



**MINISTRY OF AGRICULTURE, FORESTRY AND WATER ECONOMY  
IPARD MANAGING AUTHORITY**

**ANNUAL REPORT ON THE IMPLEMENTATION OF THE  
IPARD PROGRAMME 2014-2020 FOR 2023**

(according to Article 59 of the Sectoral Agreement)

**May, 2024**

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## List of Acronyms

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	AFSARD - Agency for Financial Support in Agriculture and Rural Development
M 1	Investments in physical assets of agricultural holdings
M 3	Investments in physical assets concerning processing and marketing of agricultural and fishery products
M 7	Farm diversification and business development
M 9	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
MS	Management Structure
NAO	National Authorising Officer
NBRM	National Bank of the Republic of Macedonia (Central Bank)
NEA	National Extension Agency
NSARD 2014-2020	National Strategy for Agriculture and Rural Development 2014-2020
NGO	Non-Governmental Organizations
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

## Preface

The annual report on IPARD Programme 2014-2020 implementation has been prepared in line with Article 59 (4) of the Sectoral Agreement: The reports referred to in paragraphs (1) and (2) shall be sent, after examination and approval by the IPARD II monitoring committee, **to the NIPAC for submission to the Commission** with copies to the NAO and the Audit Authority.

As Article 59(1) of the Sectoral Agreement indicates, by 30<sup>th</sup> June each year following a full calendar year of implementation of the IPARD II Programme the Managing Authority shall submit the report for implementation of IPARD II in 2023 by 30<sup>th</sup> of June 2024 in line with conditions set by the Sectoral Agreement. Activities for improvement cover the aspects of the implementation of the Programme in 2022.

Geographical application of the IPARD Programme 2014-2020 refers to the entire territory of Republic of North Macedonia.

## 1. Executive Summary

The IPARD Programme for the 2014-2020 programming period was approved on 13<sup>th</sup> of February 2015 by Commission Decision C (2015) 760. First modification of the Programme was approved with Commission Decision C (2019) 6038. Since the start of the implementation the Programme suffered five modifications. The actual, fifth modification of the Programme was approved in June 2023 with Commission Decision C (2023) 4537.

The indicative maximum amounts of the European Union contribution for the implementation of the IPARD Programme under IPA II are set out as follows:

Year	Indicative amount						
	2014	2015	2016	2017	2018	2019	2020
Total	5.000.000	5.000.000	5.000.000	6.000.000	10.000.000	14.000.000	15.000.000

IPARD Programme 2014-2020 provides support through five measures (four of them accredited in the 2007-2013 programming period):

1. Investments in physical assets of agricultural holdings – Measure 1,
2. Investments in physical assets concerning processing and marketing of agricultural and fishery products – Measure 3,
3. Investments in rural public infrastructure – Measure 5 (conferral of management power not yet received due to lack of human capacity in the IPARD Agency);
4. Farm diversification and business development – Measure 7,
5. Technical assistance – Measure 9.

Implementation of the Programme started in April 2017. By the end of 2023, nine public calls have been announced. Beside first public call, other calls were intended for specific measures.

1. Public call 01/2017 for submission of applications under measure 1, 3 and 7;
2. Public call 01/2018 for submission of applications under measure 3,
3. Public call 02/2018 for submission of applications under measure 1
4. Public call 01/2019 for submission of applications under measure 7,
5. Public call 02/2019 for submission of applications under measure 3,
6. Public call 01/2020 for submission of applications under measure 1,
7. Public call 01/2021 for submission of applications under measure 7,
8. Public call 01/2022 for submission of applications under measure 3,
9. Public call 01/2023 for submission of applications under measure 3.

Giving that great number of contracts were terminated and considering the time and funds remained for implementation of the Programme, the last IPARD II Programme call was announced in 2023.

IPARD applications per public call:

Public call number	Submitted applications	EU contribution	Contracted applications	EU contribution	Paid applications	EU contribution
01/2017	1.648	72.329.985	900	15.949.967	866	13.187.960
01/2018	65	15.306.651	39	6.496.155	37	6.292.029
02/2018	1.099	18.335.969	640	6.420.497	593	5.470.302
01/2019	261	43.821.070	80	6.470.773	70	4.682.633
02/2019	61	16.763.734	48	8.578.991	40	6.394.758
01/2020	748	21.011.113	456	6.318.517	385	3.442.355

01/2021	250	32.490.820	115	9.417.564	74	3.324.473
01/2022	42	9.178.901	28	2.947.876	23	1.876.102
01/2023	58	6.485.806	14 <sup>1</sup>	1.952.138	/	/
Total	4.232	229.238.243	2.320	64.552.478	2.088	44.670.612

Source: IPARD II M&E indicator tables 2023, 2024

The IPARD Agency managed to contract the entire financial envelope of the Programme by the end of 2022. Having in mind cancellation of contracts (at the request of the beneficiaries), contracted amounts have been made available for new contracts. Having in mind the “N+3” rule, the pressure for utilization of Programme’s funds is now transferred towards the beneficiaries themselves (to speed up the investments and submit claim for payment) and also the Sector for authorization of payments in the IPARD Agency.

Experience gained so far indicates that the stakeholders in the Macedonian agricultural and rural sector have high interest for using the possibilities of the IPARD Programme. The EU contribution of submitted projects is more than 3 times higher than funds available in the Programme.

The introduction of obligatory completeness of application package has proven to be very productive for the implementation of the Programme and resulted with decrease of time needed for processing/contracting the applications.

Public Call number	Published in month	Contracting started in month	Time needed for contracting
01/2017 (M 1, M 3 and M 7)	April 2017	August 2018	15 months
01/2018 (M 3)	November 2018	April 2019	4 months
02/2018 (M 1)	December 2018	August 2019	6 months
01/2019 (M 7)	October 2019	July 2020	7 months
02/2019 (M 3)	December 2019	September 2020	7 months
01/2020 (M 1)	February 2020	January 2021	10 months
01/2021 (M 7)	July 2021	February 2022	5 months
01/2022 (M 3)	July 2022	November 2022	3 months
01/2023 (M 3)	August 2023	December 2023	3 months

Source: Managing Authority, Monitoring System, 2024

<sup>1</sup> IPARD Agency still contracting.



## 2. Change in the general conditions of relevance to the implementation of the IPARD Programme 2014-2020

### 2.1 Political and institutional framework

The reporting period is characterized by intensive efforts leading to the beginning of the process of accession negotiations. The holding of the first Intergovernmental Conference in July 2022 was a historic moment and marked a new phase of the EU accession process for North Macedonia. This was a clear recognition of Macedonian determination to implement EU-related reforms. The EU accession negotiation process with North Macedonia is conducted in line with the revised enlargement methodology, and with the requirements set out in the Negotiating Framework, which have an even stronger focus on the fundamentals (cluster 1) of the accession process.

In 2023, North Macedonia has played an active role in a complex geopolitical context during its term as chair of the Organisation for Security and Cooperation in Europe (OSCE).

Regarding the political criteria, North Macedonia continued its efforts to strengthen democracy, while it faced significant challenges in the area of the rule of law. Overall, the legal framework remains conducive to the holding of democratic elections in North Macedonia. However, no progress was made to address and implement the outstanding recommendations by the OSCE's Office for Democratic Institutions and Human Rights and the Venice Commission. As mentioned repeatedly in previous reports, electoral legislation should be comprehensively reviewed to address inconsistencies in a timely, inclusive and transparent manner.

Parliament's work was marred by political polarisation, which deepened further, delaying the adoption of many reform laws and important appointments. Excessive and sometimes inappropriate use was made of fast-track procedures and of the 'EU flag' procedure, in some cases due to the lack of consultations and poor planning of the legislative calendar. Parliamentary oversight of the executive was regularly exercised through parliamentary questions to ministers, at the same time the oversight of the intelligence services remains weak.

In terms of public administration reform, North Macedonia still has not adopted the revised legislative framework for human resources management, which includes the revised Law on administrative servants, the Law on public sector employees and new legal provisions on top-level management. The new framework should improve human resource management across the administration and help ensure merit-based recruitments, promotions, and dismissals at all levels, including senior management. Legislation has not yet taken on board the State Commission for the Prevention of Corruption's recommendations on nepotism, cronyism, and political influence in the recruitment of public sector employees and in the appointment of members of supervisory and management boards.

Key dates of Macedonian EU accession process:

- June 2003: The EU-Western Balkans Thessaloniki Summit confirms the EU perspective for the Western Balkans.
- March 2004: The country applies for EU membership.
- April 2004: The Stabilisation and Association Agreement enters into force.
- December 2005: The status of candidate country is granted.
- October 2009: The European Commission recommends for the first time the opening of accession negotiations.

- December 2009: Visa-free travel to the Schengen area for citizens of the country.
- March 2012: High Level Accession Dialogue with the Commission launched.
- November 2015: The European Commission makes its recommendation conditional on the continued implementation of the Pržino agreement and substantial progress in the implementation of the "Urgent Reform Priorities".
- February 2018: The European Commission adopts its strategy for "A credible enlargement perspective for and enhanced EU engagement with the Western Balkans".
- April 2018: The European Commission recommends that the Council decides that accession negotiations be opened with the country in light of the progress achieved.
- May 2018: The EU-Western Balkans Sofia Summit confirms the European perspective of the region and sets out a number of concrete actions to strengthen cooperation in the areas of connectivity, security and the rule of law.
- June 2018: The Council sets out the path towards opening accession negotiations with the country in June 2019, depending on progress made.
- February 2019: The EU is notified officially about the entry into force of the Prespa agreement.
- May 2019: The European Commission recommends opening accession negotiations.
- February 2020: Revised methodology, presented by the Commission, to drive forward the enlargement process with a stronger political steer and in a more credible, predictable, dynamic way.
- March 2020: The members of the European Council endorsed the General Affairs Council's decision to open accession negotiations with North Macedonia.
- July 2020: Presentation of the draft negotiating framework to the Member States.
- October 2020: Commission proposes Economic & Investment Plan to support and bring the Western Balkans closer to the EU.
- October 2021: Commission confirms that North Macedonia continues to fulfil the conditions to open accession negotiations and looks forward to the holding of the first Intergovernmental Conference as soon as possible.
- July 2022: Intergovernmental Conference on accession negotiations with North Macedonia.
- December 2023, last screening meetings were held respectively with North Macedonia. Significant number of meetings took place for a duration of about one year, with the involvement of more than 500 experts of the European Commission and more than 1000 experts from North Macedonia.

The institutional framework for implementation of the IPARD Programme 2014-2020, remained unchanged. Following authorities and responsible bodies are designated for management and implementation of the Programme:

- The MS is in charge of tasks of financial management of assistance under IPA, under the responsibility of the NAO (responsibilities outlined in Article 7 of the Sectoral Agreement). The MS in particular is in charge of organizing the bank accounts, requesting funds from the Commission, authorizing the transfer of funds from the Commission to the operating structures or to the final beneficiaries and the financial reporting to the Commission.
- IPARD Managing Authority main functions and responsibilities outlined in Article 8 of the Sectoral Agreement and focus on the monitoring, evaluation, reporting, coordination and publicity of the IPARD Programme.

- The IPARD Agency (responsibilities outlined in Article 9 of the Sectoral Agreement) shall carry out, inter alia the following implementing and paying tasks:
  - a. arranging for tendering procedures, grant award procedures, the ensuing contracting, and making payments to, and recovery from, the final beneficiary
  - b. ensuring that the NAO, the National Fund and the Managing Authority receive all information necessary for them to perform their tasks;
  - c. selecting and checking operations in accordance with the criteria and mechanisms applicable to the IPARD Programmes, and complying with the relevant Community and national rules;
  - d. carrying out checks to ensure that the expenditure declared has actually been incurred in accordance with applicable rules, the products or services have been delivered in accordance with the approval decision, and the payment requests by the final beneficiary are correct. These checks shall cover financial, administrative, technical and physical aspects of operations, as appropriate;
  - e. making calls for applications and publicizing terms and conditions for eligibility;
  - f. checking of applications for approval of projects against terms and eligibility conditions, and compliance with the Agreements including, where appropriate, public procurement provisions;;
  - g. laying down contractual obligations in writing between the IPARD Agency and the final beneficiaries including information on possible sanctions in the event of non-compliance with those obligations and, where necessary, the issue of approval to commence work;
  - h. execution of on-the-spot checks to establish eligibility both prior to and following project approval;
  - i. follow-up actions to ensure progress of projects being implemented;
  - j. reporting of progress of measures being implemented against indicators;
  - k. ensuring that the final beneficiary is made aware of the Community contribution to the project;

In relation to institutional capacity, no significant progress has been made in the increase of staff at the IPARD Agency and the Managing Authority. Human capacity issue especially reflects on entrustment of new measures in the Programme (Measure Investment in rural public infrastructure) thereby on the absorption of funding under the IPARD Programme.

## **2.2 Macroeconomic situation**

In terms of economic criteria, North Macedonia has made some progress and achieved a good level of readiness for the development of a functional market economy. In 2022, the economy was badly hit by the fallout from Russia's war of aggression against Ukraine, which significantly slowed down its post-COVID recovery. The government supported households and businesses through large-scale energy subsidies, tax reductions and targeted direct income support. Owing to an inflation-driven boost to tax income and under-execution of several expenditure categories, the general government deficit remained below the revised target. Capital expenditure was raised significantly, but still fell short of the revised plan. The public debt ratio dropped, but remains significantly above pre-COVID-2019 levels. The central bank tightened its policy stance further in view of still elevated inflationary pressures, which began to subside gradually towards the end of 2022 and beyond.



**Table 1: Main macroeconomic indicators**

	2017	2018	2019	2020	2021	2022	2023
GDP in million € (at current exchange rate)	10.026	10.691	11.210	10.797	11.760	12.042	13.582
GDP per capita in € (at current exchange rate)	4.831	5.147	5.399	5.201	6.403	6.556	7.422
GDP real growth rate (in %)	0,2	2,7	3,6	-4,5	4,0	2,4	1,0
Inflation (in %)	2,4	0,9	0,4	2,3	4,9	18,7	9,4
Average exchange rate (MK denar/€)	61,57	61,51	61,51	61,67	61,63	61,62	61,45
Unemployment rate (in %)	22,4	20,7	17,3	16,4	15,7	14,4	13,1
Export of goods and services in mill. €	5.019	5.872	6.433	5.781	6.923	8.300	8.323
Import of goods and services in mill. €	6.835	7.676	8.441	7.599	9.638	12.125	11.148
Balance of trade in mill. €	-1.816	-1.804	-2.008	-1.818	-2.715	-3.825	-3.055
Balance of trade in % of GDP	-18,0	-16,9	-17,97	-16,83	-23,08	-31,76	-22,49

Source: State statistical office (SSO), National Bank of Republic of North Macedonia (NBRNM)

According to the estimated data, the growth rate of the Gross Domestic Product (GDP) in the fourth quarter of 2023 was 0,9%. In this quarter of 2023, the bigger increase was recorded in sections: F- Construction by 5,5% and K- Financial and insurance activities by 3,5%. In the fourth quarter of 2023, household final consumption, including non-profit institutions serving households, increased by 5,8% in nominal terms, and its share in the GDP structure was 70,9%. In the same period, export of goods and services increased by 0,1% in nominal terms, while import of goods and services decreased by 5,3%.

The decline in the unemployment rate in recent years is due to a number of factors: measures to stimulate employment, the policy of attracting foreign direct investment, as well as increased emigration (especially among the young population). Salary support and stimulating consumption, especially of domestic products, were one of the main support measures during the crisis. The introduction of the Law on minimum wage (18.000 denars in March 2022) and its increase in three occasions (22.500 denars in December 2023), among other factors, led to increase of the average wage in the country (39.500 denars in December 2023). The Law on minimum wage applies both to employees in the private sector and to employees in the public sector.

According to the State Statistical Office data, the industrial production volume index in January 2024, in comparison with January 2023, was 102,8.

The industrial production in the section mining and quarrying in January 2024, in comparison with January 2023, decreased by 14,2%, in the section manufacturing it increased by 8,1%, while in the section electricity, gas, steam and air conditioning supply it decreased by 21,7%.

The increase in the section manufacturing is mostly due to increased production in the divisions, manufacture of food products, manufacture of beverages, manufacture of textiles, manufacture of chemicals and chemical products, manufacture of basic pharmaceutical product and pharmaceutical preparations, manufacture of rubber and plastic products, manufacture of basic metals, manufacture of fabricated metal products, except machinery and equipment, manufacture of electrical equipment and manufacture of motor vehicles, trailers and semi-trailers.

The industrial production by main industrial groupings in January 2024, in comparison with January 2023, was higher in energy by 19,7% and capital goods by 41,2%, but lower in Intermediate goods, except energy by 13,0%, durable consumer goods by 26,7% and non-durable consumer goods by 6,8%.

## 2.3 Demographic situation

The total enumerated population is 2.097.319 persons. The total resident population is 1.836.713 people. The total non-resident population, which includes Macedonian citizens absent abroad for more than 12 months and the foreigners temporarily present in the Republic of North Macedonia for less than 12 months, is 260.606 persons included in the Census. The number of persons for whom the data is taken from administrative sources is 132.260 or 7,20% of the resident population. The number of foreigners temporarily present in the Republic of North Macedonia for less than 12 months is 1.674 people. In the total resident population of the Republic of North Macedonia, 50,4% are women and 49,6% are men. According to the age structure, the largest percentage of the population 7% are in the age group of 40 to 44 years.

In terms of age structure, the Macedonian population is growing older. In the period from 2008 to 2021, the share of the young population (0-14 years) in the total population decreased from 18,1% to 16,9%, while the share of the older population (65 and over) increased from 11,5% to 17,1%.

**Table 2: Share of population aged 65+ (in %)**

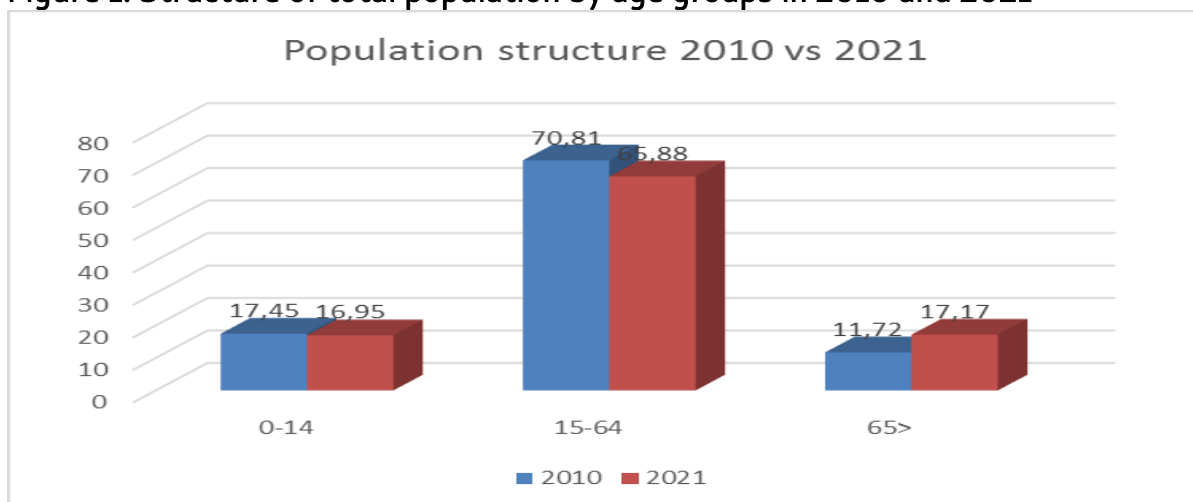
Year	Total	Vardar region	East region	Southwest region	Southeast region	Pelagonia region	Polog region	Northeast region	Skopje region
2008*	11,4	12,6	12,2	10,5	11,7	15,2	8,3	10,8	11,5
2016*	13,1	14,4	15,0	11,5	13,5	15,9	9,1	12,2	14,0
2018*	13,9	15,3	16,1	12,2	14,3	16,6	9,6	12,9	14,8
2019*	14,5	16,0	17,1	12,8	15,1	17,2	10,1	13,5	15,3
2021	17,2	18,5	21,0	16,9	18,9	19,7	13,0	16,2	16,7

Source: State statistical office (SSO), MAFWE calculations 2021.

\* estimated data

The demographic indicators at the regional level show differences that point to a disproportion in the territorial distribution of the population. The Skopje Region, as the most densely populated, has almost ten times higher density than the Vardar Region, which is the least densely populated. There are also differences in the age structure of the population. The highest share of young population (0-14) was registered in Skopje, Polog and the Northeast Region, while the highest proportion of old population (65+) was observed in Pelagonia, Vardar and the East Region. The indicators of the population average age also confirm this situation.

**Figure 1: Structure of total population by age groups in 2010 and 2021**



Source: State statistical office (SSO), 2023

IPARD Programme 2014-2020 had no particular impact on the developments in the demographic situation in the reporting period. On the contrary, the demographic situation adversely affects agriculture and rural development. The lack of a skilled workforce for the needs of foreign investors whose investments are located in industrial zones across the country is particularly noticeable. Farmers complain about labour shortages, especially for fruit harvesting. Also, the lack of young and educated staff negatively reflects on the ability to administer at the local level. Many of the responsibilities of local governments cannot be effectively managed due to a lack of adequate staff in small municipalities.

## 2.4 Agriculture production and economy

Agriculture, along with hunting, forestry and fisheries with a share of 9,8% in the overall gross domestic product (GDP) in 2022 was the fifth largest economy sector, immediately after the sectors of:

- Wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities (21,9%),
- Mining, manufacturing, electricity, gas and water supply, sewerage, waste management, remediation activities (19,7%),
- Public administration and defence; compulsory social security; education; human health and social work activities (15,2%),
- Real estate activities (12,0%),

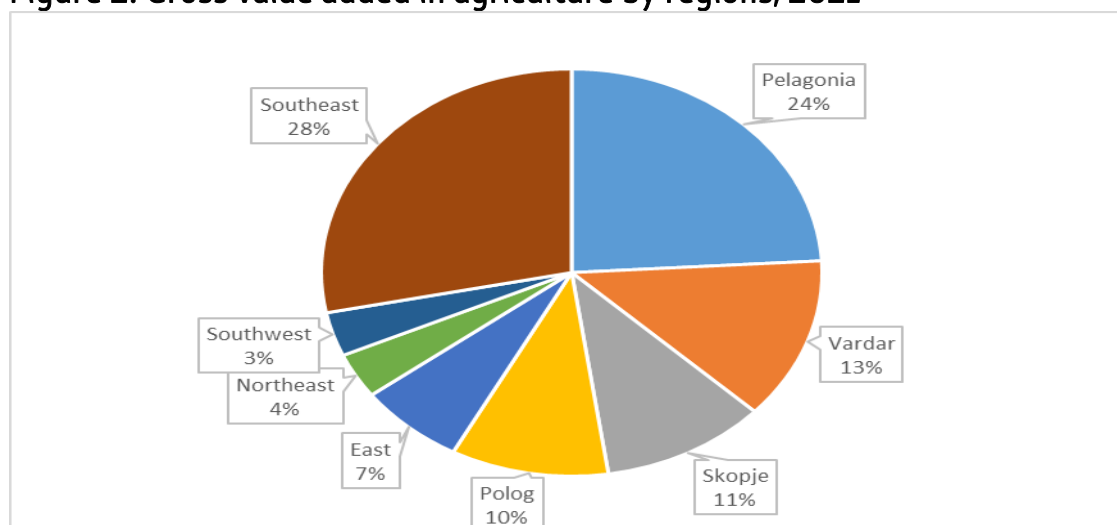
### *Economic Accounts and value of agriculture production*

According to the data of the State Statistics Office, the gross value added in agriculture in 2022 is 57.298 million denars and compared to 2021, it records a nominal increase of 22,5%.

