



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

**ANNUAL REPORT ON THE IMPLEMENTATION OF THE
IPARD PROGRAMME 2014-2020 FOR 2024 AND FINAL REPORT ON
THE IMPLEMENTATION OF THE IPARD PROGRAMME 2014-2020**

(according to Article 59 of the Sectoral Agreement)

May, 2025



Ministry of agriculture, forestry and water economy
IPARD Managing Authority

Final report on the implementation of the IPARD Programme 2014-2020

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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
HoMA	Head of the Managing Authority
IPARD	Instrument for pre-accession assistance for rural development
IPARD Agency	Agency for Financial Support in Agriculture and Rural Development
IPARD MA	IPARD Managing Authority
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





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Preface

The final report on IPARD Programme 2014-2020 implementation has been prepared in line with Article 59 (2) of the Sectoral Agreement: The Managing Authority shall draw up a final report on the implementation of the IPARD II Programme. The final report shall be submitted at the latest six months after the final date of eligibility of expenditure under the IPARD II Programme in accordance with Article 29(4) of the FWA.

As Article 59(3) of the Sectoral Agreement indicates, the final report on implementation of the IPARD II Programme shall cover the whole period of implementation and may include the last annual report.

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



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IPARD
ИПАРД Програма 2021-2027
IPARD Programme 2021-2027

Ко-финансирано од
Северна Македонија





Final report on the implementation of the IPARD Programme 2014-2020

1. Executive Summary

- The IPARD Programme for the 2014-2020 programming period was approved on 13th 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 underwent five modifications. The 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 provided 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 received during this programming period);
 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 the implementation, 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.

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	36	6.292.029
02/2018	1.099	18.335.969	640	6.420.497	595	5.470.302
01/2019	261	43.821.070	80	6.470.773	71	5.071.729
02/2019	61	16.763.734	49	8.578.991	42	6.395.721
01/2020	748	21.011.113	456	6.318.517	387	4.286.448
01/2021	250	32.490.820	107	9.417.564	80	4.641.074
01/2022	42	9.178.901	28	2.947.876	27	2.362.669
01/2023	58	6.485.806	39	3.347.168	36	3.138.392
Total	4.232	229.238.243	2.338	65.947.508	2.140	50.848.324

Source: IPARD II M&E indicator tables 2024





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- The IPARD II Programme was subject of ex-ante evaluation (report issued in July 2014), where evaluation recommendations matrix was annexed to the Programme (Annex 6). In relation to Art. 58 of the Sectoral Agreement, process of engagement of independent evaluator for the ex–post evaluation started in Managing Authority.
- The IPARD Agency managed to contract the entire financial envelope of the Programme by the end of 2022. Having in mind cancelation of contracts (at the request of the beneficiaries), contracted amounts have been made available for new contracts. Following “N+3” rule, the pressure for utilization of Programme’s funds was 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. No de-commitment of funds by the end of 2022 occurred. The received approval for extension for the implementation of the budgetary commitment 2020 by one year (from N+3 to N+4), envisaged use of the commitment by the end of 2024. Having in mind total amount of 51.126.236 € (including M9) of EU contribution paid from the IPARD II Programme, 8.873.764 € from the 2020 financial envelope were de-committed.
- Experience gained during the implementation 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 efficient 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, 2025

To further improve and accelerate the process of approving applications in the IPARD Agency, it is necessary to shorten the time for collecting prices in the reference price database, as well as to improve the human resources situation in all IPARD structures.



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

2.1 Political and institutional framework

North Macedonia has consistently followed its political commitment to the strategic goal of EU integration and its ambition to move forward in the accession negotiations. Following the first Intergovernmental Conference on accession negotiations on 19 July 2022, the screening sessions for all six clusters were completed on 7 December 2023.

From a political perspective, the past year of 2024 was marked by two election cycles, presidential and parliamentary. The elections were qualified as satisfactory and consequently in May 2024 the country received a new president, and in June 2024 a new government.

One of the first reform steps of the new government in June 2024 was amending and supplementing the Law on the organization and work of state administration bodies, which brought about improvements by clarifying lines of accountability, introducing impact assessments for the creation of new state bodies and decreasing the number of primary budget users. The amendments of the Law shall enable the separation of the policy-making function on the one hand and the control and inspection function on the other. Namely, the body that creates policies and regulations and/or issues approvals, permits, licenses, etc., should not itself carry out inspection supervision, i.e. have an inspection function. Other related principles on the basis of which the specific proposals were developed are:

1. "One ministry - one inspectorate", which means connecting the several inspection services that have the status of bodies within the same ministry;
2. Separating inspection services with the status of organizational units from the framework of ministries or other bodies of state administration;
3. Abolishing some of the inspectorates with insufficient capacity and transferring the function to another related inspectorate;
4. Consolidating inspection services (merger, acquisition) in cases where there is similarity, complementarity or overlapping of competencies.

With these amendments, the institution responsible for the EU integration process, Secretariat for European Affairs is established as Ministry for European Affairs.

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 are 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:





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- 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 governance, the government started work on key reforms. The new **Fiscal Council** was set up, despite some recruitment obstacles, and its rulebook and statutes were adopted. A new department for public investment management was set up in the Ministry of Finance, but its operations are still hampered by staffing and IT issues. The government phased out certain untargeted energy support measures and, at the end of 2023, adopted some electricity market reforms, including a gradual reduction of the regulated market, which are expected to lead to a lower fiscal burden. The Parliament adopted amendments to several tax laws, cutting tax expenditure and broadening the revenue base. Besides the fiscal reforms, the government took steps to address the informal economy and promote energy efficiency investments. It also adopted three key laws on education and strengthened active labour market policies. North Macedonia met the policy conditions linked to the first instalment (EUR 50 million) of the EU's macro-financial assistance, which was disbursed in May 2024. In January, the IMF completed the





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first review of the precautionary and liquidity line (PLL), which gives the authorities access to around EUR 200 million.

The post-pandemic economic recovery remained weak. Annual **GDP growth** dropped to an estimated 1% in 2023, down from 2,2% in 2022, due to weak domestic demand. Gross capital formation declined sharply, mainly as a result of a draw-down of inventories. Growth in household consumption slowed despite being bolstered by wage growth, remittances and government support. The foreign balance made a large positive contribution to economic growth, as imports of goods and services dropped sharply, amid falling global energy prices.

