2022, 7.1% in 2021, 3.0% in 2020 and 2.7% in 2019. At the same time, with the total paid amount of the EU contribution of EUR 39.0 m, until 31st December 2022, the execution rate in relation to the total allocated funds was 22.8%, where the realisation of the total EU contribution for Measure 1 is 27.6%, for Measure 3 is 24.1%, while this indicator for Measure 7 is 3.1%. There were no payments under the one published call for Measure 9.

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

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



By the end of 2022, 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 56 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 14).

Table 14: Closed calls per measure, 31st December 2022

Measure/Call		Submitted app.		Rejected app.		Withdrawn app.		Approved app.		Paid app.	
		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	11,481,365	98	2,024,717	106	2,969,760	189	5,232,209	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	23,655,441	131	6,314,798	127	4,178,512	246	11,267,733	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, appointments and personal changes were as follows:

- **Changes in management and control system:**
 - Tanja Mišćević, Minister for European Integration, was appointed as National IPA Coordinator (NIPAC) on 24th November 2022.
- **Changes related to the Management Structure:**
 - Jovana Zdravković was appointed on 10th February 2022 as Assistant Minister in charge of Department for EU Funds Management (MF);
 - Katarina Vuković was appointed as Acting Head of the Division for Supervision and Monitoring of the Functioning of the System of EU Funds Management (NAO SO), on 14th June 2022.
- **Changes related to the IPARD Agency:**
 - Mirjana Vranić was relieved of her duty of Acting Assistant Director of the Sector for Payment Approval on 12th June 2022;
 - Boško Umetić resigned from position of Acting Assistant Director of the Sector for Project Approval on 31st October 2022;
 - Marko Kesić was relieved of his duty of Acting Director as of 5th November 2022;
 - Sanja Danilović was appointed as Acting Director of the IPARD Agency on 15th December 2022;
 - Dragoslav Milutinović was appointed as Acting Assistant Director of the Sector for Project Approval on 29th December 2022.

During the reporting period, there were no personal changes in the MA.

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 Fifth Modification of the IPARD II Programme was prepared and adopted by the IPARD II MC members at the Ninth session. The EC adopted the Proposal of Fifth Modification of the IPARD II Programme by its Implementing Decision *C (2022) 7208* on 5th October 2022. The most significant change refers to the modification of financial tables with allocated IPARD funds per measure and year, and in accordance with the automatically de-commitment of unused EU funds for 2017 in the amount of EUR 3.7 m.
- The amendments to the Rulebook on IPARD subsidies for Investments in Physical Assets of Agricultural Holdings⁹, the Rulebook on IPARD subsidies for Investments in Physical Assets Concerning Processing and Marketing of Agricultural and Fishery Products¹⁰, the Rulebook on IPARD subsidies for Farm Diversification and Business Development¹¹ followed by the adoption of the Amendment to the Law on Agriculture and Rural Development¹² in order to introduce the possibility of advance payment, as well to eliminate the identified shortcomings in the previous period.
- The IPARD III Programme for the Republic of Serbia for the period 2021–2027 was prepared and adopted by the EC on 9th March 2022.

Risks encountered in implementing the IPARD II Programme and actions taken

In the reporting period, the MA in coordination with the IA, undertook activities in order to identify and eliminate risks and shortcomings affecting implementation of the IPARD II Programme. The activities presented in Table 15 are related to amendments to the rulebooks for Measure 1, Measure 3 and Measure 7, which are in line with the Law on Amendments to the Law on Agriculture and Rural Development, in order to implement measures to eliminate identified risks and improve the efficiency of implementation.

Table 15: Risks and undertaken activities in order to eliminate risks and shortcomings in the implementation of the IPARD II Programme measures in 2022

Risks in the implementation of the measure (verifiability and controllability)	Undertaken activities	Result
Measure 1		
1. The recipients are not able to provide the full amount of funds for the realisation of the investment	Regular MA and IA meetings.	The amendment to the Rulebook on Measure 1 introduced a provision regarding possibility of advance payment to IPARD recipients.
2. The process of administrative verification of applications is too long due to submission of	Regular MA and IA meetings.	The amendment to the Rulebook on Measure 1 prescribes mandatory documentation for each applicant. Furthermore, the provision that

⁹ “Official Gazette of the RS”, No. 84/17, 112/17, 78/18, 67/19, 53/21, 10/22 and 18/22

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

¹¹ “Official Gazette of the RS”, No. 76/20, 87/21 and 10/22

¹² “Official Gazette of the RS”, No. 114/21

incomplete applications by potential IPARD recipients		prescribes only one amendment to the approved project is introduced.
3. 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 recipients	Regular MA and IA meetings.	A proposal to amendment to the Rulebook for Measure 1 was prepared and sent to the legal department, which would introduce the possibility of price indexation, in order to improve absorption of funds.
Measure 3		
1. The recipients are not able to provide the full amount of funds for the realisation of the investment	Regular MA and IA meetings.	The amendment to the Rulebook on Measure 3 introduced a provision regarding possibility of advance payment to IPARD recipients.
2. 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 recipients	Regular MA and IA meetings.	A proposal to amendment to the Rulebook for Measure 3 was prepared and sent to the legal department, which would introduce the possibility of price indexation, in order to improve absorption of funds.
Measure 7		
1. The recipients are not able to provide the full amount of funds for the realisation of the investment	Regular MA and IA meetings.	The amendment to the Rulebook on Measure 7 introduced a provision regarding possibility of advance payment to IPARD recipients.
2. 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 recipients	Regular MA and IA meetings.	A proposal to amendment to the Rulebook for Measure 7 was prepared and sent to the legal department, which would introduce the possibility of price indexation, in order to improve absorption of funds.

4.1.1. Statement of Assurance

In accordance with the Article 59(2) of the FwA IPA II and the Article 46(1) of the SA, the NAO submitted to the EC Management Declaration for 2022, which covers:

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

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

The NAO gave an emphasis to the following areas in the Management Declaration for 2022:

- **Timely implementation of the IPARD Programme for the period 2014-2020**, in order to ensure timely implementation and absorption of IPARD funds. Special attention will be given to regular monitoring and supervising key processes and enhancing the collaboration between Management and Operating Structure. One of the tools to be used are regular meetings in order to discuss the ongoing tasks and issues. In addition, the MAFWM initiated the establishment of the Working Group in order to monitor and report to the EC on the implementation of activities envisaged by the Action Plan for improvement of absorption of IPARD funds.
- **Staff capacity in all IPARD bodies**, focusing on:
 - further recruitment of staff in line with the Workload Analysis;
 - applying different tools and mechanisms for retaining staff;
 - continuous training and improving institutional capacity.
- **Implementation of staff retention policy within IPARD bodies**. The highest levels of the Serbian authorities have acknowledged the retention policy issue as one of the priorities. Further actions will be continued in the next period for the entire IPA/IPARD structure. The NAO and MS bodies give full support to all IPARD bodies in achieving the common goal of increasing the absorption of IPARD funds and keeping the system stable and efficient. Accordingly, the NAO joined the regional initiative for finding the best solution for introducing the top-ups on salaries for employees in the IPARD structure. Furthermore, significant changes regarding the staff retention were implemented through the amendment of the Decree on Job Classification and Criteria for Civil Servants Job Description. Implemented activities encouraged further planning on developing the functional and effective retention policy measures, which refer to providing the wide range of trainings in order to strengthen the capacities.
- **Treatment of irregularities and anti-corruption and anti-fraud activities will continue**. Joint work and successful cooperation among IPARD bodies and the AFCOS, will continue in the next period.
- **Preparation of institutional, legal and procedural framework for the IPARD III Programme**. The aim of the NAO and Management Structure bodies, the MA and IA is to make use of the lessons learnt from the previous programming period in order to ensure timely entrustment of budget implementation tasks within the IPARD III Programme.

4.2. NAO and National Fund activities

During the reporting period, three requests for change of the entrusted procedures were submitted by the IPARD OS (two by the IA and one by the MA). In addition, the IA has submitted three requests for exceptions to the NAO for approval.

Changes in the IA procedures: In the reporting period, the IA has submitted two requests for change of the procedures due to Amendments to the Law on Agriculture and Rural Development, Rulebook on IPARD subsidies for Investments in Physical Assets of Agricultural Holdings, Rulebook on IPARD subsidies for Investments in Physical Assets Concerning Processing and Marketing of Agricultural and Fishery Products and Rulebook on IPARD subsidies for Farm Diversification and Business Development. The proposed changes did not affect the entrustment requirements neither were substantial according to the guidance on significant changes received

from the EC. All proposed changes were approved by the NAO and refer to the technical corrections, exclusion of certain annexes with the aim of administrative simplification and simplification of procedures, etc.

Amended versions of the IA procedures:

- Version 3 as of 18th March 2022, and
- Version 3.1 as of 14th September 2022.

Changes in the MA procedures: In the reporting period, the MA has submitted one request for changes of the procedures due to harmonisation with the new Systematisation Act, modification of the PRAG annexes, as well as amendments to the SA. Version 2.0 of the procedures enter into force on 7th July 2022.

On-the-spot checks by Management Structure

During the reporting period and in accordance with on-the-spot check plan for 2022, the NAO SO performed four on-the-spot checks in the IA, one in the MA and three visits to the selected IPARD recipients.

The NAO SO risk assessment for the IPARD II Programme was based on the following risk factors:

- Contracted amount;
- Paid amount;
- Type of recipient;
- OSC performed by other bodies;
- Implemented IPARD projects by the recipient.

All planned on-the-spot checks were performed by the NAO SO, except one for Measure 9: “Technical Assistance”, considering that mentioned Measure was not implemented during 2022.

Conducted on-the-spot checks were focused on the working processes including horizontal processes. The purpose of on-the-spot checks was to review compliance of the IA and the MA work processes with the entrusted procedures, efficiency and effectiveness of the established system for the IPARD II Programme implementation, as well as to check the investment on the field. Furthermore, one of the objectives of on-the-spot checks carried out was to check if the IPARD bodies implement the procedures based on which they have been entrusted with budget implementation tasks under the IPARD II Programme.

Processes that were selected for checks in the IA were: project approval, on-the-spot control before project and payment approval, *ex-post* control, payment approval and horizontal matters. The main findings were related to staffing, inadequate risk management approach, the unclear or incorrect references in the checklists, unclear conclusions on scoring and ranking of applications, non-compliance with the deadline for adoption of a Decision, the use of different versions of the checklists compared to the valid version of the Manual of Procedure in force, inconsistencies between the actual working arrangement and the entrusted procedure, non-compliance with the procedure in terms of check for previously implemented projects, non-respecting “principle of increased supervision”, non-respecting of procedure for reporting of HR data, non-compliance with the procedure regarding reporting of irregularities.

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

During on-the-spot check in the MA, desk-based checks in terms of horizontal matters were conducted. On-the-spot check was conducted in order to ensure the existence and effective functioning of the management and control system and to check if entrusted procedures are respected. It was determined that there is non-compliance with the procedure in terms of segregation of duties and respecting “four eyes principle”. Furthermore, recommendations regarding the Substitution plan and Sensitive post policy were given.

Additionally, payments made to four recipients for which the IA submitted a request to the NF were subject of check. The NF finding refers to the incorrect completion of the IA annex related to the reconciliation of executed payments, non-respecting of the 9-month deadline for administrative processing of applications and issuing Decision on Project Approval, as well as 6-month deadline from the receipt of the payment request and issuance of the Decision on Payment.

Management meetings

During 2022, numerous consultative meetings were held between the relevant representatives of the MS and the OS, regarding changes of the procedures, irregularities, the AA and the DG AGRI findings, progress in the Programme implementation and the risk of automatic de-commitment of funds, employment, etc. In addition, meetings of the Working Group for monitoring and reporting of the EC on the implementation of the activities envisaged by the Action Plan for the Improvement of Absorption of IPARD Funds were held.

Risk management

During 2022, the IPARD bodies performed their Risk Workshops and created Risk Registers, including mitigation measures. Risk Registers were submitted to the NAO SO by the NF, the MA and the IA. All identified risks are regularly monitored, as well as established Key Risk Indicators.

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 1st February 2022, the number of systematised working posts within the DAP is 282, out of which 232 are working on implementation of the IPARD II Programme. Until 31st December 2022, the total number of employees was 280, out of which 168 IPARD staff (133 permanent employees and 35 contracted employees).

The public competition for filling 24 vacancies, out of which 22 IPARD staff which was published on 29th September 2022 has ended and 11 employees were engaged (out of which nine are IPARD staff). Furthermore, public competition for filling 31 vacancies (out of which 29 IPARD staff) was published on 20th July 2022 and it is expected to end in February 2023.

During 2022, the IA has continuously prepared and updated forms of acts for dealing with applications for approval of IPARD projects, objections in the ranking procedure, applications for advance payments and applications for approval of IPARD support.

When it comes to the exceptional situations, a total of three requests for exception were submitted and all were approved. Requests referred to the implementation of on-the-spot verification before the project approval within the Seventh Call for Measure 1, methodology for calculating and checking the reported areas under fruit orchards in the Fruit Sector, while the third request was

with the aim to enable same treatment for all recipients under the same call and referred to the methodology for calculation of eligible expenditures.

During 2022, the IA has submitted two requests for change of the procedures which are approved by the NAO in order to harmonise with the Amendments to the Law on Agriculture and Rural Development, rulebooks that are regulating implementation of M1, M3, M7 and M9, recommendations of the conducted audits and amendments to the Rulebook on Internal Organisation and Systematisation of Work Posts.

The challenges of the IA were related to the insufficient number of employees and fluctation of employees, incompleteness of submitted applications, implementation of the scoring and ranking procedure, issuing of permit for construction, market disruptions, etc.

4.3.1. Controls carried out per measure and irregularities detected

During 2022, a total of 788 on-the-spot controls were conducted, out of which 474 controls were conducted before project approval and 187 controls were conducted before payment. In accordance with the plan prepared based on the risk calculation, *ex-post* controls were carried out during 2022. 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 2022, a total of 127 *ex-post* controls were carried out.

In the reporting period, seven signals of irregularities and four PACA reports were reported. In accordance with the procedure for management of irregularities, a decision was made to confirm the irregularities for five reports. With regard to confirmed irregularities, four were passed to the competent prosecutor's office, while for two confirmed irregularities with a financial impact, decisions were made for the return of funds. For three reports of irregularity signals, a decision was made that there is no irregularity, while the solving process for three more irregularity signals is ongoing.

4.3.2. Audit Missions

In the reporting period, five regular internal audits were performed in the IA, two follow-ups and one audit at the request of the director in accordance with the annual audit plan for 2022.

Following regular internal audits were performed: re-performance audit for payment approval for Measure 1 (the Third Call), audit of the Group for Reporting, audit of the on-the-spot control (including monitoring of controllers on the field), audit of the process of reporting of irregularities and fraud and audit of the Unit for Reference Prices. Audit at the request of the director refers to the audit of the on-the-spot control, while one follow-up audit was related to project approval and second to security of the DAP IT system (ISO 27002) regarding implementation of IPARD fund.

The internal auditors identified 12 new findings in total, out of which one was major, nine - intermediate and two - minor. Major finding indicates that the reference price database contains reference prices that are not correctly calculated. Most significant intermediate findings were referred to the "four eyes principle" and supervision, which were not carried out adequately in the Sector for On-the-spot Control and Department for Payment Approval, as well as that incorrect validity periods of offers/invoices, price lists/catalogues and reports of relevant institutions were entered in the Reference Price Database.

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 findings, recommendations and measures taken by IPARD Structure

In the period from 1st April to 31st July 2022, the Audit Authority has performed the System Audit of the management and control system established under indirect management for IPARD Programme for the period 2014-2020, covering the period 1st April 2021 - 31st March 2022 and provided the Final Audit Report in October 2022. The audit also included a follow-up of findings issued in previous audit report for the entire Programme structure.

There is one major, six intermediate and one minor findings. The most significant findings were related to incomplete implementation of the Manual of the Department for the Implementation of International Assistance which was related to the verification of reasonableness of expenditures that may lead to the incorrect calculation of the total expenditures for IPARD support and could damage the reputation and financial interest of the EU and the RS. In order to ensure effectiveness and efficiency in the functioning of the internal control system and avoid the risk of unduly approving the request for exceptional situations, auditors recommend consistent application of the prescribed procedures regarding recording, reviewing at appropriate levels, approving and reporting of the exceptional situations. The processes for changing and implementing new version of procedures within the IPARD system that may lead to ambiguities in their application and could produce unequal treatment of applicants during the processing of applications under different calls and measures.

Regarding Audit of Operations for IPARD II Programme for 2022, the AA started with an audit in November 2022, which it is planned to be finished by 28th February 2023, after which final report will be submitted.

The Audit of Operations for IPARD II Programme for 2021, was conducted in the period of October 2021 – March 2022, and the Final Report was issued on 11th March 2022. There were six identified findings, out of which one major, four intermediate and one minor. One finding with financial impact referred to inconsistent application of the checklist under Measure 3 in the part related to verification of the List of Approved Facilities of the Directorate General of the European Commission for food safety.

Additionally, on 15th March 2022, the AA submitted the Annual Audit Opinion and Annual Audit Activity Report for the IPARD Programme for 2021. 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 AA findings was also performed (a total of 61 findings), out of which 18 findings are already closed.

Following the Letter Ref. Ares (2020)4050421 dated 31st July 2020, regarding the Action plan for filling the positions of Assistant Directors in the IPARD Agency on a long-term basis, the NAO regularly reports to DG AGRI on quarterly basis about the progress in implementation of the Action plan. In 2022, the progress was not made.

4.4. Monitoring Committee activities

Examining the achieved results of the IPARD II Programme, as well as meeting the objectives defined per measure and progress in absorption of the funds are some of the functions of the IPARD II Monitoring Committee (IPARD II MC).

The IPARD II MC is composed of representatives of the competent state authorities and bodies, relevant economic, social and environmental partners and is chaired by the Minister in charge of agriculture and rural development. The EC, the NIPAC, the NAO and the OS participate in the work of the IPARD II MC without voting rights. IPARD II MC sessions are held at least twice in 12 months. The MA acts as a Secretariat of the IPARD II MC and in accordance with it prepares information, analyses and reports on the implemented activities and reports to the IPARD II MC. The successful functioning is achieved by providing a quorum, i.e. by the presence of 2/3 members of the IPARD II MC at regular sessions. From the beginning of the IPARD II Programme implementation, a total of ten IPARD II MC sessions have been held.

The Ninth session of the IPARD II MC was held on 21st June 2022 in Belgrade. After adoption of the Agenda and the Minutes from the previous session, the IPARD II MC members have adopted the Annual Implementation Report on IPARD II Programme for 2021, as well as the Proposal of the Fifth IPARD II Programme Modification. In addition, the IPARD III Programme was presented at the session, which was adopted on 9th March 2022 by the EC. Furthermore, an overview of the results achieved in the implementation of IPARD support and a plan of activities for the next period from the aspect of the Managing and IPARD OS were presented. After the IPARD II MC session, a field visit to IPARD recipients was organised for representatives of the EC, the DEU, the MA and the IA. On that occasion, they visited the recipients who successfully realised their investments within the Measure 3: “Fruvita” d.o.o. Smederevo (fruit processing), “Petković” d.o.o. Paraćin (meat processing), as well as “Voćar” d.o.o. Svilajnac (fruit processing). The field visit also included “Aleksandrović Winery” to which IPARD support was approved under Measure 7, and first advance payment for the construction of accommodation facilities was made.

The Tenth session of the IPARD II MC was held on 14th December 2022 in Belgrade. After adoption of the Agenda and the Minutes from the previous session, the IPARD II MC members have adopted the Action Plan for Measure “Technical Assistance” for 2023. In addition, Audit System Report for 2022 was presented to the IPARD II MC members. Also, representatives of the EC presented the communication and visibility guidelines within the IPARD III Programme. At the same time, the IPARD II MC members were informed on achieved progress in IPARD II Programme implementation through Report on Implementation on IPARD II Programme for the reporting period 1st January to 30th June 2022.

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.

