

***Republic of North Macedonia***

***Agency for Financial Support of the Agriculture and Rural Development***

**Human Resources**

Staff situation in AFSARD

* + 285 systematized work posts
  + 229 employees in total + Director and Deputy director
    - 181 permanently employed (of these, 12 are new employees starting from January, 2019 - 11 working on IPARD and 1 working in the Sector for IT)
    - 27 employed on temporary basis (21 on IPARD, 4 in the Sector for IT, 1 in the office of the Director and 1 in the Unit for budgetary control)
    - 21 employed on contractual basis (for the implementation of the National Programs)
  + 118 employees working on the IPARD Program 2014-2020
    - 97 permanently employed
    - 21 employed on temporary basis

On-going procedures for employment

* + 7 new employments (to be finalized by the end of May/beginning of June this year)

Planned procedures for employment in 2019

* + 21 new employments (to be finalized by July this year)

Promotions

* + 21 promotions finalized in 2018 (of which 15 directly linked with IPARD and 3 indirectly)
  + 3 on-going (to be finalized by the end of May/beginning of June this year) – of these 2 are directly linked with IPARD
  + 5 planned for 2019 (to be finalized by September this year)

Turnover of staff

* + In 2018, 4 employees working on IPARD have left the Agency (3 junior associates and 1 advisor). From January, 2019 onwards, 2 permanent employees (junior associates from Sector for on-the-spot Control and Unit for Human Resources Management) and 1 temporary employee (from Unit for Public procurement) have left the Agency as well.

Staff situation per organizational unit (IPARD structure)

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| **Organizational unit** | **Total** | **IPARD** | **Permanent employee IPARD** (in brackets new employees from January, 2019) | **Temporary employee IPARD** |
| Unit for Human Resources Management | 4 | 4 | 4 (1) | / |
| Sector for Internal Audit | 8 | 8 | 8 (1) | / |
| Sector for Project Approval | 42 | 34 | 26 (4) | 8 |
| Sector for Authorization of Payments | 23 | 16 | 13 (3) | 3 |
| Sector for on-the-spot Control | 47 | 21 | 19 | 2 |
| Sector for Financial Affairs | 19 | 11 | 10 (1) | 1 |
| Sector for General and Legal Affairs | 20 | 14 | 9 | 5 |
| Sector for Registers | 10 | 10 | 8 (1) | 2 |
| **TOTAL** | **173** | **118** | **97 (11)** | **21** |

Sector for Direct Payments in Agriculture – 20 employees.

Sector for Information and Communication Technology – 8 employees.

Sector for Analytics and Director Support – 7 employees.

**Total: 208 employees without 21 employed on contractual basis.**

Trainings - under the EU Twinning project “Further strengthening of AFSARD and preparing the Agency for the programming period 2014-2020” (Twining project number MK 11/PA/AG/01/05), 20 trainings, including 3 study visits, on subjects relevant to IPARD were carried out in 2016 and 2017 for approximately 120 administrative civil servants in the Agency.

The Review mission for this project, supported by TAIEX (TAIEX event number AGR IND/EXP 66680), has suggested a series of TAIEX missions on topics related to IPARD as a follow up. The exact topics and types of trainings should be communicated, through national authorities, to the Delegation of the European Commission in May/June this year.

A Policy for staff retention should be elaborated by NAO and NIPAC.

**Financial data regarding implementation of the IPARD II Programme; especially related to realization of the financial allocation of the 2015 and 2016.**

Taking into consideration the commitments taken from the contracts signed for financial support, according to the final date for realization of the investments stated in the contracts as well as according to the already submitted claim for payments and executed payments to the final beneficiaries, Agency has performed indicative forecast of payments for 2019. According to this assessment also can be determined the risk of de-commitment for the financial years 2014, 2015 and 2016. The table for forecast of payments for 2019 is annex of this document.