In the first half of 2024, GDP increased by 1,8% on average, largely on account of a steep drop in imports, overcompensating for the simultaneous decline in exports. Domestic demand remained weak, with household consumption growth slowing further, to 1,4% on average, after a 2,4% rise in 2023, while the positive contribution from investment largely reflected base effects. Convergence with EU income levels remained slow, with real GDP per capita increasing from 37% of the EU-27 average in 2017 to 43% in 2021, and then dropping gradually to 41% in 2023.

Inflation slowed down, allowing the central bank to stop tightening monetary policy. Annual inflation peaked in October 2022 at 19.8% and receded gradually in 2023, due to the global levelling-out of food and energy prices and to monetary policy tightening. Average annual inflation fell from 9.6% in 2023 to 3.8% on average in the first half of 2024, dropping to 2.2% in August.

Public debt increased further during the reporting period, and though it is still relatively high, its structure poses a low risk. In 2023, the public debt ratio rose by 3 pps compared to end-2022. It stood at 62,1% of GDP, which was significantly above its level of five years earlier (48,4%). The rise mainly reflects the increase in general government debt during this period (+12.7pps), with the remainder due to higher debt of public sector enterprises which are financing the government's large energy and transport infrastructure projects.

Table 1: Main macroeconomic indicators

	2018	2019	2020	2021	2022	2023	2024
GDP in million € (at current exchange rate)	10.691	11.210	10.797	11.760	12.042	13.582	/
GDP per capita in € (at current exchange rate)	5.147	5.399	5.201	6.403	6.556	7.422	/
GDP real growth rate (in %)	2,9	3,9	-4,7	4,5	2,84	2,1	/
Inflation (in %)	0,9	0,4	2,3	4,9	18,7	3,6	4,4
Average exchange rate (MK denar/€)	61,51	61,51	61,67	61,63	61,62	61,45	61,56
Unemployment rate (in %)	20,6	17,1	16,2	15,4	14,4	13,1	/
Export of goods and services in mill. €	5.872	6.433	5.778	6.923	8.301	8.323	7.781
Import of goods and services in mill. €	7.676	8.441	7.595	9.638	12.131	11.148	11.062
Balance of trade in mill. €	-1.804	-2.008	-1.817	-2.715	-3.830	-2.825	-3.281
Balance of trade in % of GDP	-16,9	-17,8	-16,7	-22,9	-28,9	-19,4	/

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%.





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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 (24.400 denars in March 2025), among other factors, led to increase of the average wage in the country (43.053 denars in March 2025). 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





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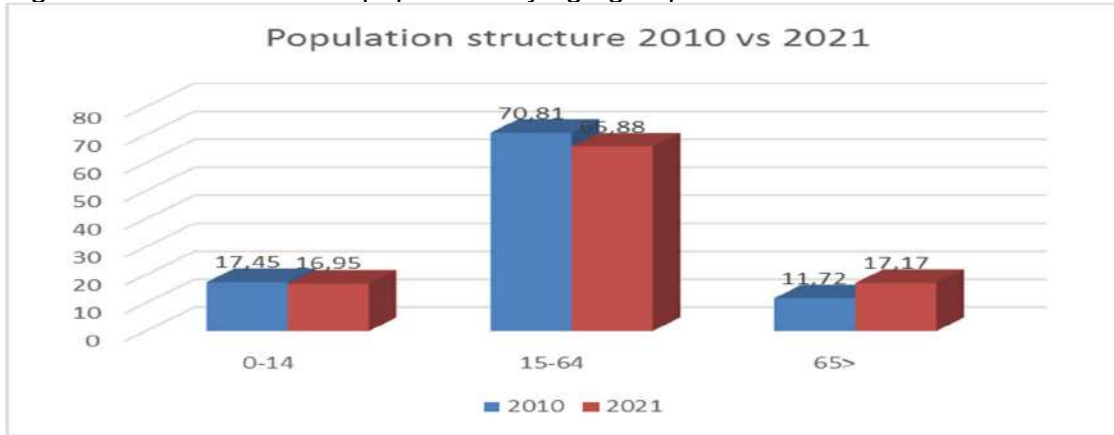
Year	Total	Vardar region	East region	Southwest region	Southeast region	Pelagonia region	Polog region	Northeast region	Skopje region
2016*	13,1	14,4	15,0	11,5	13,5	15,9	9,1	12,2	14,0
2018*	13,9	15,3	16,1	12,2	14,3	16,6	9,6	12,9	14,8
2019*	14,5	16,0	17,1	12,8	15,1	17,2	10,1	13,5	15,3
2021	17,2	18,5	21,0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

Since 2013, agriculture, along with hunting, forestry and fisheries has become the fifth largest sector in the overall gross domestic product (GDP) of the country, declining its share in the GDP from 10,1 in 2014 to 6,6 in 2023. This was mainly caused by the increase of other sectors in the country's GDP and loss of skilled workforce in the agricultural sector.

The fall of the share of agriculture, along with hunting, forestry and fisheries throughout the years:

Year	2019	2020	2021	2022	2023
Agriculture share of GDP	8,1	8,6	7,1	7,3	6,6





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Sectors with higher share in the overall gross domestic product (GDP) in 2023 than agriculture, hunting, forestry and fisheries:

- Wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities (18,9%),
- Mining and quarrying, manufacturing, electricity, gas and water supply, sewerage, waste management, remediation activities (17,2%),
- Public administration and defence; compulsory social security; education; human health and social work activities (11,9%),
- Real estate activities (11,2%),

Economic Accounts and value of agriculture production

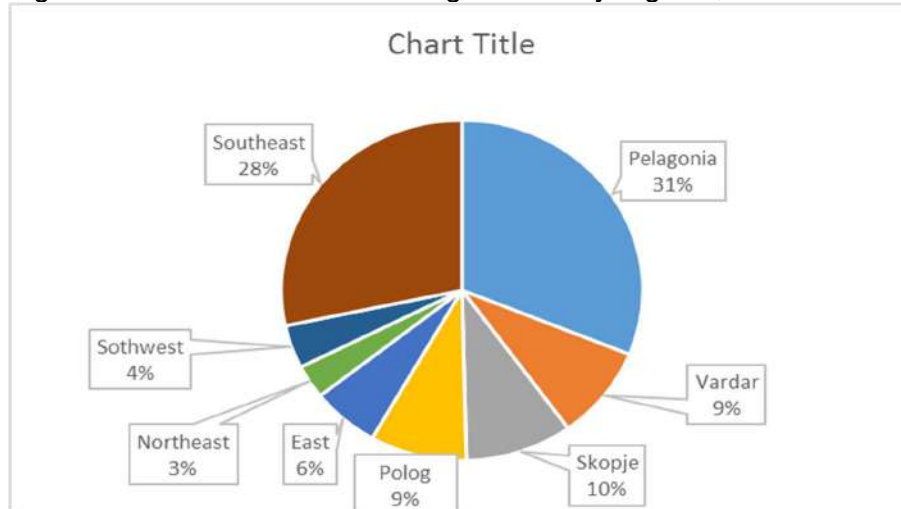
According to the data of the State Statistical Office, gross value added in agriculture for 2022 was 57.298 million denars and in comparison with 2021 it nominally increased by 22,5%.