Crop production in 2022, which takes 72,9% of the total production, shows an increase of 20,2% compared to 2021. The value of livestock production, which participates with 18,7% in the total production, has increased by 18,6% compared to 2021.

Interphase consumption in 2022 recorded an increase of 10,1% compared to 2021. The nominal income in agriculture from production factors, per labour unit, in 2022 recorded an increase of 62,6%, while the real income from production factors recorded an increase of 56,3%.

**Figure 2: Gross value added in agriculture by regions, 2021**



Source: State statistical office (SSO), regional accounts for agriculture 2021.

### ***Agricultural land and farm structure***

According to the data of the State Statistical Office, cultivated land in 2023 covered an area of 514.375 ha. Decrease of arable land was registered for orchards by 2,5% and vineyards by 4,6%.

In the same period, an increase in production was registered for rice by 5,4% and peppers by 4,1%. For all other crops, a significant decrease was registered for: sunflower by 39,5%, tomatoes by 23,0%, cucumbers by 34,3% and fodder maize by 31,7%.

Due to unfavourable climate conditions (early spring frosts, strong winds and storms during the flowering days of the plants), significant decrease in fruit production was registered for apples by 51,2%, pears by 41,2%, plums by 46,1% and peaches by 50,0%.

**Table 3: Agricultural areas by category of use in 000 hectares**

	2018	2019	2020	2021	2022	2023
Agricultural area	1.264	1.264	1.262	1.260	1.260	1.260
– Cultivated land	519	520	517	517	514	514
– Arable land and gardens	418	419	416	417	416	416
– Orchards	17	17	17	17	17	16
– Vineyards	24	24	24	24	24	22
– Meadows	60	60	60	60	60	59
Pastures	745	744	744	743	741	735
Marshes, swamps and fish ponds	1	1	1	1	1	1

Source: State statistical office (SSO), News release, Agriculture areas and crop production, 2024.

**Table 4: Number of agricultural holdings and available area of the holdings**

	Number of agricultural holdings	Total utilised agricultural area, ha	Utilised agricultural area per holding, ha
Total	178.125	320.738	1,8
Individual agricultural holdings	177.845	271.989	1,5
Business entities	280	48.749	174,1

Source: State statistical office (SSO), 2017

In accordance with EU Regulation (EC) No. 1166/2008, in June 2016, the State Statistical Office conducted the Farm Structure Survey. According to the Farm Structure Survey data, there are 178.125 agricultural holdings in the Republic of North Macedonia. On average, one agricultural holding uses 1,8 ha of agricultural area and breeds 2,1 LSU (livestock units). The total utilized agricultural area by agricultural holdings is 320.738 ha, and of the total number of holdings, 60,8% used up to 1 ha of agricultural area. Agricultural holdings have 381.361 LSU. Of the manure application techniques 37,9% of agricultural holdings used broadcast application of manure with no incorporation, (broadcasting manure onto the surface of a field - the oldest method of manure spreading), while the most used irrigation method is surface irrigation method.

### ***Agricultural production***

The crop production structure in the country is broken down into five main groups: production of cereals, industrial, fodder crops, horticultural crops, orchards and vineyards. In 2023, the structure of sown area under cultivation (cereals, fodder crops, industrial crops and vegetables) in total of 269.834 ha, accounts for approximately 58% of cereals, 19% of vegetables, 15% of forage crops and 8% of industrial crops.



**Table 5: Harvested area under cereals in hectares**

Cereal	2017	2018	2019	2020	2021	2022	2023
Wheat	72.864	70.987	68.847	69.765	70.366	70.107	69.552
Rye	4.065	3.836	3.809	3.936	3.782	3.791	3.410
Barley	43.816	42.331	43.941	44.995	47.683	45.429	45.580
Rice	3.274	3.222	3.481	3.177	3.111	3.114	3.162
Maize	31.287	36.340	33.967	31.912	30.224	30.215	28.515
Total	155.306	156.716	154.045	153.785	155.166	152.656	150.219

Source: State statistical office (SSO), 2024

SSO data indicate small changes in areas under crop culture. These changes are mainly due to last year's prices and the interest of farmers. The yield per ha also varies though the years depending on the favourable climatic conditions.

The area under other fodder crops remains unchanged in the last years. Despite this, lack of forage crops is causing high prices and reflecting as limiting factor on the development of livestock production sector. Main reasons for this situation is the lack of sufficient size of arable land per farm for production of forage crops as well as the small and fragmented parcels.

**Table 6: Harvested area under fodder crops in hectares**

Fodder crop	2017	2018	2019	2020	2021	2022	2023
Alfalfa	19.487	19.698	19.455	19.076	19.661	18.891	17.947
Vetches-hay	2.180	2.065	2.018	1.960	1.817	1.883	1.629
Fodder peas-hay	1.640	1.428	1.639	1.499	1.574	1.607	1.610
Fodder maize	6.384	6.196	8.231	8.216	7.049	9.380	8.761
Fodder beet	382	376	475	461	447	446	363
Clover	3.716	3.685	3.922	4.012	4.198	4.060	4.437
Total	33.789	33.448	35.740	35.224	34.746	36.267	34.747

Source: State statistical office (SSO), 2024

**Table 7: Harvested area under industrial crops in hectares**

Industrial crop	2017	2018	2019	2020	2021	2022	2023
Tobacco	15.959	16.582	16.679	16.591	15.457	15.044	14.900
Sunflower	4.022	2.346	4.605	4.559	5.050	6.179	4.764
Total	19.981	18.928	21.284	21.150	20.507	21.223	19.664

Source: State statistical office (SSO), 2024

Vegetable production decreases each year from 2015 onwards. The decrease in area under vegetables is not that significant as the decrease in the yields per ha. Most of the vegetable production is open field production and largely dependent from positive summer climatic conditions (favourable summer rains). Vegetable production is also a more intensive branch than the others are, so the lack of seasonal labour has had a strong impact on production capacity.

**Table 8: Harvested area under vegetables in hectares**

Vegetable	2017	2018	2019	2020	2021	2022	2023
Potatoes	13.188	12.403	12.939	12.618	12.306	12.187	12.012
Onion	3.633	3.627	3.562	3.622	3.622	3.494	3.385
Garlic	947	950	904	963	973	926	901
Beans	4.703	4.577	4.504	4.392	4.267	4.244	4.048
Peas	1.062	1.045	1.105	1.072	1.119	1.012	964
Lentil	86	81	74	71	67	60	46

Cabbage	4.499	4.502	4.627	4.517	4.444	4.551	4.698
Tomatoes	5.597	5.569	5.497	5.453	5.567	5.613	5.666
Peppers	8.927	9.179	9.390	9.236	9.773	9.733	9.623
Cucumbers	1.035	1.034	1.036	943	1.061	1.015	1.062
Melons and watermelons	5.385	5.281	5.132	5.175	5.321	5.034	4.886
Total	49.062	48.248	48.770	48.062	48.520	47.869	47.921

Source: State statistical office (SSO), 2024

Orchards/fruit production (including vineyards) largely depends on all three factors mentioned above: favourable climatic conditions during flowering and pollination of plants (especially important for apple production which mostly is located in mountainous areas) and drought during the summer months, lack of seasonal labour (especially during the period of fruit/grape harvesting) and the variation of the purchase price of the production. The climate conditions (early spring frost) especially effect apricot and peach production in Vardar region.

**Table 9: Fruit production in tones**

Fruit	2017	2018	2019	2020	2021	2022	2023
Cherries	4.061	5.824	6.045	6.258	4.716	5.768	3.928
Sour cherries	4.408	10.538	8.695	9.892	8.372	8.725	6.144
Apricots	3.992	3.904	6.070	3.434	2.584	5.312	3.417
Apples	43.366	140.296	88.701	105.794	92.863	164.530	80.283
Pears	5.052	8.055	8.048	8.790	6.631	10.327	6.075
Plums	17.880	37.719	32.303	34.983	27.031	39.512	21.313
Peaches	11.509	13.128	12.003	12.765	6.205	12.311	6.157
Walnuts	2.341	4.826	5.014	5.387	4.667	6.165	4.189
Total tones	92.609	224.290	166.879	183.869	153.069	252.650	128.089
Total area in Ha	16.546	16.827	16.784	17.000	16.942	16.852	16.423

Source: State statistical office (SSO), News release Agriculture areas and crop production, 2024.

**Table 10: Vineyards (area) and production of grapes (including table grapes)**

Vineyards	2017	2018	2019	2020	2021	2022	2023
Area in ha	23.703	24.088	24.468	23.709	23.384	23.047	21.972
Production in tones	180.349	294.497	258.960	317.550	269.131	265.556	149.006

Source: State statistical office (SSO), 2024

The number of livestock has significantly decreased in 2019 because of change and improvement of the methodology in recording the data for number of livestock. There was a working group, established in 2018 from experts from the Ministry, Food and Veterinary Agency and State statistical office. The working group worked on harmonizing the registers and databases in the three institutions and defining the criteria for recording animals in the respective registers.

**Table 11: Number of livestock**

Livestock	2017	2018	2019	2020	2021	2022	2023
Cattle	255.036	256.181	217.790	222.202	177.622	164.751	148.693
Pigs	202.197	195.538	135.770	164.074	186.146	182.604	193.412
Sheep	724.555	726.990	684.558	630.634	633.281	646.488	587.073
Goats	107.466	117.447	87.581	95.008	75.753	80.186	85.528
Poultry	1.840.173	1.828.287	1.562.089	1.643.462	1.484.025	1.561.933	1.746.029
Bee-hives	75.406	81.197	96.143	99.558	92.968	290.879	/

Source: State statistical office (SSO), News release, Number of livestock and poultry, 2024.

The eggs production is primary activity of the Macedonian poultry industry. 1,3 million heads out of the total belong to the number of laying hens. The number of bee families in 2019 significantly increased due to the increase in the subsidies provided by the Programme for direct payments and the characteristics of bee keeping (small investments, labour extensive production, increase in prices of honey and its products).

**Table 12: Production of meat in tones**

Meat	2017	2018	2019	2020	2021	2022	2023
Beef	4.636	4.381	4.083	3.886	4.214	4.415	4.024
Pork	13.105	12.929	13.384	14.930	15.578	13.493	12.080
Sheep/lamb	3.422	3.446	3.392	3.183	3.097	3.992	3.891
Chicken	1.716	1.499	1.490	1.494	1.695	1.942	2.074

Source: State statistical office (SSO), News release, Livestock production 2024.

**Table 13: Production of milk in 000 litres**

Milk	2017	2018	2019	2020	2021	2022	2023
Cow	394.140	404.230	390.903	405.217	326.523	324.290	238.328
Sheep	35.364	36.559	35.088	26.925	34.811	38.674	30.750

Source: State statistical office (SSO), News release, Livestock production 2024.

### *Employment in agriculture and rural areas*

The labour force in the agricultural sector in the Republic of North Macedonia is mainly comprised of labour work on the individual farm level. The main part of the rural population is engaged in agricultural activities (primarily within the households) and rarely with other non-agricultural activities where possibilities exist. The average paid salaries in agriculture are among the lowest level compared with other economy sectors. The salary increase since 2018 is a result of several increases of the minimum wage (which by the end of 2023 reached approximately 350 €). This led to increase of number of employees in agriculture by regulating employment status of persons whose status was not regulated.

**Table 14: Average net salary by employee in €**

Description	2016	2017	2018	2019	2020	2021	2022	2023
Agriculture, forestry and fisheries	283	272	306	321	357	371	423	470

Source: State statistical office (SSO), 2023

**Table 15: Employees in agriculture, forestry, fisheries, and food processing**

Description	2017	2018	2019	2020	2021	2022
Number of employees	149.596	148.994	142.550	125.585	121.535	96.525
% of total employed	20,2	19,6	17,9	15,8	15,3	14,0

Source: State statistical office (SSO), 2023

### *General trade and trade with agro-food and fishery products*

In 2022 the overall trade (industrial + agro-food products) (export + import) compared to 2021 has increased by 23,3%. Total export (industrial + agro-food products) in 2022 compared with 2021 has increased by 19,9% and total import shows an increase by 25,8%. The export of agro-food products in 2022 compared with 2021 has increased by 13,5% (from €627,9 million in 2021 to €713,11 million in 2022), and the import of agro-food products in 2022 compared with 2021 increased by 20,9% (from €944,1 million to €1.142,3 million).

In 2023 the overall trade (industrial + agro-food products) (export + import) compared to 2022 has decreased by 4,6%. Total export (industrial + agro-food products) in 2023 compared with 2022 is on the same level and total import shows a decrease by 8%. The export of agro-food products in 2023 compared with 2022 has increased by 8,2% (from €713,11 million in 2022 to €771,58 million in 2023), and the import of agro-food products in 2023 compared with 2022 increased by 5,7% (from €1.142,3 million to €1.208,2 million).

This minimal increase of the value of export and imports is primarily due to the increase in average export and import prices of many products such as beef fresh, chilled and frozen, poultry, milk and dairy products, cereals, various types of flour, confectionery sugar products, sunflower oil and others.

The share of export of agro-food and fishery products in total export from Republic of North Macedonia in 2023 has increased compared to the share in 2022 and it was 9,27%. The share of import of agro-food and fishery products in total import into Republic of North Macedonia in 2023 has increased compared to the share in 2022 and it was 10,84%.

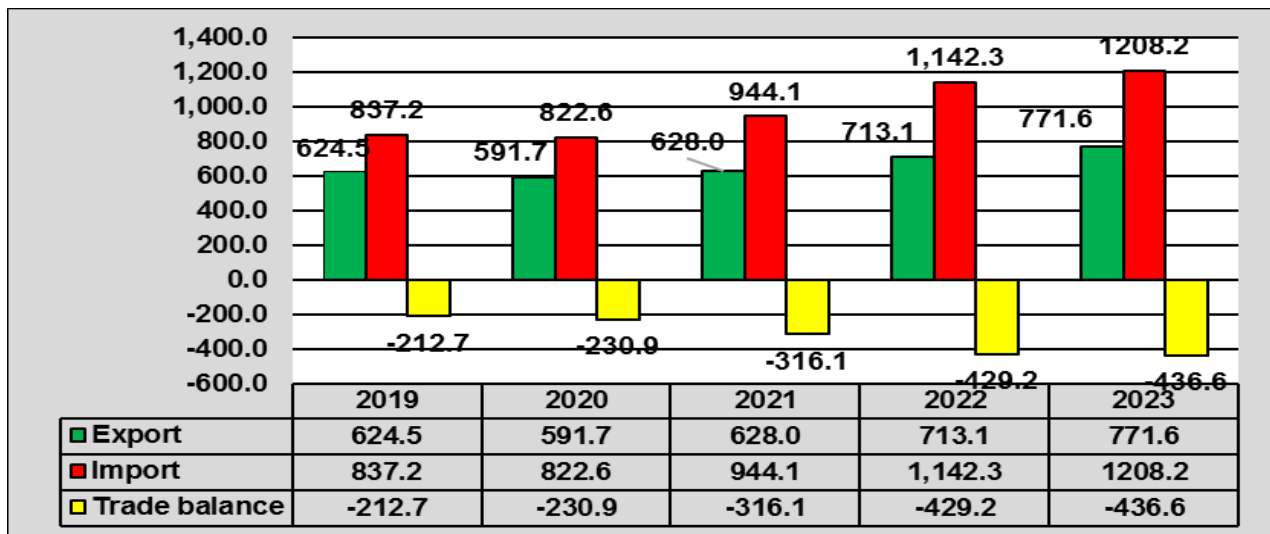
The trade deficit in 2023 has increased compared to 2022 by 1,7% and it amounted €436,6 million.

**Table 16: Total trade and trade with agricultural and fishery products 2019-2023 (in million €)**

		Total trade (industrial + agricultural products)	Total trade with agricultural, processed and fisheries products	Share of agricultural, processed and fisheries products in total trade
2019	<i>Export</i>	6,423,70	624.5	9.72%
	<i>Import</i>	8,463,17	837.15	9.89%
	<i>Balance</i>	-2,039,47	-212.65	10.42%
2020	<i>Export</i>	5,777.90	591.67	10.24%
	<i>Import</i>	7,594.54	822.57	10.83%
	<i>Balance</i>	-1,816.64	-230.9	12.71%
2021	<i>Export</i>	6,922.57	627.96	9.07%
	<i>Import</i>	9,638.29	944.06	9.79%
	<i>Balance</i>	-2,715.72	-316.09	11.64%
2022	<i>Export</i>	8,299.58	713.11	8.59%
	<i>Import</i>	12,125.23	1,142.31	9.42%
	<i>Balance</i>	-3,825.65	-429.20	11.22%
2023	<i>Export</i>	8,322.82	771.58	9.27%
	<i>Import</i>	11,148.54	1,208.19	10.84%
	<i>Balance</i>	-2,825.72	-436.60	15.45%

Source: State Statistical Office (SSO), prepared by MAFWE, 2024

Figure 3: Development of Macedonian agricultural trade (in million €) for the period 2019-2023



European Union-27 is definitely the most important partner of the Republic of North Macedonia on trade with agri-food and fisheries products in 2023. The total value of the trade exchange with EU-27 with agri-food products in 2023 (export + import) is € 949,8 million. Exports of agri-food and fishery products increased by 7,2% (from € 359,9 million in 2022, to € 386,3 million in 2023), while imports of these products increased by 8,1% (from € 509,2 million in 2022 to € 551,7 million in 2023).

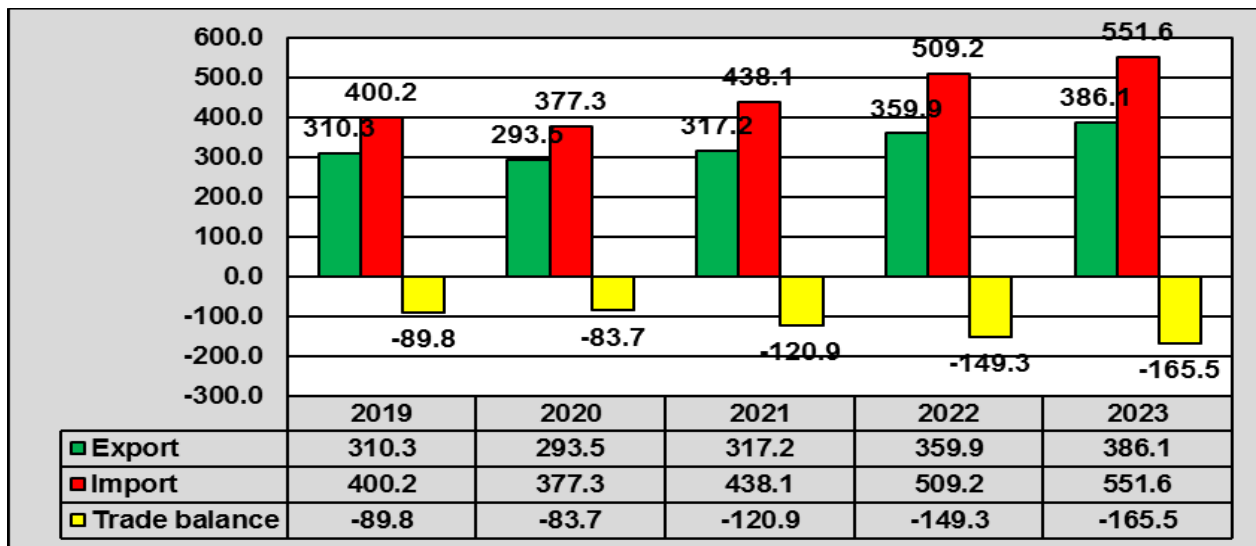
The share of agro-food and fishery products export to EU-27 in total export of these products in 2023 was 50,06%, while the share of import from EU-27 in total agro-food and fishery products import in 2023 was 46,6%.

Second important partner of the Republic of North Macedonia in 2023 in trade with agro-food and fishery products, were CEFTA country members, with total value of trade (export + import) of €639 million. The share of agro-food and fishery products export to CEFTA country members in total export of these products in 2023 was 37,6%, while the share of import from CEFTA country members in total agro-food and fishery products import in 2023 was 28,9%. The most important CEFTA trade partner was Serbia with share of 13,8% of total export of agro-food and fishery products and 22,2% of total import. Following by Bosnia and Herzegovina (with share of 5,2% in total export and 3,3% in total import). Regarding export Kosovo is also important partner with share of 12,5% of total export, while the contribution of other CEFTA members countries (Montenegro, Moldova and Albania) is still with lower participation in trade.

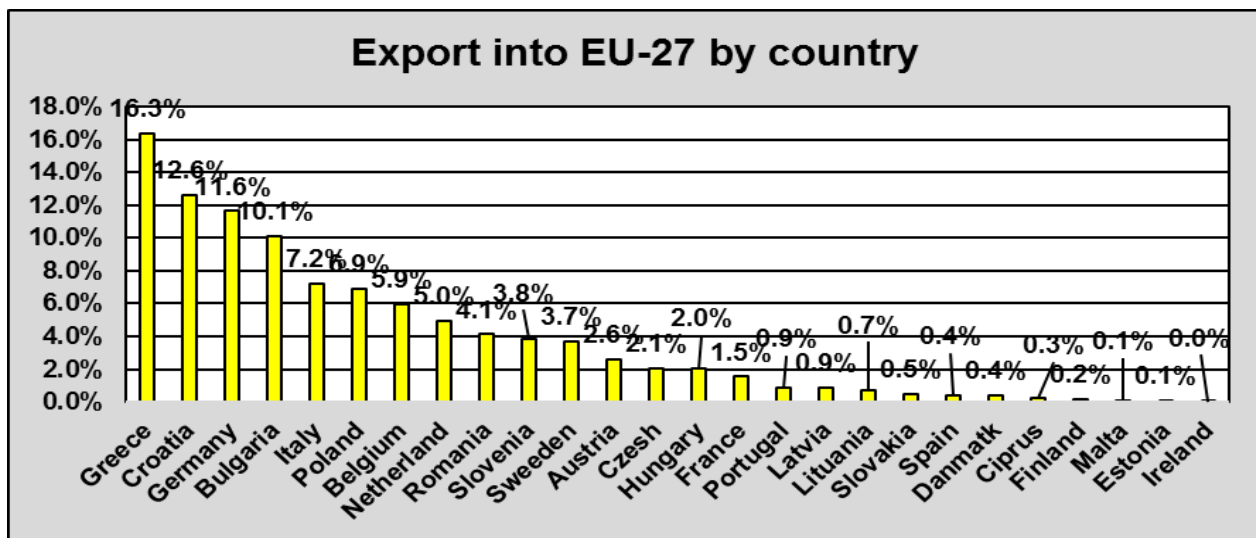
Worth to be mentioned, Turkey as a candidate country and a country with which the Republic of North Macedonia has a Free Trade Agreement takes 0,56% of total export and 3,38% of the total import of agro-food and fishery products. Regarding the export of agro-food and fishery products, the largest sole non-EU trade partner was USA, with share of 2,76% of total export, due to significant export of tobacco. Following was Ukraine, accounting for 1,33% of total exports (due to large exports of fresh fruits and vegetables), while Brazil with share of 4,57% of total import, was largest sole non-EU import partner, basically due to significant quantities of poultry, bovine frozen, sugar and coffee imported in 2023.

