EVALUATION OF THE IPARD II PROGRAM IN THE REPUBLIC OF SERBIA FOR THE PERIOD 2017-2019 YEARS

FINAL REPORT

Institute of Agricultural Economics

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Content

List of abbreviations

AP	Autonomous Province
AES	Agricultural Extension Service
AH	Agricultural Holding
AHR	Agricultural Holding Registry
AWU	Annual Work Unit
BCS	Beneficiary Country Strategy
BRA	Business Registers Agency
CAP	Common Agricultural Policy
DAP	Directorate for Agrarian Payment
EC	European Commission
EU	The European Union
FSS	Farm Structure Survey
GDP	Gross Domestic Product
GIS	Geographic Information System
GVA	Gross Value Added
IA	IPARD Agency
IACS	Integrated Administration and Control System
IPARD	Instrument for Pre-Accession Assistance for Rural Development
LAU	Local Administrative Unit
LFS	Labour Force Survey
LGAP	Law on General Administrative Procedure
LPIS	Land Parcel Identification System
MA	Managing Authority
MAFWM	Ministry of Agriculture, Forestry and Water Management of the Republic of Serbia
MC	IPARD Monitoring Committee
NBS	National Bank of Serbia
NSTU	Nomenclature of Statistical Territorial Units
OS	Operating Structures
PSAWMF	Secretariat for Agriculture, Water Management and Forestry of AP Vojvodina
RGA	Republic Geodetic Authority
RS	Republic of Serbia
SORS	Statistical Office of the Republic of Serbia
UAL	Utilized Agricultural Land

REPORT SUMMARY

Evaluation of IPARD II programme in the Republic of Serbia for the period 2017-2019 was carried out for the needs of MAFWM by the Institute of Agricultural Economics from Belgrade.

The overall objective of the evaluation of IPARD II programme is to improve the quality and efficiency of implementation of IPARD II programme in the Republic of Serbia, as well as to assess the availability of common context indicators, weaknesses and deficiencies in the process of their collection, for the purpose of monitoring the effectiveness of the implementation of IPARD II programme.

Implementation of IPARD II programme in Serbia began with the First Public Invitation for Measure 1, which was announced on 25th December 2017.

Within the Evaluation of IPARD II Programme in the Republic of Serbia for the period 2017-2019 (*On-going Evaluation*) measures were proposed to improve the of IPARD II programme and its implementation. The initial results of IPARD II programme were evaluated, as well as the fulfilment of the set goals with ex-ante evaluation, the degree of achievement of the short-term and the extent in which they were achieved. In addition, monitoring and implementation of the Program was assessed through the assessment of the availability of common context indicators, weaknesses and deficiencies in the process of their collection.

In the period 25th December 2017 to 21st December 2019, five public calls for Measure 1 and two public calls for Measure 3 were announced, while the implementation of the Third Public Call for Measure 3 was in progress at the time of drafting the Report. In total, six of IPARD II Monitoring Committee meetings were held. Three changes to the IPARD II programme have been adopted.

The results of the implementation of the IPARD II programme are weaker than the planned, or the projected goals of the previous ex-ante evaluation, primarily due to the delay in the beginning of the Programme implementation. The reason for the delay is due to the late receipt of accreditation (transfer of authorization to manage funds). The Financial Agreement between the Government of the Republic of Serbia and the European Commission came into force on 12th June 2018.

For Measure 1 under First, Second, Third and Fourth, and Measure 3 under First and Second public calls, a total of 1,173 applications were submitted for project approval, 1,066 applications for Measure 1 (91% of the total number of applications submitted) and 107 applications (9%) for Measure 3. The total costs for Measure 1 under the First, Second, Third and Fourth public calls, and Measure 3 under the First and Second public calls are EUR 176,171,467, of which EUR 123,937,360 (70%) is for Measure 1, and EUR 52,434,107 (30%) for Measure 3. In the period 25th December 2017 to 31st December 201, 229 applications were approved for Measure 1 and 24 applications for Measure 3. The number of disbursements was 145, with a total amount of support paid of EUR 6,103,360.

Measure 4 - Implementation of agro-ecological - climate measures and organic production measures did not begin in the period 2017-2019.

Measure 5 - Implementation of local development strategies - LEADER approach did not begin in the period 2017-2019.

Measure 7 - Diversification of agricultural holdings and business development did not begin in the period 2017-2019.

Measure 9 - implementation of Technical Assistance did not start in the period 2017-2019.

Three changes to the IPARD II programme were made in the period 2017-2019, as well as two changes in the list of eligible costs, three changes to the Rules for Measure 1 and three changes to the Rules for Measure 3.

Evaluation of common context indicators for monitoring the effectiveness of the implementation of the IPARD II programme in the Republic of Serbia is covered by the Project activity 1. The evaluation included an assessment of availability and quality for each individual indicator in all three groups of indicators (socio-economic, sectoral and environment indicators) set in the document of IPARD II programme for the Republic of Serbia for the period 2014-2020. The evaluation was carried out on the basis of a list of indicators recommended by EC DG AGRI (for countries with EU candidate status for the evaluation of the IPARD II programme), with a detailed analysis of the situation in the Republic of Serbia. In addition, an electronic database of all common context indicators for the period 2012-2018 has been calculated, index values for 2018 are compared with base year 2012. The results of the evaluation indicate that most socio-economic and sectoral indicators are available, that the official producer for the most part is the SORS (which constantly harmonizes the methodology with Eurostat), that the quality of these indicators is relatively high, and that the collection and publication periodicity is largely harmonized with Eurostat. On the other hand, the largest number of missing indicators and weaknesses in monitoring is in the group of environmental indicators. In the upcoming period, in the segment of socio-economic and sectoral indicators, the recommendation is to continue further harmonization of the SORS methodology with the Eurostat, as well as the introduction of new, currently missing indicators by the SORS, especially in the segment of national accounts and economic accounts of agriculture. Additionally, it will be crucial to establish a classification of spatial units at the municipal level (*LAU* 2) according to the degree of urbanization, in accordance with the *DEGURBA* methodology, and to apply the EC urban-rural typology at the area level (*NSTU 3*), since only proper definition of rural areas provides a basis for establishing relevant indicators for assessing the state of development of rural areas. Within the group of *environmental indicators*, the most significant recommendations for weaknesses elimination are: strengthening communication between the public services responsible for establishing and monitoring of indicators; strengthening human capacities to gain a sufficient level of knowledge towards methodology for development and monitoring of indicators; and enabling financial sources for continuous monitoring.

Implementation of Project activity number 2 – Administrative simplification of the processing of submitted applications, is based on the analysis of key documents that form the framework for the IPARD II programme (*Guidance document on monitoring and evaluation,* Framework agreement, Sectoral Agreement, Financing agreement, as well as IPARD II programme), and public policy analysis (National Strategy of Agriculture and Rural Development, National Rural Development Programme, etc.), laws and other regulations, as well as available reports from the Managing Authority and the IPARD Agency (IA) prepared in the period 2017-2019 (bi-monthly reports for the European Commission, semi-annual reports for the IPARD II programme Implementation Monitoring Committee, action plans for accreditation of new measures, etc.). In order to implement the project, a total of 45 structured interviews were conducted with: representatives of the IPARD Managing Authority (Department of Rural Development, MAFWM); representatives of the IPARD Agency (Directorate for Agrarian Payment, MAFWM); representatives of the MAFWM Sector for Rural Development - Group for extension service; representatives of the IPARD Implementation Monitoring Committee; representatives of technical bodies (Phytosanitary Inspection, Environmental Inspection, Agricultural Inspection and Veterinary Inspection); representatives of consulting agencies engaged in the IPARD II program; and AES representatives. Five focus groups with rejected applicants and one focus group with the approved IPARD II program beneficiaries were held.

The main characteristic of the program implemented so far is the small number of applications from the livestock sector, as identified in the analysis primarily due to the requirements for meeting the technical standards for this sector.

The average application processing time from the receipt of application until issuance of decision is over 270 days, while the period from the receipt of disbursement request to the disbursement itself is about four months.

Significant results have been achieved in the implementation of IPARD II program in the short term, but considerable room for further improvement remains. The most important factors that influenced the deviation of the results of IPARD II program implementation from the planned ones are: 1) delay in accreditation of all planned measures; 2) longer application processing period at all stages (IPARD Agency is constantly improving the processing of applications); 3) uncertainty of applicants regarding exercising of the rights to IPARD II assets; 4) lack of opportunities to use support in the financing IPARD projects; 5) administrative obstacles for involvement of more beneficiaries, such as inability to initiate start-up investments (beneficiaries of both Measure 1 and Measure 3 must prove, when applying, that they are already engaged in the sector), facilities on *DGSanco* list cannot apply, etc.; 6) the submission procedure in terms of the need for three offers; and 7) the analysis shows that the most common reason for rejection is insufficient information of beneficiaries.

In order to improve the implementation of IPARD II programme in the Republic of Serbia, based on the conducted research, recommendations were made for: (1) IPARD Managing Authority: in case of change in the measure, to allow a longer period of time until the announcement of the call with aim to allow IPARD Agency preparation for implementation, to enable the use of subsidized loans, to establish a set of indicators to monitor and evaluate the implementation of IPARD programme that will allow the Program improvement on the basis of accurate and timely information, etc.; (2) recommendations for the IPARD Agency include: separation of the IPARD Agency from MAFWM and defining as an independent institution, switching to one offer plus reference prices, introducing *LPIS* system, with a list of approved beneficiaries to also publish information on the consultancy agency that worked on the application, to provide direct access for the IPARD Agency to the RGA data, the Register of approved facilities maintained at the Veterinary Administration, the database of the Tax Administration and local self-governments; (3) recommendations for the IPARD Technical Bodies are related to: public disclosure of unpublished checklists, continuous training, development of practical instructions and guides, enabling access for technical bodies to databases relevant for operation, improvements in the system for compaints resolving, implementation of LPIS system; (4) AES are of great importance and much has been done so far in order to inform and train beneficiaries, so recommendations for its further development are as follows: preparation of two uniform applications for all services in the Republic of Serbia, one that would be used by beneficiaries to contact for the assessment of eligibility to apply, and the other to assist in the preparation of IPARD documents, appointment of extension officer in each AES responsible for the IPARD programme, appointment of persons in each AES who are responsible for each of the five technical standards, development of a software solution that will enable extension officer to quickly evaluate beneficiaries in terms of compliance with specific criteria for the IPARD programme, which is the primary role of AES; (5) recommendations for MAFWM were recognized in: improvement of the Central Registry of Facilities where processing facilities are registering, further improvement of second-instance complaint handling; (6) recommendations to local governments and ministries in charge of construction and local self-government are related to: implementation of a set of activities aimed at harmonizing the criteria for issuing permits and approvals in the agricultural sector, through establishment of continuous training and guidance related to permits and approvals in the agricultural sector, through the creation of an inter-ministerial working group from three

relevant ministries that would continuously work to inform local self-governments and harmonizing and facilitating the issuing of permits and approvals in the agricultural sector; (7) General recommendations are relating to the improvement of working conditions of employees of IPARD MA and IPARD Agency.

1. INTRODUCTION

The subject of the MAFWM public procurement is the Engagement of Experts for Evaluation of IPARD II Programme in the Republic of Serbia for the period 2017-2019.

1.1 IPARD II programme in the Republic of Serbia

Implementation of the IPARD II programme in Serbia began at the end of 2017, while the official accreditation came into force on 12th June 2018 with the signing of the Financing Agreement between the Government of the Republic of Serbia and the European Commission.

The first public call for investments in physical assets of agricultural holdings in the procurement of new equipment, machinery and mechanization was announced on 25th December 2017. Within this Public call, funds in the amount of RSD 1,000,000,000.00 have been allocated. The call was opened for submission of applications from 25th December 2017 to 26th February 2018. The subject of the First public call is investments in physical assets of agricultural holdings and eligible costs in the procurement of new equipment, machinery and mechanization, excluding the procurement of new tractors. A total of 85 applications were received within this call. The total requested amount of EU support was EUR 5,424,392.00.

The Second public call for investments in the physical assets of agricultural holdings in the procurement of a new tractor was announced on 4th January 2018. Within this Public call, funds in the amount of RSD 555,761,895.00 were allocated. The call was open for submission of applications from 4th January to 26th February 2018. The subject of the Second public call is investments in the physical assets of agricultural holding and eligible costs for the procurement of a new tractor. A total of 393 applications were received within this call. The total requested amount of EU support was EUR 5,424,392.00.

The First public call for applications for approval of projects for IPARD incentives for investments in physical assets related to the processing and marketing of agricultural and fishery products in the procurement of new equipment was announced on 27th March 2017. Within this Public call, funds in the amount of RSD 878,498,105.00 were allocated. The call was open for submission of applications from 27th March 2018 to 28th May 2018. A total of 26 applications were received within this call. The total requested amount of EU support was EUR 5,554,284.00.

The Third public call for investments in physical assets of agricultural holdings was launched on 22nd October 2018. Within this Public call, funds in the amount of RSD 3,015,976,278.00 were allocated. The call was open for submission of applications from 1st November 2018 to 9th January 2019. The subject of this Public cal is investments in physical assets and eligible costs related to the construction, as well as procurement of new equipment, machinery and mechanization, except investments in the procurement of new tractors. A total of 151 applications were received within this call. The total requested amount of EU support was EUR 32,520,687.00.

The Second public call for applications for approval of projects for IPARD incentives for investments in physical assets related to the processing and marketing of agricultural and fishery products was announced on 18th December 2018. Within this Public call, funds in the amount of RSD 3,525,926,538.00 were allocated. The subject of the Public call is investments in physical assets and eligible costs related to the construction and equipping of facilities, as well as procurement of new machinery. A total of 81 applications were received within this call. The total requested amount of EU support was EUR 13,310,321.00.

The Fourth public call for applications for approval of projects for IPARD incentives for investments in physical assets of agricultural holdings in the procurement of a new tractor was announced on 24th September 2019. Within this Public call, funds in the amount of RSD 1,210,632,721.00 were allocated. The subject of the Public call is the investments in physical

assets and eligible costs in the procurement of a new tractor. At this call, two new sectors were included in IPARD programme for the first time, namely the egg sector and the wine sector. A total of 473 applications were received within this call. The total requested amount of EU support was EUR 12,271,238.00.

The Fifth public call for applications for approval of projects for IPARD incentives for investments in physical assets of agricultural holdings was announced on 24th September 2019. Within this Public call, funds in the amount of RSD 3,890,326,056.00 were allocated. The subject of this public call is investments in physical assets and eligible costs related to the construction, as well as the procurement of new equipment, machinery and mechanization, except investments in the procurement of new tractors.

The Third public call for applications for approval of projects for IPARD incentives for investments in physical assets related to the processing and marketing of agricultural and fishery products was announced on 26th November 2019. Within this Public call, funds in the amount of RSD 5,412,941,299.00 were allocated. The call was open for submission of applications from 26th November 2019 to 24th February 2020. Within this call, applications in the egg and grape processing sectors were allowed for the first time within Measure 3.

On 20th January 2015, in Decision no. C (2015) 257, the EC adopted the proposal for an EU pre-accession assistance programme for rural development for the period 2014-2020 (IPARD II programme).

The first revision of IPARD II programme was approved by the IPARD Monitoring Committee on 31th January 2017 and adopted by the EC on 5th July 2017. After the first modification, IPARD II programme was harmonized with the Sectoral Agreement, to allow for better preparation of the rules for accredited Measures 1 and 3.

In June 2018, the EC's consent to the first revision of the List of Eligible Costs was secured, in order to better implement accredited measures and clarify investments.

At the fourth meeting of the IPARD Monitoring Committee, held on 20th November 2018 in Belgrade, the Second Amendment to IPARD II Programme was adopted. The changes apply to the derogation for small producers in measure M1 to allow them to verify the achievement of national and EU standards only in the sector within which they are applying and not on the entire agricultural holding.

At the fifth meeting of the IPARD Monitoring Committee, held on 14th May 2019 in Novi Sad, the Third Amendment to IPARD II Programme was adopted. With this amendment, two brand new sectors (the egg sector and the wine sector) were included in IPARD II programme. Two new sectors were included in both M1 and M3 accredited measures. The second amendment to the List of Eligible Costs was also adopted by the EC after the introduction of new sectors. After amending the programme and the List of Eligible Costs, the rules for both accredited measures M1 and M3 were changed, as well as the procedures for implementing these measures. After these changes, the conditions for the announcement of new public calls were made.

1.2. IPARD intervention logic

The IPARD intervention logic is defined by the IPARD programme. The aim of EU assistance is to support the alignment of Serbian agricultural policy with CAP, to contribute to creating a competitive, sustainable and efficient agricultural sector, keeping rural communities alive, and to improve food safety, veterinary and phytosanitary regulations, as well as animal and plant health.

Table 1.1 shows the logic of intervention and selected measures in the Republic of Serbia.

Table 1.1. A summary table of the intervention logic showing the measures selected, the quantified targets should be expressed in terms of common indicators

Measure	Quantified target		Programme targets (total as combination of indicators at measure level)
Investments in physical assets of agricultural holdings	Number of projects supported Number of holdings performing modernization projects Number of holdings progressively upgrading towards EU standards Number of holdings investing in renewable energy production Number of holdings investing in livestock management in view of reducing N20 and methane emissions (manure storage) Total investment in physical capital by holdings supported (EUR)	720 600 380 60 120 168,977,778	Number of projects having received IPA support in agri-food sector and rural development: 1,439 Total investment generated via IPA in agri-food sector and rural development (EUR): 370,768,547 Number of economic entities performing modernization projects in agri-food sector:1,063 Number of economic entities progressive upgrading towards EU standards: 843 Number of jobs created (gross): 260 Investments 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: 276
Investments in physical assets concerning processing and marketing of agricultural and fishery products	Number of projects supported Number of enterprises performing modernisation projects Number of enterprises progressively upgrading towards EU standards Number of enterprises investing in renewable energy production Total investment in physical capital by enterprises supported (EUR) Number of jobs created (gross)	463 463 463 46 165,893,333 160	
Agri-environment- climate and organic farming measure	Number of contracts Agricultural land (ha) under environmental contracts Number of operation types supported Total area per type of type of operation (organic farming) Number of holdings supported under organic farming type of operation	1,029 10,294 1 10,294 1,029	
Farm diversification and business development	Number of projects supported Number of agricultural holdings/enterprises developing additional or diversified sources of income in rural areas	256 167	

	Number of recipients investing in renewable energy Total investment in physical capital by recipients supported (EUR) Number of jobs created (gross)	50 35,897,436 100	
Implementation of local development strategies - LEADER approach	Number of LAGs operating in rural areas Population covered by LAGs Number of jobs created (gross) Number of projects recommended Number of small projects	30 2,550,000 60 50 700	
Technical assistance	Number of promotion materials for general information of all interested parties (leaflets, brochures etc.) Number of publicity campaigns Number of workshops, conferences, seminars, number of expert's assignments supported Number of meetings of the Monitoring Committee Number of studies on elaboration and implementation of Programme measures Number of rural networking actions supported Number of potential LAGs supported	 11,118 167 334 44 14 83 49 72	

1.3. Purpose and objectives of evaluation

The purpose of IPARD II programme evaluation is to ensure the implementation of evaluation activities with the aim of improving the quality, effectiveness and efficiency of the implementation of IPARD II programme in the Republic of Serbia. The MAFWM Terms of Reference defined two expected results of the evaluation:

- Result 1: Overview of available common context indicators with methodology for calculating derived indicators was prepared; Overview of missing common context indicators with proposal of data sources, i.e. relevant institutions for submission of missing data was prepared; the quality (relevance, reliability) of data used for common context indicators was evaluated; and a database of common context indicators for IPARD II programme with values for 2012-2018 was prepared.
- Result 2: analysis of the quality of submitted applications under IPARD II programme and prepared recommendations, i.e. proposed measures to administratively simplify the processing of submitted applications in order to speed up the processing process and increase their quality.

The objectives of the evaluation are:

- Examining the level of Program implementation, determining the effectiveness and efficiency of programming, its socio-economic impact, as well as its impact on established goals and priorities.
- Identifying factors that have contributed to the success or failure of the implementation of IPARD II programme, including the sustainability of actions and the identification of best practices.
- Insight into the degree of completion of the activities envisaged by IPARD II programme, as well as an overview of the spent funds allocated under the Financing Agreement between the Government of Serbia and the European Commission.
- Identifying common context indicators that are not in use, as well as common context indicators that are calculated, but there is a need for their improvement.

1.4. The evaluation team

The Evaluation was prepared by the project team of the Institute of Agricultural Economics, composed of four members, namely: Vlado Kovačević PhD, Team Leader; Prof. Jonel Subić PhD, team member; Prof. Zorica Vasiljević PhD, team member and Marko Jeločnik PhD, team member.

Expert support for the implementation of Project Activity 1 (Chapter 2) was provided by Vesna Paraušić PhD, Svetlana Roljević Nikolić PhD and Biljana Grujić Vučkovski PhD, research associates of the Institute of Agricultural Economics, as well as employees of the general department of the Institute of Agricultural Economics, Belgrade (for the implementation of the Project Activity 2).

1.5. Structure of the Report

Chapter 1: *Introduction*, contains summary information on the implementation of IPARD II programme in Serbia, intervention logic, expected results and evaluation team, as well as evaluation objectives.

Chapter 2: *Activity 1. Common Context Indicators of IPARD II Programme*, contains an overview of all common context indicators (available and missing), with an evaluation of each individual indicator according to the following elements: official producer (proposed producer, if the indicator is not monitored); data source; methodological explanation; compliance with Eurostat methodology; quality assessment; periodicity; comment / recommendation. Within Project Activity 1, an electronic database of all common context indicators (Excel document,

Annex 2 of the Report), established in IPARD II programme for the Republic of Serbia for the period 2014-2020, was set up, with the entered values for each year in the period 2012-2018 and calculated index values for 2018 compared to the base year 2012.

Chapter 3: *Activity 2. Administrative simplification of the processing of submitted applications* in sub-clause 3.1, the used methodology and data sources are described. Within sub-clause 3.2, a complete overview of all activities implemented during the project is provided. Within sub-clause 3.3, research results are presented. The results of the implementation of IPARD II programme were processed based on data provided by the DAP. A report from organized six focus groups was provided, as well as the results of an analysis of the conducted structured interviews.

Chapter 4 contains concluding considerations and recommendations for the administrative simplification of procedures to speed up the processing process and increase the quality of the submitted applications.

Chapter 5 contains an overview of the used literature.

2. ACTIVITY 1: EVALUATION OF THE COMMON CONTEXT INDICATORS FOR IPARD II PROGRAMME IN THE REPUBLIC OF SERBIA

2.1. Methodological approach

Specific segment of the ongoing evaluation of the IPARD II programme for the Republic of Serbia for the period 2014-2020, in accordance with Implementing Regulation (EU) no. 447/2014 EC laying down special rules for the implementation of Regulation (EU) no. 447/2014 231/2014 of the European Parliament and Council establishing an Instrument for Pre-Accession Assistance, as well as the Framework Agreement and the Sectoral Agreement concluded between the RS and the EC, is an evaluation of common context indicators, which included: assessment of availability of indicators, compliance with Eurostat methodology, assessment of weaknesses and deficiencies in the collection process and proposals (recommendations) to ensure quality and currently missing data.

The common context indicators are a framework for monitoring and evaluating the common agricultural policy and rural development policy in the EU countries, and can be grouped into three pillars: (I) socio-economic indicators; (II) sectoral indicators; and (III) environmental indicators. Socio-economic and sectoral indicators serve to comprehensively assess the state of development and trends in the overall national economy, agriculture sector and rural areas. Environmental indicators belong to the list of indicators specifically developed and recommended by the EC for monitoring the environmental impact of agriculture. Their establishment and monitoring are important, not only to monitor the impact of the EU incentives on the advancement of the agricultural sector, but also to provide answers to all stages of environmental policy-making, from the design of its frameworks to the setting of objectives, i.e. from policy evaluation to communication between the decision maker and the public.

The evaluation of common context indicators included evaluation of each individual indicator (in all three groups), set out in the IPARD II programme document for RS for the period 2014-2020 (OG RS, no. 30/16, 84/17, 20/19, 55/19)[1], based on the list of EC DG AGRI recommended indicators (for countries with EU candidate status for the purpose of IPARD II programme evaluation).

In order to evaluate common context indicators, desk research was conducted, for the most part of methodological and electronic databases of the Statistical Office of the Republic of Serbia (SORS), as well as surveys (by conducting interviews, in person and/or by telephone and/or email) of a large number of expert and competent persons in the government institutions and bodies.

2.2. Overview of implemented activities

The results of the implemented Activity 1 are as follows:

I) Prepared detailed review and evaluation of all common context indicators, set out in Table 22 of IPARD II programme for the RS for the period 2014-2020, with the following elements:

- Name of the official producer (for available indicators);
- Methodological explanations of indicators (with calculation of derived indicators);
- Indicator quality assessment (relevance, reliability);
- Assessment of compliance of SORS methodology with Eurostat methodology (for indicators monitored by SORS);
- Indicator periodicity;

[1] IPARD II programme for the Republic of Serbia, for the period 2014-2020, www.pravno-informacioni-sistem.rs/SlGlasnikPortal/eli/rep/sgrs/vlada/zakljucak/2016/30/1/reg.

- Analysis of the missing indicators and proposal of official producer (relevant institutions for submission of indicator data);
- Review of the major weaknesses and deficiencies in collecting and calculating indicators;
- Recommendations for introducing the missing indicators and improving the indicator monitoring methodology where necessary.

II) An electronic database of all common context indicators (Excel document, Appendix 2 of the Report), set up in IPARD II programme for RS for the period 2014-2020, with entered values for each year in the period 2012-2018, and calculated index values for 2018 compared to the base year 2012 has been created, with the foreseen supplement with the data for entire IPARD II programme implementation period (including the n+3 rule). Appendix 2 also contains interpretation of indicator values in the analysed period.

2.3. Evaluation of common context indicators of IPARD II programme of the Republic of Serbia

In this sub-heading, for each group of indicators (socio-economic, sectoral and environmental indicators) and for each indicator individually, an overview of the set indicators in IPARD II programme for RS for the period 2014-2020 is provided, as well as an evaluation with the following elements: unit of measure; official producer (proposed producer, if indicator is not monitored); data source; methodological explanation; compliance with Eurostat methodology; quality assessment; periodicity; and comment/recommendation.

2.3.1. Evaluation of socio-economic indicators - tabular view

Table 2.1. Overview of common context indicators: socio-economic and rural situation (IPARD program for the Republic of Serbia 2014-2020.)

Name of the context indicator	Unit of measure	Comments + source for verification
1. Population – total	one million inhabitants	SORS/*Eurostat*
Rural	%	
Medium	%	
Urban	%	
Population – total (OECD)		SORS
Rural	%	
Medium	%	
Urban	%	
2. Structure (<15 years; 15–64 years; ≥ 65 years)	one million inhabitants/ % nationals	SORS
3. Territory – State – Total without Kosovo and Metohija	km^2	SORS
Rural	km^2	SORS
	%	
rural (OECD)	km^2	SORS
	%	
4. Population density	population/km^2	SORS
5. Employment rate for the population aged 15-64, total, rural	%	SORS
6. Unpaid family workers, aged 15–64 – state	%	IRS
7. Unemployment rate, aged 15–64, total, rural	% %	IRS

8. GDP – national	Purchasing Power Parity EUR/capita PPS index	*Eurostat*
– rural	PPS index	
9. Poverty rate, total, rural (sparsely populated areas)	% %	At-risk-of-poverty rate for 2012
10. Structural economy	million EUR, current prices	SORS
GVA in primary sector	%	SORS
GVA in secondary sector	%	SORS
GVA in tertiary sector	%	SORS
11. Structure of employed population (15–64)	(000)	SORS
	%	SORS
Rural	%	SORS
Structure of employed population by sectors (primary, secondary, tertiary)	%	SORS
12. Labour productivity by economic sector, total, in primary sector	EUR per person	SORS

Source: IPARD II programme of RS for the period 2014-2020.

Table 2.2. Evaluation of Group I Indicators: SOCIO-ECONOMIC INDICATORS

Indicator number and name	**I/1 POPULATION, at the beginning of the year, total**
Unit of measure	Number.
Official producer	SORS, Vital statistics.
Data source	SORS, population estimate by age and sex, as of January 1st, database, https://data.stat.gov.rs/?caller=SDDB / Eurostat, database, Population on 1st January by age and sex, https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo_pjan&lang=en
Methodological explanation	Population estimates are based on the results of the census and the results of processing of statistics of natural and mechanical movements of the population. The evaluation results are obtained by sex, age and type of settlement and are published to the municipality level. Census of population, households and dwellings is the most complex statistical survey. In the inter-census period the population is estimated, for each year, including the census year.
Compliance with Eurostat methodology	High level of compliance.
Quality assessment	High level of data reliability.
Periodicity	Census data: every 10 years. Estimate: annual.
Comment/recommendation	International migration data are expected to be provided in the coming period in order to improve population estimates.
Indicator number and name	**I/1a POPULATION, at the beginning of the year according to urban-rural typology and type of region (predominantly rural regions, intermediate and predominantly urban regions)**
Unit of measure	In every type of region: – number of inhabitants; – % share of each region in the total population.
Official producer	***Indicator is not monitored.***
Proposed official producer	SORS

Methodological explanation	Serbia has not prepared a typology of the region (classification of NSTJ 3 area level) according to the urban-rural typology recommended by *EC DG AGRI*. For the purposes of this Report and the creation of an Excel database with indicator values for the period 2012-2018, for a number of indicators (including this one), the predominantly rural region is represented by the type of settlement "other" (classification of SBS by settlement type), as well as by applying the *OECD* regional typology (at the local level, population density criterion).
Proposed periodicity	Annual.
Comment/recommendation	Following the 2021 Census of population, households and dwellings, the SORS will possess data on the spatial distribution of the population up to the level of the house number and established network of population grids 1 km^2 in size. This will be the basis for abandoning the existing statistical classification of settlements by type (urban/other), and for the SORS to create a regional typology (NSTJ 3 area level), according to the urban-rural typology of the EC. See Appendix 1 of the Report.
Indicator number and name	**I/2 AGE STRUCTURE OF THE POPULATION, beginning of the year (under 15, 15-64 and 65 and above), total, national level and according to urban-rural typology (predominantly rural regions, intermediate and predominantly urban regions)**
Unit of measure	Total and in each type of region: – total number in each age group and – % share in the total population.
Official producer	SORS, Vital statistics.
Data source	SORS, population estimate by age and sex, as of January 1st, database https://data.stat.gov.rs/?caller=SDDB / Eurostat, database, Population on 1st January by age group and sex, https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo_pjangroup&lang=en
Methodological explanation	See indicator number I/1.
Compliance with Eurostat methodology	High level of compliance.
Quality assessment	High level of data reliability.
Periodicity	Census data: every 10 years. Assessment: annual.
Comment/ Recommendation	***Indicator is not monitored for the type of region.*** Serbia has not prepared a typology of the region (classification of NSTJ 3 area level) according to the urban-rural typology recommended by *EC DG AGRI*. See methodological explanation and comments/recommendations for indicator I/1a.
Indicator number and name	**I/3 TERRITORY, total area and by type of region according to urban-rural typology (predominantly rural regions, intermediate and predominantly urban regions)**
Unit of measure	Total and for each type of region: – km^2; – % share in total territory.
Official producer	RGA
Data source	SORS, Register of Spatial Units and GIS, surface area of territory and number of settlements according to NSTJ, database:

	https://data.stat.gov.rs/Home/Result/1201?languageCode=sr-Cyrl / SORS, Statistical Yearbooks for relevant years.
Methodological explanation	The indicator includes the total surface area of the country, with surface waters (rivers, lakes).
Compliance with Eurostat methodology	In process.
Quality assessment	Medium level of data reliability.
Periodicity	Annual.
Comment/recommendation	The data on the surface of the territory of the RS should be considered temporary (the state border is not contractually determined for its entire length, the quality of digital cadastral plans is currently being improved, etc.). RGA continuously improves the quality of digital cadastral plans and spatial data of the Register of Spatial Units. ***The indicator is not available by the type of region.*** Serbia has not prepared a typology of the region (classification of NSTJ 3 area level) according to the urban-rural typology recommended by *EC DG AGRI*. See methodological explanation and comments/recommendations for indicator I/1a.
Indicator number and name	**I/4 POPULATION DENSITY**
Unit of measure	Population/km^2
Official producer	RGA – territory surface area / SORS – population / Eurostat – calculations
Data source	Eurostat, Population density persons per km^2, database https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tps00003&plugin=1
Methodological explanation	The indicator is calculated as a quotient of the average annual population and land area of the territory (excluding lakes and rivers). If the land surface information is not available, the total territory surface area is used.
Compliance with Eurostat methodology	Established.
Quality assessment	Medium level of data reliability. Expected improvements of RGA (territory surface area) and SORS (population) methodologies.
Periodicity	Annual.
Comment/recommendation	Eurostat calculates the indicator for Serbia with the total territory surface area, excluding the territory of Kosovo and Metohija.
Indicator number and name	**I/5 EMPLOYMENT RATE, total and according to the degree of urbanization (*scarcely/intermediate/densely populated areas)***
Unit of measure	% share of employees (total, men, women) in the age group 15-64 in the total working age population of the same age and sex group
Official producer	SORS, Labour Force Survey (ARS).
Data source	SORS, ARS database https://data.stat.gov.rs/?caller=SDDB / ARS, bulletins for relevant years / Eurostat, Employment and activity by sex and age - annual data, https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsi_emp_a&lang=en
Methodological explanation	ARS is used to collect data on the basic characteristics of the labour force, on the basis of which the total labour force in the country is estimated. The main objective of this survey is to

	obtain data on three basic, mutually exclusive contingents of the population: employed, unemployed and inactive persons. According to the Classification of Occupational Status of Employees, they are divided into: self-employed, employed workers and assisting household members. Comparability of the ARS data series for the period 2012-2018 is not complete, due to different survey periodicity, but the data can be used (data for 2014 have been revised). The comparability of the 2015 series is complete. As of 2015, ARS has been conducted as a continuous survey in the area of the Republic of Serbia.
Compliance with Eurostat methodology	High level of compliance. International recommendations and definitions are used in defining the basic contingents of the labour force.
Quality assessment	High level of data reliability.
Periodicity	Quarterly and annual.
Comment/ Recommendation	***The indicator is not available for scarcely/intermediate/densely populated areas***, since Serbia does not apply the classification of local administrative units (*LAU* 2) according to the degree of urbanization. See Appendix 1 of the Report.
Indicator number and name	**I/6 UNPAID FAMILY WORKERS/ ASSISTING HOUSEHOLD MEMBERS**
Unit of measure	%, share of assisting household members in the age group 15-65 in the total number of employees in the same age group
Official producer	SORS, Labour Force Survey
Data source	SORS, Labour Force Survey (abbr. ARS), database https://data.stat.gov.rs/?caller=SDDB / Labour Force Survey, bulletins for relevant years.
Methodological explanation	Refers to persons assisting another household member in running a family business or agricultural estate without being paid for that work. See ARS methodological explanation u within indicator I/5.
Compliance with Eurostat methodology	The ARS methodology is in line with the Eurostat methodology.
Quality assessment	High level of data reliability.
Periodicity	Quarterly and annual.
Comment/recommendation	***The indicator is not in the list of recommended common context indicators of EC for evaluation of IPARD 2 programme***. Instead of this indicator, it is recommended to introduce the indicator *Informal Employment Rate in the activity sector Agriculture, Forestry and Fishing*. This category includes employees of an unregistered company, employees of a registered company, but without a formal employment agreement and without social and pension insurance, as well as unpaid assisting household members.
Indicator number and name	**I/7 UNEMPLOYMENT RATE, total and according to the degree of urbanization (*scarcely/intermediate/densely populated areas)***
Unit of measure	% of unemployed (total, men, women) in the age group 15-24 in the total active population of the same age and sex group (youth unemployment rate) / % youth unemployment rate) in the age group 15 and above the total active population of the same age and sex group.

