

FINAL REPORT
ON
THE IMPLEMENTATION OF THE IPARD PROGRAMME 2007-
2013
for the period 1 JANUARY 2007 – 31 DECEMBER 2017
(In compliance with Art. 68 of the Sectoral Agreement)

CCI No: 2007MK06IPO 001

Abbreviations

Art.	Article
BP	Business Plan
DG AGRI	Directorate General for Agriculture and Rural Development
EC	European Commission
EU	European Union
FR	Farm Register
GDP	Gross Domestic Product
GVA	Gross Value Added
ha	hectares
IPARD	Instrument for pre-accession assistance for rural development
IPARD Agency	Agency for Financial Support in Agriculture and Rural Development
M 101	Investments in agriculture holdings
M 103	Investments in processing and marketing
M 302	Rural diversification
M 501	Technical Assistance
MA	Managing Authority
MAFA	Multi-Annual Financing Agreement
MAFF	Multi-Annual Financing Framework
MAFWE	Ministry of Agriculture, Forestry and Water Economy
MC	Monitoring Committee
MIPD	Multi-annual indicative planning document
MoF	Ministry of Finance
MoESP	Ministry of Environment and Spatial Planning
NAO	National Authorising Officer
NBRM	National Bank of the Republic of Macedonia (Central Bank)
NGO	Non-Governmental Organisations
NF	National fund
No.	number
PRO	Public Revenue Office
SA	Sectoral Agreement
SAI	State Agriculture Inspectorate
SSO	State Statistical Office
TPE	Total Public Expenditure
TPP	Technical Project Proposal

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1. Executive summary

- The IPARD Programme 2007-2013 as basis for the implementation of the Council Regulation (EC) No. 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA) has been approved with Commission Decision C(2008) 677 of 25.2.2008. Last date of eligible expenditure was 31 December 2017.
- The start of IPARD Programme implementation was preceded by the conferral of management of aid by the EC, which was granted to the relevant institutions via Commission Decision No. C2009/987/EU on 18.12.2009 for Measure 101 - Investments in agricultural holdings to restructure and to upgrade to Community standards, Measure 103 - Investments in the processing and marketing of agriculture and fishery products to restructure those activities and to upgrade them to Community standards and Measure 302 - Diversification and development of rural economic activities. Conferral of management of aid for Measure 501 – Technical Assistance was granted on 15.09.2015.
- IPARD Agency announced 12 public calls for all three measures of the Programme. First public call was announced in December 2009. Frequency of announcement of public calls was one call per year, with the exception of 2011 (3 calls), 2012 (2 calls), 2014 (2 calls) and 2015 (2 calls).
- During the implementation of the Programme 3.087 applications were submitted in the IPARD Agency. Total investment value of these applications reached 158.282.414 €, out of which 79.898.185 € were public expenditure.
- During the implementation of the Programme 1.369 contracts were concluded with the IPARD Agency. Total investment value of these contracts reached 48.505.118 €, out of which 25.903.508 € were public expenditure (19.566.750 € EU part).
- During the implementation of the Programme 1.091 contracts were paid by the IPARD Agency. Total investment value of paid contracts reached 16,195,916.39 €, out of which 12,146,937.29 € were EU part.
- Since the start of the implementation, IPARD Programme encountered eight modifications.
- Three evaluation reports were produced during the implementation of the Programme. Ex ante report was produced at the time of drafting IPARD Programme in 2007. Due to late accreditation of measure Technical Assistance, other ongoing evaluation reports were produced with help of EU funded projects. Ex post evaluation of the Programme is expected to be

carried out in the second half of 2018 using support from the Technical Assistance measure.

➤ Indicators of execution of IPARD Programme¹ (compared against IPARD Programme latest Commission Decision No.C(2016) 7396 of 11.11.2016):

1. % of projects completed = 79,69% (M101 = 81,52%, M 103 = 63,08%, M 302 = 47,37%),
2. Eligible costs committed as % of total eligible cost = 124,58% (M101 = 129,68%, M 103 = 116,34%, M 302 = 134,09%),
3. % of payments to beneficiaries against cost committed = 62,96% (M101 = 71,63%, M 103 = 57,28%, M 302 = 41,21%),
4. % of payments to beneficiaries against cost claimed = 84,51% (M101 = 92,81%, M 103 = 76,06%, M 302 = 70,81%),

¹ Indicators of execution provided in details in table G5 of Indicator Tables for M&E of IPARD Programme 2007 - 2013

2. Introduction

The IPARD strategic planning process was initially introduced in the scope of Multi-Annual Indicative Planning Document (MIPD), outlining the main priority areas for intervention. Accordingly, a Multi-Annual Operational Programme for the whole IPA implementation period 2007-2013 was prepared in a form of National Agriculture and Rural Development Plan (IPARD Programme).

The IPARD Programme consists of a coherent set of priority axis and developed appropriate implementing measures and operations (group of investments) to address a set of objectives for agriculture and rural development in the country, as well as description of the financial contribution which is needed to implement the defined strategies in the MIPD. Therefore, the set of priority axis of the IPARD Programme were in synergy with the National Strategy for Agriculture and Rural Development (2007-2013) relating to the strategy and objectives for development of the agriculture sector and the rural areas in the period of 2007-2013, and provided an added value to the pre-accession process. The set of priority axis and appropriate measures as outlined in the MIPD, are as follows:

- Priority Axis 1 - Measure 101: Investments in agricultural holdings to restructure and to upgrade to Community standards and Measure 103: Investments in the processing and marketing of agriculture and fishery products to restructure and upgrade them to Community standards.
- Priority Axis 3 - Measure 302: Diversification and development of rural economic activities; and,
- Supporting Measure 501: Technical Assistance for the implementation of the IPARD Programme

The ***main general objective*** of the country's IPARD Programme is thus to improve the competitiveness of agricultural holdings and food industry bringing them in compliance with Community standards, while ensuring sustainable environmental and socio-economic development of rural areas through increased economic activities and employment opportunities.

As ***specific objectives*** the IPARD measures focus at improving the competitiveness of economically viable agricultural holdings and food industry in selected sub-sectors through investment policies to improve technological and market infrastructure aimed at increased added value of agricultural products and achieved compliance with EU quality, health, food safety, animal welfare and environmental standards. Equally, the IPARD assistance should contribute to improved quality of life of the rural population, increased income and creation of new employment opportunities through the development and

diversification of on-farm and/or off-farm activities to counterbalance disparities between regions and against urban areas.

Geographical application of the Programme is defined by measures. Measure 101: Investments in agricultural holdings to restructure and to upgrade to Community standards and Measure 103: Investments in the processing and marketing of agriculture and fishery products to restructure those activities and to upgrade them to Community standards were applied on the entire territory of Republic of Macedonia. Projects implemented under Measure 302 were placed in the rural area according to the official "List of the rural areas and rural communities in the Republic of Macedonia" adopted by the Minister for Agriculture, Forestry and Water Economy on the basis of Law on Agriculture and Rural Development and published in the Official Gazette.

This Final report on implementation of IPARD Programme 2007 – 2013 covers the period from the approval of the Programme in 2008 (Commission Decision C(2008) 677 of 25.2.2008) till the final date for eligibility of expenditure (31.12.2016). Document Ares(2015)1480753 regarding "Request for clarification of provisions pursuant to Article 36 and Article 47 of the Sectoral Agreement in the light of closure of IPARD 2007-2013" confirmed that the final date for using IPARD 2007 – 2013 was 31st of December 2017.

3. Changes to the general conditions

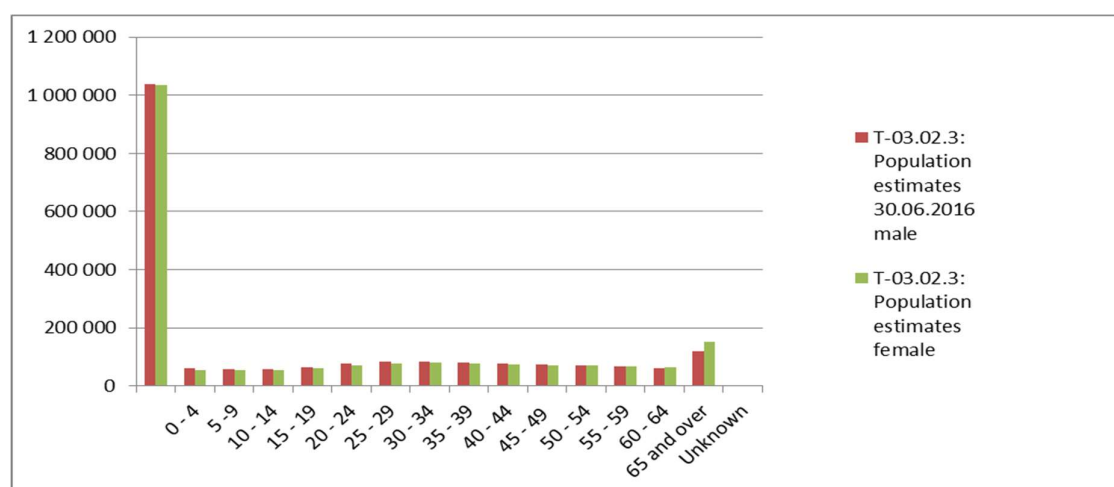
3.1 Population

According to the latest census, in 2002, the country had a total population of 2.022.547 in 564.296 households (3,6 persons per household); with an average population density of 79 persons per km² compared to EU average of 113. Estimates done by the State Statistical Office in 2016 show that the total population in Republic of Macedonia increased to 2.072.419.

According to this estimates, the gender structure of the population is 50.09% men (71,2% are between 15-64 years of age) and 49.91% are women (69,3% being between 15-64 years of age).

The average age of the population in the country is approximately 33 years, and almost 83,4% of the population is between 15 and 64 years of age, i.e. is of working-age.

Figure 1: Population by age



Source: SSO, 2016

Rural population in Macedonia according to the data of the 2002 census is 1.391.881 or approximately 69% of total population. Having in mind constant migration to the urban areas and abroad, rural population has significantly decreased, which due to the delay of the census cannot be expressed in absolute numbers.

Table 1: Division of NUTS 3 regions according 2002 census

Region	Total population	Rural population	% of total population	Type of region ²
Skopje	578.144	220.967	38,2	Intermediate
East	181.858	138.206	76,0	Predominantly rural
Southeast	171.416	136.105	79,4	Predominantly rural

² OECD Regional Typology 2011 (methodology of classification of regions).

Pelagonia	238.136	97.440	40,9	Intermediate
Polog	304.125	215.363	70,8	Predominantly rural
Northeast	172.787	96.515	55,9	Predominantly rural
Southwest	221.551	179.518	81,0	Predominantly rural
Vardar	154.535	110.819	71,7	Predominantly rural

3.2 Macroeconomic situation

Republic of Macedonia is a small economy in transition. Since the independence, the economic development of the country has gone through three major processes: transition to market economy; macro-economic stabilization and structural adjustment while maintaining macro-economic stability.

Table 2: Macroeconomic indicators

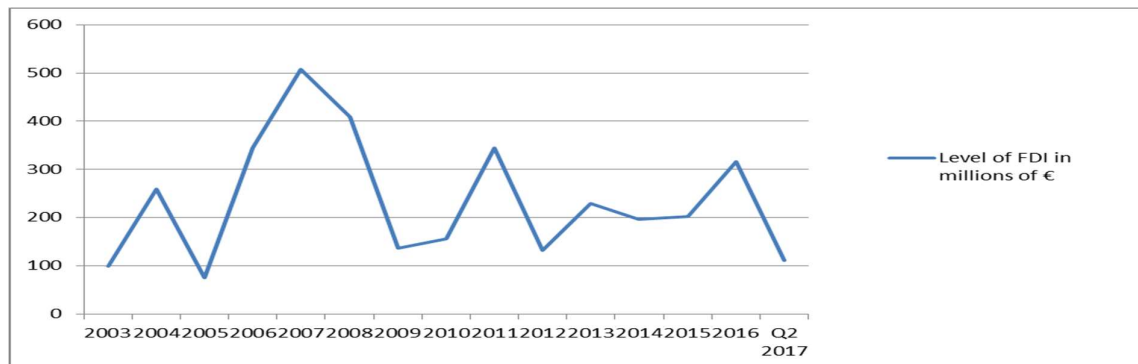
Indicator	2009	2010	2011	2012	2013	2014	2015	2016
GDP in million € (current exchange rate)	6.767	7.109	7.554	7.585	8.150	8.562	9.072	9.722
GDP (per capita in €)	3.300	3.459	3.665	3.680	3.948	4.141	4.382	4.691
GDP real growth rate (in %)	-0,4	3,4	2,3	-0,5	2,9	3,6	3,9	2,9
Inflation (in %)	-0,8	1,6	3,9	3,3	2,8	-0,4	-0,3	-0,2
Average exchange rate (denar/€)	61,27	61,51	61,53	61,53	61,58	61,62	61,61	61,60
Unemployment rate (in %)	32,2	32	31,4	31,0	29,0	28,0	26,1	23,7
Export of goods and services in mill. €	2.143,6	2.728,8	3.441,3	3.374,0	3.529,7	4.057	3.640,2	3.846,9
Import of goods and services in mill. €	3.680,8	4.128,8	4.987,0	5.072,5	5.018,1	5.554	5.164,4	5.430,1
Balance of trade in mill. €	-1.537,2	-1.400	-1.545,7	-1.698,5	-1.488,4	-1.497	-1.524,2	-1.583,2
Balance of trade in % of GDP	-22,7%	-19,7%	-20,5%	-22,4%	-18,3%	-17,5%	-16,8%	-16,3%

Source: SSO and NBM, 2016

The overall stable rate of grow of GDP in the past decade was stopped in 2009 as a result of the global financial and banking crisis of 2008. In the following years GDP growth rate has stabilized and recovered. Due to the European debt crisis in 2009 and 2010, recession was recorded again in 2012. Although balance of trade in % of GDP has decreased by 5% since 2009, it was unchanged in absolute numbers moving around 1,5 billion € . The decrease in the trade balance in% of GDP is due to GDP growth.

The trend of unemployment rate decrease continues backed up by strong governmental support for companies that employ and specific employment projects (Macedonia employs) which have been implemented in 2015 and 2017.

Figure 2: Foreign direct investments in Macedonia



Source: NBRM, 2017

As a result of a growing interest in Macedonia's investment potential and the strong campaign and state support to attract foreign investment, a number of international companies have started operations in the country, both as green-field projects and through different types of asset acquisition and privatization. The stable policy of attracting foreign investments in recent years did not cause stable growth of the level of foreign investments. The variation over the years is the result of investing decisions from individual major foreign investors. Leading area of interest of these companies is the automobile industry and includes primarily production of car parts, components and accessories.

Export growth accelerated since 2013 as the country has diversified its exports in recent years in terms of both products and destinations. Export growth was largely driven by an increase in Foreign Direct Investment (FDI) related exports. Tobacco products, fresh vegetables, and furniture have also significantly contributed to export growth. By contrast, iron, steel, and apparel as traditional export goods, have fallen in importance. Notwithstanding the strong export growth, the country has been running persistent current account deficits, mainly because of high oil and electricity imports.

However, low incomes and living standard, high poverty (poverty rate as % population = 21,9%³), still high unemployment rate, low growth rate, external trade imbalance and low foreign direct investment remain central economic issues.

The government's efforts to reduce the unemployment rate have been fruitful. In recent years, the rate has been steadily declining. Measures to reduce unemployment include government subsidies for companies that recruit, help for start-up businesses for young people, offering affordable loans for self-

³ SSO, Poverty line publication, 2016

employment and enhanced controls in companies that have unregulated workforce.

Table 3: Unemployment rate by age structure

Age structure	2012	2013	2014	2015	2016	2017
15-19	58.7	62.3	63.5	46.1	58.9	58
20-24	53	49.7	51	47.6	46.1	44.6
25-29	41.5	40.5	39.3	39	35.2	33.9
30-34	29.6	29.5	28.9	25	23.2	23.6
35-39	29.4	25.8	21.2	22.9	20.6	16.9
40-44	24.5	22.3	21	19.6	18.6	17.2
45-49	23	19	20.7	18.7	17.8	14.9
50-54	23.6	22.1	22.1	21	16.3	16.4
55-59	25.8	23.9	21.3	21.5	18.6	18.6
60-64	23.7	24.4	26	19.3	16.1	12.8
65 and more	9.4	7.4	6.8	0	1.1	1.2
Total	31	29	28	26.1	23.7	22.4

Source: State Statistical Office, 2017

The labour force distribution by sectors of activity indicates an increase in the workforce in other sectors, with the exception of agriculture. The labour force in agriculture is reduced due to low incomes in the sector and migration of the population from the rural areas.

Table 4: Employed persons by sectors of activity

	2012	2013	2014	2015	2016	2017
Total employed persons	650,554	678,838	690,188	705,991	723,550	740,648
Agriculture, fisheries, forestry, hunting	112,623	127,186	127,438	126,126	120,303	120,311
Other sectors of activity	537,931	551,652	562,750	579,865	603,247	620,337

Source: State Statistical Office, 2017

3.3 Political profile and EU membership path

Republic of Macedonia became independent from former Yugoslavia in November 1991 and became a parliamentary democracy with elections held every four years.

The country is committed to the challenges of acquiring membership to the EU. The country is a member of the UN (since 8th of April 1993), member of the IMF (14th of December 1992), of the World Bank (25th of February 1993) and of the

European Council (since 9th of November 1995). On 15th of October 2002, the country was officially accepted as a member of the WTO.

- Following the Agreement for cooperation with the EU in 1997, in April 2001 the country signed a Stabilization and Association Agreement with the EU, enabling it to get almost tariff-free access to European markets. After its ratification in the parliaments of all EU member-states, SAA entered into force on 2nd of April 2004.
- The country's application for EU membership was formally submitted in Dublin on 22nd of March 2004, followed by the submission of the responses to the EU questionnaire in Brussels on 14th of February 2005.
- In October 2005, the EC made positive recommendations regarding the country's candidate status, and in December 2005, the recommendations were accepted by the European Council and the country was given the status of candidate for EU membership.
- On 30th of October 2007, Financial Agreement for 2007 National Programme under the Instrument for Pre-accession Assistance (IPA) and the Framework Agreement were signed between Republic of Macedonia and the Commission of the European Communities on cooperation for financial assistance. Republic of Macedonia was the first country in the region whose projects were approved by the EC and the first country in the region to sign the Financial Agreement thus enabling use of IPA funds.
- In February 2008, the Council adopted the Accession Partnership for Republic of Macedonia, identifying key priorities for progress and areas where efforts are required in the accession process.
- Since October 2009 - Following the progress made in achieving full compliance with the Stabilisation and Association Agreement, the progress in fulfilling the political criteria, the progress in the implementation of the acquis, as well as the progress made regarding all areas covered by the visa liberalization dialogue, the European Commission has recommended start of the accession negotiations for full-fledged membership of the Republic of Macedonia to the EU.
- December 2009 - In the framework of the visa liberalisation dialogue process, following the significant progress made in the areas of justice, freedom and security and the fulfilled roadmap benchmarks, the visa obligation for citizens of the Republic of Macedonia was lifted on 19th of December 2009.
- On 15th of March 2012, the High Level Accession Dialogue was created led by the Prime Minister of the Government of the Republic of Macedonia and the Commissioner for enlargement Stefan Fule. The dialogue brought dynamic in the reform process for accession to the European Union by

strengthening confidence and increasing the European perspective of the country, and it is focused on the key challenges on these 5 areas: freedom of expression in media; rule of law, reform of the public administration, electoral reform and strengthening of the market economy.

3.4 Legislative changes

A. In November, 2012 the *National Programme for Agriculture and Rural Development 2013-2017 (NPARD 2013-2017)* was adopted by the Government. This Programme is operational and planning document for implementation of the national policy for agriculture and rural development consisting of policies for market-price support (direct payments) and measures for rural development presented in a time context and indicative financial framework. Rural Development measures to be implemented in this period are elaborated, as well as time schedule and appropriate budget for their implementation. The overall financial budget for RD Policy is considered to be increased with annual increase of maximum 20% on the behalf of appropriate decrease for direct payments budget.

In accordance to the NPARD 2013-2017, the distribution of the rural development budget is as follows:

- Priority Axis 1 Measures for increasing competitiveness in agriculture 65% (out of which 70% are for implementing measures for investment in infrastructure for creation of preconditions for agriculture development and protection from natural disasters – agriculture roads, electricity and water supply to agriculture holding, drainage, water management).
- Priority Axis 2 Measures related to Agri-environmental issues – 6% (out of which 100% are for implementing measures for organic production including state aid measures for technical assistance to introduce organic production-certification process and maintenance, branding and labelling and marketing of organic products. The other AE measures are envisaged to be introduced under IPARD)
- Priority Axis 3 Measures related to rural infrastructure – 24% (out of which 100% are aimed for implementing measures for investments in public infrastructure in rural areas, village renewal and investments to preserve traditional and natural amenities of rural areas. These measures are envisaged to be introduced under IPARD and start implementation in 2015)
- Priority Axis 4 Measures related to local development (LEADER) – 1% (mainly preparatory measures and activities as preparatory pilot scheme)

since these measures were envisaged to be introduced under IPARD and start implementation in 2015)

- Technical Assistance – 4% - including activities for establishment and operation of implementation systems for rural development measures, awareness and training activities which are not covered under the RD measures, establishment of demonstrative farms, innovative projects, financial aid for organising local events and fairs, participation of agriculture producers on international and domestic fairs, etc.

B. Regarding the commitments of MAFWE to promote and facilitate establishment of cooperatives, new *Law on Agricultural Cooperatives* was prepared and debated with the public in 2012. This Law foresees establishment of agriculture cooperatives register in MAFWE and various financial assistance measures for them in order to induce interest of the agriculture holdings for joint operations and placing of their goods on the market.

C. Amendments have been made to the actual *Law on Agriculture and Rural Development (OG 53/11)*, regulating the mechanisms for support through the measures for rural development. By these amendments, the basis for setting up and operating of the National Rural Network was introduced as platform for partnership with all relevant stakeholders who act in the rural areas to be involved in the planning, monitoring and implementation of the National Rural Development Programme.

Also, Law on Agriculture and Rural Development was amended in section that regulates rural development aimed at expanding aid for insurance in primary agricultural production, livestock breeders and new investments for restructuring of farms to increase their production capacity. Section on state aid has been extended to aid for investments for farms restructuring and aid for investments in processing and marketing, introduction of additional aid for the payment of losses caused by natural disasters and adverse climatic events, as well as expanding the activities of technical support in agriculture and rural development.