The United Kingdom, which after leaving the European Union, in the total export of agri-food and fishery products, participates with 1,28%, while in the total import of these products participates with 1,04%.

Figure 4: Overview of the import/export/trade balance data (in million €) with the EU-28 for 2019 and with the EU-27 for 2020-2023



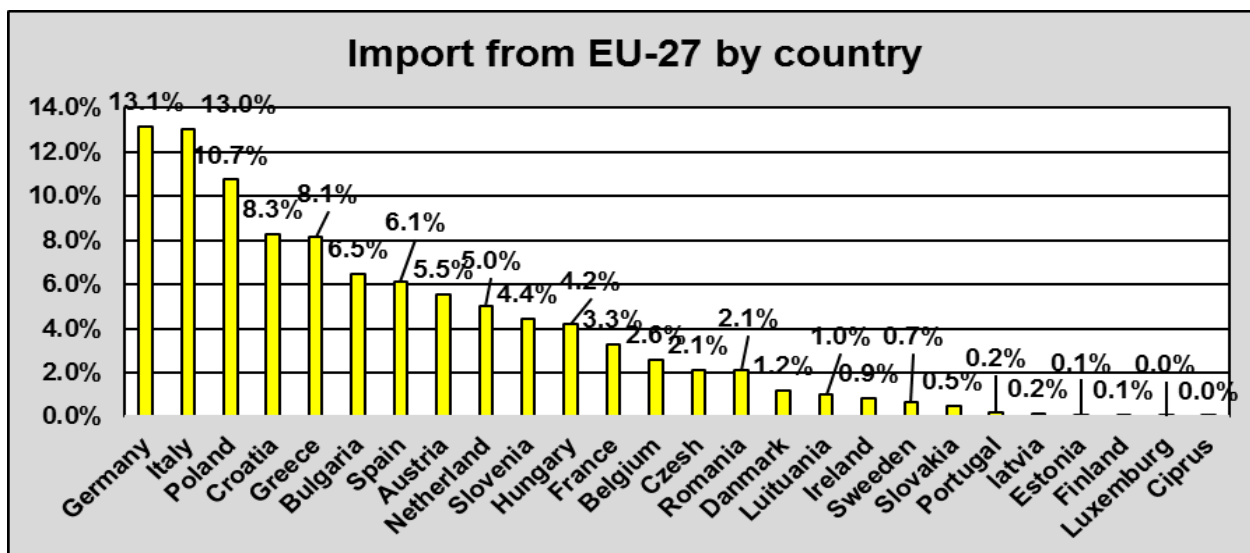
*Share by countries from EU-27 in export of agro-food products in 2023*



Single best EU export destination of Macedonian agro-food products export in 2023 was Greece, with share of 16,3% out of total EU-27 export, with tobacco, lamb meat, wheat, maize, sunflower oil, biscuits and wafers, mixed prepared and fresh vegetables, being mainly exported. Next was Croatia (share of 12,6% of total export to EU-27) with wine, biscuits and wafers, vegetables prepared or preserved; other vegetables, fresh or chilled, lamb meat. Next was Germany (share of 11,6% of total export to EU-27) with wine, tobacco, other live plants (including their roots), cut-tings and slip, vegetables - uncooked or cooked, vegetables prepared or preserved, and other products. Next is neighboring Bulgaria (share of 10,1% of total export to EU-27) with tobacco, wine, biscuits and wafers, apples and fresh peppers as the most exported products. Than Italy shares 7,2% of total export to EU-27 and the most important exported products were lamb meat, vegetables frozen,

mushrooms, vegetables prepared or preserved, vegetables - uncooked or cooked, yeasts and other products. Next was Poland with share of 6,9%, Belgium with share of 5,9%, Netherland with share of 5% of total EU-27 export, than Romania with share of 4,1% of total export to EU-27, than Slovenia with share of 3,8% of total export to EU-27, etc.

***Share by countries from EU-27 in import of agro-food products in 2023***



On **import side in 2023**, Germany, Italy, Poland and Croatia appear as the most important single trade partners from the EU-27 with shares of 13,1%, 13%, 10,7 and 8,3% out of total import from EU-27 respectively. The most important products imported from Germany were: cheese; chocolates; food preparations not elsewhere specified or included; meat of swine, fresh, chilled or frozen, and large number of other products. Follows Italy (share of 13% of total EU-27 import) with meat of bovine animals, fresh, chilled or frozen; coffee; pasta whether or not cooked or stuffed; food preparations not elsewhere specified or included; chocolates; biscuits and wafers as most important imported products. From Poland the most important imported products were poultry meat; meat of bovine animals, fresh or chilled or frozen; food preparations not elsewhere specified or included; chocolates, biscuits and wafers and some other products. Than Croatia shares of 8,3% with: chocolates; poultry meat; cheese; sausages and other prepared or preserved meat; prepared or preserved fish; soups and broths and preparations therefor; spirits and some other products. Next was Greece shares 8,1%, with fresh citrus fruit; poultry meat; vegetables prepared or preserved (olives); food preparations not elsewhere specified or included; oil-cake and other solid residues; fish fresh or chilled as most important imported products. Next was Bulgaria with share of 6,5%. Follows Spain (shares 6,1%), Austria (share of 5,5% of total EU-27 import). The next in row are Netherland (5%), Slovenia (4,4%), Hungary (4,2%), etc.

**Table 17: Overview of the trade with Basic Agricultural Products and Process Agricultural Products for period 2021, 2022, 2023 (in million €)**

	Export			Import			Trade balance		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Basic Agricultural Products	255,6	277,9	291,8	256,7	302,8	316,6	-1,1	-24,8	-24,8

Processed Agricultural Products	61,6	81,9	94,3	181,4	206,4	234,9	-119,8	-124,4	-140,6
<b>TOTAL</b>	<b>317,2</b>	<b>359,9</b>	<b>386,1</b>	<b>438,1</b>	<b>509,2</b>	<b>551,6</b>	<b>-120,9</b>	<b>-149,3</b>	<b>-165,5</b>

Data source: State Statistical Office, prepared by MAFWE, 2024

## 2.5 Changes in national and sectoral policies

Pursuing to the Article 6 of the Law on Agriculture and Rural Development, the National Agriculture and Rural Development Strategy (NARDS) is the principal long-term strategic document, which is a basis for formulation of national agriculture and rural development policies for period of 7 years, following the same programming and financial timespan of the EU. The Macedonian Government has adopted the strategy for the period 2021 to 2027 in January 2021. The document is prepared in line with the new EU Common Agricultural Policy (CAP) objectives and recommended methodology for development of CAP strategic plans for the respective planning period aimed to achieve a more results oriented policy.

Improving the competitiveness and income sustainability of agricultural holdings, applying environmental and climate-friendly practices and ensuring sustainable rural development are the strategic objectives to be pursued by the sector's actors, assisted by the state policies. The sustainable development shall be achieved by reaching the following specific policy objectives:

- (i) to ensure a fair income to farmers;
- (ii) to boost productivity for increased competitiveness;
- (iii) to rebalance power in the food chain;
- (iv) to introduce climate change mitigation and adaptation actions;
- (v) to increase environmental protection;
- (vi) to preserve landscapes and biodiversity;
- (vii) to support generational renewal;
- (viii) to support vibrant rural areas, and
- (ix) to protect food and health quality.

## 2.6 National support schemes

The level of financial support for agriculture and rural development by way of direct payments remains approximately the same in the past several years in terms of the amount of payments, as well as concerning the relative participation of this scheme in the overall envelope. The strategic objective remains the same, to increase the funds allocated to the rural development-type of investments, which should enlarge significantly their relative share into the overall financial envelope compared to the previous strategic period.

As regards to direct payments, the procedure of drafting amendments on the Law on agriculture and rural development, that provides a legal basis for the forthcoming reform of the direct support scheme, especially towards the simplification of the direct payment scheme and gradual separation, has been initiated. The amendments are in procedure, drafted by an working group and it is expected to be adopted by the parliament in 2024.

**Table 18: Amounts of support (in mill. €) by the Programme for direct payments**

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total	112	101,8	101,8	102,8	99,5	101	116,1	112,4	122,5	108,1	104,7

Source: MAFWE, IPARD Agency, 2024



Rural development measures accompany and complement direct support measures (market policies and support for income from agricultural activity) and build on existing support for rural development provided through annual rural development programs. They also complement support provided by the IPARD Programme in terms of filling in gaps in eligible criteria or investments that are not covered by IPARD or provide support in piloting IPARD like measures. Special working group monitors complementarity between IPARD and national funding.

Taking into account the analysis of the situation in the agriculture and the sectoral development potentials, as well as the specific needs for rural development, the measures for rural development policy implementation are prioritized in increasing the competitiveness of the agricultural sector and strengthening the economic and social position of the rural areas by increasing the agricultural holdings incomes, increasing the employment possibility of the rural population outside the agricultural sector. Special attention is given to the introduction of measures for sustainable management and utilization of natural resources, protection of biodiversity and the environment.

**Table 19: Amounts of support (in mill. €) by the Programme for rural development**

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total	17,2	31,2	31,4	30,4	27,5	25,5	13,7	16,0	14,9	12,7	21,9

Source: MAFWE, IPARD Agency, 2024

### 3. Assessment of the progress in the implementation of objectives, priorities, measures and group of investments

#### 3.1 Summary of the strategic framework of the IPARD Programme 2014-2020

The IPARD Programme for the period 2014-2020 supports the beneficiaries in adopting and implementing the political, institutional, legal, administrative, social and economic reforms in order to comply with the Union's values and to progressively align to the Union's rules, standards, policies and practices, with a view to Union membership.

The specific objectives set out in Article 2 of Regulation (EU) No 231/2014 should be to the extent possible addressed by all policy areas. This means that agriculture and rural development policy area will contribute to the following specific objectives:

- a) Support for political reforms;
- b) Support for economic, social and territorial development, with a view to a smart, sustainable and inclusive growth;
- c) Strengthening of the ability of the beneficiary countries at all levels to fulfil the obligations stemming from Union membership by supporting progressive alignment with, and adoption, implementation and enforcement of the Union acquis, including preparation for management of Union Structural Funds, the Cohesion Fund and the European Agricultural Fund for Rural Development;
- d) Strengthening regional integration and territorial cooperation involving the beneficiaries listed in Annex I, Member States and, where appropriate, third countries within the scope of Regulation (EU) No 232/2014 of the European Parliament and of the Council.

The above-mentioned IPA II objectives largely coincide with the main strategic objectives and specific objectives according to NSARD 2014-2020 (section 6.1.1 of this Programme), namely the objectives for enhancing farm viability and competitiveness of all types of agriculture and food-processing, agro-environmental objectives for restoring, preserving and enhancing ecosystems dependent on agriculture and forestry, improving socio-economic development in rural areas and human potential.

**Table 20: Budget of EU Contribution by measure 2014-2020, in €**

Measures	EU contribution 2014-2020 first modification		EU contribution 2014-2020 second modification		EU contribution 2014-2020 third modification		EU contribution 2014-2020 fourth modification		EU contribution 2014-2020 fifth modification	
	Value	%	Value	%	Value	%	Value	%	Value	%
M 1	21.800.000	36%	21.320.000	36%	21.320.000	36%	19.440.247	32%	17.120.000	28%
M 3	21.960.000	37%	21.540.000	36%	19.460.000	32%	22.727.637	38%	27.025.587	45%
M 6	9.100.000	15%	0	0%	0	0%	0	0%	0	0%
M 7	4.740.000	8%	15.560.000	26%	18.630.000	31%	17.242.116	29%	15.394.413	26%
M 9	2.400.000	4%	1.490.000	2%	590.000	1%	590.000	1%	460.000	1%
Total	60.000.000	100%	60.000.000	100%	60.000.000	100%	60.000.000	100%	60.000.000	100%

Source: IPARD Programme 2014-2020, C (2015)760, C (2019)6038, C (2021)5552, C (2022)5355 and C(2023)4537.

#### 3.2 Analysis on progress in implementation by measure

By the end of 2023, nine public calls for submission of applications were published. In order to meet the farmers' needs and provide more time for preparation of quality applications, the deadline for

submission of applications was extended for additional 15 days for public calls 01/2017, 01/2019, 02/2019, 01/2020 and 01/2021.

**Table 21: Overview of implementation of IPARD per public calls at the end of 2023**

	Public call	Applications						Time for application processing	Contracted - Paid	
		Submitted		Contracted		Paid				
		No.	EU contribution	No.	EU contribution	No.	EU contribution			
1	01/2017	1.648	72.329.985	900	15.949.967	866	13.187.960	15 months	34	2.762.007
2	01/2018 <sup>2</sup>	65	15.306.651	39	6.496.155	37	6.292.029	4 months	2	204.126
3	02/2018 <sup>3</sup>	1.099	18.335.969	640	6.420.497	593	5.470.302	6 months	47	950.195
4	01/2019 <sup>4</sup>	261	43.821.070	80	6.470.773	70	4.682.633	7 months	10	1.788.140
5	02/2019 <sup>5</sup>	61	16.763.734	48	8.578.991	40	6.394.758	6 months	8	2.184.233
6	01/2020 <sup>6</sup>	748	21.011.113	456	6.318.517	385	3.442.355	8 months	71	2.876.162
7	01/2021 <sup>7</sup>	250	32.490.820	115	9.417.564	74	3.324.473	7 months	41	6.093.091
8	01/2022 <sup>8</sup>	42	9.178.901	28	2.947.876	23	1.876.102	4 months	5	1.071.774
9	01/2023 <sup>9</sup>	58	6.485.806	14 <sup>10</sup>	1.952.138	0	0	3 months	14	1.952.138
Total		4.174	225.908.446	2.320	64.552.478	2.088	44.670.612	/	232	19.881.866

Source: IPARD II M&E indicator tables 2023, 2024

During 2023, 78 applications are contracted (3.817.357 EU contribution) and 112 projects are paid (10.000.613 EU contribution). However, 19 contracted applications were terminated (17 for 01/2017 and 2 for 01/2021) on the request of the applicants (increase of prices of goods, not able to timely finish the project).

For comparison purposes, in 2022, the IPARD Agency contracted 183 applications (13.182.136 EU contribution) and paid 245 projects (13.181.281 EU contribution). In 2021, the Agency contracted 493 applications (11.648.917 EU contribution) and paid off 443 applications (7.006.016 EU contribution).

The ratio between paid and contracted projects is 89% (increased from 85% in 2022) and the ratio between paid and contracted EU contribution is 67% (increased from 55% in 2021). This leads to a conclusion that realization of more expensive projects highly influenced the absorption process. Having in mind that contracting process has finished in 2023, the burden/work load is transferring from project approval towards payment authorization. Namely, by the end of 2023 the Agency has contracted more than the available funds and paid nearly 75%. In the last year of implementation of

<sup>2</sup> Public call for measure 3.

<sup>3</sup> Public call for measure 1.

<sup>4</sup> Public call for measure 7.

<sup>5</sup> Public call for measure 3.

<sup>6</sup> Public call for measure 1.

<sup>7</sup> Public call for measure 7.

<sup>8</sup> Public call for measure 3.

<sup>9</sup> Public call for measure 3.

<sup>10</sup> IPARD Agency still contracting.

the Programme - 2024, IPARD Agency's Department for authorization of payments would have to authorize approximately 1/4 of the funds available in the Programme.

**Table 22: Indicators on quality of implementation (cut-off date 31.12.2023)<sup>11</sup>**

Total number of applications submitted	4.260
Number of signed contracts	2.348
Number of paid contracts	2.115
Number of cancelled contracts	76
% of contracted applications (contracted/submitted)	55%
% of cancelation of contracts (cancelled/contracted)	3,2%
% of paid contracts (paid/(contracted – cancelled)	93%

Source: IPARD II M&E indicator tables 2023, 2024

### 3.2.1 Measure 1 – Investments in physical assets of agricultural holdings

Submitted applications under Measure 1, on three public calls, reached 3.251 (35.979.297 € EU contribution). Contracts have been signed with 1.942 applicants for 20.626.848 € EU contribution, out of which 76 contracts (330.702 € EU contribution) have been terminated by the Agency. Reasons for termination of these contracts are elaborated by the Agency in part 4.3.2, summary of the contract follow up.

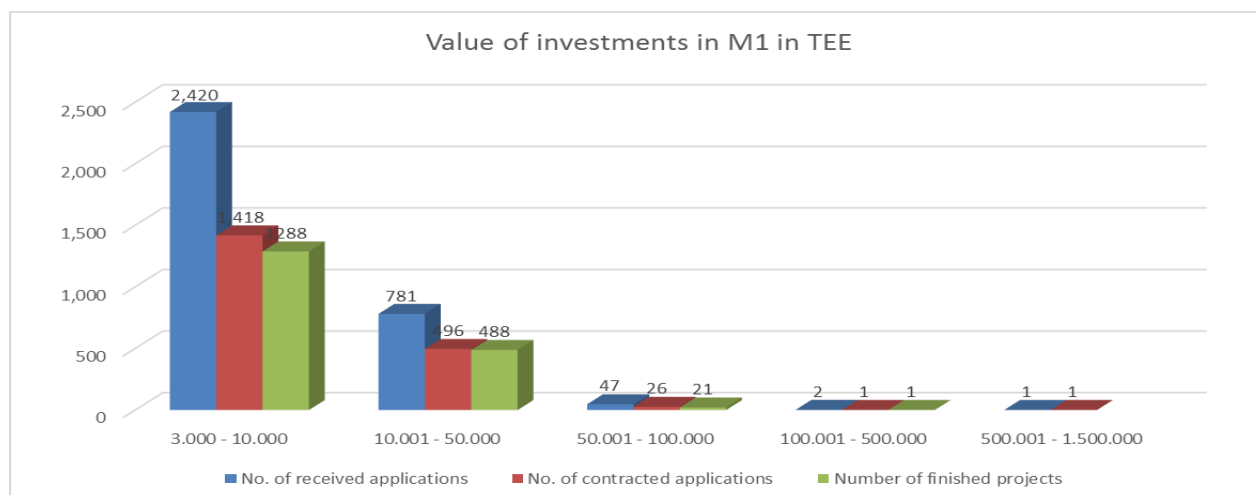
**Table 23: Measure 1 applications per public call**

Public call	Submitted (A)	Contracted (B)	Paid (C)	Approval rate (B/A)	Payment rate (C/B)
01/2017	1.404	846	820	60 %	97 %
02/2018	1.099	640	593	58 %	93 %
01/2020	748	456	385	61 %	84 %
Total	3.251	1.942	1.798	61 %	89 %

Source: IPARD Agency, Info on public calls\_IPARD II-31.12.2023, 2024

By the end of 2023, payment of contracts reached 1.798 (16.373.682 € EU contribution).

**Figure 5: Review of applications per value of investments<sup>12</sup> in Measure 1**



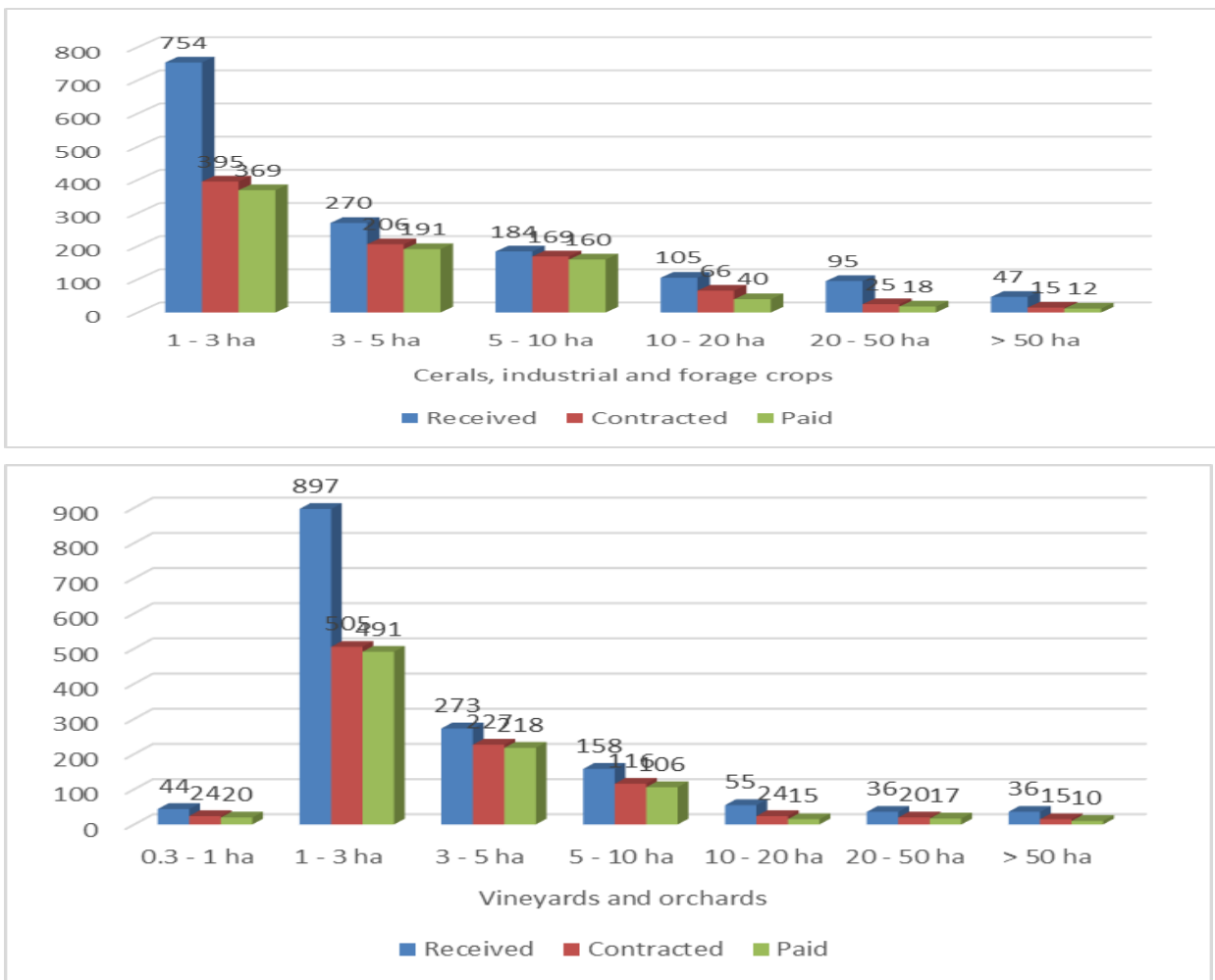
<sup>11</sup> Measure Technical Assistance included.