Crop production, having a 72,9% share in the total production, increased by 20,2% compared with 2021. Livestock production, accounting for 18,7% of the total production, increased by 18,6% compared with 2021.

Intermediate consumption recorded a 10,1% increase in 2022 compared with 2021.

In 2022, nominal income in agriculture from production factors per labour unit increased by 62,6%, while real income in agriculture from production factors registered an increase of 56,3%.

Figure 2: Gross value added in agriculture by regions, 2022



Source: State statistical office (SSO), regional accounts for agriculture 2022.

Agricultural land and farm structure

According to the data of the State Statistical Office, cultivated land in 2024 covered an area of 506.586 ha. In terms of arable land, a decrease was observed in arable land and gardens by 2% and in vineyards by 1,7% and an increase in orchards by 3,1%.

In the same period, an increase in potato production was registered by 9,0% and cucumber production by 3,6%. Among other crops, a larger decrease was recorded in rice by 6,9%, sunflower by 10,2% and alfalfa by 6,7%.





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Due to favourable climate conditions in 2024, compared to 2023, a significant increase in production was observed for all fruits. The largest increase in production was recorded in apples by 59,1% and cherries by 41,0%.

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

	2019	2020	2021	2022	2023	2024
Agricultural area	1.264	1.262	1.260	1.260	1.260	1.241
– Cultivated land	520	517	517	514	514	506
– Arable land and gardens	419	416	417	416	416	408
– Orchards	17	17	17	17	16	17
– Vineyards	24	24	24	24	22	22
– Meadows	60	60	60	60	59	60
Pastures	744	744	743	741	735	734
Marshes, swamps and fish ponds	1	1	1	1	1	1

Source: State statistical office (SSO), News release, Agriculture areas and crop production, 2025.

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	366.462	2,0
Individual agricultural holdings	177.845	311.277	1,75
Business entities	280	55.185	197,1

Source: State statistical office (SSO), 2016

According the data from the State Statistical Office, gross value added in agriculture for 2023 was around 830 million € and in comparison with 2022 it nominally decreased by 11,0%.

Crop production, having a 71,6% share in the total production, decreased by 8,0% compared with 2022. Livestock production, accounting for 17,9% of the total production, decreased by 10,1% compared with 2022.

Intermediate consumption recorded a 0,2% increase in 2023 compared with 2022.

In 2023, nominal income in agriculture from production factors per labour unit decreased by 5,9%, while real income in agriculture from production factors registered a decrease of 6,0%.

Agricultural production

The crop production structure in the country is broken down into five main groups: production of cereals, industrial, fodder crops, orchards and vineyards. In 2024, the structure of sown area under cultivation (cereals, fodder crops, industrial crops and vegetables) in total of 264.144 ha, accounts for approximately 57% of cereals, 19% of vegetables, 15% of forage crops and 8% of industrial crops.

Table 5: Harvested area under cereals in hectares

Cereal	2018	2019	2020	2021	2022	2023	2024
Wheat	70.987	68.847	69.765	70.366	70.107	69.552	67.226
Rye	3.836	3.809	3.936	3.782	3.791	3.410	3.189
Barley	42.331	43.941	44.995	47.683	45.429	45.580	44.739
Rice	3.222	3.481	3.177	3.111	3.114	3.162	3.120
Maize	36.340	33.967	31.912	30.224	30.215	28.515	27.770
Total	156.716	154.045	153.785	155.166	152.656	150.219	146.044

Source: State statistical office (SSO), 2025





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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	2018	2019	2020	2021	2022	2023	2024
Alfalfa	19.698	19.455	19.076	19.661	18.891	17.947	17.688
Vetches-hay	2.065	2.018	1.960	1.817	1.883	1.629	1.659
Fodder peas-hay	1.428	1.639	1.499	1.574	1.607	1.610	1.809
Fodder maize	6.196	8.231	8.216	7.049	9.380	8.761	8.346
Fodder beet	376	475	461	447	446	363	322
Clover	3.685	3.922	4.012	4.198	4.060	4.437	4.456
Total	33.448	35.740	35.224	34.746	36.267	34.747	34.280

Source: State statistical office (SSO), 2025

Table 7: Harvested area under industrial crops in hectares

Industrial crop	2018	2019	2020	2021	2022	2023	2024
Tobacco	16.582	16.679	16.591	15.457	15.044	14.900	14.873
Sunflower	2.346	4.605	4.559	5.050	6.179	4.764	4.866
Total	18.928	21.284	21.150	20.507	21.223	19.664	19.749

Source: State statistical office (SSO), 2025

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	2018	2019	2020	2021	2022	2023	2024
Potatoes	12.403	12.939	12.618	12.306	12.187	12.012	11.846
Onion	3.627	3.562	3.622	3.622	3.494	3.385	3.308
Garlic	950	904	963	973	926	901	878
Beans	4.577	4.504	4.392	4.267	4.244	4.048	3.815
Peas	1.045	1.105	1.072	1.119	1.012	964	972
Lentil	81	74	71	67	60	46	59
Cabbage	4.502	4.627	4.517	4.444	4.551	4.698	4.713
Tomatoes	5.569	5.497	5.453	5.567	5.613	5.666	5.597
Peppers	9.179	9.390	9.236	9.773	9.733	9.623	9.479
Cucumbers	1.034	1.036	943	1.061	1.015	1.062	1.102
Melons and watermelons	5.281	5.132	5.175	5.321	5.034	4.886	5.064
Total	48.248	48.770	48.062	48.520	47.869	47.921	46.833

Source: State statistical office (SSO), 2025

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.



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The climate conditions (early spring frost) especially effect apricot and peach production in Vardar region.