Official producer	SORS, Labour Force Survey (ARS).
Data source	SORS, ARS, database https://data.stat.gov.rs/?caller=SDDB / ARS, bulletins for relevant years / Eurostat, Unemployment by sex and age – annual average, https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=une_rt_a&lang=en
Methodological explanation	See indicator I/5
Compliance with Eurostat methodology	High level of compliance.
Quality assessment	High level of data reliability.
Periodicity	Quarterly and annual.
Comment/recommendation	***The indicator is not available for scarcely/intermediate/densely populated areas***, since Serbia does not apply the classification of local administrative units (*LAU* 2) according to the degree of urbanization. See Appendix 1 of the Report.
Indicator number and name	**I/8 GROSS DOMESTIC PRODUCT (GDP) PER CAPITA, total and** by type of region, **according to** urban typology **(predominantly rural regions, intermediate and predominantly urban regions)**
Unit of measure	EUR/ per capita / EUR/ per capita, purchasing power parity (PPS*) / Index (EU-27 =100), purchasing power parity (PPS*) ** PPS - exchange rates that simultaneously translate into a common currency and equalize the purchasing power of different currencies, to ensure international comparability of GDP*
Official producer	SORS, National accounts
Data source	Eurostat, database (Main GDP aggregates per capita), https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do
Methodological explanation	Gross domestic product (GDP) in current prices. GDP is the result of the production activities of all resident institutional units. It represents the most important macroeconomic aggregate, demonstrates the strength and stability of a country's economy.
Compliance with Eurostat methodology	GDP is calculated and macroeconomic accounts for the Republic of Serbia are prepared in accordance with internationally accepted standards, the System of National Accounts 2008 (SNA 2008) and European System of Accounts 2010 (ESA 2010). The published data is subject to revision, which is an international standard. This provides not only a consistent, better quality and more reliable method of calculation, but also a comparable series of data.
Quality assessment	High level of data reliability.
Periodicity	Annual
Comment/recommendation	***The indicator is not available by type of region: predominantly rural regions, intermediate and predominantly urban regions***. Serbia has not prepared a typology of the region (classification of NSTJ 3 area level) according to the urban-rural typology recommended by *EC DG AGRI*. See methodological explanation and comments/recommendations for indicator I/1a.
Indicator number and name	**I/9 AT-RISK-OF-POVERTY RATE, total and by type of region according to urban-rural typology (predominantly**

	rural regions, intermediate and predominantly urban regions)
Unit of measure	%
Official producer	SORS, The Survey on Income and Living Conditions (SILC)
Data source	SORS, Poverty and social inequality, announcements for the relevant years, https://www.stat.gov.rs/oblasti/potrosnja-prihodi-i-uslovi-zivota/prihodi-i-uslovi-zivota/
Methodological explanation	At-risk-of-poverty rate is the estimate of persons whose equivalent income is below than the relative poverty line. These individuals are not necessarily poor, they are just at a higher risk of being poor. The at-risk-of-poverty threshold (relative poverty line) represents 60% of the median national equivalent income and is expressed in dinars.
Compliance with Eurostat methodology	Established.
Quality assessment	High level of data reliability.
Periodicity	Annual.
Comment/recommendation	***The indicator is not in the list of ECs recommended common context indicators for evaluation of IPARD II programme. Not available by the type of region, as Serbia has not prepared the classification of regions for area level (NUTS 3) according to urban-rural typology.*** See methodological explanation and comments/recommendations for indicator I/1a.
Indicator number and name	**I/10 ECONOMY STRUCTURE - GROSS VALUE ADDED, base prices, total and by sector (primary, secondary, tertiary)**
Unit of measure	Gross value added (GVA), total: mil. EUR By sector (primary, secondary, tertiary): - GVA in mil. EUR and - % share in total GVA.
Official producer	SORS, National accounts.
Data source	SORS, National accounts, SNA 2008, GDP according to production approach, GVA by industry (KD 2010), database https://data.stat.gov.rs/Home/Result/0902010301?languageCode=sr-Cyrl
Methodological explanation	The indicator shows GVA total and distribution by sector (primary, secondary, tertiary). The National Classification of Activities KD 10 is harmonized with the international statistical classification of economic activities (NACE, rev 2). ***Primary sector*** includes the following sectors of activity A Agriculture, forestry and fishing; ***Secondary sector*** includes the following sectors of activity: *B-E + F* (mining, processing, power, gas and steam supply and air conditioning and construction); ***Tertiary sector*** includes the following sectors of activity *G-I + J + K + L + M-N + O-Q + R-U*. The GVA of each activity at basic prices is calculated as the difference between the output value of all goods and services and intermediate consumption (the value of goods and services consumed in the production process, at purchase prices). The calculation of production at basic prices means that all subsidies on products and services are included in the GVA calculation,

	and all taxes on products and services, as well as customs, are excluded. GVA expressed at current prices (nominal value, impact of inflation is not included).
Compliance with Eurostat methodology	GDP calculation of and preparation of macroeconomic accounts for the Republic of Serbia are performed in accordance with internationally accepted standards, the System of National Accounts 2008 (SNA 2008) and European System of Accounts 2010 (ESA 2010). Published data is subject to revision, which is an international standard. This provides not only a consistent, and better quality and more reliable method of calculation, but also a comparable series of data.
Quality assessment	High level of data reliability.
Periodicity	Annual.
Comment/recommendation	SORS in the electronic database provides data on GVA by activities in mil. RSD, current prices.
Indicator number and name	**I/11 EMPLOYMENT STRUCTURE, total and by sector of activity (primary, secondary, tertiary), concept of national accounts**
Unit of measure	Total: number of employees, number (000); By sector (primary, secondary, tertiary): - number of employees (000) and - % share in total employment.
Official producer	***Indicator is not monitored***.
Proposed official producer	SORS, National accounts.
Methodological explanation	SORS has the number of employees according to the concept of national accounts only for the period 2015-2017, but the data is experimental in nature and not for public use.
Proposed periodicity	Annual.
Comment/recommendation	SORS is in the process of introducing this indicator.
Indicator number and name	**I/12 LABOUR PRODUCTIVITY, total and by sector of activity: primary, secondary and tertiary sector**
Unit of measure	– EUR/person.
Official producer	The indicator is calculated on the basis of GVA at base prices, concept of national accounts (indicator I/10) and employees according to the concept of national accounts (indicator I/11).
Data source	GVA - SORS, National accounts; Number of employees according to the concept of national accounts – ***the indicator is not monitored.***
Methodological explanation	Labour productivity is calculated as a quotient of the value of indicator I/10 (GVA) and indicator I/11 (employment).
Compliance with Eurostat methodology	GVA, concept of national accounts – compliance established; Number of employees, concept of national accounts – the harmonization is ongoing. SORS has the number of employees according to the concept of national accounts only for the period 2015-2017, but the data are experimental in nature and not for public use.
Quality assessment	-
Periodicity	Annual.
Comment/recommendation	***Indicator Labour Productivity Indicator, total and by sector of activity cannot be calculated***. It is expected that indicators on the number of employees will be established according to the concept of national accounts (SBS) and methodological harmonization with Eurostat.

2.3.2. Evaluation of sectoral indicators – tabular view

Table 2.3. Overview of common context indicators: sectoral indicators (IPARD II programme for the Republic of Serbia for the period 2014-2020)

Sector Indicator Name	Unit of measure	Comment + source for verification
1. Employment by economic activity, total	(000)	Statistical Yearbook 2013
Agriculture	Thousand persons/ % of the total number	
Forestry		
Food industry		
Tourism (Accommodation and food services)		
2. Labour productivity in agriculture	EUR/AWU	SORS
3. Structure of agricultural production	Share of the following sectors: cereals, oilseeds, sugar beet, fruits and vegetables, meat, milk, in total agricultural production (quantitatively)	SORS
4. Labour productivity in the food industry	EUR/person	Statistical Yearbook 2013
5. Farm* – by size (in ha): number of farms/share in total agricultural land* 0 ha* <2 ha* 2–4,9 ha* 5–9,9 ha* 10–19,9 ha* 20–29,9 ha* 30–49,9 ha* 50–99,9 ha* >100 ha*	Total AH* Number/%*	2012 Agricultural Census*
6. Farmland	1.000 ha 1.000 ha/% Arable land Permanent lawns and meadows Permanent crops	Statistical Yearbook 2013
7. Agricultural area under organic farming	ha	MAFWM*
8. Irrigated land	ha	Irrigation Survey http://webrzs.stat.gov.rs/WebSite/repository/documents/00/01/36/85/saopstenje_VOD4_2013_cirS.pdf
9. Livestock	*LSU*	Agricultural Census
10. Agricultural labour force	Number of persons	Agricultural Census

	AWU	
11. Age structure of farm managers <35: 35-54: >55:	Managers, number 1.000 persons /%	Agricultural Census
12. Agricultural training for farm managers Only practical farming experience Basic agricultural training Full agricultural training	Number of managers	Agricultural Census
13. Increase of fixed assets in agriculture	million EUR % of GVA in agriculture	National accounts
14. Forests and Other Wooded Land (FOFL)	Total surface area under forests 1.000 ha % of total surface area excluding Kosovo and Metohija	Statistical Yearbook 2013.
15. Tourism infrastructure, including agro-tourism infrastructure	Total: number of beds	Statistical Yearbook 2013.

Source: IPARD II programme for the Republic of Serbia for the period 2014-2020.

Table 2.4. Evaluation of Group II Indicators: SECTORAL INDICATORS

Indicator number and name	**II/1 EMPLOYMENT BY ACTIVITY (AGRICULTURE, FORESTRY, FOOD INDUSTRY, TOURISM)**
Unit of measure	**Total**: number of employees, (000) persons, age 15 and above **By area of activity** (age 15 and above): A 01 Agricultural production, hunting and related service activities: – number of employees, (000) persons, and – % share in the total number of employees A 02 Forestry and felling: – number of employees, (000) persons, and – % share in the total number of employees C 10 Food production: – number of employees, (000) persons, and – % share in the total number of employees Tourism (I 55 Accommodation + I 56 Food and beverage preparation and serving activities): – number of employees, (000) persons, and – % share in the total number of employees.
Official producer	SORS, Labour Force Survey (ARS)
Data source	Eurostat, EUROSTAT database, https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa_egan22d&lang=en (Employment by sex, age and detailed economic activity)
Methodological explanation	ARS is used to collect data on the basic characteristics of the labour force, on the basis of which the total labour force in the country is estimated. The main objective of this survey is to obtain data on three basic, mutually exclusive contingents of the population: employed, unemployed and inactive persons. Comparability of the ARS data series for the period 2012-2018 is not complete, due to different survey periodicity, but the data can be used (data for 2014 have been revised). The comparability of

	the 2015 series is complete. As of 2015, ARS has been conducted as a continuous survey in the area of the Republic of Serbia.
Compliance with Eurostat methodology	High level of compliance. International recommendations and definitions are used in defining the basic contingents of the labour force.
Quality assessment	High level of data reliability.
Periodicity	Quarterly and annual.
Comment/ recommendation	The National Classification of Activities KD 10 is harmonized with the international statistical classification of economic activities (NACE, rev 2).
Indicator number and name	**II/2 LABOUR PRODUCTIVITY IN AGRICULTURE**
Unit of measure	– EUR/AWU
Official producer	***GVA in agriculture at basic prices*** – SORS, Economic accounts of agriculture; ***Employment (Labour Consumption in Agriculture) - indicator is not monitored*** (there is no official producer). Proposed official producer: SORS, Economic accounts of agriculture.
Data source	For GVA in agriculture SORS, Economic accounts of agriculture, publication "Economic accounts of agriculture in the Republic of Serbia 2007-2018", working paper No. number 110, 2019, https://publikacije.stat.gov.rs/G2019/Pdf/G201910110.pdf ***The "Labour Consumption in Agriculture" indicator is not monitored***.
Methodological explanation	Labour productivity in agriculture is calculated as the quotient of Gross Value Added (GVA) in agriculture, at basic prices and full employment in agriculture, as measured through AWU. ***Gross value added in agriculture*** equals the difference between the value of agricultural production at basic prices (all subsidies on products and services are included, and all taxes on products and services are excluded) and intermediate consumption (the value of consumables and services, i.e. input in agriculture) at purchase prices. ***Annual Work Unit*** *(AWU)* is the amount of human labour spent on farming on each farm. This unit represents the equivalent of one person's work, i.e. full time work in one year: eight hours a day, 225 working days.
Compliance with Eurostat methodology	Economic accounts for agriculture are prepared in accordance with the Eurostat methodology "*Manual on the economic accounts for the Agriculture and Forestry EAA/EAF 97"*, and there is compliance for the GVA in agriculture indicator. ***The "Labour Consumption in Agriculture" indicator is not monitored***.
Quality assessment	High level of data reliability for GVA in agriculture.
Periodicity	Annual.
Comment /recommendation	***The indicator cannot be calculated, because the data on the Labour Consumption in Agriculture is missing.*** AWU is calculated according to Economic accounts for agriculture for the period 2007-2017, within the IPA 2015 project. However, the data has not been published and is not yet for public use. In the forthcoming period, the SORS - Economic Accounts of Agriculture is expected to establish statistics on Labour Consumption in Agriculture.

	The definition of agricultural activity within the economic accounts of agriculture differs, to some extent, from the manner in which the field of agriculture is defined according to the general framework of national accounts. The differences are related to the definition of both characteristic activities and observation units.
Indicator number and name	**II/3 STRUCTURE OF VALUE (OUTPUT) OF AGRICULTURAL PRODUCTION**
Unit of measure	– % share of each product group in total value (output) of agricultural production
Official producer	SORS, Economic accounts of agriculture
Data source	SORS, Economic accounts of agriculture, publication "Economic accounts of agriculture in the Republic of Serbia 2007-2018", working paper No. 110, 2019., https://publikacije.stat.gov.rs/G2019/Pdf/G201910110.pdf
Methodological explanation	***Value of agricultural activity*** equals the sum of the values of crop production, livestock production, and agricultural services and the value of production of inseparable non-agricultural secondary farming activities (processing of milk, grapes, fruits and vegetables, and other inseparable activities: other goods and services). Agricultural production is valued at basic prices. One of the main characteristics of preparation of economic accounts is the use of the formula "quantity x price" in calculating the output for most agricultural products. Base price is the amount the producer receives from a buyer for a unit of produced goods or service minus any tax due and plus any subsidy it receives for that unit that is the consequence of production or sale.
Compliance with Eurostat methodology	Established.
Quality assessment	High level of data reliability.
Periodicity	Annual.
Comment/ recommendation	-
Indicator number and name	**II/4 LABOUR PRODUCTIVITY IN FOOD INDUSTRY**
Unit of measure	– EUR/person
Official producer	SORS, Structural Business Statistics for indicators: (a) GVA at factor cost for industry area C 10 and (b) number of employees in industry area C 10. Indicator *"Labour Productivity in Food Industry"* is the result of calculation based on indicators (a) and (b).
Data source	SORS, Structural Business Statistics, electronic database, https://data.stat.gov.rs/Home/Result/190101?languageCode=sr-Cyrl
Methodological explanation	The indicator represents the gross value added at factor cost in the area of Food Production (C 10) per employee in this industry area, the concept of Structural Business Statistics. It is calculated as a quotient of GVA indicator at factor costs for the industry area C 10 and the number of employees in the industry area C 10. Structural indicators of company operations are divided into demographics (number of companies, number of start-ups, number of local units, etc.); those related to inputs (number of employed persons, number of employees, hours worked, total purchases of goods and services, employee costs, gross investments in tangible

	fixed assets, etc.) and those related to output (turnover, production value , value added at factor cost, gross operating surplus, etc.). They are calculated in annual and multi-annual periods, for companies, local units and units of type of industry.
Compliance with Eurostat methodology	Established.
Quality assessment	High level of data reliability.
Periodicity	Annual.
Comment/ recommendation	The value of GVA in food industry, at factor cost, for sector C 10 for 2018 is expected during March 2020. GVA at factor costs is expressed in million RSD.
Indicator number and name	**II/5 AGRICULTURAL HOLDINGS (AH) BY UTILIZED AGRICULTURAL AREA (UAA) SIZE CLASS**
Unit of measure	AH total: number (000) Average value AH: UAA/ AH in hectares; In every AH size class: – Number of AH (000) and – % share in the total number of AH.
Official producer	SORS (based on data from the Agricultural Census and the Farm Structure Survey).
Data source	SORS, electronic database, https://data.stat.gov.rs/?caller=SDDB / SORS, for 2012: Agricultural Census 2012, Volume 1 Agriculture in the Republic of Serbia, https://publikacije.stat.gov.rs/G2013/Pdf/G201314002.pdf / SORS, for 2018: SORS, Farm Structure Survey 2018 - Volume Land, https://publikacije.stat.gov.rs/G2019/Pdf/G20196003.pdf
Methodological explanation	The Agricultural Census is a comprehensive action prepared, organized and implemented by the SORS in order to collect data on the structural characteristics of agricultural holdings in the Republic of Serbia. In the inter-census period, the Farm Structure Survey s is carried out. The data shows the number of AH in the following categories of average AH size (AH size is expressed in ha of UAA): – 0 ha – <2 ha – 2–4,9 ha – 5–9,9 ha – 10–19,9 ha – 20–29,9 ha – 30–49,9 ha – 50–99,9 ha – >100 ha
Compliance with Eurostat methodology	Established.
Quality assessment	High level of data reliability.
Periodicity	Agricultural Census – every 10 years. The Farm Structure Survey – every three years in the inter-census period (***planned periodicity***).
Comment/ recommendation	Implementation of the FSS by the SORS is conditioned upon the available financial resources for carrying out the research. The absence of planning of financial resources in the RS budget for these purposes, causes the inability to realize the FSS in the planned dynamics.

	According to Eurostat methodology, Agricultural Census in Serbia was first carried out in 2012, and the Farm Structure Survey (FSS) in 2018.
Indicator number and name	**II/6 Agricultural land**
Unit of measure	Total utilized agricultural land (UAA): – number of hectares (000). For each UAA category: – number of hectares (000) and – % of the total UAA.
Official producer	SORS, Agricultural Census and Farm Structure Survey.
Data source	For 2012: SORS, Agricultural Census 2012, Volume 1 Agriculture in the Republic of Serbia, https://publikacije.stat.gov.rs/G2013/Pdf/G201314002.pdf For 2018: SORS, Farm Structure Survey 2018 - Volume Land, https://publikacije.stat.gov.rs/G2019/Pdf/G20196003.pdf
Methodological explanation	The indicator includes the total UAA and its structure: – arable land; – meadows and pastures/permanent grassland and meadow; – permanent crops.
Compliance with Eurostat methodology	Established.
Quality assessment	High level of data reliability.
Periodicity	Agricultural Census – every 10 years. Farm Structure Survey – every three years in the inter-census period.
Comment/ recommendation	See comments/recommendations for indicator II/5.
Indicator number and name	**II/7 AREA UNDER ORGANIC AGRICULTURE**
Unit of measure	– number of ha / – % share in the total UAA.
Official producer	Directorate for National Reference Laboratories of MAFWM, Organic Production Group.
Data source	Directorate for National Reference Laboratories of MAFWM, Organic Production Group, http://www.dnrl.minpolj.gov.rs/o_nama/organska/organska_proizvodnja_u_srbiji.html; EUROSTAT, database, Organic crop area by agricultural production methods and crops, https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=org_cropar&lang=en SORS, Statistical Yearbook RS for 2016, 2017, 2018 and 2019.
Methodological explanation	The indicator includes the area on which organic production is carried out and the area in the stage of conversion into organic production. The data is collected on the basis of annual reports submitted to the control organizations authorized for control and certification in organic production to the Directorate for National Reference Laboratories of MAFWM. Organic production information is provided by the Directorate to EUROSTAT and SORS.
Compliance with Eurostat methodology	Established.
Quality assessment	High level of data reliability.
Periodicity	Annual.
Comment/	-

recommendation	
Indicator number and name	**II/8 IRRIGATED LAND**
Unit of measure	– number of ha / – % share in total UAA.
Official producer	SORS, Agricultural Census and Farm Structure Survey
Data source	For 2012: SORS, Agricultural Census 2012 - Book 1, Agriculture in the Republic of Serbia, https://publikacije.stat.gov.rs/G2013/Pdf/G201314002.pdf For 2018: SORS, Farm Structure Survey 2018, database https://data.stat.gov.rs/?caller=SDDB
Methodological explanation	Irrigated area is defined as the area under the main crops and plantings that has been irrigated at least once during the 12 months prior to the reference day of the survey. It does not include areas under greenhouses, polytunnels and farmstead, as frequent irrigation of these areas is implied. The area irrigated more than once is covered only once.
Compliance with Eurostat methodology	Established.
Quality assessment	High level of data reliability.
Periodicity	Agricultural Census – every 10 years. Farm Structure Survey – every three years in the inter-census period.
Comment/ recommendation	See comments/recommendations for indicator II/5.
Indicator number and name	**II/9 LIVESTOCK**
Unit of measure	– (000) head per cattle species.
Official producer	SORS, Agricultural Census and Farm Structure Survey
Data source	For 2012: SORS, Agricultural Census 2012, Book 1, Agriculture in the Republic of Serbia, https://publikacije.stat.gov.rs/G2013/Pdf/G201314002.pdf For 2018: SORS, Farm Structure Survey, 2018 (Statistical Yearbook 2019).
Methodological explanation	The Agricultural Census and Farm Structure Survey provide information on the number of livestock (own and belonging to others) and show the total number by species and category, as well as other animals bred for the production of meat, eggs and fur (not for hunting purposes) and production of honey, i.e. to generate income, which were, at the critical moment of the census/surveys located on the farm.
Compliance with Eurostat methodology	Established.
Quality assessment	High level of data reliability.
Periodicity	Agricultural Census – every 10 years. Farm Structure Survey – every three years in the inter-census period.
Comment/ recommendation	See comments/recommendations for indicator II/5.
Indicator number and name	**II/10 AGRICULTURAL LABOUR**
Unit of measure	Total, labour: – Number of persons (000) and – AWU (000). For each labour category, total and by sex: – Number of persons (000) or AWU (000).

	– % share in the same category.
Official producer	SORS, Agricultural Census and Farm Structure Survey.
Data source	For 2012, database SORS https://data.stat.gov.rs/Home/Result/1300010301?languageCode=sr-Cyrl For 2018, database SORS https://data.stat.gov.rs/Home/Result/1300020501?languageCode=sr-Cyrl
Methodological explanation	The basic categories of labour force are: (1) REGULAR LABOUR FORCE: family (sole holders working in the farm + members of the sole holder's family working in the farm) + permanently employed at AH and (2) NON-REGULAR LABOUR FORCE (seasonal labour force). Annual Work Unit/AWU is the amount of human labour spent for conducting agricultural activity on each farm. This unit represents the equivalent of one person's work, i.e. time in one year: eight hours a day, 225 working days.
Compliance with Eurostat methodology	Established.
Quality assessment	High level of data reliability.
Periodicity	Agricultural Census – every 10 years. Farm Structure Survey – every three years in the inter-census period.
Comment/ recommendation	Seasonal labour force is shown in the SORS database as seasonal and contracted labour. Seasonal labour force information is available upon request. Additionally, see comments/recommendations for indicator II/5.
Indicator number and name	**II/11 AGE STRUCTURE OF FARM MANAGERS**
Unit of measure	Managers, total: – number (000). Managers, by age group (under 35, 35 to 54 and 55 and older): – Total, number (000) and – % share in the total number. Racio: young/old managers.
Official producer	SORS, Agricultural Census and Farm Structure Survey
Data source	SORS, database https://data.stat.gov.rs/Home/Result/1300010404O1?languageCode=sr-Cyrl
Methodological explanation	The manager of the holding is the natural person responsible for the normal daily financial and production decisions on the holding. The manager of the holding can be: holder of the farm, any other member of the farm, as well as permanent employees at the farm. The age structure is observed through categories: – Under 35: – 35 to 54, and – 55 and over.
Compliance with Eurostat methodology	Established.
Quality assessment	High level of data reliability.
Periodicity	Agricultural Census – every 10 years. Farm Structure Survey – every three years in the inter-census period.
Comment/ recommendation	See comments/recommendations for indicator II/5.
Indicator number and name	**II/12 AGRICULTURAL TRAINING OF FARM MANAGERS**
Unit of measure	For each category of farm managers by age group:

	– Number of managers with each level of training; – % share in the total number of managers of the same age group.
Official producer	SORS, Agricultural Census and Farm Structure Survey
Data source	Electronic database SORS, https://data.stat.gov.rs/?caller=SDDB
Methodological explanation	The level of farm manager training is viewed in three categories: – Practical experience; – Primary school; – Advanced training. Managers AH by age group: – Under 35: – 35 to 54, and – 55 and over.
Compliance with Eurostat methodology	Established.
Quality assessment	High level of data reliability.
Periodicity	Agricultural Census – every 10 years. Farm Structure Survey – every three years in the inter-census period.
Comment/ recommendation	See comments/recommendations for indicator II/5.
Indicator number and name	**II/13 GROSS INVESTMENT IN FIXED ASSETS IN AGRICULTURE**
Unit of measure	– Gross investment in fixed assets in agriculture: in mil. EUR; – % share in GVA in the field of agriculture.
Official producer	GVA at basic prices, in the field of industry A 01 (Agricultural production, hunting and related service activities): SORS, National accounts. Gross investment in fixed assets, concept of economic accounts of agriculture **– *indicator is not monitored***. Recommended producer: SORS, Economic accounts of agriculture.
Data source	SORS electronic database for GVA in mil. RSD by sector and field of industry, https://data.stat.gov.rs/Home/Result/0902010301?languageCode=sr-Cyrl
Methodological explanation	This indicator is crucial for the competitiveness of each sector. It is calculated as the share of the value of gross investment in fixed assets in agriculture (concept of Economic accounts of agriculture) in total GVA field of industry A 01 (Agricultural production, hunting and related service activities), at basic prices, according to the concept of national accounts.
Compliance with Eurostat methodology	Established part of GVA according to the concept of national accounts. ***Indicator of gross investment in fixed assets in agriculture according to the concept of national accounts has not been established***.
Quality assessment	-
Periodicity	Annual.
Comment/ recommendation	***Since the indicator "Gross investment in fixed assets in agriculture" according to the concept of national accounts is not available,*** as a substitute for this indicator, until it is provided by the SBS, use the gross investment in fixed assets in agriculture by the concept of national accounts, SORS (information available upon request).

Indicator number and name	**II/ 14 FOREST AND OTHER WOODED LAND**
Unit of measure	Total surface area: (000) ha; % share in total territory
Official producer	FAO Global Forest Resources Assessment (FRA)
Data source	Eurostat, Forest resources, base: https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=for_area&lang=en Report for Serbia for 2015 prepared within FAO FRA, http://www.fao.org/3/a-az330e.pdf.
Methodological explanation	The indicator relating to the world's forests and their management is provided through national assessments and reports, prepared by countries within FAO Global Forest Resources Assessment (FRA), http://www.fao.org/forest-resources-assessment/en/
Compliance with Eurostat methodology	Full.
Quality assessment	High level of data reliability.
Periodicity	5 years.
Comment/ recommendation	The report for Serbia within FAO FRA with estimates for 2020 is expected in June 2020. The SORS provides data on the forest fund on the basis of the national forest inventory, prepared by the MAFWM, Forest Directorate, and publishes it every 10 years. Additionally, data on changes in forest areas is provided by the SORS based on regular three-year statistical surveys. The last national forest inventory is from 2007, and the last three-year statistical survey on changes in forest area is from 2017. A new national forest inventory is underway, and is expected in the next two years. SORS forestry data is available in the Statistical Yearbooks for the corresponding years and the Forestry bulletins, for the corresponding years. Recommendation *DG AGRI* is to use Global Forest Resources Assessment (FRA) for this, to ensure that country-by-country data is methodologically aligned.
Indicator number and name	**II/15 TOURISM INFRASTRUCTURE, INCLUDING AGRICULTURAL INFRASTRUCTURE**
Unit of measure	Number of beds in collective tourist accommodation facilities
Official producer	SORS, Tourism
Data source	Eurostat, Tourism statistics, Number of establishments, bedrooms and bed-places, base https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=tour_cap_nat&lang=en
Methodological explanation	The indicator includes the number of beds (permanent beds, without auxiliary beds) in hotels and similar establishments (I 55.1), holiday and other short-stay accommodation (II 55.2) and camping grounds, recreational vehicle parks and trailer parks (III 55.3).
Compliance with Eurostat methodology	Full.
Quality assessment	A number of tourists in establishments owned by physical entities (private rooms, houses and dwellings...) are not included in the statistical survey due to non-registration of guests.
Periodicity	Annual.
Comment/ recommendation	The SORS does not officially publish this information in its publications and electronic database. The SORS publishes data on the total number of beds at the national level (permanent and

	auxiliary) in all establishments that provide accommodation services commercially, including those classified within industry 559 (Other accommodation: sleeping and dining wagons, worker dormitories, etc.). Data is available in Statistical Yearbooks, for relevant years. By establishing the Central Information System (CIS, E tourist) in the field of hospitality and tourism, the SORS will be enabled to retrieve the data on tourist traffic and accommodation capacities from the administrative source, i.e. from the CIS database, which will ensure improved and better quality data. The establishment of CIS E tourist is expected by the end of 2020.

2.3.3. Evaluation of environment indicators – tabular view

Table 2.5 Overview of common context indicators: environmental indicators (IPARD II programme for the Republic of Serbia for the period 2014-2020)

Environmental indicator name	**Unit of measure**	Comment + **source for verification**
1. Type of land vegetation	Total surface area, (000) ha – Agricultural land – Natural pastures – Total area under forest, 000 ha	Statistical yearbook 2013
2. Farmland birds index (*FBI*), (if available)		
3. Grassland (according to protection status), (if available)		
4. Protected forest (if available)		
5. Water quality	– kg N/ha/year – kg P/ha/year	
6. Soil Erosion by Water	km²	Survey on the protection against the harmful effects of water http://webrzs.stat.gov.rs/WebSite/repository/documents/00/01/44/83/ZS10_107_srb+cir.pdf
7. Agricultural areas at risk of Soil Erosion by Water	%	SORS
8. Production of renewable energy from agriculture and forestry	Forestry (% of production from forestry in total production of renewable energy)	Statistical yearbook 2013.

Source: IPARD II programme for the Republic of Serbia for the period 2014-2020.