**Status with accreditation of the rural public infrastructure measure**

Regarding the accreditation of the rural public infrastructure measure, the following activities have been agreed with the National Fund and the Managing Authority:

* finalization of the necessary employments for the realization of this measure by July 2019,
* implementation of basic trainings for this measure (PRAG, fraud/irregularities etc.) in the period until September 2019 (depending on available experts and funds through the TAIEX instrument),
* amendments to the Law on Establishment of the Agency for Financial Support of Agriculture and Rural Development - a draft law amending the mentioned law has already been published on the web portal of the Government of RNM - https://ener.gov.mk/ and
* harmonization of the work procedures for implementing the rural public infrastructure measure with the comments of the European Commission's Directorate-General for Agriculture and Rural Development by 15.09.2019.

During the previous period, AFSARD continued with the evaluation process for all received applications of measure 7 under the first published public call from the IPARD Programme 2014-2020 and have signed contracts for financial support for all eligible applications. Currently, Agency for financial support in agriculture and rural development has 901 contracts signed for measure 1 and also 31 contracts for measure 3, as well as 23 contract of the measure 7.

Total Public Expenditure of the contracted projects for measure 1 is 10.941.486,68 ( EU contribution 8.206.115,01 € ). For measure 3, total amount of the public expenditure of the contracted projects is 6.621.696,00 € ( EU contribution 4.966.272,00 €) and for measure 7 total financial support is 4.297.194,64 € (3.222.895,98 € EU contribution).

In the evaluation process, Agency has also issued 504 decisions for rejection of the application for measure 1, 24 decisions for rejection of applications submitted under measure 3 and 164 decision for rejection of applications submitted under measure 7.

Main reason for rejection of applications in measure 1, measure 3 and measure 7 is that the applicants did not respond to the notification for completing the application. Additionally, in the measures 3 and 7 several applicants were not eligible for financial support because they are not in the range of small and medium enterprises and several applications due to not economically viable investments.

Main problems regarding the administrative process remain large number of received applications and insufficient number of employees, time needed to obtain the reference price for the investments, number of controls for each application etc.

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| Measure | Sector | Total number of applications | Total requested amount | Number of rejected applications | Main reason for rejection of applications | Contracted projects (decision for alocation of funds is issued) | Total Public Expenditure (Euros) of the contracted projects | Total Public Expenditure -EU contribution (Euros) of the contracted projects | Most frequent problems during processing the applications |
| 1 | 1 | 1368 | 14.889.439,42 € |  | Applicant did not complete the application with the required documents |  |  |  | Delay of receiving the reference prices, number of controls for each application (three offers rule/multiple offers) and the big number of applications in the public call |
| 1 | 2 | 30 | 2.933.227,64 € |  |  |  |
| 1 | 3 | 4 | 163.161,79 € |  |  |  |
| 1 | 4 | 2 | 17.556,15 € |  |  |  |
| **Total** | | 1404 | 18.003.385,00 € | 504 |  | 901 | 10.941.486,68 € | 8.206.115,01 € |

Information regarding the submitted applications per public call:

Public call 01/2017

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| Measure | Sector | Total number of applications | Total requested amount | Number of rejected applications | Main reason for rejection of applications | Contracted projects (decision for alocation of funds is issued) | Total Public Expenditure (Euros) of the contracted projects | Total Public Expenditure -EU contribution (Euros) of the contracted projects | Most frequent problems during processing the applications |
| 3 | 1 | 8 | 683.398,03 € |  | 1. Applicant did not complete the application with the required documents  3. Non- comparable offers for the equipment in terms of technical specification  2. Applicant is not SME |  |  |  | -Large number of empty applications - Obtaining reference prices for construction works and equipment is very time consuming |
| 3 | 2 | 12 | 3.144.333,53 € |  |  |  |
| 3 | 3 | 21 | 6.836.976,59 € |  |  |  |
| 3 | 4 | 5 | 145.896,92 € |  |  |  |
| 3 | 5 | 2 | 143.098,55 € |  |  |  |
| 3 | 6 | 8 | 2.074.024,77 € |  |  |  |
| 3 | 7 | 0 | 0 |  |  |  |
| **Total** | | 57 | 13.027.728,39 € | 24 | 31 | 6.621.696,00 € | 4.966.272,00 € |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Measure | Sector | Total number of applications | Total requested amount | Number of rejected applications | Main reason for rejection of applications | Contracted projects (decision for alocation of funds is issued) | Total Public Expenditure (Euros) | Total Public Expenditure -EU contribution (Euros) | Most frequent problems during processing the applications |
| 7 | 1 | 39 | 1.707.838,91 |  | Applicant did not complete the application with the required documents |  |  |  | Large number of received applications |
| 7 | 2 | 20 | 2.617.842,07 |  |  |  |
| 7 | 3 | 35 | 10.866.666,79 |  |  |  |
| 7 | 4 | 5 | 609.063,15 |  |  |  |
| 7 | 5 | 4 | 62.381,44 |  |  |  |
| 7 | 6 | 7 | 1.628.245,59 |  |  |  |
| 7 | 7 | 32 | 6.871.062,09 |  |  |  |
| 7 | 8 | 46 | 18.195.485,10 |  |  |  |
| **Total** | | 187 | 42.558.585,14 € | 164 | 23 | 4.297.194,64 € | 3.222.895,98 € |