Table 9: Fruit production in tones

Fruit	2018	2019	2020	2021	2022	2023	2024
Cherries	5.824	6.045	6.258	4.716	5.768	3.928	5.537
Sour cherries	10.538	8.695	9.892	8.372	8.725	6.144	7.857
Apricots	3.904	6.070	3.434	2.584	5.312	3.417	4.780
Apples	140.296	88.701	105.794	92.863	164.530	80.283	127.696
Pears	8.055	8.048	8.790	6.631	10.327	6.075	8.144
Plums	37.719	32.303	34.983	27.031	39.512	21.313	28.750
Peaches	13.128	12.003	12.765	6.205	12.311	6.157	8.154
Walnuts	4.826	5.014	5.387	4.667	6.165	4.189	5.520
Total tones	224.290	166.879	183.869	153.069	252.650	128.089	196.438
Total area in Ha	16.827	16.784	17.000	16.942	16.852	16.423	16.934

Source: State statistical office (SSO), News release Agriculture areas and crop production, 2025.

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

Vineyards	2018	2019	2020	2021	2022	2023	2024
Area in ha	24.088	24.468	23.709	23.384	23.047	21.972	21.534
Production in tones	294.497	258.960	317.550	269.131	265.556	149.006	205.571

Source: State statistical office (SSO), 2025

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	2018	2019	2020	2021	2022	2023	2024
Cattle	256.181	217.790	222.202	177.622	164.751	148.693	/
Pigs	195.538	135.770	164.074	186.146	182.604	193.412	/
Sheep	726.990	684.558	630.634	633.281	646.488	587.073	/
Goats	117.447	87.581	95.008	75.753	80.186	85.528	/
Poultry	1.828.287	1.562.089	1.643.462	1.484.025	1.561.933	1.746.029	/
Bee-hives	81.197	96.143	99.558	92.968	290.879	306.415	/

Source: State statistical office (SSO), News release, Number of livestock and poultry, 2025.

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	2018	2019	2020	2021	2022	2023	2024
Beef	4.381	4.083	3.886	4.214	4.415	4.024	/
Pork	12.929	13.384	14.930	15.578	13.493	12.080	/
Sheep/lamb	3.446	3.392	3.183	3.097	3.992	3.891	/
Chicken	1.499	1.490	1.494	1.695	1.942	2.074	/

Source: State statistical office (SSO), News release, Livestock production 2025.

Table 13: Production of milk in 000 litres

Milk	2018	2019	2020	2021	2022	2023	2024
Cow	404.230	390.903	405.217	326.523	324.290	238.328	/



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Sheep	36.559	35.088	26.925	34.811	38.674	30.750	/
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Source: State statistical office (SSO), News release, Livestock production 2025.

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 2024 reached approximately 400 €).

Despite the increase in the minimum wage, the number of employees in the sector has been decreasing significantly in recent years. This is due to the emigration of people abroad and to larger urban centers, as well as the choice of young people to work in sectors other than agriculture.

Table 14: Average net salary by employee in €

Description	2018	2019	2020	2021	2022	2023	2024
Agriculture, forestry and fisheries	306	321	357	371	423	470	544

Source: State statistical office (SSO), 2025

Table 15: Employees in agriculture, forestry and fisheries

Description	2017	2018	2019	2020	2021	2022	2023
Number of employees	92.386	91.892	91.434	91.150	81.819	69.143	53.746
% of total employed	13,8	13,5	12,8	12,9	11,8	10,0	7,8

Source: State statistical office (SSO), 2025

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).

In 2024, total trade (industrial + agricultural-food products) (exports + imports) compared to 2023 decreased by 3.22%. Total exports (industrial + agricultural-food products) in 2024 compared to 2023 decreased by 6.5%, and total imports (industrial + agricultural-food products) in 2024 compared to 2023 increased slightly by 0.9%. Exports of agricultural and food products in 2024 compared to 2023 increased by 11% (from €771.6 million in 2023 to €857.2 million in 2024), and imports of agricultural and food products in 2024 compared to 2023 increased by 0.9% (from €1,208.2 million to €1,136.9 million).

This minimal increase in the value of exports and imports is primarily due to the increase in the average export and import prices of a large number of products, while the tendency of imports relative to exports of agricultural products continues in a negative balance.





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The share of agricultural and food exports in the total exports of the Republic of North Macedonia in 2024 has increased compared to the share in 2023 and amounts to 11%, while the share of agricultural and food imports has increased in 2024, compared to the share in total imports in 2023 and amounts to 11.99%.

The trade deficit in 2024, compared to 2023, recorded an increase of 0.9% and amounted to €469.7 million.

Table 16: Total trade and trade with agricultural and fishery products 2019-2024 (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	Export	6.423,70	624.5	9.72%
	Import	8.463,17	837.15	9.89%
	Balance	-2.039,47	-212.65	10.42%
2020	Export	5,777.90	591.67	10.24%
	Import	7,594.54	822.57	10.83%
	Balance	-1,816.64	-230.9	12.71%
2021	Export	6,922.57	627.96	9.07%
	Import	9,638.29	944.06	9.79%
	Balance	-2,715.72	-316.09	11.64%
2022	Export	8,299.58	713.11	8.59%
	Import	12,125.23	1,142.31	9.42%
	Balance	-3,825.65	-429.20	11.22%
2023	Export	8,322.82	771.58	9.27%
	Import	11,148.54	1,208.19	10.84%
	Balance	-2,825.72	-436.60	15.45%
2024	Export	7.781,16	852.22	10,95%
	Import	11.062,41	1.326.95	11,99%
	Balance	-3.281,25	-474.73	15,45%

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

Figure 3: Development of Macedonian trade in agricultural and food products for the period 2019-2024 with a trend line shown



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The European Union - 27 is definitely the most important partner of the Republic of North Macedonia in trade in agri-food products in 2024 as well. The total value of trade exchange with the EU-27 in agri-food products in 2024 (exports + imports) amounts to €1,047.8 million. The export of agri-food products from the European Union increased by 9.3% (from €386.3 million in 2023 to €422.3 million in 2024), while the import of these products increased by 11% (from €563.4 million in 2023 to €625.6 million in 2024). The share of exports of agri-food products in the EU-27 in the total exports of these products in 2024 is 49.25%, while the share of imports from the EU-27 in the total imports of agri-food products in 2024 is 47.1%.