Table 2.6 Evaluation of 3rd group of indicators: ENVIRONMENT INDICATORS

Indicator number and name	**III/1 LAND USE CHANGE**
Unit of measure	ha/% of the total area
Official producer	Environmental Protection Agency of the Republic of Serbia
Data source	Environmental Protection Agency of the Republic of Serbia, based on the CORINA Land Cover database. For 2012, link:

	http://indicator.sepa.gov.rs/pretrazivanje-indicatora/indicatorilat/allfindp/37e74d6a9f6d46728079ab7857f2c4c2 For 2018, link: http://www.sepa.gov.rs/download/FIN_JubilarnaPublikacija.pdf
Methodological explanation	The indicator is provided based on the CORINA Land Cover database. It shows trends in the conversion of agricultural, forest and other semi-natural and natural land to urban land and other artificial land. Changes in land use are monitored by analysing the CORINE Land Cover (CLC) bases for 2000, 2006, 2012 and 2018 relative to the indicator value from 1990 baseline. The CLC nomenclature is hierarchical with 44 classes in the third, 15 classes in the second and 5 classes in the first level. The minimum surface area unit is 25 ha and the minimum unit width is 100 m. The mapping scale is 1:100,000 with a mapping accuracy of at least 100 m.
Compliance with Eurostat methodology	High level of compliance.
Quality assessment	High level of data reliability.
Periodicity	Six years (periodicity of development of CLC database).
Comment/ recommendation	In relation to IPARD II programme for RS 2014-2020, where the indicator is designated as "Land Vegetation Type*",* during the evaluation the name was changed to "*Land Use Change"*, in order to align with the name under which this the indicator is monitored by the RS Environmental Protection Agency.
Indicator number and name	**III/2 FARMLAND BIRDS INDEX**
Unit of measure	Index, base year = 100
Official producer	***Indicator is not monitored.***
Proposed official producer	The Institute for Nature Conservation of Serbia, Provincial Secretariat for Urban Planning and Environmental Protection, Environmental Protection Agency of the Republic of Serbia, non-governmental organizations (Bird Protection and Study Society of Serbia, "BirdLife" international).
Methodological explanation	*Farmland birds index* is one of the basic indicators for measuring and assessing the impact of agriculture on the biological diversity of farm habitats. It is a complex indicator, showing the number of species and the density of populations of particular bird species at selected locations. The index measures the rate of change of occurrence of common bird species, the feeding and nesting of which are connected with farmland, and which are difficult to survive in other habitats. The year in which the bird population is first identified and counted is taken as the base year and assigned a value of 100, so that the index development through the years is compared with the base year. The data obtained is processed in one of the recommended statistical packages (TRIM, BirdSTATs, or DISTANCE).
Proposed periodicity	Annual.
Comment/ recommendation	In relation to the IPARD II programme for the Republic of Serbia 2014-2020, in item 3.6 Table of Context Indicators, the name of the indicator *Land Birds Index (FBI)* was changed to *Farmland birds index*, to align with the name of the indicator in English. ***The indicator is still not monitored in Serbia***, since no by-laws have been adopted specifying in more detail the form of biodiversity monitoring, except for protected areas and protected species. Also, it

	is necessary to develop a methodological basis for the creation and monitoring of the indicator.
Indicator number and name	**III/3 GRASSLAND (ACCORDING TO PROTECTION STATUS)**
Unit of measure	ha/% of evaluated habitats.
Official producer	***Indicator is not monitored.***
Proposed official producer	The Institute for Nature Conservation of Serbia, Provincial Secretariat for Urban Planning and Environmental Protection, Environmental Protection Agency of the Republic of Serbia (field research and use of CLC database, data on NATURA 2000 and other areas valuable from the perspective of biodiversity).
Methodological explanation	The indicator shows the conservation status of farmland habitats, i.e. natural grasslands. It is calculated as % of grassland in the conservation categories (favourable/unfavourable inadequate/ unfavourable poor) relative to the area of the evaluated grassland. This indicator covers several types of habitats listed in Appendix 1 of the *Habitats Directive*, which are considered to be of relevance for farmland and grassland ecosystems of the European Union. These are habitats whose natural boundaries are small, are at risk of extinction or represent unique examples of biogeographic regions with typical characteristics. The parameters used to assess the protection status of the area are trends and status of the *rank*, *area*, *structure and function* of the habitat, as well as its *future prospects*.
Proposed periodicity	Six years.
Comment/ recommendation	The Environmental Protection Agency has carried out both identification and mapping of type 1 farmland of high natural value (agricultural land with a high share of semi-natural vegetation) in the period 2008-2010, including grassland (*Agriculture and Environment in the Republic of Serbia – Indicator Overview*, http://77.46.150.206/download/publikacije/Poljoprivreda_2016.pdf). However, in order to create the indicator and establish monitoring, it is necessary to carry out a detailed mapping of farmland areas, especially types 2 and 3 farmland of high natural value that were not identified in the first research.
Indicator number and name	**III/4 PROTECTED FORESTS**
Unit of measure	% protected *FOWL* in each *MCPFE* class.
Official producer	***Indicator is not monitored.***
Proposed official producer	Forest Directorate of the MAFWM of the Republic of Serbia.
Methodological explanation	The indicator measures the percentage of protected forests and other wooded areas (*FOWL*) on which biodiversity, landscape or other natural values are preserved according to the *MCPFE* classes (1.1, 1.2, 1.3 and 2). The general principles of protection of forests and other wooded areas according to the *MCPFE* criteria are related to the existence of an *official* (law, government decision, etc.) and *permanent* protection status (over 20 years), as well as a clear *delineation* of the protection area (within fixed geographical borders defining the target). *MCPFE* Class 1 includes conservation of biodiversity in forests (preservation of rare genetic resources, protection of species, ecosystems and habitats, as well as the maintenance of natural ecological processes), whereas the main objective of management within Class 2 is the protection of landscapes and specific natural elements.

Proposed periodicity	Five years.
Comment/ recommendation	The *MCPFE* classification for the conservation of biodiversity and landscapes in the Republic of Serbia has not been carried out, and there is no monitoring of protected forest areas within these classes at the national level. The data presented in the *FOREST EUROPE* reports (*State of Europe's Forests 2015*, https://www.foresteurope.org/docs/fullsoef2015.pdf) are the result of evaluations within research projects and cannot be considered official.
Indicator number and name	**III/5 WATER QUALITY**
Unit of measure	kg N/ha/year; kg P/ha/year; % of monitoring sites.
Official producer	***Indicator is not monitored.***
Proposed official producer	The Ministry of Agriculture, Forestry and Water Management, Environmental Protection Agency of the Republic of Serbia
Methodological explanation	The indicator indicates the potential impact of agriculture on water through pollution by nitrates and phosphates. It consists of two sub-indicators (*Gross Nutrient Balance* and *nitrates in fresh water*) each with two indicators. *Sub-indicator 1. Gross Nutrient Balance* Indicators: 1.a) Potential surplus of nitrogen on agricultural land (kg N/ha/year) 1.b) Potential surplus of phosphorus on agricultural land (kg P/ha/year) *Sub-indicator 2. Nitrates in freshwater* Indicators: 2.a) Groundwater: % of monitoring sites in 3 water quality classes (high, moderate and poor). Nitrate content limit values for groundwater quality categories: High quality: <10 mg/l NO3 + > =10 mg/l NO3 and <25 mg/l NO3 Moderate quality: >=25 mg/l NO3 and <50 mg/l NO3 Poor quality: >=50 mg/l NO3 2.b) Surface water: % of monitoring sites in 3 water quality classes (high, moderate and poor). Nitrate content limit values for surface water quality categories: High quality: < 0,8 mg/l N + > = 0,8 mg/l N and <2,0 mg/l N Moderate quality: > = 2,0 mg/l N and <3,6 mg/l N + >=3,6 mg/l N and >5,6 mg/l N Poor quality: >=5,6 mg/l N and <11,3 mg/l N + >=11,3 mg/l N
Proposed periodicity	Gross Nutrient Balance: two years. Nitrates in fresh water: annually.
Comment/ recommendation	When evaluating the IPARD II program, the *Water Quality* indicator was set in accordance with the methodology of the European Commission. Sub-indicator *Gross Nutrient Balance* represents a potential excess of nitrogen and phosphorus in agricultural land and is not yet monitored in accordance with the recommended EC methodology. On the other hand, the control of nitrate content in surface and groundwater is a part of regular monitoring of the state of the environment in the Republic of Serbia and is carried out continuously in the period 2008-2017. Information on nitrate content in surface and groundwater is provided by the European

	Environmental Agency (links to the information given in the literature). It is necessary to harmonize the quality categories based on the set nitrate limit values for surface and groundwater in all three quality classes.
Indicator number and name	**III/6 SOIL EROSION BY WATER**
Unit of measure	t/ha/year; ha, % of total agricultural land surface.
Official producer	***Indicator is not monitored in accordance with EC methodology.***
Proposed official producer	The Environmental Protection Agency of the Republic of Serbia - on the basis of different land cover databases, satellite images of terrain, research of scientific and higher education institutions (Land Institute, Institute of Forestry, Faculty of Forestry, Faculty of Geography, Faculty of Agriculture and others).
Methodological explanation	The indicator estimates soil loss by water erosion processes and provides an estimate of the areas affected by a certain rate of soil erosion. It consists of two sub-indicators: 1. *Rate of soil loss by water erosion* expressed in tons of soil per hectare of surface area annually (t/ha/year). 2. *Agricultural areas at risk of soil erosion by water* represents the estimated agricultural area affected by moderate to severe water erosion (> 11 t/ha/year). This sub-indicator is monitored and expressed as: – ha, % of total agricultural area; – ha of arable and perennial planting area and% of total agricultural area; – ha of permanent meadows and pastures and% of the total agricultural area. The obtained data is processed using *RUSLE, PESERA, G2* and *MESALES* models and the like.
Proposed periodicity	At intervals of 5 to 10 years.
Comment/ recommendation	In the evaluation of the IPARD II program, the *Soil Erosion by Water* indicator has been set in accordance with the EC methodology, which provides for this indicator two sub-indicators with clearly defined units of measure. In the coming period, it is planned to prepare a project to finance reambulation of Serbia's erosion map using the recommended methodology.
Indicator number and name	**III/7 RENEWABLE ENERGY SOURCES**
Unit of measure	kToe; % of total produced renewable energy.
Official producer	***Indicator is not monitored.***
Proposed official producer	The Ministry of Agriculture, Forestry and Water Management and Ministry of Mining and Energy, source for verification Statistical Office of Republic of Serbia
Methodological explanation	The indicator measures the production of renewable energy from agriculture and forestry and its share in the total production of renewable energy. According to the EC methodology, renewable energy from agriculture includes the production of biodiesel (from oilseeds), ethanol (from crops rich in starch/sugar), biogas (manure, energy crops, waste, and residues), but does not include energy from grain straw and the like. Production of renewable energy from forestry means energy obtained from energy crops (cottonwood,

	willow, etc.), residues from the wood/paper industry and waste such as nutshells, rice hull, etc.
Proposed periodicity	Annual.
Comment/ recommendation	In the evaluation of IPARD II program, the *Renewable Energy Sources* indicator is set in accordance with the EC methodology, which provides for this indicator two sub-indicators and kToe unit of measure. Comparability of existing data published by the Statistical Office of Republic of Serbia (biogas and wood fuel balances, https://www.stat.gov.rs/sr-latn/oblasti/energetika/tabele/) is incomplete with EU member states, primarily due to deviations in measurement units, but the data can be used in the analysis. In general, the legal framework in the field of renewable energy production is not yet fully harmonized with EU regulations, the quantities of some fuels produced are still very small and their records are not maintained.

2.4. Overview of missing common context indicators

In the group ***of socio-economic indicators*** a number of indicators per type of region are missing (according to the degree of urbanization: scarcely/intermediate/densely populated areas, or according to urban-rural typology: predominantly rural regions, intermediate and predominantly urban regions)[2]. In more detail, the indicators missing in this segment are the following:

- *Population*, according to urban-rural typology (predominantly rural regions, intermediate and predominantly urban regions);
- *Age structure of the population*, according to urban-rural typology (predominantly rural regions, intermediate and predominantly urban regions);
- *Territory*, according to urban-rural typology (predominantly rural regions, intermediate and predominantly urban regions);
- *Employment rate and Unemployment rate*, according to the degree of urbanization *LAU* 2 level spatial units (scarcely/intermediate/densely populated areas);
- *Gross domestic product* (GDP) per capita, according to urban-rural typology (predominantly rural regions, intermediate and predominantly urban regions).

In addition, the SORS does not monitor "*employment",* total and by sector of activity, according to the concept of national accounts, which makes it impossible to calculate the derived indicator "*Labour productivity, total and by sector: primary, secondary and tertiary sector".* The SORS has the number of employees according to the concept of national accounts for the period 2015-2017, but this data is experimental and not for public use.

In the second group of indicators (sectoral), the SBS still does not have data on the use of labour force in agriculture (in AWU), according to the concept of economic accounts in agriculture, which makes it impossible to calculate the derived indicator "*Labour productivity in agriculture".* In addition, the SORS has not established monitoring of the "*gross value of investments in fixed assets in agriculture*", according to the concept of national accounts in agriculture.

In the group of ***environment indicators***, the largest number are those that have not yet been established. Monitoring of the following indicators is still missing: Farmland birds index,

[2] See Appendix 1 of the Report for more information on these two typologies (Existing statistical classification of settlements in Serbia and proposed classification according to the degree of urbanization and urban-rural typology of the EC).

grasslands (according to protection status), protected forests, water quality and production of renewable energy from agriculture and forestry.

2.5. Overview of the major weaknesses and gaps in data collection

Socio-economic indicators. In this group, most indicators are not available at the national level by type of region according to urban-rural typology (predominantly rural regions, intermediate and predominantly urban regions) and according to the degree of urbanization (scarcely/intermediate/densely populated areas). The reason for this is that Serbia has not yet prepared a classification of spatial units for *LAU* 2 municipality level according to the degree of urbanization in accordance with *DEGURBA* methodology, or a classification of spatial units for NSTJ 3 area level according to urban-rural typology of the EC. ***The lack of the mentioned indicators makes it impossible to provide a quality and reliable statistical basis for analysing the condition and development level of rural areas in Serbia*** (See Appendix 1 of the Report). In addition, the first group of indicators lacks statistical monitoring of the number of employees (total and by sector of activity), according to the concept of national accounts, which makes it impossible to calculate the derived indicator of ***Labour Productivity***, total and by sector (primary, secondary and tertiary sector).

Sectoral indicators. The major limitations and weaknesses in this group of indicators are as follows:

- ✓ Lack of funding limits the SORS to carry out farm structure survey (FSS) every three years in the inter-census period. Following the 2012 Census, the Farm Structure Survey was only completed in 2018. The Farm Structure Survey monitors a large number of indicators, such as: "Agricultural holdings according to UAA size", "Agricultural land", "Area under organic farming", "Irrigated land", "Livestock", "Agricultural labour force", "Age structure of farm managers" and "Training of farm managers";
- ✓ SORS - Economic accounts of agriculture does not yet have established statistics for the monitoring of agricultural labour force (in AWU), which makes it impossible to calculate the derived indicator ***Labour Productivity in Agriculture (EUR/AWU).*** SORS – The economic accounts of agriculture has calculated the consumption of agricultural labour force in AWU for the period 2007-2017 (within IPA 2015 project), however, this data has not been published and is not yet for public use. In addition, there is a lack of monitoring of "Gross investment in fixed assets in agriculture", according to the concept of national accounts in agriculture (SORS);
- ✓ The indicator related to forests is monitored by applying different methodology by different institutions and organizations (MAFWM, SORS, or FAO);
- ✓ There is a relatively low level of reliability and quality of the indicator *"Number of beds in collective tourist accommodation facilities"*, provided by the SORS, given that a number of tourists in establishments owned by physical entities (private rooms, houses and dwellings...) are not included in the statistical data due to guests not being registered.

Environment indicators. In the field of adjusting and further developing the methodological basis for the creation of set environment indicators, their implementation and standardization of monitoring, Serbia has not done much in the past period. Already in 2010, the EC delivered an opinion, within the framework of the Environmental Progress Report, that there was a lack of capacity that would ensure an adequate implementation of the integrated environmental monitoring strategy (air, water and soil). Namely, public services, which should play the role of data producers, are generally not familiar with the administrative conditions and methodology for monitoring these indicators according to EC requirements, and do not have information about their compliance. Also, lack of human resources (development and harmonization with the EU methodology, as well as data collection implies the involvement of

professional associates and volunteer work), as well as financial resources, are also significant limiting factors which limit the regular monitoring of quantitative parameters.

Below is an overview of individual environment indicators.

Farmland birds index. The legal and methodological basis for the monitoring of this index has not yet been developed. Currently, there is only data about meadow and forest bird population data for the period 2000-2012, which was obtained through various monitoring programs for individual species or groups of bird species, primarily through scientific research and conservation programs ("*Biodiversity Indicators in the Republic of Serbia, 2015*" (www.sepa.gov.rs/download/Indicatori_biodiverziteta_2015.pdf). The key shortcomings of the existing meadow and forest bird population database are related to time series mismatch.

Indicator ***The status of conservation of agricultural habitats (grasslands)*** has not yet been established and is not part of environmental monitoring in Serbia. It is necessary to carry out a detailed mapping of areas of agricultural land of high natural value, establish an adequate evaluation methodology and provide conditions for continuous monitoring of indicators.

Indicator ***Protected Forests***. Serbia is a signatory to the resolution adopted at the Fourth Ministerial Conference on the Protection of Forests in Europe (*MCPFE*, and now *FOREST EUROPE*) in Vienna (2003) which adopted improved pan-European criteria and indicators for sustainable forest management. These criteria are indicative, so their real implementation implies verification and harmonization at the national level, thus creating a basis for establishing indicators.

Within the indicator ***Water Quality,*** the sub-indicator ***Gross Nutrient Balance*** is not yet monitored in accordance with the recommended EC methodology. On the other hand, the control of ***nitrate content in surface and groundwater*** is part of regular monitoring of the state of the environment in the Republic of Serbia and is carried out continuously in the period 2008-2017. The data is comparable to that of EU member states. The analysis of the condition is possible based on the given criteria. It is necessary to harmonize the quality categories based on the set nitrate limit values for surface and groundwater.

Indicator ***Soil Erosion by Water*** is still not monitored according to EC methodology By financing various projects, sporadic estimates of soil loss due to erosion processes of different forms and intensities are made in certain areas of Serbia (m^3/km^2). It is necessary to establish a methodological basis in line with EC requirements for this indicator.

3. ACTIVITY 2: Administrative simplification of processing of submitted applications

3.1 Methodological approach

In the preparation of Chapter 3: Analysis of the quality of the submitted applications under IPARD II programme and the prepared recommendation, i.e. proposed measures for administrative simplification of the processing of the submitted applications in order to speed up the processing and the quality of the submitted applications, the following methods and data sources have been used:

- Research was conducted through structured interviews of participants in IPARD II programme;
- Six focus groups made up of at least six representatives of agricultural producers and processors were held. One focus group was organized with beneficiaries who received the decision approving the use of IPARD funds, while five focus groups were organized with applicants whose applications were rejected;
- Analysis of relevant EU and national legislation;
- Analysis of scientific and professional research in the field of indicators of rural development and environmental protection;
- Consultation with relevant experts in the field of EU integration and rural development;
- Consultation with other institutions important for the implementation of IPARD II programme, such as: RGA, Serbian Chamber of Commerce, local governments, Ministry of Finance of the Republic of Serbia – Directorate for Tax Administration, etc.;
- Consultation with representatives of operational structures of foreign IPARD systems.

The databases of the SORS, the Ministry of Agriculture, Forestry and Water Management of the Republic of Serbia, BRA and EUROSTAT were used.

For the purpose of realization of Activity 2: Administrative simplification of the processing of submitted applications, the factors that directly affect the improvement of the administrative processing of the applications were analysed, as well as factors that significantly indirectly affect the administrative processing of the applications. The following research questions were defined:

- Research questions related to the degree of achievement of objectives and the adequacy of the IPARD management structure:
- To what extent have the set goals of IPARD II programme been achieved?
- Has the IPARD management structure been set up adequately to meet the objectives of IPARD II programme?
- Is the monitoring and evaluation of IPARD II programme performed adequately against the set objectives of IPARD II programme?
- Research questions related to the application submission phase:
- Have the specific eligibility criteria been set up adequately to meet the objectives of IPARD II programme?
- Is the number and manner of announcing the call for proposals adequate to meet the objectives of IPARD II programme?
- Based on the implementation of the IPARD II programme so far, are there any needs to improve the work of the consulting agencies engaged in the implementation of IPARD II programme?
- Do the documentation and administrative procedures at the application submission stage meet the needs of the IPARD II programme?

- Are the deadlines for deciding on the applications adequate to meet the objectives of the IPARD II programme?
- Are the complaints handling procedures in accordance with the prescribed deadlines and procedure?

▪ Research questions related to the project implementation phase:

- Is the IPARD investment financing system adequate to meet the objectives of the IPARD II programme?
- Are the documentation and administrative procedures in the project implementation phase in line with the needs of the IPARD II programme?
- Is the process of determining whether achievement of national and EU standards in line with the needs of the IPARD II programme?

▪ Research questions related to the disbursement phase of the project:

- Are the documentation and administrative procedures in the project implementation phase in line with the needs of the IPARD programme?
- Are the periods for deciding on request for disbursement adequate to meet the objectives of the IPARD II programme?

▪ Research questions related to promotion, education and support of the IPARD II beneficiaries:

- Is the promotion of the IPARD II programme adequate to meet the objectives of the IPARD II programme?
- Is the support for beneficiaries adequate to meet the objectives of the IPARD II programme?

▪ Research questions related to the general business and administrative framework relevant to the IPARD II programme:

- What are the most significant obstacles in the overall business environment and administrative procedures for meeting the objectives of the IPARD II programme?

3.2. Overview of all implemented activities

Evaluation during the implementation of the IPARD II programme is based on desk analysis of key documents that comprise the framework for the IPARD II programme (ex-ante evaluations, Framework Agreement, Sectoral Agreement, Financial Agreement as well as the IPARD II programme itself), public policies (National Strategy of Agriculture and Rural Development, National Rural Development Programme, etc.), laws and regulations, as well as the available reports of the Managing Authority and the IPARD Agency prepared in the period 2017-2019 (bi-monthly reports for the European Commission, semi-annual reports for the IPARD II Programme Monitoring Committee, action plans for accreditation of new measures, etc.).

In addition to desk analysis, the following research activities were carried out:

1. Focus groups

Report on conducted focus groups is presented in Appendix 3.

2. Structured interviews

Report on conducted structured interviews is presented in Appendix 4.

3. IPARD Managing Authority

Cooperation with the IPARD Managing Authority included the following major activities:

- Meeting with representatives of the IPARD Managing Authority was held on 4th October 2019 in the premises of the MAFWM. The topic and objective of the meeting is to present

and agree the work plan for the evaluation of IPARD II programme for the period 2017-2019 by the Institute of Agricultural Economics - Belgrade.

- The work plan for the evaluation of the IPARD II programme, has been submitted on 7th October 2019 to the IPARD Managing Authority by email.
- Meeting with the IPARD Managing Authority was held on 9th October 2019 in the premises of the MAFWM with the aim of analysing and making suggestions on the submitted work plan for the evaluation of the IPARD II programme for the period 2017-2019.
- Meeting with the IPARD Managing Authority was held on 14th October 2019 in the premises of the MAFWM with the aim of analysing and making suggestions on the submitted work plan for the evaluation of IPARD II programme for the period 2017-2019.
- During November 2019, 4 structured interviews with representatives of the IPARD Managing Authority were completed.
- Meeting with the IPARD Managing Authority was held on 19th October 2019 in the premises of the MAFWM with the aim of presenting the structure of analysis and consultation on possible data sources.
- Meeting with the IPARD Managing Authority was held on 20th November 2019 in the premises of the MAFWM with the aim of presenting the implemented activities within the realization of the IPARD II Program Evaluation project for the period 2017-2019.
- Meeting with the IPARD Managing Authority was held on 23rd December 2019 in the premises of the MAFWM with the aim of analysing and suggesting a questionnaire prepared by the Institute of Agricultural Economics for submission to three regional IPARD systems (North Macedonia, Albania and Montenegro).

4. IPARD Agency

Cooperation with the IPARD Agency included the following major activities:

- First meeting with the IPARD Agency was held on 24th October 2019 in the premises of the IPARD Agency with the aim of presenting the work plan by the Institute of Agricultural Economics from Belgrade.
- Second meeting with the IPARD Agency was held on 8th November 2019 in the premises of the IPARD Agency with the aim of presenting the work plan by the Institute of Agricultural Economics from Belgrade.
- Meeting with the IPARD Agency - Information Group was held on 12th November 2019 in the premises of the IPARD Agency with the aim of completing a structured questionnaire and determining the current status and possibilities for improving the work related to the promotion and information of IPARD II programme. Further, meeting with representatives of the Project Approval Sector was held with the aim of completing a structured questionnaire and determining the current status and possibilities for improving the work related to the projects' approval. Additionaly, meeting with the On-Site Control Sector was held with the aim of completing a structured questionnaire and determining the current status and possibilities for improving the work related to the control of IPARD II programme.
- Meeting with the Division for Legal and General Affairs of the IPARD Agency was held on 15th November 2019 in the premises of the IPARD Agency with the aim of completing a structured questionnaire and determining the current status and possibilities for improving the work of IPARD II programme.

5. IPARD II Programme Monitoring Committee

Cooperation with the IPARD Programme Monitoring Committee included the following major activities:

- Meeting with the representative of the IPARD Programme Monitoring Committee from the Serbian Chamber of Commerce was held on 24th October 2019, in Belgrade, with the aim of completing a structured questionnaire and determining the current status and possibilities for improving the work of IPARD Monitoring Committee.
- Meeting with two representatives of the IPARD Programme Monitoring Committee from the Travel Agency Ljig was held on 31th November 2019, in Ljig, with the aim of completing a structured questionnaire and determining the current status and possibilities for improving the work of IPARD Monitoring Committee.

6. MAFWM

Cooperation with other MAFWM bodies included the following major activities:

- Meeting with representatives of the MAFWM in charge of handling complaints by IPARD applicants in the second instance was held on 3rd October 2019, in the premises of the MAFWM with the aim of direct insight into the cases under appeal in the second instance.
- Meeting with representatives of the MAFWM in charge of handling complaints by IPARD applicants in the second instance was held on 4th October 2019, in the premises of the MAFWM with the aim of direct insight into the cases under appeal in the second instance.
- Meeting with representatives of the MAFWM Rural Development Sector – Extension Service Group was held on 4th December 2019, in the premises of the MAFWM with the aim of completing two structured questionnaires and gaining insight into the current state related to the work of the AES in IPARD II programme system.

7. Technical bodies

Cooperation with the IPARD Technical Bodies included the following major activities:

- First meeting with representatives of the Technical Body - Agricultural Inspection was held on 29th October 2019 in the premises of the Agricultural Inspection Sector, with the aim of completing a structured questionnaire and determining the current state and possibilities for improving the work of the Agricultural Inspection in IPARD II programme.
- First meeting with representative of the Technical Body – Phytosanitary Inspection was held on 29th October 2019, while second meeting was held on 15th January 2020, in the premises of the Plant Protection Directorate with the aim of completing a structured questionnaire and determining the current state and possibilities for improving the work of Phytosanitary Inspection in IPARD II programme.
- Meeting with representative of the Technical Body - Environmental Inspection was held on 23rd December 2019, in the premises of the Ministry of Environmental Protection with the aim of completing a structured questionnaire and determining the current state and possibilities for improving the work of the Environmental Inspection in IPARD II programme.
- Second and third meetings with representatives of the Technical Body - Agricultural Inspection were held on 29th October 2019, as well as two meetings with representatives of the Department for Control of Incentive Funds in Agriculture, Organic Production and Livestock and the Department for Safety of Food of Vegetable and Mixed Origin, Control of Tobacco Processors and Tobacco Products Producers were held on 15th January 2020 in the premises of the Agricultural Inspection Sector with the aim of completing structured questionnaires and determining the current state and possibilities for improving the work of the Agricultural Inspection in IPARD II programme.

- Meeting with representative of the Technical Body - Veterinary Inspection was held on 15th January 2020 in the premises of the Veterinary Administration.

8. Consulting agencies involved in the implementation of IPARD II programme

Cooperation with consulting agencies involved in the implementation of IPARD II programme included the following major activities:

- Meeting with the Consulting Agency engaged to provide support in Measure 3 in the field of environmental projects was held on 11th December 2019 in Belgrade, with the aim of completing a structured questionnaire and determining the current state and possibilities for improving the work inIPARD II programme.
- During December 2019, ten structured questionnaires were completed via e-mail with consulting agencies engaged to provide support on IPARD projects, with the aim of determining the current state and possibilities for improving the work of IPARD II programme.

9. Agricultural Extension Services

Cooperation with AES covered the following major activities: In November and December 2019, fourteen structured questionnaires were completed via e-mail with representatives of agricultural extension services, with the aim of determining the current state and possibilities for improving the work of the AES in the IPARD II programme.

3.3. Description of all results

With respect to the cooperation with institutions involved in the IPARD II programme and obstacles in the preparation of the Report, it can be stated that all institutions have shown a high level of understanding of the importance of improving the IPARD II programme and assisted in the preparation of the Report. A high level of cooperation was also demonstrated by beneficiaries and rejected applicants, consulting agencies and representatives of operational structures of the IPARD programme from Montenegro and North Macedonia.

3.3.1. IPARD II programme in the Republic of Serbia in the period 2017-2019

The analytics presented in this section of the Report are based on the information cumulatively provided in the Tables for the monitoring of the implementation of measures of the IPARD II programme (Monitoring Tables) delivered to the Managing Authority by the IPARD Agency, with current state as of 31st December 2019, while some data related to the state as of 31st October 2019. Within the analytical overview in this Report, data for the First and Second Call under Measure 3 are presented, since during the preparation of this Report, the Third Public Call for Measure 3 was open for submission of project proposals, so the results of this public call were not included in the Report. For Measure 1, data for the First, Second, and Third calls was analysed, while data for the Fourth Call was presented where available. Data for the Fifth Call for Measure 1 was not available at the time the Report was prepared. The total amount of eligible costs will be available after the completion of processing of all submitted claims. The amount of eligible costs in this Report involves just approved and reimbursed claims.

Measure 4 - Implementation of agro-ecological - climate measures and organic production measures did not start in the period 2017-2019.

Measure 5 - Implementation of local development strategies - LEADER approach did not start in the period 2017-2019.

Measure 7 - Diversification of agricultural holdings and business development did not start in the period 2017-2019.

Measure 9 - Implementation of the Technical Assistance did not start in the period 2017-2019.

There is an evident delay in the implementation of the IPARD II programme in relation to the planned results in the IPARD Programme (Table 3.1).

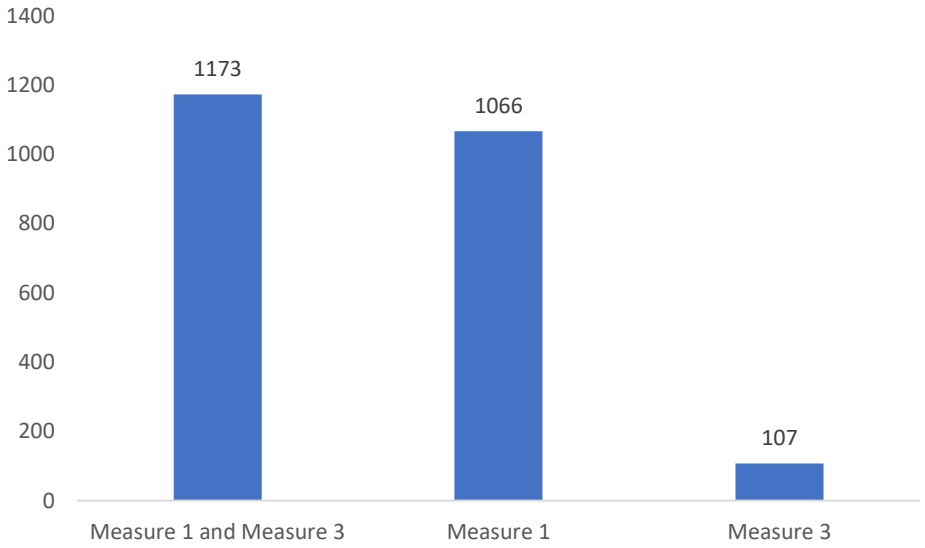
Table 3.1. Progress of the Program in the period 25.12.2017- 31.12.2019.

Measure	Output/ Result Indicators	Realised in 2018.	Realised in 2019.	Total Realised - Cumulative from 2014 to year 2019	Targets 2014-2020	Execution Rate
Investments in physical assets of agricultural holdings	Number of projects supported	0	145	145	720	20,1%
	Number of holdings performing modernisation projects	0	145	145	600	24,2%
	Number of holdings progressively upgrading toward EU standards	0	145	145	380	38,2%
	Number of holdings investing in renewable energy production	0	0	0	60	0%
	Number of holdings investing in livestock management in view of reducing N2O and methane emissions (manure storage)	0	0	0	120	0%
	Total volume of investments in EUR	0	9,645,783	9,645,783	168,977,778	8,7%
Investments in physical assets concerning processing and marketing of agricultural and fishery products	Number of projects supported	0	0	0	463	0%
	Number of enterprises performing modernisation projects	0	0	0	463	0%
	Number of enterprises progressively upgrading toward EU standards	0	0	0	463	0%
	Number of enterprises investing in renewable energy production	0	0	0	46	0%
	Number of jobs created (gross)	0	0	0	160	0%
	Total volume of investment EUR	0	0	0	165,893,333	0%

Source: DAP, 2020.

