

*Information on functioning of the Management and Control System and Financial
Implementation of IPARDII and IPARD III*

December

2024

1. Design of the Internal Control System

Internal Manual of Procedures

The proposed changes of the internal Manual of Procedures by the Sector for Project Approval from the IPARD Agency do not have a significant impact on the established management and control system, as well as on the internal control framework, and they arise from the need to improve the application approval process, as well as better clarification on the necessary documents that should be submitted with the application. Also, the changes are proposed and needed in order procedure to be better aligned with the Sectoral Agreement, national legislation and IPARD Programme.

The changes are of non-substantial nature since all the checks and controls (on the completeness and eligibility of applications) will be performed according to the existing check-lists which are improved and more clarified at this stage.

With these changes, the process of execution of completeness check is more streamlined and enable better understanding by the employees which documents are necessary and which documents can be additionally requested within the option of clarification in the completeness phase since the facts also are confirmed by the other documents submitted. Also the abovementioned changes are bearing in mind the equal treatment of the recipient of different categories, such as: physical and/or legal entity, owner of the land/building and /or renter of the land/building.

The other effect of these changes is expectation of reducing the rejected applications regarding incomplete documents.

The process of formal approval by NAO as of 04th November 2024 have been finalized and the changes are applicable as of 04th November 2024 (from the final approval by the Director of the IPARD Agency) and will be applied under the second call (02/2024 as of 05th November 2024).

2. Summary of verifications and controls carried out by the MS

Annual Plan for Verification Visits for 2024 is adopted on 25th January 2024 and are foreseeing (2) two verifications related to IPARD III and (2) two verification visit related to IPARD II, as follows:

1. Assessment of the design and established management and control systems for implementation of measure Investments in Rural Public Infrastructure from the IPARD III Programme;
2. Administrative check of the rejected projects and ranking process under the new public call 01/2023 from IPARD III Programme;
3. Verification Visit on Project Level for paid projects, in particular ex post - on the spot checks under IPARD II Programme and
4. Administrative check of the paid projects under IPARD II Programme (*which is planned to be performed in the period of November-December 2024 according to the Annual Plan for Verification Visits for 2024*).

The administrative check of the rejected projects and ranking process under the new public call 01/2023 from IPARD III Programme have been finalised by the NAOSO AGRY team within the Management Structure and the Draft Verification visit Report is in final phase of preparation. The verification visit started in the end of September 2024 and the selection of the projects to be checked was done based on random selection taking into account that the verification visit were for the approved procedures and adopted legal acts. No significant findings were detected during the verification visit that can jeopardize the functioning of the MCS.

Verification Visit on Project Level for paid projects, in particular ex post - on the spot checks under IPARD II Programme was performed with purpose to confirm the legality and regularity of the transactions for the paid projects by checking the sustainability of the projects on the spot among the end users. The scope of this verification visit was the verification of paid end users during the year 2022 from measures 1, 3 and 7 in the part of the sustainability of the projects in the period of 5 years from the duration of the contracts. The verification visit was conducted during May-July 2024 with an on-site visit to the end users. This activity was performed with support of external expert engaged under IPA financed project. The general conclusion from the verification visit was that the end users are respecting the sustainability rules of the projects/investments and the investments/supplies are properly used in accordance with the signed Agreements.

3. Accreditation for new measures Investments in Public Rural Infrastructure

On the basis of assessment of the design and established management and control systems for implementation of measure Investments in Rural Public Infrastructure, national IPARD structures have prepared a package of documentation for indirect management of the measure. Before submitting the official request for indirect management e to EC, an independent audit opinion on the structures and bodies for indirect management conducted in accordance with internationally accepted audit standards is required. Therefore, as of 29th April 2024, a package of documentation for the established structures and authorities as well as the designed and established system for implementing the measure Investments in rural public infrastructure from the IPARD Program 2021-2027 accompanied with the Report on self-assessment of the management and control system for implementing the measure Investments in rural public infrastructure from the IPARD Program 2021-2027 was submitted to the Audit Authority on compliance assessment.

4. Monitoring of the Administrative Capacities of the IPARD Structure

Management Structure

According to the WLA for 2024 the optimal number of employees in the Management Structure is 19 (including NAO). The number of employees in the Management Structure at the beginning of 2024 was 15 (including NAO).

