



Republic of North Macedonia

Agency for Financial Support of the Agriculture and Rural Development

Human Resources

Staff situation in AFSARD

- 285 systematized work posts
- 233 employees in total + Director and Deputy director
 - 187 permanently employed (of these, 6 are new employees starting from July, 2019 - 5 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 Sector for Project Approval (National programs) and 1 in the Unit for budgetary control)
 - 19 employed on contractual basis (for the implementation of the National Programs)
- 122 employees working on the IPARD Program 2014-2020
 - 101 permanently employed
 - 21 employed on temporary basis

On-going procedures for employment

- 21 new employments (to be finalized by the end of December this year)

Promotions

- 6 promotions finalized in July/August 2019 (of which 4 in the IPARD structure of the Agency)
- 1 on-going (to be finalized by the end of December this year) – within IPARD structure

Staff situation per organizational unit (IPARD structure)

See Annex

Financial data regarding implementation of the IPARD II Program; especially related to realization of the financial allocation of the 2015, 2016 and 2017.

Total commitments taken from the contracts signed for financial support from the public call 01/2017 is 16.335.063,41€ (EU contribution),

Taking into consideration the financial allocations of the above mentioned years and the pre-financing approved by EC, the total amount which should be paid in order to avoid the de-commitment was 8.7 MEUR (EU contribution).

Agency till now has authorized 8.872.533,42 € and has avoided the de-commitment for the financial years 2015, 2016 and 2017.

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 - the WLA for 2019 takes into account the workload for this measure and the projected number of 150 employees for IPARD in 2019 includes the new employments for this measure,
- 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 3 of the public call 01/2018 and measure 1 of the public call 02/2018. Agency for financial support in agriculture and rural development has issued 180 decisions for allocation of funds for measure 1 and 37 for measure 3, the process is still ongoing.

Total Public Expenditure of the contracted projects for measure 1 is 1.007.958,31 (EU contribution 755.968,73 €). For measure 3, total amount of the public expenditure of the contracted projects is 6.388.830,47 € (EU contribution 4.791.622,85 €).

In the evaluation process, Agency has also issued 400 decisions for rejection of the application for measure 1 and 22 decisions for rejection of applications submitted under measure 3.

Main reason for rejection of applications in measure 1 and measure 3 is the incomplete applications and in most of the cases in measure 1 the applicants did not respond to the notification for completing the application. Additionally, in the measures 3 several applicants were not eligible for financial support because they were 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.

AFSARD has announced public call 01/2019 for submitting applications for using funds from M7 of the IPARD Program 2014-2020 on 04.10.2019 and is open till 03.12.2019.

According to the modification of the IPARD Program and amendment of the law for establishing the AFSARD, procedure for work of the relevant departments within the Agency has been modified and approved for work by NAO and EC. The modification envisages processing only the complete applications, while the incomplete applications according to the list of documents attached to the public call announcement, shall be immediately rejected.

The breakdown of the received and processed applications per public call is given in the table below.

Information regarding the submitted applications per public call:

Public call 02/2018 (all the prices are in Euros)

Measure	Sector	Total number of applications	Total requested amount	No. of rejected applications	No. of contracted projects	Total Public Expenditure of the contracted projects	Total Public Expenditure -IPARD II contribution of the contracted projects	Most frequent problems during processing the applications
M1	1	1060	12.607.735,31	365	180	1.007.958,31	755968,7325	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
M1	2	33	5.466.732,05	30	0	0	0	
M1	3	4	61.680,69	3	0	0	0	
M1	4	2	4.586,64	2	0	0	0	
Total on 15.11.2019		1099	18.140.734,68	400	180	1.007.958,31	755.968,73	

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Public call 01/2018 (all the prices are in Euros)