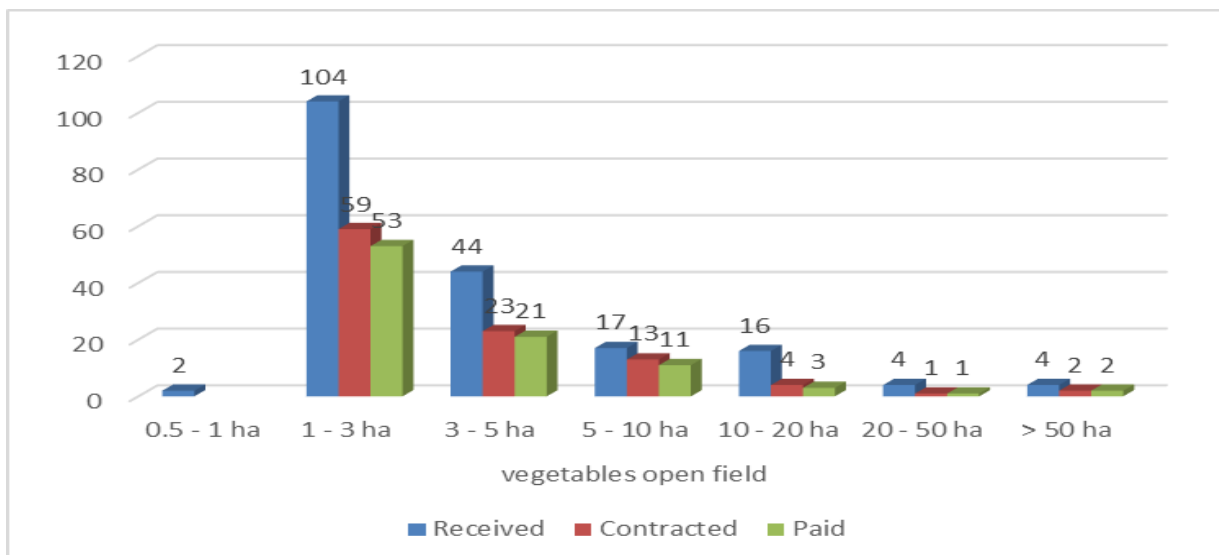
<sup>12</sup> Value of investments presented as total eligible expenditure.

Average value of received application (expressed in EU contribution) under Measure 1 in the IPARD Agency is 11.067 €. Respectively, average value of contracted and paid applications under Measure 1 is 10.621 € and 9.106 €.

The low value of IPARD applications is primarily due to the size of farms in Macedonian agriculture (less than 2 hectares). The requirements for investments in such farms refer mostly to small pieces of agricultural equipment and machinery or tractors with lower engine power. In this respect, following figures show that small farmers submit most of the measure 1 applications in crop sector.

**Figure 6: Breakdown by production capacity of applicants in crop sector:**





Source: IPARD II Reporting tables 2023, 2024

As in the past, and due to the dissolved property legal relations, the need for simpler investments (equipment and mechanization instead of construction works) and the possibility for faster realization of the investment, the sector for crop production has significantly higher number of submitted applications. Farms that have mixed (crop and livestock) production should meet the minimum national standards for environmental protection, public health, animal welfare and occupational safety. This Programme criterion (IPARD Programme 2014-2020, Measure 1, 5.2 National and EU standards to be respected) was hard to fulfil by many applicants since their livestock production is small scale not meeting the required standards.

**Table 24: Review of beneficiaries by their legal status**

		Natural persons	Commercial companies
Meat production	Received	16	4
	Contracted	4	3
	Paid	3	3
Milk production	Received	27	15
	Contracted	8	4
	Paid	4	2
Vegetables	Received	192	16
	Contracted	94	15
	Paid	93	15
Vineyards	Received	401	75
	Contracted	255	57
	Paid	235	38
Cereals, industrials, forage	Received	1.125	290
	Contracted	688	178
	Paid	677	119
Orchards	Received	792	217
	Contracted	461	160
	Paid	459	140
Livestock	Received	60	21

	Contracted	10	5
	Paid	8	2
Total	Received	2.613	638
	Contracted	1.520	422
	Paid	1.479	319

Source: IPARD II Reporting tables 2023, 2024

The real needs for investments in the livestock production sectors relate to the production capacities reconstruction (rebuilding the farms in order to achieve the standards for animal welfare and environmental protection). Investments like this (construction activities) have higher value than those related to equipment procurement and installation, so the lack of such investment activities affected the Programme financial targets implementation. Building permits are obligatory for such investments and are difficult to obtain in most cases (especially in small rural Municipalities). Direct interviews with potential recipients (eligible ones) conducted by IPARD Managing Authority have shown lack of starting capital, access to credits from banks and unprofitability of investing in environment protection and animal welfare, as main issues for low interest for using IPARD in livestock breeding. Further sector analysis needed for explaining the reasons for low interest in animal husbandry sector.

**Table 25: Review of applications per priority sectors in Measure 1**

	Received (A)	Contracted (B)	EU part contracted	Paid	EU part paid	% of approval (B/A)
Cattle	26	6	1.344.984	4	204.207	23%
Poultry	16	2	446.268	1	321.981	13%
Sheep	22	4	66.688	2	12.453	18%
Pigs	16	3	917.611	3	851.581	19%
Goat	1	0	0	0	0	0%
Orchards	1.009	626	6.116.211	599	6.111.964	62%
Vineyards	476	305	3.813.485	282	1.267.383	64%
Vegetables (open field)	191	102	641.314	98	903.547	53%
Greenhouses	23	12	324.597	10	111.657	52%
Cereals	1.455	876	6.877.004	796	6.569.770	60%
On-farm processing	11	4	72.333	1	12.786	36%
Renewable energy	5	2	6.353	2	6.353	40%
Total	3.251	1.942	20.626.848	1.798	16.373.682	60%

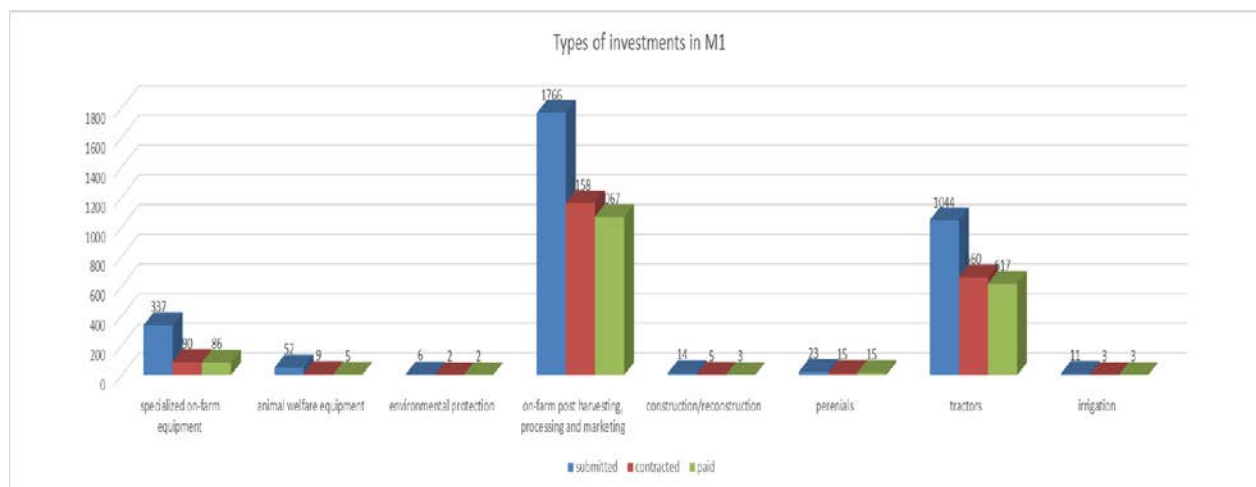
Source: IPARD II M&E indicator tables 2023, 2024

16 projects paid during 2023.

Cereals, orchards, vineyards and open field vegetables production were types of production most commonly used by the applicants. Regarding the interest for types of investments, although announced only in the first public call (01/2017), investments in tractors and agricultural mechanization, just as in the past, were most attractive for farmers. From the total number of 1.044 applications submitted for tractors, 727 contracts have been signed (5.485.845 EU contribution) and 617 paid have been paid (4.514.135 EU contribution). According to IPARD Programme (Measure 1, Indicative budget), the distribution of the public funds for agriculture mechanization – tractors including their equipment (excluding attachments) shall not exceed 20% of the total available financial budget for this measure (5.893.333) for the whole period of the Programme

implementation. In this regard, future public calls under Measure 1 did not include tractors as an eligible expense.

**Figure 7: Review of applications per type of investment in Measure 1**



Source: IPARD II M&E indicator tables 2023, 2024

Data received from the IPARD Agency show great interest in investments in equipment for on farm post-harvesting, processing and direct marketing (1.766 received, 1.158 contracted, 1.052 paid) and unusually low interest in specialized farm equipment (337 received, 90 contracted, 85 paid), for which experience has shown that is of great interest for the Macedonian farmers.

### 3.2.2 Measure 3 – Investments in physical assets concerning processing and marketing of agricultural and fishery products

IPARD Agency announced five public calls for this measure. Submitted applications under Measure 3, reached 283 (61.216.850 € EU contribution). Contracts have been signed with 160 applicants for 24.299.261 € EU contribution. There are no terminated contracts in this Measure.

**Table 26: Measure 3 applications per public call**

Public call	Submitted (A)	Contracted (B)	Paid (C)	Approval rate (B/A)	Payment rate (C/B)
01/2017	57	31	30	54 %	97 %
01/2018	65	39	37	60 %	95 %
02/2019	61	48	40	79 %	83 %
01/2022	42	28	23	67 %	82 %
01/2023	58	14	/	24 %	/
Total	283	160	130	57 %	81 %

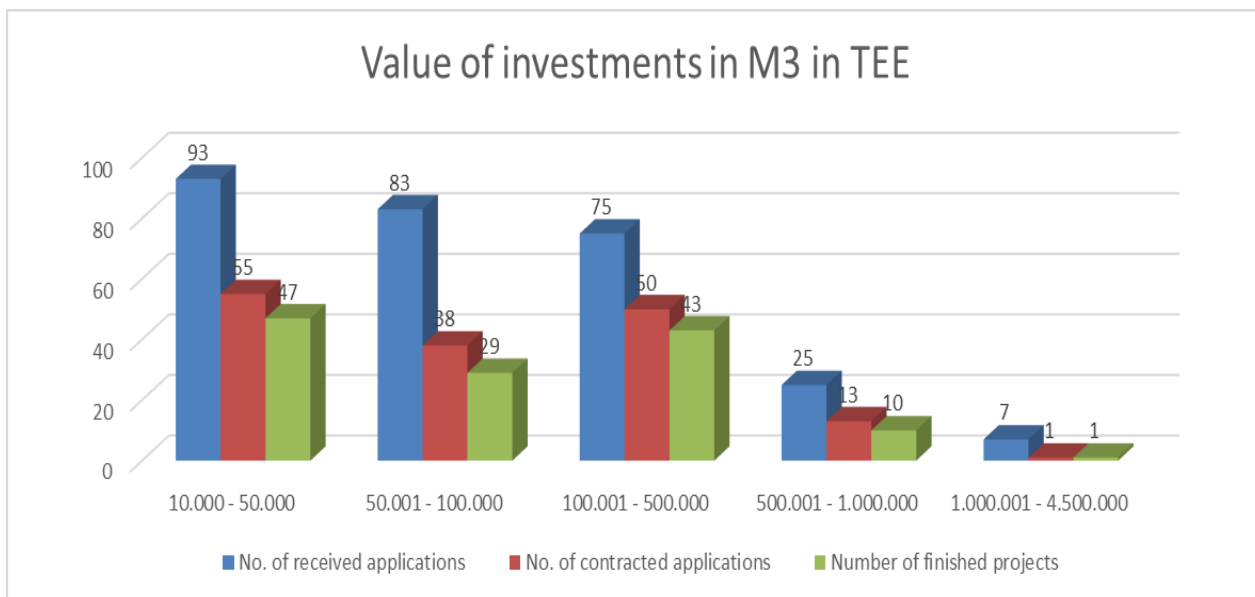
Source: IPARD Agency, Info on public calls\_IPARD II-31.12.2023, 2024

By the end of 2023, payment of contracts reached 130 (18.898.682 € EU contribution).

**Figure 8: Review of applications per value of investments<sup>13</sup> in Measure 3**

<sup>13</sup> Value of investments is presented as total eligible expenditure





Source: IPARD II M&E indicator tables 2023, 2024

Average value of received application (expressed in EU contribution) under Measure 3 in the IPARD Agency is 216.314 €. Respectively, average value of contracted and paid applications under Measure 3 is 151.870 € and 145.376 € of EU contribution.

Near half of the submitted (95), contracted (47) and paid (40) applications refer to fruit and vegetables processing sector. Also, near half of contracted and paid amounts are in this sector. The beneficiaries in this sector are mostly export-oriented companies, with high level of liquidity and investments needs in equipment for technological process modernization or new production lines introduction. Interest among other sectors in the processing industry is more equal.

**Table 27: Review of applications per priority sectors in Measure 3**

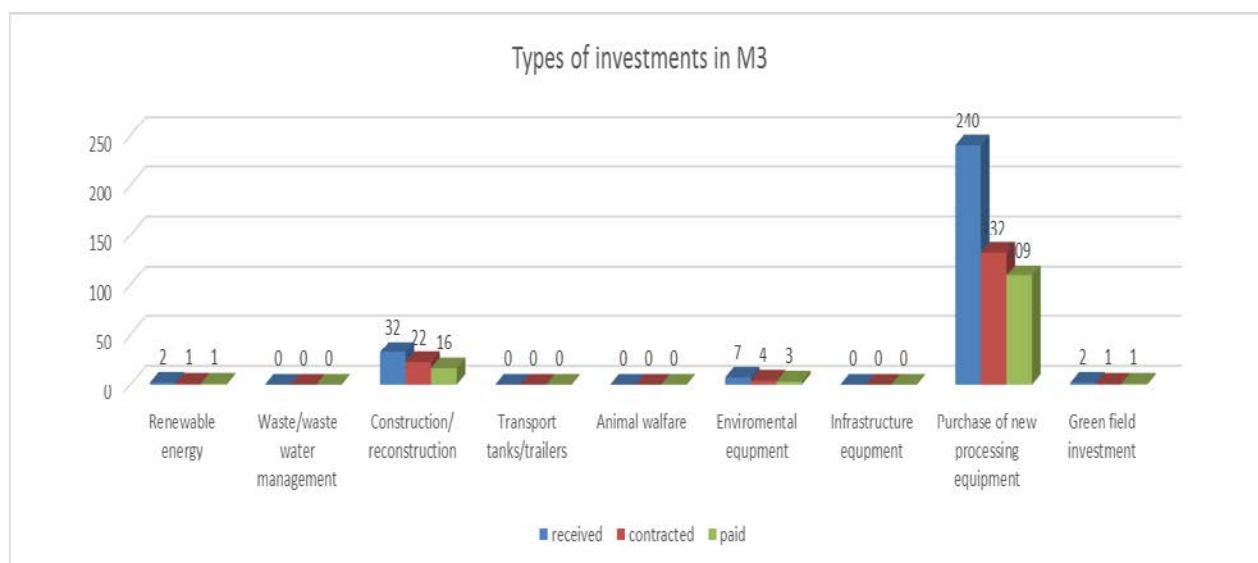
	Received (A)	Contracted (B)	EU part contracted	Paid	EU part paid	% of approval (B/A)
Milk collection centres	11	7	972.966	5	296.171	63 %
Dairy processing	14	9	685.873	7	532.775	64 %
Meat processing (cattle)	38	26	3.198.515	22	2.628.727	68 %
Meat processing (pork)	8	5	326.394	5	416.675	63 %
F&V collection centres	30	23	5.700.405	18	3.877.472	76 %
F&V processing	95	47	8.587.159	40	7.803.363	49 %
Cereals milling	34	16	799.604	12	400.753	47 %
Oils and fats	5	2	24.616	1	9.620	40 %
Wineries	48	25	4.003.729	20	2.933.319	63 %
<b>Total</b>	<b>283</b>	<b>160</b>	<b>24.299.261</b>	<b>130</b>	<b>18.898.875</b>	<b>57 %</b>

Source: IPARD II M&E indicator tables 2022, 2023

Additional 58 submitted applications, 24 contracted and 28 paid projects in 2023.

Applicants have not shown interest for investing in: waste and wastewater management, transport tanks, trailers and specialized vehicles for transport of raw materials, equipment for improvement of animal welfare standards and investments in development of holdings infrastructure. Analysis has shown that these investments do not contribute to the economic performance of companies to a greater extent and therefore the low interest.

**Figure 9: Review of applications per type of investment in Measure 3**



Source: IPARD II M&E indicator tables 2023, 2024

### 3.2.3 Measure 7 – Farm diversification and business development

IPARD Agency, also announced three public calls for this measure. The contracting process for applications submitted on the last call finished in 2022.

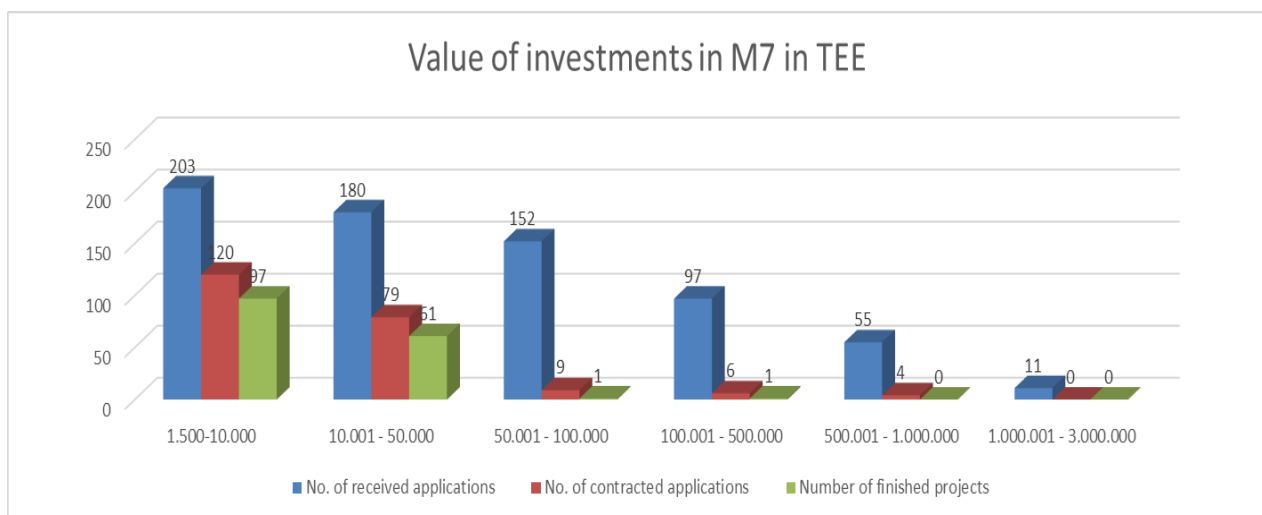
**Table 28: Measure 7 applications per public call**

Public call	Submitted (A)	Contracted (B)	Paid (C)	Approval rate (B/A)	Payment rate (C/B)
01/2017	187	23	16	12 %	74 %
01/2019	261	80	70	30 %	82 %
01/2021	250	115	74	46 %	21 %
Total	698	218	160	31 %	48 %

Source: IPARD Agency, Info on public calls\_IPARD II-31.12.2023, 2024

Value of submitted applications under Measure 7 reached 63.898.035 € EU contribution. Contracts have been signed with 218 applicants for 19.626.369 € EU contribution. There are no terminated contracts in this Measure. By the end of 2023, payment of contracts reached 160 (9.398.055 € EU contribution).

**Figure 10: Review of applications per value of investments in Measure 7**



Source: IPARD II M&E indicator tables 2023, 2024

Average value of received application (expressed in EU contribution) under Measure 7 in the IPARD Agency is 91.544 €. Respectively, average value of contracted and paid applications under Measure 7 is 90.029 € and 58.737 €.

The interest for use of IPARD Programme funds is highest in the alternative agricultural production priority sector, having in mind that bee keeping (production of honey and honey products) is eligible under this sector. In addition, applicants found manufacturing of non-food products very interesting, especially processing of wood and production of furniture.

Having in mind great interest for investing in production and sale of energy from renewable resources and the fact that the value of these investments can overcome the available budget of the measure, IPARD Agency excluded the sector from public calls 01/2019 and 01/2021.

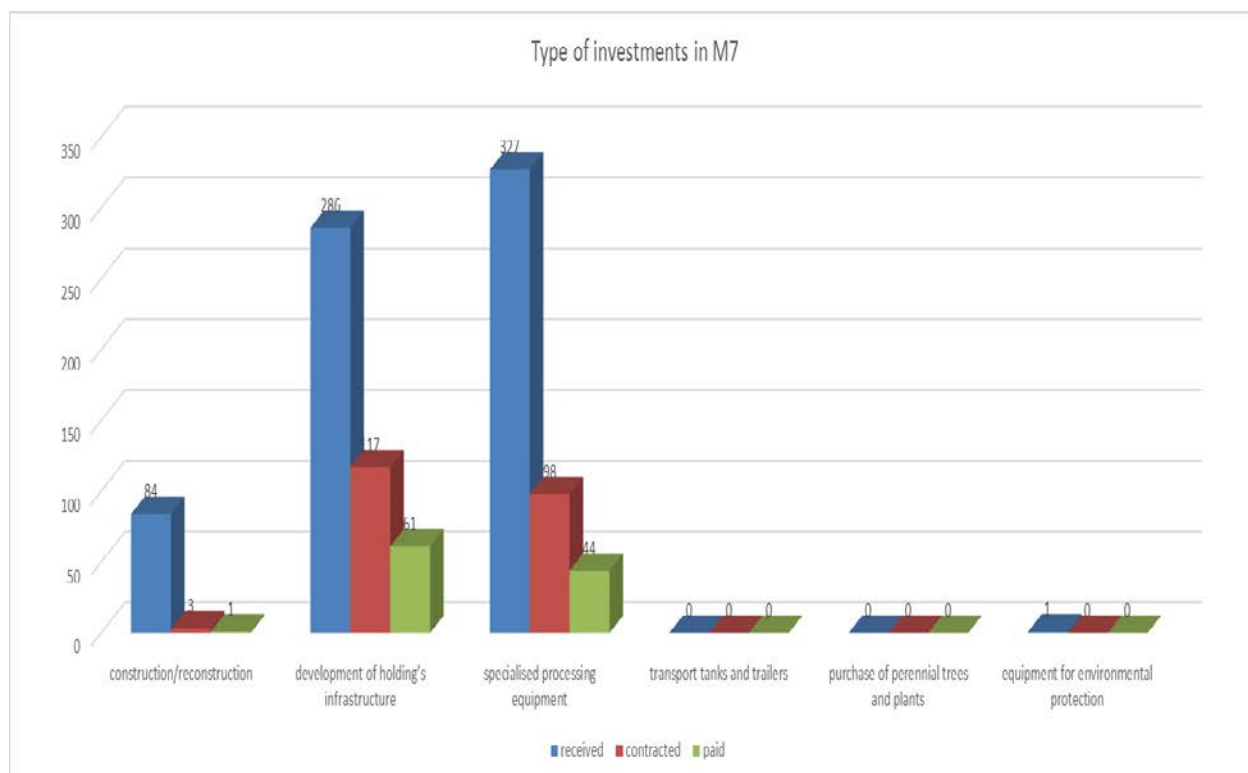
**Table 29: Review of applications per priority sectors in Measure 7**

	Received (A)	Contracted (B)	EU part contracted	Paid	EU part paid	% of approval (B/A)
Alternative agriculture production <sup>14</sup>	256	100	631.193	82	518.369	39 %
Manufacture of food products and beverages	73	23	2.293.425	12	984.400	31 %
Manufacturing of non-food products	138	55	9.575.379	41	5.647.750	40 %
Development of crafts activities	9	4	506.398	1	16.331	44 %
Provision of services to agriculture	33	12	1.075.151	7	489.196	36 %
Development of services for the rural population	22	3	914.070	2	14.974	14 %
Promotion of Rural Tourism	121	21	4.631.023	13	1.727.012	17 %
Production and sale of renewable energy	46	0	0	0	0	0 %
<b>Total</b>	<b>698</b>	<b>218</b>	<b>19.626.369</b>	<b>160</b>	<b>9.398.055</b>	<b>31 %</b>

Source: IPARD II M&E indicator tables 2022, 2023

54 projects paid during 2023. Applicants have not shown interest for investing in: specialized transport tanks and trailers and purchase of perennial trees and plants.