In the period from 25th December 2017 to 31st December 2019, for Measure 1 under the First, Second, Third and Fourth Public calls, and Measure 3, under the First and Second Public calls, a total of 1,173 project proposal applications were submitted, 1,066 applications for Measure 1 (91% of the total number of applications submitted) and 107 requirement (9%) for Measure 3 (Figure 3.1). In 2018, 509 applications were submitted, while 557 applications were submitted in 2019.

Figure 3.1. Total number of applications submitted (Measure 1 - First, Second, Third and Fourth calls and Measure 3 - First and Second calls)



Source: DAP, 2020.

The calculation does not include the Fifth call for Measure 1 and the Third call for Measure 3, which were in progress until 24th February 2020.

Total costs for Measure 1 under the First, Second, Third and Fourth Public calls and Measure 3 under the First and Second Public calls amount to EUR 176,171,467, of which EUR 123,937,360 (70%) for Measure 1, and 52,434,107 EUR (30%) for Measure 3. The total approved amount of investments for Measure 1 and Measure 3 is EUR 35,653,330, while the total approved amount of support in the period 2017-2019 was EUR 19,990,834, of which the total approved amount of support for Measure 1 amounts to EUR 10,490,070, while EUR 9,500,764 was granted for Measure 3.

Measure 1

Within the Measure 1, 1,066 applications were submitted for the first four calls, 85 for the First call – 8%, 393 applications submitted for the Second call – 37%, 151 applications for the Third call –14% and 437 applications for the Fourth call – 41% (Figure 3.2.).

Figure 3.3. Total number of applications submitted Measure 1 - First, Second, Third and Fourth calls

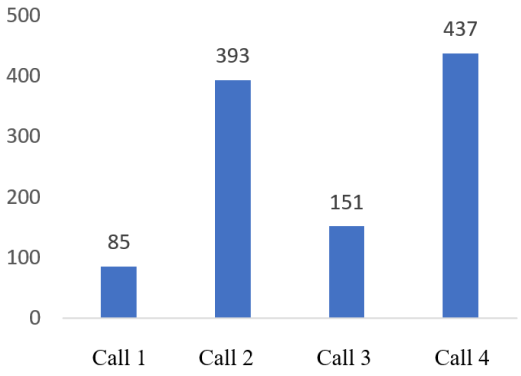
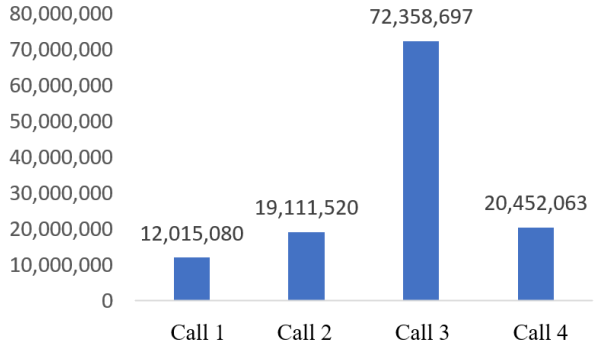


Figure 3.4. Total cost and cost per call (in EUR) Measure 1 - First, Second, Third and Fourth calls



Source: DAP, 2020.

A slight increase can be observed between Call 2 and Call 4 of Measure 1 – procurement of a new tractor, both in number of applications and in total costs.

An increase can also be observed in the case of the First and Third calls, but these two calls cannot be compared directly because facilities were excluded in the First call.

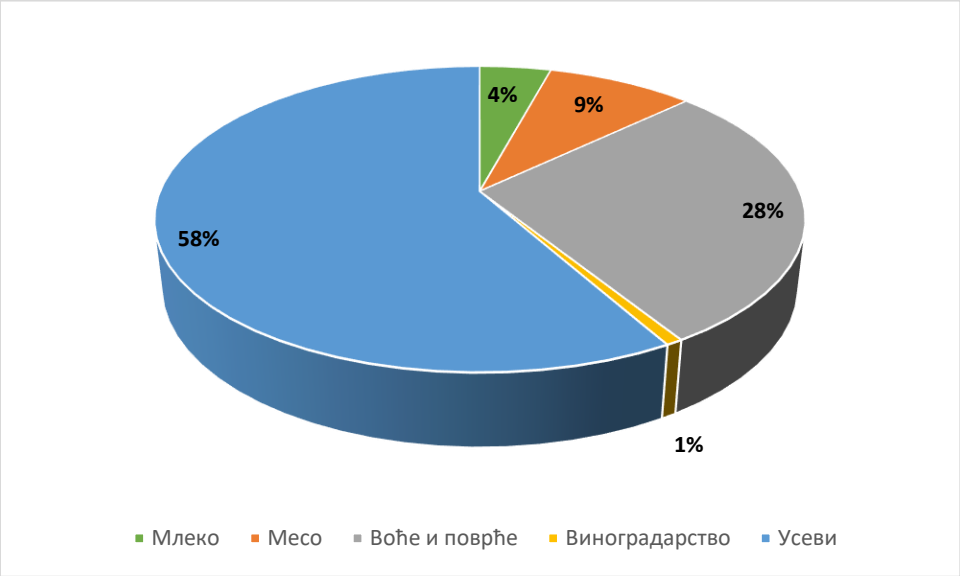
Regarding Measure 1, the highest amount of costs was claimed in the Third call in the amount of EUR 72,268,193 (Figure 3.3.). The largest share of the claimed costs under Measure 1 was in the Third call. Considering that under the Third call for Measure 1, apart from the procurement of equipment and machinery, the submission of project proposals for construction was also approved, so the difference in costs between calls under the Measure 1 is expected.

In previously analysed segment of the Measure 1 it could be observed a slight improvement in IPARD II programme witin the period 2017-2019..

From the total number of applications submitted for the Measure 1, as of 31st December 2019, 229 project proposals were approved. Within the First public call, 42 decisions on the approval of the application were made, the eligible costs for the approved applications under the First call amount to EUR 6,234,202. Under the Second public call, 166 applications were approved. The total amount of eligible costs for approved applications is EUR 7,315,126. As part of the Third public announcement , as of 31st December 2019, 21 project proposals were approved, with an approved amount of eligible investment costs being **EUR 3,225,902**, and amount of public support of **EUR 357,218** (64.7% support intensity). There were no approved projects under the Fourth public call.

Within the First call, 30 projects were disbursed in the total amount of EUR 2,688,179, while in the Second call, 115 projects were disbursed in the total amount of EUR 3,415,182. No payments have been made yet for the other two calls, so the total disbursement for Measure 1 is **EUR 6,103,360**, which is the total disbursement for IPARD II programme in the period 2017-2019, since there were no disbursements for Measure 3.

Figure 3.4. IPARD Application structure by sector, Measure 1 in 2017-2019.



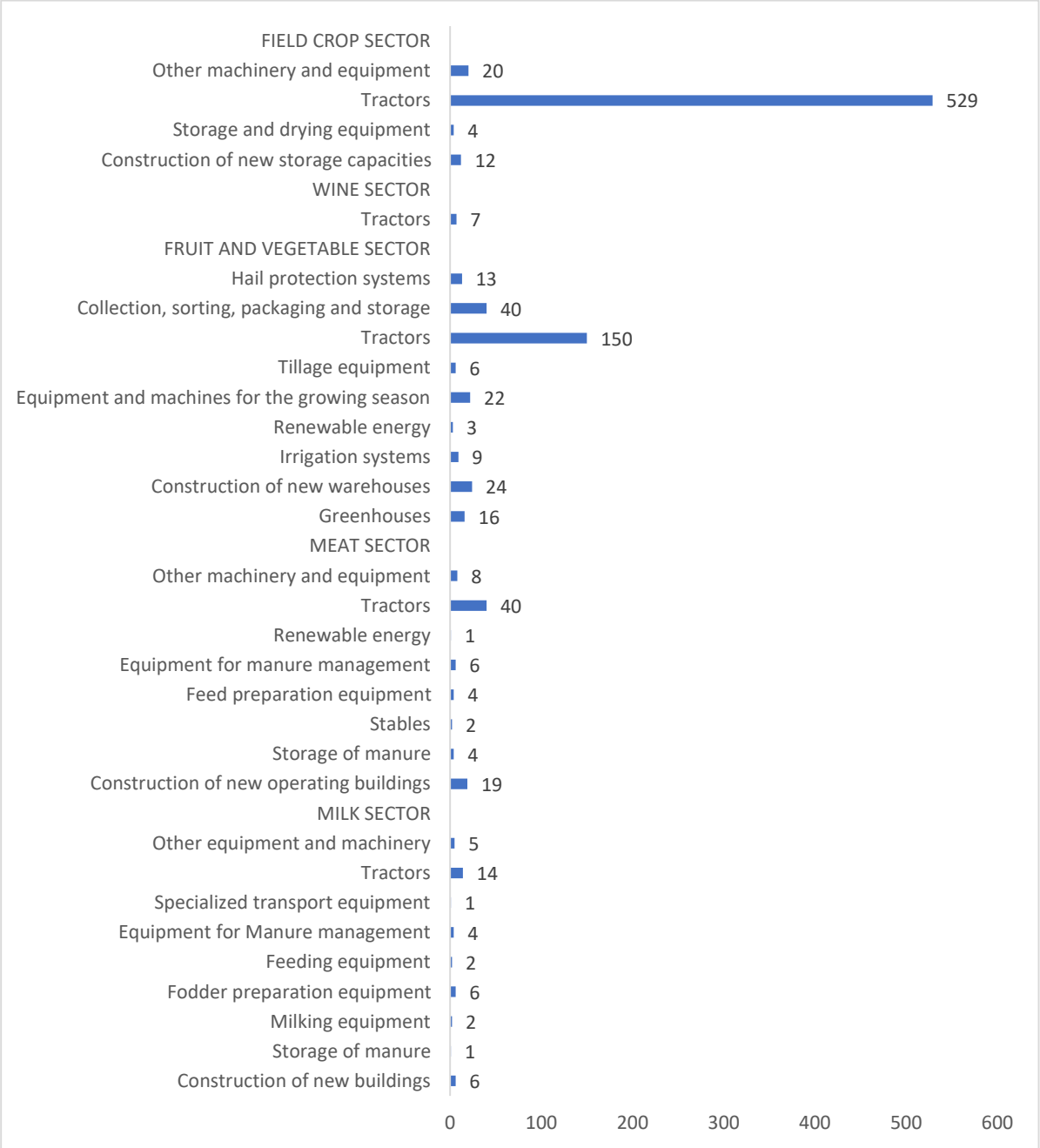
Source: DAP, 2020.

* Unclassified requests were not taken in consideration.

Within the Measure 1, in the total number of applications submitted, the Crop Sector has the largest share of 58% (565 applications), followed by the Fruit and Vegetable Sector 28% or 273 applications (fruit 25% - 238 applications, vegetables 4% - 35 applications), while Meat Sector accounts for 9% (81 applications) and Milk Sector accounts for 4% (42 applications). The largest share of the Crop Sector in the structure of applications submitted under Measure 1 is the result of the large number of applications for the procurement of a new tractor, what was expected for this sector. On the other hand, the Fruit and Vegetable Sector have made a significant contribution under the First and Third public calls (overall) in the number of applications submitted. Other sectors under Measure 1 have a significantly lower share (below 20%) by the mentioned indicator (Figure 3.6.).

There is also a small share of applications made by vegetable producers. According to the conducted analyses, the reason is a relatively smaller number of specialized large vegetable producers.

Figure 3.5. IPARD applications by type of investment Measure 1 in the period 25.12.2017. - 31.12.2019.



Source: DAP, 2020.

Tractors dominate as the subject of applications for the Measure 1 with 69% of the total number of applications. In other investments (without tractors), the largest number of submitted project proposals was for the procurement of equipment for harvesting, sorting, packaging and storing, while within the group of construction investments potential beneficiaries expressed the greatest interest in the construction of new storage facilities in the plant production sectors.

In the period 2017-2019, 145 applications were disbursed. Livestock producers have intotal 16 applications disbursed, accounting for only 11% of the total applications disbursed. The reasons for the low percentage of disbursed applications in these sectors are the technical standards that a number of applicants of the approved IPARD project requirements have not met.

There is an evident lag in the number of applications in the meat and milk sectors in relation to plant production. The main reason for the lower number of applications in the livestock sector

is the obligation to meet standards in the field of animal welfare and manure management. In this sector, producers have often **two technical standards to meet more than producers in plant production**. An additional obstacle is that a large number of livestock farms do not meet the mentioned standards and do not have the necessary knowledge in this field. An important condition for improving IPARD II programme in the future will be involvement of producers in the livestock sector[3]. The needs of the livestock sector for investments in manure management are pronounced, on the other hand, IPARD II programme provides additional incentives for these investments. According to the conducted research, the reason for the small number of applications is due to insufficient knowledge of potential beneficiaries related to the requirements linked to the environmental standards, as well as insufficient knowledge of the possibility of the IPARD II programme for this type of investment, so it can be recommended to establish an **additional programme for training and informing** of livestock producers regarding to the technical standard requirements, as well as the possibilities of using IPARD II programme for this type of investments.

Measure 3

Under Measure 3, 107 applications were submitted within the first two calls. 26 applications (24%) were submitted in the First call, while 81 (76%) were submitted in the Second call. The total amount of costs claimed is EUR 45.4 million, of which EUR 10 million (22%) relates to the First public call and EUR 35.4 million (78%) to the Second public call. The presented ratio of total claimed costs per call is expected given that the Second public call has enabled the submission of project proposals for construction (in addition to eligible investments for equipment).

Of the total number of applications submitted under Measure 3, as of 31st December 2019, 34 applications were approved: 14 from the First and 20 submitted project proposals from the Second call, with eligible costs in the amount of EUR 18,878,091 and support in the amount of EUR 9,500,764. In relation to the total number of applications submitted, 31.8% of them were approved, and approximately the same percentage of participation in the submitted project proposals relates to eligible costs and approved support (36%, i.e. 36.2% respectively). Of the total number of applications submitted, until 31st December 2019, 36 applications were rejected. Until 31st December 2019, three claims for disbursement were submitted.

Figure 3.7. Structure of applications submitted by sector, Measure 3 - First and Second Call

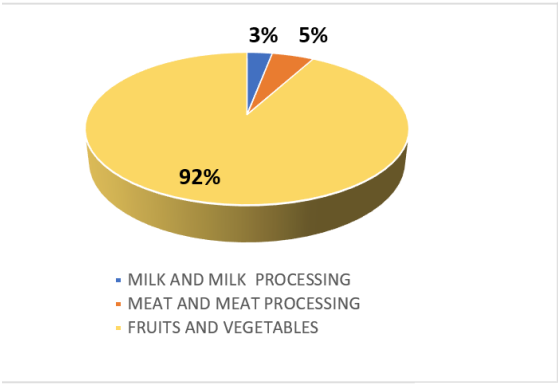
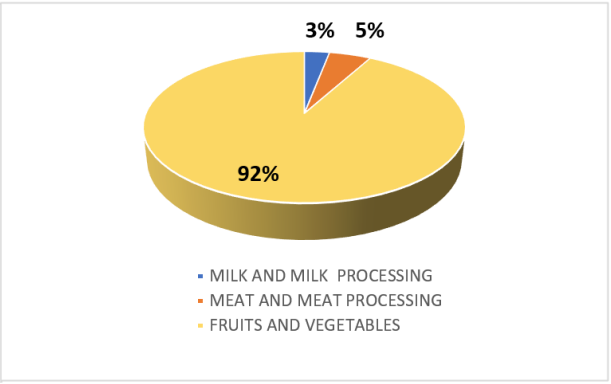


Figure 3.8. Eligible expenditure, by sector, Measure 3 - First and Second Call



Source: DAP, 2020.

* Data for the Third public call for Measure 3 was not available at the time of preparation of this Report.

[3] More information in Chapter 4. Concluding Considerations and Recommendations.

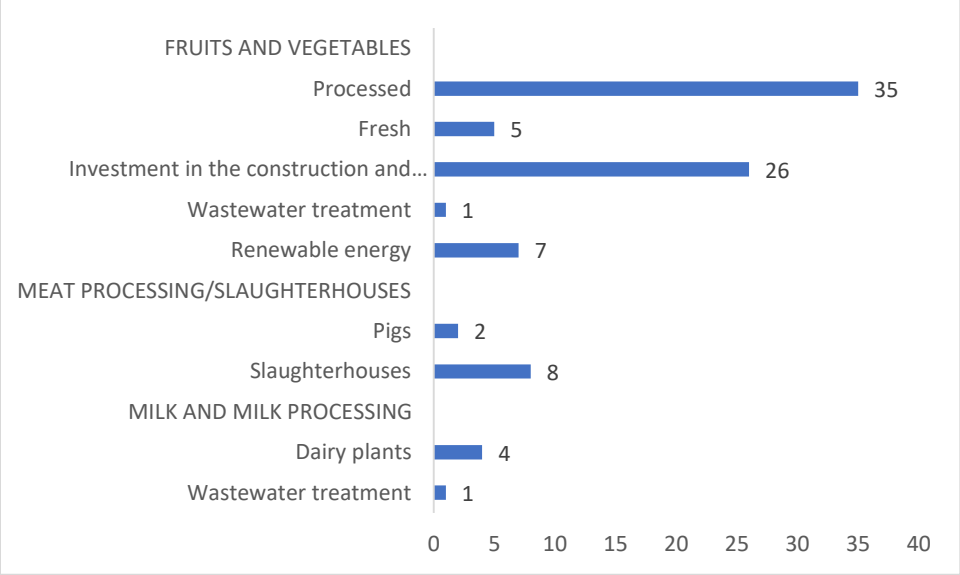
As of 31st December 2019, 70 project proposals submitted under Measure 3 were processed and all applications were processed in 2019. 36 applications were rejected, while the approval decision was issued for 34 applications.

The most common reason for refusing an application in 2018 was related to the failure to meet specific criteria, while in 2019 it concerned the submission of the required missing documentation. Of the total number of controlled projects under Measure 3, 29 projects were approved, with a total amount of eligible costs of EUR 11,094,455. In addition, until 31st December 2019, three controls were also implemented prior to approving payment within Measure 3.

The Fruit and Vegetable Sector, with 74 applications submitted and share of 83%, has the biggest share in the applications submitted for Measure 3. It is followed by the Meat Processing/Slaughterhouse Sector (10 applications, with 11% share) and finally the Milk and Dairy Processing Sector with 5 applications (6% share). In terms of the total eligible investment costs for the approved applications, the Fruit and Vegetables Sector has the highest share in the total amount of these costs under Measure 3 of 92%, which is higher than the realized share in the total number of submitted applications. Mentioned indicates a high average value of investment per approved application within this sector[4].

A small number of applications from the dairy sector is evident, which, according to the research results, is primarily due to the demanding environmental protection standards. Only two applications were submitted in the dairy and meat sectors, while only one was approved for wastewater treatment.

Figure 3.8. Applications submitted by sector and subsector Measure 3 – First and Second Call



Source: DAP, 2020.

Source: Republic of Serbia, Ministry of Agriculture, Forestry and Water Management, Sector for Rural Development (IPARD Managing Authority), Report on the Implementation of IPARD II Programme in the Republic of Serbia, November 2019.

* Data for the Third Public Call for Measure 3 was not available at the time of preparation of this Report.

The needs of the animal products processing sector for investments in wastewater treatment are pronounced, on the other hand, IPARD II programme provides additional incentives for these investments. According to the conducted research, the reason for the small number of applications is insufficient knowledge of potential beneficiaries related to the environmental protection standards, as well as insufficient knowledge of the possibility of using IPARD II

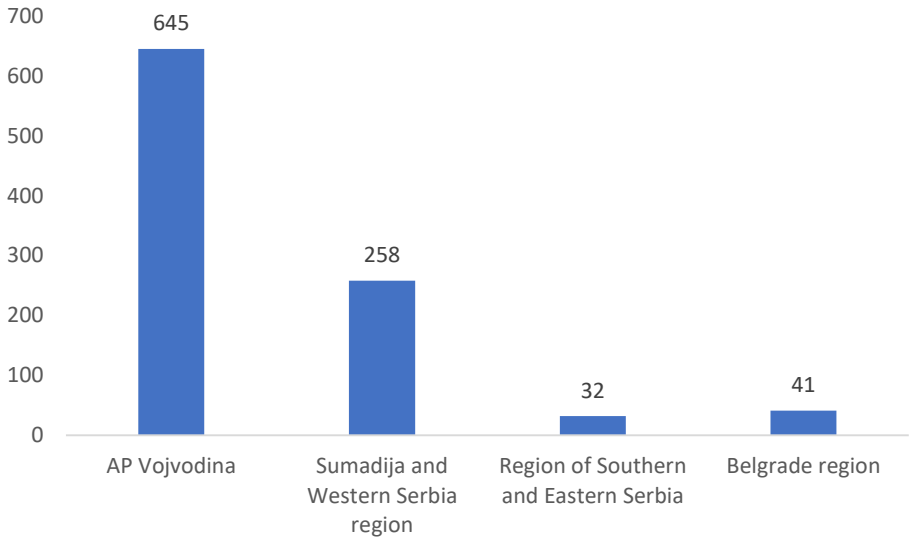
[4] The data includes period from 25 December 2017 to 31 October 2019.

programme for this type of investments, so it can be recommended to establish **an additional programme for training and informing** potential beneficiaries in the field of animal processing regarding the requirements to be met by a beneficiary of IPARD II programme regarding the fulfilment of environmental standards, as well as the possibilities of using IPARD II programme for this type of investment. Also, during the research, processing facilities were recorded that are on the list of facilities approved by *DGSanco*, as well as large legal entities that do not have the ability to use the IPARD II programme, but have the need to address wastewater treatment. A recommendation may be to consider modifications of specific criteria of IPARD to allow *DGSanco* approved facilities to use the IPARD programme, while raising the limit for large legal entities from 250 employees to 750 for investment in wastewater treatment, would have a significant positive effect on further improvement of the implementation of the IPARD programme.

Regions and districts

In the preparation of the Report on implementation of IPARD II programme by region and district DAP data was used.

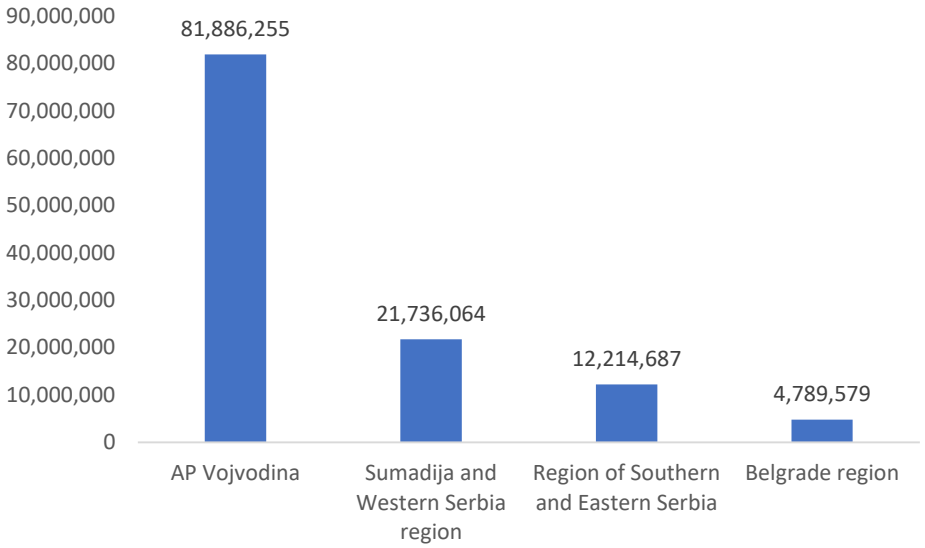
Figure 3.9. Total number of applications for Measure 1 by regions in the period 25.12.2017. - 31.12.2019.



Source: DAP, 2020.

A geographical disproportion in the submitted applications is noticeable, so that 66.09% of the total number of applications was submitted in the region of AP Vojvodina. A small number of applications is evident in the region of Southern and Eastern Serbia, just slightly over 11.27% of the total number of applications.

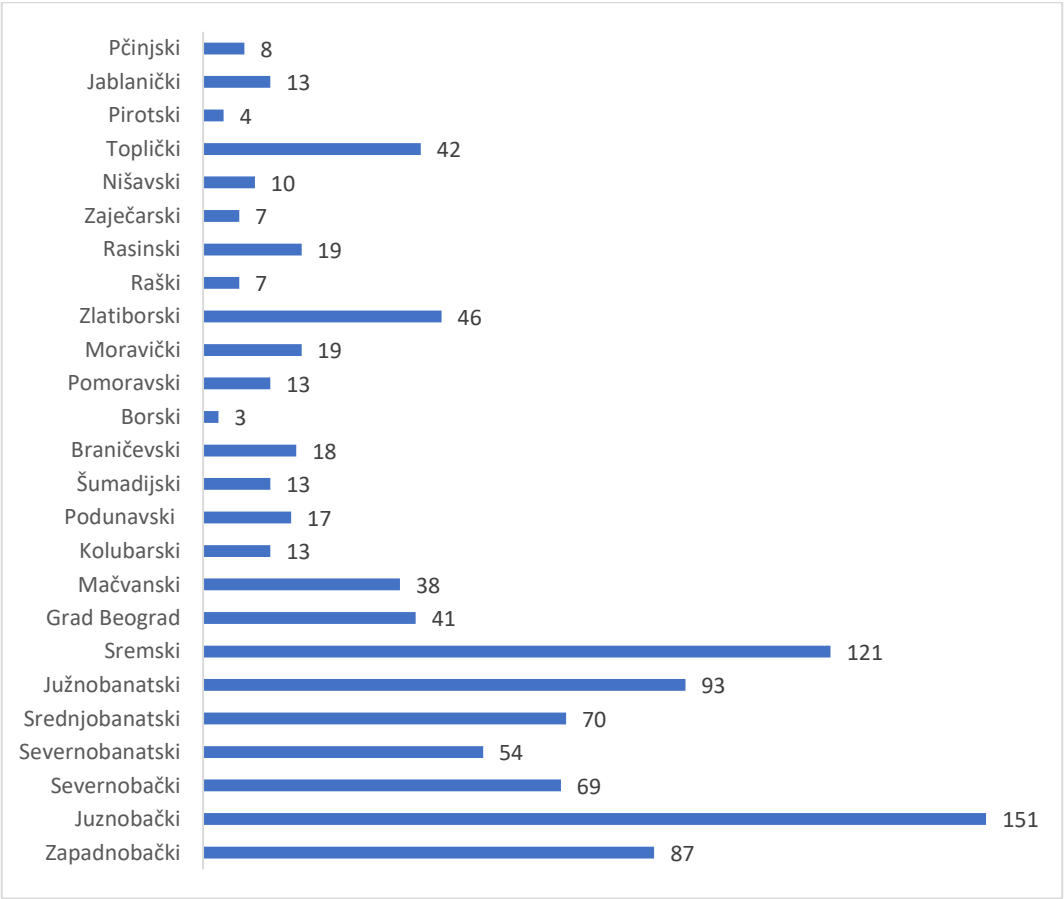
Figure 3.10. Total costs by regions (in EUR), Measure 1 in the period 25.12.2017. - 31.12.2019.



Source: DAP, 2020.

The structure of total costs by region of submitted projects is similar to the structure of submitted applications. The share of the region of AP Vojvodina is more than a half in the regional structure (applications submitted 66%, costs 68% of the total value of the said indicators). Regions of Šumadija and West Serbia 18%, South and East Serbia 10%, and especially Belgrade region 4%.

Figure 3.11. Total number of applications by districts , Measure 1 period 31.12.2017.-31.12.2019.

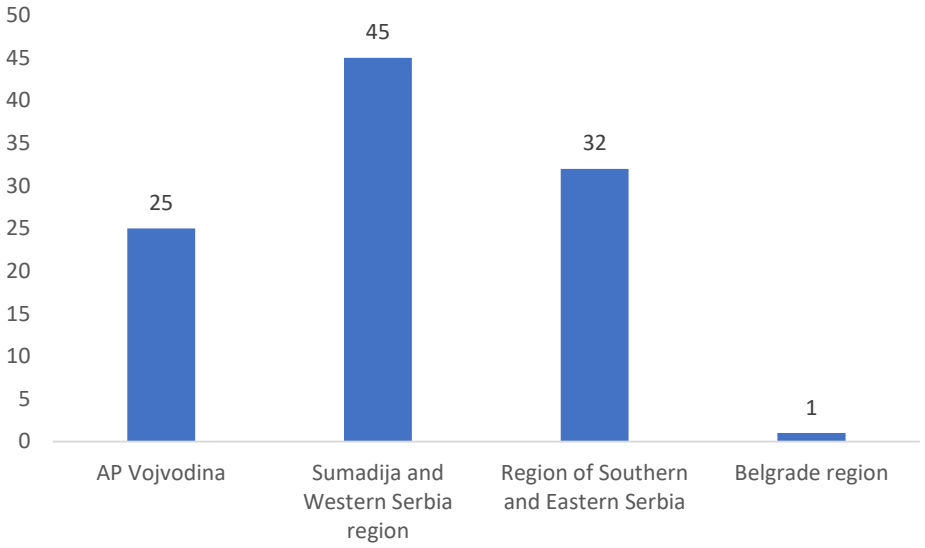


Source: DAP, 2020.

In the sum of the applications, districts in AP Vojvodina are dominant, with the most significant share of South Bačka 15%, Srem, 12%, West Bačka 9%, North Bačka 7% and South Banat district 8%.

The total cost by district has a similar structure as the applications submitted.

Figure 3.12. Total number of applications by regions, Measure 3 * - First and Second calls



Source: DAP, 2020.

* Data for Measure 3 - the Third Call was not available at the time of preparation of this Report

Regarding number of applications by region and also by total costs by region, Measure 3 has a significantly different distribution compared to Measure 1. Region of Šumadija and Western Serbia has the largest share in both the total number of submitted project proposals (44%) and the total amount of claimed costs (49 project proposals, with an estimated cost of EUR 21,106,155). Regarding the total number of submitted project proposals, AP Vojvodina occupies the second position with a total of 25 applications (24%) and total costs of EUR 16,807,637, the region of Southern and Eastern Serbia is the third with 32 submitted applications (31%) and the total costs of EUR 14,515,640, while the smallest number of projects was submitted within the Belgrade Region, 1 application, i.e. 1% share and total costs of EUR 356,110 in the total number of project proposals submitted for Measure 3.

Structure of submitted applications by sex, beneficiary type and share of young farmers

The share of young farmers in the Measure 1 is significant, and for the first four calls it amounts to 437 (41%), with the associated claimed costs amounting to EUR 45,198,204 (36%), where 120 of them were approved (27 % of the number of project proposals submitted by young people, or 11% of the total number of applications submitted under Measure 1).

The total number of applications submitted by women for Measure 1 is 223 (22%), with the associated claimed costs amounting to EUR 18,599,706 (15%), where 62 of them are with decisions on project approval (27% of the number of project proposals submitted by women, or 6% of the total number of applications submitted under Measure 1), with associated costs of EUR 3,525,521 (19% of the amount of eligible costs for women).

Administration of IPARD documentation

The most common shortcomings within the submitted applications, are missing data or incorrectly entered data and information (blank application).

It is noted (for measures M1 and M3) that there were almost no applications with complete documentation.

IPARD Agency keep no records of missing and incomplete documents, and therefore no precise numerical data can be given.

In the Third public call for Measure 1 and the Second public call for Measure 3, consultancy agaencies appeared which for a number of requests only sent a request form, without supporting documentation, with the request form containing only basic information on the applicant and the sector through which is in competition, while part of the form relating to investments and offers was not filled.

It should be also noted that in the work done so far, the quality of the submitted documentation has been a bigger problem than the failure to submit certain documents.

According to the IPARD Agency estimation list of most often missing documents and most important shortcomings in the submitted documentation are presented below.

I. Commonly missing documents, within both measures:

- Documents related to construction investments, such are: building permit / decision on the execution of works and project documentation (building permit / decision on the execution of works are included in the part of documents that are obtained ex officio);
- Usage permit for investments where equipment is installed in the facility.

II. The most common shortcomings in the submitted documentation, under both measures are:

A. Offers:

- Do not contain precise technical and technological characteristics, so no reference price can be established and no comparison of offers can be made.
- Are not comparable.
- In the applications for construction are not in accordance with the scope of work from the project.
- Commissioning costs and other operating costs that are not eligible, are included in the total cost of the investment, or are expressed together with transportation and installation, etc. what are the eligible costs.
- Not containing all the elements required by the rulebook.

B. Business plan

- A large percentage of business plans have not been prepared in accordance with the instructions given to develop a business plan.
- The data in the business plan are not aligned with the data in the financial statements.
- The planned production volume is not in line with the areas reported in the AHR.

Table 3.2. Analysis of the time period for processing IPARD projects *

Year	Call	Measure	Average Solution Time (Rejected Requests)	Average Solution Time (Requests Approved)	Average Disbursement Time (from the time of submission of payment request to payment)
2018.	1	1	271 Days	284 Days	4 Months
	2**	1	320 Days	356 Days	4 Months
	1	3	305 Days	370 Days	4 Months
2019.	3	1	207 Days	300 Days	/
	2	3	102 Days	241 Days	/

Source: DAP, 2020.