4.5.1. Ensuring and coordinating the monitoring activity

In accordance with duties undertaken pursuant to the Memorandum of Understanding concluded between the IA and the MA, the IA is reporting to the MA on the IPARD II Programme implementation. Data are delivered based on 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. Annex 1 of this Report contains cumulative Common Indicator Tables for Monitoring and Evaluation of the IPARD II Programme, with cut-off date end of December 2022.

4.5.2. Programme evaluation activities

The Framework and Sectoral Agreement stipulates the obligation to carry out the evaluation of the Pre-Accession Assistance Programme for Rural Development (IPARD). The basic evaluation principles of the EU IPARD assistance to the RS are defined pursuant to the Article 55 of the Framework Agreement. Within the IPARD Operating Structure, the MA (Department for Management of IPARD Programme, MAFWM) – Group for Monitoring, Evaluation and Reporting of IPARD Programme is responsible for activities related to evaluation of the IPARD Programme. Mentioned activities are carried out in cooperation with the IA and in consultation with the EC.

In this chapter, the progress in implementing the recommendations of the evaluation of the IPARD II Programme is presented, as well as the next steps.

Implementation of evaluation recommendations

In 2020, the evaluation of the IPARD II Programme was carried out during the programme implementation for the 2018-2019 implementation period. The evaluation was carried out by the selected bidder, Institute for Agricultural Economics, Belgrade. The evaluation included the following activities: *A1. Assessment of data availability for the context indicators of the IPARD II Programme* and *A2. Administrative simplification of the processing of IPARD applications in order to strengthen the absorption capacity of IPARD*. Based on the findings, evaluation recommendations were prepared and relevant institutions were defined for their implementation.

In order to monitor the implementation of the evaluation recommendations of the IPARD II Programme, the Managing Authority performed an analysis of the activities related to the accepted evaluation recommendations, which were implemented until the end of 2022. The institutions that were involved in this process and to which the key evaluation recommendations refer, are the following: the MAFWM (the MA, the IA and other relevant representatives), the SORS, the Environmental Protection Agency, the Institute for the Application of Science in Agriculture and others.

Activity 1

The Action Plan for the implementation of evaluation recommendations related to *Programme context indicators* included an assessment of the availability and quality of data for each indicator in all three groups of context indicators defined by the IPARD II Programme (socio-economic, sector and environmental indicators). Data providers reported on progress in providing missing data and aligning with the EU methodology for calculating context indicators. For the largest number of data concerning socio-economic and sectoral context indicators, the official provider is the SORS, while for agri-environmental context indicators the predominant data provider is the Environmental Protection Agency.

Socio-economic indicators

Within this group of context indicators, four recommendations were given that related to the further harmonisation of their monitoring with the Eurostat methodology, as well as the application of the classification of administrative units up to the level of municipalities according to the degree of urbanisation in accordance with the DEGURBA methodology.

For context indicators that include the aspect of regional distribution, the SORS provides data in accordance with the national calculation methodology. The process of harmonisation of data calculation methodology for the mentioned indicators with the EU methodology is underway. Methodological harmonisation for the mentioned indicators is carried out within the Census of Population, Households and Dwellings. Given that the Census was conducted in 2022 instead of the planned 2021, activities on the creation of a new classification of spatial units will begin one year later than planned.

When it comes to the indicators related to the number of employees and the labour productivity at the national level and by sector of activity, in relation to the evaluation recommendations on establishment of the calculation according to the concept of national accounts, the implementation of the above will be carried out within the harmonisation with the results of the upcoming Census of Agriculture 2023 and major revisions of national accounts in 2024.

Sector indicators

Within this group of context indicators, seven recommendations were given, that are related to the establishment of statistics for monitoring the expenditure of labour force in agriculture expressed in AWU, the establishment of the indicator “Gross fixed capital formation in agriculture” according to the concept of economic accounts of agriculture, ensuring the availability of data for the indicator “Tourism infrastructure, including agritourism infrastructure” in publications and/or the SORS electronic database, as well as the formation of the Central Information System in the field of catering and tourism (*eTurista*).

When it comes to context indicators that are calculated according to the concept of economic accounts in agriculture (labour productivity in agriculture expressed in AWU, gross fixed capital formation in agriculture), for the 2024 year it is planned to improve the methodology and data sources of calculations according to the concept of economic accounts in agriculture and after the Census of Agriculture, which will be conducted in 2023. The revised data based on the improved methodology will be published as part of the revision of the system of national accounts in 2024.

Significant progress in the aspect of harmonising the data calculation methodology was achieved for the context indicator “Tourism infrastructure, including agritourism infrastructure”, where full

methodological compliance with Eurostat was ensured within the Central Information System in the field of catering and tourism (*eTurista*). The revised data based on the improved methodology will be published as part of the revision of the system of national accounts in 2024.

Agri-environmental indicators

The largest number of missing data or unharmonised calculation methodology refers to the group of environmental indicators and is mainly under the competence of the Environmental Protection Agency.

When it comes to the indicators used to assess the impact of agriculture on the biodiversity of agricultural habitats, the Nature Protection Programme for the 2021-2023 period was adopted, in which, among other things, it was stated that it is necessary to establish a monitoring system for biodiversity and to improve the collection and exchange of data on the state of nature protection and to harmonise the methodology of data collection and processing with the methodologies applied by the Environmental Protection Agency. During 2021, the Environmental Protection Agency collected and processed data for the indicator “Farmland birds index (FBI)” as of 2018, according to the national methodology. During 2023, the data will be updated based on the monitoring carried out by the Society for the Protection and Study of Birds of Serbia.

Bearing in mind the complexity of the EU methodology for the calculation of indicators concerning the determination of nitrogen and phosphorus content in agricultural land in order to protect surface and underground water (“Water quality”), it is planned to apply for IPA support for the purpose of harmonising the calculation of the above indicators with the methodology applied in the EU. The upcoming activities will be of particular importance considering that the mentioned context indicator will also be monitored within the IPARD III Programme. Until the implementation of the mentioned activities, for the purposes of monitoring and evaluating the effects of the IPARD II Programme from the aspect of improving environmental protection, the national methodology will be used, which is applied within the annual examination of soil quality from the aspect of nitrogen and phosphorus content. This will ensure comparability data in a time series at the same time.

For the context indicators for which the process of harmonisation with Eurostat’s methodology is ongoing, data which are subject to regular monitoring in accordance with the national methodology will be used until complete methodological harmonisation, which will ensure the comparability of data in the time series from the aspect of monitoring progress and assessment the Programme impact. The above will be of particular importance for the *ex-post* evaluation of the IPARD II Programme, which will be carried out after the completion of the Programme implementation.

Activity 2

Within the evaluation recommendations regarding *administrative simplification* in order to strengthen the absorption capacity, the largest number of recommendations refer to activities under the IA jurisdiction, while certain recommendations refer to the MA and other MAFWM organisational units.

Recommendations for the IA

Out of a total of 16 recommendations, the IA accepted eight recommendations in order to improve the IPARD II Programme implementation.

The first accepted recommendation was related to the introduction of LPIS and IACS systems, and in this regard, activities were undertaken in terms of definition of the mentioned systems, as well as their elements in the Law on Amendments to the Law on Agriculture and Rural Development. In the context of the above, the following activities were carried out: an analysis of the existing registers was carried out in order to link them with the other relevant registers for the processing of IPARD applications, technical specifications and tender documentation for the procurement of relevant software were prepared, documentation for obtaining donor funds from the EU - IPA fund (*Concept Note and ToR*) was prepared. The preparation of data that will be included in the future Integrated Administrative and Control System in the form of a computer database is underway.

The second and third accepted recommendations related to the introduction of mandatory and complete documentation within the submission of applications for project approval and to limit the number of changes to submitted projects, which was implemented by amending the Law on Agriculture and Rural Development. Regarding the recommendation related to enabling direct access of the IA to the relevant data of the Tax Administration, the implementation of activities through the project “Support to the Managing Authority and the IPARD Agency in the implementation of IPARD measures” is underway, which involves the integration of a software solution for rural development with the web services of the Tax Administration. As part of the recommendations related to the introduction of a software solution for electronic submission and processing of IPARD applications, a software solution for rural development for electronic processing of IPARD applications (*RD IT*) was developed. A module that enables the creation of reports based on the entered data has been developed.

In order to implement the evaluation recommendation related to publishing of information on the success of consulting agencies in the preparation of IPARD projects, during 2022, the list of approved recipients was updated on several occasions, with information on the consulting service providers for the same included. The updated list will be available to the recipients as well.

Recommendations for the MA

Out of a total of 11 recommendations, the MA accepted five of them, of which two will be implemented within the 2021-2027 programming period. Five recommendations were not accepted, with the appropriate explanation, while one recommendation is not relevant, given that it is already being implemented.

The first accepted recommendation related to allowing a longer period of time between the announce of the public calls and the amendment of the IA procedures for its implementation after the amendment of the IPARD rulebook. The recommendation has been implemented. The second accepted recommendation related to improvement of the monitoring of the IPARD II Programme implementation through introducing of additional indicators. In accordance with the recommendation, tables with recommended additional indicators for monitoring of the IPARD II Programme implementation were prepared in cooperation with the IA. A certain number of recommended indicators is currently included in the system for monitoring of the IPARD II Programme implementation, while other recommended indicators will be included in the IPARD III monitoring and reporting system. The third accepted recommendation, which referred to the possibility of using a loan with a subsidized interest rate for the realisation of IPARD projects was implemented. The fourth recommendation referred to the establishment of the coordination body by the MA and the IA in order to enable a special information channel for the AAS. The recommendation was partially accepted and implemented, given that the Institute for the

Application of Science in Agriculture performs the role of a coordination body and, therefore, there is no need to establish an additional body with the same role. The fifth recommendation was taken into account during the preparation of the IPARD Programme for the 2021-2027 programming period and was implemented in the context of the IPARD III Programme. The same referred to the introduction of the “start-up” model of support in the Milk Processing Sector within Measure 3.

Recommendations for the AAS

Out of a total of six recommendations for the AAS, two of them were accepted. The first recommendation referred to the preparation of two forms for requesting support regarding IPARD subsidies from the AAS by recipients. This recommendation that contributes to the improvement of the monitoring of the advisors’ work has been fully implemented.

The second recommendation referred to the preparation of checklists or a software solution for the evaluation of IPARD potential recipients by agricultural advisors. In this regard, checklists were prepared, while the software solution was not introduced.

Recommendations for the MAFWM

The recommendations concerning the MAFWM related to improvement of case records in the appealing procedure, increase of the number of members of the commission dealing with appeals regarding IPARD support, as well as improvement of the working conditions of the commission members and establishment of a procedure for priority signing of decisions prepared by the commission. The aforementioned would contribute to greater efficiency in the processing of appeals, as well as shortening the deadlines in the appeals resolving procedure. In order to implement the recommendations in 2022, the following activities were carried out: the record of appeal requests was improved by supplementing the existing record in accordance with the evaluation recommendation, the number of members of the commission for dealing with appeals regarding IPARD support was increased by the decision adopted on 10th October 2022 (greater efficiency in the processing and solving of appeals within 15 days was enabled), a priority signing procedure is established for the prepared decisions by the commission in the MAFWM and other.

Recommendations for the IPARD Technical Bodies

Four recommendations concerning the IPARD Technical Bodies are given, and all have been accepted. They related to enabling direct access to the Register of AHs database by inspectors of the IPARD Technical Bodies, connecting the agricultural inspection with the database of the Central Register of Objects and the Central Database of the Veterinary Administration and establishing a system of records of control of the IPARD recipients by the Veterinary Inspection. The implementation of all recommendations concerning the IPARD Technical Bodies is conditioned by the establishment of the IACS system in the DAP.

Upcoming activities

Tender procedure for the procurement of the IPARD II Programme evaluation services for the 2020-2022 implementation period was completed at the end of 2022. Evaluation is planned to be carried out during 2023. The financing of the activities is provided through the World Bank support project to the MAFWM “Strengthening Agricultural Sector Capacities for Evidence-Based Policy Making”. More detailed information regarding the planned evaluation is presented in Chapter 7 of this Report.

Ex-post evaluation of the IPARD II Programme is envisaged for 2024, depending on the end of the Programme implementation period. Financing is planned through IPARD III Measure 9: “Technical Assistance”. Regarding mentioned, preparation of terms of references for engagement of evaluation services for the *ex-post* evaluation of the IPARD II Programme is ongoing.

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

Overcoming the risk of de-commitment of IPARD funds

The European Commission informed the Republic of Serbia in October 2022, that there is a significant risk of de-commitment of IPARD funds for 2019 allocation in the amount of EUR 40 m. In this regard, on 11th November 2022, the Minister of Agriculture, Forestry and Water Management submitted the letter to the EC with a request for an extension of the deadline for the absorption of IPARD funds for 2019 allocation (“n+4” instead of the “n+3” financing rule), as well as an updated Action plan for Improvement of Absorption of IPARD funds for 2022 and 2023. In a letter dated 15th December 2022, the EC informed the RS that the request regarding the extension of the deadline for the absorption of IPARD funds for 2019 allocation under the IPARD II Programme by the end of 2023 is approved.

Serbian Authorities are aware of the possibility to face de-commitment of allocated funds in 2023 and accordingly have implemented activities with the aim to address the obstacles and to overcome the risk of de-commitment of IPARD funds. Main activities envisaged within the Action Plan for Improvement of Absorption of IPARD funds are as follows:

- **General activities:**
 - Recruitment of new staff;
 - Filling the positions of Assistant Directors in the IA on a long-term basis;
 - Introduction of price indexation;
 - Smart HR management;
 - RD IT solution;
 - Introduction of LPIS system;
 - Weekly monitoring of the application processing at the executor and manager level;
 - Mandatory sectoral meetings on a weekly basis and monthly inter-sectoral meetings;
 - Regular IA–MA meetings;
 - Meetings of the Working Group for monitoring of the Action Plan for Improvement of Absorption of IPARD fund 2022-2023;
 - Exploring opportunities for introduction of guarantee for IPARD recipients (natural persons, young farmers);
 - Exploring possibilities of using top-ups for the IPARD administration.
- **Implementation of Measure 9: “Technical Assistance”**
- **Communication and Visibility**
 - Direct communication with recipients in order to frontload their payment requests;
 - Promotion on different fairs;
 - Editing and publishing the bi-monthly IPARD newsletter (“IPARD in Focus”);
 - Promotion through TV, websites, social networks (fb, In).
- **Education**
 - Education/training of financial institutions before the introduction of advance payment;

- Continuous education of advisors from Advisory services (2 two-days workshops);
- Training and introduction of new employees in the work process through on-the-job training and mentorship approach;
- Continuous education of targeted recipients and consultants by the IA;
- Workshops for consultants;
- Workshops for potential recipients.
- **Other activities**
 - Study visit of the IA and the MA - direct introduction to the model of work;
 - Cooperation (meetings) with the Chamber of Commerce and Industry of Serbia/local self-government units/other relevant institutions.

Working Group for monitoring and regular reporting to the EC on the implementation of the new Action Plan is established. In the reporting period, two meetings have been held and the EC was informed on the achieved results.

The Fifth Modification of the IPARD II Programme

The Proposal of the Fifth Modification of the IPARD II Programme was adopted by the members of the IPARD II MC at the Ninth session and submitted to the EC for approval on 28th June 2022. The EC adopted the Proposal of Fifth Modification of the IPARD II Programme by Implementing Decision C(2022)7208 on 5th October 2022. The most significant modification refers to financial tables, aimed at reallocating of IPARD funds per measure and year. The modification is in line with the Article 34 of SA, which defines that the budget allocation can be spent in line with the “n+3” financing rule. In accordance with the obligation of automatically de-commitment of unused funds, EU funds for 2017 allocation were reduced by EUR 3.7 m. Furthermore, under this IPARD II Programme modification, the target values of the indicators were adjusted in accordance with the modification of financial tables.

The amendments to the Rulebook on IPARD subsidies for Investments in Physical Assets of Agricultural Holdings¹³, the Rulebook on IPARD subsidies for Investments in Physical Assets Concerning Processing and Marketing of Agricultural and Fishery Products¹⁴ and the Rulebook on IPARD subsidies for Farm Diversification and Business Development¹⁵ followed by the adoption of the Amendment to the Law on Agriculture and Rural Development. These amendments were primarily aimed at introduction of the possibility of advance payment, as well to eliminate the identified shortcomings during the implementation of the public calls in the previous period.

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 2022, the number of employees was 17, out of which 14 permanents and three contract based. All staff in the Department are engaged on the jobs related to the MA functions.

¹³ “Official Gazette of the RS”, No. 84/17, 112/17, 78/18, 67/19, 53/21, 10/22 and 18/22

¹⁴ “Official Gazette of the RS”, No. 84/17, 23/18, 98/18, 82/19, 74/21 and 10/22

¹⁵ “Official Gazette of RS”, No. 76/20, 87/21 and 10/22

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 will be closed in March 2023. The total budget of the project was EUR 659,000. 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 dozens of 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 (IT RD). 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.

During the reference period, study visits were carried out to the Republic of Slovenia in order to gain knowledge on their practices and experiences in the implementation of Measure 4 and to the Republic of Croatia, in order to learn based on their practices and experiences in the implementation of Measure 5.

With the support of the IPA 2015 Technical Assistance project: “Capacity building for the alignment with the *acquis* in the areas of agriculture, rural development, food safety, veterinary and phytosanitary policy”, at the 89th International Agricultural Fair in Novi Sad, 24th May 2022, the Department for Management of IPARD Programme has organised conference: “IPARD Programme – Be informed”.

Under Measure 9, the Department for Management of IPARD Programme has submitted filled Annex “Information of activity” to the IA, for the needs of the Sector for on-the spot control, which contains planned activities envisaged by the Action Plan for Technical Assistance measure for 2022 (APTA). APTA was adopted by the IPARD II MC and according to the mentioned Plan, the MA has submitted to the IA an application for design, updating and maintenance of IPARD website on 21st November 2022, within the First Call for Measure 9.

Within the project of the Government of Japan implemented by the World Bank: “Strengthening Agricultural Sector Capacities for Evidence-Based Policy Making” (PHRD project) the following activities were implemented: the procedure for engagement of expert for the services of the IPARD II Programme evaluation for the period 2020 - 2022 is finalised; workshops were held on the topics: “Basics of monitoring and evaluation” and “De-commitment forecast”; the MA staff took part in the conducted survey for the capacity building programme of the system for monitoring and evaluation of agriculture and rural development of the RS.

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

Funds for the implementation of local and regional agricultural and rural development programmes are provided annually in the budgets of the AP Vojvodina and 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 measures¹⁶. 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 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 2022, 119 support programmes were approved with budget amount of EUR 32.1 m, out of which EUR 26.5 m 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 II Programme implementation and to provide the potential IPARD recipients 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). 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 held. 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 types of technical assistance measures. Participation at the 89th International Agricultural Fair in Novi Sad and organisation of the conference “IPARD Programme – Be informed”, was supported within the IPA 2015 Technical Assistance Project “Capacity building for the alignment with the *acquis* in the area of agriculture, rural development, food safety, veterinary and phytosanitary policy” in 2022. The organisation of the Tenth session of the IPARD II MC was supported by the IPA 2017 project: “Support to the IPARD Operating Structure”.

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

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 648,528 times.

Bi-monthly newsletter “IPARD in Focus”, launched at the end of 2019, was published in six 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 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 (potential) recipients and general public. Detailed overview of the implemented activities in 2022 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 (NF), under the responsibility of the NAO, checks and confirms that the Ministry in charge of agriculture and rural development properly plans budget appropriations for the IPARD II Programme. The IA and the MA (only for Measure 9), within the financial plan of the Ministry in charge of agriculture and rural development are responsible for planning appropriate provisions within their scope of responsibilities and in accordance with the Financial Plan in the IPARD II Programme. National Fund provides the opinion to the Budget Department of the Ministry of Finance on the existence and correctness of the funds planned for the national public co-financing and other non-eligible expenditure to be covered from the national resources. Furthermore, NF provides the opinion to the amounts planned for recovery of irregularities, financial corrections and overpayments before the funds are included in the annual Law on Budget of the Republic of Serbia.