**Figure 11: Review of applications per type of investment in Measure 7**



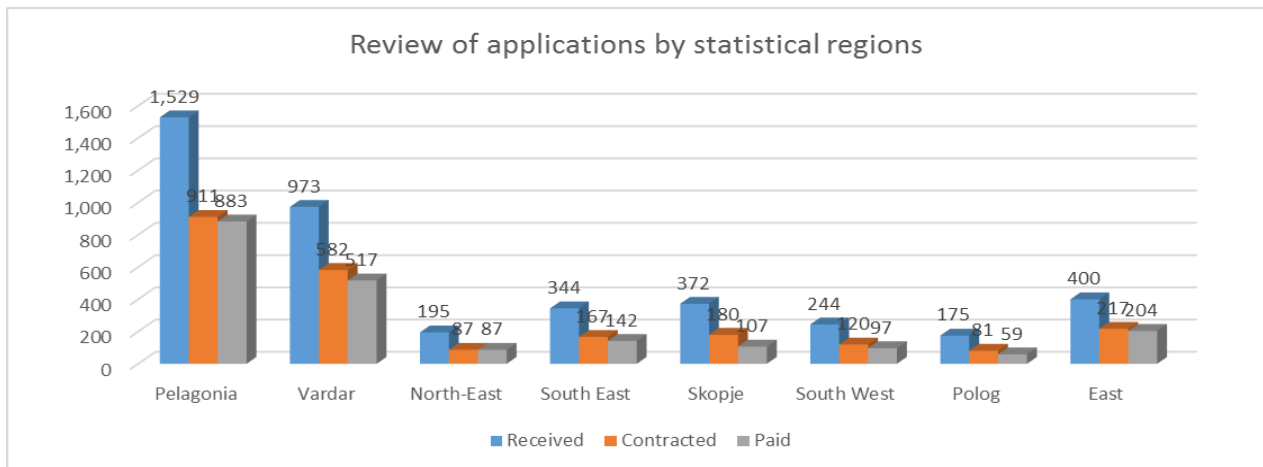
Source: IPARD II M&E indicator tables 2023, 2024

<sup>14</sup> Out of which 200 for bee keeping, 90 contracted and 60 paid

### 3.3 Geographical analysis of IPARD Programme implementation

The data for the geographical implementation of the IPARD Programme and the support to the regional development of the Republic of North Macedonia are presented in this report by statistical regions (NUTS 3) and municipalities. Most of the total submitted applications come from regions with intensive agricultural production: Pelagonia and Vardar. Pelagonia is the biggest agricultural region, known for cereals production. Around 800 of submitted applications in Pelagonia were for purchase of tractors. Vardar region is known for fruit, vegetables, and wine (vineyards) production. These regions also have biggest number of contracts.

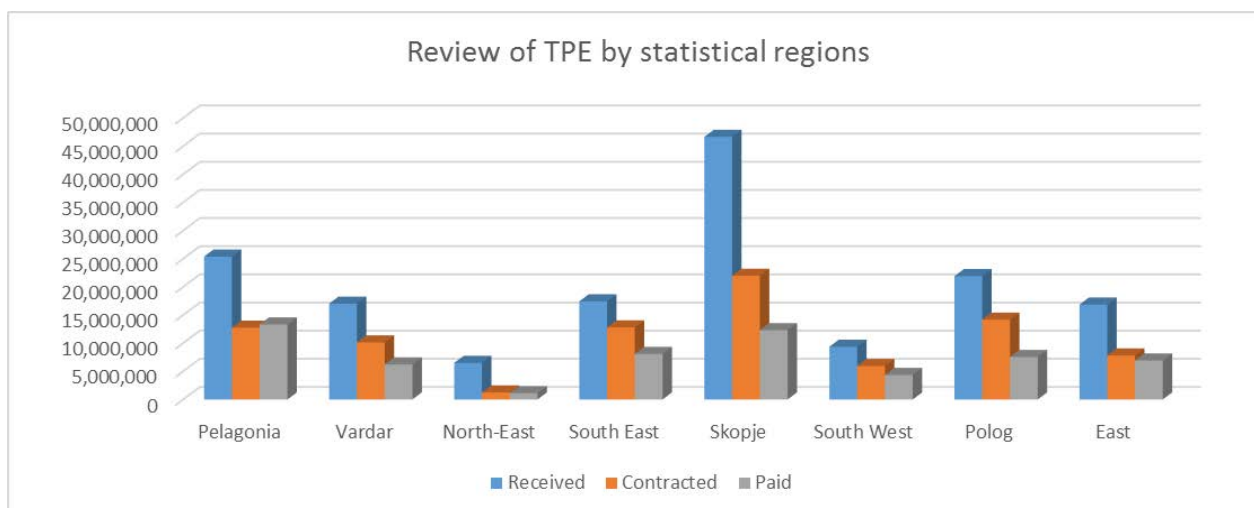
**Figure 12: Review of the applications by statistical regions**



Source: IPARD II M&E indicator tables 2023, 2024

Crop production (cereals, orchards and vineyards) are predominant agricultural production in the Pelagonija and the Vardar regions. Most of the applications in these regions are for less expensive investments (tractors and small pieces of agricultural mechanization). There is no significant difference in the number of applications submitted between the other regions. Due to the structure of the relief, mixed agriculture is present in these regions. Most of the farms have mixed (crop and livestock) production, and in that case, the whole farm should meet the minimum national standards for environmental protection, public health, animal welfare and occupational safety. Many applicants did not meet this since their livestock production is small scale not fulfilling the required standards.

**Figure 13: Review of the total public expenditure by statistical regions**



Source: IPARD II M&E indicator tables 2023, 2024

There is a significant difference when comparing distribution of applications and total public expenditure per region. For example, Skopje and Polog region are most urbanized regions with one of the lowest shares in the creation of gross value added in agriculture (8 and 10%), but with high concentration of beneficiaries, especially companies. The production capacities of these beneficiaries are located on the entire Macedonian territory.

**Table 30: Review of applications per Municipalities**

		applications			EU part		
		submitted	contracted	paid	submitted	contracted	paid
1	Resen	464	321	302	6,001,670	3,215,390	2,487,360
2	Bitola	375	180	164	6,985,789	2,707,439	1,321,802
3	Kavadarci	207	135	127	6,640,388	1,072,138	720,167
4	Prilep	197	95	92	4,439,969	1,475,865	1,123,127
5	Mogila	184	119	114	1,791,265	1,183,525	943,914
6	Negotino	180	108	103	3,619,727	1,028,272	569,080
7	Veles	162	96	92	4,193,742	2,793,953	1,953,652
8	Sveti Nikole	118	71	63	3,537,047	1,252,016	297,254
9	Kumanovo	105	51	46	7,643,044	387,988	313,028
10	Rosoman	94	70	68	1,256,529	766,828	604,310
11	Novaci	82	47	44	2,347,322	410,953	260,877
12	Lozovo	80	43	39	1,525,665	1,101,911	955,598
13	Delcevo	72	37	29	4,295,879	395,037	294,723
14	Debarca	68	34	30	2,218,184	263,980	225,364
15	Ohrid	68	38	29	3,325,938	548,427	130,720
16	Krivogastani	67	41	39	1,569,611	956,391	382,094
17	Gazi Baba	59	36	23	9,275,533	3,615,929	787,994
18	Valandovo	59	26	25	1,523,652	627,171	435,518
19	Stip	55	38	30	5,395,255	3,733,564	1,721,116
20	Demir Hisar	54	23	18	2,573,093	532,889	341,809
21	Dolneni	53	39	36	1,808,061	1,185,788	315,118
22	Vinica	53	34	31	1,399,069	1,164,081	86,110
23	Caska	50	27	24	359,026	178,985	129,256
24	Kocani	50	31	22	3,134,334	959,360	508,251

25	Radovis	48	21	18	2,538,905	739,858	731,269
26	Berovo	47	16	13	4,299,846	645,619	392,665
27	Gevgelija	46	24	17	7,187,173	2,790,533	1,486,016
28	Gradsko	45	31	27	1,884,175	754,716	330,772
29	Strumica	45	31	29	7,923,906	2,573,852	1,115,869
30	Struga	44	30	20	5,498,502	2,859,929	1,778,489
31	Vasilevo	39	24	22	1,843,638	216,400	188,239
32	Gostivar	38	13	6	7,003,583	1,952,489	1,629,619
33	Ilinden	38	10	6	4,983,746	769,852	114,646
34	Aerodrom	37	16	9	6,395,459	852,092	14,351
35	Krusevo	37	17	12	2,787,093	1,246,643	208,062
36	Centar	35	12	6	7,253,162	768,949	124,263
37	Demir Kapija	32	13	4	1,915,554	67,844	57,488
38	Konce	31	4	4	779,948	71,209	55,981
39	Probistip	28	15	8	1,415,161	1,278,080	67,815
40	Tetovo	28	21	18	3,558,230	1,837,286	1,696,374
41	Kisela Voda	27	9	7	3,563,263	842,288	205,842
42	Karbinci	26	17	15	2,656,276	611,651	449,966
43	Bosilovo	25	15	12	1,398,585	869,405	60,023
44	Butel	25	10	6	3,152,325	1,451,994	540,885
45	Brvenica	24	6	5	4,618,533	477,103	427,090
46	Lipkovo	24	11	6	563,690	46,282	26,829
47	Petrovec	24	12	10	6,188,356	4,572,008	2,547,393
48	Kriva Palanka	22	5	2	1,860,743	103,503	3,958
49	Pehcevo	21	4	4	623,930	69,792	69,764
50	Bogdanci	20	7	4	1,463,328	430,971	301,939
51	Cesinovo-Oblesevo	20	15	14	326,815	208,190	138,751
52	Jagunovce	20	7	6	984,772	120,951	99,456
53	Makedonska Kamenica	20	10	8	62,161	29,306	22,815
54	Novo Selo	20	6	3	527,332	180,183	12,859
55	Gorce Petrov	18	2	0	1,365,035	33,752	0
56	Karpos	17	6	1	373,629	155,092	2,234
57	Makedonski Brod	16	4	2	2,177,347	37,948	13,919
58	Sopiste	16	9	8	5,014,558	2,976,035	302,399
59	Staro Nagoricane	16	8	7	1,068,139	46,646	687,203
60	Aracinovo	15	9	8	94,319	46,116	28,936
61	Cucer-Sandevo	15	9	8	1,216,899	27,316	23,134
62	Kicevo	15	8	3	930,114	62,634	31,695
63	Kratovo	15	6	5	307,125	54,027	20,971
64	Bogovinje	14	5	3	829,569	408,169	219,845
65	Vrapciste	13	10	10	291,319	214,713	208,519
66	Dojran	11	3	3	319,181	12,481	12,473
67	Saraj	11	8	4	3,178,563	857,233	394,825
68	Zelino	11	6	3	3,641,058	1,337,972	210,451
69	Tearce	10	2	0	1,026,764	240,502	0
70	Zelenikovo	10	7	4	536,181	350,125	48,616
71	Debar	9	2	1	1,160,682	16,994	4,457

72	Cair	8	5	3	26,745	15,817	7,591
73	Mavrovo i Rostusa	8	5	4	3,236,531	591,336	443,351
74	Rankovce	8	5	3	95,919	18,940	15,539
75	Studenicani	7	3	1	1,838,721	11,650	5,162
76	Plasnica	2	0	0	25,938	0	0
77	Zrnovci	2	1	1	130,656	9,831	9,831
78	Centar Zupa	1	0	0	7,893	0	0
79	Vevcani	1	0	0	6,022	0	0
80	Suto Orizari	0	0	0	0	0	0

Source: Managing Authority, 2024



## **4. Actions undertaken for improvement of quality and efficiency of IPARD implementation**

### **4.1 Activities undertaken by the Managing Authority**

During 2023, staffing changes took place in Managing Authority. One employee from the Unit for implementation of Technical Assistance measure was promoted to position Head of Unit for implementing Technical Assistance measure from IPARD funds. The staff count in Managing Authority in 2023 was 14 employees, including the Head of Managing Authority.

In order to mitigate the consequences of not having a staff retention policy, in October 2021, in all IPA structures in Macedonia, a short-term solution for rewarding the employees working on IPA started to be applied. This solution incorporated in the Law on budget execution (on an annual basis), provides 15% higher salary to employees and was also implemented during 2023. The long awaited solution for 30% salary increase for staff involved in implementation of IPA, proposed by the Government, has been developed and expected to be aligned or incorporated in the reform of the state administrative salaries system in form of a new Law on salaries starting from March 2025.

In order to be able to publish the ninth call under the Programme, IPARD MA amended the Programme. The modification included transfer of budget contributions from measures 1, 7 and 9 into measure 3. This, fifth modification of the Programme was adopted by Commission Implementing Decision C(2023) 4537 from 29<sup>th</sup> of June 2023.

The difficulties occurred in the process of collection of data for monitoring and reporting purposes have continued in the course of 2023. IPARD Managing Authority pointed out and raised the problem on several occasions. Namely, the manual for reporting (work procedure within the IPARD Agency) provides that only one person, without adequate replacement in case of absence or disability, shall perform the function of reporting officer. Such a solution is largely reflected on the function for monitoring the Programme and reporting of the IPARD Managing Authority and should be taken into account, addressed for the new programming period. Although the final outcome from the implementation of the project "Customised Software for Integrated Administrative and Control System (IACS)" – (EuropeAid/139016/DH/SER/MK) will significantly improve reporting requirements and enable IPARD MA read only access in the Agency's IPARD implementation data base, the results from the work of the project experts did not meet IPARD MA's demands. In order to overcome the situation, in January 2023, IPARD MA has organized second workshop on improvement and upgrading of the IPARD monitoring system on the eve of the new programming period. As a result of the workshop IPARD MA prepared improvements of the Indicator tables for monitoring and evaluation of the IPARD Programme 2021-2027, drafted the Rules of procedure for the work of the Monitoring Committee and made corrections in the PIM H (Coordination of the work of the IPARD Monitoring Committee) and the appropriate annexes.

IPARD MA has also organized a workshop on improvement of the methodology and calculation of WLA. The workshop was held in the period from 25<sup>th</sup> to 29<sup>th</sup> of September 2023 and was attended by representatives from the Management Structure (MS), the IPARD Agency and the IPARD Managing Authority. According to the established agenda, the workshop started with the presentation of the methodology and the calculation of the volume of the workforce in the IPARD structures by the MS. Main points of the workshop:

- In the direction of strengthening the capacities of the administration that works at the IPA, employment in the IPA structures should have the advantage of obtaining employment consent from the Ministry of Finance,
- In order to ensure sufficient time to react to the needs arising from the planning of manpower needs - the WLA should be prepared by the appropriate IPARD structure no later than June 30<sup>th</sup> of the current year for the following year,
- During the analyses of the WLA carried out in the MS, a trend of oversizing of work force needs was observed for the entire IPARD structure. Managers who fill out the WLA sheets, should pay attention to the capacity of each of the employees individually and their ability to adequately respond to the requests in the WLA (deliverables) and the time required for response (working hours).
- The over-dimensioning is predetermined due to incorrect setting of the regulations for systematization in the structures. The MC suggests changes to the rules for systematization in the IPARD structures and their setting based on a real WLA,
- The WLA form for the IPARD Agency should become three-year in terms of planning and implementation of employment. The notification should again be on an annual level, but the planning should be three years. Just like at IPARD MA,
- The IPARD Agency has an increase in the number of employees, but no increase in operational efficiency is observed. In this direction, the MS encourages the introduction of performance based indicators in the WLA,
- With the public call for employment of 11 people in the IPARD Agency, the total number of IPARD employees in the IPARD Agency would reach 160 people, which is enough for accreditation and implementation of the measure Investments in Rural Public Infrastructure (IRI). IPARD Agency should consider the possibility of redeployment of people in IRI in order to fulfil the human capacity requirements of DG AGRI.

Related to the process of accreditation of new measure, IPARD MA staff was involved in the process of amendment of the Rulebook on the detailed conditions for registration of LAGs, the registration procedure, the necessary documentation and the method of keeping records and the Rulebook on the content and the methodology for the preparation of strategies for local development of rural areas and the method for their approval. Following the approval of the Rulebooks, the Ministry of agriculture, forestry and water economy announced a public call for (pre)registration of LAGs. Out of 10 applications, 8 were successful and registered. The register is maintained in the IPARD MA, yet the support is still from the national programme for rural development.

As a prerequisite for the introduction of the advisory services measure, at the end of 2023, the Parliament has passed the Law on advisory services in agriculture and rural development. IPARD MA staff was actively involved in the process of drafting the Law. The Law on Advisory Services in Agriculture and Rural Development aims to create an effective and structured system for providing quality advice and information to our farmers. Farmers will be able to consult with experts in the field of agriculture and rural development for all aspects of their work. A particularly important goal of this proposed legal solution is the structural and organizational improvement of the existing advisory concept in the Republic of North Macedonia. Prescribing the types and types of advisers, the programs and the type of training they should go through, the conditions that will have to be met in order to be registered by the potential providers of advisory services will achieve greater competitiveness, better quality and strengthening the capacities of the providers of advisory services. With this solution, the Ministry will establish a register of advisory service providers that

will be publicly available to all agricultural holdings to facilitate their access to an advisor with specific expertise for a specific area, depending on the type of production.

## **4.2 Activities undertaken by NAO and MS**

### **Reorganisation of Management Structure**

Change and amendment of the Act of organization of work of the Ministry of Finance and Act on systematization of working posts of the IPA Funds Management Department within Ministry of Finance was initiated.

The changes are in direction of establishment of 2 (two) additional units within the Management Structure to be achieved more adequate segregation of regular working tasks and streamlining the processes and responsibilities that are currently performed within the same unit of the department.

Need for proposed change also derives from the increased workload, considering the current activities of the Department for the not yet closed programs from IPA 1, the current activities for the implementation of the programs from IPA 2/IPARD 2, as well as entrustment of new measures/Programmes under IPA III.

In this direction it is proposed, National Fund Unit/IPA Accounting Body (which currently covers the areas of financial management and control of IPA funds and accounting operations), to be split into Unit that will implement the functions for Financial Management and Control and Unit that will implement the functions for Accounting, in order to separate the accounting operations from the part for financial management and control. Both Units shall represent Accounting Body and carry out functions and responsibilities of Accounting Body in accordance with the FFPA Clause 5 of Annex A as well as the reporting responsibilities defined in the FFPA Article 61.

This change will also allow decreasing the workload of the current Head of National Fund Unit/AB and secure better continuity of the operations and control over the accounting operations. This condition was also presented to the auditors and considered by the Internal Audit and Audit Authority.

The need for segregation of duties when delegating powers and responsibilities in the areas of financial management and accounting also arises from the provisions in the Law on Public Internal Financial Control, whereas in section 11 Controls is defined as "division of duties in a way that will not allow one official to be responsible for approval, execution, accounting and control at the same time" especially concerning the Heads.

In addition, with the requested amendments to the abovementioned Acts, it is proposed to establish a new Unit which will deal with General Affairs and Human Resources Management - for all programmes within MS. The main concept of this Unit is to cover the horizontal activities that are implemented now by both NAO Support Unit and the NAO Support Unit in the field of agriculture such as HR process, Irregularity Management Process and Risk Management Process. Currently these processes are covered by same person for all programmes. With establishment of these Unit should be achieved more efficient and effective implementation of these processes and better control over the processes. Both Units, Unit which will deal with General Affairs and Human Resources Management and Current NAOSO shall together carry out functions and responsibilities of NAO Support Office and shall support NAO in execution of tasks laid down in Clause 4(2) from FFPA.

The assessment of the proposed structural change of the Department is in line with the requirements from the Financial Framework Partnership Agreement and Sectoral Agreement.

At the moment no further progress can be reported regarding this initiated change (proposed changes are still in process of formal approval within the MoF).

## **I. Effective functioning of the management and internal control systems under IPARD programme 2014-2020**

### **I.1 SUMMARY OF THE REPORTS ON THE INTERNAL AUDITS AND OF CONTROLS CARRIED OUT BY THE MANAGEMENT STRUCTURE**

#### **a) DG AGRI observations and recommendations**

During 2023, the communication with DG AGRI was mainly related to clearance of accounts procedure for FY 2021 and FY 2022 and communication related to legal base concerning entrustment/roll over for IPARD III.

#### Clearance of accounts procedure for FY 2022

Within the frame of clearance procedures, during 2023, with the letter Ares (2023)4791416 as of 10.07.2023 the clearance of accounts for the FY 2022 was initiated by DG AGRI. With this communication pursuant to Article 41 of the Sectoral Agreement, DG AGRI proposed financial reductions for exceeding the six-month deadline for payment to final beneficiaries in amount of 231.574,70 EUR and four financial errors raised from AA findings in amount of 21.889,18 EUR.

With letter 10-6123/1 from 5<sup>th</sup> September 2023, national IPARD authorities submitted comprehensive Reply with additional arguments/facts and elaborations.

DG AGRI and AA took into consideration the arguments and information presented by IPARD authorities, and recalculated the financial reductions for exceeding the six-month deadline for payment to final beneficiaries in amount of 12.483,83 EUR and financial errors raised from AA findings in amount of 8.018,57 EUR - (amount of the error is recovered and returned to the IPARD Euro account - having in mind that the arguments and additional activities undertaken for four projects amounted to EUR 13.870,61 EYP were accepted by DG AGRI).

Bilateral meeting and audit mission from 13 to 14 November 2023 was held in Skopje. Minutes of the bilateral meeting pursuant to Article 51(3) were sent with letter Ref.Ares (2023)8574644 - 14/12/2023. Reply by authorities from North Macedonia was sent on 23<sup>th</sup> January 2024. By preparation of this Annual Management Declaration Formal communication pursuant to Article 49(4) of the Sectoral Agreement (SA II) is expected to be prepared by DG AGRI.

#### Clearance of accounts procedure for FY 2021

As regards to the clearance of accounts for FY 2021, DG AGRI submitted Formal communication Letter (dated 02.10.2023 Ref Ares (2023)6649141) where is proposed to be excluded from EU financing an amount of 23.205,18 EUR, corresponding to the financial errors identified by the Audit Authority (AA) and the amount of 288.989,75 EUR corresponding to a reduction for late payments based on Article 41(9) of the SA II.