The share of exports of agri-food products in the CEFTA 2006 member states in the total exports of these products in 2024 is 37.6%, while the share of imports from the CEFTA 2006 member states in the total imports of agri-food products in 2023 is 28.7%. The most important trading partner among the CEFTA 2006 member states is Serbia with a share of 14.2% in the total exports of agri-food products and a share of 21.6% in the total imports of these products. Kosovo follows with a share of 12% of total exports, Bosnia and Herzegovina (with a share of 5.3% in total exports and a share of 3.4% in total imports) and Albania with a share of 3.3% in total exports, while the other CEFTA 2006 member states (Montenegro and Moldova) have a smaller share in trade.

It should also be mentioned that Turkey is a candidate country for EU accession, with which the Republic of North Macedonia has concluded a Free Trade Agreement and is an important trading partner of the Republic of North Macedonia with a share of 0.5% in total exports of agricultural and food products and a share of 3.2% in total imports of these products. The most important non-European partner in terms of agricultural and food product exports is the USA, with a share of 2.7% of total exports (due to the large export of tobacco). Ukraine follows, with a share of 1.47% of total exports (due to the large export of fresh fruit and vegetables). In terms of imports, the most important non-European partner is Brazil, with a share of 3.1% of total imports, this is because in 2024 large quantities of poultry meat, frozen beef, sugar and coffee were imported from Brazil.

We should also mention the United Kingdom, which, after leaving the European Union, contributes 1.6% to the total export of agricultural and food products, while it contributes 0.88% to the total import of these products.

Figure 4: Overview of data on exports, imports and trade balance with the EU-28 for the period 2019-2024 with a trend line shown





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The most important EU export destination for Macedonian agri-food products in 2024 was Greece (with a share of 18.2% of total exports in the EU-27) with tobacco; lamb; sunflower oil; corn, wheat, biscuits and waffles and various types of canned and fresh vegetables as the most important exported products. Next is Croatia (with a share of 13.3% of total exports in the EU-27) with wine, biscuits and waffles, canned vegetables, various types of fresh or chilled vegetables, lamb as the most important exported products. Germany follows with a share of 12.6% of total exports in the EU-27, with the following products: wine; tobacco; various live plants with their cuttings, branches, etc.; semi-prepared vegetables; canned vegetables, and some other products. Next is neighboring Bulgaria (with a share of 9.3% of total exports in the EU-27) with tobacco, wine, biscuits and waffles, apples, lamb, fresh peppers, as the most important exported products. Belgium (with a share of 7.8% of total exports in the EU-27). Italy with a share of 6.5% of total exports in the EU-27 and the most important exported products are: lamb, frozen vegetables, fresh semi-prepared or canned mushrooms, semi-prepared and canned vegetables, yeast and some other products. The Netherlands with a share of 5.1% of total exports in the EU-27, Romania (with a share of 4.6% of total exports in the EU-27), followed by Poland (with a share of 4.1% of exports in the EU-27), Slovenia with a share of 3.5% of total exports in the EU-27 and so on.

In terms of imports in 2024, Germany, Italy, Poland, Greece and Croatia appear as the most important trading partners from the EU-27, with a share of 13.4%, 13.1%, 11%, 8% and 7.6% of total imports from the EU-27. The most important products imported from Germany are: various types of cheese, chocolates, food products not elsewhere specified or included, fresh, chilled or frozen pork and other. This is followed by Italy, from where the most important imported products are: fresh chilled or frozen beef, coffee, pasta, products not elsewhere specified or included, chocolates and other. The most important imported products from Poland are: poultry meat, beef, fresh or chilled, frozen beef, food products not elsewhere specified or included, chocolates, biscuits and waffles and some other products. The most imported products from Greece are: fresh citrus fruits (oranges, tangerines, grapefruit, lemons), poultry meat, canned vegetables (olives), food products not elsewhere specified or included, animal feed, fresh or chilled fish and some other products. The most imported products from Croatia are: chocolates, poultry meat, cheese, meat products, canned fish, homogenized soups and stews, food products not elsewhere specified or included, alcoholic beverages and other products. Next is Austria with a share of 5.81% of total imports from the EU-27, then Bulgaria with a share of 5.5%. Then comes Spain with a share of 5.5%, the Netherlands with a share of 5.2%, Hungary with a share of 4.5%, Slovenia with a share of 3.9%, and so on.

The most important **exported primary agricultural products** from the Republic of North Macedonia to the EU-27 are: primarily tobacco with a share of 29.3% in the export of these products; followed by wine with a share of 6.6%; canned vegetables with a share of 7.7%; various live plants for planting with a share of 6.9%; fresh cabbage with 6%; various types of fresh vegetables (peppers, mushrooms) with 4.1%; lamb with a share of 4.3%; fresh apples with a share of 3.6%; frozen vegetables with 3.6%, etc.

The most important **imported primary agricultural products** in the Republic of North Macedonia from the EU-27 are: fresh or chilled beef with a share of 6.9%; fresh, chilled or frozen pork with a share of 4.9%; poultry meat with a share of 4.9%; various types of cheese with a share of 4.6%; coffee with a share of 2.7%; sugar with a share of 2.4%; meat sausages with a share of 1.7%; other processed meat with a share of 1.8%; etc.





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Processed agricultural products account for 24.2% of total exports to European countries and 42.5% of total imports of agricultural and food products to European countries in 2024.

2.5 Changes in national and sectoral policies

Following the same programming and financial timespan of the EU and according Article 6 of the Law on Agriculture and Rural Development, the National Agriculture a 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. 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, amendments on the Law on agriculture and rural development provided a legal basis for the reform of the direct support scheme, especially towards the simplification of the direct payment scheme and gradual separation. The changes that apply from 2023, in addition to the basic ones, provide for additional direct payments for strategic crops (crops: wheat, maize, barley, oilseed rape, sunflower, tobacco; vegetables: potatoes, peppers, cucumbers; fruits; lamb) delivered to purchasing centers.

A major challenge in agricultural policy is the frequent change of budget transfers in the process of long-term planning, as well as in annual programs due to the lack of a strategic approach in planning and utilizing rural development measures, but also due to the lack of involvement of stakeholders in the process such as agricultural associations, faculties, experts, etc. Rural development policy is the one that should ensure the sustainability of





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agricultural holdings in rural areas, but also to ensure the continuous transfer of knowledge and support to farmers in utilizing national and EU funds (IPARD) for rural development.