Rulebook on additional conditions for the support of rural development measures, the eligible costs and the aid amount for eligible costs per beneficiary per single measure was amended in order to decrease the minimum size of production facilities owned by the beneficiary for investments for modernization of agricultural holdings, expanding the list of eligible costs and increasing the amount of support.

Rules on criteria for selection of beneficiaries under the rural development measures were amended in order to establish the precise criteria for selection of beneficiaries of support for investments in irrigation of corn and forage crops.

D. Amendments to the *Law on agricultural land and Law on pastures* were made in order to improve legal requirements for the procedure for construction of agricultural objects on agricultural land and for allocating state owned agricultural land for the construction of agricultural objects. The amendments also introduced legal requirements on registering the existing agricultural objects build on agricultural land. The Rulebooks for implementation of the amendments were published in September, 2012 providing the implementing rules for the registration of existing agriculture objects on agriculture land and approval procedure for new investments. The procedure for registration of existing objects is implemented by MAFWE and the procedure for new investments is implemented by the Municipalities. Guidelines were issued and publicised to inform the beneficiaries. In addition, contact point in MAFWE Department for Agriculture Land Policy was established to communicate all queries related to this matter.

E. The *Law on VAT* was amended to decrease the VAT rate from 18 percent to 5 percent for livestock feed, feed additives and live animals. The amendment was based on previous MAFWE analysis related to prevention of “home” slaughtering as the individual agriculture producers are not eligible for VAT reimbursement and thus the high VAT rate was a burden on the price for animals slaughtering. The decrease of VAT for feed is expected to decrease the costs for inputs in the livestock breeding sector primarily meat (pigs and poultry).

F. In 2014, the *Law on agriculture land* was amended in three turns. First amendment considered provisions for renting state owned land for fast growing tree species on parcels which are on altitude higher than 700 meters and to include provisions for mandatory crop rotation for single crop contracts. The second amendment was to regulate the modalities of leasing state owned land with parcel size above 10ha via public electronic auction. The third amendment of the Law on agriculture land was related to the fiscal decentralization as it provided that 50% of the public revenues from leasing state owned land must be transferred to the Municipality where the land is located. The transfer of the collected revenues to the Municipalities is condition that the transfer will occur if 80 percent of local property tax has been collected by the Municipality.

G. Four amendments on the *Law for management of agricultural land* in 2015 have been made (OG 72/15, 98/15, 154/15 and 215/15). With these amendments, the law provides an opportunity for concluding a contract for lease of state land under greenhouses, under ancillary facilities and facilities for primary processing of agricultural products. According to the amendments, a public call was announced in the period of 30 days, giving the opportunity to the owners of agricultural buildings, constructed on state owned land, to conclude

contracts to lease the land under, and yard around, the buildings. Ten contracts were signed for such buildings. An amendment to other article in the law gave the opportunity not to conduct procedure for permanent conversion of agricultural to urban land when Urban Plan for the village is adopted for the first time, and where permanent conversion is required, it facilitated the procedure, allowing it to be done electronically via e-urbanism.

H. Under the *Law on Water*, Joint Stock Water Company of the Republic of Macedonia in state ownership was established, undertaking the activities that were the responsibility of the current water economy, thus centralizing their operations.

Activities of the Company are predominantly of public interest: water supply for irrigation, drainage of land, as well as construction, ongoing and investment maintenance of systems. In order to achieve additional revenue and increased economic viability of the company's operations, beside these basic activities, JSWC can perform additional activities.

Organizational units of the company are Directorate and 12 subsidiaries. Management bodies of the Company are Shareholders Assembly and Board of Directors. The Company is managed by a Board of Directors consisting of 7 members, including 6 non-executives and one executive member. Executive board member is Chief Executive Officer. A Director, appointed by the Board of Directors, manages the subsidiaries.

3.5 Guarantee Fund

According analyzes and surveys made by MAFWE, for many of the farmers there is an obstacle finding a suitable security / mortgage for obtaining the loans. For this reason, the MAFWE in cooperation with USAID in July 2015 has established a guarantee fund worth up to 20 million US dollars. The Guarantee Fund is, which will be realized through 3 commercial banks and 2 saving houses. The Guarantee Fund operates on the 50-50 principle. Namely, the guarantee fund provides a guarantee for 50% of the principal of the loan for which the farmer will not provide a mortgage / cover to the bank. The Guarantee Fund is intended for all beneficiaries of the IPARD Programme and national programs for support of agriculture and rural development, but it can also be used by farmers who realize investments with their own funds.

Within the period October 2015 - March 2018 a total of 305 loans were supported by the Guarantee Fund worth 168.516.456 Macedonian Denars (MKD) (2,74 million €). Majority of this loans (277) were with smaller amounts (an average of 3.230 €) and distributed by the saving houses, while 28 loans were dispersed by the commercial banks. Of this 28 loans, 17 loans were for IPARD supported investments with the total value of 66.515.402 MKD (1,08 million €).

3.6 Description of the situation in the agriculture and food processing sector, agricultural production, agri-food trade, agricultural land

Agriculture (including hunting, forestry and fishery) is an important economic sector and is the third largest sector after services and industry. In the 2010-2016 period, the share of the agricultural sector in the overall GDP has remained relatively stable around 10% (compared to the 1,6% in the EU-25).

Table 5: Key Agricultural sector indicators

	2010	2011	2012	2013	2014	2015	2016
GDP current prices (€ millions)	7.109	7.554	7.585	8.150	8.562	9.072	9.722
Gross Agriculture Production (€ current millions)	722	708	693	821	876	887	890
Agriculture % of GDP	10,1	9,4	9,1	10,1	10,2	9,8	9,1
GDP real growth rate	3,4	2,3	-0,5	2,9	3,6	3,9	2,9
Agriculture growth rate	2,9	-1,9	-2,1	18,4	6,7	1,2	0,3
UAA (in 000 ha)	1.121	1.120	1.268	1.261	1.263	1.264	1.267

Source: SSO 2017; Economic accounts in agriculture

Agriculture has served as shock absorber for the socio-economic and structural changes in industry and other sectors of the economy. Officially, the sector provides income and employment to approximately one fifth of the national workforce but the real contribution probably exceeds this percent as 36% of the labour force and 44% of the population at risk of poverty live in rural areas and population in rural areas rely basically on farming as a major form of economic activity, forestry, craftsmanship and rural tourism.

GDP in agriculture is decreasing, which is more the result of GDP growth in other sectors than the decline in agriculture. Indeed, gross agricultural production is constantly rising result of the continuous national support since 2006.

Agriculture is an important contributor to foreign trade. The relative share of agri-food and fishery exports in the total trade for the period 2010-2017 averaged 13,8% (16,8 in the period 2000-2006) whereas, in the same period, the relative share of imports was 12,3% (13,7 in the period 2000-2006). The country is a net importer of agricultural and food products mostly meat, processed products and other food preparation as well as cereals.

Table 6: Total trade and trade with agricultural and fishery products 2010-2017 (in million €)

In million €		Total trade	Agriculture trade	%
2010	export	2.497,50	423,7	16,90%
	import	4.119,10	532,2	12,90%
	trade balance	-1.621,60	-108,6	6,70%
2011	export	3.197,70	468,6	14,70%

	import	5.038,50	620,6	12,30%
	trade balance	-1.840,80	-152	8,30%
2012	export	3.113,52	478,93	15,38%
	import	5.061,76	679,36	13,42%
	trade balance	-1.948,25	-200,43	10,28%
2013	export	3.211,80	504	15,69%
	import	4.968,40	654,5	13,17%
	trade balance	-1.756,60	-150,5	8,57%
2014	export	3.722,95	486,24	13,06%
	import	5.484,96	649,02	11,83%
	trade balance	-1.762,01	-162,78	9,24%
2015	export	4.051,23	486,7	12,01%
	import	5.776,93	700,6	12,13%
	trade balance	-1.725,70	-213,9	12,39%
2016	export	4.329,27	530,52	12,25%
	import	6.106,73	718,01	11,76%
	trade balance	-1.777,46	-187,49	10,55%
2017	export	5.007,19	536,23	10,71%
	import	6.824,92	759,84	11,13%
	trade balance	-1.817,73	-223,61	12,30%

Source: State statistical office, 2017

Irrigation systems have existed in the country since 1956 so most irrigation schemes are more than 25 years old. After 1991 following the declining trends in agricultural production of enterprises and cooperatives, irrigation schemes were widely neglected and started deteriorating so the total irrigated area underwent a severe decline.

The most recent institutional reform of the irrigation sector was launched in 2015 with the adoption of the new Law on Water Management (Official Gazette of the Republic of Macedonia no. 51/2015), by which the Law on Water Economy and the Law on Water Communities ceased to apply. The new law centralises the management of irrigation and drainage systems through the establishment of State-owned Water Management Company of the Republic of Macedonia and subsidiaries, i.e. the existing water companies have grown into subsidiaries.

Table 7: Subsidiaries of Water Management Company

	Subsidiary
1	Tikves - Kavadarci
2	Bregalnica - Kocani
3	Skopsko Pole - Skopje
4	Prilepsko Pole - Prilep
5	Berovo - Berovo
6	Kumanovski - Lipkovski Pole - Kumanovo
7	Strumicko Pole - Strumica
8	Radovisko Pole - Radovis
9	Bitolsko Pole - Bitola
10	Polog - Gostivar
11	Juzen Vardar - Gevgelija
12	Crn Drim - Ohrid

Source: Water Management Company, 2018

Centralization will enable greater control by the state in terms of detecting problems and taking measures to overcome them, as well as realizing appropriate strategies, programs and activities for investment in the systems in order to increase the utilization of the existing systems, as well as investing in new irrigation / drainage systems. With the abolition of the Law on Water Communities, they ceased to exist.

Estimates show that existing hydromeliorative systems and construction of new hydro-melioration systems, can realistically provide irrigation of about 400.000 ha, or 69% of the total arable agricultural area (577.000 ha).

According to the technical documentation, upon which the systems were built, it was envisaged to provide irrigation of 163.693 ha of fertile land, but the built basic facilities (dams, reservoirs, pumping stations, main canals, etc.) in medium dry year can provide irrigation on 144.894 ha of agricultural land.

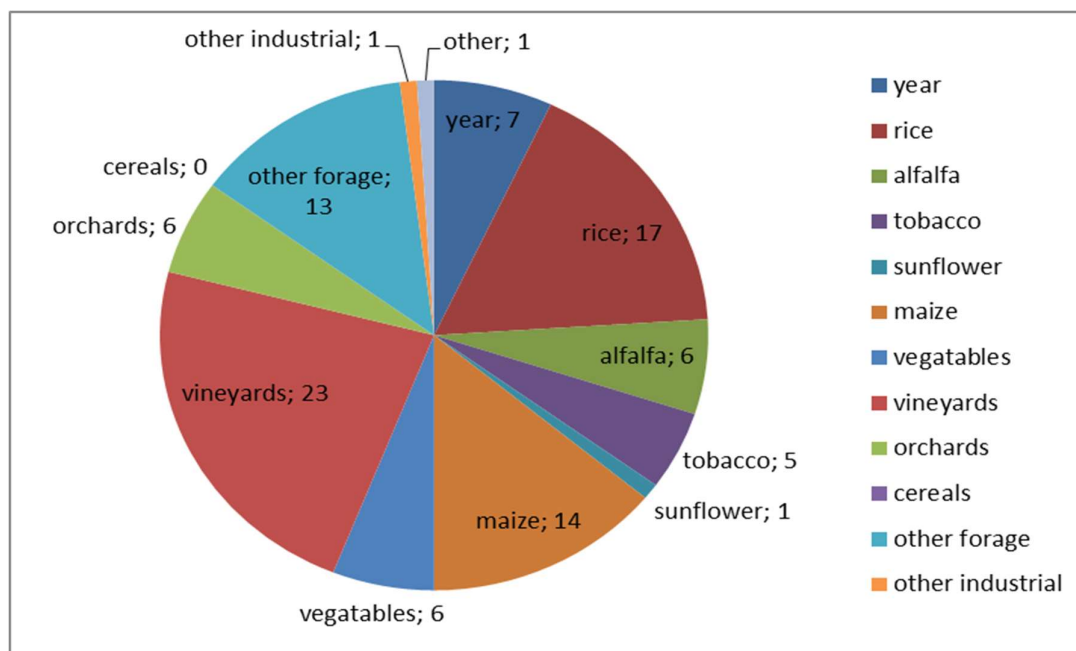
According Water Management Directorate during the irrigation season 2016, about 27.268 ha of agricultural land is irrigated within the irrigation systems. Additionally around 46.381 Ha are irrigated by wells and from the rivers. Out of the total arable agricultural land (577.000 Ha), 12,7% are irrigated (73.649 Ha). Climate change in recent years also reflects on Macedonian agriculture. The dry period that is characteristic of our land coincides with the period of vegetation when plants most need irrigation. The damages affect the yields and quality of agricultural products.

Table 8: Structure of irrigated crops in Republic of Macedonia

Crop/ year	rice	alfalfa	tobacco	sunflower	maize	vegetables	vineyards	orchards	cereals	fodder	Other industrial	other	total
2016	4.871	1.880	1.457	174	3.822	1.794	6.756	2.262	71	3.767	228	186	27.268
2015	4.453	2.255	1.360	193	3.493	1.608	6.624	2.652	383	4.062	219	124	27.433
2014	3.849	2.128	1.738	94	3.105	1.330	3.886	2.193	141	1.927	136	43	20.575
2013	4.092	2.801	2.308	222	4.323	1.742	7.634	2.572	508	1.052	88	194	27.537
2012	4.244	2.844	1.985	294	4.523	2.066	7.705	2.172	753	428	71	221	27.309
2011	4.204	2.090	1.643	176	3.394	1.915	7.019	2.161	576	1.383	235	200	24.996
2010	2.702	2.875	847	372	2.938	1.616	6.818	2.466	681	737	397	151	22.603
2009	3.710	1.982	2.000	283	2.876	1.533	6.435	1.676	425	839	321	263	22.344

Source: MAFWE, Water Management Directorate, 2017

Figure 3: Participation of irrigated crops in the irrigation season 2016



Source: MAFWE, Water Management Directorate, 2017

The structure of irrigated crops is remains more or less unchanged during years. These are the most prevalent crops that depend to a large extent on irrigation.

Other significant and capital projects implemented in Water Management are:

- **Hydromeliorative system "Lisice"** is a multipurpose object. It will be used for water supply of the population in the city of Veles, water supply to the surrounding villages that gravitate to the system, supply to the industry with technological water, irrigation of 4.100 ha fertile agricultural land, revitalization of the lake "Mladost", providing the biological minimum of the river "Topolka" and improving the micro climate in the region.
- **Hydromeliorative system "Zletovica"**. In order to improve the poor water supply situation in the north-eastern part of Macedonia, the Government of the Republic of Macedonia in 2001 promoted the development of the multipurpose project "Zletovica" as a project of top national priority aiming to provide safe and stable water supply to this region. The main and priority objective of this project (phase I of realization) is to solve the problem of water supply of more than 100,000 inhabitants living in the municipalities: Probistip, Stip, Sveti Nikole, Kratovo, Karbinci and Lozovo in the long run, as well as water supply to the industry in those municipalities . This project is implemented in three phases: phase 1 Water supply, phase 2 Irrigation system and phase 3 Facilities for electricity generation.

- **Irrigation of the southern valley of Vardar River.** The realization of the first phase of this project covers four independent systems, Miravci with an area of 570 ha, Udovo with an area of 605 ha, Negorci with an area of 630 ha and Paljurci with an area of 1.127 ha. With the first phase of the project, which ended in late 2008, a total of 2.932 ha in the region of Gevgelija, Valandovo and Bogdanci were covered with irrigation system. The realization of the second phase of the project will cover additional 3.900 ha.
- **Dam construction on Orizarska River .** By constructing a dam on the Orizarska River, the water from the reservoir is envisaged to be used for water supply of the population through the regional water supply systems of Kocani and Vinica, for irrigation of about 1.500 ha of agricultural land in Kocansko Pole, as well as for the generation of electricity through construction of two hydropower plants with a power of 2.852 KW.
- **Hydromeliorative system Konjsko.** The water in the reservoir Konjsko will be used for water supply of the population of the city of Gevgelija and the surrounding settlements, irrigation of about 4.200 ha of agricultural land in the Gevgelija-Valandovo-Bogdanci region, production of electricity and provision of additional quantities of water for the hydro system "Spas of Dojran Lake", which are previously aligned with the possibilities of the system.
- **Hydromeliorative system Raven - Rechitsa, Polog.** With the construction of HMS Raven - Rechica in the region of Polog - Gostivar, it will be possible to irrigate around 6.000 ha of agricultural land that until now was not irrigated or was irrigated partially. The project plans to construct a grip on the Vardar River near the village of Raven, upstream from Gostivar, as well as water transport system consisting of a main supply canal with a length of 26 km and an irrigation network.
- **Dam construction on Slupcanska River .** With the construction of a dam on the river Slupchanska, it is planned to provide water in the Glazna - Lipkovo system for water supply of the population in the municipalities of Kumanovo and Lipkovo, irrigation of the existing 6.500 ha of agricultural land and providing water for additional 1.300 ha. Provided quantities are necessary for the overall water balance of this region, and will be used through the existing system and the planned new announcements with this investment.

CEREALS

Cereals are strategically important and the most grown crops, but the country does not produce enough to meet the domestic needs. During the 2010-

2016 period, overall cereals planted area decreased. The trend of reduction of area planted with cereal crops stopped, as a result of the reduction of the market price and of direct state support has stabilized in last years. The trend of production of maize has increased due to introduction of irrigation as a agro technical measure in maize cultivation. This resulted in bigger yield (up to 16 ton/Ha) than country average (around 7-8 ton/Ha). Introduction of irrigation in maize was supported by USAID during 2013 and 2014 and by the Programme for rural development in 2015 and 2016. Rice production has increased as a result of the direct support by the national scheme.

Table 9: Area in ha under cereals

	2010	2011	2012	2013	2014	2015	2016
wheat	79.946	78.588	79.750	81.756	76.861	73.979	79.898
barley	42.959	42.475	41.123	42.234	41.202	41.763	41.339
maize	28.644	29.390	29.198	31.032	30.493	31.807	31.083
rye	3.590	3.527	3.767	3.760	4.380	3.760	4.490
rice	4.126	4.500	4.656	4.865	5.174	5.018	5.040
total	159.265	158.480	158.494	163.647	158.110	156.327	161.850

Source: State statistical office, 2017

INDUSTRIAL CROPS

Table 10: Area in ha under industrial and fodder crops

	2010	2011	2012	2013	2014	2015	2016
tobacco	20.300	19.693	19.656	19.178	17.757	16.128	16.379
alfalfa	19.507	19.202	19.229	19.404	19.739	19.405	19.628
sunflower	4.061	5.715	3.752	2.481	5.122	5.562	3.974
sugar beet	/	/	/	/	/	/	/
clover	3.065	3.291	3.306	3.392	3.593	3.544	3.727
total	46.933	47.901	45.943	44.455	46.211	44.639	43.708

Source: State statistical office, 2017

Industrial crops (including tobacco) as well as fodder crops participate to nearly 10% of the total arable land. During the 2010-2016 period, overall planted area under these crops decreased, primarily due to the decline of area under sunflower. However, these crops contribute to approximately 17% of the total agriculture crop output, mainly due to tobacco contribution of around 9%.

ORCHARDS

The average orchard farm size in the country is approximately 3 ha. Out of total orchards, 84% are in the private sector. In the reference period, average total fruit production has been 125 thousand tones to which apples contributed around 60%, and stone fruits (cherries, sour cherries, peaches, apricots and plums) with 35%. In general fruit production has increased due to positive trends in export of fruit and state support. Only area under apple has slightly decreased (yet production is stabile) result of replacing old and unproductive varieties with new ones.

Table 11: Area in ha under orchards

	2010	2011	2012	2013	2014	2015	2016
apples	4.491	4.357	4.456	4.467	4.038	4.082	4.166
plums	1.601	1.643	1.657	1.679	1.690	1.735	1.735
sour cherries	696	770	808	859	816	1.049	1.092
peaches	505	437	463	490	560	586	618
apricots	150	154	160	167	182	202	210
cherries	192	201	218	220	198	215	244
vineyards	20.033	20.164	20.948	21.109	22.726	22.918	23.192
total	27.668	27.726	28.710	28.991	30.210	30.787	31.257

Source: State statistical office, 2017

VEGETABLES

The production of vegetables, particularly early vegetables is one of the significant characteristics of the country's agricultural sector and is one of the most significant sub-sectors that offer a solid basis for further competitive development of the Macedonian agriculture. The production of vegetables is predominantly located in the southern parts of the country with a Mediterranean climate (Strumica, Gevgelija, and Valandovo).

During the 2000-2006 period potatoes lead with 25% of the total vegetable production, followed by tomatoes and peppers (18% each), watermelons (17%), cabbage (10%), cucumbers (5%), onion (4%), along with other vegetables such as beans, peas, lentils, leek, green, string beans, cauliflower, lettuce, eggplants, etc.).

In the past period (2010 – 2016), potatoes again dominate the vegetable production with 31%, followed by peppers with 21%, watermelons and tomatoes 13% each and cabbage with 11%.

Vegetable production due to its seasonal character is market driven. However it shows signs of stability, which is again due to market logic and export potential.

Table 12: Area in ha under vegetables

	2010	2011	2012	2013	2014	2015	2016
potatoes	13.044	13.539	13.224	13.447	13.178	13.360	13.279
tomatoes	5.676	5.632	5.640	5.478	5.746	5.657	5.609
peppers	8.475	8.475	8.626	8.511	8.528	8.622	8.766
watermelons	5.743	5.812	5.692	5.598	5.740	5.562	5.506
cabbage	3.707	3.767	3.734	4.491	4.367	4.815	4.597
cucumbers	/	/	/	/	1.232	1.258	1.051
onions	3.559	3.491	3.527	3.499	3.588	3.606	3.584
total	40.204	40.716	40.443	41.024	42.379	42.880	42.392

Source: State statistical office, 2017

VINEYARDS

Table 13: Area in ha under vineyards

	2010	2011	2012	2013	2014	2015	2016
vineyards	20.033	20.164	20.948	21.109	22.726	22.918	23.192

Source: State statistical office, 2017

During the 2010-2016 period, an average of 21,6 thousand ha were cultivated, of which 70% (around 15,2 thousand hectares) were for wine production, and 30% for table grapes and dried raisin (around 6,4 thousand ha). Around 25.000 farms are involved in viticulture production. Among these farms, around 70% (17.500) are individual holdings and 30% (7.500) are agricultural firms. The current average size of the parcels is estimated to be between 1.1 ha and 1.3 ha fragmented into plots of 0.3/0.4 ha in general and 0.1 ha in the area of Skopje. Average annual production in the period 2010-2016 is around 13 tons per hectare. Areas under vineyards record constant increase since 2010, mostly due to an increase of the wine and table grapes exports on foreign markets.