Starting from the 2016, the IA planned the necessary funds for the IPARD II Programme implementation in the annual Law on Budget of the Republic of Serbia, while the MA started planning the funds necessary for the implementation, i.e. pre-financing 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 (hereinafter: Protocol), 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 IPA¹⁷.

5.1. Assistance provided under other IPA components

IPA 2015

Technical Assistance Project “Capacity building for the alignment with the *acquis* in the areas of agriculture, rural development, food safety, veterinary and phytosanitary policy” started in January 2019, with the implementation period until March 2023.

Under the first component, key activities are focused on: updating of the Action Plan for the Chapter 11 and preparation of negotiating position, preparation of documents that represents the basis for decision making related to the EU accession process, preparation of various analysis for the purpose of implementation of the EU *acquis* in the area of the Chapter 11, as well as the preparation of a training programme for the improvement of administrative capacities in order to implement the EU *acquis* in the field of agriculture and rural development.

Under the second component, key activities are focused on: The first Draft Strategy with the Action Plan for transposition, implementation and effective and efficient implementation of the EU *acquis* in the field of food safety, veterinary and phytosanitary policy, presentation of the level of harmonisation of national legislation with the EU *acquis* in the Chapter 12 and definition of the legislative framework, preparation of the Draft Strategy for border inspection of food and feed safety, preparation of negotiating position for the Chapter 12, preparation of various analyses related to the implementation of the EU *acquis communautaire* in the area of Chapter 12, as well as the preparation of a training programme for the improvement of administrative capacities. 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 Products¹⁸ was prepared and adopted.

IPA 2017

Technical Assistance Project “Support to IPARD Operating Structure (Managing Authority and IPARD Agency)” was contracted in November 2021 and started in January 2022. Under the first component, rulebooks for the implementation of Measure 1, Measure 3 and Measure 7 are

¹⁷ “Official Gazette of the RS – International Agreements”, No. 124/07

¹⁸ “Official Gazette of the RS”, No. 67/21

prepared, while rulebook and Manual of procedures for Measure 9 are updated in line with the new PRAG rules. Draft rulebooks for Measure 4 and Measure 5 are prepared.

Within the second component of the project, support was provided to the IA employees regarding the process of application processing, as well as support for the transition to the IPARD III Programme. Within the IT component, activities related to IT audit and analysis have been completed and reports have been submitted. The upgrade of the existing IT solution and the upgrade of the reporting module are underway, while testing is planned for February 2023. Activities related to the new modules for Measure 4 and Measure 5 have been suspended and will not be implemented, due to the failure to meet the prerequisites for the development and harmonisation of technical specifications.

IPA 2018

Contract for the IPA 2018 Twinning project “Strengthening and adaptation of administrative capacities for the introduction of the Organisation of Agricultural Markets” was signed in April 2022 and was financed through unallocated IPA funds. The project is implemented in cooperation with partners from Lithuania, Poland and France with the aim of strengthening of the MAFWM capacities regarding the introduction of the CAP mechanisms, in line with the EU *acquis*. The project implementation period is 24 months.

Contract for the IPA 2018 Twinning project “Support to establishment of carcass classification system in line with EU Common Agricultural Policy” was signed in April 2022. The project is implemented in cooperation with the partners from Spain and Latvia with the aim of strengthening of the MAFWM capacities in the field of classification of carcasses in line with the CAP. The project implementation period is 18 months.

The project proposal for the Framework Agreement “Introducing and maintenance of a functioning LPIS in pilot municipalities in the Republic of Serbia” - pilot project, phase 2 for financing from unallocated IPA funds was sent by the IPA unit of the MAFWM to the Ministry of European Integration for consideration.

IPA 2021

IPA 2021 project “Development of the Operational Integrated Administration and Control System (IACS) - I phase in line with the EU CAP requirements” (technical assistance in the amount of EUR 2.9 m and procurement of EUR 0.9 m) will support the preparation of all necessary systems required under the CAP for the period 2021-2027: procurement of hardware for full IACS implementation, strengthening of the DAP capacities, as well as integration of all registers, databases and software into integrated system. In order to establish an IACS system in accordance with EU requirements, the proposed intervention will integrate tools for managing future agri-environment-climate commitments based on databases and geographic data.

Bilateral Projects

Project “Development of financial system in rural areas in the Republic of Serbia” provide support to the development of primary agricultural sector and the agricultural industry through the provision of loans to final recipients through a refinancing of credit lines to local financial institutions. Financing Agreement for development of financial sector in rural areas in Serbia, phase 4, was signed in August 2018. The project was extended until end of January 2023.

The project “Strengthening rural competitiveness and productivity in the agri-business sector”, in partnership with the United Nations Development Programme (UNDP), contributed to greater competitiveness and productivity in the targeted rural regions. The first part of this project was implemented in 2020 through two components. The first component related to encouraging agricultural and rural economic growth, creating new jobs and reducing poverty. The focus of the second component was on the identification of abandoned state-owned land.

World Bank and FAO projects

The project “Serbian Competitive Agriculture Project – SCAP” is based on the Law on Confirmation of the Loan Agreement between the Republic of Serbia and the International Bank for Reconstruction and Development, which entered into force in February 2020. The deadline for the completion of the project is 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 end of January 2023. The request for extension of project implementation was submitted to the World Bank by the end of 2022.

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

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

Chapter 10. Information on the Complementarity of the IPARD II Programme with measures funded by other (national or international) sources of the IPARD II Programme contains the explanation 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. After the adoption of the IPARD Programme by the EC, the adoption of the NRDP by the Government of the RS must comply with the demarcation table of the IPARD Programme.

Measure for improvement of economic activities in the countryside through support of non-agricultural activities envisaged by the NRDP, with the purpose to support smaller investments in rural tourism as well as to equip craft and art workshops. In order to ensure demarcation with the IPARD Measure 7: “Farm diversification and business development”, within the Fourth Modification of the IPARD II Programme, the financial demarcation was determined in such a way that the maximum support which is determined from the national budget, is lower than the minimum value of support under the IPARD Measure 7.

Support programmes for the implementation of agricultural policy and rural development policies for the territory of the AP and LSGUs must not conflict with national programmes for agriculture and rural development, which is defined within the Law on subsidies in Agriculture and Rural Development, while clear demarcations with IPARD Programme have to be respected.

Ministry in charge of agriculture and rural development gives approval to AP and local self-governments for their programmes for agriculture and rural development, thus providing control mechanism and preventing overlapping of potential recipients, supportive measures and type of investments of IPARD Programme and local programmes for rural development.

6. FINANCIAL TABLES AND EXPENDITURES PER MEASURES

The third financial amendment was implemented within the Fifth Modification of the IPARD II Programme, which was approved by members of the IPARD II MC at the Ninth session. The aforementioned financial modification was officially approved by the EC Decision *C(2022)7208* of 5th October 2022. The Fifth Modification of the IPARD II Programme was initiated by the EC Letter *No. AGRI.G.4/FK/D(2022)2980186* 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 2017 allocation were reduced by EUR 3,696,787.33. The budget allocation for 2017 for Measure 7 was reduced by EUR 1.5 m, while the funds from Measure 9 for 2019 and 2020 were reallocated in the same amount to the corresponding annual allocations for Measure 7. Furthermore, the budget from 2017 allocation for Measure 1 was reduced by EUR 1,458,640.96, while for Measure 3 - was reduced by EUR 738,146.37. In addition, the Fifth Modification of the IPARD II Programme included the adjustment of the quantified target values of the indicators, in accordance with the financial modification.

Table 16: Budget breakdown per measure after the Fifth 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%)	11,122,224 – 1,458,640.96 = <u>9,663,583.04</u> (45.36%)	12,199,743 (40.67%)	18,902,434 (47.26%)	37,812,500 (84.03%)	<u>96,013,833.04</u>
Measure 3	-	7,464,752 (49.77%)	10,099,675 (50.50%)	8,690,276 – 738,146.37 = <u>7,952,129.63</u> (37.33%)	9,162,757 (30.54%)	13,910,066 (34.78%)	-	<u>48,589,379.63</u>
Measure 4	-	-	-	-	-	-	-	0.00
Measure 5	-	-	-	-	-	-	-	0.00
Measure 7	-	-	-	<u>5,187,500</u> – <u>1,500,000</u> = <u>3,687,500</u> (17.31%)	8,637,500 (28.79%)	6,187,500 + 1,000,000 = <u>7,187,500</u> (17.97%)	6,187,500 + 500,000 = 7,187,500 (14.86%)	26,200,000
Measure 9	-	-	-	-	-	-	500,000 (1.11%)	<u>500,000</u>
Total	-	15,000,000	20,000,000	<u>21,303,212.67</u>	30,000,000	40,000,000	45,000,000	<u>171,303,212.67</u>

Source: IPARD II Programme, Fifth modification

The current financial plan for the reporting period relating to 2022 is presented in Table 12 in the Chapter 3.

Cumulative data on the IPARD II Programme implementation indicate that by the end of 2022 within 14 published calls a total of 3,179 applications were submitted (2,260 for Measure 1, 313 for Measure 3, 605 for Measure 7 and one application for Measure 9) with the total requested public support in the amount of EUR 490.7 m, out of which EUR 218.7 m for Measure 1, EUR 96.7 m for Measure 3, EUR 175.3 m for Measure 7 and EUR 6,300 for Measure 9 (Table 17).

Table 17: Overview of submitted, approved and paid applications per measure and call

IPARD II		Submitted applications			Approved applications			Paid applications*		
Measure	Call	No.	Total public support (EUR)	EU support	No.	Total public support (EUR)	EU support	No.	Total public support (EUR)	EU support
M1	1	85	7,209,545	5,407,159	42	3,784,815	2,838,611	32	2,801,390	2,101,042
	2	393	11,481,365	8,611,024	189	5,232,209	3,924,157	143	4,229,809	3,172,357
	3	151	41,148,159	30,861,119	70	14,816,494	11,112,370	49	7,941,608	5,956,206
	4	437	15,577,309	11,682,982	294	10,798,542	8,098,906	263	9,836,213	7,377,160
	5	169	41,811,392	31,358,544	90	19,203,600	14,402,700	60	6,325,915	4,744,436
	6	369	69,671,997	52,253,998	199	29,049,450	21,787,087	47	4,246,237	3,184,678
	7	656	31,784,444	23,838,333	34	1,593,594	1,195,195	0	0	0
Total M1		2,260	218,684,211	164,013,158	918	84,478,703	63,359,027	594	35,381,172	26,535,879
M3	1	26	4,964,531	3,723,399	15	2,233,014	1,674,761	12	1,693,447	1,270,085
	2	81	20,851,123	15,638,343	43	13,646,789	10,235,092	24	6,192,267	4,644,201
	3	95	29,311,655	21,983,741	42	12,108,272	9,135,204	4	410,282	307,711
	4	111	40,868,971	30,651,728	0	0	0	0	0	0

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Total M3		313	95,996,281	71,997,211	100	28,060,075	21,045,056	40	8,295,995	6,221,997
M7	1	311	48,760,031	36,570,023	103	15,681,146	11,760,860	10	988,381	741,286
	2	295	126,524,135	94,893,101	37	6,462,128	4,846,596	1	75,901	56,926
Total M7		605	175,284,166	131,463,125	140	22,143,274	16,607,456	11	1,064,282	798,211
M9	1	1	6,300	5,355	0	0	0	0	0	0
Total M9		1	6,300	5,355	0	0	0	0	0	0
Total M1+M3+M7+M9		3,179	490,667,294	368,001,100	1,193	146,841,295	110,130,972	675	52,032,852	39,024,639

* Including advance payments

Total requested EU support by the end of 2022 amounts to EUR 490.7 m, out of which 44.6% refers to Measure 1, 19.7% to Measure 3, 35.7% to Measure 7 and 0.001% to Measure 9. Observed per call, the largest amount of requested EU support refers to the Second Call for Measure 7 (EUR 94.9 m), while the lowest amount of requested EU support is within the First call for Measure 3 (EUR 3.7 m). Compared to the AIR 2021, the total number of submitted applications increased by 26.1% and the requested EU support by 35.7%.

By the end of 2022, during the processing of submitted applications, a total of 725 applications (22.8%) were rejected and withdrawn, with the amount of estimated EU support of EUR 77.0 m, i.e. 20.9% of the estimated total requested EU support. Out of the stated number of applications, 457 were rejected, while 268 applications were withdrawn by applicant. Observed per measure, the largest number of applications was rejected and withdrawn under Measure 1, 71.4% in relation to the total number of rejected and withdrawn applications, i.e. 22.9% in relation to the total number of submitted applications under this Measure. Under Measure 3, 14.2% of applications were rejected and withdrawn in relation to the total number of rejected and withdrawn applications, while 32.9% of application were rejected and withdrawn in relation to the total number of submitted applications under this Measure. When it comes to Measure 7, 14.3% of applications were rejected and withdrawn in relation to the total number of rejected and withdrawn application, while 17.2% of applications were rejected and withdrawn in relation to the total number of submitted applications within this Measure.

Table 18: Financial overview of the IPARD II Programme implementation per measure (EUR)

Measure	Submitted app.		Approved app.		Paid app.*		EU support (%)		
	No.	EU support	No.	EU support	No.	EU support	Approved/ submitted	Paid/ submitted	Paid/ approved
Measure 1	2,260	164,013,158	918	63,359,027	582	24,808,136	38.6	15.1	39.2
Measure 3	313	72,519,462	135	30,164,489	63	10,628,933	41.6	14.7	35.2
Measure 7	605	131,463,125	140	16,607,456	0	0	12.6	0.0	0.0
Total	3,178	367,995,745	1,193	110,130,972	645	35,437,069	29.9	9.6	32.2

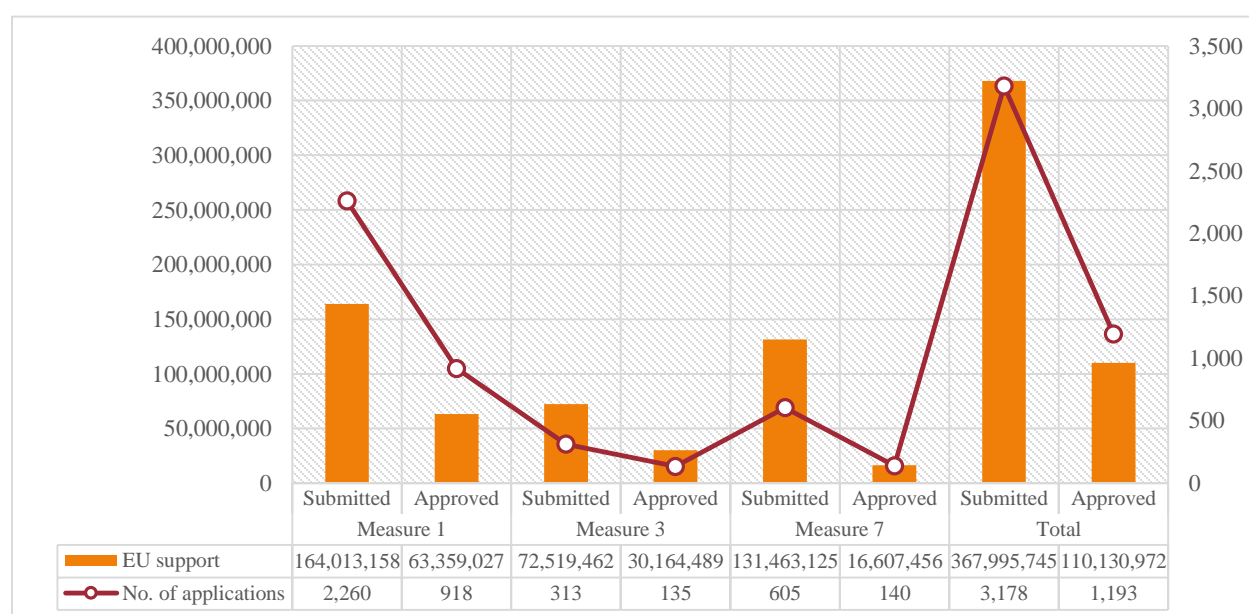
* Paid applications refer to completely paid projects

Compared to the AIR 2021, share of total approved EU support in the total requested EU support (29.9%) increased, as well as the share of paid in relation to requested EU support (9.6%), while the share of paid in relation to the approved EU support (32.2%) slightly decreased. Observed per measure, compared to the previous annual reporting, analysis of the abovementioned data generally indicates an increase in the share of approved support in relation to the requested EU support for Measure 1, Measure 3 and Measure 7, as well as of paid support in relation to the requested and approved EU support for Measure 1 and Measure 3. At the same time, the indicator of paid support in relation to the approved EU support for Measure 1 and Measure 3 has increased.

6.1. Contracted projects

By the end of 2022, 1,193 decisions on project approval for IPARD support were adopted in the amount of EUR 110.1 m of EU support, which represents an increase in the number of approved applications compared to the AIR 2021 by 359 applications (an increase by 43.0%) and by EUR 44.1 m of approved EU support. The average value of total approved EU support per application amounted to EUR 92,314 (increase compared to the AIR 2021 by EUR 13,083). For Measure 1 a total of 918 applications were approved in the amount of EUR 63.4 m of EU support), 135 applications were approved for Measure 3 (EUR 30.2 m of EU support), while 140 applications were approved for Measure 7 in the amount of EUR 16.6 m of EU support. By the end of the reporting period, there were no approved applications under Measure 9.

Graph 15: Approved applications and EU support in relation to submitted applications/requested EU support (EUR)



In relation to the total number of submitted applications and the estimated EU support, 37.5% of applications and 29.9% of EU support was approved. The largest number of approved applications refers to Measure 1 (918). A total of 140 applications were approved within Measure 7, while 135 applications were approved under Measure 3. At the same time, the largest share of approved applications in the total number of submitted applications per measure is under Measure 3 (43.1%), Measure 1 achieves a share of 40.6% in the mentioned indicator, while Measure 7 achieves a share of 23.1%. Observed from the point of share of approved EU support in the requested EU support per measure, the largest share was achieved under Measure 3 (41.6%), followed by Measure 1 (38.6%), while Measure 7 achieved a share of 12.6% of the approved in relation to the requested EU support (Graph 15).

Measure 1

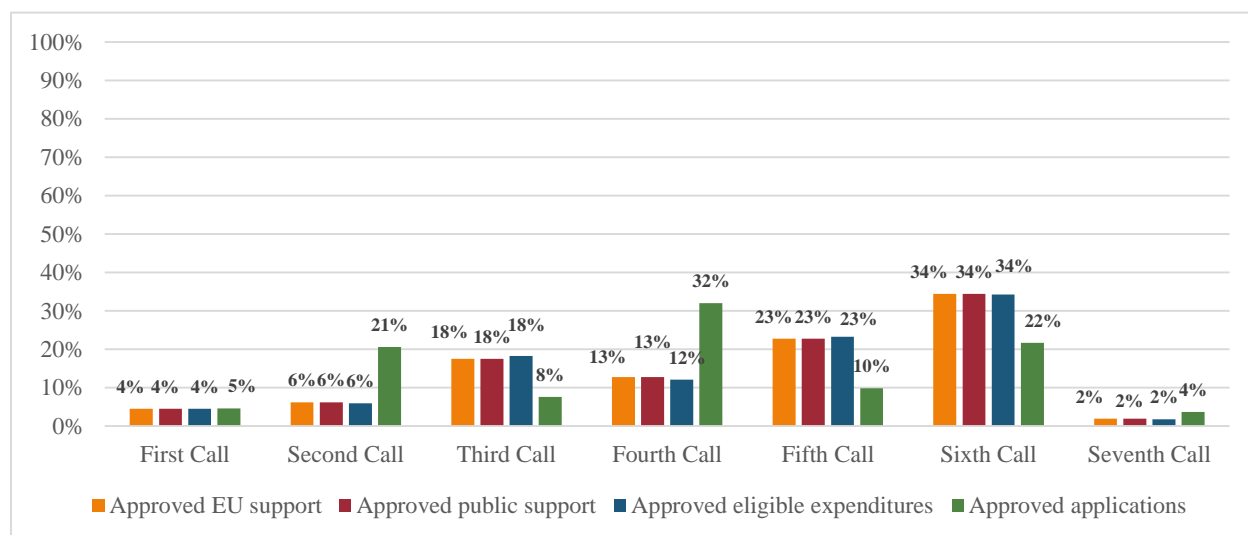
The IPARD Agency adopted 918 decisions on project approval (40.6% out of the total number of submitted applications within Measure 1), with the total approved eligible expenditures for investment in the amount of EUR 139.2 m and the amount of approved total public support of EUR 84.5 m, out of which EU contribution is EUR 63.4 m. Compared to the previous annual

reporting, an increase of the following indicators was achieved: 35.0% for approved applications and 61.5% for approved total public support and EU support. The average value of approved EU support per application amounted to EUR 69,019.