During 2024, two employees left MS. 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. However, after finalisation of the elections, on 04th July 2024 decision for termination of the announcement was adopted and the employments were annulated.

The current number of employees in MS is 13 (including NAO) and the occupancy rate according the WLA for 2024 is 68%.

The Workload Analysis for the period 2025-2027 was prepared and the results of the calculations showed that the optimal number of employees in MS for 2025 is 18 (eighteen) meaning 5 employees are necessary to be engaged by mid of 2025. On mid term 2025-2027 the department should be strengthened on 22 employees.

IPARD Agency

According to the Workload Analysis (WLA) for 2024 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 158. At the beginning of 2024, IPARD Agency numbered 149 employees designated to work in IPARD structure.

During 2024, two employees joined the IPARD structure and five employees left.

Currently, IPARD structure within the Agency numbers 146 employees.

Having in mind the current number of employees, the occupancy rate according the WLA 2024 is 92%.

According to the WLA analysis of the IPARD Agency for 2025 the optimal number of employees in the Agency is 160, including the measure Investments in Rural Public Infrastructure (IRPI). 14 new employments are needed in IPARD Agency (and 29 promotions are also detected/needed).

Managing Authority

According to the Workload Analysis for 2024, Managing Authority has set optimal level of staff on 15 employees. At the beginning of 2023, MA numbered 14 employees.

During 2024, one employee joined the MA.

According this changes, the current number of employees in MA is 15 (Including HoMA) and the occupancy rate is 100%.

Workload Analysis for the period 2025-2027 shows that optimal number of employees in MA for 2025 is 16 (sixfifteen). According the Workload Analysis for 2025, 1 new employment and 3 (three) promotions are needed.

IPARD Structure capacities

In the table below are presented the data regarding the human capacities in the IPARD Management and Operating structure:

Institution	Number of staff on 01.01.2024	Number of staff needed as per WLA 2024	Number of staff needed as per WLA 2025	Realized new recruitments by 11.11.2024	Left the position 11.11.2024	Number of current staff	Occupancy rate WLA 2024	Occupancy rate WLA 2025	Turnover rate WLA 2024
NAO/NF	15	19	18	0	2	13	68%	72%	13.33%
IPARD Agency	149	158	160	2	5	146	92%	91%	3.36%
Managing Authority	14	15	16	1	0	15	100%	94%	0.00%
Total	178	192	194	3	7	174	91%	90%	3.93%

Staff retention

Regarding the staff retention in IPA Structure with the Law on Execution of the Budget for 2024 short term solution for motivation and retention of staff in IPA structures is implemented. The solution provides 15% flat rate top up on the salary of the staff in the IPA structures till the end of 2024. With this solution is intended to overcome the gap till adoption of long term systematic solution.

In parallel, 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.

5. Financial management

IPARD III

Payment requests for pre-financing was sent to EC with letter no. 10-413/1 on 24th January 2024 in amount of 12.600.000,00 EUR and 50% of the amount was approved and received on IPARD III Euro account on 26th March 2024.

As of 15.11.2024, two transactions were made in amount of 231.050,26 EUR.

Planned amount to be paid by the end of the year is 490.000 EUR

Gained interest

On 31st October 2024 the incurred interest on IPARD III euro account is 1.569,82 EUR.

IPARD II

Till 15th November 2024 the executed payments (EU part) are as follows:

- MEUR 3,7 for 2024
- MEUR 48.6 for total implementation of the programme.

Calculation of De-commitment of funds for 2024:

During calculation of the potential risk of de-commitment the following inputs/assumptions have been taken into consideration:

Calculation of De-commitment Risk According N+3 Rule		
No.	Reference	Community Contribution in €
1.	Financial allocations	60.000.000,00
2.	Declared amount till 30.09.2024	47,735,412.15
3.	Forecasted amount to be paid in Q4 2024	2.475.000,00
4=1-2-3	Potential De-commitment of funds at the end of 2024	9.789.587,85

Taking into consideration the above stated calculation, the potential risk of de-commitment of funds at the end of 2024 is 9.7 mil EUR i.e 16%.

Gained interest

On 31st October 2024 the incurred interest on IPARD II euro account is 3.987,37 EUR.