#### **b) Audit Authority Reports**

IPA Audit Authority during 2023 issued the following Final Audit Reports for IPARD 2014-2020:

- Final Audit Report for the system audit for 2022 in NAO/MS for implementation of IPARD II Programme - Policy area 4 - Agriculture and Rural development as of 24<sup>th</sup> February 2023;
- Final Audit Report for the system audit for 2022 in MA for the programmes financed from IPA II - Policy area 4 - Agriculture and Rural development as of 24<sup>th</sup> February 2022;
- Final Audit Report for the system audit for 2022 in AFSARD for implementation of IPARD II Programme- Policy area 4 - Agriculture and Rural development as of 24<sup>th</sup> February 2022;
- Final Audit Report for the audit of operations 1 and audit of operations 2 for 2022 in AFSARD for implementation of IPARD II Programme - Policy area 4 - Agriculture and Rural development as of 14<sup>th</sup> February 2023;
- Final Audit Report for the audit of operations 3 and audit of operations 4 for 2022 in AFSARD for implementation of IPARD II Programme - Policy area 4 - Agriculture and Rural development as of 21<sup>th</sup> December 2023;
- Final Audit Report for the audit of accounts and annual financial statements for 2022 in NAO/MS and AFSARD for IPARD II Programme as of 15<sup>th</sup> March 2023;

IPA Audit Authority during 2023 issued the following Final Audit Reports for IPARD 2007-2013:

- Final Audit Report for the financial audit of the accuracy and completeness of the financial statements relating to debt for projects financed by IPARD I 2007-2013, Component V - Rural development as of 14<sup>th</sup> March 2023;
- Summary Audit Report from verifications on IPARD ex-post control system in the IPARD Agency as of 15<sup>th</sup> March 2023;
- Summary Audit Report and opinion on the correctness and completeness of the financial report related to the debts for FY 2021 IPARD I Programme 2007-2013, Component V - Rural development as of 15<sup>st</sup> March 2023;

During 2023, Annual Audit Report and Annual Audit Opinion from the Audit Authority for 2022 were issued on 15<sup>st</sup> of March 2023 (No. 01-362).

With the Annual Audit Opinion for 2022, the auditors expressed an:

**Unqualified opinion with emphasis of matter** regarding the Reliability of the annual - financial reports or statements / annual accounts.

Within the audit opinion, based on the audit procedures with regard to the programme the auditors expressed reasonable assurance that:

- The declaration of expenditures and Annual Financial Reports or Statements/Annual Accounts for FY 2022 issued by NAO **give a true and fair view.**

**Unqualified opinion with emphasis of matter** for legality and regularity of expenditures and functioning of Management and control systems.

Within the audit opinion, based on the audit procedures with regard to the programme the auditors expressed reasonable assurance that:

- The expenditures for which reimbursement has been requested from Commission **is legal and regular**
- The management and control system **put in place and function properly.**

Without qualifying opinion, attention is given to: weaknesses in supervision in the process of authorisation of commitments and payments, wrong calculation of eligible funds for co-financing, absence of a long-term retention and motivation policy and late payments to recipients.

Concerning the Annual Audit Activity Report for 2022, 37 open findings were followed by NAO related to IPARD 2014-2020, presented in the table:

Institution	Major	Intermediate	Minor	Total	Closed findings during 2023	% implemented findings
NAO/MS	/	1	/	1	/	0%
MA	/	1	/	1	/	0%
IPARD Agency	13	20	2	35	16	45,7%
Total:				37	16	43,2 %

As regards to the Annual Audit Activity Report for 2022 from 37 findings, 16 were closed till the end of 2023 or 43%

In addition, should be noted that findings regarding IPARD 2007-2013 are also followed by NAO since there are still activities that are ongoing concerning their closure.

Regarding the open findings from AA reports, NAO in coordination with the operating structure on 11<sup>th</sup> May 2023 prepared Consolidated Action Plan for implementation of the recommendation and overcoming the findings from AA Reports. Action Plan includes findings from the external IT audit by DG AGRI.

NAO continuously is monitoring the implementation of the actions agreed for overcoming the findings. On quarterly basis, IPARD Agency and Managing Authority are submitting to NAO, Table for implementation of audit recommendation, where the latest status of undertaken activities is given. NAO support structures performs analysis on the dynamic of implementation of activities and informs NAO regarding the status of implementation of the recommendations

According to the last status, can be concluded that:

In NAO/MS, 1 (one) finding remain open related to providing an appropriate motivation and retention policy.

Regarding MA, during 2022, 1 (one) finding remain open related to securing optimal HR capacities (qualified as medium risk finding).

In IPARD Agency 16 (sixteen) findings were closed related with wrong calculation of eligible costs (less paid funds and higher amount of financial support approved due to different reasons such as inappropriately granted 10% additional funds as financial support, wrong calculation of general costs, incomparable offers according to technical characteristics and final output, less paid funds due to wrong entry of data in the authorisation table and etc.), impossibility to confirm achievement of investment's goal and its economic and financial sustainability and appointment of the Director of IPARD Agency

Following findings remain open in IPARD Agency:

- 12 (twelve) findings from audit on operations related to: concluding contract without 3 offers being provided (these 2 (two) findings are part of the procedure of CoA for FY2020), non comparable offers and higher amount of financial support paid due to technical mistake (these two finding are part of the procedure of CoA for FY 2021), deficiencies in the internal controls for implementation of the contract for technical assistance, late payments, technical mistakes while preparation of authorisation table, delays in submission of data by the Technical bodies; delays upon processing of applications; reduced degree of control and

incorrect data in checklists by controllers upon on-the spot control and finding related to less paid funds.

- 6 (six) findings from system audits out of which 2 findings related to HR capacities in the Agency, IT - back up system, inappropriate premises, breaching deadlines of the Implementing Agreements signed with NAO and MA.
- 1 (one) finding from financial audit - budget report not generated by SAP.

From the submission of the Annual Audit Activity Report the activities for implementation of audit recommendations were commenced, however for some systemic issues (such as retention policy, employments and etc.) there are still activities ongoing, having in mind that they require support on highest governmental level and inter-institutional coordination.

### **c) Internal Audit**

#### Management Structure

According to the Annual Internal Audit Plan for 2023 in the Ministry of Finance, one audit mission was planned over the system of internal controls - management of EU funds, accounts and control of the correctness of requests for funds and certification of expenditures in National Fund Unit/IPA Accounting body within the IPA Funds Management Department/Management Structure. The audit mission was performed in the course of September - November 2023. According to the Final Audit Report number 23-7662/3 as of 10.11.2023, one high risk finding was identified in relation to the need for securing optimal number of HR capacities, in particular related to financial management.

Annual Internal Audit Plan for 2024 (No.23-11010/1 dated as of 14.12.2023) foresees follow up audit mission on implementation of the recommendations from human resources management audit.

#### IPARD Agency

According to the Annual Internal Audit Plan of the IPARD Agency for 2023, five audit missions were planned, out of which two audits over processes concerning IPARD, one follow up audit, one audit related to the national programme concerning direct payments and one audit at the request of the IPARD Agency director.

During 2023, three audits from the Annual Audit Plan for 2022 and four audits from the Annual Audit Plan for 2023 were conducted:

- Audit on the process of approval of projects and contracting for measure 3 from IPARD Program 2014-2020;
- Audit of process of bookkeeping accounting records, its completeness and accuracy in conducting IPARD Program 2014-2020;
- Audit on the process of authorization of payments from the IPARD Program 2014-2020;
- Follow up audit on the implementation of recommendations;
- Audit on the process of approval of projects and contracting for measure 1 and 7 from IPARD Program 2014-2020;
- Audit of process on the spot control before payment from IPARD Program 2014-2020;
- Audit of self-assessment process of IPARD Agency for implementation of the measure Investments in rural public infrastructure for the IPARD Programme 2021-2027.

One remaining audit from Audit Plan for 2023 will be conducted during 2024.

The Annual Audit Plan of the IPARD Agency for 2024 is adopted in December 2023. According the plan, five audit missions are planned, out of which two audits over processes concerning IPARD, one follow up audit, one audit to the national programme concerning direct payments and one audit upon request by the director (which might be also on IPARD if needed).

#### Managing Authority

The Sector for Internal Audit in the Ministry of Agriculture, Forestry and Water Economy performs internal audit over the Managing Authority.

The Annual Internal Audit Plan for 2023 of the Ministry of Agriculture, Forestry and Water Economy foresees audit mission over the implementation of the process of publicity by Managing Authority. The audit is ongoing and is planned to be finished till the end of February 2024.

The Annual Audit Plan of the Ministry of Agriculture, Forestry and Water Economy for 2024 foresees one audit mission over the process of realization of APTA in the Managing Authority.

#### **d) External audit**

During 2020, audit pursuant to Article 50(1)(c) of the IPARD II Framework Agreement was conducted. The audit mission was conducted by an external audit company (contractor).

The main objective of the audit was to examine whether the IPARD agency complies with the ISO 27002:2013 information security standard and limited review with focus on follow up of information security of the systems used by the National Fund and National Authorising Officer. The audit was conducted in the period 21-25 September 2020, while the report was received by NAO in July 2022.

With the report, 5 recommendations for IPARD Agency and one observation for Management Structure were issued. These recommendations/observations are being followed through the dynamic of implementation of activities and presented in the update of the Action Plan. One finding regarding this Audit is already closed - related to Access control.

The updated activities that are undertaken to overcome the recommendations from the IT audit are noted within the update for Q4 2023 of implementation of the recommendations from the Consolidated Action Plan for overcoming audit findings. However, IPARD Agency needs certain budget for implementation of the proposed activities and small progress can be noted. With the reallocation of the IPARD Agency within the new premises is also expected certain findings to be closed.

In addition, during 2023, within the procedure for CoA 2022, was performed an on -the-spot visit by DR AGRI and bilateral meeting according SA (visit was held from 13.11.2023 to 14.11.2023 in Skopje).

Minutes of the bilateral meeting and outcome of the DG AGRI visit performed from 13 to 14.11.2023 was sent with letter Ref. Ares(2023)8574644 - 14/12/2023. Reply by authorities from North Macedonia with additional information regarding the open issues was sent on 23<sup>th</sup> January 2024 (covering points regarding administrative capacities and appointment of the Director of AFSARD).

#### **e) Verification visits carried out by the MS/NAOSO**

NAO support office within the Annual plan for verification visits for 2023 as of 30<sup>th</sup> January 2023, planned four verification visits as monitoring tool of the functioning of MCS. Three verification visits were related to IPARD II and one verification visits related to IPARD III Programme (assessment whether the established structures and authorities are in compliance with the requirements for entrustment of the budget implementation tasks for IPARD III).



First verification visit in relation to IPARD II Programme 2014-2020 was related to Administrative check of the paid projects (continuation and finalisation of the verification visit from the 2022 Annual Plan). This verification visit was initiated in December 2022 and finalised in May 2023. With this verification visit subject of review were projects from Measure 1, Measure 3, Measure 7 and Measure 9. With this verification visit 7 paid projects in amount of 1.228.551,38 EUR out of 5.272.003,78 EUR paid in the referent period were administratively checked, representing around 23% of the disbursed amount from the selected sample. Final Report was issued on 17<sup>th</sup> July 2023. Three major findings were identified (2 with potential financial impact and one regarding less paid funds) and one medium finding was identified.

The scope of second Verification Visit was ex-post on the spot control on paid projects (for the project applications under measure 1, 3 and 7). With this verification visit were performed ex post on the spot checked projects in amount of 1,860,557.79 EUR, representing volume of around 15,27% of the total paid projects during 2020 and 2021 (from Measure 1 and 7 paid projects sample was made with limitation from projects above 600.000,00 MKD or 10.000 EUR) . A verification visit was finalized at the end of December 2023 and a draft report was issued on 08<sup>th</sup> February 2024. Regarding this visit three findings/conditions were drafted. At the moment of preparation of this Annual Management Declaration contradictory procedure is still ongoing. This verification visit is expected to be finalised by the end of February 2024.

Third verification visits performed in 2023 was activity related to the IPARD III Programme (IPARD III accreditation/entrustment) in order to verify compliance of the established/designed system with the ICF requirements for IPARD III legal framework. This activity was finalized with preparation of assessment report before the official submission of the request for entrustment for IPARD 2021-2027 Programme.

The last verification visit is follow up on the implementation of recommendations given with previous verification visits activities. This verification visit was started in January 2024 and Draft table with identified findings from verification visits and activities undertaken is issued. The procedure is ongoing and expected to be finalised by the end of February 2024.

Annual Plan for Verification Visits for 2024 is adopted on 25<sup>th</sup> January 2024 and foresees four visits as follows:

1. Verification visit by performing ex-post on the spot checks (IPARD II Programme);
2. Verification visit - administrative check of the paid project (IPARD II Programme);
3. Assessment of the design and established management and control systems for implementation of measure Investments in Rural Public Infrastructure from the IPARD III Programme and
4. Administrative check of the rejected projects and ranking process under the new public call 01/2023 from IPARD III Programme.

## **I.2 ANNUAL MANAGEMENT DECLARATION SUBMITTED BY IPARD AGENCY AND MANAGEMENT AUTHORITY**

Annual Management Declaration (AMD) was prepared and submitted by the Director of IPARD Agency to NAO on 9<sup>th</sup> January 2024. With AMD is confirmed that the established management and internal control system within IPARD Agency operates effectively and in accordance with the accredited procedures and gives the necessary guarantees concerning the legality and regularity of the underlying transactions.

Annual Management Declaration (AMD) was prepared and submitted also by the Head of Managing Authority to NAO on 11<sup>th</sup> January 2024. With AMD is confirmed that the established management and internal control system within MA operates effectively and in accordance with the accredited procedures.

### **I.3 WORK PERFORMED RELATED TO THE RISK MANAGEMENT OF THE IPARD STRUCTURES**

Risk Management procedure is regularly performed twice a year by the Risk Management Structure. Risk Registers of all institutions involved in the implementation of IPARD II Programme (Management Structure, Managing Authority and IPARD Agency) are regularly updated according to the activities taken for mitigation of risks. Two Risk Management Panels have been organized during 2023, one on 16.05.2023 and the second one on 24.11.2023. On the Risk Management Panels all risks regarding implementation of IPARD II Programme were discussed and reviewed. After the Panel meetings, a Consolidated Risk Register was adopted by NAO and consequently officially communicated to all concerned parties. Appropriate activities were defined in the Action Plan in order to mitigate the identified risks. The activities are commenced and ongoing.

According to the last adopted Consolidated Risk Register (Action Plans for mitigation of risks), the following risks on entity level are considered as high: staff turnover, lack of staff, overload of working tasks and inability to attend organized trainings (lack of specialised trainings).

High risks on activity level were also identified and followed in continuity, concerning the following impact areas: processing the law suits and quality of executed on the spot checks due to lack of equipment.

Also, high fraud risks were detected through the Fraud Risk Assessment Tool concerning the following impact areas: acceptance of non-eligible cost, overpayment due to overvalued reference price and created artificial conditions in order to obtain grand support.

Corrective measures were also discussed and established in order to mitigate the expressed risks.

All identified risks from IPARD II affect IPARD III Programme as well, having in mind that the same structures implement both programmes.

### **I.4 ADMINISTRATIVE CAPACITIES OF THE INSTITUTIONS WITHIN IPARD STRUCTURE**

#### **Management Structure**

According to Workload Analysis of the Management Structure, it was identified that optimal number of employees for 2023 is 19 (including NAO). The number of employees in the Management Structure at the beginning of 2023 was 17 (seventeen), including NAO.

During 2023, two employees left from MS and one employee has temporary suspend of the working contract. Additionally, five promotions have been finalised in IPA Funds Management Department. Namely two Advisors were promoted on position Head of Unit and three other employees were promoted on position Advisors.

One new employment of Junior Associate has been realised in the Management Structure in the course of 2023.

Current number of employees in MS is 15 (Including NAO) and the occupancy rate of the working posts in the IPA Funds Management Department is 79%.

Workload Analysis for the period 2024-2026 was prepared and the results of the calculations showed that the optimal number of employees in MS for 2024 is 19 (nineteen). According to the workload analysis, priority in the forthcoming period will be 4 new employments.

In addition, at the end of 2023 public call was announced for filling of two positions: junior associate – financial manager and junior associate for EFMCS in the area of IPARD programme. The procedure is ongoing, but however due to the announced elections the procedure may be postponed having in mind no employments can be realised during the election period - scheduled for May 2024.

### **IPARD Agency**

According to the Workload Analysis (WLA) for 2023 the optimal number of employees needed in IPARD Agency for implementation of the accredited measures, including the measure Investments in Rural Public Infrastructure (IRPI) was 177 employees. At the beginning of 2023, IPARD Agency numbered 152 employees designated to work in IPARD structure.

During 2023, IPARD structure within IPARD Agency was decreased for 4 employees.

In November and December 2023, call for promotion and employment was published. During November 2023, 6 decision for employment on permanent basis were issued, out of which, 5 decisions are for transformation from temporary employments to permanent employments and 1 decision is for new employment.

With these changes as of 31<sup>st</sup> December 2023, IPARD structure within the Agency numbers 149 employees and the occupancy rate of the working posts of 84%.

Also with internal announcement 01/2023 published on 14.12.2023 in IPARD Agency 7 (seven) employees were promoted on following positions: Head of Department for Internal Audit, Head of Department for Analytics and Support of the Director, Head of Unit for Implementation of Technical Assistance and Rural Infrastructure, Head of Unit for Execution of Payments, Head of Unit for Accounting, Head of Unit for Management of Human Resources, and Head of the Unit for Approval of Investments in Processing and Marketing of Agricultural Products..

WLA for 2024 was prepared in August 2023.

Workload Analysis is prepared according to number of applications for financial support which should be submitted in 2024. Number of applications is determined on basis of experiences from previous years. Based on this, it is predicted 980 request for financial support to be proceeded through several public calls from IPARD III Programme, 616 requests for payments to be received and 524 authorization letters to be approved in 2024 for IPARD II Programme. Additionally, regarding realization of Technical measure, in 2024 it is expected to be signed 4 (four) contracts with the Agency. In 2024, activities for entrustment of the measure – Investment in rural public infrastructure will be mostly related with entrustment and securing necessary minimum requirements regarding this entrustment. WLA for this measure is prepared on the prediction that 70 requests for financial support will be submitted out of which 40 to be approved.

According to WLA analysis of the IPARD Agency for 2024 the optimal number of employees in the Agency is 160, including the measure Investments in Rural Public Infrastructure (IRPI). According the Workload Analysis for 2024, 11 new employments and 29 promotions are needed in IPARD Agency.

*NAO/MS conclusion on the expressed needs of IPARD Agency in the WLA*

Regarding IPARD Agency it should be stated that taking into account the assessment performed on the package of IRI measure regarding HR needs for implementation of the processes, as well as the workshop organised by MA on related issue held in September 2023, also taking into account current state of implementation of IPARD II and IPARD III, NAO/MS conclusion is that number of 11 additional employments is confirmed as priority recruitments for 2024 and mainly this need is to strengthen certain capacities for implementation/entrustment of new measures. However, IPARD Agency should redistribute needs among Departments in the Agency having in mind current presented needs are not justified. In example, need presented in Sector for Registers of additional 3 employees is not justified, having in mind newly established procedure for obtaining prices trough outsourcing for evaluation committee. Contrary to it, it is not justified that Sector for Authorization of Payments does not have expressed additional needs having in mind that advance payments are introduced (although not expected in big range during 2024). Also, main remark is that the WLA should be prepared with expressed needs for one year with mid term indication for the following two years.

According this remarks, the IPARD Agency should revise the WLA mainly for inclusion and assesment in the process of accreditation/entrustment of the Measure Investments in Rural Public Infrastructure.

### Managing Authority

According to the Workload Analysis (WLA) for 2023, Managing Authority has set optimal level of staff on 17 employees. At the beginning of 2023, MA numbered 13 employees.

During 2023 one Junior Associate was employed in the MA and one employee was promoted on position Head of Unit. According this changes, the number of employees in MA at the end of 2023 is 14 (Including HoMA) and the occupancy rate is 82%.

The Workload Analysis for the period 2024-2026 was prepared and the results of the calculations showed that the optimal number of employees in MA for 2024 is 15 (fifteen).

### IPARD Structure capacities

In the table below are presented the data regarding the human capacities in the IPARD Management and Operating structure for the year 2023 as well as in relation with the needs for 2024:

Institution	Number of staff on 01.01.2023	Number of staff needed as per WLA 2023	Number of staff needed as per WLA 2024	Realized new recruitments 2023	Left the position 2023	Number of staff 31.12.2023	Occupancy rate vs WLA 2023	Current Occupancy rate vs WLA 2024	Turnover rate 2023
NAO/NF	17	19	19	1	3	15	79%	79%	18%
IPARD Agency	152	177	160	1	4	149	84%	93%	3%
Managing Authority	13	17	15	1	0	14	72%	93%	0%
Total	182	213	194	3	7	178	84%	92%	4%

In total, for implementation of IPARD II Programme for 2023 were needed 213 employees. The number of staff at the end of 2023 is 178 employees or 84% occupancy rate. The staff turnover on the level of the programme is 4%.

In 2023 there is negative net balance of 4 employees, meaning 3 employees were engaged and 7 left the institutions.

With the WLA's for 2024 the number of staff needed in the IPARD Structure is decreased to 194, so at the moment the occupancy rate is 92%.

### **Staff retention and motivation policy**

By the preparation of this self-assessment report, following can be reported:

Regarding the staff retention in IPA Structure with the Law on Execution of the Budget for 2023 short term solution for motivation and retention of staff in IPA structures (Retention Policy) is implemented. The solution provides 15% flat rate top up on the salary of the staff in the IPA structures till the end of 2023 and same is also incorporated for 2024. With this solution is intended to overcome the gap till adoption of long term systematic solution. In parallel, working group established by NIPAC is working on long term systematic solution of retention and motivation policy that should be placed in the Law on Administrative Servants and related legal acts.

On the initiative of NAO a request has been submitted to the DG AGRI and DG NEAR (letter 10-2675/1 dated 13.04.2022) to consider the possibility of an additional financial component of IPA to complement the retention and motivation policy of staff in the IPA Structure under IPA III programmes.

In July 2023 a response was received from DG AGRI (Ref.Ares(2023)4599448-03/07/2023) and from DG NEAR (Ref.Ares(2023)4881158-13/07/2023)).

Both documents have similar directions that should be followed by the national authorities in the process of establishment of retention and motivation policy. With the DG AGRI response clear direction was given that the strategic and comprehensive sustainable human resources policy should not be limited to offering official salary supplements as well as direction that not more than 2% of the initial IPARD allocation for 2021-2027 may be used for this option.

DG NEAR in addition had certain request on information (request for information on institutions, staff members and related positions and information on staff retention policies related to relevant IPA structures (existing or under preparation)). At the end of September 2023, NIPAC sent additional information regarding the DG NEAR's request (such as list of IPA institutions, employees in IPA indirect management system).

Having this directions, the Law on Administration is under amendment, where beside other reforms should be introduced article for possibilities for the top ups in range of 15 – 45% of IPA Structures' staff salaries. These amendments shall serve as legal base for further implementation of the retention/motivation measures (financial and non-financial). The amendments on the Law were adopted by the Government and submitted to the Parliament for adoption. The amendments of the Law at the moment of preparation of this Report are in parliamentary procedure.