Observed per implementation year, 238 applications were approved in 2022, i.e 25.9% out of the total number of approved applications for Measure 1, which represents an increase compared to 2021, when 154 applications were approved (Annex 2: Table 2).

Observed per call, the largest number of approved applications was realised under the Fourth Call (294 applications, i.e. 32.0% of the total approved applications under Measure), while the largest amount of approved EU support was realised within the Sixth Call (EUR 21.8 m, i.e. 34.4% of the total approved EU support). The highest average value of approved EU support per application is achieved within the Fifth Call (EUR 160,030) and within the Third Call (EUR 158,748). Significantly lower average values of approved EU support per application were achieved under calls related to the purchase of a new tractor (the Seventh Call: EUR 35,153, the Fourth Call: EUR 27,547 and the Second Call: EUR 20,763). Under the First Call the average value of approved EU support per application was EUR 67,586.

Graph 16: Share of approved applications, eligible expenditures for investment, total public and EU support per call (%), M1



Within the *First Call*, 42 applications were approved, which is 4.6% of the total number of approved applications under Measure 1 and 49.4% of the total number of submitted applications within this Call. Approved eligible expenditures for investment under this Call amounted to EUR 6.2 m, which represents 4.5% of the total amount of approved eligible expenditures for Measure 1 and 51.9% of the total requested expenditures for investment under this Call. Approved EU support amounted to EUR 2.8 m, which is 4.5% of the total approved public support for Measure 1. For ten approved projects no payment request was submitted or were terminated in the payment phase. *Ex-post* control will be carried out within a period of five years from the moment of payment. The First Call for Measure 1 is closed with regard to processing and payment of applications.

Within the *Second Call*, 189 applications were approved, which makes 20.6% of the total number of approved applications under Measure 1 and 48.1% of the total number of submitted applications within this Call. Approved eligible expenditures for investment under this Call amounted to EUR

8.2 m, which represents 5.9% of the total amount of approved eligible expenditures for Measure 1 and 43.1% of the total requested expenditures for investment under this Call. The total approved EU support amounted to EUR 3.9 m, which is 6.2% of the total approved EU support for Measure 1. For 46 approved projects no payment request was submitted or were terminated in the payment phase. *Ex-post* control will be carried out within a period of five years from the moment of payment. The Second Call for Measure 1 is closed in regard to processing and payment of applications.

Within the *Third Call*, 70 applications were approved, which makes 7.6% of the total number of approved applications under Measure 1 and 46.4% of the total number of submitted applications within this Call. Approved eligible expenditures for investment under this Call amounted to EUR 25.4 m, which represents 18.3% of the total amount of approved eligible expenditures for Measure 1 and 37.1% of the total requested expenditures for investment under this Call. The total approved EU support amounted to EUR 11.1 m, which is 17.5% of the total approved EU support for Measure 1.

Within the *Fourth Call*, 294 applications were approved, which amounts to 32.0% of the total number of approved applications under Measure 1 and 67.3% of the total number of submitted applications within this Call. Approved eligible expenditures for investment under this Call amounted to EUR 16.8 m, which represents 12.1% of the total amount of approved eligible expenditures for investment under Measure 1 and 64.7% of the total requested expenditures for investment under this Call. The total approved EU support amounted to EUR 8.1 m, which is 12.8% of the total approved EU support for Measure 1.

Within the *Fifth Call*, 90 applications were approved, which makes 9.8% of the total number of approved applications under Measure 1 and 53.3% of the total number of submitted applications within this Call. Approved eligible expenditures for investment under this Call amounted to EUR 32.3 m, which is 23.2% of the total amount of approved eligible expenditures for Measure 1 and 46.4% of the total requested expenditures for investment under this Call. The total approved EU support amounted to EUR 14.4 m, which is 22.7% of the total approved EU support for Measure 1.

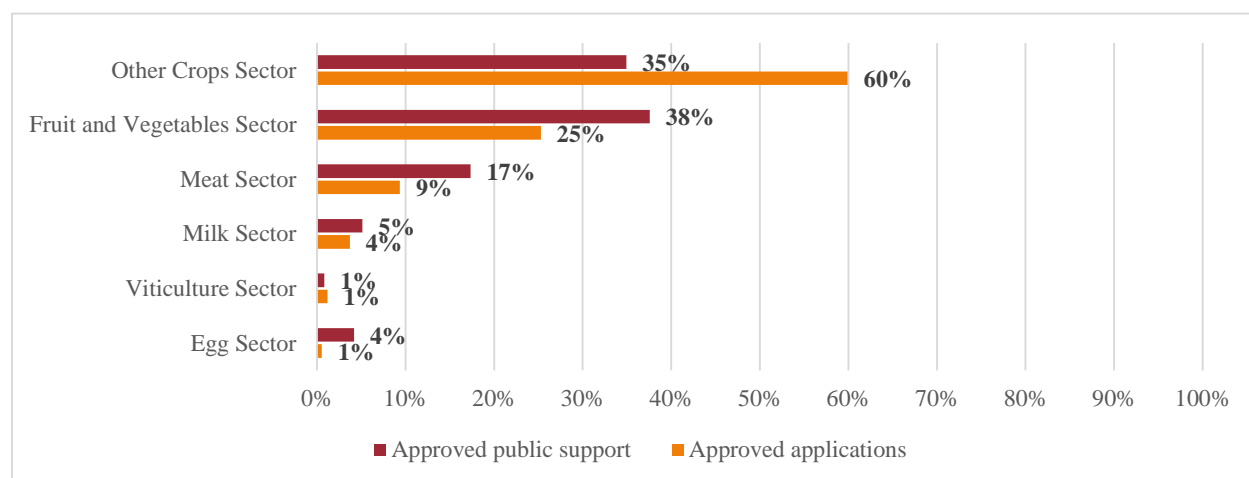
Within the *Sixth Call*, 199 applications were approved, which makes 21.7% of the total number of approved applications under Measure 1 and 53.9% of the total number of submitted applications within this Call. Approved eligible expenditures for investment under this Call amounted to EUR 47.7 m, which is 34.2% of the total amount of approved eligible expenditures for Measure 1 and 41.1% of the total requested expenditures for investment under this Call. The total approved EU support amounted to EUR 21.8 m, which is 34.4% of the total approved EU support for Measure 1.

Under the *Seventh Call*, 34 applications were approved, which makes 3.7% of the total number of approved applications under Measure 1 and 5.2% of the total number of submitted applications within this Call. Approved eligible expenditures for investment under this Call amounted to EUR 2.5 m, which is 1.8% of the total amount of approved eligible expenditures for Measure 1 and 4.7% of the total requested expenditures for investment under this Call. The total approved EU support amounted to EUR 1.2 m, which is 1.9% of the total approved EU support for Measure 1 (Annex 2: Table 1).

Observed per sector, the largest share in the total number of approved applications within Measure 1 is realised by the Other Crops Sector with 550 approved applications, i.e. 60.0%. Out of the total

approved public support for Measure 1, mentioned sector achieved a share of 35.0% with the amount of EUR 28.5 m. At the same time, the Fruit and Vegetables Sector has a highest share in the total approved public support within Measure 1 (37.6%, i.e. EUR 30.7 m), which is presented in the Graph 17. When it comes to the Eggs Sector, five applications were approved in the reporting period.

Graph 17: Share of sectors in total number of approved applications and in the amount of approved public support (%), M1



By far the largest number of submitted and approved applications in the Other Crops Sector refers to the Cereals Sub-Sector (88.5% of approved applications) and to the Fruit Sub-Sector (79.7%) within the Fruit and Vegetables Sector. Within the Meat Sector, from the point of approved applications, the Pigs Sub-Sector achieves the highest share (46.5%), followed by the Cattle Sub-Sector (31.4%). In the Milk Sector, 34 applications for dairy cows were approved. Mentioned sub-sectors achieved a similar share in the “Approved public support”. The Fruit and Vegetables Sector, the Meat Sector, the Milk Sector and the Egg Sector achieved a higher share in the total approved support in relation to the share in the total number of approved applications under Measure 1. The Other Crops Sector achieved a higher share in the total number of approved applications in relation to the share in the total approved eligible support. The Viticulture Sector, until 31st December 2022, achieved an equal share both in the total approved applications for Measure 1 and the total approved support (Graph 17). The average value of investment per approved application is the highest in the Eggs Sector (EUR 682,170), followed by the Meat Sector and Fruit and Vegetables Sector (EUR 164,862 and EUR 132,299 respectively), while the lowest average value of investment per approved application was achieved under the Viticulture Sector (EUR 62,469).

When it comes to the approved public support for general costs, the largest amount was approved within Other Crops Sector and in total it amounts to EUR 1.4 m, while the lowest amount of public support for general costs (EUR 40,485) was approved within Viticulture Sector.

Observed per type of investment, the largest number of approved applications under Measure 1 (830 applications) referred to equipment, machinery and mechanisation (including tractors), while significantly lower number of approved applications referred to the investments in construction and equipping of facilities (88). Furthermore, the largest amount of public support (72.0%) was approved for the purchase of new equipment, machinery and mechanisation (EUR 58.8 m), while

for the construction and equipping of facilities the amount of EUR 22.9 m (28.0%) was approved. With 517 approved applications (an increase compared to the AIR 2021 by 36 approved applications), purchase of a tractor is the dominant type of investment with EUR 16.5 m of approved public support (an increase compared to the AIR 2021 by EUR 1.6 m), followed by harvesting, sorting, packaging and storage equipment in the Fruit and Vegetables Sector with 61 approved applications (EUR 10.6 m of approved public support). The average value of approved support per application for a tractor is EUR 31,974 and for the harvesting, sorting, packaging and storage equipment amounted to EUR 173,016.

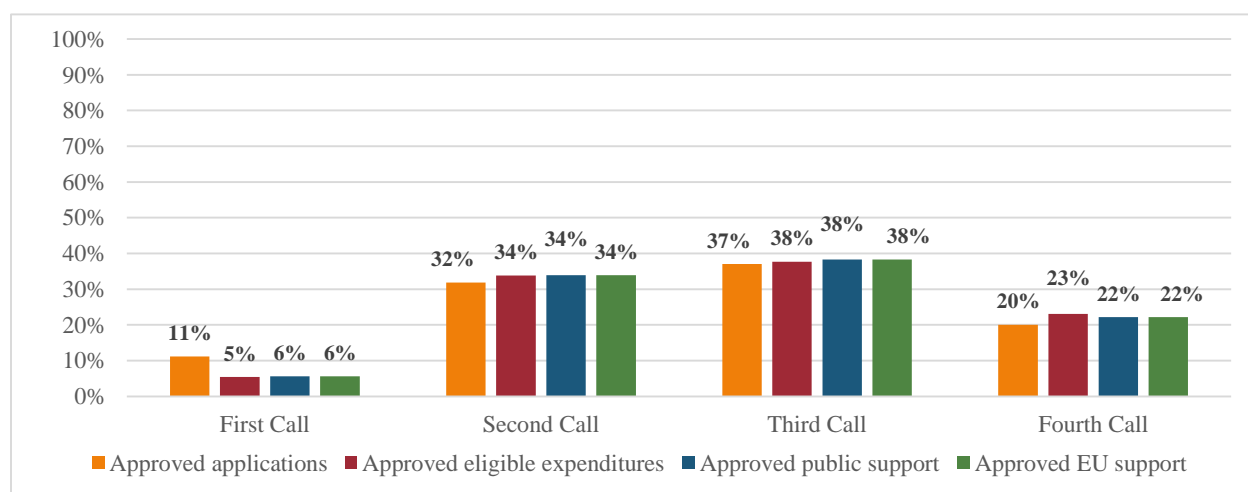
Measure 3

When it comes to Measure 3, 135 decisions on project approval were adopted (43.1% of the total number of submitted applications under this Measure), with approved eligible expenditures for investment in the amount of EUR 82.6 m and total public support of EUR 40.2 m, out of which the EU contribution is EUR 30.2 m. This represents an increase, compared to the previous reporting, by 35 approved applications (by 35.0%), by EUR 25.6 m (44.8%) for approved eligible expenditures and by EUR 12.2 m (43.3%) for approved public support. Within Measure 3, the average value of approved EU support per application was EUR 223,441, which is a three times higher amount compared to this indicator for Measure 1.

Observed per implementation year, 35 applications were approved in 2022 (a decrease compared to 2021, when 43 applications were approved), which represents 25.9% of the total number of approved applications for Measure 3 (Annex 2: Table 3).

Observed per call, the largest number of approved applications, as well as the largest amount of approved EU support, was realised within the Third Call (50 applications in the amount of EUR 11.6 m, which represent 38.3% out of the total approved EU support under this Measure). The average value of approved EU support per application is the highest under the Fourth Call (EUR 247,413), followed by the Second Call (EUR 238,025), while the lowest value of this indicator was achieved under the First Call: EUR 112,535 (Graph 18).

Graph 18: Share of approved applications, eligible expenditures for investment, total public support and EU support per call (%), M3



Within the *First Call*, 15 applications were approved, which makes 11.1% of the total number of approved applications for Measure 3 and 57.7% of the total number of submitted applications

under this Call. Approved eligible expenditures for investment under this Call amounted to EUR 4.5 m, which represents 5.4% of the total amount of approved eligible expenditures for Measure 3 and 45.0% of the total requested expenditures for investment under this Call. Approved EU support amounted to EUR 1.7 m, which is 5.6% of the total approved EU support for Measure 3. Out of the total number of approved applications within this Call, no application for payment was submitted for three applications or they were terminated in the payment phase. *Ex-post* control will be carried out during the period of five years from the moment of payment. The First Call for Measure 3 is closed with regard to processing and payment of applications.

Within the *Second Call*, 43 applications were approved, which makes 31.9% of the total number of approved applications for Measure 3 and 53.1% of the total number of submitted applications under this Call. Approved eligible expenditures for investment under this Call amounted to EUR 27.9 m, which represents 33.8% of the total amount of approved eligible expenditures for Measure 3 and 67.0% of the total requested expenditures for investment under this Call. The total approved EU support amounted to EUR 10.2 m, which is 33.9% of the total approved EU support for Measure 3.

Within the *Third Call*, 50 applications were approved, which makes 37.0% of the total number of approved applications for Measure 3 and 52.6% of the total number of submitted applications under this Call. Approved eligible expenditures for investment under this Call amounted to EUR 31.2 m, which represents 37.7% of the total amount of approved eligible expenditures for Measure 3 and 52.8% of the total requested expenditures for investment under this Call. The total approved EU support amounted to EUR 11.6 m, which is 38.3% of the total approved EU support for Measure 3.

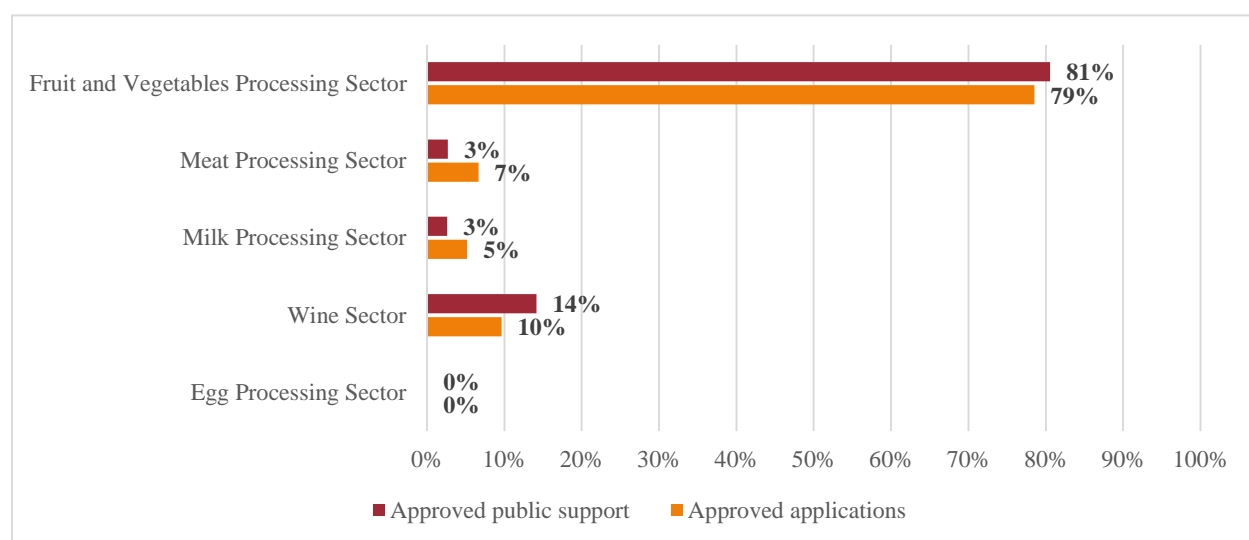
Within the *Fourth Call*, 27 applications were approved, which makes 20.0% of the total number of approved applications for Measure 3 and 24.3% of the total number of submitted applications under this Call. Approved eligible expenditures for investment under this Call amounted to EUR 19.1 m, which represents 23.1% of the total amount of approved eligible expenditures for Measure 3 and 23.1% of the total requested expenditures for investment under this Call. The total approved EU support amounted to EUR 6.7 m, which is 22.1% of the total approved EU support for Measure 3 (Annex 2: Table 1).

Observed per sector, the largest share under Measure 3, both in the total number of approved applications and in the total approved public support, is realised by the Fruit and Vegetables Processing Sector (106 approved applications, i.e. 78.5% of the total approved applications and EUR 31.8 m, i.e. 80.5% of the total amount of approved public support). The Fruit and Vegetables Processing Sector has a higher share in the total approved public support under Measure 3, compared to the share in the total approved applications (80.5% and 78.5% respectively), which is presented in Graph 19. The Milk Processing Sector, the Meat Processing Sector and the Wine Sector achieved a significantly lower share in the total number of approved applications under Measure 3, while within the Egg Processing Sector there were no applications submitted by potential recipients.

In the Fruit and Vegetables Processing Sector, the largest number of approved applications relates to investments in processing (56 applications, i.e. 41.5% of approved applications for Measure 3 and 52.8% of approved applications under this Sector), while for the construction and reconstruction of processing facilities, 33 applications were approved, i.e. 24.4% of the total number of approved applications for Measure 3 and 31.1% of approved applications in this Sector.

In the Meat Processing Sector, four applications in investments for pork processing were approved and three applications in investments in slaughterhouses. When it comes to the Milk Processing Sector, five applications were approved for investments in dairy. The average value of investment per approved application is the highest in the Wine Sector (EUR 430,443), followed by the Fruit and Vegetables Processing Sector (EUR 300,340) and the Milk Processing Sector (EUR 146,778), while the lowest was realised within the Meat Processing Sector (EUR 119,208).

Graph 19: Share of sectors in total number of approved applications and the amount of approved public support (%), M3



When it comes to the approved public support for general costs, the largest amount was approved within Fruit and Vegetables Processing Sector and at the sector level it amounts to EUR 536,824 EUR, while the lowest amount of public support for general costs (EUR 28,629) was approved within Milk Processing Sector.

Observed per type of investment, the largest number of approved applications under Measure 3 relates to the modernisation of processing and packaging equipment (59), as well as to the investments in the construction/reconstruction and modernisation of processing facilities (33) within the Fruit and Vegetables Processing Sector. The next type of investment, but with the significantly lower number of approved applications, referred to investments in the renewable energy production within Fruit and Vegetables Processing Sector (14), as well as in modernisation of meat processing enterprises within Meat Processing Sector (five approved applications).