* Data for 4th and 5th call for Measures 1 and 2nd call for Measure 3 is not available at the time of the Report

** Data for Measure 1 call 2 is not conclusive since the processing is in progress.

According to the available data, the application processing period is long, but a shortening of the period in 2019 for both Measure 1 and Measure 3 can be observed.

Table 3.3. Reasons for rejection of the applications in the period 25.12.2017 - 31.12.2019.

Year	Call	Measure	Incorrect information provided	Lack of economic viability of the applicant / project	Incomplete necessary documentation	The required additional documentation was not provided	Unacceptability of investment criteria	Request filed after the deadline	Does not meet the special requirements of the competition the size of the company	Total
2018	1	1	**1**	0	**1**	**5**	**14**	0	**4**	**25**
	2	1	**3**	**2**	**3**	**15**	**59**	**3**	**2**	**87**
	1	3	0	0	0	**2**	**6**	0	**1**	**9**
2019	3	1	**2**	**2**	**1**	**9**	**4**	**2**	**3**	**23**
	2	3	0	0	0	**13**	**5**	0	**1**	**19**
	4	1	0	0	0	0	0	0	0	**0**

Source: DAP, 2020.

By analysing the data in Table 3.3, it is concluded that the most significant rejection factor in Measure 1 is illegibility of investment criteria, which indicates the need for further development of the AES support system, where the main task of the AES would be to check fulfilment of the criteria for users of IPARD measures. This would significantly reduce the number of beneficiaries submitting applications without meeting the requirements[5]. The most significant reason for rejection under Measure 3 is the failure to provide the required additional documentation.

[5] More information in Chapter 4. Concluding Considerations and Recommendations.

On-site and ex-ante controls

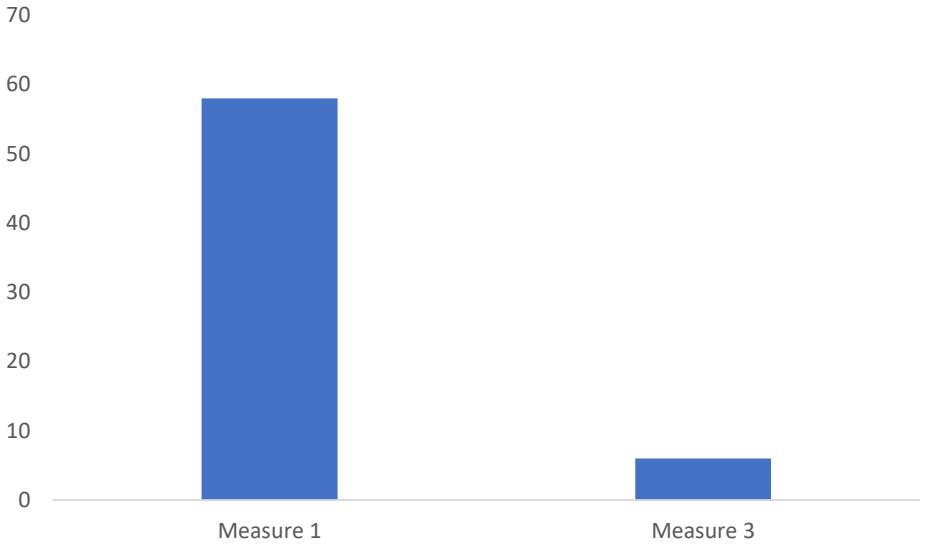
In 2018, 237 on-site controls were carried out, while in 2019, there were 273 on-site controls.

In the period 25th December 2017 - 31st December 2019, according to DAP data, no ex-ante controls were carried out.

Procedure for resolving complaints in IPARD II programme

Complaint Procedure within IPARD II programme includes the procedure by which the complainant submits a complaint to the IPARD Agency, which will, if the complaint is founded and timely filed, forward it to the MAFWM - Committee for Solving Complaints in Exercising the Rights to IPARD Incentives (Committee) for a second instance decision. The complainant has a deadline of 8 days after the IPARD Agency has issued a decision to file the complaint, while the IPARD Agency shall submit the complaint to the Committee within 8 days. The MAFWM must solve the complaint within 15 days of submission. In the event of a positive resolution of the complaint in the second instance, the IPARD case is referred back to the IPARD Agency for repeated procedure.

Figure 3.13. Total number of second-degree appeals in the IPARD II program in the period 25.12.2017. - 31.12.2019.



Source: Authors based on an insight into the MAFWM-Commission documents.

The number of complaints referred to second-instance procedure for Measure 1 is 58, while for Measure 3 the number of submitted complaints is 6. The greater number of complaints for Measure 1 is understandable given the larger number of applications under this measure. Within Measure 1, the most complaints were for the purchase of a new tractor - a total of 46.

Within Measure 3 most complaints (three) were rejected due to the size of the legal entity.

It can be said that the complaint solving system is in place and in most cases, complaints are resolved within the prescribed deadlines. Based on the conducted research, the following administrative procedures were recorded, the improvement of which would further improve the complaints process in the IPARD programme:

- In some cases, the IPARD Agency was late in submitting complaints to the Committee (two cases with a submission period of 14 days, one with a submission period of 13 days,

two cases with a submission period of 10 days and one case with a submission period of 9 days were recorded)[6].

- The Committee has only three members, which is not enough given the scope of the work.
- Members of the Committee and the Secretary of the Committee carry out the activities of solving complaints in the second instance activities that are supplementary to their already existing jobs, which represents a significant workload.
- The signing of the decision after the decision of the Committee by MAFWM, in a small number of cases was not prioritized.
- After a second instance decision, the Committee submits the decision to the complainant and IPARD Agency. The confirmation with the date of receipt of the decision in the second instance is received by complainant is important for the further process of the IPARD Agency. The information regarding the date on which the complainant received the second-instance decision that the Committee submits to the IPARD Agency could be further enhanced by establishing a protocol to formalize the procedure for the receipt delivery by the Committee to the IPARD Agency.

3.3.2. Report on findings from the focus groups

The most important focus group conclusions with **beneficiaries whose project proposals have been approved** for IPARD incentives:

- All focus group participants were approved for Measure 1 – procurement of tractors.
- A recently approved beneficiary applied for a tractor in the Second call, moving up the ranking list due to the withdrawal of higher ranked approved beneficiaries, was approved after a longer period. He was pointed out that within two years after the open call the situation on his farm had been changed and it remained unclear whether he will be able to realize the investment.
- It was pointed out that it would be positive if, under Measure 1, the beneficiary was able to apply both within the call intended for tractors and for the equipment, so that disbursements of funds would be larger. Beneficiaries currently have to choose between equipment and tractors.
- Some beneficiaries had no problem with reference prices for tractors, while others pointed out the problem of unrealistic reference prices.
- A large problem of issuing building permits for agricultural facilities in the municipalities of Novi Sad and Žabalj was pointed out, while an example was given that in some municipalities the issuing of permits was carried out smoothly.
- A participant, who is also a member of a functional fruit farming cooperative, pointed out that the cooperative cannot apply for storage capacities under Measure 1, since the area of the plots under orchards owned by the cooperative is small.
- It was proposed that the minimum areas under other crops has to be increased from 2 ha to 10 ha. For small manufacturers, applying for IPARD II programme is not cost-effective, while, on the other hand, the large number of applications makes the processing of applications more difficult and slower.
- Slow application processing was pointed out as one of the significant obstacles to using the programme.

[6] The calculation was done on the basis of insight into the cases based on the data on the date of receipt of complaint specified in the decision of the IPARD Agency and the reference stamp from the General Affairs Administration specifying the date of receipt of the documentation at the MAFWM.

- The participants indicated good cooperation with the consulting agencies and suggested that, in addition to the lists of approved beneficiaries, the names of the consulting agencies engaged in the approved case should be also published.

The most important focus group conclusions **with potential IPARD beneficiaries whose project proposals were rejected or who waived** their right to IPARD incentives:

- The unfavourable position of the producers in livestock production was presented, the beneficiary was rejected for payment by the Agricultural Inspectorate due to insufficient capacity for the manure. The deadline for the implementation of corrective measures was not sufficient, as construction works could not be completed in the short period. It was emphasized that livestock farmers are significantly disadvantaged in exercising their right to IPARD incentives compared to producers in plant production, both because of more demanding conditions and because of two additional inspections (Veterinary Inspection and Agricultural Inspection) which are also the most demanding, what is the reason for poor participation of livestock farmers in IPARD II programme.
- The need to establish clear guidance on what must be fulfilled with respect to the inspection of technical bodies is emphasized, as well as a precise procedure and a longer period for corrective measures.
- Difficulties in working with consulting agencies were emphasized, for example for Measure 1 – tractor in the Second call, a problem with a consulting agency which did not lodge a complaint at the request of the beneficiary about failures in scoring that resulted in it not being approved at the ranking phase. The consulting firm claimed that it would obtain IPARD approval and that there was no need to file a complaint.
- The problem of low upper limits for farm size was emphasized, citing the example of breeding sows where there is a very small difference in the size of the investment for smaller and large capacities, so it would be desirable to raise the upper limit for breeding sows to 900 heads or not limit the upper production limit at all.
- Examples of withdrawals after project approvals for Measure 1 – Tractor in Second call were mentioned, allegedly due to the low reference price.
- The farmer who applied for Measure 1 – tractor in the Second call, recounts his experience that due to insufficient score he did not qualify for IPARD. To date, he has not received a decision of rejection, in an oral interview with the IPARD Agency they said that he would receive a decision. As he has not received the decision, he cannot apply for the same Measure.
- Multiple beneficiaries have pointed out the problem of "inflated" tractor prices in the case of IPARD II programme, with prices being 20% higher than actual market prices.
- A technical problem with the implementation of IPARD was presented, namely that the storage facility for hazardous packaging in Šabac burned down and the farmers could not hand over the packaging of protective equipment because there were no operators to accept hazardous waste. Everyone present agreed that although it was not the fault of the farmers, this situation was a problem for IPARD beneficiaries.

3.3.3. Report on findings from structured interviews

For the purpose of on-going Evaluation, a total of 45 structured interviews were conducted with: representatives of the IPARD Managing Authority; representatives of the IPARD Agency; representatives of the Sector for Rural Development – Group for Extension Service, MAFWM; representatives of the IPARD Monitoring Committee; representatives of the IPARD Technical Bodies (Phytosanitary Inspection, Environmental Inspection, Agricultural Inspection and Veterinary Inspection); representatives of the consulting agencies engaged in IPARD II programme; and AES representatives.

3.3.3.1 Report on findings from the interviews conducted with representatives of the IPARD Managing Authority

Four structured interviews with representatives of the IPARD Managing Authority were conducted within the project. The stances based on the analysis of the structured questionnaires are as follows:

- With respect to the eligibility criteria for IPARD II programme beneficiaries, there was a need to analyse the possibility of modifying the criterion under which facilities that have export permits issued by the European Commission's Directorate-General for Food Safety (*DGSante*) cannot apply for IPARD II programme.
- With respect to the frequency of the announcement of the call, the manner of announcement (sharing of Measure M 1) and the amount of funds per call, no need for changes, while a view was expressed to monitor the results, as well as the comparative practice of foreign IPARD programs, and if any the need is identified, the change would be implemented in the future period.
- The needs for changes in the application documentation required by the beneficiaries were identified. There is an opinion that a system of submission of one offer and existing reference prices would significantly facilitate the application process, as well as the processing of documentation. It was noted that in order to introduce such a practice, it is necessary to gain some experience and the reference price system should be completed.
- The need for introducing an electronic system for submission of documents was expressed.
- The ranking system was assessed as adequate.
- The cooperation with other participants (consulting agencies, agricultural extension stations, rural development offices, chambers of commerce, etc.) were assessed positively, with the recommendation that in the future, the list of approved beneficiaries that is publicly announced should also include information on consulting agencies that provided services to them. In this way, future beneficiaries would be able to see the results of consulting agency, which would make it easier for them to choose a consultant.

3.3.3.2. Report on findings from the interviews conducted with the representatives of the IPARD Agency

Within the IPARD Agency, structured interviews covered the following organizational units:

- Project Approval Division;
- Department for communication with the European Commission and project planning;
- On-Site Control Department;
- Payment Approval Department;
- Department for Economic and Financial Affairs;
- Department for Legal and General Affairs; and
- Group for Information and Cooperation with Users of Agrarian Payments.

The most important conclusions adopted from the conducted structured interviews are:

- IPARD Agency works with an insufficient number of employees.
- Problem in processing documentation under Measure 1 where that there are more valid beneficiaries than the provided funds. The list is not final, so by withdrawing of potential beneficiaries, the list is expanded to new potential beneficiaries, which prevents the processors to finish their work within the call. The problem is that according to the LGAP, beneficiaries can withdraw their application at any time.

- Introduction of the *LPIS* system would be of great importance. The parcel control is currently performed by GPS devices at the level of the cadastral parcel. Establishing LPIS and monitoring would speed up operations and reduce control costs.
- It is important to establish a direct access for the IPARD Agency to the Register of Approved Facilities maintained by the MAFWM Veterinary Directorate; currently, data is obtained by e-mail. The IPARD Agency sends an inquiry to the Veterinary Directorate and receives an e-mail confirmation, which prolongs the process and leads to uncertainty. By direct accessing to the Registry, the IPARD Agency would be able to promptly access and download the necessary data. The second proposal is to provide the IPARD Agency with direct access to the necessary data from the Tax Administration and local governments, which maintain electronically the data on subsidies in the agricultural sector (such as the City of Belgrade).
- Cooperation with other institutions was assessed as good, and board meetings with the IPARD MA are held every Friday.
- Proceedings under the LGAP, which enables the party in the proceedings - applicant to, until the moment of submission of application, "dispose of" his application, i.e. change in the application whatever he deems necessary, puts us in the situation that the administrative processing of the application often returns to the starting point, which significantly extends the processing time.
- Origin of goods for construction related investment. Since there is no official document confirming that certain object has the domestic origin, it is necessary to look for the origin of the goods for each item of the investment. This will significantly slow down the work of the processors, as they would need much more time until the origin is verified. It is recommended that an agreement is reached with the competent institution related to issuance of this type of certificate.

<u>Recommendations for improving IPARD procedures:</u>

1. To enable direct access of the IPARD Agency to the Tax Administration database.
2. To enable the IPARD Agency to access the data of the Cadastre related to building permits in order to provide direct insight into the construction documentation, in this regard it would be important to sign a Memorandum of Cooperation with the Republic Geodetic Authority and to designate a contact person to be appointed before the RGA for cooperation.
3. Establishment of regional offices of the IPARD Agency, recommendations in the offices of the Treasury Administration. This would facilitate the submission of documentation and information to beneficiaries.
4. To enable financing of IPARD projects through subsidies loans. The use of subsidized loans could potentially be acceptable as this is not a double subsidy for the project but facilitation of financing. The problem is evident in the fact that subsidized loans are considered as subsidies in agriculture. It would be necessary to indicate in the IPARD Regulations the possibility of using these loans and guarantee support.
5. Penalty measures should be imposed against the beneficiaries who withdraw from IPARD after receiving a decision, such as placing them in a passive status for a certain period. This would avoid wasting resources on processing IPARD applications.
6. Consider the possibility to change the procedure by which it is necessary to obtain three bids for procurements that exceed EUR 10,000. One bid would be acceptable in this case, given that there is also a system of reference prices. This would make it easier to collect application documentation for beneficiaries, as well as to process and control applications. To this end, it is necessary to amend IPARD II programme, the Law on Agriculture ("RS Official Gazette", no. 41/2009, 10/2013 - other law and 101/2016), the Rules on IPARD

incentives for investments in physical assets of agricultural holdings ("RS Official Gazette", no. 84 of 20th September 2017, 112 of 15th December 2017, 78 of 19th October 2018, 67 of 20th September 2019) and the Rules on IPARD incentives for investments in physical assets related to processing and marketing of agricultural and fishery products ("RS Official Gazette", no. 84 of 20th September 2017, 23 of 23rd March 2018, 98 of 14th December 2018, 82 of 22nd November 2019).

7. Improvement of working conditions in the IPARD Managing Authority and the IPARD Agency. Amendments to the Regulation on classification of jobs and criteria for the description of jobs of civil servants ("RS Official Gazette", no. 117/05, 108/08, 109/09, 95/10 , 117/12 , 84/14) Article 2, would allow for exemption for the conditions of acquiring the title of employee. It is also proposed to use the IPARD measure Technical Assistance to supplement employee income.

3.3.3.3. Report on findings from interviews with the Associations/Institutions - members of IPARD II Programme Monitoring Committee

Three structural interviews were held with associations / institutions - members of IPARD II Programme Monitoring Committee.

The most important conclusions adopted during the structured interviews are:

- The functioning of IPARD II Monitoring Committee was assessed as satisfactory, the meetings were well prepared and the dynamics of the meetings is satisfactory.
- The checklists used by the IPARD Agency should be made publicly available.
- The facilities registered in the List of Approved facilities of the of the *DGSante* have no right to apply, which should be changed.
- Financing of IPARD projects with subsidized loans is not enabled. This should be made possible because it is not the subject of the investment that is subsidized, but interest.

Recommendations for improving IPARD II programme:

1. Enable companies with facilities approved by *DGSante* to participate in IPARD II programme.
2. Equalization of scoring rules for Measure 1 for legal and physical entities.
3. Enabling the use of subsidized loans as a source of financing for IPARD projects (an example of Croatia is mentioned, which had the possibility of using these loans in the pre-accession period).
4. Enabling the gradual achievement of technical standards for IPARD programme beneficiaries.

3.3.3.4. Report on findings from interviews with the IPARD Technical Bodies

Structured interviews were conducted with representatives of four technical bodies involved in the IPARD II program.

a) IPARD Technical Body: Environmental Inspection

1. **Total IPARD beneficiary inspections carried out so far?**
   - Primary (first inspection) *158*
   - Corrective (follow-up inspection in case of non-compliance) 3
   - Number of positive decisions *157*
   - Number of negative decisions *1*
2. **Does the beneficiary have to comply with all national and EU environmental standards?**
   - *Yes*
3. **In the control of IPARD beneficiaries, the environmental inspection controlling?**

- *Controls the entire agricultural holding (both subject to IPARD investment and existing capacities)*

4. **Please evaluate the environmental inspection system for IPARD projects**
   - *The system is efficient and adequate, no changes are necessary*
5. **Please evaluate the educations and trainings related to IPARD II programme implemented so far for environmental inspection?**
   - *The trainings were sufficient*
6. **Are there publicly available forms and instructions for record keeping for IPARD beneficiaries?**
   - *Yes (noting that checklists for IPARD users are not available on the IPARD Agency or MAFWM website)*
7. **Please evaluate the educations and trainings required for beneficiaries, AES and other participants in order to achieve standards in the scope of work of environmental inspection?**
   - *Not needed (noting that the training of AES and consulting firms should continue)*
8. **Please evaluate the system of work and cooperation with other bodies within the IPARD system (IPARD Agency, IPARD Managing Authority, IPARD Monitoring Committee, other technical bodies and others)?**
   - *The system is efficient and adequate, no changes are necessary*
9. **Is there a designated person by the environmental inspection who is the contact for other IPARD bodies?**
   - *Yes*
10. **Please evaluate the most significant obstacles for beneficiaries to meet the standards in the field of environmental inspection?**
    - *Insufficient knowledge and awareness of beneficiaries*
11. **Do you have a recommendation improvement of IPARD procedures related to the environmental inspection?**
    - *Four vehicles required.*
    - *Preparation of guidance on meeting environmental standards for IPARD II program beneficiaries.*
    - *Inclusion of Environmental Inspection Checklists on the IPARD website of MAFWM and DAP.*
    - *Appointment of a person in each AES who is in charge of environmental standards. Appointed persons would have a direct channel of communication with the ministry responsible for the environment.*

b) IPARD Technical Body: Agricultural Inspection

The structured interview was conducted on two occasions on 18.12.2019. and 15.1.2020. at the premises of the Agricultural Inspection Sector - MAFWM.

Considering that two special organizational units of the Agricultural Inspection Sector were in charge of controlling IPARD users, two structured interviews were conducted, namely, the Department for Control of Agricultural Incentive, Organic Production and Livestock, responsible for the control of users of Measure 1 and the Department for Food Safety of plant and mixed origin, control of tobacco growers and tobacco producers, in charge of control of Measure 3 users.

The structured interview with the Department for Control of Agricultural Incentive, Organic Production and Livestock, responsible for the control of users of Measure 1.

1. **Total IPARD beneficiary inspections carried out so far?**
   - *Primary (first inspection)* *45*

- *Corrective (follow-up inspection in case of non-compliance) 9*
- *Number of positive decisions 41*
- *Number of negative decisions 8(four users quit)*

2. **Does the beneficiary have to comply with all national and EU environmental standards?**
   - *Yes*
3. **In manure management, is the beneficiary obliged to ensure the management of the manure volume for the registered farm capacity or for the number of livestock to be kept on the farm after the project is implemented?**
   - *Controls the entire holding (both subject to IPARD investment and existing capacity)*
4. **Please evaluate the agricultural inspection system for IPARD projects**
   - *System is efficient and adequate, no changes are necessary*
5. **Please evaluate the educations and trainings implemented so far for the agricultural inspection?**
   - *Training would be needed for the following, please specify: Training and visits to countries in the region that have a long-established IPARD control system would be important. Periodic training of inspectors of this Department is required to establish uniform control criteria.*
6. **Are there publicly available forms for maintaining plant protection records for beneficiaries?**
   - *Yes*
7. **Please evaluate the system of work and cooperation with other bodies within the IPARD system (IPARD Agency, IPARD Managing Authority, IPARD Monitoring Committee, etc.)?**
   - *The system is efficient and responsive, no changes are needed.*
8. **Please evaluate the significance and the possibility of improving the work in the part of achieving the standards in the field of agricultural inspection of other participants (consulting firms, agricultural stations, offices for rural development, chambers of commerce, etc.)**
   - *Training will be required for the following, please specify: Continuous training required.*
9. **Please evaluate the educations and trainings required for beneficiaries, AES and other participants in order to achieve standards in the scope of work of agricultural inspection?**
   - *The system is efficient and responsive, no changes are needed.*
10. **Is there a designated person by the agricultural inspection who is the contact for other IPARD bodies?**
    - *Yes*
11. **Please evaluate the most significant obstacles for beneficiaries to meet the standards in the field of agricultural inspection?**
    - *Insufficient knowledge and awareness of beneficiaries*
12. **Do you have a recommendation for improving IPARD procedures within the scope of agricultural inspection?**
    - *Connecting to the AHR base, the current situation is that inspectors cannot directly access the said base for the purpose of acquiring information on the controlled holding.*
    - *Connecting to the Central Database of the Veterinary Directorate, this way the inspectors of the agricultural inspection would have an insight regarding the registration of domestic animals on the holding subject to IPARD control.*

- *Further continuous training of inspectors for uniformity of control.*

The structured interview with the Department for Food Safety of plant and mixed origin, control of tobacco growers and tobacco producers, in charge of control of Measure 3 users.

1. **Total IPARD beneficiary inspections carried out so far?**
   - *Primary (first inspection)* *5*
   - *Corrective (follow-up inspection in case of non-compliance)* */*
   - *Number of positive decisions* *5*
   - *Number of negative decisions/* */*
2. **Does the beneficiary have to comply with all national and EU environmental standards?**
   - *Yes*
3. **Please evaluate the agricultural inspection system for IPARD projects**
   - *The system is efficient and adequate, no changes are necessary*
4. **Please evaluate the educations and trainings implemented so far for the agricultural inspection?**
   - *Training would be required for the following, please specify: Yes, training would be needed to streamline inspection criteria. Training required in countries with agricultural inspection practices in the IPARD system.*
5. **IPARD forms and guidelines are publicly available?**
   - *In part (please explain): Some of the instructions exist but are not on the IPARD website. Missing instructions should work out.*
6. **Please evaluate the significance and the possibility of improving the work in the part of achieving the standards in the field of agricultural inspection of other participants (consulting firms, agricultural stations, offices for rural development, chambers of commerce, etc.)**
   - *The training would be required for the following, please specify: Continuous training of agricultural extension representatives is required, with the training being provided to the advisors who have been appointed for this work and who have the appropriate qualifications (e.g. food technologists).*
7. **Please evaluate the system of work and cooperation with other bodies within the IPARD system (IPARD Agency, IPARD Managing Authority, IPARD Monitoring Committee, etc.)?**
   - *The system is efficient and responsive, no changes are needed.*
8. **Please evaluate the educations and trainings required for beneficiaries, AES and other participants in order to achieve standards in the scope of work of agricultural inspection?**
   - *The system is efficient and responsive, no changes are needed.*
9. **Is there a designated person by the agricultural inspection who is the contact for other IPARD bodies?**
   - *Yes*
10. **Please evaluate the most significant obstacles for beneficiaries to meet the standards in the field of agricultural inspection?**
    - *Insufficient knowledge and awareness of potential beneficiaries*
11. **Do you have a recommendation for improving IPARD procedures within the scope of agricultural inspection?**
    - *Linking the inspection service to the AHR base, the current situation is that inspectors cannot directly access the said base for the purpose of acquiring information on the controlled holding.*

- *Linking the inspection service to the database of the Central Register of Objects. At the moment, the inspector is unable to directly inspect the said database and check the status of the IPARD user.*
- *Development of a guide for meeting technical standards related to the agricultural inspection for users of Measure 3.*

c) IPARD Technical Body: Phytosanitary Inspection

1. **Total IPARD beneficiary inspections carried out so far?**
   - *Primary (first inspection)* *134*
   - *Corrective (follow-up inspection in case of non-compliance)* */*
   - *Number of positive decisions* *134*
   - *Number of negative decisions* */*
2. **Does the beneficiary have to comply with all national and EU environmental standards?**
   - *Yes*
3. **Please evaluate the phytosanitary inspection system for IPARD projects**
   - *The system is efficient and adequate, no changes are necessary*
4. **Please evaluate the educations and trainings implemented so far for the phytosanitary inspection?**
   - *The trainings were sufficient*
5. **IPARD forms and guidelines are publicly available?**
   - *Yes*
6. **Please evaluate the educations and trainings required for beneficiaries, AES and other participants in order to achieve standards in the scope of work of phytosanitary inspection?**
   - *Existing training programs are sufficient*
7. **Please evaluate the system of work and cooperation with other bodies within the IPARD system (IPARD Agency, IPARD Managing Authority, IPARD Monitoring Committee, other technical bodies and others)?**
   - *The system is efficient and adequate, no changes are necessary*
8. **Is there a designated person by the agricultural inspection who is the contact for other IPARD bodies?**
   - *Yes*
9. **Please evaluate the most significant obstacles for beneficiaries to meet the standards in the field of phytosanitary inspection?**
   - *Insufficient knowledge and awareness of beneficiaries*
10. **Do you have a recommendation for improving IPARD procedures within the scope of phytosanitary inspection?**
    - *No*

e) IPARD Technical Body: Veterinary Inspection

1. **Total IPARD beneficiary inspections carried out so far?**
   - *Primary (first inspection)* *no available information*
   - *Corrective* *no available information*
   - *Number of positive decisions* *no available information*
   - *Number of negative decisions* *no available information*
2. **Does the beneficiary have to comply with all national and EU environmental standards?**
   - *Yes*
3. **Please evaluate the veterinary inspection system for IPARD projects**

- *The system is efficient and adequate, no changes are necessary*

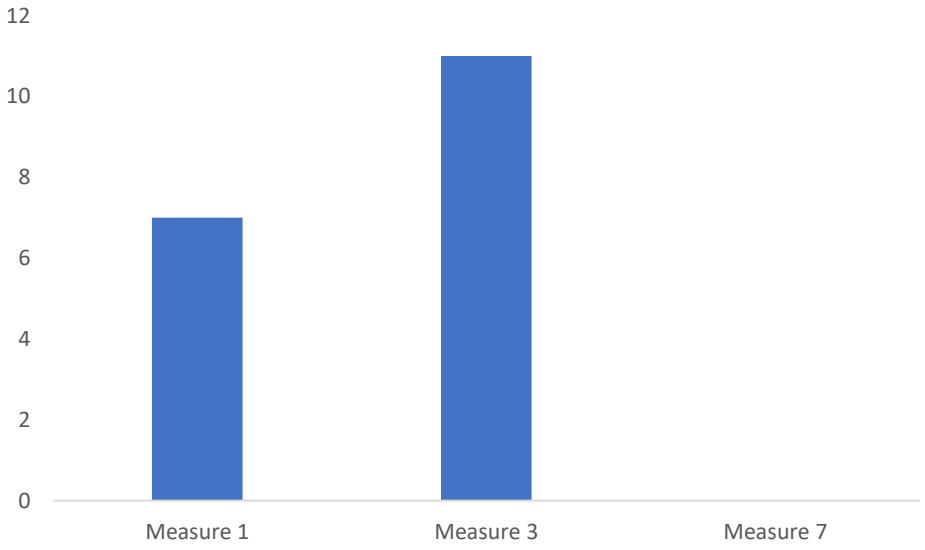
4. **Please evaluate the educations and trainings implemented so far for the veterinary inspection?**
   - *No training was provided so far*
5. **IPARD forms and guidelines are publicly available?**
   - *Yes*
6. **Please evaluate the educations and trainings required for beneficiaries, AES and other participants in order to achieve standards in the scope of work of occupational safety inspection?**
   - *Constant training is required.*
7. **Please evaluate the system of work and cooperation with other bodies within the IPARD system (IPARD Agency, IPARD Managing Authority, IPARD Monitoring Committee, other technical bodies and others)?**
   - *The system is efficient and adequate, no changes are necessary*
8. **Is there a designated person by the agricultural inspection who is the contact for other IPARD bodies?**
   - *Yes*
9. **Please evaluate the most significant obstacles for beneficiaries to meet the standards in the field of veterinary inspection?**
   - *Insufficient knowledge and awareness of potential beneficiaries*
10. **Do you have a recommendation for improving IPARD procedures within the scope of veterinary inspection?**
    - *No*

3.3.3.5. Report on findings from interviews with the consulting agencies

In total, eleven structured interviews were conducted with the representatives of consulting agencies engaged in the IPARD II program.

The most important points that emerged during the structured interview are the following:

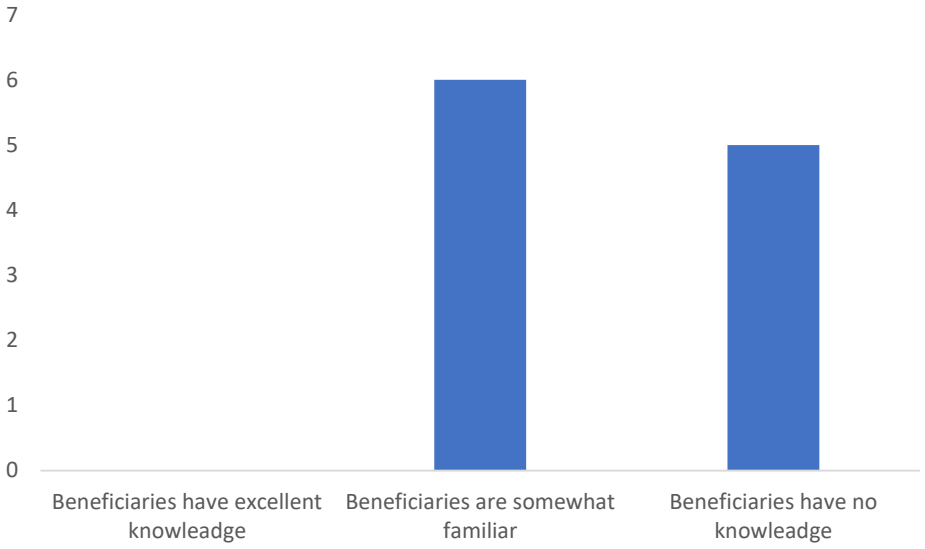
Figure 3.13. Answer to the question: *We have worked/are qualified to work on*



Source: Authors

All consultants surveyed were trained in Measure 3, seven were in Measure 1, while there were no trained in Measure 7 support.

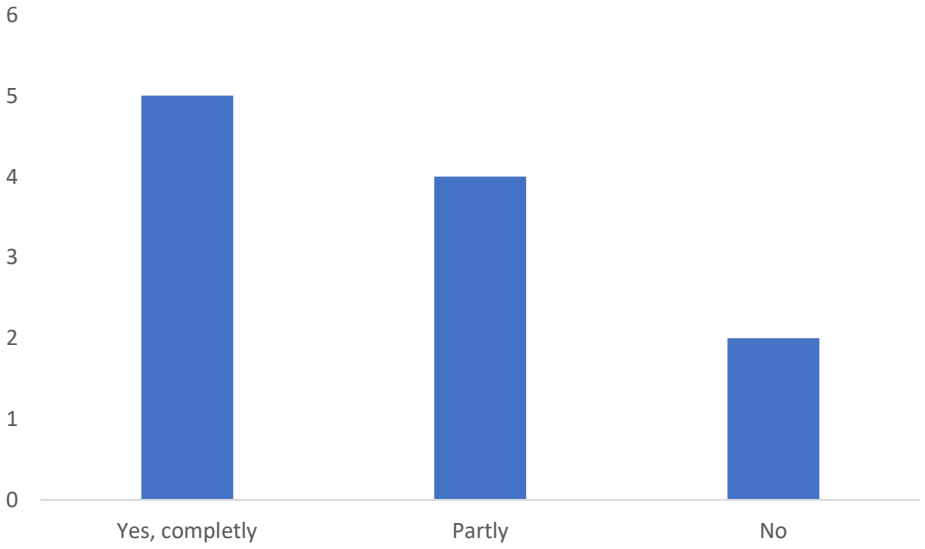
Figure 3.14. Answer to the question: *How do you evaluate the beneficiaries' prior knowledge and level of information about IPARD II programme?*



Source: Authors

According to the consultants, the beneficiaries are moderately or poorly informed about the IPARD II program.