### **I.5 IRREGULARITY MANAGEMENT**

NAO received 3 cases of irregularity from IPARD Agency during 2023. Cases were analysed and appropriate corrective measures were undertaken by the relevant institutions, under coordination of NAO. These cases were reported through IMS during 2023.

Newly identified irregularities might be considered from the following aspects, as presented below:

- All cases were qualified as irregularity;

- All cases are still open;
- 2 cases were identified before the payment was made, thus no financial impact occurred;
- 1 case was identified after the payment was made, thus has financial impact.

**Table 1**

Irregularities identified during 2023				
Total number of irregularities	Irregularities before project approval	Irregularities before payment	Irregularities after the payment was made	Other cases (not related to applicant)
3	0	2	1	0

**Table 2**

Qualification of irregularity		Open	Closed	Total
	Suspected fraud irregularity	Suspected fraud	0	0
Irregularity		3	0	
Financial impact	With financial impact	1	0	3
	No financial impact	2	0	

At the fifty-second session, held on 14.06.2022, the Government of the Republic of North Macedonia adopted the National Anti-Fraud Strategy for the protection of the financial interests of the European Union in Republic of North Macedonia 2022-2025 and the Action Plan for its implementation.

National Anti-Fraud Strategy for the protection of the financial interests of the European Union in Republic of North Macedonia for the period from 2022 to 2025 outlines the agreed priorities and actions of the competent national authorities in the field of protection of the financial interests of the European Union in the Republic of North Macedonia.

National Anti-Fraud Strategy is consisted of five chapters and two Annexes:

- First Chapter is briefing the purpose and need of developing of the strategy and is listing the legal base and the strategies connected with it.
- Second chapter of the strategy is related to the state of play of the current situation related to the functioning of the system for the protection of EU's financial interest and the fraud risk assessment.
- Third chapter is defining the objectives of the National Anti-Fraud Strategy which in the wider sense means reform in the following priority areas defined:
  - AREA 1: Legal and institutional framework
  - AREA 2: Coordination and cooperation
  - AREA 3: Prevention of fraud and irregularities
  - AREA 4: Detection, treatment, reporting of irregularities and suspected fraud cases
  - AREA 5: Fraud investigation and prosecution
  - AREA 6: Recoveries and sanctions.
- Fourth chapter is describing the Action Plan for implementation of NAFS, where the content of the Action Plan is described, as well as the period for its revision.

- Fifth chapter is related to the monitoring and evaluation of the NAFS, which explains the method of implementation of the monitoring and evaluation of NAFS, the responsibilities of the institutions involved within the process, as well as the challenges / risks in achieving the objectives and overall implementation of NAFS.

NAFS contains two Annexes. Annex 1 is the Action Plan for the implementation of NAFS, which provides the activities, responsibilities and timeline for implementation of the objectives of NAFS. There is also legal framework, contained in Annex 2 of NAFS, respectively.

## II. Financial management of EU funds in the Republic of North Macedonia and for the legality and regularity of the underlying transactions

### II.1 Financial management

Financing Agreement under the Programme for Agriculture and Rural Development of Republic of North Macedonia under the Instrument for Pre-accession Assistance (IPA II) for the years 2014-2020 has been signed between the EC and the Government of Republic of Macedonia and entered into force on 29.06.2017.

Pursuant to Article 33(3) of the Framework Agreement and Annex 7 of the Sectoral Agreement, NAO sent to the Commission a Forecast of its Likely Payment Request for 2023-2024 for the programme on 12<sup>th</sup> January and 13<sup>th</sup> July 2023. Base for preparation of the forecasts is the plan for publication of public calls as well as plan for financial realization of the calls/signed contracts between IPARD Agency and recipients, both being provided to NF by IPARD Agency.

NF performs additional analyses taking into consideration the experience and disbursement pace from previous years, obtained information from Agency on contracts status, problems encountered availability of funds in the national budget, etc. Once, having all of this information processed, NF prepared Forecast of its Likely Payment Request. During 2023, forecasted payments were realised with 71%.

In the tables below are presented the executed payments – IPA contribution in Euros in 2023 and for the period 2014-2023, as well:

Measure	Executed payments in 2023 – IPA contribution in Euros
Measure 1	1,905,706.52
Measure 3	3,586,614.77
Measure 7	4,441,080.27
Measure 9	68,718.27
<b>Total</b>	<b>10,002,119.83</b>

The analyses refers to the EU contribution express in Euro

Overall status of Programme for the period 2014-2023				% compared with available budget
	IPA	NCF	Total	
Available budget 2014 – 2020	60,000,000	19,766,275.00	79,766,275	
Disbursed	44,879,757.56	14,916,572.52	59,796,330.08	75%

The analyses refers to the EU contribution express in Euro

Pursuant to Article 37 of the Sectoral Agreement, NAO has sent four Declarations of Expenditures that served as Payment requests for the expenditure incurred and revenues generated in the course of 2023. The payment requests were regularly sent through SFC 2014 by National Fund.

There was no de-commitment of funds at the end of 2023 due to the received approval for extension for the implementation of the budgetary commitment 2020 by one year (from N+3 to N+4). Therefore, all remaining IPARD II expenditure needs to be implemented (incurred and paid to IPARD recipients) by 31 December 2024 at the latest, when the eligibility for a Union contribution for expenditure under the IPARD II programme will end.

IPARD II Payment requests 2023		
Reference		Community Contribution in €
1	Declared in Q1 2023	1,185,392.95
2	Declared in Q2 2023	2,707,376.04
3	Declared in Q3 2023	3,187,458.79
4	Declared in Q4 2023	2,895,430.51

The analyses refer to the EU contribution express in Euro

During 2023, the off-set amount of EUR 212,199.00 was replenished on the IPARD euro account.

### 4.3 Activities undertaken by the IPARD Agency

#### 4.3.1 Progress in collecting follow-up data

In compliance with the responsibilities undertaken from the Implementing Agreement between the IPARD MA and the IPARD Agency, the IPARD Agency reported on regular basis 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, which consisted data that were not included in the Tables but were relevant for the execution of the Programme.

In 2023, the IPARD Agency with the defined deadline and on a regular basis delivered to the IPARD MA the monitoring tables for implementation of the IPARD Programme which include information for physical and financial indicators, reports from the performed controls, identified irregularities and additional requests for reports, defined in the Implementing Agreement.

The collection of the data and preparation of reports was maintained manually in excel.

During 2023, IPARD Agency recorded all transactions in SAP software. As soon as we are convinced that all reports generated through the SAP are true and accurate, SAP software will be used as only tool for accounting in IPARD Agency and all financial indicators will be withdrawn from the system.

Because of previous plans to improve the efficiency of the Agency, by improving the transfer of data and information with the Managing Authority, the Agency made a resolution to form a working group, composed of members from the Agency, MA and the Ministry of Finance. This working group is responsible for implementing an "Integrated Administration and Control System (IACS)".

The working group has to participate in the activities of the project "Adjusting the Integrated Administration and Control System (IACS)", more specifically in the implementation of the IPARD module as a software solution, which will lead to increased efficiency and effectiveness. The final



goal is to simplify the data transfer and communication between the institutions and increased data transparency.

Furthermore, the Agency intends to introduce online applications for the IPARD funds, more specifically the IPARD 3 Programme.

### 4.3.2 Summary from the Contract follow-up

In 2023 year the IPARD Agency published public call 01/2023 for IPARD II Programme for measure 3 "Investments in physical assets concerning of agricultural and fishery products ". Also on 01.09.2023 year IPARD Agency published public call for IPARD III Programme 2021 – 2027.

In terms of implementation of the IPARD Programme 2014-2020, in 2023 year IPARD Agency signed contracts for 31 applications in the supported amount of 2.439.140,00 € .

For the public calls 01/2017 , 01/2018 ,02/2018, 01/2019, 02/2019, 01/2020, 01/2021, 01/2022 and 01/2023 IPARD Agency contracting , approved and signed cumulative 2.344 amount for payment, of the measure 1 contracting approved and signed 1942 amount for payment in the amount of 20.626.848,00 € , and of the measure 3 contracting approved and signed 157 amount for payment in the amount of 24.217.755,00 € , and of the measure 7 contracting approved and signed 218 amount for payment in the amount of 19.626.369,00 € , and of the measure 9 contracting approved and signed 28 amount for payment in the amount of 345.204,00 € .

Most of the signed contract concerned purchase of equipment and machinery which have short term period for implementation of the investment and therefore no progress report letter were required from the applicant

During 2022 years, the IPARD Agency from all publish calls received 4194 claims for payment which were processed or are still processing in the current year. IPARD Agency approved cumulative 2316 claims for payment and paid claims for payment 2005 in total amount is 37.877.635,00 €.

Data in given in the table for received, approved and paid claims for measure 1, measure 3, measure 7 and measure 9, cumulative from 2018 year to 2023 year.

	Measure 1	Measure 3	Measure 7	Measure 9	total
Received claims for payment in 2018	1404	57	187	3	1651
Received claims for payment in 2019	2503	122	187	8	2820
Received claims for payment in 2020	3251	183	448	12	3894
Received claims for payment in 2021	3251	183	698	17	4149
Received claims for payment in 2022	3251	225	698	20	4194
Received claims for payment in 2023	3251	283	698	28	4260

Approved and signed claims for payment in 2018	902	30	20	3	955
Approved and signed claims for payment in 2019	1156	67	23	8	1254
Approved and signed claims for payment in 2020	1485	101	60	12	1658
Approved and signed claims for payment in 2021	1917	118	103	17	2155
Approved and signed claims for payment in 2022	1942	136	218	20	2316
Approved and signed claims for payment in 2023	1942	157	218	27	2344
Total approved amount for payment in 2018	116	8	0	3	127
Total approved amount for payment in 2019	801	28	7	7	843
Total approved amount for payment in 2020	1217	55	13	8	1293
Total approved amount for payment in 2021	1595	83	49	12	1739
Total approved amount for payment in 2022	1782	102	106	15	2005
Total approved amount for payment in 2023	1798	145	160	27	
Paid claims for payment in 2018	452.878,00	546.071,5	0	3.836,50	1.002.786,00
Paid claims for payment in 2019	5.772.283,00	4.180.095,00	59.921,00	9.319,00	10.021.618,00
Paid claims for payment in 2020	7.418.942,00	6.264.792,00	662.775,00	21.126,00	14.367.635,00
Paid claims for payment in 2021	10.702.275,00	8.402.106,00	2.242.376,00	141.950,00	21.488.707,00
Paid claims for	14.467.977,00	15.245.035,00	4.956.976,00	207.647,00	34.877.635,00

payment in 2022					
Paid claims for payment in 2023	16.373.682,00	18.898.875,00	9.398.055,00	276.368,00	44.946.980,00

During 2023, year IPARD Agency executed administrative controls to all submitted applications. In addition reasons for rejection of application prior the signing contracts are provided:

**Completeness:**

- the applicant has not submitted a response within 15 days after the received Notification for completing the application;

	Measure 1	Measure 3	Measure 7
Public calls 01/2017,01/2018,02/2018, 01/2019,02/2019, 01/2020, 01/2021	576	30	3

- the applicant has submitted a response within 15 days after the received Notification for completing the application, but there were some documents missing or the submitted documents were not valid.

	Measure 1	Measure 3	Measure 7
Public calls 01/2017,01/2018,02/2018, 01/2019,02/2019, 01/2020, 01/2021	32	6	92

**Eligibility:**

- capital/family connection between the suppliers or between supplier and the applicant;

	Measure 1	Measure 3	Measure 7
Public calls 01/2017,01/2018,02/2018, 01/2019,02/2019, 01/2020, 01/2021			2

- 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;

	Measure 1	Measure 3	Measure 7
Public calls 01/2017,01/2018,02/2018, 01/2019,02/2019, 01/2020, 01/2021	2	2	4

- proposed investments are not eligible according to the IPARD Programme;

	Measure 1	Measure 3	Measure 7
Public calls 01/2017,01/2018,02/2018, 01/2019,02/2019, 01/2020, 01/2021	318	20	184

- 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.

	Measure 1	Measure 3	Measure 7

Public calls 01/2017,01/2018,02/2018, 01/2019,02/2019, 01/2020, 01/2021	1	1	2
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Reasons for rejected received applications are not fulfill the criteria of the IPARD Programme. In the decision to reject the application, list of the all details for rejection is contained, while the spreadsheet / registers for received applications / lists the reasons for the rejection in accordance with the accreditation form.

During 2023, Sector for authorization of payments rejected/canceled 20 claims for payment . The reasons for rejection of claims/cancelation of contracts are infringement of the contract, have not delivered claims for payment. Failure to comply with the legal provisions that the applicant is obliged to submit request claims for payment in specified time, defined in contract.

Reasons for issuing Decisions for recovery of fund: infringement of the contract, overpayment, administrative mistake.

As regarding on-the-spot controls, Sector for on-the-spot Control has carried out in total:

- 42 on-the-spot controls prior approval of which:
- 42 on-the-spot controls at investments under Measure 3
  
- 101 on-the-spot controls prior payment, of which:
  - 21 on-the-spot controls at investments under Measure 1
  - 30 on-the-spot controls at investments under Measure 3
  - 50 on-the-spot controls at investments under Measure 7
  
- 450 ex-post on the-spot controls, of which:
  - 404 on-the-spot controls at investments under Measure 1/101
  - 4 on-the-spot controls at investments under Measure 3/103
  - 42 on-the-spot controls at investments under Measure 7/302

The Sector for on-the-spot control has carried out 4 additional on-the-spot controls before payment.

Regarding the investments that have hidden works which need to be monitored, beneficiaries on regular basis are reporting to SC about the activities undertaken providing us with photos, measurements, and construction documentation. SC also performs OTSC for hidden works.

### **4.3.3 Critical issues in implementing the IPARD Programme**

In 2023, the IPARD Programme 2014-2020 for the new programing period was adopted and IPARD Agency accordingly made certain changes in the internal procedures and the control lists according to the proposed modifications. One of the most significant changes for the new programing period is that the Agency as much as possible of the required documentation will obtain through ex officio, which would enable to shorten the application procedure for completing the applications i.e. to shorten the procedure for approving the applications.

### **Progress Summary from the implementation of the Community Financial Support**

Most critical issues still remains the human resources capacities and the time frame for processing the applications. 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 the claims for payment.

While processing the claims for payment in 2023 the Agency encountered problems during the processing of the claims for payment, difficulties for the beneficiaries in providing the necessary documentation, providing proof for origin of the materials and the equipment, timely and correctly update of the accounting records.

Specific problem areas can be seen in respecting deadlines and stipulations stated in the contract for co-financing.

The technical specification for measure 9 (ORBIS) has been submitted by the IPARD Agency to the IPARD MA and it is expected that documentation for the implementation of the procurement will be submitted.

#### **4.3.4 Results from performed on-the-spot controls and identified irregularities**

There were not any irregularities reported when it comes to OTSC in 2023.

Most common discrepancies with small or without any financial impact to the investment, encountered during 2023 while performing OTSC before payment and ex-post are the following:

- Equipment not in function/not in use (most common in investments involving beekeeping mostly due to the seasonal type of production and the specific type of production which depends on many factors (diseases, weather conditions, etc.). For other types of investment when certain equipment is not yet used during OTSC before payment certain remedy period is given to beneficiary to put the equipment in use. If it is a seasonal type of equipment beneficiary is asked to turn on the equipment and to present that it is functional. Production process is monitored and checked through ex-post OTSC which are planned and performed during season of production (processing equipment, irrigation systems etc.)
- Discrepancies between quantities and type of material declared in construction documentation and established on-the-spot.
- Missing certain data (serial No, year of production, country of origin) most common when it comes to agricultural mechanization. Additional data is asked supporting documentations, manual for use, warranty, statement from the producer or supplier and other documentations that can provide additional data in order to verify that the equipment on-the-spot is the one that is contracted.

#### **4.4 Report on the work of the IPARD Monitoring Committee**

Since its inception in January 2016, the IPARD Monitoring Committee has held 12 meetings. The last meeting of the IPARD 2014-2020 Monitoring Committee was held on 29<sup>th</sup> of March 2023. The meetings of the Committee are organized using support provided by the Technical Assistance measure. A company engaged in 2021 supported the Managing Authority in organization of Monitoring Committee meeting by the middle of 2023.

In January 2023, IPARD MA received a letter (Monitoring arrangements for the implementation of IPARD III programmes – Ref. Ares (2023)4094313) from DG AGRI services, clearly stipulating that the IPARD III Monitoring Committee can take over any outstanding matters concerning the implementation of the IPARD II Programme.

Main Decisions taken by the Monitoring Committee during 2023:

- The IPARD II Monitoring Committee reviewed and adopted the modification of APTA 2023.
- IPARD III Monitoring Committee reviewed and adopted the first modification of the IPARD Programme 2021- 2027.
- The IPARD III Monitoring Committee reviewed and adopted the Evaluation plan for IPARD III Programme.
- The IPARD III Monitoring Committee reviewed and adopted the Plan for visibility and communication activities for IPARD III Programme.
- The IPARD III Monitoring Committee reviewed and adopted the APTA for 2023.
- IPARD III Monitoring Committee adopted the indicative Annual action plan for (APTA) 2024.

#### **4.5 Evaluation of the IPARD Programme**

Evaluations shall aim to improve the quality, effectiveness and consistency of the assistance from Union funds and the strategy and implementation of the IPARD II Programme. The IPARD II Programme shall be subject to ex-ante and ex-post and, where considered as appropriate by the Commission, interim evaluations carried out by independent evaluators under the responsibility of the IPARD Managing Authority.

Mainly, the limited capacity and knowledge in evaluation methods, including the methods for primary data collection in IPARD MA and the delays in data delivery from the IPARD Agency are remaining as a main obstacle towards the implementation of the evaluation system, which shall support the improvement of the overall implementation of the programme. The delay of information and data transfer from the IPARD Agency due to manual processing of data, further delays the IPARD MA activities and prevents timely actions for improving the legal documents related to the programme implementation.

At the 11<sup>th</sup> MC meeting, IPARD MA representative informed on the results of the ongoing evaluation activities, which emphasize the limited capacity and knowledge of the evaluation methods, including the methods for collecting primary data in IPARD MA, as well as delays in the delivery of data by the Agency, which remains a major obstacle to the implementation of the evaluation system. The risk of delayed and inconsistent data regarding the published public calls is emphasized, as it contributes to further delays in improving other legal or program requirements, as well as to the overall upgrade of the implementation processes of the IPARD Programme.

#### **4.6 The use of Technical Assistance**

The implementation of the measure Technical Assistance proved to be of significant importance for the IPARD Managing Authority and the IPARD structures in whole, since the IPARD Agency, Management Structure and different stakeholders involved have indirectly benefited its implementation.

In total, IPARD Managing Authority submitted 28 applications for using support under measure Technical Assistance in amount of (345.204 € EU support). All applications were approved and contracted by the Agency (amount of 345.204 € EU support). By the end of 2023, 27 contracts were implemented and paid by the Agency (276.368 € EU support).

The Unit for Technical Assistance, in this reporting period, was active in realisation of procurements according to the APTA 2022 and APTA 2023 for the IPARD Programme 2014-2020.

According to the APTA 2022, procurement for translation of the IPARD Programme started at the end of 2022. By the end of the June 2023, the economic operator submitted the final report to the IPARD MA.

In addition, procurement for organization of Workshop for improvement and upgrading of the IPARD Monitoring system in anticipation of the new programme period was realized. Also, in the middle of the January this workshop was successfully realized.

Also, in this reporting period, the Unit put the emphasis on finalization of previously implemented activities, such as:

- Procurement of services for designing IPARD Agency's website – claim for payment submitted to the IPARD Agency.
- Procurement of services for designing IPARD MA's website – claim for payment submitted to the IPARD Agency.
- Procurement for office supplies for IPARD MA's needs– claim for payment submitted to the IPARD Agency.

Procurement for printing promotional materials (instructions, brochures) was realized during July and promotional materials were prepared for new public call for measure 1 and measure 7.

The last procurement from APTA 2023 from IPARD 2014-2020 Programme was realized during August and it was for realization of Workshop to improve the methodology and calculation for Work Load Analyses of IPARD structures (WLA). This was procurement under 2.500 euro. This workshop was successfully realized in September in hotel Kalin, Lazaropole. Participants from all IPARD structures participated on the workshop.

In addition, IPARD MA started the implementation of procurements from APTA 2023 – IPARD Programme 2021-2027. The implementation of APTA 2023 from IPARD Programme 2021-2027 was postponed, because of the extended implementation of the IPARD Programme 2014-2020. As a result, UTA was forced to work within shorter period for realization of the procurements from APTA 2023 from IPARD Programme 2021-2027.

#### **Envisaged activities within APTA 2024:**

- Organizing IPARD Monitoring Committee – 4 meetings, in indicative amount of 65.000 €.
- Expenditure on information and publicity campaigns, including costs of printing and distribution – Printing of promotional materials (instructions, brochures and application forms), in indicative amount of 2.500 €.
- Cost of translation and interpretation - translation of Programme documents, in indicative amount of 5.000 €.
- Training to prepare potential LAGs for implementation, in indicative amount of 20.000 €.
- Workshop for strengthening of capacities for evaluation and determination of expected results, in indicative amount of 20.000 €.
- Realization of Evaluation activities, ex-post evaluation of IPARD Programme 2014-2020, in indicative amount of 95.000 €.
- Workshop for education in PRAG rules for IPARD MA and IPARD Agency, in indicative amount of 15.000 €.

#### **4.7 Activities for stakeholders involvement in IPARD implementation**

In accordance with Article 55 of IPA II Implementing Regulation, programming of assistance in agriculture and rural development has been prepared in close consultations with all appropriate interested parties (socio-economic partners as defined by the national legislation in this case). The process of preparation of the Programme was carried out under the competence of the Managing Authority in cooperation with the IPARD Agency and in continuous consultation with all relevant stakeholders, competent state, regional, local authorities and other public authorities, the economic and social partners and any other appropriate bodies representing civil society, non-governmental organisations, including environmental organisations.

The strategy of this Programme and short description of the selected measures is published on the MAFWE web-site inviting the general public for comments on the chosen strategy, financial plan distribution and measures and actions to be supported in detailed description. The public is asked to provide their opinion by providing answers to the following questions:

1. Whether the selected sectors for support as well as the type of eligible investment correspond with the actual needs?
2. Whether the general and specific criteria in the measures are attainable and realistic?
3. The proposed investment value (minimum and maximum) in the measures correspond to the needs?
4. The definition of the beneficiaries is well suited to the actual situation and the agriculture sector and the rural areas?
5. Whether the budget allocation per measure is acceptable and is it considered that the same can be adequately used?
6. What other measures should be included in the Programme?
7. Suggestions/ proposals to improve the absorption of the available IPARD funds.

In addition, MA staff has participated in the presentations of the opportunities that IPARD II Programme gave to the potential recipients based on the invitation of different associations and unions as economic partners (Chamber of commerce, Farmers associations, Cooperatives, etc).