The average value of approved public support for investments in the construction/reconstruction and modernisation of fruit and vegetables processing facilities per approved application is EUR 428,409, while the same indicator for investments in the modernisation of fruit and vegetables processing and packaging equipment amounts to EUR 242,221. In the Meat Processing Sector, the average value of investments in modernisation of meat processing enterprises per approved application is EUR 117,504 and in the Milk Processing Sector for investments in modernisation of dairy enterprises, this indicator reaches the average value per approved application of EUR 165,726.

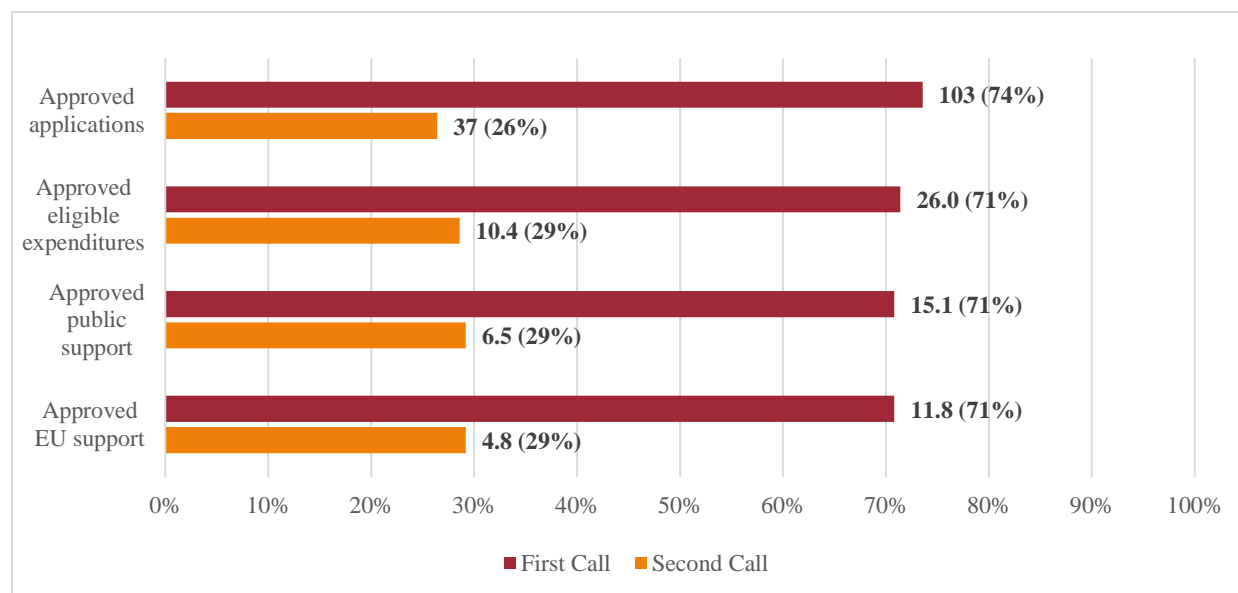
Measure 7

Regarding Measure 7, until the end of 2022, 140 decisions on project approval were adopted (23,1% of the total number of submitted applications under this Measure), with approved eligible expenditures for investment in the amount of EUR 36.4 m and total public support of EUR 22.1 m, out of which the EU contribution is EUR 16.6 m. Compared to the previous annual reporting an increase was achieved by 86 approved applications (by 159.3%), by EUR 24.2 m (by 198.9%) for approved eligible expenditures and for EUR 14.4 m (by 185.8%) for approved public support. The average value of approved EU support per application for Measure 7 amounted to EUR 118,625.

Observed per implementation year, 86 applications were approved in 2022 (an increase compared to 2021 when 54 applications were approved), representing 61.4% of the total number of approved applications for Measure 7 (Annex 2: Table 4).

Observed per call, the largest number of approved applications, as well as the largest amount of approved EU support was achieved within the First Call (103 applications in the value of EUR 11.8 m, which represents even 70.8% of the total approved EU support under this Measure). The average value of approved EU support per application within the First Call amounts to EUR 114,183, while within the Second Call this indicator achieves a higher value and amounts to EUR 130,989.

Graph 20: *Approved applications, eligible expenditures for investment, public and EU support per call, EUR m (%), M7*



Within the *First Call*, 103 applications were approved, which represents 73.6% of the total number of approved applications under Measure 7 and 33.1% of the total number of submitted applications within this Call. The approved eligible expenditures for investment within this Call amounted to EUR 26.0 m, which makes 71.4% of the total amount of approved eligible expenditures under Measure 7 and 34.6% of the total amount of requested expenditures for the investment within this Call. The total approved EU support amounted to EUR 11.8 m, which makes 70.8% of the total amount of approved EU support under Measure 7.

Within the *Second Call*, 37 applications were approved, which represents 26.4% of the total number of approved applications under Measure 7 and 12.6% of the total number of submitted applications within this Call. The approved eligible expenditures for investment within this Call amounted to EUR 10.4 m, which makes 28.6% of the total amount of approved eligible expenditures under Measure 7 and 5.3% of the total amount of requested expenditures for the investment within this Call. The total approved EU support amounted to EUR 4.8 m, which makes 29.2% of the total amount of approved EU support under Measure 7.

Observed per sector, all approved applications under Measure 7 relate to the Rural Tourism and Recreational Activities Sector. The largest number of approved applications within this Sector relates to the setting of tourist homesteads and recreational zones (101 applications in the amount of approved public support of EUR 17.7 m). For investments in modernisation of existing tourist facilities 34 applications in the amount of EUR 3.2 m were approved. Three applications were approved for facilities and equipment for leisure fishing, hunting and horse riding and two applications - for equipment for recreational activities. By the end of 2022, there were no applications approved within the Renewable Energy Resources Sector, although two applications have been submitted (Graph 20). The average value of approved public support for investments for the setting of tourist homesteads and recreational zones is EUR 175,439, while the lowest average value per approved application was realised for investments in equipment for recreational activities (EUR 37,043).

When it comes to the approved public support for general costs within Rural Tourism and Recreational Activities Sector in total it amounts to EUR 684,282.

6.2. Completed projects

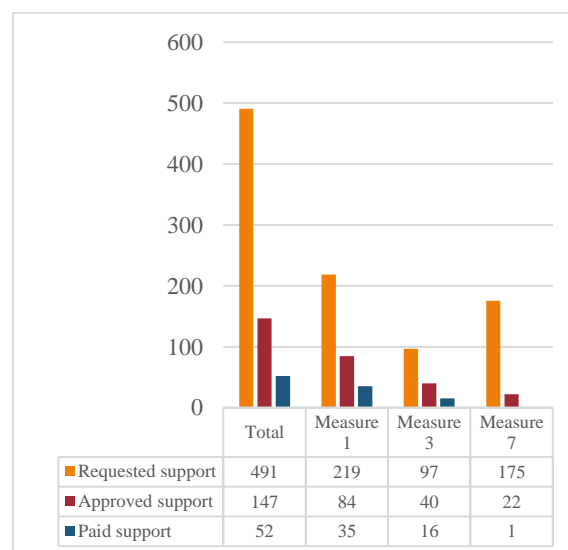
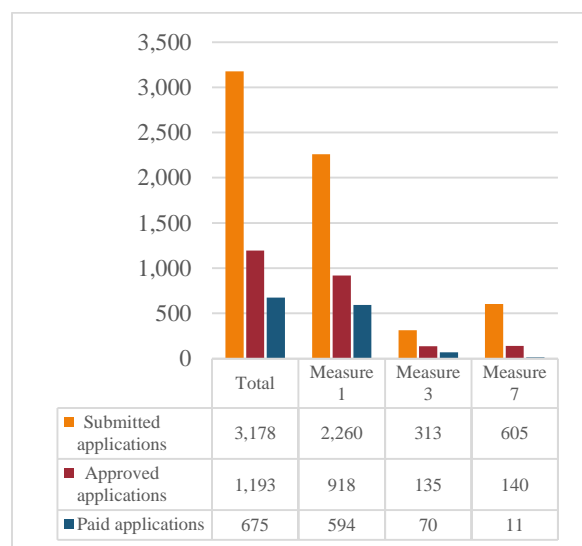
By the end of 2022, 675 decisions on the payment of IPARD support were adopted in the amount of paid public support of EUR 52.0 m, out of which the EU contribution amounts to EUR 39.0 m, which represents an increase in the number of paid applications compared to the AIR 2021 by 165 applications and by EUR 23.0 m of paid public support. Out of the total number of paid applications, 30 applications in the amount of EUR 3.6 m of EU contribution were paid in advance, whereby 12 applications under Measure 1, seven applications under Measure 3, and 11 applications under Measure 7. Out of the total amount of paid EU support, EUR 4.6 m was paid from the 2016 allocation, EUR 5.1 m was paid from the 2017 allocation, EUR 12.1 m was paid from the 2018 allocation, while EUR 17.2 m was paid from the 2019 allocation. Observed per measure, for Measure 1, EUR 4.6 m was paid from the 2016 allocation, EUR 2.1 m was paid from the 2017 allocation, EUR 8.9 m was paid from the 2018 allocation, while EUR 11.0 m was paid from the 2019 allocation. When it comes to Measure 3, EUR 3.0 m was paid from the 2017 allocation, EUR 3.2 m was paid from the 2018 allocation, while EUR 5.5 m was paid from the 2019 allocation. Under Measure 7, there were no completed projects by the end of the reporting period. However, EUR 798,211 was paid in advance from the 2019 allocation.

The average value of paid EU support per application amounted to EUR 57,814 (which represents an increase compared to the AIR 2021 by EUR 15,063). Measure 3 achieves a significantly higher average value of paid EU support per application (EUR 167,008) compared to this indicator for Measure 1 (EUR 44,673). By the end of 2022, 594 applications were paid for Measure 1 (EUR 35.4 m of paid public support), which represents a significant increase compared to the number of paid applications by the end of 2021 under this Measure (by 124 applications), as well as public

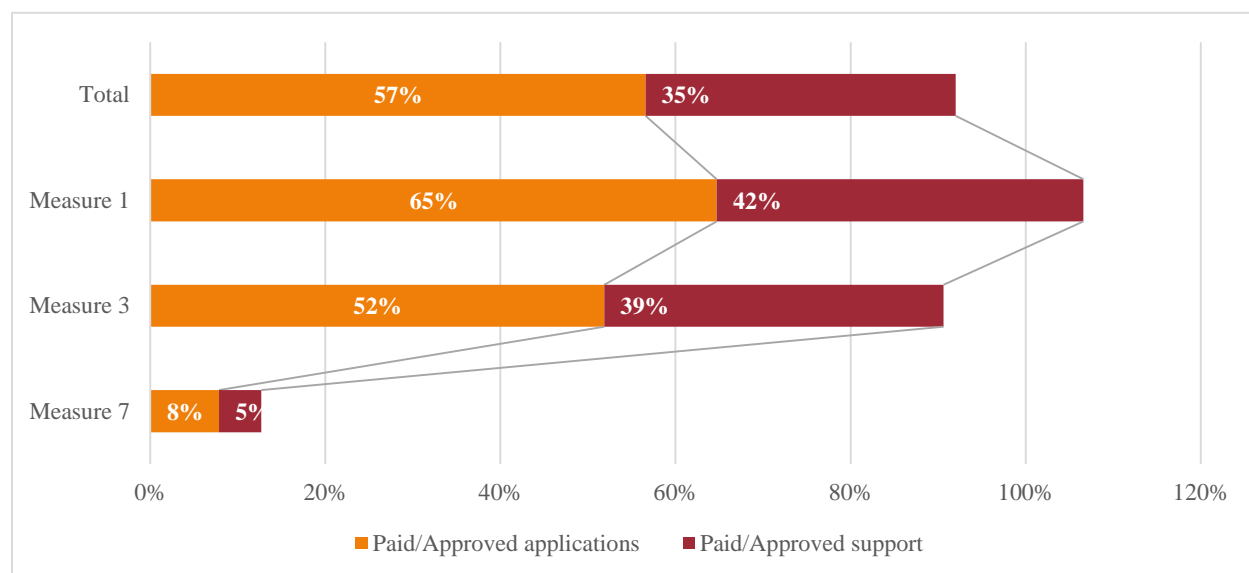
support (by EUR 14.6 m). Within Measure 3, 70 applications were paid (EUR 15.6 m of paid public support), which represents an increase in the number of paid applications compared to this indicator value by the end of 2021 under this Measure (by 30 applications), as well as in the amount of paid public support (by EUR 7.3 m). Under Measure 7, 11 applications were paid in advance by the end of 2022 in the amount of paid public support of EUR 1,064,282.

In relation to the total number of submitted applications and estimated requested public support, by the end of 2022, 21.2% of applications (675) and 10.6% of public support, i.e. EUR 52.0 m were paid (Graph 21). The largest number of paid applications refers to Measure 1 (594), 70 applications were paid under Measure 3, while 11 applications were paid in advance under Measure 7. At the same time, the largest share of paid applications in the total number of submitted applications refers to Measure 1 (26.3%), Measure 3 has a share of paid applications in relation to submitted applications of 22.4%, and Measure 7 of 1.8%. The share in the paid public support in relation to the requested support for Measure 1 and Measure 3 is 16.2% each, while for Measure 7 is 0.6% (Graph 21).

Graph 21: Submitted, approved and paid application and public support, M1, M3, M7
21.a. Application **21.b. Public support (EUR m)**



By the end of 2022, the number of paid applications (675) in the total number of approved applications (1,193) has a share of 56.6%, while the share in terms of paid/approved support is significantly lower (35.4%). Measure 1 achieved a significantly higher share compared to Measure 3, both in terms of paid/approved applications (64.7%) and in terms of paid/approved support: (41.9%). Under Measure 7, there were no completed projects. However, the share of applications paid in advance in the number of approved applications is 7.9%, while the share of support paid in advance in the approved support is 4.8% (Graph 22).

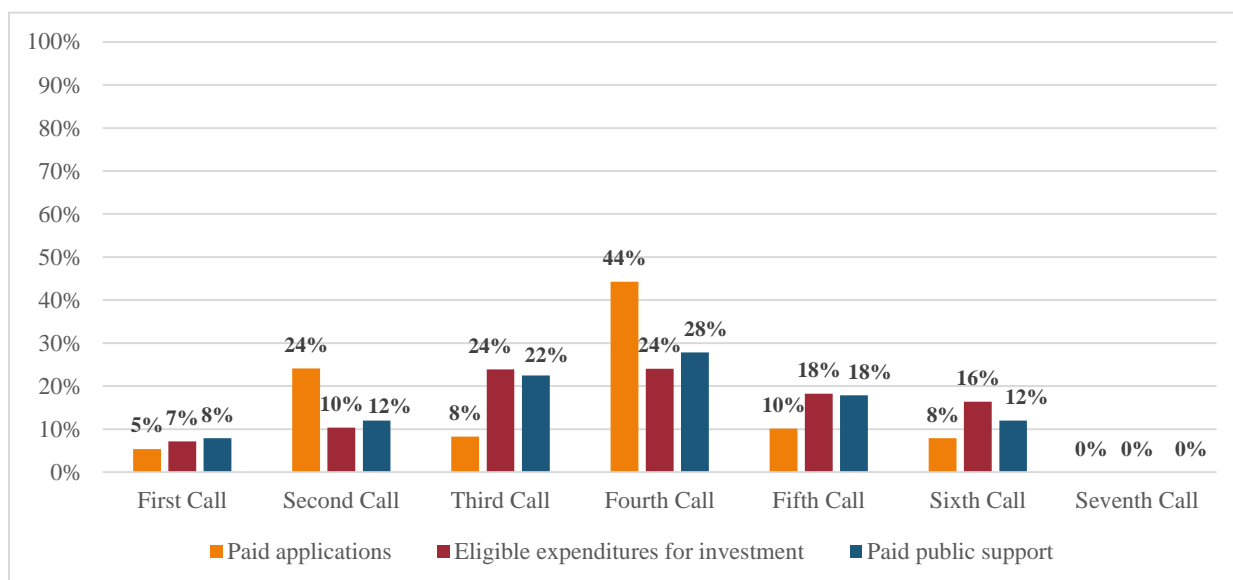
Graph 22: Share of paid applications/support in relation to approved application/support (%)

Observed per call, the largest number of total both paid applications and paid EU support referred to the Fourth Call within Measure 1 (for 263 applications EU support was paid in the amount of EUR 7.4 m). When it comes to the total payment per sector, the largest number of applications was paid within the Other Crops Sector (primarily within the Cereals Sub-Sector) for Measure 1: EUR 16.2 m (48.9% out of total payment under Measure 1). With a total payment of EUR 13.4 m it is followed by the Fruit and Vegetables Processing Sector under Measure 3. From the point of the type of investment, by the end of 2022, the largest value of payment was achieved for tractors within Measure 1 (EUR 14.1 m), followed by the type of investment related to the modernisation of processing and packaging equipment for fruit and vegetables under Measure 3 (EUR 7.9 m).

Measure 1

By the end of 2022, the IA paid a total of 594 applications, which in relation to the total number of submitted applications under Measure 1 is 26.3%. The total amount of paid EU support was EUR 26.5 m. Observed per Programme implementation year, although a decrease in the number of paid applications under Measure 1 could be noted, in 2022 compared to 2021 (124 and 279 paid applications respectively), the amount of paid public support in 2022 is higher compared to 2021 (EUR 14.6 m and EUR 11.9 m respectively). Abovementioned leads to the conclusion that during 2022, a smaller number of higher value projects were paid. However, it should be mentioned that in 2020, the largest number of applications have been approved under this Measure (297), i.e. 32.4% of the total number of approved applications within Measure 1 (Annex 2: Table 2). The average value of paid EU support per project under Measure 1, was EUR 44,673.

Observed per call, the largest number of both paid applications and paid EU support referred to the Fourth Call (263 applications with paid EU support in the amount of EUR 7.4 m). Also, significantly lower average value of paid EU support per project was realised within the Second and Fourth Calls (EUR 22,184 and EUR 28,050 respectively) compared to this indicator for the other calls, which can be explained by the fact that the eligible investment under these two calls was purchase of a new tractor.

Graph 23: Share of paid applications, eligible expenditures for investment and paid support per call (%), M1

Within the *First call*, a total of 32 applications were paid, which makes 5.4% of the total number of paid applications under Measure 1, 37.6% of the total number of submitted applications and 76.2% of approved applications within this Call. Approved eligible expenditures for payment under this Call amounted to EUR 4.6 m, which is 7.2% of the total amount of approved eligible expenditures for payment under Measure 1, 38.0% of the total requested eligible expenditures and 73.2% of the approved eligible expenditures for investment under this Call. Paid EU support amounted to EUR 2.1 m, which is 7.9% of the total paid EU support for Measure 1. This Call for Measure 1 is closed with regard to processing and payment of applications. Out of the total number of approved applications within this Call, for 10 applications payment request was not submitted or it was rejected in the payment stage. *Ex-post* control will be carried out within a period of five years from the moment of payment.

Within the *Second Call*, 143 applications were paid, which makes 24.1% of the total number of paid applications under Measure 1, 36.4% of the total number of submitted applications and 75.7% of approved applications within this Call. Approved eligible expenditures for payment under this Call amounted to EUR 6.6 m, which represents 10.3% of the total amount of approved eligible expenditures for payment under Measure 1, 34.4% of the total requested eligible expenditures and 79.9% of the approved eligible expenditures for investment under this Call. Total paid EU support amounted to EUR 3.2 m, which is 12.0% of the total paid EU support for Measure 1. This Call for Measure 1 is closed in regard to processing and payment of applications. Out of the total number of approved applications within this Call, for 46 applications payment request was not submitted or it was rejected in the payment stage. *Ex-post* control will be carried out within a period of five years from the moment of payment.