Figure 3.15. Answer to the question: *Do the sectors, eligible investments and expenditures in Measure 1 meet the priority needs of agriculture?*

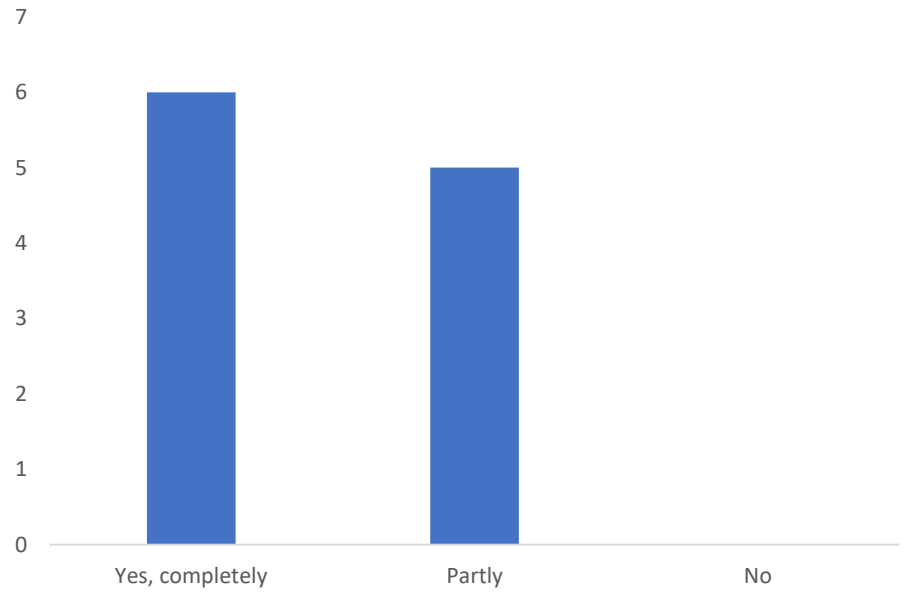


Source: Authors

Most consultants gave a positive assessment of sectors, eligible investments and expenditures in Measure 1.

Comment: For the most part, the volume of eligible costs is good, especially with the extension in Measure 1 to the Grape Sector and the Egg Sector. It remains unclear why the grain harvesters were omitted.

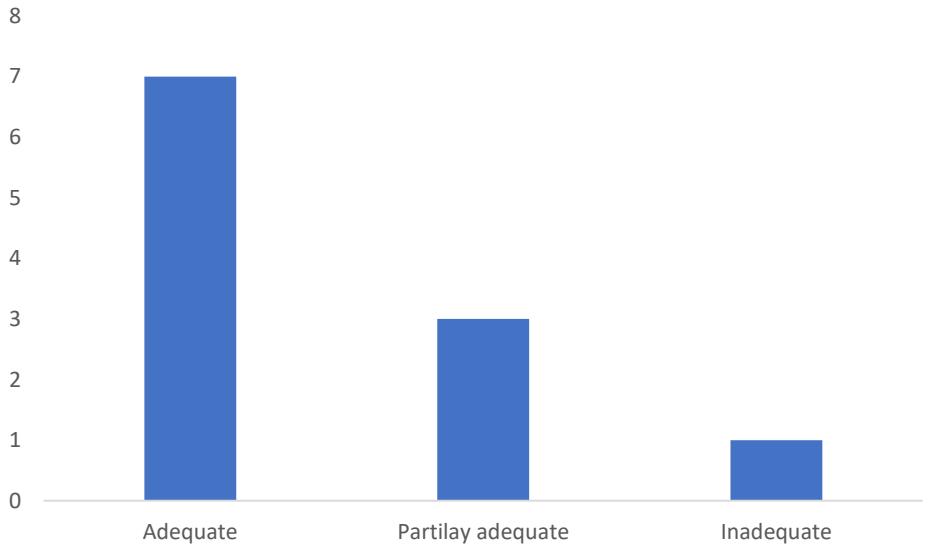
Figure 3.16. Answer to the question: *Do the sectors, eligible investments and expenditures in Measure 3 meet the priority needs of agriculture?*



Source: Authors

Most consultants gave a positive assessment of sectors, eligible investments and expenditures in Measure 3.

Figure 3.17. Answer to the question: *How do you evaluate the administrative procedures in the application submission phase for an IPARD project?*

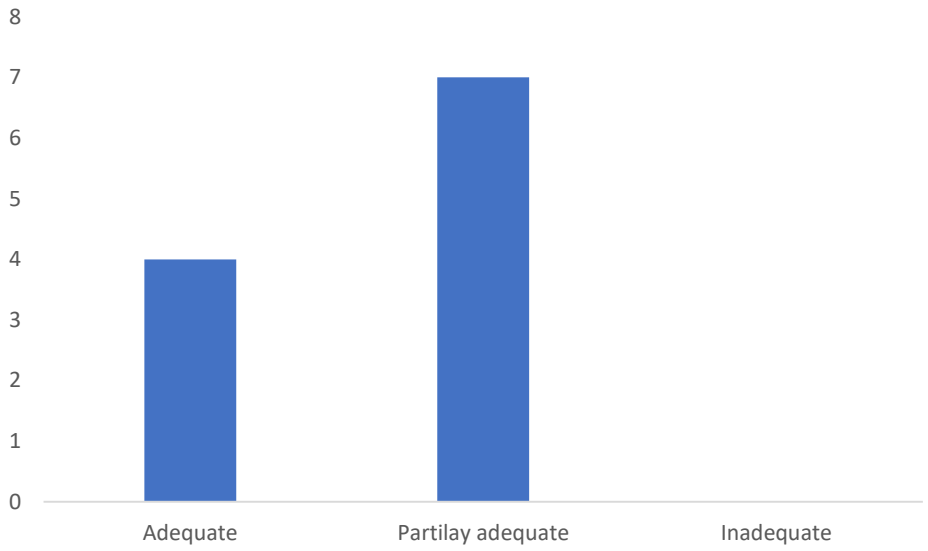


Source: Authors

Most consultants gave a positive assessment of the administrative procedures at the stage of applying for an IPARD project, while two consultants gave a negative assessment.

Comment: The whole process takes too long. Calls are not in accordance with the schedule in the Indicative annual call plan.

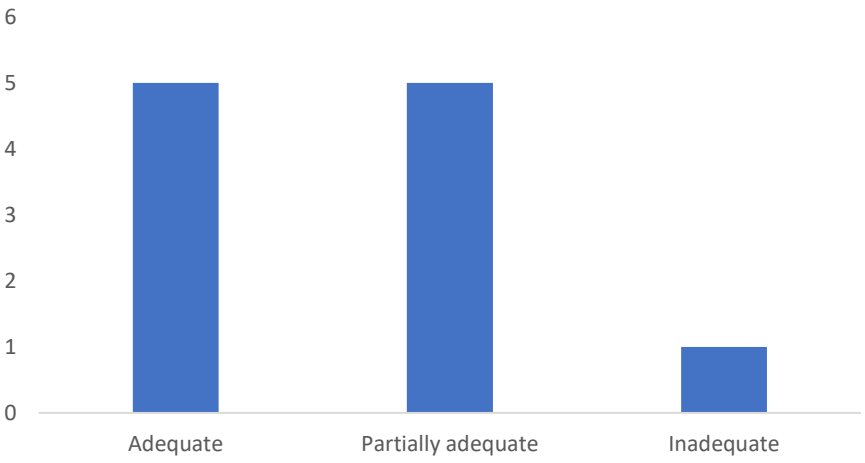
Figure 3.18. Answer to the question: *How do you evaluate the administrative procedures in the implementation phase of the IPARD project?*



Source: Authors

All consultants gave a positive opinion on the administrative procedures during the implementation phase of the IPARD project.

Figure 3.19. Answer to the question: *How do you evaluate the administrative procedures in the disbursement phase of the IPARD project?*

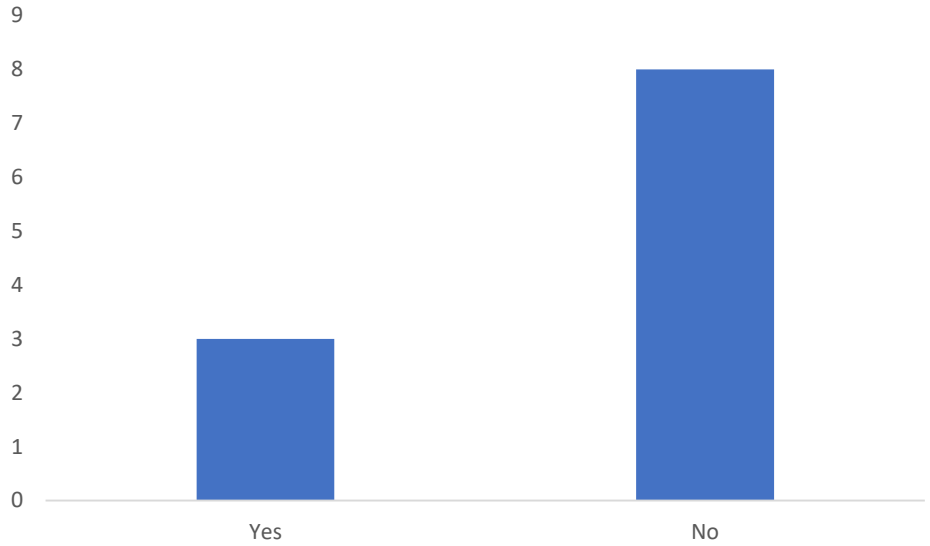


Source: Authors

Most consultants gave a positive opinion on the administrative procedures during the disbursement phase of the IPARD project, while a poor one gave a negative assessment.

Comment: It is perfectly okay to control everything on the farm. Officers need to show greater interest in addressing potential beneficiaries' issues in a correct and expeditious manner.

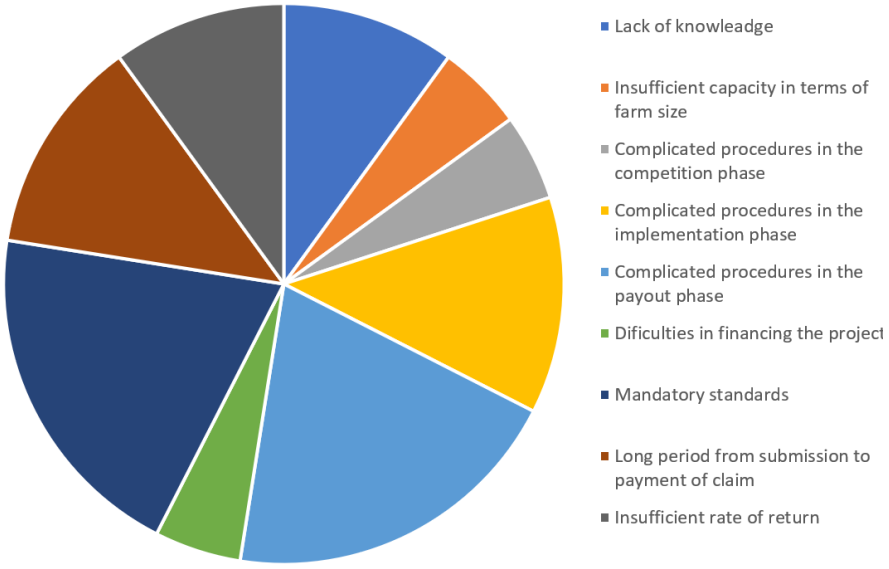
Figure 3.20. Answer to the question: *Do you think that the conditions of other administrative bodies and regulations of other jurisdictions make it difficult to exercise the right to IPARD incentives (building permits, issuing various approvals, etc.)?*



Source: Authors

Eight consultants gave a negative opinion to the administrative procedures concerning, first of all, the issuing of building permits for facilities intended for agricultural use.

Figure 3.21. Answer to the question: *Please specify most important reasons for the poor absorption of IPARD funds (check multiple fields if necessary)*



Source: Authors

Almost all consultants point out that meeting the standards, especially for livestock production, is the biggest obstacle to exercising the right to incentives under the IPARD II program. Second in importance are the applicant's ignorance, complicated procedures in the competition phase, and insufficient capacity.

Recommendations for improving programme:

1. In case the supplier is unable to deliver the equipment, APA will seek confirmation that the planned supplier has ceased operations. Acceptances and changes of suppliers should

be introduced when the supplier has not ceased operations but cannot deliver the equipment for other reasons.

2. It would be necessary to introduce more transparent procedures for establishing reference prices, also with assessments of the so-called "artificially created conditions".
3. Expediting the process of issuing the decisions for project approval and implementation of investment. This is a problem in all sectors, but especially with regard to construction of facilities. An obvious example is the construction of a silo, where one year is lost waiting for a decision, then the beginning of the investment has to wait for favourable weather conditions, where in this way the silo becomes operational only in the third year. This is an objection of beneficiaries who give up waiting for such a long period and independently finance the entire project.
4. Limitations in the disbursement part are particular problem for medium-sized enterprises. These companies can no longer apply, and thus employ more people, provide better prices in the market, or pay higher taxes to the state.
5. Electronic application submission would speed up the entire procedure.

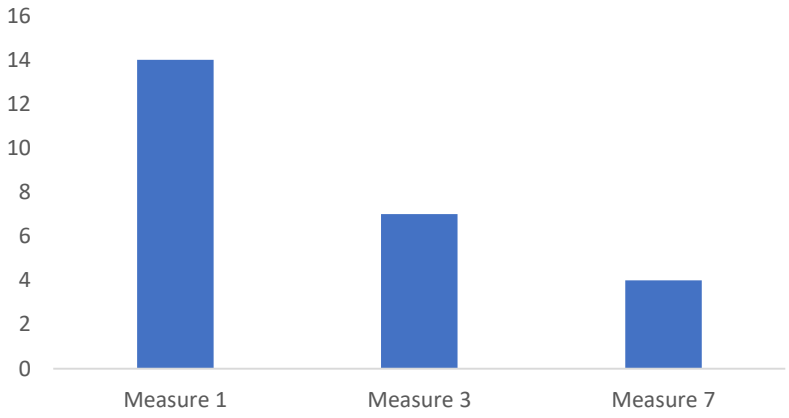
3.3.3.6. Report on findings from conducted interviews with the AES

Fourteen structured interviews were conducted with the AES representatives.

Since the management of the system of agricultural extension service in Central Serbia was entrusted to MAFWM, while in AP Vojvodina was entrusted to the Secretariat for Agriculture, Water Management and Forestry, an analysis of the work of the AES in the IPARD system was done separately for Central Serbia and for AP Vojvodina. There are 22 agricultural stations within the AES in Central Serbia, and 12 of them in AP Vojvodina.

The most important points that emerged during the structured interview are the following:

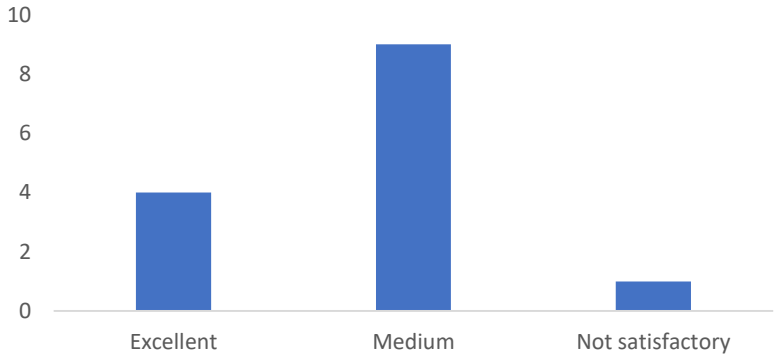
Figure 3.22. Answer to the question: *We have worked/are qualified to work on*



Source: Authors

All AES respondents were trained for Measure 1 support, while 7 AES responded have qualifications for Measure 3 and four for Measure 7.

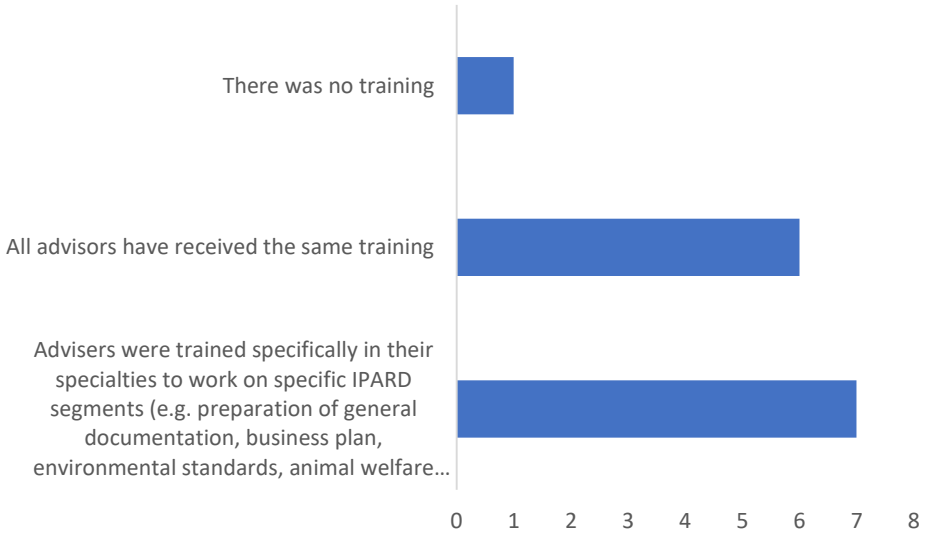
Figure 3.23. Answer to the question: *Please evaluate the transfer of knowledge of the promotion and training of advisors in the AES related to IPARD?*



Source: Authors

The majority of the AES representatives gave a mid-grade rating to the knowledge transfer system in the IPARD II program.

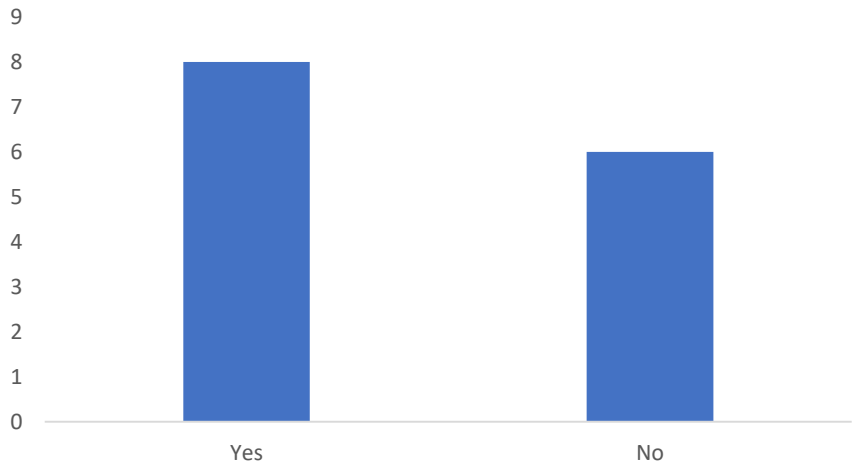
Figure 3.24. Answer to the question: *Training of advisors in AES related to IPARD are included?*



Source: Authors

According to the survey, only one AES did not have training related to the IPARD II program.

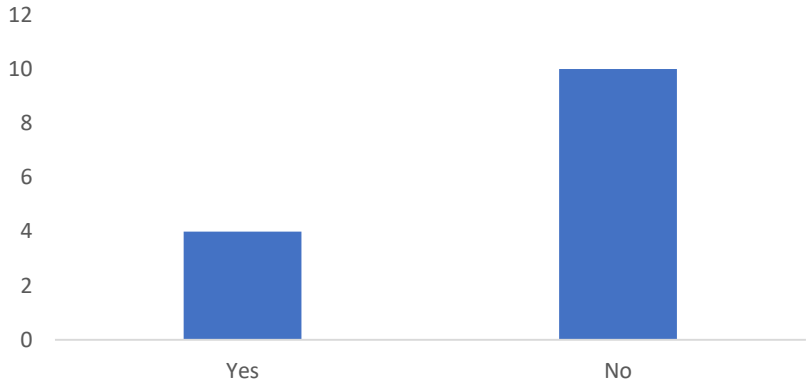
Figure 3.25. Answer to the question: *I have a part of my working hours in which I work on IPARD II programme?*



Source: Authors

Most extension officers from AP Vojvodina do not have a time that can specifically devote to IPARD II program users.

Figure 3.26. Answer to the question: *There is specialization/division of work related to IPARD activities?*



Source: Authors

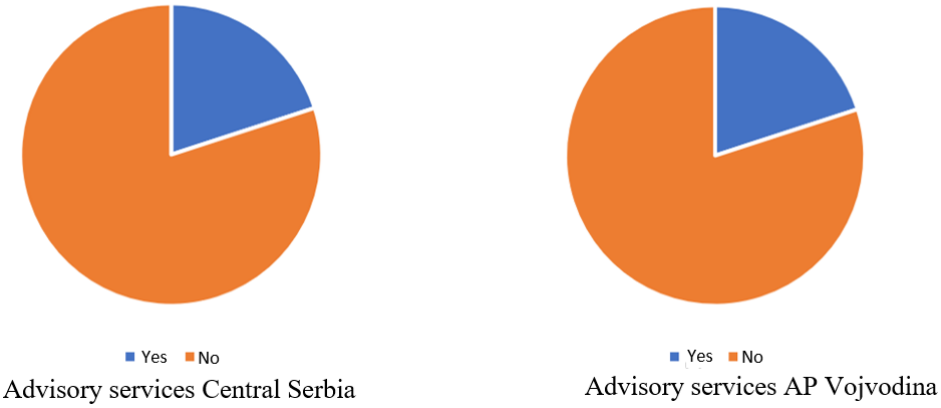
Regarding the AES, in only four cases the division of work on IPARD is performed, where each team member do a certain part of the work.

Figure 3.27. Answer to the question: *After completed training, we have support in working with beneficiaries on IPARD programme (an institution which we can consult for issues related to dilemmas in working with beneficiaries)?*

Source: Authors

In this case, there is a clear difference in supporting the AES in Central Serbia and AP Vojvodina. In Central Serbia in most cases advisers have adequate support in answering questions that arise when working with clients.

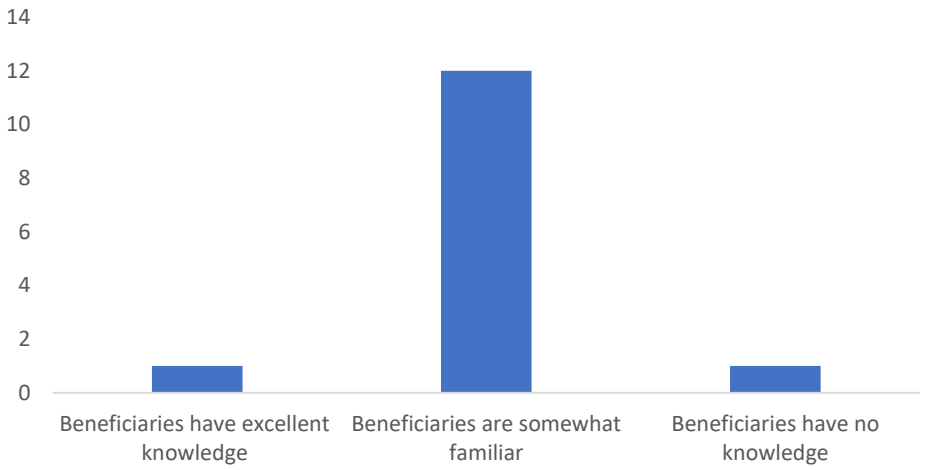
Figure 3.28. Answer to the question: *The results of advisors work with the beneficiaries are monitored and evaluated (number of completed applications, number of approved applications, number of paid beneficiaries, etc.)?*



Source: Authors

Monitoring of the AES results in the IPARD II program is less prevalent in AP Vojvodina.

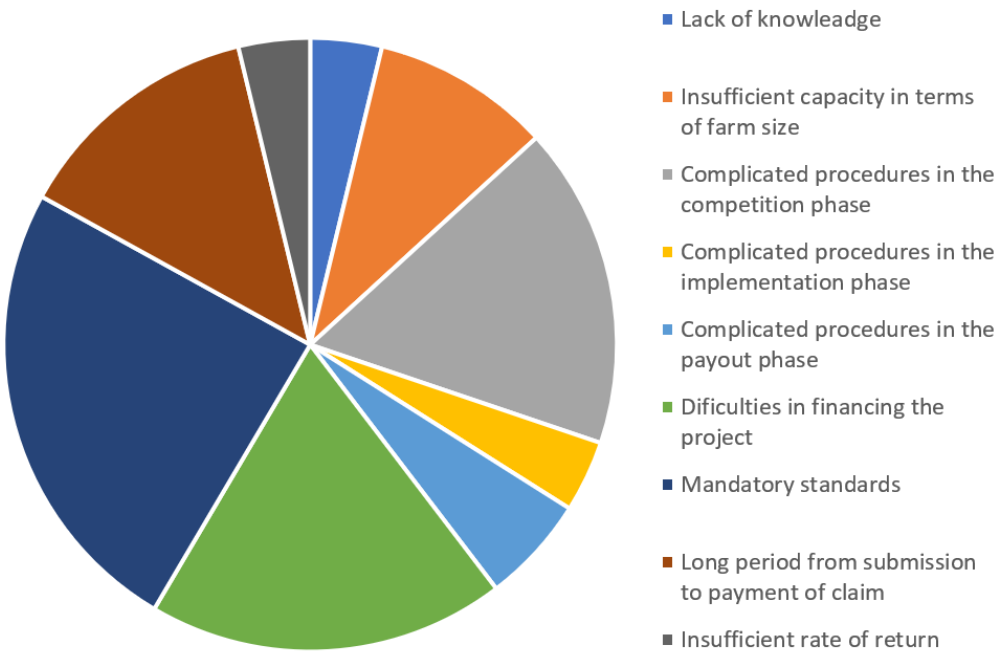
Figure 3.29. Answer to the question: *Please evaluate the beneficiaries' prior knowledge and information about IPARD II program?*



Source: Authors

Beneficiaries' knowledge was rated by the majority of respondents as somewhat familiar.

Figure 3.30. Answer to the question: *Please specify the most important reasons that affect the absorption of IPARD funds*



Source: Authors

The largest number of surveyed AES considers that the greatest obstacle to the greater absorption of IPARD funds is the difficulty in meeting the required EU and national standards, as well as the general ignorance of potential beneficiaries in the IPARD II program.

Recommendations for improving programme:

1. *Improved contact of AES with the IPARD Agency (establishing direct line for the AES issues).*
2. *Training of counsellors according to their specialty of working in particular segments of IPARD.*
3. *Simplify procedures, lower requirements to meet the standards.*
4. *Enable the use of subsidized loans for IPARD investments.*

4. CONCLUSIONS AND RECOMMENDATIONS

4.1. Activity 1. Evaluation of common context indicators

I Socio-economic indicators

Finding 1. All socio-economic indicators (except for the number of employees according to the concept of national accounts) are available at the national level, and majority of them at NSTJ 2 level (regional level). The official producer is the SORS (except for the indicator related to surface area of the territory), the monitoring of indicators is harmonized with the Eurostat methodology, which gives high quality and high level of data reliability.

Recommendation 1. Continue harmonization of the indicator monitoring methodology with the recommended Eurostat methodology.

Finding 2. The indicators relating to population, territory and GDP per capita by type of region are missing, in line with the EC rural-urban typology (predominantly rural regions, intermediate and predominantly urban regions) are missing.

Recommendation 2. It is necessary to abandon the current statistical classification of settlements by type (urban and other) and apply the area classification for the NSTJ 3 area level according to the accepted urban-rural typology of EC and Eurostat. After the 2021 Census (once the SORS has available data on the spatial distribution of the population up to the level of the house number and has formed a network of population grids of 1 km^2), the SORS is expected to classify the spatial units for the municipality level (*LAU* 2), according to the degree of urbanization in accordance with *DEGURBA* methodology, which will be the basis for the development of the typology of the region (NSTJ 3 level), according to urban-rural typology of the EC (predominantly urban regions, intermediate and predominantly rural regions). See Appendix 1 of the Report.

Finding 3. The SORS does not have indicators "*Employment Rate*" and "*Unemployment Rate*" for national level according to the degree of urbanization, i.e. by type of area (scarcely/intermediate/densely populated areas).

Recommendation 3. It is necessary for the SORS to classify the spatial units for the municipal level (*LAU* 2) according to the degree of urbanization, in accordance with *DEGURBA* methodology, which is expected after the 2021 Census of population, households and dwellings. See Appendix 1 of the Report.

Finding 4. Statistical monitoring of the "*number of employees",* according to the concept of national accounts, total and by sector of activity, is missing, which makes it impossible to calculate the derived indicator "*Labour productivity, total and by sector (primary, secondary and tertiary sector)".*

Recommendation 4. The SORS needs to establish an indicator "*number of employees*" according to the concept of national accounts. The existing SORS data for the period 2015-2017 have experimental character and is not for public use.

II Sectoral indicators

Finding 5. Indicator "*Labour productivity in agriculture" (EUR/AWU)"* cannot be calculated, since the SORS does not monitor employment in agriculture (use of labour force) in AWU. AWU are calculated according to the Economic Accounts of Agriculture for the period 2007-2017 (within the project IPA 2015), however, the data has not been published and is not yet for public use.

Recommendation 5. Within the SORS - Economic accounts of agriculture establish statistics on the monitoring of Labour Consumption in Agriculture in AWU.

Finding 6. Indicator "*Gross Investments in Fixed Assets in Agriculture*" according to the concept of national accounts in agriculture (SORS) is not available.

Recommendation 6. As a substitute for this indicator, until the SORS - Economic Accounts of Agriculture have this indicator, use Gross Investments in Fixed Assets in Agriculture according to the concept of national accounts (SORS, data available upon request).

Finding 7. The values of indicators collected through the *Agricultural Census* and the *Farm Structure Survey* (FSS) have a high level of quality and reliability, and the methodology for the collection thereof is fully in line with the recommended Eurostat methodology.

Recommendation 7. Continue monitoring the indicators in accordance with the recommended Eurostat methodology.

Finding 8. A *Farm Structure Survey* should be carried out in the inter-census period every 3 years, however, due to lack of funds, this survey does not have the dynamics recommended by Eurostat (after the 2012 Census of Agriculture, the Farm Structure Survey was carried out only in 2018).

Recommendation 8. Secure financial resources in the RS budget for the implementation of the Farm Structure Survey (SORS).

Finding 9. The indicator related to forests is monitored by different methodology by different institutions and organizations (MAFWM, SORS, FAO).

Recommendation 9. Following the recommendations of EC DG AGRI, indicator "*Forests and Other Wooded Land"* is to be monitored based on national reports and forest assessments prepared within the FAO Global Forest Resources Assessment (FRA).

Finding 10. Monitoring the indicator *"Number of beds in collective tourist accommodation establishments"*, provided by the SORS, is in line with the Eurostat methodology, but the SORS does not publish this information (data available only upon request). The SORS publishes data on the total number of beds at the national level (permanent and auxiliary) in all establishments that provide accommodation services commercially, including those classified within branch 559 (Other accommodation: sleeping and dining wagons, worker dormitories, etc.).

Recommendation 10. Ensure the availability of this indicator in publications and/or the electronic SORS database, excluding the number of beds within branch 559.

Finding 11. Indicator *"Number of beds in collective tourist accommodation establishments"*, provided by the SORS, has intermediate level of reliability, given that a number of tourists in establishments owned by physical entities (private rooms, houses and dwellings...) are not included in the statistical survey as the result of guests not being registered.

Recommendation 11. By establishing a Central Information System (CIS, E tourist) in the field of hospitality and tourism, enable SORS to retrieve data on tourist traffic and accommodation capacities (by downloading data from an administrative source, the SORS data will be more reliable and of better quality).

III Environmental indicators

Finding 12. Not much has been done in the field of adjusting and further development of methodological basis for establishing and continuous monitoring of the set environment indicators, and thus most indicators are still not monitored. The most significant limiting factors were identified: insufficient level of communication between public services competent for establishing and monitoring indicators, then insufficient level of knowledge and awareness of expert staff in competent public services about the set indicators, as well as lack of human capacity and financial resources for continuous monitoring of set parameters.

Recommendation 12: Creating adequate conditions for establishing and monitoring the set environment indicators, in terms of strengthening inter-institutional cooperation, enhancing human resources knowledge and enhancing their physical capacities, as well as creating a stable financial basis for continuous monitoring of the set indicators.