3.7 National support to agriculture and rural development

Since 2007, agriculture and rural development are recognized as one of the most important economic priorities. According to the National programme for agriculture and rural development 2007-2013, complementary and comprehensive policies for promoting development support were implemented in order to increase its competitiveness and to improve the living conditions in rural areas. The supporting policies were set so to facilitate the creation of favourable business climate for investing in the agricultural sector in order to improve the competitiveness of the Macedonian agricultural production. The policies provided equal access for the potential users without preference categories and winners.

Table 14: National support in agriculture

Year	Available funds in €			
	Rural Development	Direct Payments	Fisheries and aquaculture	Total
2009	6.884.176	64.029.364		70.913.540
2010	5.318.107	86.895.595	1.048.939	93.262.641
2011	9.212.071	101.688.417	1.052.202	111.952.690
2012	11.418.238	113.083.197	1.223.491	125.724.926
2013	18.923.327	112.324.632	1.468.189	132.716.148
2014	33.362.475	102.120.395	1.468.189	136.951.059
2015	33.362.135	102.120.717	1.468.189	136.951.041
2016	33.362.135	103.099.510	1.468.189	137.929.834
2017	31.896.746	99.801.908	1.468.189	133.166.843
Total	183.739.410	885.163.735	10.665.579	1.079.568.724

Source: IPARD Agency 2017

The budget to implement the strategy was set with annual increase reaching up to 113 million EUR in 2012. In the period from 2007 until 2011, total of 320 million EUR from the national budget were implemented for financial support of the agriculture. Proportionally most of the funds to support agriculture and rural development, approximately 90%, are allocated to direct payments policies, while the rest is used for the newly introduced measures for rural development for co-financing of the investments for increasing of the volume of production and modernization of agricultural holdings and processing facilities. Clear line of demarcation established between the national support for rural development and IPARD. Managing Authority staff was involved in the process of drafting the National Programme for rural development. National support used to complement the deficiencies that the IPARD Programme had. Agricultural mechanization financed with national support until it became eligible under the IPARD Programme. Also, national support included cereals before IPARD Programme.

In 2012 around 110 thousand agriculture holdings are registered as beneficiaries for direct support. The number of beneficiaries of the support measures which is 64% of the total number of around 170 thousand agricultural holdings indicates a targeted policy directed towards the economies with development potential.

Besides the financial support, the agricultural holdings were supported by granting of state-owned agricultural land, profit tax exemption or reduction and preferential social payments, VAT decrease, legalization of buildings and perennials as well as providing free advisory services and rural credits with favourable conditions through Agricultural Credit Discount Fund.

Table 15: State owned agricultural land granted to farmers

Year	Agricultural land in Ha
2007	7.548
2008	9.408
2009	7.872
2010	6.194
2011	5.307
2012	15.700
2013	2.707
2014	1.322
2015	3.517
2016	1.224
2017	41
Total	60.840

Source: MAFWE, Department for registration and management of agricultural land

Particularly significant for supporting the farmers in the last period are the government's efforts to help the formation of cooperatives, to strengthen

contractual production and to launch important agricultural land consolidation policies.

In order to improve the market position of the farmers and increase their bargaining power in terms of purchasers, as well as achieving lower prices for procurement of raw materials and machinery, and easier access to investment funds, in 2013 a government project "Formation and support of agricultural cooperatives" started. The main activity of this project was the adoption of the Law on Agricultural Co-operatives (Official Gazette of the Republic of Macedonia No. 23/2013). Since then, 39 agricultural cooperatives have been established: 7 of them in 2013, 11 in 2014, 9 in 2014, 10 in 2015 and 2 in 2017. Most of the co-operatives are engaged in the production and trade of fruits and vegetables, and a smaller part with semi-farming and beekeeping.

In the last two years, much attention is paid to improving of the marketing infrastructure with providing conditions for investment in new purchase and logistic centres, which should help the sale of the agricultural products, particularly those from small producers.

Thanks to the received support, the agriculture gradually converted from buffer of the negative social and economic effects of the transition period and the decline of industrial production, into constant and predominant economic activity of providing regular income for most of the economic entities involved.

4. The progress in the implementation of priorities and measures

During implementation period of IPARD Programme 2007 – 2013, 12 public calls were announced for 3 measures. Although the results of the implementation of the Program show weak utilization of the funds, the interest and the need for using funds from IPARD is high.

Table 16: Overview of application per public call

Public call	Measure 101			Measure 103			Measure 302		
	received	contracted	paid	received	contracted	paid	received	contracted	paid
01/2009	58	15	10	41	11	9	34	1	0
01/2010	67	25	18	25	11	5	20	0	0
01/2011	39	24	9	13	9	3	22	7	0
02/2011	30	16	8	11	6	4	19	1	0
03/2011	52	25	19	14	2	1	26	0	0
01/2012	34	11	10	15	3	2	18	0	0
02/2012	41	10	9	6	1	0	14	0	0
01/2013	334	167	154	14	2	1	53	4	2
01/2014	347	202	167	12	4	2	35	7	3
02/2014	388	229	178	16	7	6	35	8	4
01/2015	789	413	334	11	3	2	33	2	0
02/2015	354	129	105	14	6	5	53	8	4
Total	2.532	1.266	1.021	192	65	40	362	38	13

Source: Managing Authority, Indicator tables for M&E of IPARD Programme 2007 – 2013, December 2017

Great increase of number of submitted applications occurs in 2013 after the fourth modification of the Programme and the inclusion of agricultural mechanization (tractors) as an eligible expenditure in the IPARD Programme.

Time needed for processing of submitted applications was discussed within IPARD Operative structure as an issue that prevents increase of number of public calls per year. Time required approving the applications varied from 2 to 9 months, mostly because of the different number of applications submitted per call and the length of selection process in the Agency. The first step of the selection consists in a preliminary control on the completeness of the documentation provided, and in the subsequent request for its integration – when necessary. Such control is rapid, and generally does not take more than one week. The applicants are awarded two weeks to integrate the documentation. After this, a second check is performed, and again two additional weeks may be awarded, in case there is still something missing. Most time consuming control is that of the check on the suppliers' offers. In case of projects where more and different investment items needs be controlled, the "three offer rule" applies for each single investment item. In such cases, the controls may take more than one month on a single application.

Another problem lies in the concept of “comparability of the offers”, that is required for acceptance of the application. There is no unique, commonly shared, interpretation of comparability. Case-by-case, the Agency should decide if two or more offers are comparable, based on studies and/or informed opinions. Then the PA communicates its case-by-case conclusion to the NAO, which produces feedback recommendations and suggestions, in the meantime informing the Audit Agency.

Table 17: Overview of time needed for contracting applications per public call

Public call	Number of submitted applications	Ended in month/year	First contracts signed in month/year	Time needed for contracting in months ⁴
01/2009	133	March 2010	July 2010	4
01/2010	112	December 2010	March 2011	3
01/2011	74	May 2011	July 2011	2
02/2011	60	September 2011	December 2011	3
03/2011	92	December 2011	June 2012	6
01/2012	67	May 2012	October 2012	5
02/2012	61	November 2012	July 2013	8
01/2013	401	September 2013	January 2014	4
01/2014	394	May 2014	August 2014	3
02/2014	428	December 2014	April 2015	4
01/2015	833	May 2015	February 2016	9
02/2015	421	September 2015	February 2016	5

Source: Managing Authority, Reporting Tables, December 2017

According the division of financial indicators by priority axis (provided in the MIPD) and the percentage of allocation of EU contribution from the IPARD Programme, 75% of the finances of IPARD are allocated for the implementation of priority axis 1 and 18% for priority axis 3.

Table 18: Financial implementation as per IPARD priority axis (*eighth modification*)

Priority axis	Total public expenditure (€) ⁵	EU contribution (75%) (A)	Paid amount of EU contribution (75%) (B)	% of total paid EU amount from the axis (B)/(A)
Priority axis 1	18.807.465	14.713.042	11.290.149	76,73 %
Priority axis 3	1.984.375	1.488.281	856.788	57,56 %
Total	20.791.840	16.201.323	12,146,937	74,97 %

Source: IPARD Programme, Table III - 5 Financial Plan per Priority axes 2007-2013, in EUR.

⁴ Approval of at least one application under certain public call.

⁵ According to the eight modification of the Programme.

Table 19: Financial implementation as per IPARD priority axis (*fifth modification*)

Priority axis	Total public expenditure (€) ⁶	EU contribution (75%) (A)	Paid amount of EU contribution (75%) (B)	% of total paid EU amount from the axis (B)/(A)
Priority axis 1	70.370.822	52.778.115	11.290.149	21,39 %
Priority axis 3	7.572.493	5.679.370	856.788	15,08 %
Total	77.943.315	58.457.485	12,146,937	20,77 %

Source: IPARD Programme, Table III - 5 Financial Plan per Priority axes 2007-2013, in EUR.

The maximum EU contribution in the eighth modification of the Programme has been significantly reduced due to the poor performance in the implementation and the loss of funds from the allocations in the past years. According to the eight modification of the Programme, financial implementation of both axis is 76%, compared to 21% in the fifth modification.

Table 20: Overview of submitted, contracted and paid applications

Measure	IPARD 2007 - 2013						
	Submitted	Approved	Paid	TPE submitted	TPE approved	TPE paid	EU part (75%) paid
M101	2.532	1.266	1.032	29.793.749	12,709,774	9,109,387	6,832,040
M103	192	65	41	26.644.601	10,356,884	5,944,145	4,458,109
M302	362	38	18	23.459.835	2,752,804	1,142,384	856,788
Total	3.086	1.369	1.091	79.898.185	25,819,462	16,195,916	12,146,937

Source: IPARD Managing Authority, 2017

Average value of approved project per measure:

- Measure 101 = 10.039 €,
- Measure 103 = 159.337 €,
- Measure 302 = 72.442 €.

Average value of paid project per measure:

- Measure 101 = 8.827 €,
- Measure 103 = 144.979 €,
- Measure 302 = 63.466 €.

Average value between approved and paid projects differs because of differences in the number of approved against paid projects and rejection of some investment items or value due to disrespecting of contract.

The difference between approved and paid projects, amounts is due to the fact that not all approved beneficiaries submitted claim for payment and due to the

⁶ According the fifth modification of the Programme.

fact that some of the claimed amount was not approved i.e. Ineligible expenditures.

4.1 Implementation of Measure 101 – Investments in agricultural holdings to restructure and to upgrade to Community standards

The measure has, as a ***general objective***, the support of tangible or intangible investments in agricultural holdings to upgrade them to Community standards and to improve their overall performance. The measure focuses on the improvement of the competitiveness of the agriculture sector through increase of the quality of production by using modern production means and technological improvement of production processes in compliance with the Community standards related to animal welfare, animal and plant health and environmental standards. The ***specific objectives*** of this measure is to promote focused investments in the animal breeding and in the plant sector at the farm level, for the improvement of farm buildings (for livestock breeding and for plant sectors), investment in new machines and equipment, upgrade to water-efficient irrigation schemes and renewing and improvement of fruit and vineyard plantations.

The targeted priority agriculture sectors to be supported under this measure are vineyards, orchards, vegetable production, breeding of animals for dairy and meat production.

Implementation of this measure started with the announcement of the first public call in December 2009. Total number of 2.532 applications was submitted in the Agency, out of which 1.266 signed contracts and 1.021 were paid at the end of the investment. Rate of approval (contracted/submitted) in this measure reached exactly 50%.

Table 21: Overview of submitted, contracted and paid applications in Measure 101 per public call

Public call	Received (A)	Contracted (B)	Paid (C)	Rate of approval (B/A)	Rate of payment (C/B)	Rate of realization (C/A)
01/2009	58	15	10	25,9%	66,7%	17,2%
01/2010	67	25	18	37,3%	72,0%	26,9%
01/2011	39	24	9	61,5%	37,5%	23,1%
02/2011	30	16	8	53,3%	50,0%	26,7%
03/2011	52	25	19	48,1%	76,0%	36,5%
01/2012	34	11	10	32,4%	90,9%	29,4%
02/2012	41	10	9	24,4%	90,0%	22,0%
01/2013	334	167	154	50,0%	92,2%	46,1%
01/2014	347	202	167	58,2%	82,7%	48,1%
02/2014	388	229	178	59,0%	77,7%	45,9%
01/2015	789	413	333	52,3%	80,9%	42,3%

02/2015	354	129	117	36,4%	81,4%	33,0%
Total	2.532	1.266	1.032	50,0%	80,6%	40,7%

Source: Managing Authority, Indicator tables for M&E of IPARD Programme 2007 – 2013, December 2017

It is noticeable that the rate of approval, the rate of payment and the rate of realization varied. The reasons for this situation are the poor quality of applications at the beginning of implementation of IPARD. Despite the large number of direct meetings with potential users and the extensive publicity campaign, farmers provided incomplete and not eligible applications. In addition, this has further slowed down the process of reviewing and approving the applications in the Agency, because in the event of incompetence, the Agency is obliged to request the application to be replenished, and in some cases for a not eligible application. Since 2013, after implementing the recommendations received during the audit mission by DG AGRI in October 2011/ March 2012/ interruption of payment, the situation has improved.

The biggest delay in the process of approval of the applications has been noticed in 2015 and 2016 actually during processing the applications of the public call 01/2015. The reason for this delay is the number of the received applications 789 for measure 101 and the number of employees which have been working on these applications. In this public call the total requested amount for co-financing of tractors exceeded the available budget of 20% of the measure 101 of the Program. Selection/ranking of the eligible applications has been performed which has slowed down the process significantly.

Additionally for the more complex investments which are including construction/reconstruction activities or equipment in livestock production, delay in the process of obtaining the reference prices has been noticed.

Table 22: Progress of M101 output indicators

Type of indicator	Indicator	Target	Result	% of implementation
Output	Number of applications received	2.700	2.532	93,7 %
	Number of applications approved	2.160	1.266	58,6 %
	Number of farms/holdings supported	2.160	1.032	47,8 %
	Number of farms affected by floods supported	350	XXX	XXX
	Total volume of investments, €	37,8 Mio. €	18 Mio. €	47,6 %

Source: Monitoring system (cumulative 2017)⁷

Table 23: Implementation of M101 financial targets

⁷ IPARD Programme, Part IV- Technical Measure Fiches, Measure 101, 1.14 Programme specific indicators and quantified targets, Managing Authority, Indicator tables for M&E of IPARD Programme 2007 – 2013, December 2017

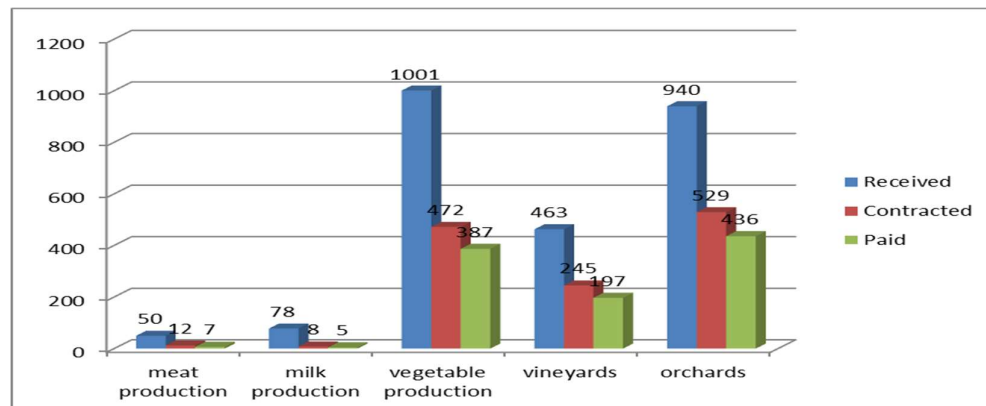
Group of investments	% of the measure 101	EU funds planned	EU funds contracted	EU funds paid	% of budget implementation
Vineyards	20 %	1.653.205	1,438,972	890,451	10,8
Orchards	15 %	1.239.904	2,673,847	2,066,897	25
Vegetable	16 %	1.322.564	3,899,988	3,095,972	37,5
Milk production	22 %	1.818.525	768,587	511,417	6,2
Meat Production	23 %	1.901.186	750,937	267,303	3,2
Total	100 %	8.266.025	9,532,331	6,832,040	82,7

Source: Monitoring system (cumulative 2017)

The quality analysis of the projects paid under M101 shows that the financial indicators which express the priority of objectives (being put on milk hygiene and animal welfare) have not been achieved, as only 5,3 % for milk and 2,2 % for meat production have been disbursed. Also, the envisaged 20% of the funds in the measure for investments in vineyards were not reached.

The real needs for investments in the milk and meat production sectors relate to the reconstruction of the production capacities (rebuilding the farms in order to achieve the standards for animal welfare and protection of the environment). In order to use IPARD support for such investments, potential users had to provide proof of the legality of facilities (production capacities, farm buildings) and building permits. Obtaining these documents is a problem in most rural areas in Macedonia. Investments in construction activities have higher value than those related to procurement and installation of equipment, so the lack of such investment activities affected the implementation of the financial targets of the Programme.

Figure 4: Review of applications per priority sectors in M101

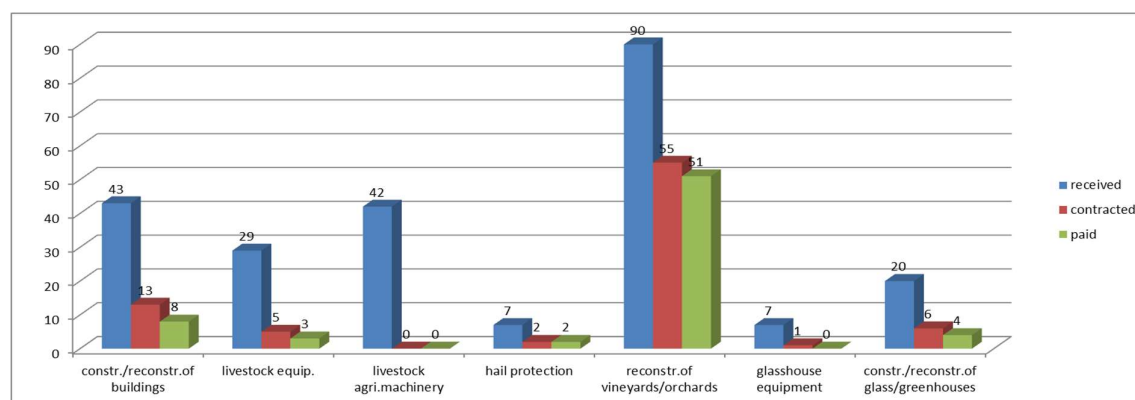


Source: Managing Authority, Indicator tables for M&E of IPARD Programme 2007 – 2013, December 2017

Considering the conditions in the crop production sector, such as: the needs for investments in modernization of the mechanization, resolved property legal issues, lower value of investments (low level of construction activities) and the

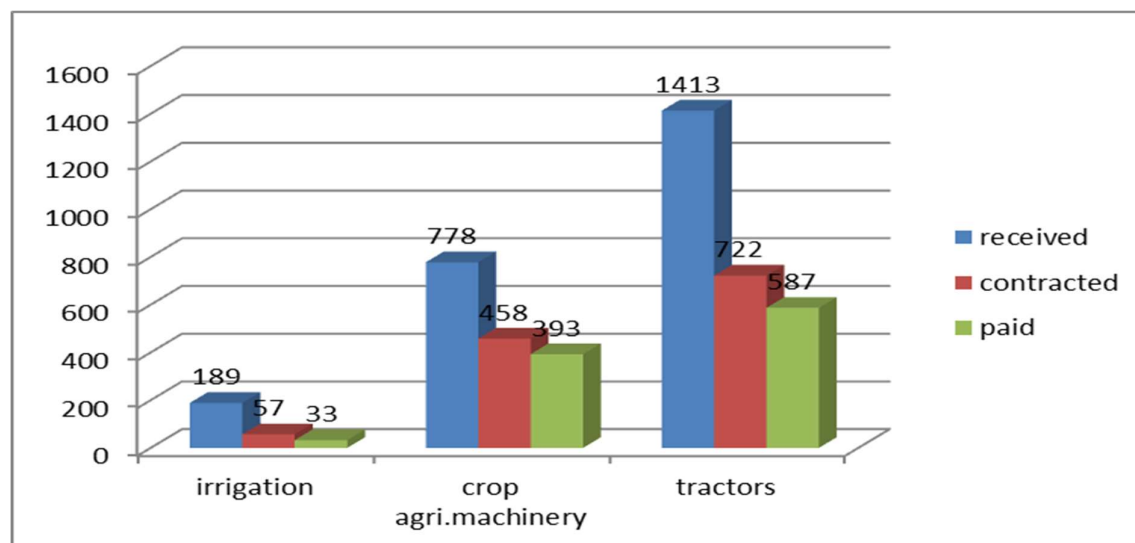
overriding problems with the legalization of irrigation wells, most of the applications were submitted in vegetables production, orchards and vineyards. Also, the level of implementation of budget provided for these priority sectors (groups of investments) was very high.

Figure 5: Review of applications per type of investment in M101



Source: Managing Authority, Indicator tables for M&E of IPARD Programme 2007 – 2013, December 2017

Figure 6: Review of applications per type of investment in M101



Source: Managing Authority, Indicator tables for M&E of IPARD Programme 2007 – 2013, December 2017

This figures above also confirm the situation with different types of investments and the interest and needs of potential users. The number of approved and paid investments that include construction activities for construction or reconstruction is small. On the contrary, the procurement of equipment and mechanization (mostly under 10.000 €, avoiding three offer rule) is an investment type that applicants can justify and comply with the Agency.