Table 17: Amounts of support (in mill. €) by the Programme for financial support direct payments

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total	101,8	101,8	102,8	99,5	101	116,1	112,4	122,5	108,1	104,7	137,2

Source: MAFWE, IPARD Agency, 2025

In addition to the Programme for financial support in agriculture, the Programme for financial support for organic production and the Programme for intervention fund in agriculture are also being implemented as direct payment Programme. By 2021, the measure for support of organic production was incorporated in the Programme for rural development.

Table 18: Amounts of support (in mill. €) by the Programme for financial support of organic production

Year	2018	2019	2020	2021	2022	2023	2024
Total	1,3	1,5	1,7	2,1	2,5	0,65	3,0

Source: MAFWE, Department for agriculture, 2025

Table 19: Amounts of support (in mill. €) by the Programme for intervention fund in agriculture

Year	2022	2023	2024
Total	11,7	4,7	6,3

Source: MAFWE, Department for agriculture, 2025

Starting from 2022, the Programme for intervention fund in agriculture implements intervention measures for financial support in agriculture to mitigate the consequences caused by the increase in production costs for agricultural crops, through the Intervention Fund for Agriculture.

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

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total	31,2	31,4	30,4	27,5	25,5	13,7	16,0	14,9	12,7	21,9	16,7

Source: MAFWE, IPARD Agency, 2025



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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:

- Support for political reforms;
- Support for economic, social and territorial development, with a view to a smart, sustainable and inclusive growth;
- 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;
- 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 the 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 21: 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

In the implementation period of the Programme 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, 01/2021 and 01/2022.





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Table 22: Overview of implementation of IPARD per public calls

	Public call	Applications						Time for application processing	Contracted – Paid = Terminated	
		Submitted		Contracted		Paid				
		No.	EU contribution	No.	EU contribution	No.	EU contribution			
1	01/2017	1648	54.416.160	900	15.949.967	866	13.187.960	15 months	34	2.762.007
2	01/2018 ¹	65	22.149.886	39	6.496.155	36	6.294.029	4 months	3	202.126
3	02/2018 ²	1099	22.509.864	640	6.420.497	595	5.470.302	6 months	45	950.195
4	01/2019 ³	261	32.913.276	80	6.470.773	71	5.071.729	7 months	9	1.399.044
5	02/2019 ⁴	61	25.145.607	49	8.578.991	42	6.395.721	6 months	7	2.183.270
6	01/2020 ⁵	748	21.011.113	456	6.318.517	387	4.286.448	8 months	69	2.032.069
7	01/2021 ⁶	250	32.490.820	115	9.932.701	80	4.641.074	7 months	35	5.291.627
8	01/2022 ⁷	42	9.178.901	28	2.947.876	27	2.362.669	4 months	1	585.207
9	01/2023 ⁸	58	6.485.806	39	3.347.168	36	3.138.392	3 months	3	208.776
Total		4.232	226.301.433	2.346	66.462.645	2.140	50.848.324	/	206	15.614.321

Source: IPARD Agency: Monthly report December 2024, Bi-monthly report December 2024.

Termination of contracts is particularly noticeable during the pandemic and post-pandemic crisis and in periods of price inflation. Termination of contracts is at the request of the applicants, primarily due to an increase in the prices of goods and the inability to complete the approved investment on time.

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.

Table 23: Indicators on quality of implementation⁹

Total number of applications submitted	4.263
Number of signed contracts	2.377
Number of paid contracts	2.172
Number of cancelled contracts	205
% of contracted applications (contracted/submitted)	55%
% of cancelation of contracts (cancelled/contracted)	8,6%
% of paid contracts (paid/(contracted – cancelled)	100%

Source: IPARD Agency, IPARD II M&E indicator tables 2024.

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3.2.1 Measure 1 – Investments in physical assets of agricultural holdings

General objectives of the measure:

- to support progressive alignment of the agriculture sector towards EU rules, standards, policies and practices with a view to EU membership,
- to support economic, social and territorial development, with a view to a smart, sustainable and inclusive growth, through the development of physical capital;
- to address the challenges of climate change by promoting resource efficiency and renewable energy.

The specific objectives of this measure are as follows:

- to modernize and restructure physical potential as to improve the overall performance of agricultural holdings in the production of primary agricultural products, adding value to the production and marketing,
- to promote the respect of Community standards and improvement of conditions on the agricultural holdings, especially related to environment protection and animal welfare,
- to increase primary energy consumption from renewable energy resources.

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 24: 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	595	58 %	93 %
01/2020	748	456	387	61 %	85 %
Total	3.251	1.942	1.802	61 %	93 %

Source: IPARD Agency Monthly report December 2024.

By the end of the implementation of the Programme payment of contracts reached 1.802 (17.217.775 € EU contribution).

Figure 5: Review of applications per value of investments¹⁰ in Measure 1



Source: IPARD Agency reporting tables 2024.

¹⁰





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Average value of received application (expressed in EU contribution) under Measure 1 is 11.067 €. Respectively, average value of contracted and paid applications under Measure 1 is 10.621 € and 9.555 €. 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. The low value of IPARD applications is primarily due to the size of farms in Macedonian agriculture (average less than 2 hectares). In this respect, most of IPARD applications are submitted by small farmers.

Production capacities of applicants are as follows:

Type of production		Production size of applicants	Number of applications		
			Received	Contracted	Paid
Crop production (cereals, industrial and forage crops)		1 - 3 ha	754	395	373
		3 - 5 ha	270	206	193
		5 - 10 ha	184	169	160
		10 - 20 ha	105	66	40
		20 - 50 ha	95	25	18
		> 50 ha	47	15	12
Vineyards		1 - 3 ha	306	173	171
		3 - 5 ha	104	84	83
		5 - 10 ha	21	21	16
		10 - 20 ha	24	13	8
		20 - 50 ha	7	5	3
		> 50 ha	14	9	5
Orchards		1 - 3 ha	619	356	346
		3 - 5 ha	170	143	135
		5 - 10 ha	138	95	92
		10 - 20 ha	31	11	7
		20 - 50 ha	29	15	14
		> 50 ha	22	6	5
Vegetables	greenhouses	0.5 - 1 ha	19	11	5
		1 - 2 ha	3	1	0
		2 - 4 ha	1	0	0
		4 - 8 ha	0	0	0
		> 8 ha	2	0	0
	open field	1 - 3 ha	106	59	58
		3 - 5 ha	44	23	22
		5 - 10 ha	17	13	12
		10 - 20 ha	16	4	3
		20 - 50 ha	4	1	1
Livestock	bovine	> 50 ha	4	2	2
		5 - 10 LU	12	4	2
		10 - 20 LU	10	1	1
		20 - 50 LU	4	1	1
	sheep	> 50 LU	0	0	0
		1.5 - 5 LU	22	4	2
		5 - 10 LU	0	0	0
		10 - 20 LU	0	0	0
		20 - 50 LU	0	0	0
		> 50 LU	0	0	0



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		1.5 - 5 LU	1	0	0
	goat	5 - 10 LU			
		10 - 20 LU			
		20 - 50 LU			
		> 50 LU			

Source: IPARD Agency reporting tables 2024

No data on farm size of in pig farming and poultry is provided by the IPARD Agency.