Finding 13. Indicator *Farmland Birds Index* is not yet an integral part of regular environmental monitoring in Serbia. The competent services are not informed about the obligation to monitor this indicator, there is no methodological basis for its establishment, and it is necessary to secure human resources for field work. Currently, Serbia only has data on meadow and forest bird populations for the period 2000-2012 available, which has been obtained through different programs for monitoring of individual species or groups of bird species, primarily through scientific research and conservation programs. The key shortcomings of the existing meadow and forest bird population database are related to the time series mismatch.

Recommendation 13. Inform the responsible services of the obligation to monitor indicators; adopt by-laws specifying in more details the form of biodiversity monitoring, except for protected areas and protected species; develop a methodological basis for the creation and monitoring of indicators; provide human and financial resources for continuous monitoring of indicators.

Finding 14. Indicator *Grassland (according to protection status)* has not yet been established and is not part of environmental monitoring in Serbia. The Environmental Protection Agency carried out the identification and mapping of type 1 agricultural land of high natural value (agricultural land with a high share of semi-natural vegetation) in the period 2008-2010, including and grassland. However, in order to create indicators and establish monitoring, it is necessary to carry out a detailed mapping of agricultural land.

Recommendation 14. In order to establish this indicator, it is necessary to carry out a detailed mapping of agricultural land areas of high natural value, establish an adequate assessment methodology and provide conditions (human and financial resources) for continuous monitoring of the indicator.

Finding 15. Indicator *Protected Forests* has not yet been established, although Serbia is a signatory of the resolution adopted at the Fourth Ministerial Conference on the Protection of Forests in Europe (*MCPFE,* and now FOREST EUROPE) in Vienna (2003) which adopted improved pan-European criteria and indicators for sustainable forest management. These criteria are indicative, so their real implementation implies verification and harmonization at the national level, thus creating a basis for establishing the indicator.

Recommendation 15. In order to establish this indicator it is necessary to adapt the methodological basis and establish an MCPFE classification of conservation of biodiversity and landscapes at national level, and then provide conditions for continuous monitoring of protected forest areas within each MCPFE class.

Finding 16. Monitoring of indicator *Water Quality* is partly implemented. Within the sub-indicator *Nitrates in Freshwater* nitrate content in surface and groundwater is monitored, which is part of regular environmental monitoring in the Republic of Serbia and is carried out continuously in the period 2008-2017. However, categorization of water quality is not carried out according to the recommended EC methodology. On the other hand, the sub-indicator *Gross Nutrient Balance* in agricultural land is not monitored. So far, the quality of agricultural land is controlled through projects funded by MAFWM and Provincial Secretariat for Agriculture, Water Management and Forestry.

Recommendation 16. Within the sub-indicator *Nitrates in Freshwater* quality categories should be harmonized on the basis of the set nitrate limit values for surface and groundwater, so that the data obtained is comparable with that of the European Union. Also, it is necessary to adapt the methodological basis for monitoring the sub-indicator *Gross Nutrient Balance,* i.e. potential excess nitrogen and phosphorus in agricultural land.

Finding 17. The methodological basis for monitoring indicator *Soil Erosion by Water* is not yet harmonized with the requirements of the European Commission. By financing various projects,

sporadic estimates are made of soil loss due to erosion processes of different forms and intensities in certain areas of Serbia.

Recommendation 17. Provide conditions for reambulation of the erosion map of Serbia using different databases of land cover, satellite images, research of scientific and higher education institutions. The methodological basis is to be adjusted to the requirements of the European Commission. Data is to be processed using *RUSLE, PESERA, G2, MESALES* models and the like.

Finding 18. In Serbia, within energy statistics (SORS), biogas and wood-fuel balances are monitored, but there is no monitoring of the production *of renewable energy in agriculture and forestry*. The comparability of existing data published by the Statistical Office of the Republic of Serbia with the EU countries is incomplete, primarily due to variations in units of measurement, but the data can be used in analysis. In general, the legal framework in the field of renewable energy production is not yet fully in line with EU regulations, produced quantities of some types of fuel are still very small and there is no records thereof.

Recommendation 18. Harmonize the methodological basis for monitoring this indicator according to EC recommendations.

4.2. Activity 2. Administrative simplification of the processing of submitted applications

In the period 2017-2019, five public calls for Measure 1 and two public calls for Measure 3 were implemented, while the implementation of the Third public call for Measure 3 was ongoing at the time of preparing the Report. There is a delay in the implementation of IPARD II programme, primarily due to the delay in the implementation of the planned measures.

Implementation of planned measures (in the process of accreditation), Measure 4 - Agro-environmental measures and organic production measures, Measure 5 - Implementation of local development strategies, Measure 7 - Diversification of agricultural holdings and business development, as well as Measure 9 - Technical Assistance, did not start in the period 2017-2019.

For Measure 1 under First, Second, Third, and Fourth public call, and Measure 3 under First and Second public call, a total of 1,173 project applications were submitted, i.e. 1,066 applications for Measure 1 and 107 applications for Measure 3. Total costs for Measure 1 under the First, Second, Third, and Fourth public call, and Measure 3 during the First and Second public calls amount to EUR 176,171,467, of which EUR 123,937,360 for Measure 1 and EUR 52,434,107 for Measure 3.

In the analysed period, 263 applications were approved for Measure 1 and 24 for Measure 3. The number of claims disbursed is 145, with a total amount of support paid of EUR 6,103,360.

The research plan for Activity 2 identifies the areas that will be analysed through research questions. Table 4.1. gives an overview of the research results.

Table 4.1. Summary of Research Findings for Activity 2

Area	Subject of research	Finding
Research questions related to degree of realization of objectives and IPARD management structure	To what extent have the set objectives of IPARD II programme been realized?	The reasons fordelay in the implementation of IPARD II programme are primarily related to the fact that all planned measures are not accredited, the length of the administrative processing procedure at all stages, the need to improve beneficiary knowledge, the need to involve a wider group of beneficiaries, etc. The main characteristic of the programme implemented thus far is the low number of applications from the livestock sector in both measures due primarily to the requirements for meeting the technical standards for this sector.
	Is the IPARD management structure set up adequately to meet the objectives of IPARD II programme?	The IPARD management structure is fully set up, cooperation between the institutions is good, meetings between the IPARD MA and the IPARD Agency are held weekly, meetings of IPARD II Monitoring Committee are well prepared and regularly held. The need to extend the deadline after the amendment of the IPARD rules was identified, to allow the IPARD Agency to better prepare for the implementation.
	Are the monitoring and evaluation of the IPARD II programme carried out in accordance with the set objectives of the IPARD II programme?	A system for monitoring and evaluation of the IPARD II programme has been established. Further improvement of this segment have been identified through the introduction of supplementary programme indicators by the IPARD MA, as well as improvements to the data processing system by the IPARD Agency.
Research questions related to the application submission phase	Have specific eligibility criteria been set up adequately to meet the objectives of the IPARD II programme?	A need to modify specific eligibility criteria in the case of both Measure 1 and Measure 3 have been identified, in order to involve more participants by enabling start-up investments.
	Is the number and manner of announcing the call for proposals adequate to meet the objectives of the IPARD II programme?	Increasing the number of calls in case of both Measure 1 and Measure 3, in the experience of other countries in the phase of utilizing EU pre-accession funds, would be beneficial for the implementation of IPARD II programme. An indicative plan of annual calls, if binding, would increase certainty on the side of the beneficiaries and allow more thorough preparation of documentation.
	Based on the implementation of the IPARD II programme so far, are there any needs to improve the work of the consulting firms engaged in the implementation of the IPARD II programme?	Considerable effort has been made regarding the information and training of consulting firms. An additional improvement in this segment would be achieved if the published list of approved beneficiaries was accompanied by information on consulting firms involved in the support. In this way, potential beneficiaries could select consultants based on their results.
	Do the documentation and administrative procedures at the application stage meet the needs of the IPARD programme?	The most significant aggravating administrative requirement was identified on the side of the obligation to collect three bids. Significant improvement of the IPARD II programme for both beneficiaries and the administrative side of application processing would be achieved by switching to a single bid system plus reference prices.
	Are the deadlines for resolving applications adequate to meet the objectives of the IPARD II programme?	Longer periods of administrative processing of applications are an important factor in further improvement of the implementation of the IPARD II programme. The analysis showed that a significant number of potential beneficiaries do not choose to apply due to the need for investment in a short term in relation to the dynamics of the IPARD II programme. It was also identified that in Measure 1 – procurement of new tractors there is a long waiting period for application approval

		(the list is moved by as the result of withdrawal of approved applicants), and thus, despite of the evidently positive effects this system has, beneficiaries are excluded for a long period of time from applying for Measure 1, on the other hand the processing of applications is made more difficult.
	Are the procedures for resolving complaints in accordance with the deadlines and prescribed procedure?	An occasional delay was identified in the submission of second-instance complaints by the IPARD Agency to the MAFWM Commission for Second-instance Solving of Complaints.
Research questions related to the project implementation phase	Is the IPARD investment financing system adequate to meet the objectives of IPARD II programme?	There is significant room for improvement in supporting the financing of IPARD II projects. The analysis on the positive experiences of other EU countries such as the Republic of Croatia, in using subsidized loans for this purpose, since they do not subsidize the IPARD project but the loan itself.
	Do the documentation and administrative procedures in the project implementation phase meet the needs of the IPARD II programme?	A need was identified to increase flexibility in the implementation phase of IPARD projects, e.g. the problem arises that the selected supplier cannot deliver the equipment, and in such cases a confirmation is requested that the supplier has ceased its operations. It is necessary to introduce the possibility of replacing the selected supplier also in other justified cases even though it has not stopped working.
	Is the process of determining whether national and EU standards are met in line with the needs of the IPARD II programme?	With respect to the technical bodies, significant progress has been made in establishing this segment. A need was identified to publish checklists that were not published, continuous training, development of practical instructions and guides, especially important in the case of manure management, direct linking of technical bodies to databases of relevance to the work. It was determined that the period for corrective measures in case of possible non-compliances of beneficiaries is short, thus an extension of the period for exercising supervision of technical bodies is needed.
Research questions related to the disbursement phase	Do the documentation and administrative procedures in the project implementation phase meet the needs of the IPARD programme?	In the disbursement phase, no need for changes in administrative procedures was identified.
	Are the periods for deciding on payment claims adequate to meet the objectives of the IPARD II programme?	IPARD Agency has established an effective procedure for disbursement to beneficiaries. The disbursement periods are on average four months after the payment request is submitted. Further reduction of this period would be important.
Research questions related to promotion, education and support to IPARD II beneficiaries	Is the promotion of IPARD programme adequate to meet the objectives of the IPARD II program?	In almost all promotional activities, the planned activities are fulfilled. Guides were produced for Measure 1 and Measure 3, and many other promotional activities were carried out.
	Is support for beneficiaries adequate to meet the objectives of the IPARD II programme?	AES are of great importance and a lot has been done so far to inform and educate the beneficiaries. It was found that there was a higher efficiency in the work of AES in the territory of Central Serbia, which is under the jurisdiction of MAFWM compared to AES in the territory of AP Vojvodina under the jurisdiction of. The need for a higher degree of formalization of work was identified, which would be achieved through the preparation of two uniform requests for all services in the Republic of Serbia, with which the beneficiaries contact for the assessment of eligibility to apply, and the other for assistance in the preparation of application documentation, appointment

		of an agricultural advisor in each AES who is responsible for the IPARD programme, appointing persons in each AES who are responsible for each of the five technical standards, developing a software solution that will allow agricultural advisers to quickly assess whether an applicant meets the requirements for the IPARD programme, which is the primary role of AES. It is of utmost importance for the implementation of the IPARD programme to establish a formalized line of communication between the agricultural advisers in charge of IPARD support and the IPARD Agency in order to keep agricultural advisers informed on a continuous basis.
Research questions related to general business and administrative framework relevant to the IPARD II programme	What are the most significant obstacles in the general business environment and administrative procedures for meeting the objectives of the IPARD II programme?	Non-uniformity in the procedures for issuing permits and approvals in the agricultural sector which are necessary for applying for the IPARD programme. In some local government units, the issuance of the said documentation is fast and efficient, while in others it is difficult and time-consuming. Secondly, the need was identified to allow the IPARD Agency to have direct access to the RGA data, the Register of Approved Facilities maintained by the Veterinary Directorate, the Tax Administration database and local self-governments, which would significantly improve the administrative processing of applications. Further, it is important for the MAFWM to improve the Central Register of Facilities in which processing facilities are registered.

Recommendations

IPARD Managing Authority

Eleven recommendations have been proposed for further improvement of the work of the IPARD MA.

- **Recommendation 1:** In cases of amending the IPARD Rules, which then entails amending the procedures by which the IPARD Agency implements the same (as the IPARD Agency procedures are amended only after the Rules are amended)[7], provide a longer period of time until a call is announced that will allow the IPARD Agency to establish procedures that are necessary for implementing the public call**.**

  Expected effect: The IPARD Agency would be given sufficient time to harmonize implementation procedures.

- **Recommendation 2:** Improve monitoring and evaluation of the IPARD II programme implementation. It is proposed to establish the following indicators to monitor the implementation of the IPARD II programme:

  Indicators based on data from the IPARD Agency:

  (1) monitoring the results of the implementation of IPARD II programme among beneficiaries who are both in and outside the VAT system for Measure 1, namely: a) the number of applications submitted and the number of applications rejected; b) the number and results of on-site controls and technical bodies controls; c) the number of the decision approving the application; d) the amount of support; e) the number and amount of applications paid out; g) % of applications paid out against the number of decisions approving the applications; and h) economic indicators of project implementation (from the business plan);

[7] Every change of procedure requires approval of the NAO, i.e. EC (depending on the complexity thereof) and may take from a few weeks (minimum one month) to a couple of months.

(2) monitoring the beneficiaries by category size of investment, in both measures. For Measure 1, establish monitoring by category of beneficiaries with approved amount of support of EUR 5,000-10,000; 10,000-15.000 EUR; 15,000-20,000 EUR; 20,000-50,000 EUR; 50,000-100,000 EUR; and over EUR 100,000. For Measure 3, monitoring of beneficiaries by categories of approved support that would cover categories of EUR 20,000-30,000; EUR 30,000-40,000; EUR 40,000-60,000; EUR 60,000-100,000; and over EUR 100,000. The following indicators are proposed to monitor each of the aforementioned categories of beneficiaries: a) the number of applications submitted and the number of applications rejected; b) the number and results of on-site controls and technical bodies controls; c) the number of the decision approving the application; d) the amount of support; d) the number and amount of applications paid out; e) % of applications paid out against the number of decisions approving the applications; f) the number of new jobs created (gross); and g) economic indicators of project implementation (from the business plan);

(3) monitoring the results of the implementation of Measure 1 for beneficiaries categorized by holding size for each sector would be carried out by appropriate holding size categories: a) the number of applications submitted and the number of applications rejected; b) the number and results of on-site controls and technical bodies controls; c) the number of the decision approving the application; d) the amount of support; e) the number and amount of applications paid out; f) % of applications paid out against the number of decisions approving the applications; g) the number of new jobs created (gross); and h) economic indicators of project implementation (from the business plan);

(4) Monitoring the applications to which the "First come first served rule" was applied in case of creating ranking list and for which the selection criteria were applied, based on Annex N1 10 MA monitoring procedures.

(5) Monitoring data relating to the capacity of dairy, slaughterhouses and other processing facilities for Measure 3;

(6) Monitoring rejected IPARD applications. The following indicators are proposed to monitor each of the above categories for Measure M1 and M 3: a) Applicant's name; b) Investment amount (in EUR); c) Amount of support (in EUR); d) Date of rejection; and d) Reason for rejection;

(7) Monitoring of projects suspended due to the withdrawal of the IPARD applicant. The following indicators are proposed to monitor each of the above categories for Measure M1 and M 3: a) Applicant's name; b) Investment amount (in EUR); c) Amount of support (in EUR); g) Date of withdrawal; and d) Reason for withdrawal;

(8) Report on the most commonly missing documentation at the submission of applications;

(9) Report on the most common deficiencies in the content of the application documentation;

(10) Information on debtors, namely: a) Name of the debtor; b) Total debt (in EUR); c) Repaid amount (EU part); d) Remaining amount to be repaid (EU part); e) Repaid amount (RS part); f) Remaining amount to be repaid (RS part); g) Date of repayment; h) Debtor's code; and i) Cause of debt.

(11) The number of expected new jobs creation (from the applicant's business plans / project proposals for Measure 3 and Measure 7);

Indicator based on the MAFWM data: submission of the IPARD MA reports on the results of solving complaints within the IPARD programme by the Complaints Committee in the process of exercising rights to the IPARD incentives. The report would

be submitted quarterly and would contain the information defined in Recommendation 38.

Expected effect: Efficient and comprehensive monitoring of the IPARD II programme and implementation of corrective measures based on conducted data-based analyses are the basis for successful implementation of the Programme. During the research, the need to increase the minimum investment threshold for Measure 1 from EUR 5,000 was emphasized. The research also indicated the need to increase the minimum investment threshold for Measure 3 from EUR 20,000. The research has shown that there may be a need to modify the eligibility conditions for Measure 1 in part of the sector Other crops, of where the minimum AH surface area under other crops would be increased from the current 2 ha. Also, establish monitoring indicators for the construction and equipping of storage facilities (currently the lower limit is 2 ha) in the sector Other crops. The reasons for establishing monitoring indicators are in the irrationality of processing of small applications. Determining the justification of such a request and properly determining the minimum amount of support are possible by monitoring and evaluation of the results achieved by different categories of beneficiaries categorized by size of eligible support for both Measure 1 and Measure 3. By establishing optimal specific eligibility criteria for both Measure 1 and Measure 3, as well as with minimum acceptable amounts of refunds, the processing of applications would facilitate, the efficiency of the funds used increased and it would significantly increase the absorption of the IPARD programme funds. Reports related to the IPARD complaint process are a significant source of information for evaluating and further improvement of the IPARD programme, they would enable the IPARD MA to monitor programme implementation deadlines and results.

- **Recommendation 3:** Creating an opportunity to use interest rate subsidized loans for the implementation of the IPARD projects. Supported loans have their interest rate subsidized and not the subject of investment itself.

  Expected effect: Increased number of realised IPARD projects, increased number of applications, facilitated processing of applications by the IPARD Agency. This practice has been applied and has yielded positive results in the Republic of Croatia.

- **Recommendation 4:** Modifying the criteria for Measure 3 where the beneficiary in the milk processing sector should be entered in the Register of facilities, that is, the Register of approved facilities of the Veterinary Directorate at the time of submitting a request for payment. Currently enrolment in the mentioned registries is required at the time of application submission. For dairies already operating, it would still be necessary to determine the average daily amount of milk from the previous year, while for new dairies it would be determined on the basis of registered capacity.

  Expected effect: This would enable start-up projects, i.e. beneficiaries who have not been so far engaged in the economic activity that is the subject of the application, to compete. The number of applications would increase, new participants would be involved.

- **Recommendation 5:** To modify the criteria in Measure 3 so as to separate the milk categories. The existing criteria regarding the average daily quantity of milk received remain the same for cow milk, while the goat and sheep milk received is counted double that for cow milk. This would enable combined processing of both cow and other types of milk, whereby all processed quantities would be converted to litres of cow's milk.

  Expected effect: In this way, modifying this specific criterion, the barriers in the milk sector would be removed for goat and sheep milk processors.

- **Recommendation 6:** Modify the criteria in Measure 3 where the beneficiary - wine producer should be registered in the Wine Register at the moment of application for

project approval. The change would be in the sense that this condition is required to authorize the payment of incentives.

Expected effect: This would enable start-up projects, i.e. beneficiaries who have not been so far engaged in the economic activity that is the subject of the application, to compete. The number of applications would increase, new participants would be involved and more.

- **Recommendation 7:** Creating of a coordination body by the IPARD MA and the IPARD Agency, which would provide a separate channel of information for the AES in order to provide ongoing information for agricultural advisers.

  Expected effect: Significant improvement of knowledge transfer towards potential beneficiaries, reduction of percentage of incomplete applications, etc.

- **Recommendation 8:** Establish a special education and information programme for potential beneficiaries of Measure 1 in the meat and milk sectors related to manure management requirements, as well as promoting the possibility of using the IPARD programme to finance this type of investments. Additionally, setting up a special education and information programme for potential beneficiaries of Measure 3 in the meat and milk sectors related to environmental standards, as well as promoting the possibility of using the IPARDII programme to finance this type of investment.

  Expected effect: Improvement in meeting the minimum standards in manure management and environmental protection. The needs of the livestock sector for investments in the manure management system, as well as in case of potential beneficiaries of Measure M3 of animal products processing for investments in wastewater treatment are pronounced, on the other hand, the IPARD II programme provides additional incentives for investment in these areas. According to the conducted research, the reason for the low number of applications is due to insufficient knowledge of potential beneficiaries related to the standards requirements, as well as insufficient knowledge of the IPARD II programme for this type of investment.

- **Recommendation 9:** Additional continuous training of inspectors from all the IPARD Technical Bodies will enable good quality and uniform control.

  Expected effect: Uniformity in control of all inspectors, better control, etc.

- **Recommendation 10:** Creating a guide for the Measure 1 related to the manure management, as well as publishing the guide on the IPARD website.

  Expected effect: Improving awareness and information of beneficiaries.

- **Recommendation 11:** Creating a guide for the IPARD beneficiaries related to inspection control of the Environmental Inspection, as well as publishing the guide on the IPARD website.

  Expected effect: Improving awareness and information of beneficiaries.

IPARD Agency

Sixteen recommendations were proposed for further improve of work of the IPARD Agency.

- **Recommendation 12:** Separate the IPARD Agency from the MAFWM and define it as an independent institution.

  Expected effect: This recommendation is considered to be the most important for improving the application processing process. At the moment, the IPARD Agency is part of the MAFWM and is acting under the Law on General Administrative Procedure with exceptions defined by the Law on Agriculture and Rural Development, which has proved to be insufficient to implement the IPARD programme. Establishing the IPARD Agency as a separate institution would enable the implementation of the IPARD programme by

the IPARD Agency under special rules defined by the IPARD Agency, which would enable that these are fully adapted to the needs of the IPARD programme.

- **Recommendation 13:** To establish regional offices of the IPARD Agency, recommendation in the offices of the Treasury Department (in accordance with the Action Plan for Negotiation Group 11). This would facilitate the submission of documentation and information to beneficiaries.

  Expected effect: Easier access to information for beneficiaries and improvement of efficiency in the IPARD II programme implemention.

- **Recommendation 14:** Introducing LPIS and IACS systems.

  Expected effect: Very significant reduction in the application processing time, improvement of the degree of control over the fulfilment of the conditions for eligibility for the IPARD II programme.

- **Recommendation 15:** After creating a list of beneficiaries for whom the implementation of the IPARD project has been approved, beneficiaries who do not have a sufficient score would be rejected due to a lack of funds.

  Expected effect: Certainty regarding deadlines for application approval, greater efficiency in processing applications, etc. The current practice of moving the applications up within the rank list following the withdrawal of approved projects, in addition to the undoubtedly positive effects, also has negative effects, as follows: (1) not meeting the application processing deadlines; (2) in case of approval of the application after a long period of time beneficiaries state that the situation on the farm has changed and that they will not be able to implement the project; (3) the proposed solution to train beneficiaries who are not on the list to evaluate the chances of getting on the list by moving up on it over time and possibly, on the basis of that, to voluntarily submit a request to withdraw from the submitted application would further complicate the situation for beneficiaries of the IPARD programme (one of the main goals in improvement of the IPARD programme is simplification of procedures).

- **Recommendation 16:** Define documentation that must be duly completed on public call. It is recommended to introduce an obligation to submit a fully and correctly completed IPARD Application Form.

  Expected effect: A high number of blank applications were identified without any supporting documentation. This would define the minimum documentation that cannot be supplemented at a later date but must be duly completed at the time of submission. The experience of the Republic of Croatia which prescribed the necessary documentation, the application, business plan and offers proved to be too strict, so that based on the already existing experience, it is recommended to require only a duly and accurately filled application. If the application is duly completed, the processing procedure will be greatly facilitated.

- **Recommendation 17:** Limit the number of project implementation extensions to no more than two extensions. This recommendation would be implemented through changes to the Law on Agriculture and Rural Development.

  Expected effect: Increase the efficiency of administrative processing procedures in the project implementation phase

- **Recommendation 18:** Establish a central record of complaints received at the IPARD Agency and designate a person responsible for monitoring the flow of complaints cases.

  Expected effect: Avoiding the possibility of delay in the submission of complaints by the IPARD Agency to the second instance complaints authority – the MAFWM, since the

current status of each case could be tracked in the records containing all received complaints.

- **Recommendation 19:** In case the supplier is unable to deliver the equipment, confirmation is sought that the intended supplier has ceased its operations. Acceptances and changes of the supplier should be introduced when the supplier has not stopped working but cannot deliver the equipment for other reasons.

  Expected effect: Improvement of the IPARD project implementation process, increasing beneficiary certainty that the project will be fully realized.

- **Recommendation 20:** Modify the procedure whereby it is necessary to obtain three offers for procurement in excess of EUR 10,000. One offer would be acceptable in this case, since there is also a system of reference prices. This would facilitate the collection of documentation for beneficiary submission, as well as the processing and control of applications.

  Expected effect: Very significant effect on simplification of application submission by beneficiaries, reduction of processing time of cases, etc. A positive example of the implementation of this measure is in Turkey.

- **Recommendation 21:** Together with the list of approved beneficiaries that is publicly announced, information on agency providing the consultancy services should be added. In this way, future beneficiaries would be able to follow the results of consulting agencies, which would make it easier to choose a consultant.

  Expected effect: Improvement of the complete process of the IPARD II programme implementation through better preparation of beneficiaries.

- **Recommendation 22:** Supplement to the Memorandum of Cooperation between the IPARD Agency and the RGA, as well as creating technical possibilities that will enable the IPARD Agency to have direct access to RGA data related to building permits.

  Expected effect: Shortening the application processing time, reducing the possibility of a processing errors, etc.

- **Recommendation 23:** Direct access of the IPARD Agency to the Register of approved facilities managed by the Veterinary Directorate. Currently, information is obtained via email, where the IPARD Agency sends an inquiry to the Veterinary Directorate and receives an email confirmation, which prolongs the process and leads to uncertainty. Direct access to the Registry by the IPARD Agency would provide direct access to the necessary data.

  Expected effect: Shortening the application processing time, reducing the possibility of a processing errors, etc.

- **Recommendation 24:** Enable the IPARD Agency to have direct access to the necessary information from the Tax Administration relevant to the work of the IPARD Agency.

  Expected effect: Shortening the application processing time, reducing the possibility of a processing errors, etc.

- **Recommendation 25:** Enable the IPARD Agency to have direct access to the necessary information maintained in local government units in terms of providing information on subsidies in the agricultural sector kept by the local government electronically.

  Expected effect: Shortening the application processing time, reducing the possibility of a processing errors, etc.

- **Recommendation 26:** Improve of the evidence of IPARD II programme (possibly to introduce new software for evidence and monitoring) applications submitted. The improved evidence would allow data entry in one programme for Department for Project

Approval, Department for On-Site Control, Department for Economic and Financial Affairs. It is important that all of these departments enter the data necessary for monitoring and evaluation. It is also recommended to link the applications record system to the software application for submitting electronic applications that is under construction (Recommendation no. 27), in order to automatically generate data from the electronic application into a software solution for electronic case recording.

Expected effect: Very significant improvement in monitoring of Programme implementation, reducing the possibility of error, since currently data from different organizational units of the IPARD Agency is kept in separate databases that are not compatible, while individual data is repeatedly entered into different databases. Currently, reports are manually entered by the IPARD Agency, which requires additional attention and is time-consuming, and then the data from all registers and reports must again be manually entered into the summary monitoring table. This doubles the possibility of error, and also doubles the time necessary for data entry. The IPARD Agency is actively working on this problem, a software development project is underway, whose final phase and testing are expected soon.

- **Recommendation 27:** Introduce a software solution for the electronic submission of documents.
- **Expected effect:** The introduction of a software solution for the electronic submission of documents will facilitate the submission of documents, eliminate or at least minimize the possibility of errors.

IPARD Technical Bodies

There are four recommendations for improving the work of the IPARD Technical Bodies in IPARD programme.

- **Recommendation 28:** Enabling the IPARD Technical Body inspectors to have direct access to the RPG database. At the time of preparation of this report, the inspector cannot directly inspect the said database and check the status of the IPARD beneficiaries.

  Expected effect: Shortening the time period for inspection, reducing the possibility of error, better preparation of inspectors for inspection, etc.
- **Recommendation 29:** Connecting the IPARD Technical Body - Agricultural Inspection with the Central Register of Facilities database. At the time of preparation of this report, the inspector cannot directly access the said database and verify the status of the IPARD beneficiaries for Measure 3.

  Expected effect: Shortening the time period for inspection, reducing the possibility of error, better preparation of inspectors for inspection, etc.
- **Recommendation 30:** Connecting the IPARD Technical Body - Agricultural Inspection with the Central database of the Veterinary Directorate. In this way, agricultural inspectors would have an insight into the registration of domestic animals on the farm that is the subject of IPARD control under the Measure 3.

  Expected effect: Shortening the time period for inspection, reducing the possibility of error, better preparation of inspectors for inspection, etc.
- **Recommendation 31:** Establishing a system of evidence on controls of the IPARD beneficiaries by the Veterinary Inspection.

  Expected effect: This record would enable monitoring of the controls carried out so far, possible improvements of inspections of this Authority, adequate planning of controls of the IPARD beneficiaries, etc.

AES

According to the conducted analyses, the AES have achieved significant results in the short term and plays an increasingly important role in supporting the IPARD II programme in the Republic of Serbia. In the period 2017-2019, the AES fulfilled almost all the planned indicators. In the part related to the IPARD II programme, according to the conducted analyses of the AES in AP Vojvodina, there is a more pronounced need for the development of the work system in IPARD, since the established organizational structure can be significantly improved. Eleven recommendations have been proposed to improve the work of the AES in the IPARD programme.

Based on the conducted analyses, the following recommendations are drowning:

- **Recommendation 32:** Appoint a responsible person for the IPARD II programme in each AES. Appointing an IPARD manager would have significant effects in increasing communication efficiency.

  Expected effect: Improving beneficiary information and awareness.

- **Recommendation 33:** Establish direct contact of the designated responsible persons of the IPARD II Programme from all AES with the coordination body by the IPARD MA and the IPARD Agency. In this way, through a special e-mail address through the IPARD manager, the AES would be provided with constant information on the concerns encountered during the work.

  Expected effect: Improving information and awareness of the AES.

- **Recommendation 34:** Appointment of responsible persons for each of the mandatory EU and national standards in each AES (one person may cover all or several standards).

  Expected effect: Improvement of the implementation of mandatory standards.

- **Recommendation 35:** Provide a direct link between the IPARD Technical Bodies and the person appointed in the AES for the respective mandatory standard. In the opinion of representatives of the IPARD Technical Bodies, this would significantly improve the work, e.g. in the event of a change in the regulations in the short term, all agricultural advisers appointed to work on this technical standard would receive information by e-mail. Second, the extension officers appointed for a technical standard would have follow-up and could directly receive information from their technical body. According to the conducted analyses, the establishment of such a formalized network related to technical standards would be of great importance for other activities outside the IPARD as it would provide a formalized structure covering the entire territory of Serbia.

  Expected effect: Improvement of the implementation of the IRPARD mandatory standards.

- **Recommendation 36:** Creation of two forms, to be used by the beneficiary to apply for the IPARD support from the AES. The following would be established: 1) a form requesting an assessment of farmers' eligibility for the IPARD; and 2) a form requesting support in the process of exercising right to the IPARD. This would also improve the monitoring of advisors' work. In the Central Serbia, AES already have a functional system for monitoring, while in AP Vojvodina, the monitoring has to be further developed.

  Expected effect: Improvement of the work of AES in the IPARD II programme.

- **Recommendation 37:** Development of checklists or software solution for evaluation of the IPARD potential beneficiaries by agricultural advisers. The main function in the support of the IPARD by the AES is in evaluating whether or not the beneficiaries are eligible for IPARD II programme. The software solution would be developed in collaboration with the IPARD Agency and would allow agricultural advisers to enter beneficiary information in the short term and the system would automatically generate beneficiary ratings.

Expected effect: Very significant improvement in the IPARD beneficiary support.

MAFWM

Six recommendations are proposed for the IPARD improvement of the work of MAFWM in the IPARD programme.

- **Recommendation 38:** Further improvement of the records in the second instance complaint solving process. The existing records would be improved to include: (1) name of the complainant in the second instance; (2) date of receipt of the complaint by the IPARD Agency; (3) date of receipt of the complaint by the MAFWM; (4) IPARD Measure subject to complaint; (5) sector in which the complainant applied; (6) subject of complaint; (7) date of the solving the complaint by the second instance authority; and (8) date of delivery of the second-instance decision to the complainant.

  Expected effect: Improvement of records related to the receipt and solving of complaints by participants in the IPARD II programme. The aforementioned records would be important in the analysis of complaints in order to improve the IPARD programme.
- **Recommendation 39:** Increase the number of the Complaints Committee members in solving complaints in the process of exercising rights to the IPARD incentives, from the current three Committee members to no less than five.

  Expected effect: The analysis established that the current number of members of the Committee is not sufficient to solve the case in the second instance. Increasing the number of members would allow the greater efficiency in handling complaints and solving complaints from participants in the IPARD programme within 15 days.
- **Recommendation 40:** Improve the working conditions of the Committee in terms of additional remuneration for work and/or reduction of other obligations not related to the work of the Committee.