The measure specific indicators calculated on projects paid under M101 are presented in the table below:

Indicator	Quantified target	2017
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Share of reconstructed vineyards of the total area of vineyards	approx. 5%	15,66 ha (0%)
Share of reconstructed orchards of the total area of orchards	approx. 2%	9,7 ha (0%)
Share of constructed/reconstructed fixed greenhouses of the total area under fixed greenhouses	approx. 30%	4 (0,39%)
Share of constructed/reconstructed glasshouses of the total area under glasshouses	approx. 5%	0%
Share of projects including post-harvest activities into total number of projects under Measure 101	approx. 8%	0%
Share of assisted agricultural holdings that have introduced animal welfare improvements of the total number of livestock agriculture holdings in the concerned priority sector	approx. 4%	N/A
Share of assisted agricultural holdings that have improved milk hygiene requirements according to Community requirements of the total number of livestock agriculture holdings – dairy cows, sheep or goat	approx. 4%	N/A
Share of assisted agricultural holdings that have improved farm manure storage practices of the total number of livestock agriculture holdings – cattle, sheep, goat, pig and poultry	approx. 4%	0%
Share of young farmers of total assisted farmers	approx. 18%	27,91 %
Share of women of total assisted farmers	approx. 15%	29,17 %
Share of assisted agricultural holdings located in the mountainous areas of total assisted agricultural holdings	approx. 15%	N/A

Source: IPARD Programme, data calculated from the Monitoring system (cumulative)

Reasons for rejections due to incompleteness:

Besides incomplete (partially or inadequately completed) application forms, the analysis of reasons for rejection of applications showed long lists of required documents missing. In many cases, more than 1 document was missing or incomplete (e.g. figures missing in Business plan). Among most frequent missing documents were:

- Copy of cadaster plan
- Construction permits
- Proof of land ownership/Land lease agreement
- Property sheet
- Proof of education
- Bids/offers
- Business plan/technical project proposal
- Proof of settled liabilities towards MAFWE

Reasons for rejections due to non-eligibility:

- The applicant is a debtor to MAFWE or other public institutions
- The suppliers (offers) are not independent
- Total of eligible costs is below minimum
- The proposed investment is not economically justified in the business plan or technical project proposal

Mitigating - only a few of the activities undertaken to overcome the reasons for rejection can be stated having in mind that the undertaken activities for improvement of the implementation of IPARD are presented in section 5:

- Improvement of Memorandums of understanding with the technical bodies and speeding-up the process (and procedures) through which the Agency asks documents and certificates to the technical bodies, prioritizing Agency's requests
- Simplifying the documentation required to applicants, documentation is provided by official means
- Implementing an on-line form for the self-assessment of the applicant, in terms of eligibility of the legal entity and of the investment
- Preparing brochures and guidelines for beneficiaries at the sub-sector level
- Training and reinforcing NEA's consultants to provide technical assistance to applicants when preparing their application.

4.2 Implementation of Measure 103 – Investments in the processing and marketing of agriculture and fishery products to restructure those activities and to upgrade them to Community standards

The measure aims to improve the processing and marketing conditions for agricultural products in order to fulfil the EU requirements (hygiene, food safety, quality, environment, animal welfare etc.) and to contribute to implementation of the National Programme of Adoption of the EU Acquis (NPAA).

The support under this measure is also destined to improve the performances of agro-food production from the point of view of quality standards with respect to rationalisation of the installed capacities, their efficient use and to eliminate the supply chain malfunctions, manifested on specific markets.

Thus the measure specific objectives were as follows:

- To promote focused investments for strengthening the supply chain in the dairy and fruit and vegetable sub-sector through setting up or modernisation of local collecting networks, of reception capacities, storing, conditioning, sorting and packing of agricultural products,
- To contribute towards improvement and optimisation of production flows, processing and marketing of agricultural products, in terms of investment in modernisation of the existing production technologies to improve the product quality, marketing of products and improvement of the environmental standards.

- To promote investments for modernisation of certain operations in the slaughter sector and wine production, for investment in modernisation of the technological lines and equipment and quality control systems.
- To support investments aimed at adjustments to Community standards for the establishment as whole;
- To promote investments aimed at decreasing negative impact on the environment.

The targeted priority agriculture sectors to be supported under this measure are wine processing, fruit and vegetable processing, milk and dairy products, meat processing and milling and cereal products.

Implementation of this measure started with the announcement of the first public call in December 2009. Total number of 193 applications was submitted in the IPARD Agency, out of which 64 signed contracts and 41 were paid at the end of the investment. Rate of approval (contracted/submitted) in this measure reached 21%.

Table 24: Overview of submitted, contracted and paid applications in Measure 103 per public call

Public call	Received (A)	Contracted (B)	Paid (C)	Rate of approval (B/A)	Rate of payment (C/B)	Rate of realization (C/A)
01/2009	41	11	9	26,8%	81,8%	22,0%
01/2010	25	11	5	44,0%	45,5%	20,0%
01/2011	13	9	3	69,2%	33,3%	23,1%
02/2011	11	6	4	54,5%	66,7%	36,4%
03/2011	14	2	1	14,3%	50,0%	7,1%
01/2012	15	3	2	20,0%	66,7%	13,3%
02/2012	6	1	0	16,7%	0,0%	0,0%
01/2013	14	2	1	14,3%	50,0%	7,1%
01/2014	12	4	2	33,3%	50,0%	16,7%
02/2014	16	7	6	43,8%	85,7%	37,5%
01/2015	11	3	2	27,3%	66,6%	18,2%
02/2015	15	6	6	40,0%	100,0%	40,0%
Total	193	65	41	33,2%	64,1%	21,2%

Source: Managing Authority, Indicator tables for M&E of IPARD Programme 2007 – 2013, December 2017

Most of the applications submitted were incomplete. The analysis of the incompleteness of the applications given below in this section. After implementing recommendation raised from the DG Agri mission in 2012 the payment rate of 2013 marks stability.

Table 25: Progress of M103 output indicators

Type of indicator	Indicator	Target	Result	% of implementation
Output	Number of applications received	190	193	101,6

	Number of applications approved	170	65	38,2
	Number of enterprises supported	170	41	24,1
	Total volume of investments, €	37,9 Mio. €	13,2 Mio. €	34,8

Source: Monitoring system (cumulative 2017)⁸

Table 26: Implementation of M103 financial targets

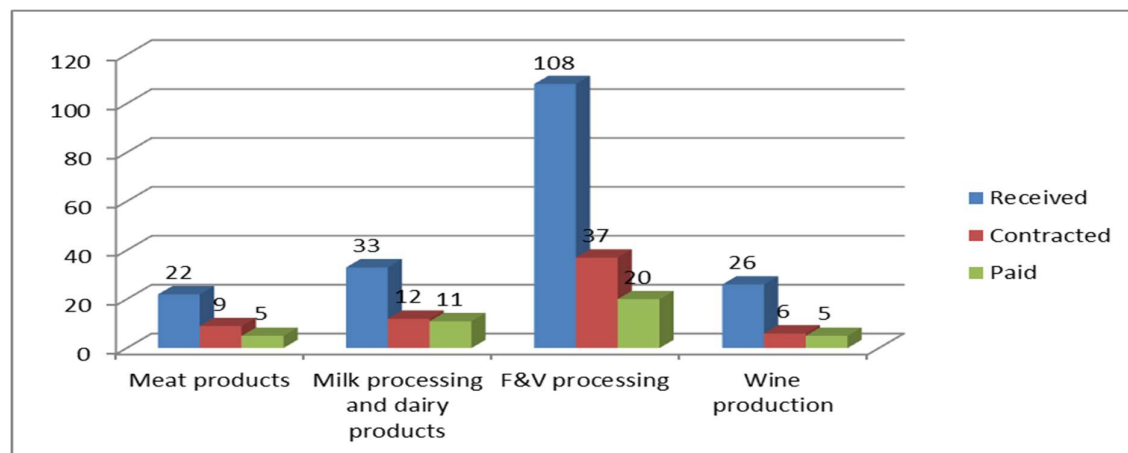
Group of investments	% of the measure 101	EU funds planned	EU funds contracted	EU funds paid	% of budget implementation
Wine Production	3%	193.411	695,588	535,177	8,3
F&V Processing	11%	709.172	5,664,629	3,061,182	47,5
Milk processing and Dairy Products	20%	1.289.403	641,497	408,797	6,3
Meat Products	50%	3.223.508	765,949	452,952	7,0
Milling and cereal products	16%	1.031.523	0	0	0
Total	100%	6.447.017	7,767,663	4,458,109	69,1

Source: Monitoring system (cumulative 2017)

The quality analysis of the projects paid under M103 shows that the financial indicators which express the priority of objectives (being put on meat products and milk processing and dairy) have not been achieved as only 6,9 % for meat products and 5,9 % for milk processing and dairy products were disbursed.

Differences in financial implementation between sectors are due to the situation in each sector individually. The fruit and vegetable processing and wine sector are export-oriented, with high level of liquidity of companies and investments needs in equipment for modernization of the technological process or introduction of new production lines. Not many companies in these sectors invested in construction and reconstruction.

Figure 7: Review of applications per priority sectors in M103

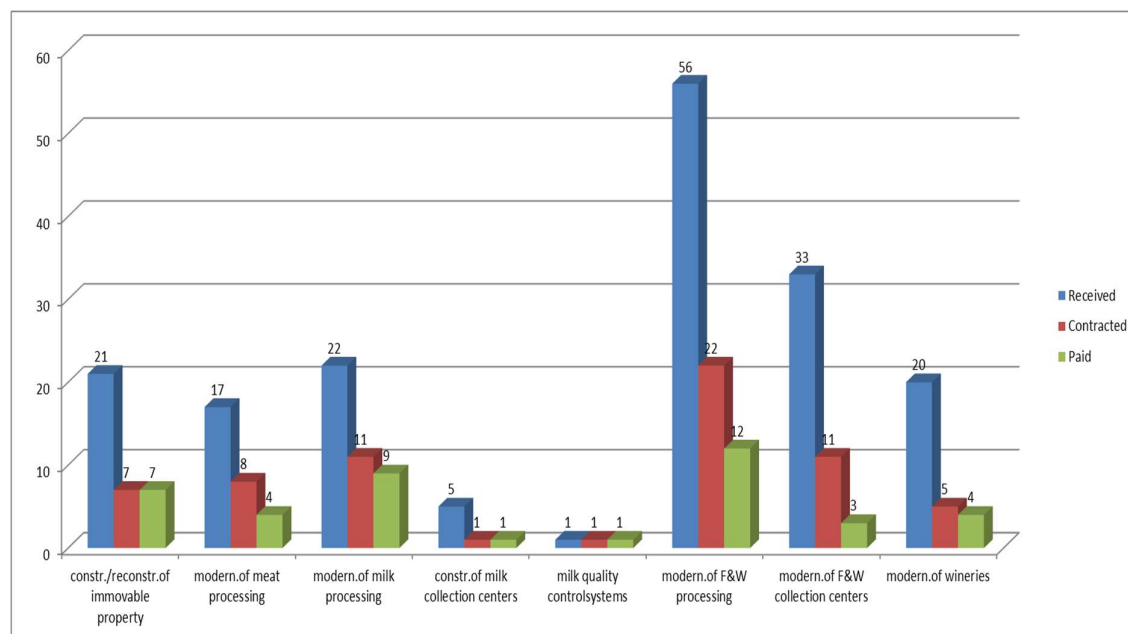


Source: Managing Authority, Indicator tables for M&E of IPARD Programme 2007 – 2013, December 2017

⁸ IPARD Programme, Part IV- Technical Measure Fiches, Measure 103, 1.13 Quantified targets for EU Common Indicators, Managing Authority, Indicator tables for M&E of IPARD Programme 2007 – 2013, December 2017

The interest for usage of IPARD Programme funds is biggest in the priority sector processing of fruit and vegetables. Also, the envisaged 11% of the funds in this measure for this priority sector are significantly exceeded. The processing of fruits and vegetables spent 45,7% of the funds in measure 103.

Figure 8: Review of applications per type of investment in M103



Source: Managing Authority, Indicator tables for M&E of IPARD Programme 2007 – 2013, December 2017

Also for this measure, the low interest for investments in construction and reconstruction of operational facilities is noticeable, and the interest in equipment for modernization and upgrading of existing production is prevailing.

The measure specific indicators calculated on projects paid under M103 are presented in the table below:

Indicator	Quantified target	2017
Share of modernised processing establishments of total registered establishments in the priority sectors covered by the measure	approx. 80 %	21,2 %
Share of reconstructed slaughterhouses in full compliance to Community standards of total registered slaughterhouses	approx. 90 %	0 %
Share of supported establishments that have improved milk hygiene requirements according to Community requirements of total registered milk and dairy establishments	approx. 70 %	24,4 %

Source: IPARD Programme, data calculated from the Monitoring system (cumulative)

Reasons for rejections due to incompleteness:

Although the lack of documents is presented as a reason for incompleteness, no specific document can be identified or pointed out as an obstacle to using the

funds of the Programme The analysis of reasons for rejection of applications showed that in many cases more than 1 document was missing or was incomplete (e.g. figures missing in Business plan). Among most frequent missing documents were:

- Confirmation for settled liabilities to the relevant bank
- Construction/reconstruction/adaptation/upgrade permit
- Confirmation of full-time employment of the applicant
- Proof of unpaid liabilities towards MAFWE and other public institutions
- Lease agreement/Concession contract for the facility for at least 5 years (Equipment) or 10g. (Construction)
- Bids/offers

Reasons for rejections due to non-eligibility:

- Certificate of registration in the Register of producers of wine
- Certificate for environmental protection, health and animal welfare, and work safety
- Unacceptable investment
- Business Plan
- Confirmation of the ownership structure and activity of foreign suppliers

Mitigating - only a few of the activities undertaken to overcome the reasons for rejection can be stated having in mind that the undertaken activities for improvement of the implementation of IPARD are presented in section 5:

- Improvement of Memorandums of understanding with the technical bodies and speeding-up the process (and procedures) through which the Agency asks documents and certificates to the technical bodies, prioritizing Agency's requests
- Simplifying the documentation required to applicants, documentation is provided by official means
- Preparing brochures and guidelines for beneficiaries at the sub-sector level

4.3 Measure 302: Diversification and development of rural economic activities

The overall objective of this measure is to contribute to the creation of new jobs and to the maintaining of existing jobs through the development of micro-business activities, thus raising the economic activity level of rural areas and stemming rural depopulation. Assistance under this priority shall also contribute to achieve the improvement of the quality of life of the wider beneficiaries in the rural areas.

The specific objectives of Measure 302 followed the type of interventions which were supported, aiming at:

- To support the additional sources of sustainable income for agriculture holdings through promoting value added niche products;
- To preserve and to develop traditional handicraft activities;
- To sustain the agricultural activities in the rural area through the accomplishment of specific services;
- To sustain the activities which are specific to the rural tourism;

The targeted priority agriculture sectors to be supported under this measure were investments for the creation and development of micro and small economic businesses in rural areas related to food processing, non-food production activities, introducing new alternative agriculture production on agriculture holding and provision of agriculture services, crafts and rural tourism. The measure was applicable for investments in rural areas only.

Implementation of this measure started with the announcement of the first public call in December 2009. In total 362 applications were submitted to the IPARD Agency, out of which 38 contracts were signed and 11 were paid at the end of the investment. Rate of approval (contracted/submitted) in this measure reached 10%.

Table 27: Overview of submitted, contracted and paid applications in Measure 302 per public call

Public call	Received (A)	Contracted (B)	Paid (C)	Rate of approval (B/A)	Rate of payment (C/B)	Rate of realization (C/A)
01/2009	34	1	0	2,9%	0,0%	0,0%
01/2010	20	0	0	0,0%	0,0%	0,0%
01/2011	22	7	0	31,8%	0,0%	0,0%
02/2011	19	1	0	5,3%	0,0%	0,0%
03/2011	26	0	0	0,0%	0,0%	0,0%
01/2012	18	0	0	0,0%	0,0%	0,0%
02/2012	14	0	0	0,0%	0,0%	0,0%
01/2013	53	4	3	7,5%	75,0%	5,7%
01/2014	35	7	4	20,0%	57,1%	11,4%

02/2014	35	8	5	22,9%	62,5%	14,3%
01/2015	33	2	1	6,1%	50,0%	3,0%
02/2015	53	8	5	15,1%	62,5%	9,4%
Total	362	38	18	10,5%	47,4%	5,0%

Source: Managing Authority, Indicator tables for M&E of IPARD Programme 2007 – 2013, December 2017

The poor performance of the measure is due primarily to the impact of several factors. Investments in this measure are acceptable exclusively for rural areas. In most rural areas in Macedonia, applicants are not able to obtain a building permit because of lack of urban plans or inability of municipalities to bring them. Unsolved property-legal relations contribute to the poor implementation of the measure. Another factor for the poor implementation of the measure is the lack of quality advisory services (or expensive) for the preparation of project documentation.

Table 28: Progress of M 302 output indicators

Indicator	Target	Result	% of implementation
Total number of applications received (per sector)	229	362	158,1%
Establishment and upgrade of non-agriculture production activities in rural areas	63	29	46,0%
Diversification of agriculture income	23	189	821,7%
Provision of agriculture services in rural areas	10	2	20,0%
Promoting rural tourism activities in rural areas	133	142	106,8%
Total number of applications approved (per sector)	95	38	40,0%
Establishment and upgrade of non-agriculture production activities in rural areas	35	4	11,4%
Diversification of agriculture income	12	28	233,3%
Provision of agriculture services in rural areas	5	0	0,0%
Promoting rural tourism activities in rural areas	43	6	14,0%
Total number of beneficiaries (per sector)	95	18	18,9%
Establishment and upgrade of non-agriculture production activities in rural areas	35	1	2,9%
Diversification of agriculture income	12	15	125%
Provision of agriculture services in rural areas	5	0	0,0%
Promoting rural tourism activities in rural areas	43	2	4,7%
Total volume of investments, million € (per sector)	7,2 Mio €	2,5 Mio €	34,7%
Establishment and upgrade of non-agriculture production activities in rural areas	2,9 Mio. €	0,07 Mio €	2,4%
Diversification of agriculture income	0,3 Mio. €	2,06 Mio €	686,7%
Provision of agriculture services in rural areas	0,6 Mio. €	0 Mio €	0,0%
Promoting rural tourism activities in rural areas	3,4 Mio. €	0,37 Mio €	10,9%

Source: Monitoring system (cumulative 2017)

Table 29: Implementation of M 302 financial targets

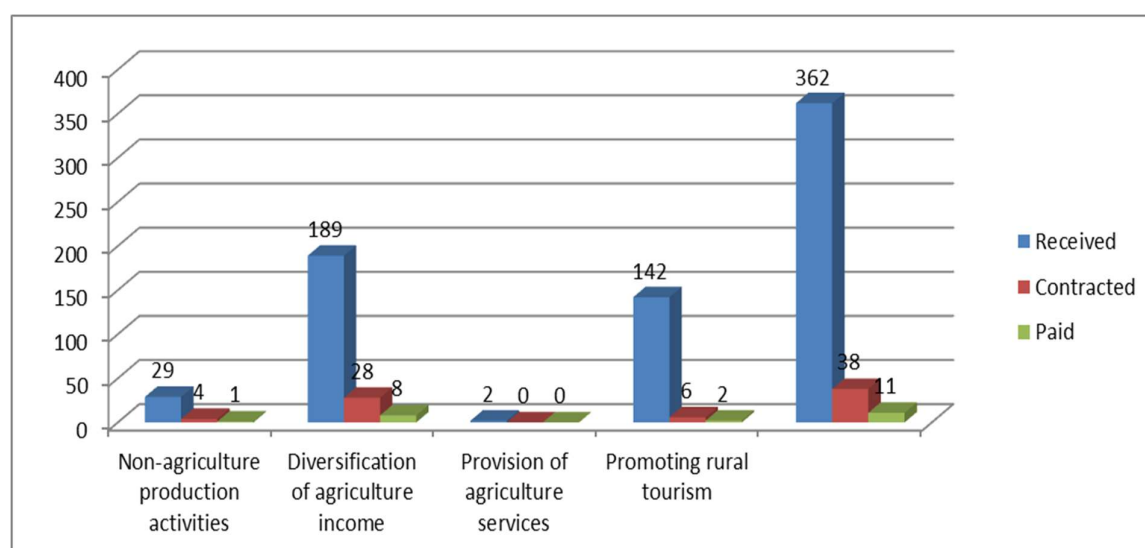
Group of investments	% of the measure 101	EU funds planned	EU funds contracted	EU funds paid	% of budget implementation
Establishment and upgrade of non-agriculture production activities in rural areas	29%	431.602	157.616	25.685	1,7 %
Diversification of agriculture income	20%	297.656	1.404.191	685.491	46,1 %
Investments for provision of agriculture services in rural areas	15%	223.242	0	0	0 %
Promoting rural tourism in rural areas	36%	535.781	502.796	145.612	9,8 %
Total	100%	1.488.281	2.064.603	856.788	57,6 %

Source: Monitoring system (cumulative 2017)

The quality analysis of the projects paid under M103 shows that the financial indicators which express the priority of objectives (being put on promotion of rural tourism and establishment and upgrade of non-agriculture production activities in rural areas) have not been achieved as only 9,2 % for promotion of rural tourism and 1,7 % non-agriculture production activities have been disbursed.

In order to use IPARD support for promotion of rural tourism, potential users had to provide proof of the legality of facilities (production capacities, farm buildings) and building permits. Obtaining these documents is a problem in most rural areas in Macedonia. Investments in construction activities have higher value than those related to procurement and installation of equipment, so the lack of such investment activities affected the implementation of the financial targets of the Programme.

Figure 9: Review of applications per priority sectors in M302



Source: Managing Authority, Indicator tables for M&E of IPARD Programme 2007 – 2013, December 2017

Also for this measure, the low interest for investments in construction and reconstruction of operational facilities is noticeable, and the interest in equipment for modernization and upgrading of existing production is prevailing.