Within the *Third Call*, 49 applications were paid, which makes 8.2% of the total number of paid applications under Measure 1, 32.5% of the total number of submitted applications and 70.0% of approved applications within this Call. Approved eligible expenditures for payment under this Call amounted to EUR 15.2 m, which represents 23.9% of the total amount of approved eligible expenditures for payment under Measure 1, 22.2% of the total requested expenditures and 59.8%

of the approved expenditures for investment under this Call. The total paid EU support amounted to EUR 6.0 m, which is 22.4% of the total paid EU support under Measure 1.

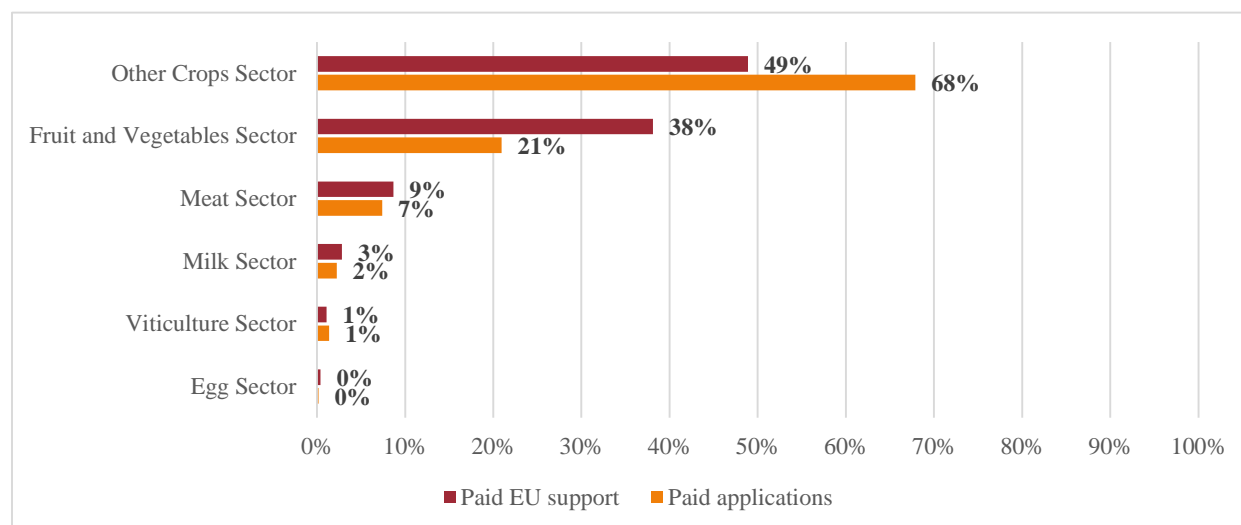
Within the *Fourth Call*, 263 applications were paid, which makes 44.3% of the total number of paid applications under Measure 1, 60.2% of the total number of submitted applications and 89.5% of approved applications within this Call. Approved eligible expenditures for payment under this Call amounted to EUR 15.3 m, which represents 24.0% of the total amount of approved eligible expenditures for payment under Measure 1, 58.8% of the total requested expenditures and 90.9% of the approved expenditures for investment under this Call. The total paid EU support amounted to EUR 7.4 m, which is 27.8% of the total paid EU support under Measure 1.

Under the *Fifth Call*, 60 applications were paid, which is 10.1% of the total number of paid applications under Measure 1, 35.5% of the total number of submitted applications and 66.7% of approved applications within this Call. Approved eligible expenditures for payment within this Call amounted to EUR 11.6 m, which is 18.2% of the total amount of approved eligible expenditures for payment under Measure 1, 16.6% of the total requested expenditures and 35.9% of the approved expenditures for investment under this Call. The total paid EU support amounted to EUR 4.7 m, which is 17.9% of the total paid EU support under Measure 1.

Within the *Sixth Call*, 47 applications were paid, which is 7.9% of the total number of paid applications under Measure 1, 12.7% of the total number of submitted applications and 23.6% of approved applications within this Call. Approved eligible expenditures for payment within this Call amounted to EUR 10.4 m, which is 16.3% of the total amount of approved eligible expenditures for payment under Measure 1, 9.0% of the total requested expenditures and 21.8% of the approved expenditures for investment under this Call. The total paid EU support amounted to EUR 3.2 m, which is 12.0% of the total paid EU support under Measure 1.

Within the *Seventh Call* for Measure 1, there were no payments of applications until the end of December 2022 (Annex 2: Table 1).

Observed per sector, the largest share both in the total number of paid applications and in the total paid EU support under Measure 1 is achieved by the Other Crops Sector (395 paid applications, a share of 67.9% and EUR 12.1 m, a share of 48.9%). The Fruit and Vegetables Sector has a higher share in the total paid EU support under Measure 1 compared to the share in the total paid applications (38.1%, i.e. 21.0% respectively), which is presented in Graph 24. In the Meat Sector, 43 applications in the amount of EU support of EUR 2.1 m were paid. Within the Milk Sector 13 applications were paid, while eight applications were paid under the Viticulture Sector. By the end of the reporting period, one application within the Egg Sector in the amount of EU support of EUR 97,526 was paid.

Graph 24: Share of sectors in total number of paid applications and the amount of paid EU support (%), M1

By far the largest number of paid applications in the Other Crops Sector refers to the Cereals Sub-Sector (340, i.e. 86.1%) and in the Fruit and Vegetables Sector - to the Fruit Sub-Sector (100, i.e. 82.0%). When it comes to paid applications within the Meat Sector, the largest share is achieved by the Pigs Sub-Sector (21 paid applications, i.e. 48.8%), followed by the Cattle Sub-Sector (15 paid applications, i.e. 34.9%). In the Milk Sector, 13 applications have been paid for dairy cows. Mentioned sub-sectors achieved a similar share of “Paid EU support”. The Fruit and Vegetables Sector, the Meat Sector and the Milk Sector achieved a larger share in the total paid EU support compared to the share in the total number of paid applications under Measure 1. A higher share in the total number of paid applications in relation to the share in the total paid support was achieved by the Other Crops Sector, while the Viticulture Sector achieved equal share in both mentioned indicators (Graph 24). The average value of paid support per application is the highest in the Fruit and Vegetables Sector (EUR 77,522), followed by the Milk Sector (EUR 54,145), the Meat Sector (EUR 49,967), the Viticulture Sector achieved the amount of EUR 34,119, while the lowest achieved amount is in the Other Crops Sector (EUR 30,703).

Observed per type of investment, the largest number of paid applications (561) referred to equipment, machinery and mechanisation (including tractors), while 21 paid applications referred to investments for construction and equipping of facilities (out of which 11 applications were in the Fruit and Vegetables Sector). With 406 paid applications, the purchase of tractors is the dominant type of investment in all sectors: EUR 10.5 m of paid EU support, followed by equipment for harvesting, sorting, packaging and storage in the Fruit and Vegetables Sector with 39 paid applications (EUR 3.9 m of paid EU support). The average value of paid EU support per application for a tractor is EUR 25,984 and for equipment for harvesting, sorting, packaging and storage is EUR 100,156.

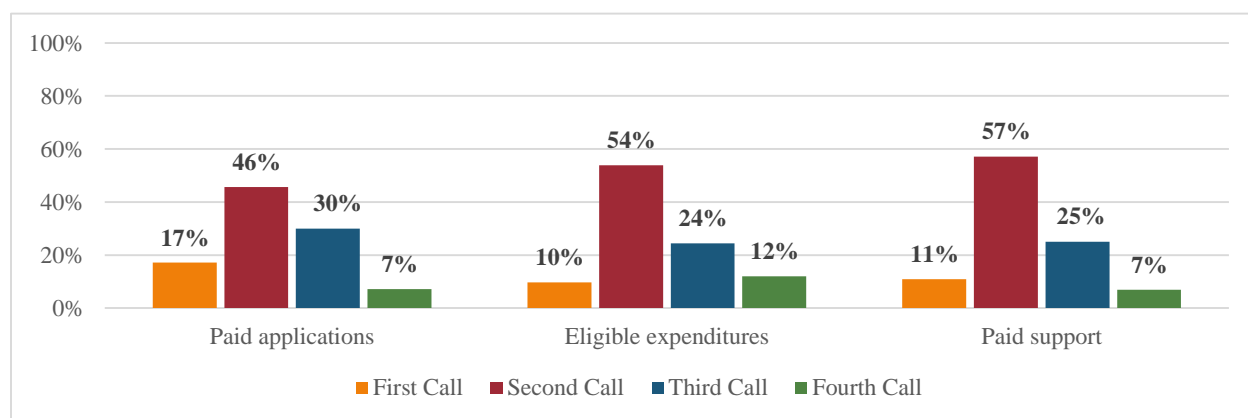
Measure 3

When it comes to Measure 3, 70 applications were paid (22.4% of the total number of submitted applications and 51.9% of approved applications within this Measure), with paid EU support in the amount of EUR 11.7 m. The average value of paid EU support under Measure 3 was EUR 167,008, which is almost four times higher than the average EU support paid within Measure 1. In

2022, 30 applications were paid with public support in the amount of EUR 7.3 m, which represents an increase in the number of paid applications compared to 2021 (14), as well as an increase in the amount of paid public support by EUR 3.1 m. (Annex 2: Table 3).

Observed per call, the largest number of paid applications was realised in the Second Call (32 applications, i.e. 45.7% of the total approved applications for this Measure), with the amount of paid EU support of EUR 6.7 m, which represents 57.2% of the total paid EU support under this Measure. The average value of paid EU support per application is at a higher level under the Second Call (EUR 208,868), then within the Fourth Call (EUR 161,088), while the lowest average value of paid EU support was realised under the First Call in the amount of EUR 105,840 (Graph 25).

Graph 25: Share of paid applications, eligible expenditures for investment and paid EU support per call (%), M3



Within the *First Call*, 12 applications were paid, which makes 17.1% of the total number of paid applications under Measure 3, 46.2% of the total number of submitted and 80.0% of approved applications within this Call. Approved eligible expenditures for payment under this Call amounted to EUR 3.5 m, which represents 9.7% of the total amount of approved eligible expenditures for payment under Measure 3, 35.2% of the total requested expenditures and 78.3% of the approved eligible expenditures for investment within this Call. The paid EU support amounted to EUR 1.3 m, which is 10.9% of the total paid EU support under Measure 3. This Call for Measure 3 is closed in terms of processing and payment of applications. Out of the total number of approved applications within this Call, for three approved applications there were no application for payment submitted or were rejected at the payment stage. *Ex-post* control will be carried out within a period of five years from the moment of payment.

Within the *Second Call*, 32 applications were paid, which makes 45.7% of the total number of paid applications under Measure 3, 39.5% of the total number of submitted applications and 74.4% of approved applications within this Call. Approved eligible expenditures for payment under this Call amounted EUR 19.4, which is 53.9% of the total amount of approved eligible expenditures for payment under Measure 3, 46.4% of the total requested expenditures and 69.3% of the approved eligible expenditures within this Call. The total paid EU support amounted to EUR 6.9 m, which makes 57.2% of the total paid EU support under Measure 3.

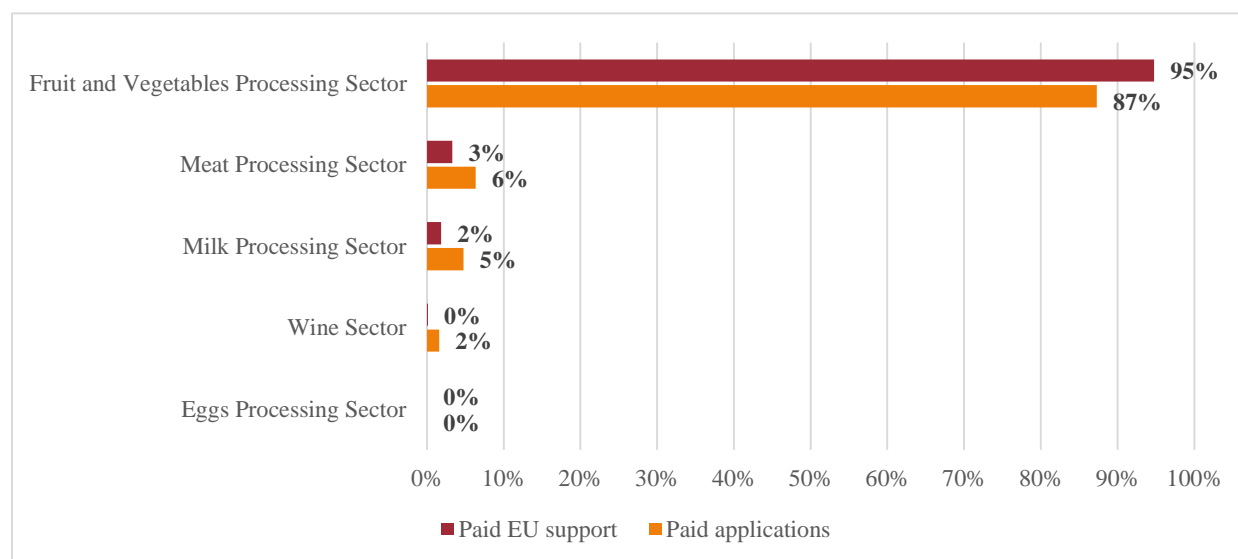
Within the *Third Call*, 21 applications were paid, which makes 30.0% of the total number of paid applications under Measure 3, 22.1% of the total number of submitted applications and 42.0% of

approved applications within this Call. Approved eligible expenditures for payment under this Call amounted to EUR 8.8 m, which is 24.4% of the total amount of approved eligible expenditures for payment under Measure 3, 14.8% of the total requested expenditures and 28.1% of the approved eligible expenditures within this Call. The total paid EU support was EUR 2.9, which is 25.1% of the total paid EU support under Measure 3.

Within the *Fourth Call*, five applications were paid, which makes 7.1% of the total number of paid applications under Measure 3, 4.5% of the total number of submitted applications and 18.5% of approved applications within this Call. Approved eligible expenditures for payment under this Call amounted to EUR 4.3 m, which is 12.0% of the total amount of approved eligible expenditures for payment under Measure 3, 5.2% of the total requested expenditures and 22.6% of the approved eligible expenditures within this Call. The total paid EU support was EUR 805,441, which is 6.9% of the total paid EU support under Measure 3 (Annex 2: Table 1).

Observed per sector, unlike in the case of Measure 1, the dominant share within Measure 3, both in the total number of paid applications and a share in the total paid EU support, was achieved by the Fruit and Vegetables Processing Sector (55 paid applications, a share of 87.3% and EUR 10.1 m, a share of 94.7%). The Milk Processing Sector and the Meat Processing Sector have a share in the total number of paid applications of 4.8% and 6.3% respectively, while when it comes to the share in the total paid EU support, the Meat Processing Sector achieved a larger share compared to the Milk Processing Sector (3.3% and 1.8% respectively). One application was paid within the Wine Sector in the amount of EUR 12,227, while no applications were paid within the Egg Processing Sector by the end of 2022, since no applications were submitted (Graph 26).

Graph 26: Share of sectors in total number of paid applications and the amount of paid EU support (%), M3

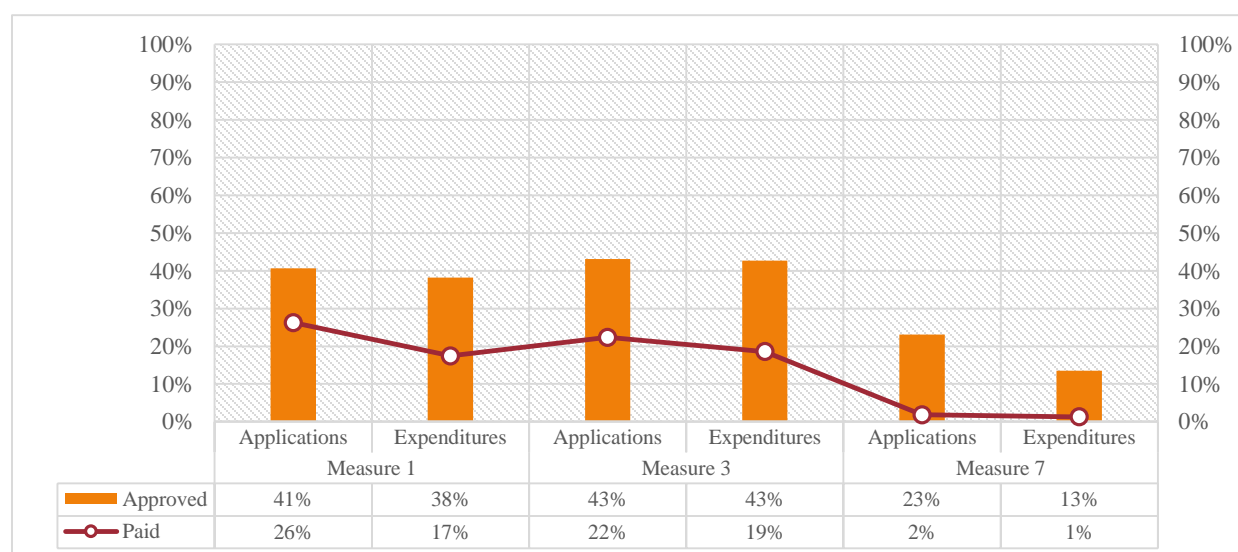


The average value of paid EU support per application was also the highest in the Fruit and Vegetables Processing Sector (EUR 183,091), while in the Meat Processing Sector and the Milk Processing Sector the average value of paid EU support per application was EUR 88,087, i.e. EUR 64,778 respectively.

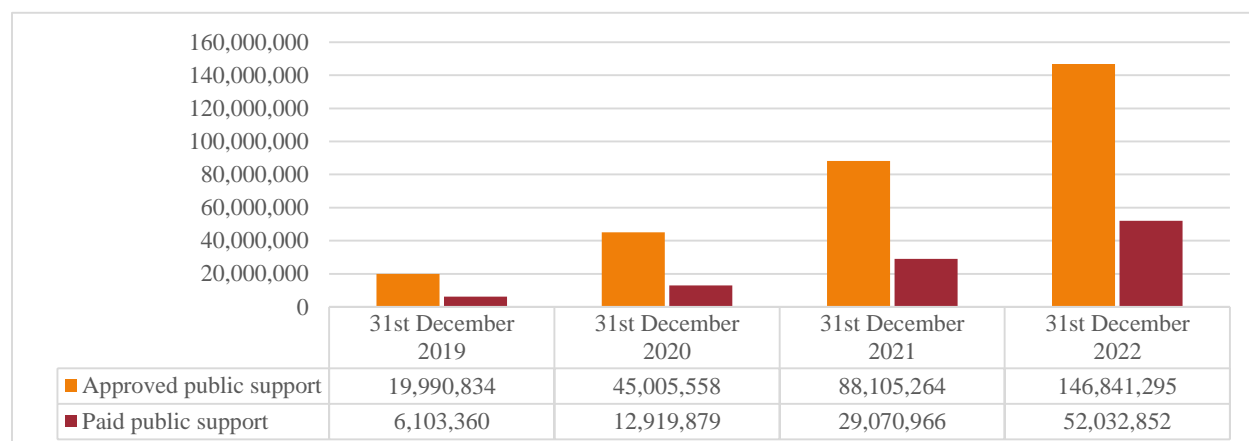
The dominant type of investment with regard to paid applications under Measure 3 refers to the modernisation of processing and packaging equipment in the Fruit and Vegetables Processing Sector, with a total of 39 paid applications in the amount of EUR 5.9 m of EU support. For investments in the construction/reconstruction and modernisation of processing facilities 13 applications were paid in the amount of EUR 3.9 m of EU support, as well as three applications for renewable energy production within Fruit and Vegetables Processing Sector in the amount of EUR 0.3 m of EU support. Within the Meat Processing Sector, two applications were paid for modernisation of slaughterhouses in the amount of EUR 0.3 m of EU support, while two applications were paid for the investments in the modernisation of meat processing facilities in the amount of EUR 0.1 m of EU support. When it comes to investments in the modernisation of dairy enterprises, two applications were paid in the amount of EUR 0.1 m and one application each for: investment in waste water/waste management from the production within Milk Processing Sector and for investments in modernisation of the equipment for the quality process of wine within Wine Sector (EUR 58,118 and 12,227 of EU support respectively).

The average value of paid EU support per application for investments in the modernisation of processing and packaging equipment in the Fruit and Vegetables Processing Sector is EUR 151,936.