In 2018 the Agency has announced two public calls

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| Public call 01/18 |  |  |  |  |  |  |  |  |
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| Measure | Sector | Total number of applications | Total requested amount | No. of rejected applications | Main reason for rejection of applications | No. of contracted projects (decision for alocation of funds is issued) | Total Public Expenditure of the contracted projects | Total Public Expenditure -**IPARD II contribution** of the contracted projects |
| 3 | 1 | 12 | 2.298.133,46 € | 13 | Incomplete applications and size of the company (SME) | 1 | 90.399,19 € | 67.799,39 € |
| 3 | 2 | 4 | 471.588,75 € | 1 | 35.156,00 € | 26.367,00 € |
| 3 | 3 | 30 | 8.860.476,32 € | 2 | 224.546,00 € | 168.409,50 € |
| 3 | 4 | 11 | 2.370.642,65 € |  |  | 0 |
| 3 | 5 | 1 | 18.116,95 € |  |  | 0 |
| 3 | 6 | 7 | 1.403.788,06 € |  |  | 0 |
| 3 | 7 | 0 | 0 |  |  | 0 |
| **Total** | | 65 | 15.422.746,18 € | 13 | 4 | 350.101,19 € | 262.575,89 € |

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| Public call 02/18 | |  |  |  |  |  |  |  |
| Measure | Sector | Total number of applications | Total requested amount | No. of rejected applications | Main reason for rejection of applications | No. of contracted projects (decision for alocation of funds is issued) | Total Public Expenditure of the contracted projects | Total Public Expenditure -**IPARD II contribution** of the contracted projects |
| 1 | 1 | 1061 | 12.722.322,77 € | 59 | Incomplete applications |  |  |  |
| 1 | 2 | 32 | 6.015.214,90 € |  |  |  |
| 1 | 3 | 4 | 61.680,69 € |  |  |  |
| 1 | 4 | 2 | 4.586,64 € |  |  |  |
| **Total** | | 1099 | 18.803.804,99 € | 59 |  | 0 | - € | - € |

Agency has started with contracting of the eligible application of the public call 01/2018, the forecast for contracting of all eligible applications is September/October and for measure 1 of the public call 02/2018 to contract the application in October/November the latest.

So far, 789 payment requests have been received, for the measure Investments in tangible assets for agricultural holdings  
Total amount requested is 6.328.038,00 €.

So far AFSARD has approved 173 request for payments with total amount of approximately 1,060.000 €.

So far, 19 payment requests have been received, for the measure IVESTMENTS IN PHYSICAL ASSETS CONCERNING PROCESSING AND MARKETING OF AGRICULTURAL AND FISHERY PRODUCTS  
Total amount requested is 2.646.609,00 €.

So far AFSARD has approved 14 request for payments with total amount of approximately 1.105.476 €.

So far, 1 payment requests have been received, for the measure **FARM DIVERSIFICATION AND BUSINESS DEVELOPMENT**  
Total amount requested is 1.609,00 €.

So far AFSARD has approved 14 request for payments with total amount of approximately 1.992,00 €.