The measure specific indicators calculated on projects paid under M302 are presented in the table below:

Indicator	Quantified target	2017
Number of new micro-small enterprises established and active in the rural areas (N)	N/A	N/A
Number of projects diversifying economic activity of agriculture holdings (N)	N/A	N/A
Number of new jobs for rural dwellers created /to be monitored/	N/A	N/A
Number of beds in rural tourism modernised and created (N)	N/A	N/A

Source: IPARD Programme, data calculated from the Monitoring system (cumulative)

Reasons for rejections due to incompleteness:

Like in the other measures, the analysis of reasons for rejection of applications showed that in many cases, besides incomplete (partially or inadequately completed) application forms, more than 1 document was missing or was incomplete. Among most frequent missing documents were the following:

- Application form incomplete or incorrect although improvement is requested by the Agency
- Proof of finished education
- Construction/reconstruction/adaptation/upgrade permit
- A property list for land / facility ownership
- A lease contract
- Confirmation that the investment is in line with LDS
- Business plan
- Bid / contract / invoice
- 3 offers from different suppliers
- Proof of unpaid payments to the MAFWE or other public institutions
- Confirmation for settled liabilities to the relevant bank
- Book of basic resources
- Decision for approved elaborate / study on environmental protection
- Statement of the State Labour Inspectorate on accomplishment of the obligations in the field of safety and health at work
- Proof of Ownership Structure of supplier
- Declaration of country of origin
- Shareholder book of suppliers

Mitigating - only a few of the activities undertaken to overcome the reasons for rejection can be stated having in mind that the undertaken activities for improvement of the implementation of IPARD are presented in section 5:

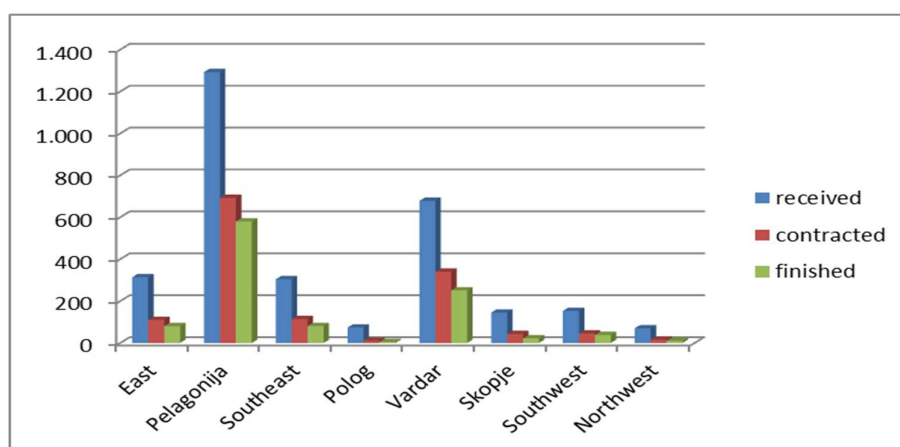
- Reinforced publicity campaign in the rural areas that are most attractive for applying for the measure
- Holding dedicated training sessions for private consultants
- Simplifying the documentation required to applicants, documentation is provided by official means
- Preparing brochures and guidelines for beneficiaries at the sub-sector level

4.4 Geographical analysis of the implementation of IPARD Programme 2007 – 2013

The data for the geographical implementation of the IPARD Programme and the support to the regional development of the Republic of Macedonia are presented in this report by statistical regions (NUTS 3) and municipalities.

Most of the total submitted applications came from the region of Pelagonija (1.293), Vardar (678), East (314) and Southeast (304). Pelagonija has also the biggest number of approved applications (692), followed by Vardar (340), Southeast (114) and East (110). Situation expected having in mind that these regions have more advanced agricultural production.

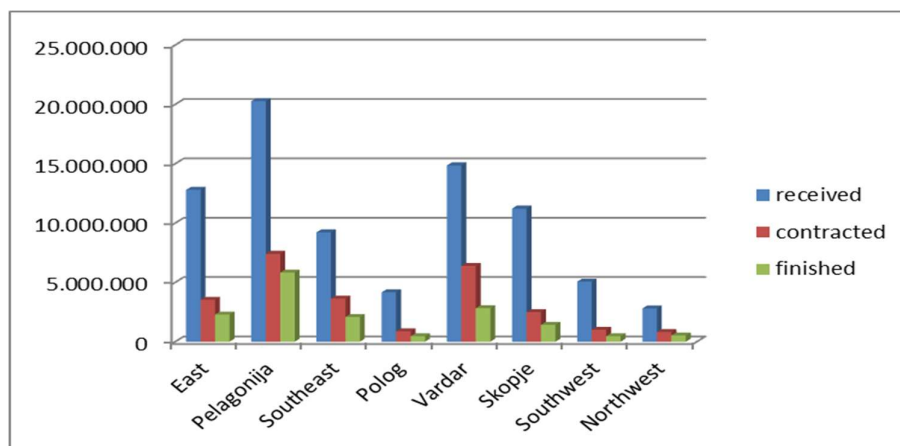
Figure 10: Review of applications per statistical regions



Source: Monitoring system, 2017 (Geographical data)

The ratio between submitted and approved applications (rate of approval) is highest in the Pelagonija region (54%), followed by Vardar region (50%), Southeast (38%) East (35%) and Skopje (30%). These are all regions with most advanced agricultural production.

Figure 11: Review of total public expenditure per statistical regions



Source: Monitoring system, 2017 (Geographical data)

The largest number of paid projects (580) has Pelagonija region with TPE of €5.818.465, followed by Vardar with 251 paid projects with TPE of €2.817.146, Southeast with 81 paid projects with TPE of €2.080.291 and East with 80 paid projects with TPE of €2.287.895.

The highest average of paid project is in Polog region with average amount of €91.734 per project, followed by Skopje region (€64.419) and Northwest region (€52.405).

The interest of the applicants was largest in the municipalities in which the wine, fruit and vegetable production is predominant. Interest of applicants is for Measure 101 is biggest in the municipality of Resen, which is well known of production of apple. Greatest interest for investments under Measure 103, are quantified in the municipality of Gevgelija, Kavadarci, Prilep and Strumica, municipalities that are well known for production of wine and fruit and vegetables processing. Regarding Measure 302, Bitola, Mavrovo and Rostusa, Radovis and Resen were the municipalities where applicants have shown greatest interest for submission of applications. These municipalities are part of National Parks and attractive for development of rural tourism.

5. The steps taken by the Managing Authority, NAO, the IPARD Agency and the IPARD Monitoring Committee to help to ensure the quality and effectiveness of implementation

5.1 Programme monitoring and evaluation measures, including data collection arrangements

The IPARD Monitoring Committee (MC) has been established in accordance with article 36 of the IPA Framework Agreement by a ministerial Decision No. 02/1602/1 from 6th of February 2009. It comprised of 20 members with voting right, including the Chairperson, divided equally between governmental and non-governmental representatives i.e.:

1. Governmental representatives

- 3 representatives from MAFWE,
- 1 representative from the Ministry of Economy,
- 1 representative from the Ministry of Environment and Spatial Planning,
- 1 representative from the Ministry of Local Self-government,
- 1 representative from the Ministry of Culture,
- 1 representative from the Secretariat of European Affairs,
- 1 representative from the National Extension Agency and
- 1 representative from the Agency for Support of the Entrepreneurship.

2. Non-governmental representatives

- 1 representative from the Chamber of Commerce of Macedonia,
- 1 representative from the Association of Chambers of Commerce,
- 1 representative from the Macedonian Association of Processors,
- 1 representative from the Federation of Farmers of Macedonia,
- 1 representative from the Association of Farmers of Macedonia,
- 1 representative from the Craft Chamber,
- 1 representative from the Federation of Woman Farmers,
- 1 representative from the Faculty of Agricultural Sciences and Food,
- 1 representative from the Association of Local Self-government Units and
- 1 representative from the Movement of Ecologist of Macedonia.

Representatives from the Commission, the NAO, the IPARD Agency Director and the Head of the MA participated in the work of the MC without voting right.

The work of the MC was guided by **Rules of Procedure**, in accordance with which it oversees the effectiveness and the quality of IPARD implementation with regard to programme objectives. In order to improve the effectiveness of work of the Monitoring Committee, the **Rules of Procedure** were once amended (in 2015). The Rules of Procedure also defined the task of the Secretariat of the MC, whereby the MA was responsible for the preparation of all materials (incl. reports, analyses, proposals, etc.) necessary for the effective monitoring of

Programme implementation. MA was also responsible for the organization of the MC meetings and its activities.

On the 8th meeting of the Monitoring Committee (in 2011), MC obliged the IPARD Agency and the Managing Authority, to prepare analysis on the need of **introduction of new measures** (rural infrastructure, agro-environment and LEADER) in the IPARD Programme.

During implementation of IPARD Programme 2007-2013, Monitoring Committee **held 17 meetings**. In this period, the Committee **amended the IPARD Programme on eight occasions**. Among all modifications, the fourth modification (2012) was more significant since agricultural machinery was included as eligible for co-financing and amendments to Programme criteria were done. The Programme was also modified to respond to the **aftermath of the floods** that greatly affected the territory of the Republic of Macedonia. Namely, Macedonia was hit by floods and landslides when of 43 municipalities that reported floods damage, 18 municipalities reported damages and losses in agriculture in the amount of 13,7 million Euros. Agriculture was one of the most affected sectors from these floods counting to 38% of the total damages and losses. The increased rates of co-financing were applicable only to investment projects from the flooded areas approved in the public call IPARD 02/2014, as well as investment projects from all future public calls of IPARD 2007-2013, if the purpose of the requested investment is compensation for damages caused by the floods.

At the 15th meeting, the Monitoring Committee obligated the Managing Authority to establish a **working group** with representatives from the Managing Authority, IPARD Agency, ZELS's Commission on Rural Development, NEA, representatives of the Ministry of Transport and Communications, Association of Farmers, Federation of Farmers and Union of Farmers, in order to remove the problems when applying for IPARD Programme funds. Furthermore, the Committee entrusted ZELS to convene a working meeting within its Commission for Rural Development with participating representatives of the Ministry of Transport and Communications and the Mayors in order to overcome the obstacles regarding the issuance of construction permits.

As responsible for Programme monitoring, Managing Authority established a set of indicators to measure the progress, efficiency and effectiveness of the IPARD Programme in relation to its objectives. These indicators, concerning the inputs, the outputs and the results of the IPARD Programme, were related to the specific character of the assistance concerned, its objectives and the socio-economic, structural and environmental situation. Also, the indicators served as

tool for evaluation purposes, publicity actions and Programme management (modification). IPARD Agency acted as main data provider to Managing Authority, respecting the previously defined principles of monitoring and frequency of data reporting to the Managing Authority. During the implementation of the Programme, the **monitoring system was modified** to properly reflect the changes in the Programme. Namely, the fourth modification of the Programme introduced amendments of the existing measures, considered wider scope of eligible actions, increase of the beneficiary scope and maximum amount per beneficiaries. All these modifications were introduced into the monitoring system.

5.2 A summary of any significant problems encountered in implementing the IPARD Programme and any action taken, including that on recommendations for adjustments made by the Commission after having reviewed the annual implementation report

a) Actions undertaken by Managing Authority

Actual implementation of the Programme started with the announcement of public call 01/2009 in 2009. Since then, the implementation of the Programme was followed by continuous interventions in the legislation and by-laws, changes in implementation procedures, adjustments in the management system, investment in human capacities and efforts to overcome the encountered problems.

In order to shorten the time needed for collection of the required documents, which are under the jurisdiction of the MAFWE, during 2010 MA in cooperation with the responsible MAFWE Departments prepared “Operational procedure for issuing documentation from the MAFWE for the implementation of the IPARD Programme” following the principle ‘one-stop-shop’. This procedure was approved by the Minister in March 2010. According to the operational procedure, the applicants submit a request for issuing documentation at the nearest regional branch of MAFWE and receive the requested document from the same branch office. The time needed for issuing the following documents has been shortened to 3 - 5 days:

- Certificate for registered production capacities in the Farm Register,
- Certificate for the registration in the national registry of vineyards,
- Certificate for settled liabilities on the basis of a signed agreement with MAFWE,
- Certificate for the registration in the Register of wine producers,
- Report for the age and variety of the fruits plantation,

In order to achieve total absorption of the allocated IPARD Programme funds for accredited measures, MA has initiated the IPARD Agency to prepare and publish Annual plan for announcing the public calls for the IPARD Programme with detail schedule of the duration of the approval procedure, so as the potential applicants can be timely notified to plan the process of preparation of the application package as well as to plan their investment cycle. The MA insisted on the possibility to announce frequent public calls with a shorter deadline for submission of the applications. This was made in favour of the potential users and their applications.

In 2011 amendments to the Law on Agricultural Land were proposed and adopted. The purpose was to regulate the legal procedure for construction of buildings on agricultural land in order to overcome one of the findings that have hindered the implementation of the Programme and to enable agricultural producers to legally build and reconstruct their production facilities.

As part of the governmental initiative to reduce the administrative procedures in all areas, IPARD Guillotine project was implemented at the beginning of 2012. The goal of this project was to achieve more efficient use of available IPARD funds and as a response to the general perception among potential IPARD beneficiaries for the "extensive documentation" and "procedures" for acquiring the right to use the IPARD funds. MA in cooperation with other MAFWE Departments and governmental institutions undertook action for resolving problems encountered in the process of completing IPARD application form and submission of necessary documentation. Implementation of this project assumed to contribute to more efficient use of available IPARD funds by abolishing the bottlenecks that contribute to the "extensive documentation" and "procedures" and by providing greater transparency on the application of existing legislation related to IPARD implementation. Following set of proposals/solutions were made with the IPARD Guillotine:

- IPARD Agency improved communication with other institutions responsible for issuing documents for IPARD, relevant MoUs were precisely articulated;
- IPARD Agency adopted the Decree on IPARD implementation and provided clear procedures and lists of documents;
- Direct use of registers in administrative proceedings by the IPARD Agency from the competent authority and institutions - because of the data discrepancies thus slowing down the procedure for approval at IPARD Agency, registers were timely updated by all institutions. MAFWE established appropriate registers in electronic form and took care of their regular update (Farm Register, Vine Register, Register of debtors towards MAFWE), FVA updated registers for identification of animals, etc.;

- Transparent and clear procedure for issuing documentation from the Municipalities was provided by the Association of the units of local self-government;
- Directorate of Environmental Protection established proper record of the operators in the field of agriculture with respect to their compliance with environmental standards and submitted the list to the IPARD Agency and Managing Authority in order to propose changes to the maximum financial limit for projects pertaining to activities to achieve integrated environmental permits and expanding part of the total financial assistance to users in order to provide financial support for further investment in modernization;
- Clear guidelines were developed on the procedure for obtaining building permits structuring provisions of the Law on Construction Land, Construction Law, construction on agricultural land in the Agricultural Land Act and associated regulations. Greater involvement and proper education of the municipal administration for urban planning was also done;
- Ministry of Environment and Physical Planning amended the procedures for obtaining concessions for water for agricultural purposes and reduced the costs to minimum, established a list of consultants and organizations that provide services for water management requirements and designed and published clear guidelines for issuing permits for water use rights with examples of wells and boreholes for irrigation.

In March 2013, a set of proposed activities to increase the absorption for the IPARD I has been adopted by the Government. The set of activities are grouped by problematic areas identified as reasons for the low level of absorption:

- Programming
- Implementing
- Legislation
- Funding

In the area of Programming, the **Absorption Action Plan (AAP)** took the direction of:

- Widening the eligible sub-Measures, starting from the necessary preparatory studies on such niches (both for production and processing);
- Increase the cooperation between IPARD Agency and MA (this proposal simply tries to overcome the tasks that the Agency should be compelled to perform, but it does not);
- Workload-analysis of the lack of personnel in the management-involved institutions – under NAO supervision, and concrete measures

(recruitment) to overcome the problem. This involves also the problematic Implementing area.

In the area of Implementing:

- Providing ad hoc trainings to Agency's officials, with the aim of replacing the on-the-job expertise lost with the fast turnover of the Agency's professionals;
- Reviewing the possibility of simplifying the documentation required to applicants;
- Implementing a system of standard-price reference database, to overcome the three-offer rule;
- Speeding-up the process (and procedures) through which the Agency asks documents and certificates to the technical bodies, prioritizing Agency's requests;
- Implementing an on-line form for the self-assessment of the applicant, in terms of eligibility of the legal entity and of the investment;
- Preparing brochures and guidelines at the sub-sector level;
- Investigating the possibility of business incubators, as a spin-off of the Programme, for the development of micro and small enterprises;
- Reinforcing the network of consultants to provide TA to applicants when preparing their application;
- Providing ad hoc training to the Agency for Development of the Agriculture professionals, to enhance TA capabilities;
- Setting an official standard-cost list for consultancy services;
- Including Measures "Advisory Services" and "Training" in the Programme (IPARD II);
- Setting up a multi-annual agenda of Public Calls, until Programme closure (2016);

In the area of Legislation:

- Checking the possibility of modifying the Sectoral Agreement, with the aim of abolishing the three-offer rule;
- Harmonising the national legislation according to the financial management requirements of the Programme;
- Integrating national legislation to accomplish IPARD rules;
- Checking the possibility of transferring funds to the next programming period.

In the area of project Funding:

- Studying a mechanism for ex ante project funding;
- Providing guarantees to the banks, through transferring the co-funded amount to the bank;

- Studying the possibility of guarantee funds, avoiding the necessity of mortgage and guarantors;
- Opening a dedicated line of credit for applicants, operated by the Macedonian Bank for Development Support.

It is worth noting that, largely, the AP “hits the right points”, at least under the perspective of problem identification. Some observations about its viability are put in the following paragraphs.

Since the government approved the Action Plan, some minor provisions have been already implemented. During the Monitoring Committee (June 2014) the state of the art was presented by the MA: the recruitment of an independent evaluator has been carried out, and the sub-sector studies have been completed.

Some important means of intervention foreseen in the Action Plan are ongoing, especially in the area of Legislation (revision of the Sectoral Agreement, to the main benefit of the implementation procedures and rules) and of the implementation.

In order to overcome the impact of the implementation bottlenecks and to ensure a more effective and immediate IPARD contribution to the rural areas, a transfer of 18.000.000 € from the IPARD allocation for 2013 to the IPA Component I-Transition Assistance and Institution Building was made.

Changes in the Sectoral Agreement were made to facilitate the procedures for using the IPARD funds, or to simplify system of IPARD management. Among other things, the proposed changes envisaged the abolition of the rule of providing 3 bids for services, supplies and works, which have amount larger than 10,000 €, which was observed as one of the most serious challenges in the procedure for allocating the IPARD funds.

Human resources capacities and the time frame for processing the applications remained most critical issues. Since the number of applications received on public call is significantly increased the current staff is challenged to meet the deadlines determined by law for processing the applications and payment claims.

While processing payment claims in 2014 the Agency encountered problems related to the difficulties for the beneficiaries in providing the necessary documentation.

Specific problem areas were observed in respecting deadlines and stipulations stated in the contract for co-financing, providing proof of origin for the equipment and materials, timely and correct update of the accounting records, providing proof for paid tax obligations from the Public Revenue Office and documents from other institutions.

b) Actions undertaken by NAO/NF

1. Financial implementation

Based on the projects and forecasts from the IPARD Agency, as well as additional analyses performed by NF, NF prepared appropriate optimal forecasts for IPA and national co-financing funds, as well as the interest generated and need for additional national co-financing. The analyses were also reflected in the early Budget proposals submitted by the NAO to the Budget Department of the Ministry of Finance in accordance with the requirements stated in the Budget Law.

On the basis of cash flow forecasts, financial projections submitted by IPARD Agency through the years and on the basis of the various analyses performed by NF, budget liquidity was analysed and appropriate measures were undertaken by the NF in order to ensure smooth implementation of the planned projections. During the implementation of the Programme, the national co-financing for the IPARD Projects was properly provided through the years.

Status of the implementation of the IPARD Programme

	Amount in €			% compared with available budget
	IPA	NCF	Total	
Available budget (2007 – 2013)	67,649,341.00	22,549,780.33	90,199,121.33	
Contracted Budget	19,166,004.22	6,057,573.24	25,223,577.46	27.96%
Total amount of executed payments (2011 – 2017)	12,236,409.08	3,770,322.11	16,006,731.19	17.75%

Taking into consideration the executed payments for the IPARD projects the de-commitment of funds from the total budget allocations for IPARD Programme is in amount of EUR 55,19 million.

Since 2012, Republic of Macedonia has access to SFC 2007 (System for Fund Management in the European Community 2007-2013). Thus, the payment applications were regularly sent through SFC 2007 by National Fund.

2. Off-setting

Due to the debts against claims that the Commission has on the institutions of the Republic of Macedonia, the offsetting operations carried out for the part of the payments applications amounts sent to the EC. The whole amount that was offset by the Commission has been recovered (principal and interest). Details of the status of off-set amount are given in the table below:

No. of PA	Amount requested in the PA	Amount off-set in € by EC	Date of off-setting	Data related to the debtors				
				Debtor	Amount debt (€)	Amount Recovered by the debtors (cumulative in Euro)	Date of recovery	Outstanding amount
1/2011	71,334.85	3,110.41	07.06.2011	MOES	2,989.64	2,989.64	08.11.2013	0.00
				MC	120.77	120.77	22.12.2011	0.00
4/2011	228,729.48	228,729.48	03.07.2012	MOES	140,262.09	140,262.09	08.11.2013	0.00
				SEP	1,531.05	1,531.05	26.12.2013	0.00
				MLS	21,545.02	21,545.02	31.12.2015	0.00
				MLSP	65,391.32	65,391.32	31.08.2012	0.00
1/2012	441,176.98	441,176.98	13.07.2012	MOES	441,176.98	31,748.27	08.11.2013	0.00
						409,428.71	11.06.2014	
2/2012	147,647.85	147,647.85	14.09.2012	MOES	147,647.85	147,647.85	11.06.2014	0.00
4/2012	274,139.46	203,534.21	04.03.2013	MLSP	203,534.21	90,300.00	25.04.2013	0.00
						23,000.00	02.12.2013	
						90,234.21	03.04.2014	
Total	1,163,028.62	1,024,198.93	/	/	1,024,198.93	1,024,198.93	/	0.00

Legend: MOES – Ministry of Education and Science, MC – Ministry of Culture, SEP – Secretariat for European Affairs, MLS – Ministry of Local-self Government, MLSP – Ministry of Labour and Social Policy

Details of the status of amount of interest recovered are given in the table below:

Institution	Ref No of the Request for recovery	Date of submission of the request	Amount requested in EUR	Recovered amount in EUR	Date of Recovery	Outstanding amount in EUR
Secretariat for European Affairs	09-33102/1	30.09.2014	16,14	16,14	06.10.2017	0,00
Ministry of Education and Science	09-33099/1	30.09.2014	9.140,51	9.140,51	05.12.2014	0,00
Ministry of Labour and Social Policy	09-33100/1	30.09.2014	921,19	921,19	10.10.2014	0,00
Ministry of Local Self Government	09-33104/1	30.09.2014	540,59	516,75	27.12.2016	0,00
Total			10.618,53	10,594.59		0,00

3. Accounting

The National Fund and IPARD Agency accounting system is in compliance with the International Public Sector Accounting Standard for Public Sector (IPSAS). All the transaction made on the NF and IPARD Agency bank accounts were properly recorded on the accounting system of NF and IPARD Agency.