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.

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 the construction/reconstruction permit, legalization of already built livestock farms, 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 ¹¹	26	6	1.344.984	4	204.207	23%
Poultry ¹²	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	286	1.267.383	64%
Vegetables (open field)	191	102	641.314	98	1.747.640	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	1.802	17.217.775	60%

Source: IPARD II M&E indicator tables 2024

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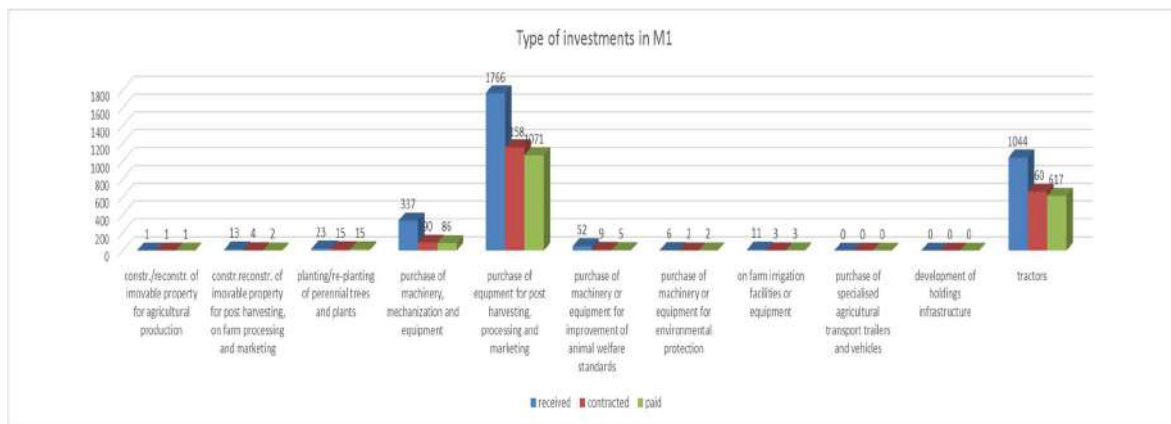




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Cereals, orchards, vineyards and open field vegetables production were priority sectors with most applications for IPARD support. Regarding the interest for types of investments, although announced only in the first public call (01/2017), investments 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, 660 contracts have been signed (5.485.845 EU contribution) and 617 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 6: Review of applications per type of investment in Measure 1



Source: IPARD II M&E indicator tables 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, 1.071 paid) and unusually low interest in specialized farm equipment (337 received, 90 contracted, 86 paid), for which experience has shown that is of great interest for the Macedonian farmers. Such data indicate that majority of applicants used their investments in order to somehow process their own production and gain added value instead of modernize and equip the farms. Quite opposite to this, from the field visits, discussions with agricultural producer associations and potential beneficiaries held by the IPARD Managing Authority, it can be concluded that applicants the greatest interest that applicants had is in investments in procurement of machinery, mechanization and equipment for the modernization of agricultural production.

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

General objectives of the measure:

- This measure will support the development of human and physical assets, increase ability of the agri-food sector to cope with competitive pressure and market forces as well as help the sector to progressively align with the EU standards,
- The measure will also help addressing the challenge of climate change, by promoting resource efficiency and renewable energy.





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Specific objective of the measure is to improve the overall performance, economic productivity and competitiveness of enterprises in the food processing industry through:

- better use of production factors; introduction of new products, processes and technologies,
- strengthening the supply chain and integration between processors and agriculture producers,
- improving quality and safety of foods and their traceability,
- achievement of compliance with Community standards,
- improvement of environmental protection.

IPARD Agency announced five public calls for this measure. Having in mind the extension of the period of implementation of IPARD 2 Programme and the short period for realization of projects/investments, the last call was announced with restrains regarding types of investments in construction/reconstruction.

The number of submitted applications under Measure 3, reached 283 (61.216.850 € EU contribution). Contracts have been signed with 186 applicants for 26.209.428 € EU contribution. There are no terminated contracts in this Measure.

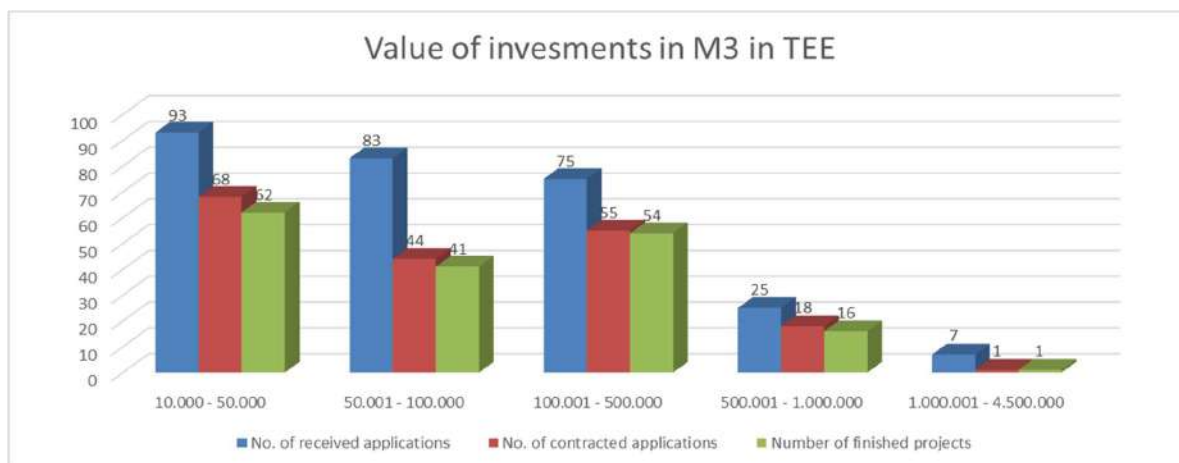
Table 26: Measure 3 applications per public call

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	36	60 %	92 %
02/2019	61	49	42	80 %	86 %
01/2022	42	28	27	67 %	96 %
01/2023	58	39	36	67 %	92 %
Total	283	186	171	66 %	92 %

Source: IPARD Agency Monthly report December 2024 and Bi-monthly report December 2024.