On-the-spot controls

(until 15.04.2019);

**On-the-spot Controls prior approval**

Sector for on-the-spot control within AFSARD since 01.01.2019 until 15.04.2019 has carried out total of 122 on-the-spot controls prior approval at investments under the Call for Applications 18/01 from IPARD 2 2014-2020. In addition, there is a table with carried out OTSC divided by measures

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| ***Call for applications 17/01*** | |
| **Measure** | **Number of carried out OTSC prior approval per measure** |
| **Investments in Physical Assets Concerning Processing and Marketing of Agricultural and Fishery products** | **22** |
| **Total No of OTSC** | **22** |

**On-the-spot Controls before payment**

Sector for on-the-spot control within AFSARD since 01.01.2019 until 15.04.2019 has carried out total of 351 on-the-spot controls before payment at investments under the Call for Applications 18/01 from IPARD 2 2014-2020. In addition there is a table with carried out OTSC divided by measures

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| ***Call for applications 17/01*** | |
| **Measure** | **Number of carried out OTSC before payment per measure** |
| **Investments in Physical Assets of Agricultural Holdings** | **346** |
| **Investments in Physical Assets Concerning Processing and Marketing of Agricultural and Fishery products** | **5** |
| **Total No of OTSC** | **351** |

Sector for on-the-spot control within AFSARD since 01.01.2019 until 15.04.2019 has carried out total of 46 ex-post on-the-spot controls at investments under IPARD 1 2007-2013.

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| ***Ex-post OTSC (IPARD 1 2007-2013)*** | |
| **Measure** | **Number of carried out OTSC before payment per measure** |
| **101** | **42** |
| **I03** | **2** |
| **302** | **2** |
| **Total No of OTSC** | **46** |

Sector for on-the-spot control has carried also 5 OTSC for establishing hidden works out of which 2 OTSC at investments under Measure 1, 1 OTSC at Investment under Measure 3 and 2OTSC at investment under Measure 7, Call for Applications 17/01

*Most common findings encountered during the OTSC - findings that have very little or none financial impact to the investment.*

*Prior approval*

*No major finding were established while performing OTSC prior approval at investments form call for applications 18/01*

*Before payment*

*Most common findings established while performing OTSC before payment are the following:*

*-differences in the technical characteristics of the purchased equipment between the contract, invoices and OTSC. The most frequent reason for these differences is due to technical reasons, i.e. mistakes made when issuing the necessary documentation for the equipment by the supplier / manufacturer.*

*-* *the absence of certain data clearly marked on the equipment itself (year of manufacture, country of origin, serial number, model) and in certain cases no existence of any markings (equipment and mechanization without plates with technical data (usually with mechanization and equipment from domestic production .*

*- part or all of the equipment not functioning (equipment that during the OTSC has been determined not to be in a functional state, that it is disassembled in parts or not connected to electricity or with a certain defect. In such cases certain time period is given for the equipment to be put into operation and OTSC is carried out again. All beneficiaries where such findings were established, installed the equipment and put into function.*

*-* *damaged mechanization / equipment while using (users submit written evidence that the equipment has been repaired and that the defect is removed and the equipment / mechanization is used without any problems.*

*- differences in quantities and type of construction material between the invoice/delivery note, construction documentation and OTSC.*

*OTSC for establishing hidden works*

*Pursuant to the procedures for work of SC during the realization of the investments, especially when it comes to construction works, on-the-spot controls are carried out during the realization of certain activities, so called control of hidden works, or for things that cannot be established at the end of the investment.*

*These controls involve checking of construction documents and comparing them with the situation on-the-spot. The most common findings in this type of controls are*

*- incomplete construction documentation during the control - OTSC I carried out during certain construction activities, so often the responsible persons cannot provide certain documents at the moment. After a given deadline, they are provided to the controllers*

*Ex-post OTSC*

*In 2019, 46 ex-post OTSC were carried out for investments under IPARD 1, realized until 2017. No major findings have been identified in carrying out these controls. There are no changes to the constructed / reconstructed buildings and premises facilities, all users keep the equipment / mechanization, it is used in accordance with the intended purpose and it is marked according to the contract.*