According to IPSAS, National Fund by 28th of February each year prepared the following Financial Statements:

- Statement of Financial Position;

- Statement of Financial Performance;
- Cash Flow Statement;
- Statement of changes of net asset/equity and
- Notes to the Annual Accounts.

In the process of preparation of the National Fund Annual Account the remarks and recommendation given by Audit Authority and DG AGRI in their letters for Clearance of account were taken in consideration.

4. System for accounting and financial management (SAP)

In 2017, Audit Authority has audited the functionality of the SAP software, with the audit on annual accounts of NF and IPARD Agency for 2016. The Final Audit Report has contained only one finding related to D1 and D2 report that are automatically produced by the system. Meanwhile, in cooperation with the company responsible for maintaining of the system, this audit finding was overcome and the reports that are automatically generated by the SAP were identical with the reports that were submitted by IPARD Agency to NF.

Additionally, Manual of Procedures of National Fund and IPARD Agency for IPARD II were adjusted and accredited by DG Agri envisaging SAP as only tool for accounting operation, while for IPA 1 SAP software was used in parallel with the manual accounting in Excel having in mind the short period until the closure of the IPARD Programme.

5. Accreditation of measures and modifications of Internal Manual of Procedures

In order to increase absorption under IPARD Programme 2007-2013, national authorities prepared package for accreditation of measure 501 - Technical Assistance. During 2014 official request for accreditation of this measure was submitted by NAO to EC. During November 2014, EC performed Conferral Mission at the national authorities in Macedonia and in September 2015 granted the Decision conferring powers relating to the technical assistance measure under Component V (Rural Development) of the Instrument for Pre-Accession Assistance (IPA).

Also, during 2016 and 2017 preparatory activities and analysis regarding accreditation of measure 301 Rural Infrastructure were undertaken by NAO and the official request for accreditation of this measure shall be submitted under IPARD II Programme.

In order to accelerate the implementation of IPARD Programme 2007-2013, NAO has initiated and implemented several changes of the Internal Manual of Procedures of the National IPARD Authorities. Within this process during the implementation of the IPARD Programme changes were initiated and implemented in order to overcome audit findings, to adjust the internal control

system according to the needs, as well as to streamline the processes in order to have efficient IPARD Programme implementation.

6. Verification visit by NAO/NAOSO

During the years of implementation of IPARD 2007-2013 Programme, NAO has performed 22 verification visits in the operating structure - IPARD Agency and Managing Authority and issued recommendations for improving the internal control system and streamlining the implementation according to the applicable requirements.

7. Monitoring of the capacities of the Operating Structure

During the implementation of IPARD Programme 2007-2013 the average occupancy rate was 80% at NAO/MS, 66% at IPARD Agency and 74% within the Managing Authority.

Within the management and control system the average turnover of staff was around 6% at NAO/MS, 8% at IPARD Agency and 11% at Managing Authority.

According to the presented data on occupancy rate, the capacities in the OS, especially in the IPARD Agency, continuously were inadequate to the workload needs. The lack of capacities was followed by turnover of qualified and experienced staff, very evident in 2014, during the peak of implementation of the IPARD Programme. The solving of the issue of the lack of capacities was high priority for the National Authorities, although it had impact on the implementation of the Programme, as well as to the absorption of funds under IPARD Programme 2007-2013.

National Authorities in the Republic of Macedonia are well aware of the fact that the administrative capacities of the structures involved in implementation of the EU funded programmes/projects are of utmost importance for achieving high absorption of EU funds. So far, the national authorities have continuously invested in different tools for improvement of those capacities i.e. intensive Training Agenda for IPA related matters (practiced to bigger extent in the period after the accreditation was granted), constant mentoring/coaching of the newly employed staff by the employees who have already gained sufficient experience in implementing projects financed by IPA, "learning by doing" approach, etc.

With respect to the enhancing the administrative capacities of the staff working on EU funded programmes/projects of utmost importance is sharing the experience, the cooperation and networking with administration of other pre-accession countries/member states has also shown to be a very useful tool for increasing the knowledge and the capacities of the IPA structures. Some of the national authorities of these pre accession countries/member states had

already have mutual cooperation throughout study visits, seminars, workshops and meetings organized on their own initiative or by the EC services or EU funded projects.

In order to minimize the staff turnover, NIPAC has developed policy for retention of persons working on IPA (so-called "Retention Policy"), by finding the most appropriate module and measures to implement such policy. Adoption of such Retention Policy is particularly important for providing necessary motivation to the staff that works on IPA-related matters, being in direct relation with the absorption of EU funds. In 2017, NIPAC has prepared information to the Government of the Republic of Macedonia in order to present the concept and the proposed options, which information is still under internal consultation process.

c) Actions undertaken by IPARD Agency

1. Progress in collection of follow up data

In compliance with the responsibilities undertaken with the Implementing Agreement between the MA and the IPARD Agency, the IPARD Agency reports on regular bases about the execution of IPARD Programme. The exchange of data is done through the monitoring and evaluation tables for IPARD Programme as well as with other prepared reports upon request of MA, that contain data that were not included in the Tables but are relevant for the execution of the Programme. The IPARD Agency in 2011 initiated the procedure for procurement of software solution for data collection in IACS. In the second quarter of 2011, the tender for gathering the offers for software solution was published by World Bank. After the bidding procedure, the evaluation commission reviewed the bids and in December, 2011 the contract was signed between the elected supplier – the consortium ABACO SRL (ABACO SRL – Italy, Sinergise – Slovenia, PR Tehnologija – Macedonia) and the purchaser on behalf of the IPARD Agency, the Minister for Agriculture, Forestry and Water Economy. The consortium ABACO SRL had deliver operational IACS software product on time for Application Support Software for Direct Payments, Controls, Calculations, Connection to all relevant registers and Database for referent price. Because of the need of additional development regarding connection and using of data from LPIS, the final part of the software solution was delivered short period before the end of IPARD I Programme and that is the reason why preparation of reports was maintained manually in excel.

2. Critical issues in implementing the IPARD Programme

The documents issued by the Technical Bodies and required by the applicants were often problematic. The Memorandum of Understanding (MoU) signed by

and between the IPARD Agency and the Technical Bodies, as well as the internal procedures of the Technical Bodies for issuing documents for the needs of IPARD was not fully followed. In addition, there were also issues in the implementation of the newly adopted legislation due to the fact that the bodies relevant for its implementation were not adequately prepared (e.g. Law on waters – Ministry of Environment). To amend these issues, the IPARD Agency and the Technical Bodies worked together to identify weaknesses in the system, which led to a new Memorandum of Understanding with the Food and Veterinary Agency, according to which the documents required by the IPARD Agency are obtained ex officio. Following this MoU, the new MoU with the Ministry of Environment and Physical Planning was signed addressing the problematic issues of the previous period. Also, with the Ministry of Agriculture, Forestry and Water economy new MoU has been signed.

Regarding the issue of bank loans to potential users of the IPARD Programme, IPARD Agency initiated several meetings with the banking sector in order to inform the interested parties about the opportunities offered by the IPARD Programme. In addition, Agency signed a Memorandum of Understanding with the Banking Association to overcome the potential problems that users have in securing the necessary funds for investment. But this action did not give any gains and this source for financing (bank loans), still remain largely inaccessible for potential beneficiaries.

In order to improve the implementation of the IPARD Programme, IPARD Agency prepared a package with changes to work procedures aimed at increasing the efficiency and strengthening the controls of the procedure for approval of projects, approval of payment, on the spot controls and execution of payment. Moreover, taking into account its previous experience in the implementation of the IPARD Programme, IPARD Agency actively participated in the preparation of the programme's modifications.

One of the most significant improvements in the operations of the IPARD Agency in 2011 was related to the growth of the Reference Price Database, which included data for more than 3.500 pieces of equipment. Considering that the reference prices are a dynamic material that changes depending on market trends and economic conditions, IPARD Agency signed a Memorandum of Understanding with the Bureau of Court Expertise that took the responsibility of updating the Reference Price Database twice a year.

The problems that have occurred in the processing of the applications within Sector for Project Approval in 2012 were mostly in connection to non-harmonized national legislation with the EU Acquis, especially in the part of “sound financial management”. Joint actions were taken to address this problem

by Ministry of Agriculture, Forestry and Water Economy, Secretariat for EU Integrations, Ministry of Finance and IPARD Agency. According to the Action Plan this activity should result with amendments in the Law on IPARD Agency. In parallel with the amendments of the national legislation for providing better implementation of the IPARD Programme and strengthening the controls, IPARD Agency has made modifications on the accredited internal working arrangements.

While processing the claims for payment in 2012 the Agency encountered problems regarding the compliance of national with EU legislation, especially in the financial legislation as well as in the legislation which regulates construction activities. Other problems that occurred during the processing of the claims for payment are the difficulties that the beneficiaries encountered in providing the necessary documentation, especially in projects involving construction activities. Specific problem areas can be seen in respecting deadlines and articles stated in the contract for co-financing, providing proof for origin of the materials and the equipment, proof of their quality, timely and correctly update of the accounting records and providing documents from other institutions. An additional problem in the implementation of the IPARD Programme was the short time for processing of the claim for payment that is 3 months from the date of receiving the claim for payment, within which period several activities need to be performed: to make all necessary administrative controls, to ensure complete documentation of the claim for payment, to perform on the spot control, to analyse the report from on the spot control, to calculate the amount that needs to be paid and perform the payment of funds to the beneficiary.

Regarding the issue for providing proof for origin of the materials and the equipment, according the IPARD Programme 2014-2020 the required criteria is obligatory for each individual item when the value of the contract/agreement between the recipient and the supplier/ contractor exceeds 100.000 EUR (before VAT, according Articles 23 and 24 of the Council Regulation (EEC) No 2913/92 i.e. the recipients are obliged to provide copy of certificate of origin/EUR 1/for the investment items or copy of import invoice together with copy of customs declaration for the or statement from the supplier regarding the origin (for each individual item if the unit price of one item without VAT is below 200 EUR.

As for the issue of processing of the claim for payment in 3 months from the date of receiving the claim for payment the problem is solved due to the fact that according the IPARD Programme 2014-2020 the processing of the claim for payment should not exceed 6 months from the date of receiving the claim for payment.

In 2012 Sector for Control responded to the weak points identified by the DG AGRI Auditors and employed on permanent basis several persons:

- 1 architect
- 2 food technology engineers
- 1 electrical engineer
- 1 machinery engineer

Also Sector for control used expert assistance from the Bureau for Court Expertise within the Ministry of Justice for two on-the-spot controls before payment. In the modification package Sector for Control introduced several modifications:

- New procedure for performing on-the-spot controls for establishing hidden works was introduced;
- Instructions for filling in the check lists was modified into Guidelines for performing on-the-spot check and filling in the check list in which in detail is explained how the on-the-spot controls should be performed.

Several instructions and manuals were prepared and updated:

- Manual for recognising second hand equipment,
- Instructions for using GPS equipment and post processing of data,
- Instructions for using different kind of on-the-spot equipment.

Sector for Control by using data from the AKN GIS WEB PORTAL of the State Cadaster, and also LPIS and Farm register within MAFWE has significantly improved the efficiency of the on-the-spot controls, especially when it comes to identifying land capacities and number of animals declared by the beneficiaries.

The problems that have occurred in the processing of the applications within Sector for Project Approval in 2013 were mostly in connection to assessment of the offers submitted with the application for financial support. In order to prevent the conflict of interest and to precisely determined the comparability of the offers, that were the areas mostly concerned with the audit findings, the Agency has introduced administrative controls supported by working papers that aimed at checking of the inflation of the prices, connections between suppliers, comparability of the items etc. The main problems were to provide proof for the ownership and management structure of the foreign suppliers as well as to define what comparability is for different investments. The audit findings both from the Audit Authority and from the EC auditors raised the dilemma whether comparability means identical technical characteristics of the items or there could be some deviation regarding the capacities, dilemma for which EC auditors never take official position and never point out some clear directions for solving out this important issue. Also, there were some changes introduced in this regard in the accredited procedures and in the Decree on

manner and procedure for implementation of the IPARD Programme. More changes were introduced in the working arrangements due to IVth modification of the IPARD Programme. New investments were projected including basic mechanization (tractors), new criteria introduced including broadening of the financial span per investment/beneficiary, capacities of the beneficiaries (expanded or erased), major reconstruction of the measure 302, also simplification of the procedure for investments under 50.000 euros that are not obliged to submit Business Plan but Technical Project Proposal which resulted with significant modifications of the accredited working arrangements of the Agency. Furthermore the revision of the Memorandums for cooperation with the Technical bodies was made and also MoU with more institutions were signed (for example: Public Revenue Office for obtaining documents ex-officio). In the first half of the year the modifications on the accredited procedures were prepared and submitted to EC through NAO on approval.

In 2014, IPARD Agency participated in the preparation of the V-th and VI-th modification of the IPARD Programme. At the same time, certain changes were also made to the internal procedures and the control lists in order to fix previously defined control points that slows down the administrative check of the applications. Furthermore, IPARD Agency prepared “selfcheck test” which gave the opportunity for the potential applicants to check whether they comply with the basic eligibility criteria of the IPARD Programme. This test was made available for download as it is published on the IPARD Agency web site. As part of the activities for the preparation of the public calls, IPARD Agency in cooperation with the MA prepared detailed Guidelines for the beneficiaries, participated in training of the persons who can provide consultancy services for the preparation of the business plan and also participated in number of workshops and meetings with potential applicants. Since the number of applications received on public call is significantly increased the current staff was challenged to meet the deadlines determined by law for processing the applications and the claims for payment. Specific problem areas were in respecting deadlines and stipulations stated in the contract for co-financing, providing proof for origin of the materials and the equipment, timely and correctly update of the accounting records, providing the proof for paid tax obligations from the Public Revenue Office and providing documents from other institutions.

In 2015, the accreditation package for Measure 301 – Rural infrastructure was finalized and sent for approval. Also in 2015, most critical issues still remained the human resources capacities and the time frame for processing the applications. Since the number of applications received on public call has significantly increased.

5.3 A summary of the results of the controls carried out per measure and of the irregularities detected

In 2011, during regular on-the-spot checks before payment at total number of 4 investments (2 under measure 101 and 2 under measure 103) second hand (old) equipment to be presented as new was discovered. Irregularity report was prepared for all 4 investments and sent to the irregularity officer and concerned sector, in this case Sector for Authorization of Payment. One on-the-spot controls prior approval determined that one investment under Measure 101 was partly commenced before signing of the contract with the IPARD Agency. Sector for Control introduced new type of on-the-spot check – for finding hidden works. If the investment involves construction/reconstruction of objects or installation of equipment under ground or other hidden work (that cannot be controlled before payment and control team has detected it in the control-prior approval), IPARD Agency can perform intermediate on-the-spot checks in order to have more thorough and detail view of the investment. On-the-spot control is performed as same as the regular on-the-spot check before payment controlling only the equipment or activity which is considered as hidden work.

In 2012 during the administrative controls Sector for Project Approval detected irregularities regarding to:

- a) Capital/family connection or between the suppliers or between a supplier and the applicant.
- b) Proportional increase of the prices of the submitted offers (inflated prices in the offers) which indicates that the offers are not issued from independent suppliers.
- c) In the administrative processing of the applications has been found that the choice for the best offer is made before providing the offers, which indicates that the applicant did not respected the procedure for selecting most suitable supplier, and he has first chosen the supplier and then obtained the offers.

Sector for Control in 2012, during regular on-the-spot control before payment discovered and reported irregularities at 1 investment under Measure 302. On-the-spot control discovered that the equipment did not comply with the contracted equipment.

Irregularities reported in 2013 were in connection with the offers mainly with the inflation of the prices, capital/family connection between the suppliers or between supplier and the applicant, also in the administrative processing of the applications has been found that the choice for the best offer is made before providing the offers, which indicates that the applicant did not respected the

procedure for selecting most suitable supplier, and he has first chosen the supplier and then obtained the offers. Sector for Control did not discover and report any irregularities in 2013.

Irregularities reported in 2014 were in connection with the offers mainly with the inflation of the prices, capital/family connection between the suppliers or between supplier and the applicant. Sector for Control did not discover and report any irregularities in 2014.

While performing on-the-spot controls in 2015 before payment at three beneficiaries it was established that the equipment subject of investment is second hand. At one of the beneficiaries second hand tractor was established. Irregularities report have been submitted to the irregularity officer within IPARD Agency.

In 2016 during the on-the-spot controls before payment at 11 beneficiaries were discovered old – second hand tractors. All tractors are from the same manufacturer same model and purchased from the same suppliers. Irregularity reports have been prepared and submitted to the irregularity officer in IPARD Agency. There is an ongoing investigation by the competent state authorities.

In 2017, 4 irregularity reports have been prepared and submitted to the irregularity officer in IPARD Agency and in 2018 there were 5 irregularity reports were submitted to the irregularity officer.

Table 30: IPARD Agency on-the-spot checks performed during the programming period

Measures	Eligible expenditure contracted	Number of beneficiaries concerned	Expenditure covered by on-the-spot checks	Percentage of eligible expenditure checked	Number of beneficiaries checked
Investments in agricultural holdings	11.426.667	992	11.426.667	100%	992
Support for the setting-up of producer groups	0	0	0		0
Investments in the processing and marketing of agriculture and fishery products	9.119.105	52	9.119.105	100%	52
Actions to improve the environment and the countryside	0	0	0		0
Preparation and implementation of local rural development strategies	0	0	0		0

Improvement and development of rural infrastructure	0	0	0		0
Diversification and development of rural economic activities	3.607.437	40	3.607.437	100%	40
Improvement of training	0	0	0		0
Technical Assistance	0	0	0		0
TOTAL	24.153.209	1.084	24.153.209	100%	1.084

Source: IPARD Agency, 2017

Table 31: IPARD Agency ex-post controls performed during the programming period

Measures	Eligible expenditure based on final payments	Number of beneficiaries concerned	Expenditure covered by ex-post checks	Percentage of eligible expenditure checked	Number of beneficiaries ex-post checked
Investments in agricultural holdings	10.383.378	774	1.549.780	15%	214
Support for the setting-up of producer groups	0	0	0		0
Investments in the processing and marketing of agriculture and fishery products	5.546.515	56	4.361.221	79%	30
Actions to improve the environment and the countryside	0	0	0		0
Preparation and implementation of local rural development strategies	0	0	0		0
Improvement and development of rural infrastructure	0	0	0		0
Diversification and development of rural economic activities	1.105.170	159	354.900	32%	6
Improvement of training	0	0	0		0
Technical Assistance	0	0	0		0
TOTAL	17.035.063	989	6.265.901	37%	250

Source: IPARD Agency, 2017

5.4 The use made of technical assistance

Preparation for the implementation of Technical Assistance Measure started late in 2010. This resulted in development of accreditation package in both Managing Authority and IPARD Agency. Furthermore, the IPARD Agency

drafted the systematization for the Public Procurement Unit that was responsible for implementing this measure.

During the period April-June 2012, compliance assessment took place by external auditors engaged by NAO. The encountered weaknesses were remedied and unqualified report was issued. The activities for preparation for conferral of management for management and implementation of the Measure Technical Assistance were in focus in 2014. After the national accreditation by NAO, the request for conferral was sent to the Commission services on 12.08.2014. The Commission services conducted an IPARD conferral mission from 11 to 14 November 2014. Following the long process for preparation of accreditation of the measure and national accreditation by NAO, the Commission issued the Decision for conferring powers relating to the technical assistance measure under Component V (Rural Development) of the Instrument for Pre-Accession Assistance (IPA) on 15th of September 2015.

After conferral took place, Managing Authority started with the implementation of the measure. In this respect, organization of meeting of the IPARD Monitoring Committee, was conducted with procedure under 2.500 € according to the PRAG procedures for public procurement. The procedure resulted in an agreement for financial support signed between Managing Authority and IPARD Agency. Organization of the Monitoring Committee meeting took place in Skopje and respecting measure and contract requirements. However, Managing Authority was not reimbursed because of the disputed article 2 of the Contract signed with IPARD Agency, i.e. deadline for submission of claim for payment by Managing Authority which was identical with the deadline for implementation of the activity, and IPARD Agency had rejected the application for reimbursement of funds for implementation of the activities.

After the meetings and consultations between relevant institutions regard to future proceedings of public procurement, IPARD Agency has changed the form of the Contract and this problem was solved.

5.5 The steps taken to involve local bodies to a greater extent

In relation to the activities for involvement of local stakeholders in preparation and implementation of local rural development strategies, in the past period preparation of the draft measure and the bylaws that regulate this matter was done. Field training activities and raising awareness among local stakeholders about the opportunities offered by the measure was made. Support for these activities was provided by “Introduction of New IPARD measures (LEADER and Advisory Services) to be implemented under IPARD II” - NIMS project.

With the help from NIMS project following activities have been realised:

- Mapping and assessment of LEADER type initiatives (Pre-LAGs). Through a NIMS project assessment and mapping of existing capacities, the project has identified twelve pre-LAG structures that have been established with donor project support over the last years. These Pre-LAGs were at various stages of maturity. The Pre-LAG assessment included interviews with 81 key pre-LAG representatives from six regions in Macedonia, which represent a total population of approximately 580.800 (which is approximately 50% of the total rural population of MK). Assessment interviews focused upon identification of pre-LAG structures, review of existing decision-making processes, needs, expectations and issues related to the level of community participation in local development strategy and planning processes. In addition, practitioners were asked to assess the level of interest, influence, capacity, awareness, and willingness of relevant stakeholders within the pre-LAG structures.
- Institutional capacity building for LEADER implementation focused on LEADER approach in Macedonia, development and promotion of local initiatives, territorial LEADER approach of the regional rural development: strategy, organization and financing and LEADER approach in IPARD.
- Lessons learnt and implication for the new IPARD LEADER measure,
- Strategy for establishment of LEADER in Macedonia with focus on: the scope of LEADER and stages of LEADER implementation, definition of the territory, governance and sharing of responsibilities in the proposed LEADER implementation model, LAG governance, bottom-up approach, and empowering rural stakeholders, supporting and facilitating the setting up of LEADER using Technical Assistance, funding LEADER and planning the LEADER measure budget, LAG applications and LAG selection, LEADER measure accreditation package and LEADER monitoring and evaluation and publicity.