Graph 27: *Approved/paid applications/expenditures for investment in relation to submitted applications/expenditures for investment (%)*



By the end of 2022, there is higher percentage of approved applications for Measure 3 (43%) compared to Measure 1 (41%). On the other hand, the percentage of paid in relation to the number of submitted applications for Measure 1 is higher compared to Measure 3 (26% and 22% respectively). Regarding the approved and requested expenditures for investment, the situation is different: the percentage of approved expenditures is higher than requested for Measure 3 (43%) compared to Measure 1 (38%), while the percentage of paid expenditures in relation to the requested expenditures is 17% under Measure 1 and 19% under Measure 3. In the reporting period, 140 applications were approved under Measure 7, i.e. 23%, while 11 applications were paid in advance.

Graph 28: Progress in terms of approved and paid public support (EUR)

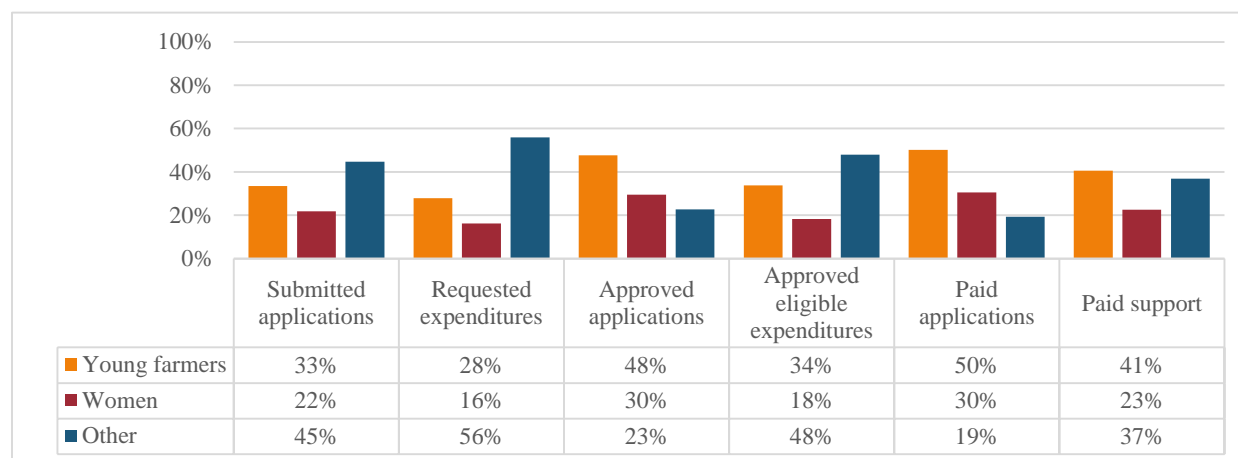
Since the last annual report, significant progress has been made in terms of total approved and paid public support. In 2022 compared to 2021, the total approved public support increased by EUR 58.7 m, i.e. by 66.7%. The total paid public support in 2022 cumulatively amounted to EUR 52.0 m, which was an increase of this financial indicator compared to the previous year by EUR 23.0 m, i.e. by 79.0%.

6.3. Sensitive sectors

Sensitive categories of recipients of IPARD support (young farmers and women), submitted in total 1,792 applications for the amount of requested expenditures for investment of EUR 410.3 m and achieved a share of 62.5% in the total number of submitted applications for seven calls within Measure 1 and two calls under Measure 7 and a share of 64.7% in the total requested expenditures for these IPARD measures. By the end of 2022 for sensitive categories of recipients, 867 decisions on project approval were adopted with the approved eligible expenditures of EUR 109.5 m and 486 paid applications with the paid public support of EUR 23.1 m (EU contribution: EUR 17.4 m). By the end of 2022, the total number of rejected and withdrawn applications for sensitive categories of recipients was 324, with a total of rejected and withdrawn expenditures for investment in the amount of EUR 63.1 m. Within the sensitive categories of recipients, in the total number of submitted applications, young farmers participate with 55.3% and women with 44.7%.

Measure 1

The total number of submitted applications by sensitive categories under Measure 1 was 1,248 (young farmers 756 and women 492) - 55.2% out of the total number of submitted applications under Measure 1, with a total requested expenditures of EUR 160.6 m (young farmers: EUR 101.5 m and women: EUR 59.1 m) - 44.1% out of the total requested expenditures for Measure 1. For sensitive categories of IPARD recipients under Measure 1, 709 applications were approved (77.2% out of the total number of approved applications under Measure 1), with the amount of approved eligible expenditures of EUR 72.4 m (51.9% out of the total approved eligible expenditures under Measure 1) and 479 projects were paid (80.6% out of the total number of paid applications under Measure 1), with the amount of paid public support of EUR 22.4 m, which represents 35.1% out of the total paid public support under Measure 1 (Graph 29).

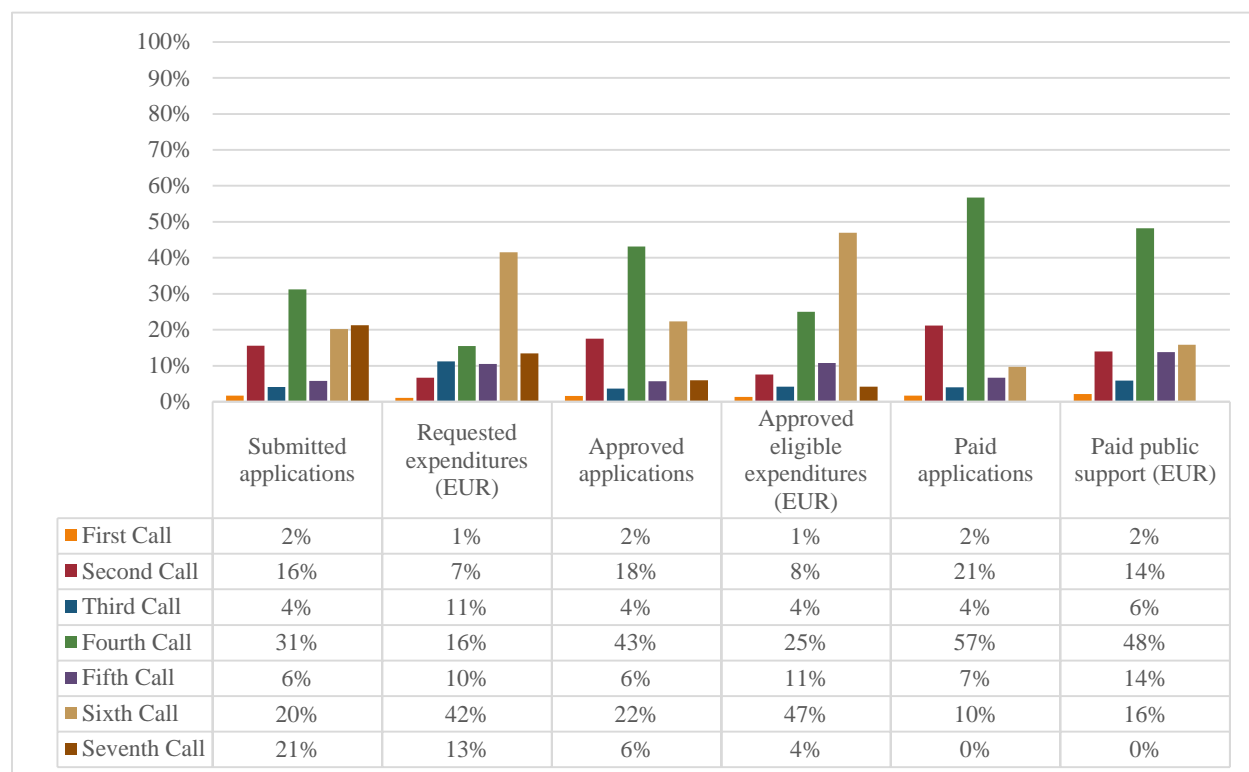
Graph 29: Share of sensitive categories in the total number of submitted, approved and paid applications and expenditures (%), M1

Comparison with the AIR 2021 leads to the conclusion that the share of sensitive categories of IPARD recipients in the total amount of approved eligible expenditures is increasing. On the other hand, the share in the total number of submitted, approved and paid projects, as well as in the total amount of requested expenditures and the amount of paid public support, decreased compared to the data from the previous report.

Sensitive categories of recipients submitted the largest number of applications within the calls related to the purchase of tractors (the Second, the Seventh and especially the Fourth Call), as well as under the Sixth Call. Within the mentioned calls for Measure 1, 1,104 applications were submitted by sensitive categories (668 by young farmers and 436 by women), which represents 61.6% out of the total number applications under Measure 1 submitted by sensitive categories. In terms of submitted applications, the largest number of approved and paid applications for sensitive categories refers to the Fourth and Second Call. Observed per call from the financial aspect, by far the largest amount of expenditures by sensitive categories of recipients was requested under the Sixth Call for Measure 1: EUR 63.7 m, which represents 39.6% out of the total requested expenditure under Measure 1 by sensitive categories of recipients. The largest amount of approved eligible expenditures for sensitive categories of recipients refers to the Sixth and Fourth Call, while the largest amount of paid support for these categories was realised within the Fourth Call. Accordingly, the largest amounts of rejected and withdrawn requested expenditures by sensitive categories of recipients were related to the Third (EUR 13.6 m) and the Fifth Public Call (EUR 9.6 m).

Young farmers

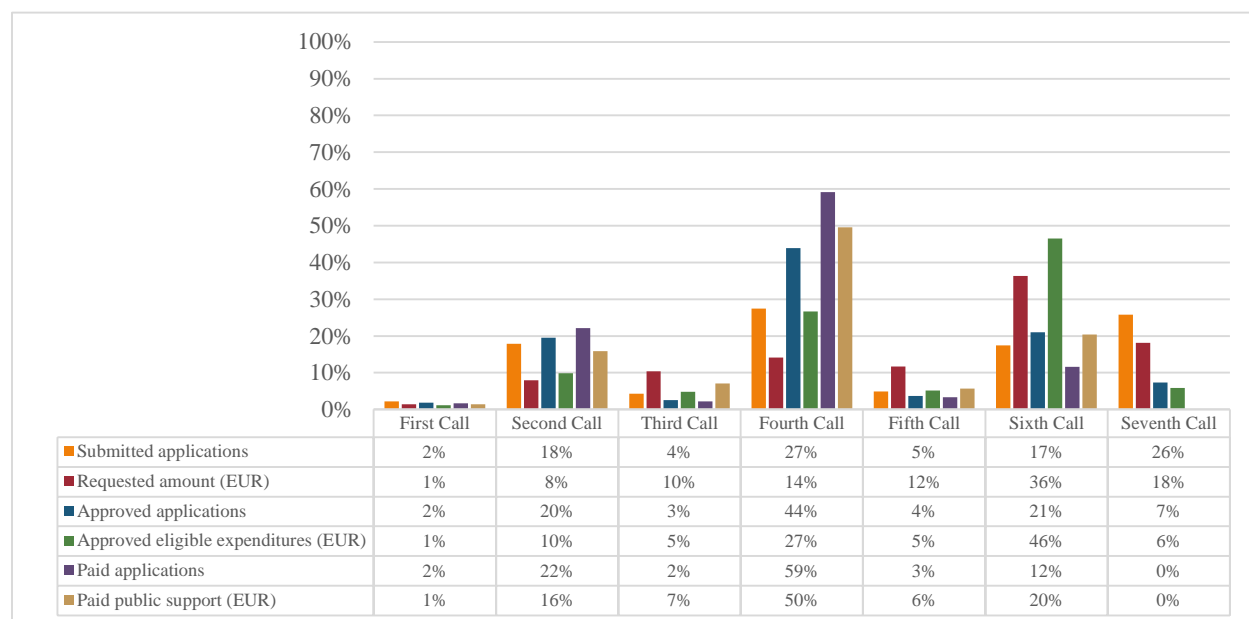
Under Measure 1, the total number of submitted applications by young farmers was 756, which is an increase of 18.5% compared to the previous annual reporting. The amount of requested expenditure is EUR 101.5 m, which represent a share of 27.9% in the total requested expenditure for Measure 1 (increase by 6.1% compared to the AIR 2021). Although the largest number of applications by young farmers was submitted under the Fourth Call for the purchase of a new tractor: 236, by far the largest amount of requested expenditure by this sensitive category of recipients is related to the Sixth Public Call under Measure 1 (EUR 42.2 m).

Graph 30: Share of young farmers in the total number of submitted, approved and paid applications and expenditures per call (%), M1

Observed per call under Measure 1, young farmers had the most significant share in the total submitted applications within the calls related to the purchase of a new tractor: the Fourth Call, followed by the Seventh and the Second Call, while on the other hand, this category of sensitive recipients achieved by far the largest share in the total requested expenditure for Measure 1 within the Sixth Call (41.6%). When it comes to the approval of applications, the largest number of projects was approved under the Second Call (43.2%), with a significant share in the total amount of approved eligible expenditure within the Sixth Call (47.0%). From the point of payments to young farmers under Measure 1, the Fourth Public Call is dominant (56.7% of paid applications and a share of 48.2% in the total paid public support under Measure 1). The largest number of applications submitted by young farmers were rejected and withdrawn under the Second Call (41), while the largest amount of rejected and withdrawn expenditure is related to the Third Call for Measure 1 (EUR 8.8 m).

Women farm holders

Within Measure 1, the total number of applications submitted by women farm holders is 492, which is an increase compared to the previous annual reporting by 34.4%. The requested amount of expenditures is EUR 59.1 m, which is an increase compared to the AIR 2021 by 19.9%. Women farm holders achieved a share of 16.2% in the total requested expenditure for Measure 1. As in the case of young farmers, the largest number of applications submitted by women was under the Fourth Public Call: 135, while by far the largest amount of requested expenditure by this sensitive category is related to the Sixth Public Call under Measure 1 (EUR 21.5 m).

Graph 31: Share of women in the total number of submitted, approved and paid applications and expenditures per call (%), M1

The share of women farm holders in the total number of submitted applications under Measure 1 is at a significantly lower level compared to the share of young farmers. Share of women under this Measure for all observed indicators is dominant within the Fourth Public Call, except for the requested amount of expenditures, where the most significant share is achieved under the Sixth Call (Graph 31). Women realised the most significant share in the total number of submitted applications in the Fourth and Seventh Call (27.5% and 25.8% respectively), followed by the Second and the Sixth Call (17.9% and 17.5% respectively).

On the other hand, this category of sensitive recipients has the largest share in total requested expenditure within the Sixth Call under Measure 1 (36.3%). When it comes to approval of applications, the largest number of applications was approved under the Fourth Call (119 applications, or 43.9%), while the largest share in the total amount of approved eligible expenditure was under the Sixth Call within Measure 1 (a share of 46.5% for EUR 11.8 m of approved eligible expenditure). When it comes to paid applications for this sensitive category of IPARD recipients for Measure 1, the Fourth Public Call is also dominant, both from the point of a share in the total number of paid applications to women under Measure 1 (59.1% for 107 paid projects) and from the point of a share in the total paid public support (49.5% for EUR 3.9 m of total paid public support). The largest number of applications submitted by women were rejected and withdrawn by applicant under the Second Call (35), while the largest amount of rejected and withdrawn expenditure is related to the Fifth Public Call under Measure 1 (EUR 5.4 m).

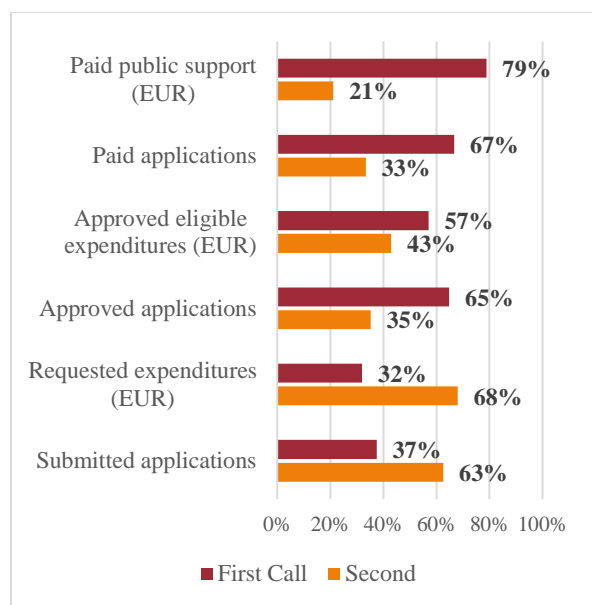
Measure 7

Under the First Call for Measure 7, sensitive categories of recipients submitted a total of 544 applications (235 by young farmers and 309 by women) - 89.9% out of a total number of submitted applications under Measure 7, with a total requested expenditure of EUR 249.7 m (young farmers: EUR 60.1 m and women: EUR 189.6 m) - 92.6% out of the total requested expenditure under

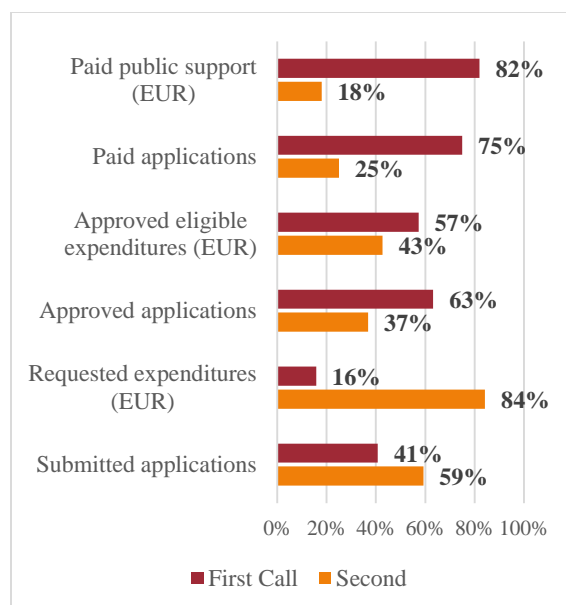
Measure 7. For sensitive categories of IPARD recipients under Measure 7, 140 applications were approved with the amount of approved eligible expenditure of approx. EUR 36.4 m (Graph 32).

Graph 32: Share of sensitive categories in the total number of submitted, approved and paid applications and expenditures per call (%), M7

32.a. Young farmers



32.b. Women farm holders



Comparison with the AIR 2021 leads to the conclusion that the share of sensitive categories of IPARD recipients in the total number of submitted and approved applications is increased, as well as in the total amount of requested expenditures and approved eligible expenditures. In the total number of submitted applications, sensitive categories participated with 35%, while in the requested expenditures they achieved a share of 61%.

Compared to Measure 1, Measure 7 has a higher number of submitted applications by women (309) than by young farmers (235). Consequently, the same applies to the amount of requested expenditures for investment under Measure 7, which is higher for women (EUR 189.6 m) compared to this indicator for young farmers (EUR 60.1 m). Based on available data for the First Call for Measure 7, the share of women in the total number of submitted applications is 40.8% and for young farmers is 37.4%, while within the Second Call a share of women in the total number of submitted applications is 59.2% and young farmers 62.6%. Within the First Call for Measure 7, the share of women in the total requested expenditures is 15.7%, while the share of young farmers is 32.0%. On the other hand, within the Second Call, the share of women in the total requested expenditures is 84.3%, and a share of young farmers is 68.0%.

Young farmers

The total number of applications submitted by young farmers under Measure 7 amounts to 235, which represents an increase by 152.7% compared to the previous annual reporting. The requested expenditures amount to EUR 60.1 m and represent an increase by 193.9% compared to the previous annual reporting. The largest number of applications was submitted by young farmers within the Second Call (147), which also refers to the amount of requested expenditures of EUR 40.9 m.

The share of the First Call in the total number of applications submitted by young farmers under Measure 7 (88) is 37.4%, while the Second Call with 147 applications submitted by young farmers has a share of 62.6%. When it comes to a share of expenditures requested by young farmers per call, the Second Call is dominant compared to the First Call (68.0% for EUR 40.9 m of requested expenditures for investment by young farmers).