Regarding the preparations for the implementation of the LEADER measure, Managing Authority continued the coordination meetings with representatives of the rural development network and MAFWE colleagues from the rural development Department. Considering that the implementation of the measure is being piloted through the national Rural Development Programme, the meetings discussed the experiences and problems faced by LAG, but also exchanged ideas for improving implementation in the future when the measure will be implemented through IPARD.

In the scope of the communication and publicity campaign, several events (workshops, forums, meetings) were held in order to improve cooperation in between IPARD structures and between IPARD structures and other stakeholders (Technical Bodies, Nongovernmental organizations, Consultants). Direct communication with the stakeholders at these events contributed to significant improvements in the implementation of the Programme, as well as increased cooperation and trust of external stakeholders in the IPARD structure in anticipation of the new programming period.

Stakeholders' involvement is also secured in the work of the Monitoring Committee by participation of representatives of different interest groups as members of the Committee. Following members in the Monitoring Committee are representatives of different stakeholders and economic, social and environmental partners:



1. representative from the Chamber of Commerce of Macedonia – economic partner;
2. representative from the Chamber of Commerce of north-western Macedonia – economic partner;
3. representative from the Macedonian Association of Processors – economic partner;
4. representative from the National federation of farmers of North Macedonia – economic partner;
5. representative from Craft Chamber – economic partner;
6. representative from the Faculty of Agricultural Sciences and Food, University "Ss. Cyril and Methodius" – social partner;
7. representative from Goce Delchev University – social partner;
8. representative from the Association of Units of Local Self-Government (ZELS) – social partner;
9. representative from Rural Development Network – social partner;
10. representative from the Faculty of Veterinary Medicine – social partner;
11. representative from the Movement of Ecologist of Macedonia – environmental partner;
12. representative Agro-Leader – social partner
13. representative from the Network of Young Farmers – social partner;
14. representative from the Association of Rural Coalition Kumanovo – social partner;
15. representative from the Association of Citizens' Associations - Farmers Association – social partner;
16. representative from the Association of Manufacturers of Wine Exporters and Other Grape Beverages "Wines from Macedonia" – economic partner.

Managing Authority included all relevant authorities and bodies as well as appropriate economic, social and environmental partners in the consultation process of drafting the new programming document. The results of the consultations is presented in the separate chapter 13 of the IPARD Programme 2021-2027. Six different workshops are held covering different sectors supported under measures in the Programme.

## **4.8 Ensuring publicity and information implementation of the Communication Plan**

### **I. INTRODUCTION**

The activities related to the publicity of the IPARD Programme 2021-2027 are foreseen in the annual action plan for publicity and communication of the IPARD Programme for 2023. The specific objectives of the publicity plan are: delivering quality information to the target groups in order to promote the opportunities offered by the assistance of the European Union and our country, to promote the results of the implementation of the IPARD Programme, to increase the number of quality applications and to raise awareness among the general public about the contribution of the European Union.

The activities listed below are carried out in accordance with the annual action plan for publicity and communication of the IPARD Programme for 2023 with physical presence or through electronic communication.

The planned activities refer specifically to:

- Organizing (on-line or with physical presence) IPARD info educational days by promoting successful examples;

- IPARD forums (on-line or with physical presence) for a more successful implementation of the IPARD Programme 2021-2027;
- IPARD workshops (on-line or with physical presence) for preparation of IPARD application forms, publication of public calls
- Performances/interviews in electronic media and newspapers;
- Publication of the list of end users of funds from the IPARD Programme;
- Creation and distribution of application forms and guidelines dedicated to IPARD Programme 2021-2027;
- Preparation and distribution of brochures dedicated to the publicity of IPARD Programme 2021-2027;
- Publication of audio and video clips;
- Updating the website: [www.ipard.gov.mk](http://www.ipard.gov.mk).

The institutions responsible for implementing the above-mentioned activities in accordance with their competences and functions are the following: IPARD Managing Authority and the IPARD Agency.

## II. REALIZED ACTIVITIES

### 1. Organizing IPARD informative and educational days by promoting successful examples in connection with the announcement of Public Calls.

The organization of informational days of the IPARD Programme took place in the period before and during the published Public calls for a specific measure. In this period, from May to October 2023 (the period between two meetings of the Monitoring Committee), the institutions responsible for implementing the publicity plan, organized and realized 6 info days for the public call 01/2023 for measure 3 of IPARD 2014-2020 Programme and 46 info days, divided into two cycles (May-June and August-September-October) for the public call 01/2023 for measures 1 and 7 of the IPARD 2021-2027 Programme.

The previous announcement of the public call for Measure 3 of the IPARD Programme 2014-2020 was published on May 15, 2023, and the public call was published on August 3, 2023 and lasted until September 19, 2023.

The previous announcement for the public call for measures 1 and 7 of the IPARD Programme 2021-2027 was published on May 15, 2023, and the public call was published on September 1<sup>st</sup>, 2023 and lasted until October 30<sup>th</sup>, 2023.

The info days were realized in coordination between the IPARD Managing Authority and the IPARD Agency. The possibilities offered by IPARD, especially measure 3, were elaborated before a wider audience, by representatives from both institutions, and info days were followed by more than 100 participants. Taking into account the current situation with the energy crisis, the info days caused great interest among companies from the manufacturing industry.

Information about planned publicity activities was sent to chambers of commerce, craft and other associations, portals, agricultural cooperatives, the Rural Development Network, the National Farmers' Federation and other institutions, by email, and they were asked to forward this information to their members and/or publish it on their websites. The general public and potential users of IPARD funds are encouraged to ask questions via e-mail or phone calls regarding measure 3 Investments in fixed assets for processing and marketing of agricultural and fishery products.

According to the publicity campaign of the IPARD Programme 2021-2027, which referred to the Public Call 01/2023 for measures 1 and 7, a total of 44 info days were realized in 44 rural municipalities across the country. Info days were divided into two cycles. The first cycle of 20 visited places was realized in the period May-June, i.e. immediately after the announcement. The second part of the campaign, with 26 rural municipalities visited, was realized in the period August-September-October.

The first cycle of info days was announced with a big event, realized in cooperation with the Cabinet of the Minister of Agriculture, Forestry and Water Economy, as well as with the Cabinet of the Vice Prime Minister for European Affairs and Head of the Secretariat for European Affairs and the IPARD Agency director. The event was held on 5<sup>th</sup> of February in Skopje and it was attended by a large number of mayors of rural municipalities, as well as ministers, directors and heads of state institutions that are involved in the implementation process of the IPARD Programme.

The second cycle of the IPARD campaign started in August during the public announcement 01/2023 for measure 3 of the IPARD Programme 2014-2020 and immediately before the publication of the public call 01/2023 for measures 1 and 7 of the IPARD Programme 2021-2027. During 2 months, 26 places were visited, attended by more than 600 interested potential users of the IPARD Programme. The information campaign for the public call for measures 1 and 7 of the IPARD Programme 2021-2027 ended on 13<sup>th</sup> of October 2023 in Bitola with an event that aroused great interest among Bitola residents. The event was attended by representatives from the IPARD Managing Authority, IPARD Agency, the regional MAFWE unit, the deputy Director of the NEA (advisory service agency), the Director of the State Agricultural Inspectorate and a large number of interested potential users of the program.

The publication of the public call for the new IPARD III Programme was also covered by a large event organized by IPARD MA, IPARD Agency, the MAFWE, NIPAC and primeminister cabinets. The event was realized with great media coverage and had a great impact in the public. It was an excellent basis for a successful public announcement for measures 1 and 7 of the IPARD Programme 2021-2027.

## **2. Delivery of direct information towards the beneficiaries**

Pursuant to Article 12, paragraph 3, of the IPARD Agency and the IPARD Managing Authority Implementing Agreement, the IPARD Agency submits monthly reports on the promotional activities of the Agency. The delivery of information, by telephone and e-mail, to potential users is carried out continuously, that is, in the telephone center of the Agency. The IPARD Managing Authority provides publicity information via e-mail, by phone and in the premises of the IPARD Authority. In the last few months, more than 400 calls were received and more than 120 questions were asked.

The questions asked on the Agency's website refer to the publication of the last public call 01/2023 for measure 3 of the IPARD Programme 2014-2020 and for the public call 01/2023 for measures 1 and 7 of the IPARD Programme 2021-2027. The most frequently asked questions are related to the priority sectors, whether photovoltaics are eligible as an expense, where to find the application kit, who is eligible to apply and what are the eligible investments, questions about renewable energy sources, eligible expenses for all three measures and many others questions related to measures from the IPARD Programme.

Potential users were interested in when the public call for the IPARD III Programme will be published and what are the news related to the measures from the IPARD Programme 2021-2027.

The questions and answers asked by the interested parties, by e-mail and at the organized events, are published on the websites of the IPARD Managing Authority and the IPARD Agency.

### **3. Appearance on national and local media**

During this period, there was a sufficient number of appearances, announcements and interviews on national and local radio and television channels as well as daily newspapers and internet portals (more than 180 press releases).

Most of the announcements refer to the public call 01/2022 for measure 3. In connection with announcements and interviews, an official of the IPARD Agency had several interviews broadcast in several media.

In addition, the representative of the IPARD Managing Authority made a guest appearance on TV Sitel (television with a national concession) on two occasions, in its morning programme, and in a longer interview explained in detail the conditions for using the funds from the IPARD Programme, as well as the deadlines for application.

### **4. Publication of the list of IPARD Programme 2014-2020 final beneficiaries**

According to the action plan for communication and publicity for 2023, the activity for announcing the beneficiaries of funds from the IPARD Programme 2014-2020 is carried out by the IPARD Agency as the responsible body for the realization of this activity.

The list of end users is published quarterly on the Agency's website.

### **5. Preparation and distribution of application forms, guidelines for beneficiaries, brochures and posters for the IPARD Programme 2014-2020**

The printed Guidelines that were distributed during the publicity campaign were printed with an executed publicity contract (procured on the basis of the PRAG manual). For measures 1 and 7 of the IPARD Programme, a total of 600 instructions for users were additionally printed.

The materials, left over from the previous publicity campaign that were not changed, were used to inform all stakeholders during the public call 01/2023 for measure 3. The final version of the Guidelines and the Application form for the use of funds are published on the website of the IPARD Managing Authority [www.ipard.gov.mk](http://www.ipard.gov.mk)

### **6. Production and publication of audio and video clips**

Regarding public call 01/2023, new videos and audio recordings were not prepared, and previously released videos were used to strengthen the publicity campaign.

Within the previous publicity campaign of the IPARD Programme 2014-2020, three videos were prepared that referred to measures 1, 3 and 7.

The video clip for the measure 3 was produced in cooperation with two successful projects from the IPARD Programme, namely: Winery Movino and meat industry Podgoroka.

Videos for all measures can be viewed on the website of the IPARD Managing Authority in the Macedonian language and at the same time with an English translation of the English version of the website.

## 7. Update of the IPARD Programme web site (www.ipard.gov.mk)

The website [www.ipard.gov.mk](http://www.ipard.gov.mk) is regularly and continuously updated with information and news regarding the public call 01/2023, info days, the draft version of the IPARD III Programme, brochures, instructions and much more useful information.

The announcements about the informative and educational days were published continuously during the public call. The new Guidelines regarding measures 1 and 7 are published on the website.

In the period from May to December 2023, the website provides traffic statistics. The statistics record the following data, namely:

- Website users 17,562
- New users 12,009,
- Total page views 104,463.

The website is visited by many interested parties from different countries, from our country, countries in the region and beyond.

The website <http://ipard.gov.mk/mk/pocetna/> is regularly updated with information, announcements and news related to the activities for the implementation of the IPARD Programme 2021-2027.

## 5. Financial tables showing Union, national and total expenditure per measure and sector

**Table 31: Financial implementation of the IPARD Programme 2014-2020**

	Sector	Contracted		Paid	
		Total public expenditure	EU contribution	Total public expenditure	EU contribution
M1	Livestock sector	3.838.903	2.775.551	1.853.626	1.390.222
	Crop sector	23.567.065	17.772.611	19.952.437	14.964.321
	On-farm processing	96.443	72.333	17.048	12.786
	Renewable energy	8.470	6.353	8.470	6.353
M3	Milk and dairy products	2.150.829	1.658.839	1.105.260	828.946
	Meat and meat products	4.789.558	3.524.909	4.118.751	3.045.402
	Fruits and vegetables processing	18.037.701	14.287.564	15.211.071	11.680.835
	Cereal, milling and starch products	1.086.851	799.604	534.336	400.753
	Vegetable and animal oils and fats	32.821	24.616	12.826	9.620
	Grape must, wine and vinegar	5.643.606	4.003.729	4.151.923	2.933.319
	Production of energy	0	0	0	0
M7	Alternative agriculture production	915.362	631.193	698.865	518.369
	Manufacture of food products and beverages	2.985.874	2.293.425	1.306.198	984.400
	Manufacturing of non-food products	12.375.128	9.575.379	7.528.052	5.647.750
	Development of crafts activities	617.284	506.398	21.774	16.331
	Provision of services to agriculture	1.383.534	1.075.151	648.591	489.196
	Promotion of services for the rural population	1.268.759	914.070	19.965	14.974
	Promotion of Rural Tourism	6.024.748	4.631.023	2.297.288	1.727.012
	Production and sale of renewable energy	0	0	0	0
M9	Monitoring Committee	421.484	339.722	318.691	270.886
	Information and Publicity campaign	5.230	4.584	5.392	4.584
	Programme evaluation	1.056	898	1.056	898
	Support to other measures	0	0	0	0
<b>Total</b>		<b>85.250.436</b>	<b>64.897.682</b>	<b>59.821.628</b>	<b>44.946.980</b>

Source: IPARD II M&E indicator tables 2023, 2024

**Table 32: Annual payments to recipients in 2023**

Measure	EU part	National	Private	Total expenditure
Measure 1	1.905.705	635.228	5.292.311	7.833.244
Measure 3	3.653.840	1.153.617	3.840.519	8.647.976
Measure 7	4.441.079	1.480.362	5.620.366	11.541.807
Measure 9	68.721	14.769	0	83.490
<b>Total</b>	<b>10.069.345</b>	<b>3.283.976</b>	<b>14.669.706</b>	<b>28.023.027</b>

Source: IPARD II M&E indicator tables 2023, 2024

**Table 33: Cumulative payments to recipients**

Measure	EU part	National	Private	Total expenditure
Measure 1	16.373.682	5.457.899	19.163.361	40.994.942
Measure 3	18.898.875	6.235.292	15.372.609	40.506.776
Measure 7	9.398.055	3.132.684	9.876.294	22.407.033
Measure 9	276.368	48.773	0	325.141
Total	44.946.980	14.874.648	44.087.123	103.908.751

Source: IPARD II M&E indicator tables 2023, 2024

**Table 34: Financial performance (public expenditure (EU + national expenditure) against the last approved financial plan<sup>15</sup>)**

Measure	EU part (A)	National	TPE	IPARD Programme financial plan (EU part) (B)	Financial performance (A/B)
Measure 1	16.373.682	5.457.899	21.831.581	17.120.000	95,6 %
Measure 3	18.898.875	6.235.292	25.134.167	27.025.587	69,9 %
Measure 7	9.398.055	3.132.684	12.530.739	15.394.413	61,0 %
Measure 9	276.368	48.773	325.141	460.000	60,0 %
Total	44.946.980	14.874.648	59.821.628	60.000.000	74,9 %

Source: IPARD II M&E indicator tables 2023, 2024

<sup>15</sup> The last approved financial plan of the Programme was approved with the 5<sup>th</sup> modification of the Programme by Commission Decision C(2023) 4537

## **6. Coordination of IPARD funds with national funding, other IPA components, IFI's and donor support**

### **a. Mechanisms and actions for coordination of IPARD**

Following authorities and the responsible bodies are designated for management and implementation of the IPARD Programme 2014-2020:

- The MS is in charge of tasks of financial management of assistance under IPA, under the responsibility of the NAO (responsibilities outlined in Article 7 of the Sectoral Agreement).
- IPARD Managing Authority main functions and responsibilities outlined in Article 8 of the Sectoral Agreement and focus on the Monitoring, Evaluation, Reporting, Coordination and Publicity of the IPARD Programme.
- The IPARD Agency (responsibilities outlined in Article 9 of the Sectoral Agreement) shall carry out all tasks related to executing payments to final beneficiaries.

The coordination between the above structures was realized primarily through the working group, established by the Minister with members from the IPARD Managing Authority, MAFWE Department for rural development, IPARD Paying Agency, as well as NAO and MS.

The working group had regular (weekly meetings) throughout the reporting period of this report.

### **b. The Complementarity of the IPARD Assistance with the national funding**

To ensure complementarity of IPARD assistance with national funding and avoid any overlaps between the National Programme for Financial Support to Rural Development and IPARD Programme 2014-2020, following measures were taken:

- The Minister established a working group (members from IPARD Managing Authority, MAFWE Department for rural development, IPARD Paying Agency, and occasionally NAO/MS) for resolving this issue and avoid any overlapping between the IPARD and the National RD Programme (NRDP). The working group reviews the NRDP measures, types of beneficiaries, production sectors supported, and types of investments each year before public call under NRDP is announced.
- The draft NRDP (annual programme) has been reviewed by the IPARD MA recommending which measures/sub measures can be implemented avoiding overlapping with IPARD.
- Within the IPARD Agency procedures (Sector for authorization of payments), there is a checklist that eliminates the possibility of an IPARD beneficiary to have benefited in the past with financial assistance for similar measure/activity under the NRDP.
- IPARD MA submitted a letter to the IPARD Agency and provided an overview to determine if any projects subsidized under national schemes have also been subsidized under IPARD I and II as requested by DG Agri (Ref: Ares(2018)5526646 – 29/10/2018).

These activities prevent the possibility of financing the same types of investments from both Programmes and provided opportunity to save funds from the national Budget and use of the allocated funds from the IPARD Programme. At the same time, the cooperation between IPARD Managing Authority and the Department of Rural Development improved, especially in the process of planning the measures financed by the national Programme, in order to avoid overlapping of the measures for financing investments. Such improved conditions and implemented recommendations



led to overcoming audit finding (Audit Authority system audit in 2017) related to complementarity between Programmes.

**c. The Complementarity of the IPARD Assistance with other IPA components**

Both the Head of IPARD Managing Authority and the Director of the IPARD Agency are nominated members of the IPA Monitoring Committee and regularly participate on the joint meetings.

MAFWE Department for EU integration is responsible for monitoring of contracts related to other IPA support granted for agriculture and rural development sectors and thus it is responsible to crosscheck the possible overlap in cases of request by the IPARD Managing Authority and the IPARD Agency. MAFWE Department for EU integration involves both the IPARD Managing Authority and the IPARD Agency in the process of planning of the IPA assistance to largest extent possible as to avoid any potential overlap between the project actions and this Programme and to target the assistance to complement this Programme actions.

**d. The Complementarity of the IPARD Assistance with other IFI's and donor support**

The coordination between the donor assistance instruments and IPA is based on the integration of the coordination function within the Secretariat for European Affairs under the management of NIPAC. At the same time, NIPAC is appointed by the Government as responsible for coordination of foreign aid.

Concerning IFI's, NAO also acts as State Advisor in the MoF which coordinates the use of IFI's funds.

## 7. Conclusions from the implementation in year 2023

**Large number of applications and interest for investments under the IPARD Programme 2014-2020.** Number of applications submitted on 9 public calls reached 4.174 (applying for 225.908.446 € EU contribution). The requested amount for support for all received applications up to now overpassed the programming period 2014-2020 available budget for approximately 3,5 times. Most of the requested funds (approximately 35 million €) are for measure 7 (in the part of investments in renewable energy sources), where the rate of approval of applications is the lowest (31%). In this regard, Managing Authority made changes to measure 7, in the first modification of the Programme, and the Agency excluded investments in renewable energy sources from the following public calls in measure 7.

**Relatively slow process of approving applications,** which depending on the public call and the number of applications submitted lasted between 4 and 15 months (see Table 21). Understaffing in the Agency (especially Sector for authorization of payments) and problems in obtaining reference prices especially for investments that are more complex and ones involving construction are the main reasons for the slow processing of applications.

The process of approving the applications has accelerated after the first modification of the Programme (completeness of applications is mandatory) and with implementation of publicity activities that resulted with improved quality of applications. In addition, transformation of the process of submission of applications from manual to electronic, agreed as suitable solution to this issue. In order to facilitate the transfer towards electronic processing of applications, the Agency is receiving EU support through a project "Customised Software for Integrated Administrative and Control System (IACS)" - EuropeAid/139016/DH/SER/MK. In the scope of the project modules for Sector of project approval (contracting process), Sector for on-spot control (control process), Sector for authorization of payments (payment process) and Managing Authority (read only access for the purposes for monitoring and reporting) are envisaged to be developed. Although the project has finished, the outcomes of the project did not meet the expectations asked regarding the implementation of the Programme.

Regarding the **preference of types of investments for the purchase of equipment** in relation to investments in construction and reconstruction, the analyses of the IPARD Managing Authority indicate that the changes in the law on agricultural land (allowing the construction of agricultural facilities on agricultural land without transformation of the land) and the preparation of the Guidelines for the procedure for the construction of facilities on agricultural land, minimally influenced the improvement of the situation. Tolerating illegal construction, especially in rural areas, is still a huge problem, which is also reflected in the use of IPARD. When this situation coincides with the prices of building in rural areas (higher by 30-50% of the real prices due to the unreachable of the terrain and the small choice of construction companies) and the habits of the local population to use their own resources for construction (human and material), the condition is more than expected.

The trend of **cancellation of already concluded contracts** continued in 2023. According to the analysis, this cancellation of contracts is the result of the global trend of inflation and the increase in the prices of raw materials, equipment and services. The long period of time required for the realization of investments only further worsens the situation, enabling a greater negative impact on the realization. Also, an unprincipled approach/preasure on the part of the suppliers was observed

in terms of raising the prices compared to those given in the offers, although only a few (5-6) months passed from the moment of issuing the offers to the moment of realization of the offers.

**Good knowledge and information** of possibilities that are offered by IPARD Programme 2014-2020 among potential beneficiaries, contributed towards large number of applications. The high level of awareness of the opportunities offered by the Programme and the familiarity with its criteria and details, is largely due to the extensive publicity campaign of the Programme implemented by the IPARD Managing Authority in cooperation with the IPARD Agency, NEA and other stakeholders (farmers' associations, consultants, representatives from technical bodies). In addition to forums and workshops, the campaign included face-to-face meetings with potential beneficiaries, prior to the announcement of public calls, enabling potential beneficiaries to obtain reliable and quality information about the Programme in advance.

**Technical Assistance Measure** proved to be **quite useful for the implementation process**. Namely, after the slow start in implementing this measure in 2017, by the end of 2023 a total number of 27 contracts have been implemented (0,3 mill. € EU contribution), thereby contributing towards improved Programme implementation, particularly in terms of Programme publicity, as well as streamlining certain aspects of Programme implementation.

**Coordination among IPARD structures can be improved**, especially in terms of data exchange between the IPARD Agency and Managing Authority necessary for monitoring and evaluation purposes. The envisaged establishment of a system for electronic processing of applications in the Agency will cause improvement of the process of data exchange, monitoring and evaluation and reporting, having in mind that it will enable read only access to the system of the Agency for other IPARD management structures.

**ANNEX 1:**

**Indicator Tables for Monitoring and Evaluation of the IPARD Programme 2014-2020**

**Status: 31.12.2023**