Local bodies were also involved in activities for preparation of implementation of measure Advisory Services. In this regard, with the participation of representatives of the NEA and local agricultural producers and stakeholders, a draft measure for advisory services was drafted, procedures for implementation of the measure were developed and training of all stakeholders for implementation of the measure was organized. This was also facilitated by the NIMS project.

Local stakeholders (a federation of farmers, local associations of companies) have been involved in the design of targeted publicity campaigns. In

cooperation with them, presentations of the possibilities for using IPARD for craftsmen, fruit growers, milk producers, entrepreneurs were organized. Introduction of agricultural mechanization as eligible expenditure (fourth modification) was made at the request of farmers associations. This substantial modification included many requirements stemming from local bodies.

5.6 The steps taken to ensure publicity for the IPARD programme

The success of the development policies identified within the IPARD Programme strongly depends on a consistent information and publicity action system, which includes the contents of the activities of the various Programmes, therefore ensuring the best transparency of interventions.

The cherished goal of public relations and publicity is to reach the target audience in right time with the right capsule of message to create the desired perceptions. Communication serves as a major conduit to understanding developmental schemes. It is a perception building endeavour to bring the Government and the people closer to achieve the best results in public awareness and involvement in development and welfare schemes.

Information technology and the use of audio, visual and print media come in handy for achieving the desired results.

All Communication and Publicity activities regarding IPARD 2007-2013 are described below per years.

Communication and Publicity Activities in 2010

In 2010, there were 20 specialized IPARD Info-days and 12 appearances and presentations at events associated with topics in agriculture, 7 panel discussions were held on issues concerning the implementation of IPARD Programme with representatives of agricultural associations, as well as 2 TV broadcasted Panel Discussion. At the beginning of 2010, the national electronic and print media registered more than 200 publications on the subject of IPARD. Around 20.000 IPARD brochures were distributed via most issued daily newspapers- 2 on Macedonian language and 1 on Albanian language. The IPARD dedicated web-site recorded over 30.000 visits. 4.000 applications (accompanied with guidelines) were distributed to all regional offices of NEA a day before the announcement of the public call for IPARD funds.

A working group composed of representatives of the MA and IPARD Agency, made a review and modified the observed mistakes in the Application forms and the Guidelines for beneficiaries. In the attachment to the beneficiary guideline, a description of the procedure of issuing documents from the Technical Bodies was provided.

Communication and Publicity Activities in 2011

The prior notifications for issuing the Public Call 01/2011, 02/2011 and 03/2011 for submission of applications for of IPARD funds were announced. Managing Authority in 2011 successfully organized and conducted 63 informative IPARD days at different locations. More than 1.800 potential beneficiaries from the IPARD Programme attended the info days. The application package was prepared and printed in 2.200 copies and distributed to all regional offices of NEA before announcing the three public calls for allocation of IPARD funds in 2011. In March the brochure entitled “IPARD – European opportunities for the Macedonian Agriculture” was distributed through the daily newspapers to potential beneficiaries of IPARD funds. The brochure was printed in 15.000 copies and distributed via daily newspapers as a free sample.

In addition to the few conferences for the public, Managing Authority at the beginning of the year held informative meetings with media representatives with the aim to build cooperation and establish a professional relationship for proper and regular informing about the possibilities and amendments of the IPARD Programme.

Communication and Publicity Activities in 2012

Over the course of 2012, two prior notifications were announced. IPARD Managing Authority in 2012 successfully organized and conducted 10 informative IPARD days at the following locations: Kicevo, Demir Hisar, Demir Kapija, Kavadarci, Krusevo, Bitola, Sveti Nikole, Kocani, Valandovo and Strumica. More than 250 potential beneficiaries from the IPARD Programme attended the info days. Managing Authority in cooperation with the National Extension Agency (NEA) has expanded its activities by organizing and conducting an information campaign entitled “Learning about IPARD.”

Communication and Publicity Activities in 2013

For better information to the potential applicants on the opportunities offered by the latest amendments to the IPARD Programme 2007-2013 (fourth modification), IPARD Programme (consolidated version) is translated by MAFWE in Macedonian and Albanian language and posted on the Ministry's and Agency's websites. The Managing Authority in 2013 successfully organized and conducted 11 informative IPARD days. Managing Authority conducted nine days of training - workshops for employees of National Extension Agency (NEA), through which advisors have received appropriate knowledge for proper dissemination of information related to IPARD, as well as assistance to the final beneficiaries for preparation of applications for the use of IPARD funds. For successful completion of training in order to familiarize the advisors with the new changes to the Programme in order to prepare with the appropriate questions for clarification, the Managing Authority prepared and submitted to NEA material and presentation for training. Managing Authority in cooperation

with IPARD Agency held two one-day trainings for private consulting companies in order to familiarize with the new modifications in the IPARD Programme and to provide better quality of IPARD projects. Also on the initiative of the Economic Chamber of Macedonia, Managing Authority held 11 meetings with members of the chamber for introducing the possibilities offered by IPARD Programme. Managing Authority in cooperation with the IPARD Agency organized and conducted 11 panel discussions. The package “Application for using funds from the IPARD Programme” (beneficiaries guidelines, public call announcement and other documentation necessary for the potential beneficiaries) for Public Call 01/2013 and 02/2013 was prepared in accordance with the new modifications of the IPARD Programme and was distributed through NEA regional offices to potential beneficiaries of IPARD funds before announcing the first public call for allocation of IPARD funds in 2013.

Communication and Publicity Activities in 2014

In the period before 9th public call, Presidential and Parliamentary elections were held in the Republic of Macedonia. Due to legal obstacles set in the Election Law, MA wasn't able to organize IPARD info days. In this period (February-April 2014), the MA employees provided direct information and clarification on IPARD 2007-2013 rules to more than 30 potential applicants at the MAFWE premises and via electronic communication.

As part of the 10th public call and in order to strengthen the IPARD promotion 21 info days were organized and held in the period between June and December 2014. Also, Managing Authority organized two workshops dedicated to primary agricultural production and the role of IPARD in supporting it and processing industry in the Republic of Macedonia and the possibility to modernize it through the IPARD funds. Both workshops were attended by more than 100 representatives from the Economic Chamber of Macedonia, Chamber of north-western Macedonia, Association of Farmers, Macedonian Association of Processors, Federation of Farmers of RM, cooperatives, individual farmers, representatives of processing industries, etc. Individual working meetings on the subject of IPARD were organized with the canning industry, the slaughter industry and dairy industry. Managing Authority and NEA held a training / workshop on IPARD with the NEA advisors. In 2014 thematic brochures per priority sub-sector of M101 and M103 were prepared and printed in 8.000 copies. The brochures were distributed on the info-days and through the MAFWE regional offices and NEA.

Communication and Publicity Activities in 2015

Due to technical problems in updating of the website www.ipard.gov.mk during 2015, re-design of the web page took place. The new web-page was developed and content was uploaded. In cooperation with IPARD Agency, MA organized

trainings for NEA advisors in the six regional offices in Skopje, Bitola, Tetovo, Strumica, Stip and Kumanovo. The one day trainings were on practical examples of good applications as well as on preparation of technical project proposal. Regarding the publicity of the IPARD Programme, the MA organized and participated in 36 information days.

Communication and Publicity Activities in 2016

As in 2016 there were no public calls under IPARD 2007-2013 the info days were focused on initial promotion of the new IPARD II Program 2014-2020 as well as presentation of the Guarantee Fund and the possibilities that are offered through this fund. Representatives from MA with representatives of the National Extension Agency visited 30 municipalities and realized info events in 45 settlements.

6. The steps taken to ensure co-ordination of all the European Union pre-accession assistance referred to in Article 4 of the Sectoral Agreement

The Republic of Macedonia's policy in agriculture and rural development is determined by the Government through the Ministry of Agriculture, Forestry and Water Economy. The national policy framework is set out in the National Strategy for Agriculture and Rural Development (NARDS) for a multiannual period.

The strategy defines national programs on a yearly basis and complementary to the IPARD Programme. The complementarity of the National Program for Rural Development with IPARD is determined by the Managing Authority in cooperation with the Sector for Rural Development and the IPARD Agency.

IPA assistance in the field of agriculture and rural development is provided on the basis of Country Strategy Paper which sets out the priorities for EU financial assistance for the period 2007-2013 to support the Republic of Macedonia on its path to EU accession. In order to increase the impact of the financial assistance by the EU in the Sector of Agriculture and Rural Development, the assistance is concentrated in the areas where reforms or investments are most needed to meet accession and development criteria of the country.

Regarding avoidance of overlapping of assistance provided under the different IPA components and IPARD Programme, the table below shows in details the support provided by IPA TAIB (Transitional Assistance and Institutional Building – I Component) as well as the projects financed through IPA 2. In this respect, almost all of the assistance provided under IPA I and II is of close relevance or have certain impact for the realization of the IPARD Programme. Tree of the project (no. 11, 12 and 14), however, were directly related to IPARD Programme design or implementing and primary beneficiaries of these projects were the IPARD Managing Authority and/or the IPARD Agency. Regrettably, one service contract intended for *support for the preparation and implementation of IPA 5th Component (IPARD II) beyond 2013-IPARD “help desks”* was not contracted and part of the activities that were to be financed were reallocated to be financed under the Technical Assistance Measure under IPARD Programme.

Table 32: IPA I and II assistance in the period 2008 - 2016

No.	Project title	Type of Contract	IPA Programme	Status	Budget (€mn)
1.	Design of a functional Integrated Administration and Control System and establishing the associated institutional capacity	Service contract	2008	Realized	0,64

2.	Adoption and implementation of the acquis vis-à-vis the CAP, specifically in relation to CMO establishment	Service contract		Realized	0,54
3.	Development and implementation of agri-environment measures	Service contract		Realized	0,70
4.	Supply of IT equipment	Supply contract		Realized	0,12
5.	Supply of IT equipment	Supply contract		Realized	0,08
6.	Supply of vehicles	Supply contract		Realized	0,10
7.	Organic farming and protection of quality agricultural products	Twinning project	2009	Realized	0,69
8.	Further upgrade of the Land Parcel Identification System within the Integrated Administration and Control	Service contract		Realized	0,73
9.	Gradual introduction of the cross-compliance into direct payments scheme	Twinning project		Realized	0,95
10.	Supply of IT equipment and software for LPIS and equipment for organic production	Supply contract		Realized	0,25
11.	<i>Introduction of New IPARD measures (LEADER and Advisory Services) to be implemented under IPARD II</i>	<i>Service contract</i>	<i>2010 centralised</i>	<i>Realized</i>	<i>0,908</i>
12.	<i>Assistance to IPARD Agency for Preparing of Accreditation of "Investments in rural infrastructure"</i>	<i>Twinning light project</i>	<i>2010 centralised</i>	<i>Realized</i>	<i>0,25</i>
13.	Agriculture Information System upgrade and establishment of data exchange system between MAFWE and other relevant institutions	Service contract	2011	Realized	0,67
14.	<i>Further strengthening of AFSARD and preparing the Agency for the programming period 2014-2020</i>	<i>Twinning project</i>		<i>Realized</i>	<i>1,55</i>
15.	Supply of vehicles, IT equipment, equipment for on the spot control and software upgrade for document management system	Supply contract		not contracted	0,58
16.	<i>Support for the preparation and implementation of IPA 5th Component (IPARD II) beyond 2013-IPARD "help desks"</i>	<i>Service contract</i>	<i>2012</i>	<i>not contracted</i>	<i>1,21</i>
17.	Production of orthophoto maps and digitalization of agriculture land use and IT software development for FR and FADN system and LPIS software upgrade	Service contract	2012	Ongoing	0,877
18.	Quality control of produced orthophoto maps and digitized agriculture land use layers	Framework contract	2012	Ongoing	0,08
19.	Finalization of the Farm Accountancy Data Network	Twinning project	2013	Ongoing	0,80
20.	Building the basis for the reform of the tobacco sector	Service contract	2013	Ongoing	0,864

21.	Various supply contracts Supply of IT equipment and vehicles for Agriculture and Rural development	Supply contract	2013	Ongoing	Lot 1 – 1,15 Lot 2 – 0,22
22.	Small-scale, low-cost, environment friendly irrigation schemes: sites selection and preparation of full work tender dossier	Service contract	2013 centralised	Ongoing	1,63
23.	Support to Implementation of Land consolidation policy actions		2015 centralised	Ongoing	2,61
24.	Support to Development of Agricultural Cooperatives in Macedonia	Grant scheme	2015 centralised	Ongoing	1,98
25.	Construction, rehabilitation and upgrading of small-scale irrigation schemes Supervision of construction, rehabilitation and upgrading of small-scale irrigation schemes	Work and service contracts (Framework)	2015 centralised	Tendering phase (in phase of preparation of tender documentation)	3
26.	Introduction and implementation of Common Market Organization measures in Republic of Macedonia	Service contract	2015 centralised	Tendering phase	0.7
27.	Improvement of interoperability and effectiveness of IACS in AFSARD	Service contract	2015 centralised	Tendering phase	1.5
28.	Evaluation of the impact of IPA and national funds on the reforms in the sector of Agriculture and Rural Development	Framework	IPA 2 – 2013, Contract with DEU	Ongoing	
29.	Functional assessment of MAFWE	Framework Agreement	IPA 2 - EUF Administrative agreement with the World Bank	Tendering phase	0,5

Source: MAFWE's EU Department data basis of projects

7. The financial implementation of the programme based on financial tables showing European Union, national and total expenditure per measure and sub-measure (sector)

Table 33: Annual payments made to final beneficiaries per measure

Year	Measure	Expenditure paid		
		Total	EU	National
2009		0	0	0
2010		0	0	0
2011	M 101	362.856	272.142	90.714
	M 103	984.666	738.499	246.167
	M 302	0	0	0
	Total	1.347.522	1.010.641	336.881
2012	M 101	244.453	183.340	61.113
	M 103	1.339.750	1.004.813	334.937
	M 302	0	0	0
	Total	1.584.203	1.188.153	396.050
2013	M 101	143.996	107.997	35.999
	M 103	488.600	366.450	122.150
	M 302	0	0	0
	Total	632.596	474.447	158.149
2014	M 101	413.329	309.997	103.332
	M 103	0	0	0
	M 302	0	0	0
	Total	413.329	309.997	103.332
2015	M 101	2.265.289	1.698.968	566.322
	M 103	57.500	43.125	14.375
	M 302	105.540	79.155	26.385
	Total	2.428.329	1.821.247	607.082
2016	M 101	2.400.235	1.865.076	535.159
	M 103	1.455.758	1.091.818	363.940
	M 302	261.448	196.086	65.362
	Total	4.117.441	3.152.980	964.461
2017	M 101	3.654.557	2.778.974	875.584
	M 103	1.402.455	1.051.841	350.614
	M 302	729.636	547.227	182.410
	Total	5.786.648	4.378.041	1.408.608
Total		16.310.068	12.335.506	3.974.563

Source: IPARD Agency, data from the monitoring tables

Table 34: Financial performance against the last approved financial plan of IPARD Programme in €

Priority axis	IPARD Programme financial plan		Funds paid	
	Total public expenditure	EU contribution	Total public expenditure	EU contribution
Priority Axis 1 - Improving market efficiency and implementing Community Standards	18.807.465	14.713.042	15.213.444	11.513.038
Priority Axis 2 - Preparatory actions for the implementation of agri-environmental measures and Leader	0	0	0	0
Priority Axis 3 - Development of the rural economy	1.984.375	1.488.281	1.096.624	822.468
Measure 501: Technical assistance	272.500	218.000	0	0
Total	21.064.340	16.419.323	16.310.068	12.335.506

Source: IPARD Programme - eighth modification (3.3.1 IPARD Financial Plan 2007-2013) and IPARD Agency, data from the monitoring tables

As previously agreed with DG AGRI and DG ELARG and upon request of NAO and NIPAC, 18 million € under IPARD 2007-2013, have been transferred to the first IPA component. This 18 million were implemented in the following manner: 15,5 million € for investments in rural infrastructure through the World Bank project, 2 million € for studies for small scale irrigation systems and 0,5 million € for monitoring and evaluation.

Main results expected and main activities:

1. infrastructure for the socio-economic development of rural areas, with particular attention to poor and marginalized rural municipalities;
2. input and lessons learned for the preparation of the future rural public infrastructure measure in the IPARD Programme 2014-2020.

The project took the form of an Administration Agreement in line with the Framework Agreement signed in 2009 between the World Bank Group and the European Commission laying down the general principles that govern the cooperation between the institutions for a 10 year period. The World Bank was successfully implementing the Municipal Services Improvement Project (MSIP) since 2009. It financed investments in municipal services and infrastructure with the objective to improve transparency, financial sustainability and delivery of targeted municipal services. MSIP on-lends investment funds to credit worthy local authorities, regardless of the size, through a demand-driven on-lending mechanism at the Ministry of Finance. Sub-project investments eligible for financing were for revenue-generating public services and other projects of high priority to municipalities with cost saving potential, including investments in water and sanitation services, solid waste management, but also public lighting, local roads, storm water drainage systems, or energy efficiency investments in municipal buildings. Sub-loan amounts are limited by the borrowing capacity of eligible local governments.

Total number of 78 Municipalities have submitted requests for using the grants from this project. Some of them have submitted multiple sub-projects within the same

request, reaching 133 sub-projects in total. IPA grant amount reached 17.900.000 € with 4.670.230 € Municipal co-financing.

Table 35: Status of sub-projects implemented with IPA grant scheme

	sub-projects	IPA grant amount
constr.reconstr. of roads and road infrastructure	76	12,298,394
water supply	13	3,369,866
urban arrangements	7	705,918
municipal building reconstruction	4	1,226,467
regulation of water channel/rivebed	6	1,313,375
construction of sewerage network	2	555,491
constr.reconstr. of schools and kindergartens	6	884,429
constr.reconstr. of bridges	2	269,867
energy efficient	4	151,683
green markets	4	612,210
communal and maintenance vehicles	3	597,792
culture and sports centers	3	514,043

Source: EU Delegation, May 2018

From the moment of payment of the pre-financing by the EC to the NF Euro Account, the interest on the Community financing was transferred by the National Bank of Republic of Macedonia to the NF account.

Table 36: Status of interest earned per year

Year	Interest earned
2010	8,489.05
2011	20,202.27
2012	61,747.85
2013	61,084.27
2014	77,252.52
2015	65,349.91
2016	50,130.62
2017	16.14
Total	344,272.64

Source: Ministry of finance, National Fund

The interests generated by the financing of the European Union on the IPARD Euro account from the moment of receiving the first pre-financing 01/07/2010 to 31/12/2017 is equal to EUR 344.272,64. Starting from 31.03.2017 the total amount of interest in amount of EUR 344.272,64 was used as national public contribution in line with Article 45(4) of the Sectoral Agreement.

During the implementation of the IPARD Programme, several refunds from the final beneficiaries due to irregularity actions identified during the implementation of the investments or administrative mistakes done by the IPARD Agency. Total amount of

refund from the final beneficiaries is 224.739,79 EUR principal and 63.382,55 EUR interest. In addition, in to consideration should be taken re-declared amount of 36.277,33 EUR, as reported in the Declaration of expenditures for Q3 2017.

On the basis of total expenditures and total refunds declared to EC, NF claims 12.047.944,48 EUR from the Commission, out of which total amount paid by the Commission is 5,120,094.48 €, while amount of EUR 6.927.850,00 is still due.

Table 37: De-commitments of indicative financial allocations of the IPARD

TOTAL Allocations 2007-2013		YEAR of de- commitment (n+3 rule)	De-committed amount based on payment applications	De- commitment rate	Allocations after de- commitment
2007	2.100.000	/	0	0	2.100.000
2008	6.700.000	/	0	0	6.700.000
2009	10.200.000	2012	7.393.882	72 %	2.806.118
2010	12.500.000	2013	12.025.881	96 %	474.119
2011	16.000.000	2014	15.636.044	98 %	363.956
2012	17.991.604	2015	16.174.211	90 %	1.817.393
2013	2.157.737	2017	3.958.174	0 %	-1.800.437
Total	67.649.341	/	55.188.192	/	12.461.148

Source: Ministry of finance, National Fund

8. A summary of the ongoing evaluation activities in accordance with Article 65 of the Sectoral Agreement

Due to late accreditation of measure Technical Assistance, on-going evaluation not performed until the end of 2013. Efforts to engage independent evaluator made at the end of 2013, according to the Commission Implementing Decision C(2013) 7488 of 12.11.2013, for adopting an evaluation programme under the IPA – Transition Assistance and Institution Building Component gave results.

The procedure for hiring an independent evaluator to assess the IPARD 2007-2013 and the ex-ante evaluation of the IPARD 2014- 2020, was initiated on 17 February, 2014. The evaluation of bids was held on the 11th and 12th of March 2014, where a MA representative was a member of the Commission for selection of the best bid.

The Consortium IBF-ADE-NIRAS has won the tender for evaluation of the IPARD program and the EU aid for the Sector of Agriculture and Rural Development. The evaluation should be carried out through three components:

- Ongoing evaluation of IPARD 2007-2013
- Prior evaluation of IPARD 2014-2020
- Influence of EU assistance on the Sector of Agriculture and Rural Development.

The Draft Report on the evaluation of the IPARD Programme 2007-2013, the ex-ante evaluation of the IPARD 2014-2020 and EU assistance in the Sector of Agriculture and Rural Development has been completed by the evaluation team and submitted in the second week of December to the MA and the European Delegation in Macedonia.

This was the first on-going evaluation of the programme conducted by independent external evaluators. This evaluation reflects the situation at 28 October 2014, the cut-off date of the report. The evaluation report considers the outcome of Calls 1-8, applications submitted, rejected or contracted from November 2009 to July 2014.

