



Ministry of finance

IPA Fund Management Department

**Information regarding the effective functioning of the
management and control system under IPARD**



Information regarding the effective functioning of the management and control system under IPARD 2014- 2020;

Financial Agreement for IPARD 2014-2020 is entered into force on 29 June 2017 which enabled implementation of IPARD 2 assistance as well. Continuous efforts are made to develop adequate structural solutions to strengthen the management and control system, having in mind the DG AGRI recommendations as well as previous experience in the implementation of IPARD I.

In fact, regarding the submission of the Requests for entrustment of IPARD II Programme, DG AGRI made an assessment of it and their observation and recommendation were incorporated in the revised Manual of Procedures, submitted to DG AGRI in May 2017.

In addition, further improvements of the working procedures are prepared on the bases of:

- Experience in the processing of the first public call under IPARD II;
- the further recommendations by DG AGRI, on the submitted working procedures;
- having in mind the weaknesses identified in the process of conformity/financial clearance under IPARD I.

The improvements were made, in general in the approval of projects, authorisation of payment and on the spot controls.

1. Verification Visit

According to the Annual Verification Visit Plan for 2017 initially was foreseen verification visit at the end of 2017 over the contracting phase under IPARD 2 programming period. Since the contracting phase under the first call under IPARD 2 is still in ongoing phase and the first contracts is expected to be signed at the beginning of 2018 (1st quarter) it was decided this verification visit to be conducted after the



contracting phase is finished.

2. Monitoring the implementation of the audit recommendations

Since the Financial Agreement for IPARD 2014-2020 is entered into force on 29 June 2017, as no contract is signed in the Programme, no audit report is issued regarding the programme. The system audit and audit of operations of the Audit Authority is ongoing.

3. Monitoring of the Administrative Capacities of the Operating Structure

Management Structure

According to the Workload Analysis (WLA) for 2017 the optimal number of employees in NAO/IPA Funds Management Department is 21 (twenty-one) employees (including NAO). During 2017, 1 (one) employee on the working position Junior Associate for financial management in the National fund Unit within the IPA Funds Management Department has left their job within the Department. Currently, the number of employees is 16 (sixteen) (including NAO).

Therefore, additional 5 (five) employees are needed for fulfilling the necessary positions such as: Assistant Head of Management Structure, two Financial Manager in National Fund Unit and two Officers for Effective Functioning of Management and Control System in the NAO Support Unit. Even though that position Assistant Head of MS is managerial, it is not a core control step in the activities and the procedures of the Management Structure. This post will contribute to ensuring proper substitution policy and continuation of activities within the Department, as well as improving the management activities in MS.

IPARD Agency

According to the Workload Analysis (WLA) for 2017 the optimal number of employees needed in IPARD Agency is 178.

During the 2017, 1 (one) new employee was employed and 8 (eight) employees left



their working post. Currently the number of employees in the Agency is 89.

The optimal number is expected to be reached during 2018, through new employments from the public announcements which will be announced during the year or with internal transfers of non IPARD Departments in the IPARD Agency.

Managing Authority

According to the Workload Analysis (WLA) for 2017 the optimal number of employees needed in Managing Authority is 21.

During the 2017, 1 (one) new employee was employed (Head of Unit for Technical Assistance and Publicity) and 4 (four) employees left their working post (2 Junior Associate, 1 Associate and 1 Head of Unit for Monitoring and Reporting). Currently, the number of employees is 13 (including HoMA).

The Ministry of agriculture, forestry and water economy has submitted an information to the Government of the Republic of Macedonia, informing the current human resource capacities of the Operating structure and the needs for further employments for proper functioning of the IPARD Agency and Managing Authority. The Information is in governmental procedure.

In the table below are presented the data regarding the human capacities in 2017:

Institution	Number of staff on 31.12.2016	Number of staff needed as per WLA 2017	Realized new recruitments by 01.11.2017	Promotion of the staff 01.11.2017	Left the position 01.11.2017	Number of current staff 01.11.2017	Occupancy rate	Turnover rate
NAO/NF	17	21	/	/	1	16	76%	5,9%
IPARD Agency	96	178	1	/	8	89	50%	8,3%
Managing Authority	16	21	1	/	4	13	62%	25%
Total	129	220	2	0	13	118	62,6%	13,06%



4. Accreditation of new measures within the frame of the IPARD Programme

During 2015/2016 preparatory activities for accreditation of the measure rural infrastructure were started. The accreditation (entrustment) package for the measure Rural public infrastructure from the IPARD II Programme (2014-2020) was prepared and submitted for external assessment to Audit Authority for IPA on 10th of January 2017 with aim to gain independent audit opinion (procedure established in the Framework Agreement). Furthermore, Audit Authority performed compliance assessment and on 18th of October 2017 submitted draft compliance report. With the audit report are identified 8 major risk findings for the IPARD Agency, 4 major risk findings for the MA and one major risk finding for the NAO/MS. National authorities already work on the overcoming of the findings. The reply on the draft report shall be submitted by the end of November 2017 and the Final audit report is expected to be submitted by AA by the end of 2017.

The foreseen dynamics for submission entrustment for this measure is middle of 2018 since the findings such as adoption of the Law on Agency and Decree for implementation of IRI measure and employment of new staff are processes that are time demanding.

5. Planning and Monitoring of Implementation of the IPARD Programme and Absorption of IPA Funds

The first public call under IPARD Programme 2014-2020 is ongoing. At the moment there are no contracts signed for IPARD 2014-2020. The contracting phase under the first call under IPARD 2 is still in ongoing phase and the first contracts is expected to be signed at the end of 2017/beginning of 2018.

According the data of the Agency the requested amount (EU part) for all measures under the first public call is 55.192.274 EUR. The envisaged amount of co-



financing of eligible applications - EU part of this applications, according to the Agency's analysis, is foreseen at the moment on 27.943.118 EUR (considering certain % rejection rate according the previous experience of the Agency).

6. *Financial management*

Payment Applications for pre-financing payment in amount of €6.300.000,00 calculated as 30% of the Community contribution for the years 2014+2015, 2016 and 2017 of the IPARD II Programme 2014-2020 was submitted on 03.11.2017.

The forecasted de-commitment of funds from budget allocations 2014 and 2015 of IPARD II Programme is on amount of EUR 250.000. The calculation is as follows:

V component IPARD II Calculation of De-commitment Risk According N+3 Rule	
Reference	Community Contribution in €
Allocations 2014-2015	10,000,000.00
Planned payments	3,450,000.00
Pre-financing request	6,300,000.00
De-commitment at the end of 2018	-250,000.00

However the risk the de-commitment to be increased is very high taking into consideration that the payments are planned to be realised in Q3/Q4 of 2018, as well as the possibility of not approving the total requested pre-financing amount by DG Agri.