Measure	Sector	Total number of applications	Total requested amount	No. of rejected applications	No. of contracted projects	Total Public Expenditure of the contracted projects	Total Public Expenditure - IPARD II contribution of the contracted projects	Most frequent problems during processing the applications
M3	1	12	2.364.812,02	3	8	868.700,30	651.525,23	Large number of empty applications
M3	2	4	471.588,75	0	4	435.173,60	326.380,20	
M3	3	30	8.848.458,94	11	17	4.145.363,00 €	3.109.022,53	
M3	4	11	2.366.514,72	5	3	169.611,17	127.208,38	
M3	5	1	18.111,94	0	1	19.992,87	14.994,65	
M3	6	7	1.205.747,27	3	4	749.990,39	562.492,79	
Total on 15.11.2019		65	15.275.233,63	22	36	6.388.830,47 €	4.791.622,85 €	

In 2019 the Agency has announced one public call:

Public call 01/2019 (all the prices are in Euros)

Measure	Sector	Total number of applications	Total requested amount	Number of rejected applications	Main reason for rejection of applications	Contracted projects (decision for allocation of funds is issued)	Total Public Expenditure of the contracted projects	Total Public Expenditure - IPARD II contribution of the contracted projects	Most frequent problems during processing the applications
7	1	6	23.903,45						
7	2								
7	3	1	378.767,36						
7	4								
7	5								
7	6								
7	7								
7	8								
Total on 15.11.2019		7	402.670,82						

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

So far, 840 payment requests have been received, for the measure Investments in tangible assets for agricultural holdings
Total amount requested is 8.205.526,00 €.

So far AFSARD has approved 717 request for payments with total amount of approximately 5.140.306 €,.

The average time for processing one claim for payment counting from the moment of receiving the it from the beneficiary until the authorization of the claim is 5,5 months.

So far, 29 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 5.863.384,00 €.

So far AFSARD has approved 23 request for payments with total amount of approximately 3.729.808 €.,

So far, 5 payment requests have been received, for the measure **FARM DIVERSIFICATION AND BUSINESS DEVELOPMENT**

Total amount requested is 64.728,00 €.

So far AFSARD has approved 2 request for payments with total amount of approximately 2.419,00 €

On-the-spot controls
(Since April 2019);

On-the-spot Controls prior approval

Sector for on-the-spot control within AFSARD since April 2019 has carried out total of 31 on-the-spot controls prior approval at investments under the Call for Applications 18/01 and 543 on-the-spot controls prior approval under the Call for Applications 18/02 from IPARD 2 2014-2020. In addition there is a table with carried out OTSC divided by call for applications.

Call for applications 18/01	
<u>Measure</u>	<u>Number of carried out OTSC prior approval</u>
Investments in Physical Assets Concerning Processing and Marketing of Agricultural and Fishery products	31
Call for applications 18/02	

Investments in Physical Assets of Agricultural Holdings	543
Total No of OTSC	574

On-the-spot Controls before payment

Sector for on-the-spot control within AFSARD since April 2019 has carried out total of 291 on-the-spot controls before payment at investments under the Call for Applications 17/01 from IPARD 2 2014-2020. In addition there is a table with carried out OTSC divided by measures

Call for applications 17/01

<u>Measure</u>	<u>Number of carried out OTSC before payment per measure</u>
Investments in Physical Assets of Agricultural Holdings	273
Investments in Physical Assets Concerning Processing and Marketing of Agricultural and Fishery products	12
Farm Diversification and Business Development	6
Total No of OTSC	291

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Sector for on-the-spot control within AFSARD since April 2019 has carried out total of 202 ex-post on-the-spot controls at investments under IPARD 1 2007-2013.

Ex-post OTSC (IPARD 1 2007-2013)	
<u>Measure</u>	<u>Number of carried out OTSC before payment per measure</u>
101	200
302	3
Total No of OTSC	203

Sector for on-the-spot control has carried also 16 OTSC for establishing hidden works out of which 3 OTSC at investments under Measure 1, 4 OTSC at Investment under Measure 3 and 9 OTSC at investment under Measure 7, Call for Applications 17/01 and 18/01

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 and 18/02.

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

Since April 2019, 203 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.