  Expected effect: It has been established that the work of the Committee members and Secretary of the Committee on solving complaints in the second instance is in addition to the already existing job responsibilities, therefore the implementation of this recommendation would provide adequate working conditions.
- **Recommendation 41:** Establish a procedure for priority signing of prepared Committee decisions at the MAFWM.

  Expected effect: Shortening the period in the IPARD complaint solving procedure, of particular importance given that the second-instance authority has 15 days to resolve the complaint.
- **Recommendation 42:** Improve the Central Register of Facilities where processing facilities are registered. Improvement of the Registry includes the need for stricter control of data on processing facilities, as well as the obligation to enter annually data on the type and quantities of agricultural products received for storage/processing.

  Expected effect: Very significant improvement of the IPARD II programme through the possibility of more comprehensive monitoring of subjects.
- **Recommendation 43:** Publishing of checklists of the IPARD Technical Bodies – Agricultural Inspection, Environmental Inspection and Occupational Safety Inspection on the IPARD website.

  Expected effect: Improving beneficiary information and awareness.

Local self-governments

- **Recommendation 44:** A significant obstacle to the implementation of the IPARD II programme is the non-uniform procedures of issuance permits and approvals (primarily, a problem of issuance of building permits was identified) by local governments. To this

end, it would be important to: (1) conduct training of employees on issuing permits and approvals in local governments by the ministry in charge of construction, which would improve and uniform the procedures for issuing permits and approvals in the agricultural sector; and (2) establishing an information centre by the ministry responsible for local governments and construction, which would provide quick responses to representatives of local government, as well as beneficiaries related to the issuance of building permits for agricultural facilities and facilities for rural tourism.

Expected effect: A very significant improvement of the IPARD II programme through facilitated issuance of permits and approvals.

General recommendations

- **Recommendation 45:** Improvement of the system of rewarding employees in the IPARD management structure. Amendment to Article 2 of the Regulation on Classification of Jobs and Criteria for the Description of Jobs of Civil Servants ("RS Official Gazette", no. 117/05, 108/08, 109/09, 95/10, 117/12, 84/14), would enable exemption for the conditions of acquiring the title of employee. It is also proposed to use the IPARD measure Technical Assistance to supplement employees' salaries.

  Expected effect: Very significant improvement of the IPARD II programme through adequate rewarding of the persons engaged in the IPARD II programme, as greater motivation, reduced staff outflow, etc.

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ANNEX

Appendix 1. The existing statistical classification of settlements in Serbia and proposal for classification according to the degree of urbanization and urban-rural typology of the EC

One of the central problems in rural development policy is defining commonly accepted and standardized indicators for monitoring the situation in rural areas (Bogdanov, Stojanović, 2006). In Serbia, such indicators and ***statistical criteria for defining rural areas are not respected***, which is a major methodological limitation that can hardly be overcome in analyses (Efstartoglou, Bogdanov, Merediht, 2006, Bogdanov, Stojanović, 2006). In addition, a large number of indicators are monitored only at national and regional level, and the projection of these indicators into lower territorial units is often impossible or not sufficiently reliable.

Initially, the SORS applied the division of settlements into urban, rural and mixed settlements (in the 1953, 1961 and 1971 Census), and the size of settlements and the ratio of agricultural to total population were used as the criteria for classification. However, this approach was abandoned, because the classification did not reflect the true situation in the field, primarily due to the sharp decline in the share of the agricultural population, and for the presentation of data by type of settlements in the 1981, 1991, 2002 and 2011 Censuses, the applied division was into: urban and other settlements.

Currently, ***Serbia does not have an official definition of rural areas***. The existing statistical classification of settlements by type (urban and other) is based on the legal criterion for determining urban settlements[8], while settlements outside this category are classified as ***other, and are therefore equalized with rural ones***. The criteria applied by the SORS do not include standard indicators of rurality, which are encountered in international practice (population density, population, share of agricultural population, etc.) and such classification of settlements makes it difficult to establish indicators for assessing the status and development of rural areas.

In the coming period, it will be crucial to establish a classification of spatial units for the municipal level (*LAU* 2) according to the degree of urbanization, in accordance with *DEGURBA* methodology, and to apply the urban-rural EC typology for the district level (NSTJ 3), since only proper definition of rural areas provides the basis for establishing relevant indicators for assessing the state of development of rural areas.

Following the 2021 Census of population, households and dwellings, the SORS will have data on the spatial distribution of the population up to the level of house number and with a network of population grids of 1 km^2, which will be the basis:

- ✓ to abandon the existing statistical classification of settlements by type (city/other),
- ✓ for the SORS to classify the spatial units for the municipal level (*LAU* 2) according to the degree of urbanization, in accordance with *DEGURBA* methodology[9];
- ✓ for the SORS to draw up a typology of the region, i.e. to define urban and rural areas (by area, NSTJ 3 level), according to urban-rural typology of the EC.

Classification according to the degree of urbanization - level *LAU* 2. The concept of "Degree of Urbanization" shows the character of the area in which the respondent lives (densely populated

[8] The division of settlements by type (urban/other) is based on the administrative criterion, i.e. on municipal decisions, according to which the status of urban settlement is assigned to a settlement that has established a general urban development plan, whereby the municipalities themselves assign the status of an urban settlement to a settlement.

[9] For individual *LAU* 2 the obtained degree of urbanization will be adjusted in accordance with methodological recommendations for dealing with specific situations based on the experience of other countries (terrain configuration, administrative significance, lack of centre function, expected changes in population, number of daily migrants, etc.), but also by introducing additional criteria due to specificity of territorial organization in the Republic of Serbia.

area, intermediate density area and sparsely populated/rural area). According to this concept, in accordance with the *DEGURBA* (NEW DEGREE OF URBANISATION CLASSIFICATION)[10] methodology, spatial units of *LAU* 2 level are classified into the following three categories[11]:

- ✓ *cities*, with high population density, where at least 50% of the total population lives in one or more urban centres;
- ✓ *towns and suburbs*, with medium population density, where less than 50% of the total population lives in an urban centre but at least 50% of the population lives in an urban cluster, and
- ✓ *rural areas*, i.e. sparsely populated areas where more than 50% of the population lives in rural grids.

The said categories are determined on the basis of data on spatial distribution of the population, when the network of population grids of size 1 km^2 is first formed, and then:

- ✓ *urban centres* (high population density) with a population of at least 50,000 living in adjacent grids and a population density of at least 1,500 inhabitants/km^2;
- ✓ *urban clusters* (clusters of moderate population density), with at least 5,000 inhabitants living in adjacent grids and a population density of at least 300 300 inhabitants/km^2;
- ✓ *rural grids*, those that remain outside urban centres and urban clusters (population density is usually less than 300 inhabitants/km^2 and/or less than 5,000 inhabitants).

Depending on the share of the population in urban centres, urban clusters or rural grids, the degree of urbanization is determined for all spatial units at *LAU* 2 level.

Classification of urban and rural areas (area NSTJ 3 level) according to the urban-rural typology of the EC and Eurostat[12]. In addition to the degree of urbanization, the following urban and rural areas (by administrative districts, i.e. NSTJ 3 areas) are defined on the basis of data on spatial distribution of the population (by 1 km^2 grids):

- ✓ predominantly urban regions (>80% of the population live in urban centres);
- ✓ intermediate regions (>50% and ≤80 % of the population live in urban clusters);
- ✓ predominantly rural regions (≥50% of the population live in rural grids).

Comment. The SORS will be able to make the aforementioned classifications (degree of urbanization and urban/rural typology) only when it has available data on spatial distribution of the population up to the level of house numbers, i.e. only after the 2021 Census of population, households and dwellings. The SORS plans to publish the selected set of census data by grid (1 km^2) by the end of 2022.

Electronic database of updated values for common context indicators of IPARD II programme for period 2012-2018, with interpretation of value

The electronic database includes all indicators set in IPARD II programme for the Republic of Serbia for the period 2014-2020, their values by year in the period 2012-2018 and index value in 2018 compared to base year 2012.

The most important comments related to the created electronic value base of context indicators are:

- ✓ Values of the context indicator are for the most part based on the SORS data, which does not have data for AP Kosovo and Metohija since 1999;

[10] Methodology jointly developed by DG AGRI and DG REGIO, with support from the Joint Research Centre (JRC) and Eurostat.

[11] Territorial typologies manual - degree of urbanisation DEGURBA, Eurostat, Statistics Explained, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Territorial_typologies_manual_-_degree_of_urbanisation

[12] Territorial typologies manual - urban-rural typology, Eurostat, Statistics Explained, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Territorial_typologies_manual_-_urban-rural_typology

- ✓ Since Serbia does not have an official definition of rural areas, for a number of indicators, where possible, ***other settlements are presented as predominantly rural;***
- ✓ For the purpose of estimating the population and area of the territory in predominantly rural regions, the evaluators additionally applied the ***OECD regional typology*** (local level, population density criterion. Thus, at the local level, all municipalities in Serbia are classified as rural if they have fewer than 150 inhabitants/km^2. At the regional level, i.e. level of larger administrative and spatial units (area level, NUTS 3), depending on how much of the population of the region lives in rural communities, the following are differentiated: predominantly rural regions (where over 50% of the population lives in rural communities); intermediate or transitional regions (where 15 to 50% of the population lives in rural communities) and predominantly urban regions (regions where less than 15% of the population lives in rural communities);
- ✓ In case when, for 2012, the set indicator value is not in line with the EC and Eurostat methodology, the evaluators set a new value, so that the series of data in the period 2012-2018 would be methodologically harmonized and comparable.

Interpreting the value of common context indicators in the period 2012-2018

Socio-economic indicators. According to the SORS data, about 40% of the population lives in the so-called other settlements (for the purposes of this Report and evaluation of IPARD II programme they are interpreted as predominantly rural settlements), and the territory of these settlements occupies about 90% of the territory of Serbia (excluding Kosovo and Metohija). According to the local population density criterion (OECD methodology), predominantly rural regions occupy close to 80% of the territory of Serbia (excluding Kosovo and Metohija), with about half of Serbia's population living there.

The average population density in the Republic of Serbia is 90 inhabitants per 1 km^2, and within it the regional distribution of the population is very uneven. The highest population density is in the Belgrade region (522.6 inhabitants/km^2), and the lowest in the South and East Serbia region (57.4 inhabitants/km^2).

The population of Serbia is getting older. According to the 2011 Census, the average age of people in Serbia is 42.2, which places Serbia in the group of countries with oldest population, not only in Europe-wide but also worldwide. In the period 2012-2018, the population aged 65 and over increased and the number in other age groups decreased.

Employment rate, calculated according to the methodology of the Labour Force Survey, in the period 2012-2018, the growth trend was recorded in total and in the type of settlement "other" (predominantly rural region), while the unemployment rate recorded a downward trend, in total and in the type of settlement "other". At-risk-of-poverty rate did not change significantly.

Gross domestic product per capita (at current prices), in euros, according to the purchasing power standard, increased by 36% in the observed period, but is still significantly lower than the EU average. Gross value added (at current prices), also increased by 25% in euros, and the in the structure of gross value added the tertiary sector share has the largest share (over 60%). The share of the primary sector (A. Agriculture, forestry and fishery) in total GVA ranges from 7.3% to 8.8%.

The number of employed people aged 15-64 has increased, with a trend of decrease in share of employees in the primary sector and an increase in share in the secondary and tertiary sectors.

Sectoral indicators. In the sectoral analysis segment, in the period 2012-2018, the following changes have occurred:

- ✓ employment in agriculture has decreased, while it has increased in forestry, food processing and tourism;

- ✓ Labour productivity in agriculture, as well as in the food industry has decreased and simultaneously;
- ✓ the value of gross investment in fixed assets in sector A increased in the period 2012-2017 by 12.3%, as well as the share of gross investment in GVA of agriculture, forestry and fishery.

In the structure of value of agricultural production, the share of plant production increased slightly, and the share of livestock production decreased slightly, with a 4.3% decrease in the number of conditional heads. Also, in 2018, compared to 2012, the share of agricultural areas in the organic production system has tripled (still, the percentage share of these areas in the UAA is still low compared to EU-28 (0.6% compared to 7.5% in 2018), and irrigated agricultural area increased by 60%.

In 2018 compared to 2012, the number of AH has decreased by 10.6%, while the average size of AH increased by 13.1%. The largest increase in the number of AHs was recorded in households that own "20–29.9 ha" and amounts to 44.2%.

Agricultural labour force (number of persons) decreased by 7.3%, while the AWUs remained almost unchanged. Analysis of the age structure of farm managers indicates that the largest number of managers are over 55 years of age, and in 2018 compared to 2012, the number of younger managers (up to 35 years) decreased the most. Considering the level of training of farm managers, it is concluded that over 90% of managers have only practical agricultural experience, with unchanged share in the total number of managers in 2012 and 2018.

Environmental indicators. Within the indicator ***Land Use Change,*** analysis of Corine Land Cover Database for Serbia for 2018 shows the presence of 31 of 44 class CLC nomenclature classes. Agricultural land is dominant with over 54.7% of the country's total territory. Forests and semi-natural areas cover almost 30.0% of the country, while grassland occupies 2.2% of the territory. Between 2012 and 2018, agricultural land decreased by 0.4%, grassland decreased by 6.6%, while areas under forest increased by 0.8%.

U Within the indicator ***water quality***, control of ***nitrate content in surface and groundwater*** is part of regular monitoring of the state of the environment in the Republic of Serbia and is carried out continuously in the period 2008-2017. The data on nitrate content in surface and groundwater shall be submitted to the European Environmental Agency. Median nitrate value in surface waters ranges from 0.5-1.98 (mg/l), which corresponds to excellent and good environmental status, at 90% of measuring sites. In groundwater, an average ten-year concentration greater than 50 (mg/l) has not been determined at any measurement site in the period 2008 - 2017 (Report on the state of the environment in the Republic of Serbia for 2018, www.sepa.gov.rs/download/Izvestaj2018.pdf).

Regarding the ***soil erosion by water***, according to estimates in the draft "*National Action Plan for mitigating the consequences of drought and soil degradation*" (file:///E:/IPARD_2019/Materijal%20i%20podaci/UNCCD_NAP_SRBIJA_NACRT.pdf)
86.4% of the total territory of the Republic Serbia is affected by soil degradation of different types and intensities. The annual production of erosion material is 487.85 m^3/km^2, which is 4.88 times more than normal (geological) erosion. According to the SORS data, in 2012, eroded land covered 6,296 km^2, while in 2018 this area was 3,834 km^2 (39.1%), which shows a significant positive trend in the reduction of eroded areas (SORS, Protection against harmful effects of water, announcements for 2012 and 2018, www.stat.gov.rs/oblasti/zivotna-sredina/vode/).

Renewable energy from agriculture and forestry. According to the SORS data, biogas production in 2013-2018 increased from 184 TJ to 939 TJ (510.3%), while production of energy from wood fuels in 2012-2018 increased from 11,480 TJ to 46,931 TJ (408.8%), (SORS, Biogas Balance Sheet – for the said years, Wood Fuel Balance – for the said years, www.stat.gov.rs/sr-latn/oblasti/energetika/tabele/).

Appendix 3. Focus group report

Six focus groups were held in total, one focus group with no less than six participants whose projects were approved for IPARD II programme, and focus groups with no less than six participants whose projects were not approved or who abandoned the implementation under IPARD II programme.

- Focus group with IPARD beneficiaries whose project proposals for the IPARD II programme had been approved, was organized by and held in the premises of the AES Novi Sad, on 24th January 2020. The objective of the focus group was to determine the views of approved beneficiaries and to analyse possible changes to the IPARD II programme, in order to improve the quality and completeness of the documentation submitted to the IA.
- Focus group with participants – potential beneficiaries of the IPARD support whose project proposals had not been approved or who withdrew from implementation of IPARD projects, was organized by and held in the premises of the AES Sombor, on 20th December 2019. The objective of the focus group was to determine the reasons for cancellation and to analyse possible changes to the IPARD II programme in order to facilitate administrative procedures for the beneficiaries.
- Focus group with participants – potential beneficiaries of the IPARD support whose project proposals had not been approved or who withdrew from implementation of the IPARD projects, was organized by and held in the premises of the AES Leskovac, on 21st December 2019. The objective of the focus group was to determine the reasons for cancellation and to analyse possible changes to the IPARD II programme in order to facilitate administrative procedures for the beneficiaries.
- Focus group with participants – potential beneficiaries of the IPARD support whose project proposals had not been approved or who withdrew from implementation of the IPARD projects, was organized by and held in the premises of the AES Niš, on 21st December 2019. The objective of the focus group was to determine the reasons for cancellation and to analyse possible changes to the IPARD II programme in order to facilitate administrative procedures for the beneficiaries.
- Focus group with participants – potential beneficiaries of the IPARD support whose project proposals had not been approved or who withdrew from implementation of the IPARD projects, was organized by the AES Pirot, on 21st December 2019, and held in the premises of Pirot Municipality. The objective of the focus group was to determine the reasons for cancellation and to analyse possible changes to the IPARD II programme in order to facilitate administrative procedures for the beneficiaries.
- Focus group with participants – potential beneficiaries of the IPARD support whose project proposals had not been approved or who withdrew from implementation of IPARD projects, was organized by and held in the premises of the AES Mladenovac, on 26th February 2020. The objective of the focus group was to determine the reasons for cancellation and to analyse possible changes to the IPARD II programme in order to facilitate administrative procedures for the beneficiaries.

Appendix 4. Report on conducted structured interviews

A total of 45 structured interviews were conducted, as follows:

- Four structured interviews with representatives of the IPARD MA;
- Six structured interviews with representatives of the IPARD Agency;
- Two structured interviews with representatives of the Rural Development Sector – MAFWM Group for Extension Service;
- Three structured interviews with representatives of the IPARD Monitoring Committee;

- One structured interview with representatives of IPARD Technical Body - Phytosanitary Inspection;
- One structured interview with representatives of the IPARD Technical Body – Environmental Inspection;
- Two structured interviews with representatives of the IPARD Technical Body - Agricultural Inspection;
- One structured interview with representatives of the IPARD Technical Body – Veterinary Inspection;
- Eleven structured interviews with representatives of consulting agencies engaged within the IPARD II programme;
- Fourteen structured interviews with representatives of the AES.

Appendix 5. Questionnaire – the IPARD Managing Authority

1. How do you evaluate the eligibility criteria (include the most significant obstacles)?
   - Company size,
   - Affiliates,
   - Operating conditions from the previous accounting period and other.
2. Evaluate the frequency of announcing the open call, the method of announcement (Share of Measure M1) and the amount of funds per call?
3. Evaluate the application documents required from the beneficiary?
4. Evaluate the procedure of administrative control of applications?
   - Receipt of documentation,
   - Document review procedure,
   - Possibility to submit incomplete application
   - Reference prices and other.
5. Evaluate on-site controls?
6. Evaluate the ranking system?
7. Evaluate the procedure for issuing IPARD decisions?
8. Evaluate the administrative management in the post-decision phase (project change, deadlines for execution, etc.)?
9. Specify the obstacles in the disbursement phase of the project (procedures for collecting documentation, operating conditions in the previous year, etc.)?
10. Evaluate the standard implementation system?
11. Evaluate the control system after the disbursement?
12. Specify the main problems in project implementation (financing, etc.)?
13. Evaluate the established system of work of other participants (consulting firms, agricultural stations, rural development offices, chambers of commerce, etc.).
14. Do you have a recommendation for improvement of IPARD procedures?

Appendix 6. Questionnaire – the IPARD Agency

1. How do you evaluate the eligibility criteria (include the most significant obstacles)?
   - Company size,
   - Affiliates,
   - Operating conditions from the previous accounting period and other.
2. Evaluate the frequency of announcing the open call, the method of announcement (Share of Measure M1) and the amount of funds per call?
3. Evaluate the application documents required from the beneficiary?
4. Evaluate the procedure of administrative control of applications?
   - Receipt of documentation,
   - Document review procedure,
   - Possibility to submit incomplete application,

- Reference prices and other.

5. Evaluate on-site controls?
6. Evaluate the ranking system?
7. Evaluate the procedure for issuing IPARD decisions?
8. Evaluate the administrative management in the post-decision phase (project change, deadlines for execution, etc.)?
9. Specify the obstacles in the disbursement phase of the project (procedures for collecting documentation, operating conditions in the previous year, etc.)?
10. Evaluate the standard implementation system?
11. Evaluate the control system after the disbursement?
12. Specify the main problems in project implementation (financing, etc.)?
13. Evaluate the established system of work of other participants (consulting firms, agricultural stations, rural development offices, chambers of commerce, etc.)
14. Do you have a recommendation for improvement of IPARD procedures?

Appendix 7. Questionnaire – the IPARD Monitoring Committee

1. How do you evaluate the implementation of IPARD II programme so far?
   - Very good
   - Good
   - Intermediate
   - Not good enough
2. How do you evaluate the work of the IPARD Monitoring Committee so far?
   - Very good
   - Good
   - Intermediate
   - Not good enough
3. Please evaluate cooperation of the IPARD Monitoring Committee with other bodies and institutions related to the implementation of IPARD II programme
   - Very good
   - Good
   - Intermediate
   - Not good enough
4. Do you have any recommendations for improving IPARD procedures?

Appendix 8. Questionnaire – the IPARD Technical Body: Environmental Inspection

1. Total IPARD beneficiary inspections carried out so far?
   - Primary (first inspection)
   - Corrective (follow-up inspection in case of non-compliance)
   - Number of positive decisions
   - Number of negative decisions
2. Does the beneficiary have to comply with all national and EU environmental standards?
   - Yes
   - Partly (please estimate the percentage of the standard to be met or otherwise, explain):
3. In the control of IPARD beneficiaries, the environmental inspection...?
   - Controls the entire agricultural holding (both subject to IPARD investment and existing capacities)
   - Controls only the subject of the IPARD investment
4. Please evaluate the environmental inspection system for IPARD projects
   - The system is efficient and adequate, no changes are necessary
   - System improvements are possible, please specify

5. Please evaluate the educations and trainings related to IPARD II programme implemented so far for environmental inspection?
   - The trainings were sufficient
   - Training would be necessary for the following, please specify:
6. Are there publicly available forms and instructions for record keeping for IPARD beneficiaries?
   - Yes
   - No
   - Partly (please explain)
7. Please evaluate the educations and trainings required for beneficiaries, AES and other participants in order to achieve standards in the scope of work of environmental inspection?
   - Not needed
   - Training would be necessary for the following, please specify:
8. Please evaluate the system of work and cooperation with other bodies within the IPARD system (IPARD Agency, IPARD Managing Authority, IPARD Monitoring Committee, other technical bodies and others)?
   - The system is efficient and adequate, no changes are necessary
   - System improvements are possible, please specify
9. Is there a designated person by the environmental inspection who is the contact for other IPARD bodies?
   - Yes
   - No
10. Is there a separate electronic protocol for communication of the environmental inspection with the IPARD Agency?
    - Yes
    - No
11. Please evaluate the most significant obstacles for beneficiaries to meet the standards in the field of environmental inspection?

- Insufficient knowledge and awareness of beneficiaries
- Lack of investment funds
- Lack of suppliers/contractors
- Other, please specify

12. Do you have a recommendation for improving IPARD procedures within the scope of environmental inspection?

Appendix 9. Questionnaire – the IPARD Technical Body: Agricultural Inspection

1. Total IPARD beneficiary inspections carried out so far?
   - Primary (first inspection)
   - Corrective (follow-up inspection in case of non-compliance)
   - Number of positive decisions
   - Number of negative decisions
2. Does the beneficiary have to comply with all national and EU environmental standards?
   - Yes
   - Partly (please estimate the percentage of the standard to be met or otherwise, explain)
3. In manure management, is the beneficiary obliged to ensure the management of the manure volume for the registered farm capacity or for the number of livestock to be kept on the farm after the project is implemented?
4. Please evaluate the agricultural inspection system for IPARD projects

- The system is efficient and adequate, no changes are necessary
- System improvements are possible, please specify

5. Please evaluate the educations and trainings implemented so far for the agricultural inspection?
   - The trainings were sufficient
   - Training would be necessary for the following, please specify
6. Are there publicly available forms for maintaining plant protection records for beneficiaries?
   - Yes
   - No
7. Please evaluate the significance and the possibility of improving the work in the part of achieving the standards in the field of agricultural inspection of other participants (consulting firms, agricultural stations, offices for rural development, chambers of commerce, etc.)
8. Please evaluate the educations and trainings required for beneficiaries, AES and other participants in order to achieve standards in the scope of work of agricultural inspection?
9. Please evaluate the system of work and cooperation with other bodies within the IPARD system (IPARD Agency, IPARD Managing Authority, IPARD Monitoring Committee, other technical bodies and others)?
   - The system is efficient and adequate, no changes are necessary
   - System improvements are possible, please specify
10. Please specify the most common deficiencies among the beneficiaries related to compliance within the scope of the agricultural inspection?
11. Please evaluate the most significant obstacles for beneficiaries to meet the standards in the field of agricultural inspection?
    - Insufficient knowledge and awareness of beneficiaries
    - Lack of investment funds
    - Lack of suppliers/contractors
    - Other, please specify
12. Do you have a recommendation for improving IPARD procedures within the scope of agricultural inspection?

Appendix 10. Questionnaire – the IPARD Technical Body: Phytosanitary Inspection

1. Total IPARD beneficiary inspections carried out so far?
   - Primary (first inspection)
   - Corrective (follow-up inspection in case of non-compliance)
   - Number of positive decisions
   - Number of negative decisions
2. Does the beneficiary have to comply with all national and EU environmental standards?
   - Yes
   - Partly (please estimate the percentage of the standard to be met or otherwise, explain)
3. Please evaluate the phytosanitary inspection system for IPARD projects
   - The system is efficient and adequate, no changes are necessary
   - System improvements are possible, please specify
4. Please evaluate the educations and trainings implemented so far for the phytosanitary inspection?
   - The trainings were sufficient
   - Training would be necessary for the following, please specify:

5. Are there publicly available forms for maintaining plant protection records for beneficiaries?
   - Yes
   - Ne
6. Please evaluate the significance and the possibility of improving the work in the part of achieving the standards in the field of phytosanitary inspection of other participants (consulting firms, agricultural stations, offices for rural development, chambers of commerce, etc.)
7. Please evaluate the educations and trainings required for beneficiaries, AES and other participants in order to achieve standards in the scope of work of phytosanitary inspection?
   - Training would be necessary for the following, please specify
8. Please evaluate the system of work and cooperation with other bodies within the IPARD system (IPARD Agency, IPARD Managing Authority, IPARD Monitoring Committee, other technical bodies and others)?
   - The system is efficient and adequate, no changes are necessary
   - System improvements are possible, please specify
9. Please specify the most common deficiencies among the beneficiaries related to compliance within the scope of the phytosanitary inspection?
10. Please evaluate the most significant obstacles for beneficiaries to meet the standards in the field of phytosanitary inspection?
    - Insufficient knowledge and awareness of beneficiaries
    - Lack of investment funds
    - Lack of suppliers/contractors
    - Other, please specify:
11. Do you have a recommendation for improving IPARD procedures within the scope of phytosanitary inspection?

Appendix 11. Questionnaire – the IPARD Technical Body: Veterinary Inspection

1. Total IPARD beneficiary inspections carried out so far?
   - Primary (first inspection)
   - Corrective (follow-up inspection in case of non-compliance)
   - Number of positive decisions
   - Number of negative decisions
2. Does the beneficiary have to comply with all national and EU standards?
   - Yes
   - Partly (please estimate the percentage of the standard to be met or otherwise, explain)
3. Please evaluate the veterinary inspection system for IPARD projects
   - The system is efficient and adequate, no changes are necessary
   - System improvements are possible, please specify
4. Please evaluate the educations and trainings implemented so far for the veterinary inspection?
   - The trainings were sufficient
   - Training would be necessary for the following, please specify:
5. Are there publicly available forms for maintaining plant protection records for beneficiaries?
   - Yes
   - Ne
6. Please evaluate the significance and the possibility of improving the work in the part of achieving the standards in the field of veterinary inspection of other participants

(consulting firms, agricultural stations, offices for rural development, chambers of commerce, etc.)

7. Please evaluate the educations and trainings required for beneficiaries, AES and other participants in order to achieve standards in the scope of work of veterinary inspection?
8. Please evaluate the system of work and cooperation with other bodies within the IPARD system (IPARD Agency, IPARD Managing Authority, IPARD Monitoring Committee, other technical bodies and others)?
   - The system is efficient and adequate, no changes are necessary
   - System improvements are possible, please specify
9. Please specify the most common deficiencies among the beneficiaries related to compliance within the scope of the veterinary inspection?
10. Please evaluate the most significant obstacles for beneficiaries to meet the standards in the field of veterinary inspection?
    - Insufficient knowledge and awareness of beneficiaries
    - Lack of investment funds
    - Lack of suppliers/contractors
    - Other, please specify
11. Do you have a recommendation for improving IPARD procedures within the scope of veterinary inspection?

Appendix 12. Questionnaire – the Consulting Agencies

1. We have worked/are qualified to work on:
   - Measure 1
   - Measure 3
2. How do you evaluate the achievement of the objectives of measure 1 and 3 improvement of competitiveness and introducing national and EU standards?
   - Yes, fully
   - Partly
   - Not achieved
   - Comment
3. How do you evaluate the beneficiaries' prior knowledge and level of information about IPARD II programme?
   - Beneficiaries have excellent knowledge
   - Beneficiaries are somewhat familiar
   - Beneficiaries have no knowledge
   - Comment
4. Do the sectors, eligible investments and expenditures in Measure 1 meet the priority needs of agriculture?
   - Yes, fully
   - Partly
   - No
   - Comment
5. Do the sectors, eligible investments and expenditures in Measure 3 meet the priority needs of agriculture?
   - Yes, fully
   - Partly
   - No
   - Comment
6. How do you evaluate the administrative procedures in the application submission phase for an IPARD project?
   - Adequate

- Partly adequate
- Not adequate
- Comment

7. How do you evaluate the administrative procedures in the implementation phase for an IPARD project?
   - Adequate
   - Partly adequate
   - Not adequate
   - Comment
8. How do you evaluate the administrative procedures in the disbursement phase of the IPARD project?
   - Adequate
   - Partly adequate
   - Not adequate
   - Comment
9. Do you think that the conditions of other administrative bodies and regulations of other jurisdictions make it difficult to exercise the right to IPARD incentives (building permits, issuing various approvals, etc.)?
   - Yes
   - No
   - If yes, please indicate the most significant obstacles
10. Please specify most important reasons for the poor absorption of the IPARD funds (check multiple fields if necessary)
    - Ignorance
    - Insufficient capacity regarding the size of the agricultural holding
      Complicated procedures in the application submission phase
    - Complicated procedures in the implementation phase
    - Complicated procedures in the disbursement phase
    - Problems in the project financing phase
    - Reaching mandatory standards
    - Long period from the submission of application until disbursement
      Insufficient rate of return (inadequate reference prices)
    - High preparation costs
    - Something else, please specify
11. Please provide recommendations for improving IPARD II programme

Appendix 13. Questionnaire – the AES

1. We have worked/are qualified to work on
   - Measure 1
   - Measure 3
   - Other, please specify
2. Please evaluate the transfer of knowledge of the promotion and training of agricultural advisors in the AES related to the IPARD?
   - Excellent
   - Medium
   - Not satisfactory

- Comment

3. Training of agricultural advisors in the AES related to the IPARD included?
   - Agricultural advisers were trained specifically in their specialties to work on specific IPARD segments (e.g. preparation of general documentation, business plan, environmental standards, animal welfare standards, manure management, etc.)
   - All agricultural advisors have received the same training
   - There was no training
   - Comment
4. I have a part of my working hours in which I work on the IPARD II programme?
5. There is specialization/division of work in working on the IPARD?
   - Yes, within the IPARD project the agricultural advisers' work in teams is based on the specialization (agro-economist - business plan, stockbreeder – animal welfare standards, etc.)
   - No
   - Other, specify
6. After completed training, we have support in working with beneficiaries on the IPARD programme (an institution which we can consult for issues related to dilemmas in working with beneficiaries)?
   - Yes
   - No
   - Comment
7. The results of work with the beneficiaries are monitored and evaluated (number of completed applications, number of approved applications, number of paid beneficiaries, etc.)?
   - Yes - No - Comment
8. Please evaluate the achievement of the objectives of measures 1 and 3 improving competitiveness and introducing national and EU standards?
   - Yes, fully
   - Partly
   - Not achieved
   - Comment
9. Please evaluate the beneficiaries' prior knowledge and information about the IPARD II program?
   - Beneficiaries have excellent knowledge
   - Beneficiaries are somewhat familiar
   - Beneficiaries have no knowledge
   - Comment
10. Please specify the most important reasons for the poor absorption of the IPARD funds:
    - Ignorance
    - Insufficient capacity regarding the size of the agricultural holding
    - Complicated procedures in the application submission phase
    - Complicated procedures in the implementation phase
    - Complicated procedures in the disbursement phase
    - Problems in the project financing phase
    - Reaching mandatory standards
    - Long period from the submission of application until disbursement
    - Insufficient rate of return (inadequate reference prices)

- Something else, please specify

11. Please provide recommendations for improving the IPARD II programme.