Coherence, Relevance and Efficiency

The Programme is consistent with national policies and priorities. The Programme has proved relevant for the successful beneficiaries, considering its strategic goals of increasing their quality standards and their competitiveness. Considering the number of people dedicated to its administration, the efficiency of the Programme is assessed as poor. Around 120 employees from the Paying Agency and 20 from the Managing Authority are used for the Programme implementation. In addition, human resources from National Extension Agency,

the Audit Agency, and the Food and Veterinary Agency are not fully used in the Programme implementation.

Effectiveness

The effectiveness of the Programme is assessed as poor. In particular, increased competitiveness at national level is horizontally limited, by the scattering of individual projects that - with the only exception of Resen municipality - are not creating improvements in integrating local typical production. The investments at the individual, small farm level are of small scale and do not provide for the scope foreseen in the strategy described in the programming document. The result is only a consolidation and strengthening of capacity at the individual level.

The vertical integration between production and processing between M101 and M103 projects, is also failing. Only after 5 years of Programme implementation, there are first attempts at activating production chains that may “inspire” M103 projects starting from ones funded through the M101. But this is detectable only in one municipality, out of the whole Country. With the exception of the Resen production district, other districts of typical productions did not respond to the opportunity offered by the Programme.

The Programme also fails in providing integration through exploitation of off-farm activities that may contribute to the development of rural areas. For M302, which was supposed to provide this integration, only 13 projects have been approved until 2014 and nine of those have been cancelled.

At farm level, the situation is different. Successful applicants are fully satisfied with the support received under IPARD Programme. The investments met the expectations of 81% of those surveyed in terms of increases in quality, production, sales, turnover and productivity. For 85,7% there was an increase in competitiveness, due to technical improvement of their equipment and increased quality of their production.

Impact

There is a risk that the Programme’s ultimate impact will be very limited at the Country level. Due to low levels of absorption of the financial support available, modifications have been introduced over time to the eligibility criteria in order to increase disbursement. So far the effect has been a small increment of applications in the processing sector (M103), and a huge increment of applications in the small-scale, subsistence level primary sector (M101).

When it comes to institution building, the Programme has had a positive impact. The institutional framework is fully formed, and almost fully operational. Procedures are officially established, and applied. The level of

professional competence appears adequate, despite the fast turnover of officials, especially in the IPARD Agency. The Programme also introduced a significant number of new job posts: 114 new permanent employees.

Recommendations

Recommendations for the selection process

- 1) The IPARD Agency should provide eligibility criteria that do not change through time for the individual project, and remain valid throughout the lifetime of the project: “retroactive” project evaluation should not be an option. The national Audit Authority should agree to honour decisions of the IPARD Agency regarding approvals, rejections etc.
- 2) The IPARD Agency should explore ways to speed up the selection process, so to minimize uncertainty on outcomes from the applicant’s side.
- 3) The Managing Authority and the IPARD Agency should provide stronger coverage of support with application proposals during the phase of their preparation. Visits of applicants to a centralized “help desk” should be possible, to receive help in overcoming problems and difficulties, thereby avoiding the situation whereby the applicant does not receive any information on the progress of their applications until they receive the final judgment from the IPARD Agency.

Recommendations for a more integrated approach of stakeholders

- 4) The databases of the Managing Authority, the IPARD Agency, the National Extension Agency and the technical bodies such as the Food and Veterinary Agency, as well as those belonging to the professional associations could be used to better identify the pool of potential applicants. The Managing Authority should pursue a policy of obtaining the practical agreement of stakeholders to ensure interconnectivity of their databases.
- 5) Information activities at this mature stage of the Programme could be more focused on each subsector. In this respect, it is recommended to hold meetings, which provide both general information about the Programme and technical guidance. They would immediately tackle the challenge of what documentation the applicant is required to present, and start the process of drafting outline applications (this experience has proved successful in other IPARD countries).
- 6) The IPARD Agency should provide feedback to potential beneficiaries and the National Extension Agency regarding reasons for approved, rejected, and cancelled projects, and “best” and “worst” practices. By doing this their ownership and commitment will be strengthened.

7) The Managing Authority together with the National Fund should consider a mechanism for pre-financing support such as a loan guarantee fund, in order to alleviate the financial burden of those applicants, who do not have access to favourable credit terms and conditions.

Ex-post evaluation of IPARD Programme 2007-2013

Ex-post evaluation of IPARD Programme 2007-2013 to be submitted to DG AGRI services by the end of 2018 using the possibility to use Technical Assistance measure funding.

9. Conclusions from the implementation in year N

The financial performance of the IPARD Programme is well short of target because applications are below expectations for each of the three Measures. Furthermore, there are high rates of project rejection and cancellation.

There are early indications of an increase in the number of applications and a reduction in the number of rejections for the more recent Calls, though for M101 and M103 these are characterised by a decrease in individual and aggregate monetary values. These positive indications attributed to new eligibility criteria, introduced with the fourth modification of the programming document, which have positively influenced the interest of potential applicants toward the Programme, after an evident decline registered during Calls 5, 6 and 7.

IPARD Programme is consistent with national policies and the priorities of the final beneficiaries. Successful applicants confirm that investment met their expectations, in terms of support to their typical activities. There is no overlap with national programs, although some types of investments have been “diverted” from national programs to IPARD, in order to maintain a full separation.

The institutional framework built for the management of the Programme cannot be considered efficient. The Programme cannot be considered effective so far because is failing to activate vertical integration between the production and the processing sectors, and in promoting rural development that takes advantage of opportunities external to the sector.

Implementation of the Programme is contributing to a high degree of capacity building within individual institutions, though improved cooperative working practices among participating institutions would provide synergy. There has been an enormous improvement in the level of expertise and professional skills within the IPARD Agency since 2007 and its monitoring system of data collection and storage is outstanding. However, there is room for improvement in the management of human resources. Applicants, professional associations and other stakeholders identify a need for better professional competence of some officials of the National Extension Agency and IPARD Agency. The latter has a fast turnover of officials, with negative consequences to its expertise and institutional capacity.

The selection process identified as the most crucial element of the Programme and its success. Many potential final beneficiaries (also successful ones) consider it too strict, and its outcome uncertain until the final reimbursement awarded. Improvements over the required documentation for applicants have been introduced in the recent years, but in spite of such efforts the burden on

the shoulder of applicants still seems too heavy, often causing them not to complete the application, and quit their participation in the Programme.

10. Annexes

Annex 1: Geographical distribution of applications

Table 38: Review of applications per municipalities

	Total IPARD 2007-2013					
	No.of applications			Total public expenditure in EUR		
	received	contracted	finished	received	contracted	finished
Resen	425	290	250	4.665.808	1.655.000	1.404.691
Bitola	286	113	87	6.320.335	1.628.398	1.228.680
Mogila	270	136	123	3.300.908	2.042.772	1.632.668
Negotino	155	86	71	1.283.663	441.005	344.972
Kavadarci	145	69	50	3.763.317	1.858.981	1.289.962
Prilep	101	52	40	2.432.497	1.040.558	741.707
Veles	101	44	30	1.964.969	723.925	234.047
Rosoman	83	41	30	807.800	198.494	105.560
Gradsko	73	43	32	3.756.311	1.860.762	343.805
Novaci	72	38	30	994.003	476.293	346.730
Krivogastani	68	38	31	1.321.899	269.637	213.357
Sveti Nikole	58	32	21	1.839.765	1.057.111	376.426
Delcevo	57	21	16	1.871.511	678.008	619.347
Gevgelija	56	24	18	2.869.526	1.093.817	787.945
Radovis	49	17	11	1.377.657	783.839	399.223
Ohrid	46	22	18	673.549	116.072	73.154
Strumica	46	18	12	1.049.179	474.043	168.609
Stip	43	23	21	2.678.564	620.934	592.838
Berovo	40	10	6	1.156.984	227.187	185.873
Vinica	40	11	10	1.673.513	382.546	232.548
Demir Hisar	39	14	8	803.134	178.657	147.605
Valandovo	39	13	6	1.727.920	357.539	284.919
Gazi Baba	37	15	11	3.173.331	991.442	745.842
Karbinci	33	16	10	1.970.388	758.920	373.837
Kocani	33	9	5	782.960	87.041	40.082
Debarca	32	12	11	302.513	83.979	75.859
Bosilovo	31	12	11	233.761	114.871	83.095
Demir Kapija	27	12	6	874.795	125.238	32.554
Kumanovo	27	7	4	789.143	99.035	81.480
Probistip	27	4	3	1.504.279	158.304	27.578
Struga	27	6	6	924.368	293.049	225.510
Bogdanci	20	8	7	250.867	179.411	156.849
Caska	20	4	4	406.413	24.789	24.562
Vasilevo	20	8	6	535.929	419.695	142.621
Cesinovo-Oblesevo	19	9	5	749.662	410.715	174.978
Pehcevo	19	7	4	387.361	203.251	40.815
Petrovec	19	6	2	2.756.490	236.786	99.116

Ilinden	17	3	2	1.275.721	93.555	88.976
Krusevo	17	3	3	155.193	19.144	19.099
Novo Selo	17	8	8	217.964	30.603	30.572
Lozovo	16	9	7	156.820	92.237	65.257
Dolneni	15	8	8	277.641	94.395	93.655
Mavrovo i Rostusa	15	3	0	1.233.423	496.243	112.824
Kicevo	23	3	2	2.253.828	480.457	73.298
Kisela Voda	14	2	1	554.954	179.689	132.708
Kriva Palanka	14	1	0	621.426	256.967	0
Dojran	13	4	2	507.701	171.860	26.459
Konce	13	2	0	442.150	7.828	0
Brvenica	12	2	1	319.856	36.567	31.947
Jagunovce	12	2	1	912.513	33.344	8.112
Rankovce	11	3	2	177.700	33.063	19.485
Centar	10	3	3	768.877	420.040	333.311
Gostivar	10	1	0	368.111	2.618	0
Tetovo	10	2	2	535.471	52.071	52.137
Butel	9	1	0	573.305	27.690	0
Sopiste	9	3	2	204.146	62.163	14.982
Staro Nagoricane	9	3	3	529.537	416.347	415.347
Makedonski Brod	8	1	0	303.231	14.680	0
Gorce Petrov	7	1	0	512.908	129.559	0
Lipkovo	7	0	0	674.907	0	0
Vevcani	7	0	0	371.208	0	0
Aracinovo	6	2	1	278.739	198.540	2.277
Aerodrom	5	3	0	139.398	33.292	0
Cucer-Sandev	5	0	0	208.188	0	0
Debar	5	0	0	169.966	0	0
Vrapciste	5	0	0	140.564	0	0
Zelino	5	1	1	492.075	254.095	253.650
Plasnica	4	1	1	62.792	15.817	15.826
Bogovinje	3	0	0	158.389	0	0
Karpos	3	2	0	129.703	102.291	0
Zrnovci	3	0	0	20.110	0	0
Kratovo	2	1	1	11.735	7.746	7.734
Studenicani	2	2	0	21.067	11.395	0
Tearce	2	0	0	3.558	0	0
Cair	1	0	0	523.348	0	0
Centar Zupa	1	0	0	0	0	0
Saraj	1	0	0	96.715	0	0
Makedonska Kamenica	0	0	0	0	0	0
Suto Orizari	0	0	0	0	0	0
Zelenikovo	0	0	0	0	0	0

Source: Monitoring system, 2017 (Geographical data)

Table 39: Review of Measure 101 applications per municipalities

	Measure 101					
	No.of applications			Total public expenditure in EUR		
	received	contracted	finished	received	contracted	finished
Resen	403	287	247	2.704.765	1.560.156	1.317.539
Mogila	268	134	122	3.282.844	2.026.349	1.630.231
Bitola	255	111	86	3.676.049	1.328.877	1.074.048
Negotino	145	86	71	704.707	441.005	344.972
Kavadarci	128	64	48	1.384.242	1.107.757	790.392
Prilep	84	44	36	775.698	445.457	355.805
Veles	84	43	30	1.234.479	694.620	234.047
Rosoman	80	41	30	408.991	198.494	105.560
Novaci	71	38	30	915.847	476.293	346.730
Krivogastani	66	38	31	513.572	269.637	213.357
Gradsko	63	38	31	669.929	353.093	300.514
Sveti Nikole	49	29	20	921.447	382.898	132.620
Delcevo	44	17	13	524.160	154.435	108.852
Gevgelija	38	18	14	467.913	152.321	109.019
Strumica	35	13	10	297.700	126.219	59.604
Stip	33	20	18	1.798.566	235.386	208.065
Valandovo	33	12	5	524.223	89.702	28.573
Ohrid	32	21	18	142.779	96.062	73.154
Radovis	32	12	10	392.145	96.150	77.832
Bosilovo	31	12	11	233.761	114.871	83.095
Vinica	31	11	10	985.341	382.546	232.548
Demir Hisar	30	13	7	416.364	67.608	37.417
Berovo	28	9	5	307.423	141.062	112.678
Debarca	28	11	10	170.777	74.650	72.250
Karbinci	26	14	8	1.235.364	536.786	151.937
Gazi Baba	24	12	8	450.791	318.857	162.419
Kocani	24	7	4	171.249	46.337	30.679
Struga	19	5	5	434.035	231.547	164.157
Demir Kapija	18	11	6	120.329	55.430	32.554
Kumanovo	17	6	3	174.533	60.848	43.258
Lozovo	16	9	7	156.820	92.237	65.257
Vasilevo	16	7	5	387.878	360.834	85.121
Bogdanci	15	5	5	102.299	38.560	38.077
Cesinovo-Oblesevo	14	6	3	210.770	93.230	48.918
Dolneni	14	8	8	193.622	94.395	93.655
Novo Selo	14	8	8	72.634	30.603	30.572
Probistip	14	3	3	104.267	32.150	27.578
Konce	12	2	0	171.983	7.828	0
Pehcevo	12	4	4	109.515	46.187	40.815
Caska	11	4	4	68.124	24.789	24.562
Rankovce	10	3	2	100.425	33.063	19.485
Jagunovce	9	2	1	740.831	33.344	8.112
Brvenica	8	2	1	254.989	36.567	31.947

Ilinden	8	2	1	310.391	11.547	7.839
Krusevo	8	3	3	46.728	19.144	19.099
Dojran	7	3	2	104.072	102.259	26.459
Kicevo	7	1	1	465.681	4.126	4.116
Petrovec	7	3	1	54.369	31.233	12.536
Kisela Voda	6	0	0	55.350	0	0
Kriva Palanka	6	0	0	21.319	0	0
Aracinovo	5	1	1	82.616	2.277	2.277
Gostivar	5	1	0	68.520	2.618	0
Sopiste	5	2	2	66.049	14.981	14.982
Centar	4	1	1	146.779	4.673	4.472
Staro Nagoricane	4	2	2	46.324	15.470	15.434
Plasnica	3	1	1	19.700	15.817	15.826
Tetovo	3	1	1	37.843	12.238	12.238
Zrnovci	3	0	0	20.110	0	0
Aerodrom	2	1	0	5.876	2.680	0
Bogovinje	2	0	0	115.705	0	0
Gorce Petrov	2	0	0	31.668	0	0
Karpos	2	1	0	44.650	17.211	0
Lipkovo	2	0	0	35.042	0	0
Studenicani	2	2	0	21.067	11.395	0
Tearce	2	0	0	3.558	0	0
Vrapciste	2	0	0	6.493	0	0
Butel	1	0	0	0	0	0
Centar Zupa	1	0	0	0	0	0
Cucer-Sandevo	1	0	0	32.812	0	0
Kratovo	1	1	1	7.729	7.746	7.734
Makedonski Brod	1	0	0	8.936	0	0

Source: Monitoring system, 2017 (Geographical data)

Table 40: Review of Measure 103 applications per municipalities

	Measure 103					
	No.of applications			Total public expenditure in EUR		
	received	contracted	finished	received	contracted	finished
Gevgelija	14	5	3	2.236.791	888.136	644.679
Kavadarci	12	5	2	1.891.475	751.224	499.571
Prilep	10	6	4	1.099.055	524.127	376.175
Strumica	10	5	2	744.559	347.823	109.005
Resen	8	1	1	1.033.368	74.898	67.197
Bitola	7	0	0	1.115.122	0	0
Sveti Nikole	7	3	1	718.290	674.213	243.806
Kumanovo	6	1	1	260.399	38.187	38.222
Stip	6	3	3	787.390	385.548	384.773
Valandovo	6	1	1	1.203.697	267.837	256.346
Veles	6	0	0	327.715	0	0
Bogdanci	5	3	2	148.568	140.851	118.772
Demir Kapija	5	1	0	399.981	69.807	0
Gazi Baba	5	2	2	1.005.280	500.507	509.851
Gradsko	5	2	1	2.944.132	1.393.457	43.291
Negotino	5	0	0	350.659	0	0
Radovis	5	3	1	360.263	479.317	140.925
Cesinovo-Oblesevo	4	3	2	509.531	317.484	126.060
Karbinci	4	2	2	691.020	222.134	221.900
Kocani	4	1	0	441.889	31.275	0
Ohrid	4	1	0	338.429	20.010	0
Tetovo	4	1	1	264.362	39.833	39.899
Caska	3	0	0	13.242	0	0
Centar	3	2	2	430.621	415.366	328.839
Probistip	3	1	0	271.811	126.154	0
Butel	2	0	0	330.565	0	0
Delcevo	2	2	2	529.893	494.669	488.432
Dojran	2	0	0	218.862	0	0
Gorce Petrov	2	1	0	286.023	129.559	0
Ilinden	2	0	0	509.963	0	0
Jagunovce	2	0	0	161.846	0	0
Kicevo	2	0	0	636.563	0	0
Kisela Voda	2	1	0	186.155	46.036	0
Krivogastani	2	0	0	808.327	0	0
Petrovec	2	1	1	1.586.783	86.583	86.581
Staro Nagoricane	2	1	1	398.930	400.877	399.913
Struga	2	1	1	253.136	61.502	61.353
Zelino	2	1	1	47.348	254.095	253.650
Aracinovo	1	1	0	196.123	196.263	0
Berovo	1	0	0	27.881	0	0
Bogovinje	1	0	0	42.684	0	0
Debar	1	0	0	40.863	0	0
Demir Hisar	1	0	0	13.132	0	0

Gostivar	1	0	0	66.049	0	0
Karpos	1	1	0	85.053	85.080	0
Novo Selo	1	0	0	73.872	0	0
Pehcevo	1	1	0	82.927	81.143	0
Rosoman	1	0	0	15.704	0	0
Vasilevo	1	1	1	59.433	58.861	57.500
Vranestica	1	1	0	398.839	397.941	0

Source: Monitoring system, 2017 (Geographical data)

Table 41: Review of Measure 302 applications per municipalities

	Measure 302					
	No.of applications			Total public expenditure in EUR		
	received	contracted	finished	received	contracted	finished
Bitola	24	2	1	1.529.164	299.520	154.632
Mavrovo i Rostusa	15	3	0	1.233.423	496.243	112.824
Resen	14	2	2	927.676	19.946	19.955
Radovis	12	2	0	625.249	208.372	180.466
Berovo	11	1	1	821.681	86.125	73.195
Delcevo	11	2	1	817.459	28.904	22.063
Veles	11	1	0	402.775	29.305	0
Ohrid	10	0	0	192.341	0	0
Petrovec	10	2	0	1.115.338	118.970	0
Probistip	10	0	0	1.128.202	0	0
Krusevo	9	0	0	108.465	0	0
Vinica	9	0	0	688.172	0	0
Demir Hisar	8	1	1	373.637	111.049	110.188
Gazi Baba	8	1	1	1.717.260	172.078	73.572
Kriva Palanka	8	1	0	600.107	256.967	0
Ilinden	7	1	1	455.367	82.008	81.137
Makedonski Brod	7	1	0	294.295	14.680	0
Prilep	7	2	0	557.744	70.974	9.727
Vevcani	7	0	0	371.208	0	0
Zajas	7	1	1	577.716	78.390	69.182
Butel	6	1	0	242.740	27.690	0
Caska	6	0	0	325.048	0	0
Kisela Voda	6	1	1	313.449	133.653	132.708
Pehcevo	6	2	0	194.918	75.921	0
Struga	6	0	0	237.198	0	0
Gradsko	5	3	0	142.250	114.212	0
Kavadarci	5	0	0	487.600	0	0
Kicevo	5	0	0	164.639	0	0
Kocani	5	1	1	169.822	9.429	9.403
Lipkovo	5	0	0	639.865	0	0
Negotino	5	0	0	228.296	0	0
Brvenica	4	0	0	64.867	0	0
Cucer-Sandevo	4	0	0	175.377	0	0
Debar	4	0	0	129.103	0	0
Debarca	4	1	1	131.736	9.329	3.609
Demir Kapija	4	0	0	354.485	0	0
Dojran	4	1	0	184.767	69.601	0
Gevgelija	4	1	1	164.823	53.360	34.246
Gostivar	4	0	0	233.541	0	0
Kumanovo	4	0	0	354.210	0	0
Sopiste	4	1	0	138.097	47.182	0
Stip	4	0	0	92.607	0	0
Aerodrom	3	2	0	133.522	30.612	0

Centar	3	0	0	191.477	0	0
Gorce Petrov	3	0	0	195.216	0	0
Karbinci	3	0	0	44.004	0	0
Staro Nagoricane	3	0	0	84.283	0	0
Tetovo	3	0	0	233.266	0	0
Vasilevo	3	0	0	88.618	0	0
Vrapciste	3	0	0	134.071	0	0
Zelino	3	0	0	444.727	0	0
Mogila	2	2	1	18.064	16.423	2.437
Novo Selo	2	0	0	71.458	0	0
Rosoman	2	0	0	383.105	0	0
Sveti Nikole	2	0	0	200.028	0	0
Cair	1	0	0	523.348	0	0
Cesinovo-Oblesevo	1	0	0	29.361	0	0
Dolneni	1	0	0	84.019	0	0
Drugovo	1	0	0	10.389	0	0
Jagunovce	1	0	0	9.836	0	0
Konce	1	0	0	270.167	0	0
Kratovo	1	0	0	4.006	0	0
Novaci	1	0	0	78.156	0	0
Plasnica	1	0	0	43.092	0	0
Rankovce	1	0	0	77.275	0	0
Saraj	1	0	0	96.715	0	0
Strumica	1	0	0	6.919	0	0

Source: Monitoring system, 2017 (Geographical data)

Annex 2: Indicator tables for monitoring and evaluation IPARD Programme 2007-2013