When it comes to application approval, the largest number of application for young farmers was approved within the First Call (46 applications, i.e. 64.8%), with at the same time the largest share in the total amount of approved eligible expenditures (57.1% for EUR 9.4 m EUR of approved eligible expenditures).

Comparison of 2022 to the AIR 2021 indicates an increase in the share of young farmers in the total number of submitted applications (by 11.0 percentage points) and requested expenditures for investment (by 19.6 percentage points), as well as an increase in the share of young farmers in the total number of approved projects (by 115.2%) and approved eligible expenditures by 229.8%.

In the reporting period, three projects were paid to young farmers (1.0% of the total number of paid projects to this category of IPARD recipients), in the amount of EUR 359,754, which represents 2.4% of the total paid public support to young farmers.

Women farm holders

Within Measure 7, women potential recipients of IPARD support submitted a total of 309 applications (51.1% of the total number of submitted applications under this Measure), with a total amount of requested expenditures of EUR 189.6 m (70.3% of the total amount of requested expenditures for investment). For women recipients of IPARD support, 87 applications were approved (24.3% of the total number of applications approved to women), with the amount of approved eligible expenditures of EUR 20.7 m (44.9% of the total approved eligible expenditures to women), while four projects were paid (2.2% of the total number of paid projects to women), in the amount of EUR 422,457, which represents 5.0% of the total public support paid to women.

The share of the First Call in the total number of applications submitted by women under Measure 7 (126) is 40.8%, and a share of the Second Call is 59.2% (for 183 applications submitted by women). When it comes to the share of the expenditures requested by women per call, the Second Call is dominant compared to the First Call (84.3% for EUR 159.7 m of requested expenditures and 15.8% for EUR 29.8 m of requested expenditures for investment by women respectively).

When it comes to approval of applications, the largest number of applications were approved to women within the First Call (55 applications, i.e. 63.2%), with at the same time the largest share in the total amount of approved eligible expenditures (57.3% for EUR 11.9 m of approved eligible expenditures).

Comparison of 2022 to the AIR 2021 indicates an increase in the share of women in the total number of submitted applications (by 147.2%) and requested expenditures for investment (by 558.4%), as well as an increase of the share of women in the total number of approved projects (by 200.0%) and approved eligible expenditures by 354.4%.

6.4. Sanctioned and cancelled projects

Out of the total of 3,179 submitted applications for project approval by the end of 2022, a total of 457 applications were rejected (14.4%), with the total requested public support amounting to EUR

70.8 m (14.4%), while 268 applications were withdrawn by applicant: 8.4% in relation to the total number of submitted applications (Table 19).

The largest number of rejected and withdrawn applications is within Measure 1 (518 applications). Observed per measure, under Measure 3 the slightly higher share of rejected and withdrawn applications in the total number of submitted applications was achieved (32.9%) compared to Measure 1 (22.9%). When it comes to Measure 7, the share of rejected and withdrawn applications in the total number of submitted applications is 17.2%. Observed per implementation year, a total of 144 applications were rejected and withdrawn in 2022, which represents a decrease in the total number of rejected and withdrawn applications compared to 2021 by a total of 41 applications (Annex 2: Table 11).

Table 19: 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	204	3,745,858	98	1,518,538	106	2,227,320
	3	76	16,414,528	45	11,713,481	31	4,701,047
	4	43	929,361	22	475,693	21	453,667
	5	75	13,365,238	57	9,790,282	18	3,574,955
	6	75	10,154,703	54	6,063,377	21	4,091,326
	7	2	87,598	0	0	2	87,598
Total M1		518	46,865,719	301	31,119,165	217	15,746,555
M3	1	11	1,955,690	8	1,659,767	3	295,923
	2	38	3,989,439	28	2,175,262	10	1,814,176
	3	40	7,796,506	34	5,670,730	6	2,125,775
	4	14	2,087,971	11	1,951,851	3	136,120
Total M3		103	15,829,605	81	11,457,611	22	4,371,994
M7	1	90	11,962,775	66	9,176,656	24	2,786,119
	2	14	2,355,943	9	1,326,710	5	1,029,234
Total M7		104	14,318,718	75	10,503,365	29	3,815,353
Total		725	77,014,042	457	53,080,141	268	23,933,902

Measure 1 is dominant in terms of the total number of rejected and withdrawn applications (518, i.e. 71.4% of applications with the amount of total public support of EUR 102.7 m), which is understandable considering that there is a larger number of submitted and processed applications under this Measure. Under Measure 1, out of the total number of submitted applications 22.5% were rejected and withdrawn, out of which 301 applications were rejected and 217 applications were withdrawn by an applicant.

During 2022, there was a decrease in the number of rejected and withdrawn applications compared to 2021. The largest number of applications was rejected and withdrawn under the Second Call (204), while the largest amount of rejected and withdrawn total public support was within the Third Call (EUR 21.9 m, i.e. 35% of the total amount of rejected and withdrawn support under this Measure). Detailed data are presented in Annex 2: Table 11.

Under **Measure 3**, 103 applications were rejected and withdrawn (with the amount of total public support of EUR 21.1 m), which represents 32.9% 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 2022 indicate an increase in the number of rejected and withdrawn applications under this Measure compared to the previous reporting year (from 87 applications in 2021 to 103 applications in 2022).

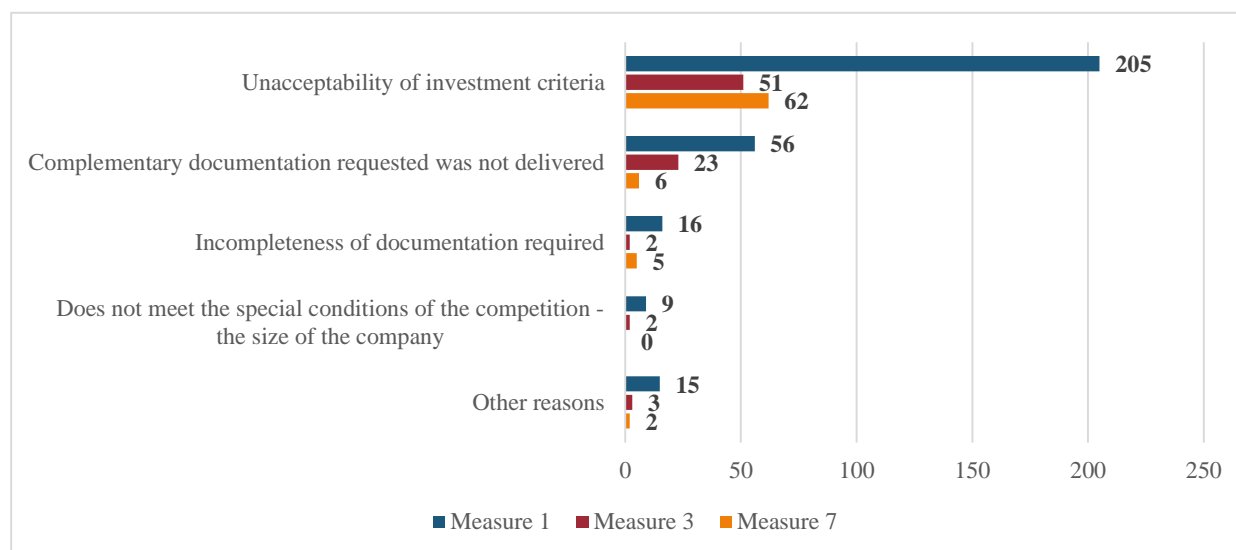
Out of the total number of rejected and withdrawn applications, 81 relates to rejection, while 22 applications were withdrawn by an applicant. Observed per year, there is a decrease in the number of rejected and withdrawn applications under this Measure (from 26 in 2021 to 16 applications in 2022). Observed per call under Measure 3, the number of rejected and withdrawn applications under the Third and the Second Call is dominant (40 and 38 applications respectively), while 49.3% of the total rejected and withdrawn amount of public support was reached under the Third Call for this Measure. Under Measure 3, the share of withdrawn applications in the total number of rejected and withdrawn applications (21.4%) was significantly lower compared to this indicator for Measure 1 (Annex 2: Table 11).

Under **Measure 7**, 104 applications were rejected and withdrawn (with the amount of total public support of EUR 19.1 m), which represents 17.2% of the total number of submitted applications under this Measure and 14.3% of the total number of rejected and withdrawn applications. Out of the total number of rejected and withdrawn applications, 75 referred to rejected applications, while 29 applications were withdrawn by an applicant. Within Measure 7, the withdrawal rate of applications in the total number of rejected and withdrawn applications for this Measure is 27.9% (Annex 2: Table 11).

The largest number of rejected and withdrawn applications was noted in 2019 and 2020 (106 each), while the following years record a stable trend of reduction of rejected and withdrawn applications (101 in 2021 and 84 in 2022). In the initial implementation year (2018), a total of 89 applications were rejected and withdrawn.

Observed cumulatively per Programme implementation year, there is a continuous increase in rejected and withdrawn applications (from 138 in 2018 to 725 in 2022). However, it is important to point out the slower tendency of the annual increase in the total number of rejected and withdrawn applications, calculated based on chain indexes: in the current year compared to the previous year (from 90.6% in 2019 compared to 2018 year to only 24.8% in 2022 compared to the previous year).

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 Graph 33 with a cut-off date of 31st December 2022.

Graph 33: 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 (205 for Measure 1, 62 for Measure 7 and 51 for Measure 3) and the second is failure to submit required documentation after receiving the request for supplementation (56 for Measure 1, 23 for Measure 3, 6 for Measure 7).

The Second Call for Measure 1, which was published in 2018, records the largest number of rejected and withdrawn applications (204), followed by the Third Call for Measure 1 from 2018 with 76 rejected applications. Under Measure 3, the largest number of rejected and withdrawn applications was within the Third Call from 2019, with 40 rejected applications and the Second Call from 2019 with 38 applications. Under the First Call for Measure 7 from 2020, 90 applications were rejected and withdrawn, while for the Second Call from 2021, 14 applications were rejected and withdrawn.

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

The Evaluation Plan for the IPARD II Programme, prepared by the MA, was approved by the IPARD II MC at the First session held on 11th February 2016. This document covers the planned evaluation activities for the entire IPARD II Programme implementation period, as well as the *ex-ante* evaluation of the IPARD III Programme. The updated version of the Evaluation Plan for the IPARD II Programme was approved by the IPARD II MC members in December 2021. Implemented and planned evaluation activities are presented within this Chapter of the Report.

Evaluation of the IPARD II Programme for the 2018-2019 implementation period was conducted in 2020. The aim of the evaluation was to eliminate bottlenecks in the Programme implementation and to increase the absorption capacity, as well as assessing the availability and quality of data for Programme context indicators. Evaluation recommendations, as well as the undertaken activities in order to address them are presented in the Chapter 4.5.2 of this Report.

Along with the IPARD II Programme implementation, the MA prepared the IPARD Programme for the 2021-2027 programming period (IPARD III Programme). The *ex-ante* evaluation of the

IPARD III Programme was carried out by the Danish expert Morten Kvistgaard in cooperation with the Ecorys Croatia consulting company, in the period from July to September 2021, as stipulated in the Evaluation Plan. The included activities of the IPARD III Programme evaluation related to the assessment of needs, SWOT analysis of the current situation, intervention strategies, including the selection of measures, targeting of recipients and the target indicators at the programme level and per measure, as well as the assessment of the proposed implementation system, including the system for monitoring, evaluation and financial management. The complete report on the *ex-ante* evaluation of the IPARD III Programme is available on the MAFWM website via following link: <http://www.minpolj.gov.rs/download/Ex-ante-evaluation-report-IPARD-III-Programme-2021-2027.pdf>.

Evaluation activities conducted during 2022

In 2022, the Evaluation Plan for the IPARD II Programme envisages the conduction of the second ongoing evaluation of the Programme for the 2020-2021 implementation period. Abovementioned evaluation has been postponed to 2023, with the extension of the implementation period for one year.

The tender procedure for the procurement of the service for the second periodic evaluation of the IPARD II Programme was completed at the end of 2022, while the financing of the activity will be carried out through the project “Strengthening Agricultural Sector Capacities for Evidence-Based Policy Making” which is implemented by the World Bank.

Evaluation activities planned for next period

During 2023, it is planned to carry out the evaluation of the IPARD II Programme for the 2020-2022 implementation period. The terms of reference include activities that are crucial for the final phase of the Programme implementation and that are important for the upcoming *ex-post* evaluation of the IPARD II Programme. In order to further improve the efficiency of the Programme implementation, follow-up of the evaluation recommendations of the IPARD II Programme for the 2018-2019 implementation period is envisaged in the terms of reference. The relevant recommendations of the *ex-ante* evaluation of the IPARD III Programme were also taken into account during preparation of the terms of reference. Accordingly, the terms of reference for the evaluation of the IPARD II Programme for the 2020-2022 implementation period include the following activities:

- A1. Assessment of the obstacles to IPARD absorption (including barriers to access to finance and the relevance of eligibility and selection criteria) and administrative simplification based on follow-up of evaluation recommendations for the IPARD II Programme for 2018-2019 implementation period and further improvement of the implementation system;
- A2. Assessment of the IPARD II monitoring and evaluation system, including appraisal of monitoring and data collection for result indicator relating to the number of new jobs created within Measure 3 and Measure 7;
- A3. Appraisal of targets, achieved results and impacts of the IPARD II Programme;
- A4. Assessment of obstacles to the use of Measure 9;
- A5. Appraisal of monitoring, evaluation and reporting capacity building.

According to the SA, the *ex-post* evaluation of the IPARD II Programme is planned for the first year after the end of implementation period. It will include evaluation of results achieved during the last implementation year, as well as the overall results of the IPARD II Programme. *Ex-post* evaluation is one of the so-called “larger scope evaluations”, both from the point of the number of evaluation activities involved, as well as the amount of funds envisaged. The *ex-post* evaluation will provide information on the achieved results at the Programme level and per IPARD measure, on the Programme’s impact on certain sensitive categories of recipients, on socio-economic trends and trends at the sector level, as well as in the area of environmental protection. Also, *ex-post* evaluation will contribute to the identification of factors that contributed to the success/failure of the Programme, which will be a basis for lessons learned for the next programming period.

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 II Programme and make visible results achieved through the assistance provided by the IPARD II Programme.

The implementation of the PVCA and the promotion of 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 2022 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 2022 are presented in Table 20.

Table 20: Indicators for visibility and communication activities implemented in 2022

Type of indicator	Indicator	2022	Target for the whole programming period	Execution Rate (%)
Output	Number of potential recipients attending information events	2,337	4,000	58.43
	Number of promotional events implemented	30	30	Achieved
	Number of national events	1	5	20
	Number of promotional materials disseminated	700 for M4	6,000	11.67
	Number of national and regional media, reached by informational materials (press conferences, press releases)	105	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	125	1 per call	Achieved
	Number of press conferences organised	6	At least 5 national and at least 4 regional	66.67
	Number of press releases provided	24	At least 20	Achieved
	Number of people accessing the IPARD II website	648,528 per period, approximately 54,000 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	994	60	Achieved
	Number of applications for grants per measure	M1: 656 (one call in 2022)	At least 80 for M1, 45 for the M3 and 219 for M7	Achieved

Promotion of the IPARD II Programme in 2022 was carried out through 30 information/educational events for representatives of local self-governments, agricultural cooperatives, farmer's associations, consultants, regional development agencies, advisory services etc. Furthermore, concerning IPARD III Programme preparation, 22 workshops and three education events were organised and held.

In 2022, activities of the IPARD II Programme implementation were presented at the conference "IPARD Programme – Be informed" held on 24th May within the 89th International Agricultural Fair in Novi Sad. At the conference, the representatives of the MA, the IA and the recipients of IPARD support measures presented the results so far and examples of IPARD recipients' successful projects. The participants of the conference have shared with interested audience information on how to make the best use of support measures, as well as new opportunities that IPARD Programme brings in the next programming period.

Agricultural Advisory Services (AAS) are significant partners in activities related to the IPARD II Programme, as well as in direct assistance and work with (potential) IPARD recipients. In 2022,

an educational module was held on the identification and support of potential IPARD recipients of IPARD Measure 4: “Agri-environment-climate and organic farming measure”, as part of the support for the IPARD III Programme implementation. Module was held in Belgrade and Niš for approx. 170 advisors from the AAS covering Central Serbia and the AAS covering AP Vojvodina. Advisors gained knowledge of the basic elements and requirements for IPARD Measure 4, the methodological approach for calculating the effects of operations, conditions and obligations of operations, agronomic assumptions about how the implementation of Measure 4 that will affect the production and income of the farm and alternative solutions for adapting production to the conditions of the measure.

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. Eight episodes were produced in 2022, 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 (1,400 calls), e-mail (1,025 in the reporting period) and through the chat application on the very frequent DAP website (approx. 54,000 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 648,528 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, six 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 2022 to disseminate information on the IPARD Programme opportunities to (potential) recipients through forums, winter schools, tribunes, workshops, media, 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, 17 attendees of the AAS covering Central Serbia and 10 attendees of the AAS covering AP Vojvodina have successfully completed mentioned training (“IPARD 50 hours”) and received the final certificate.

During reporting period, the AAS covering Central Serbia have prepared in total six business plans for potential recipients of IPARD support. The AAS covering AP Vojvodina provided 82 assistances on preparation of IPARD applications and 225 advices on IPARD to 169 agricultural holders.

Implemented activities of the AAS in Central Serbia and in AP Vojvodina are presented in Table 21.

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Table 21: Number of events held and participants included in the activities of the AAS of Central Serbia and the AAS of AP Vojvodina

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

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 2022, there were five modifications of the IPARD II Programme. Modifications referred to introduction of new sectors, which resulted in broader range of recipients, financial modifications due to de-commitment, as well as reallocation of funds between measures with the aim of better absorption.

Under the IPARD II Programme, 14 calls were published by 31st December 2022. 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 Measure 9: “Technical Assistance” one call was published.

A total of 3,179 applications were submitted, 1,193 applications were approved and 675 projects were paid. The number of rejected and withdrawn applications is 725, out of which 268 applications were withdrawn by applicants (rejection and withdrawn rate in relation to the total number of applications submitted amounts to 22.8%).

By the end of the reporting period, out of the total allocated EU contribution for the period 2014-2020 (EUR 171.3 m), 64.3% of the EU contribution was approved (EUR 110.1 m) and 22.8% (EUR 39.0 m) was paid.

The total amount of approved EU support of EUR 110,130,972 represents a share of 30.0% of the total requested EU support for all submitted applications. The total amount of paid EU support of EUR 39,024,639 makes a share of 35.4% of the approved EU support.

With regard to the total paid EU support, the largest share refers to Measure 1 (68.0%), then to Measure 3 (30.0%), while the 2.0% 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, with a share of approx. 70%, while within Measure 3, a significant share on both mentioned indicators is achieved by the Šumadija and Western Serbia Region (47.8% and 38.9% respectively). The Šumadija and Western Serbia Region achieved a significant share in abovementioned indicators as well within Measure 7 (60.4% and 76.8% respectively).

Observed per sector, under Measure 1 the largest share of submitted applications was in the Other Crops Sector (42.8%). When it comes to Measure 3, the largest share of submitted applications was in the Fruit and Vegetables Processing Sector (67.4%), while 97.7% of submitted applications referred to investment in Setting of tourist homesteads and recreational zones under the Rural Tourism and Recreational Activities Sector within Measure 7.

Sensitive categories of recipients of IPARD support (young farmers and women), with a total of 1,792 submitted applications and the amount of requested expenditures of EUR 410.3 m, achieved a share of 62.5% in the total number of submitted applications for seven calls for Measure 1 and two calls for Measure 7 and a share of 64.7% in the total requested expenditures for these IPARD

measures. By the end of 2022, for sensitive categories of recipients, 867 decisions on project approval were adopted, with the approved eligible expenditures of EUR 109.5 m and 486 decisions on paid projects were adopted, with the paid public support of EUR 23.1 m (EU contribution: EUR 17.4 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 2021 (293 applications). In 2022, 165 applications in the amount of EU support of EUR 17.2 m were paid, which represent a share of 44.1% 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 III Programme for the programming period 2021-2027.