Payment of contracts reached 171 (22.526.797 € EU contribution).

Figure 7: Review of applications per value of investments¹³ in Measure 3



Source: IPARD Agency reporting tables 2024.

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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. Applicants from wineries and processing of meat sectors have also shown significant interest and ability to use IPARD. Interest among other sectors in the processing industry is more equal.

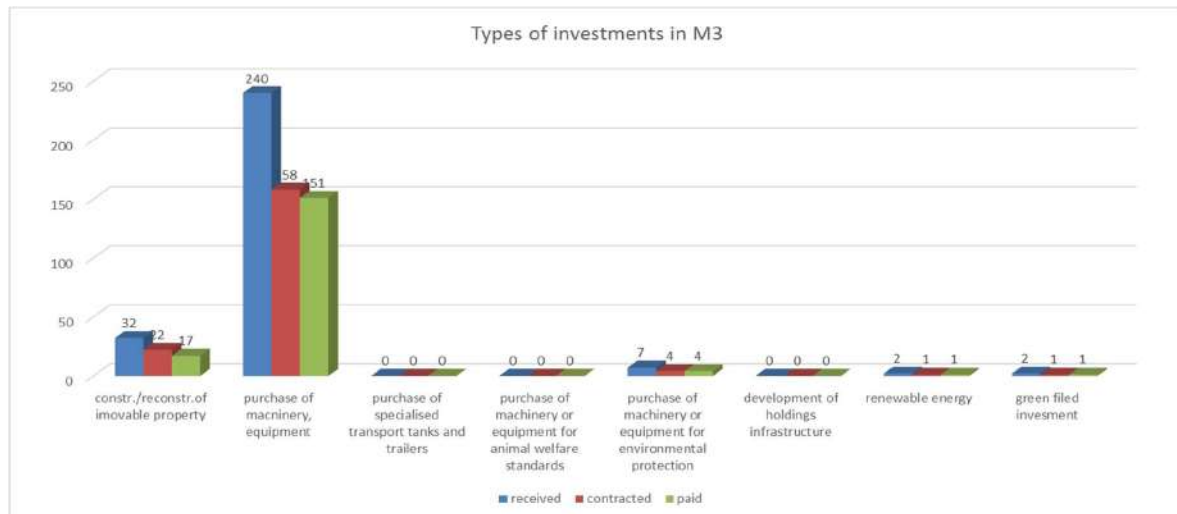
Table 27: Review of applications per priority sectors in Measure 3

	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	32	3.765.990	32	3.461.434	84 %
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	60	9.497.580	60	9.530.478	63 %
Cereals milling	34	20	1.063.506	18	698.123	59 %
Oils and fats	5	2	24.616	1	9.620	40 %
Wineries	48	28	4.198.271	28	3.598.958	58 %
Total	283	186	26.235.601	174	22.421.706	66 %

Source: IPARD II M&E indicator tables 2024

Applicants have not shown interest for investing in: purchase of specialized transport tanks and trailers, 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 8: Review of applications per type of investment in Measure 3



Source: IPARD II M&E indicator tables 2024.





3.2.3 Measure 7 – Farm diversification and business development

The general objective of this measure is fostering employment by creation of new jobs, maintaining the existing jobs, thus raising the economic activity level of rural areas, improving the quality of life and reversing rural depopulation. Diversification is necessary for growth, employment and sustainable development in rural areas, and thereby contributes to a better territorial balance, both in economic and social manner.

Specific objectives:

- to sustain the agricultural activities in the rural area through provision of specific services,
- to develop and promote rural tourism services and activities,
- to develop non-agricultural micro and small enterprises based on local resources and related to the improvement of the quality of life in rural area,
- to preserve and to develop traditional handicraft activities,
- to promote entrepreneurship in rural areas,
- to increase primary energy consumption from renewable energy resources.

Publicity activities and Programme modifications aimed at overcoming certain shortcomings contributed to the significantly improved implementation of this measure compared to the previous programming period. (362 applications submitted, 38 contracts, 11 paid).

IPARD Agency, also announced three public calls for this measure.

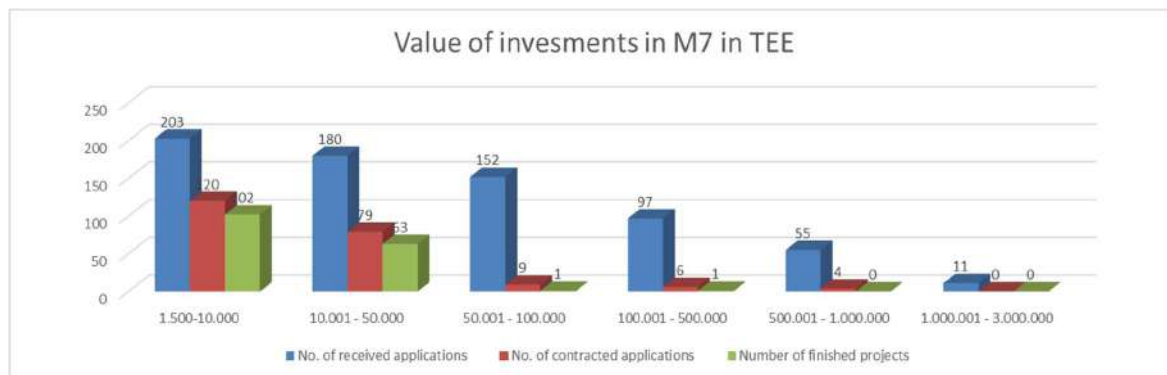
Table 28: Measure 7 applications per public call

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	71	30 %	89 %
01/2021	250	115	80	46 %	70 %
Total	698	218	167	31 %	77 %

Source: IPARD Agency Monthly report December 2024 and Bi-monthly report December 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 2024, payment of contracts reached 167 (11.103.752 € EU contribution).

Figure 9: Review of applications per value of investments in Measure 7



Source: IPARD Agency reporting tables 2024.





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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 66.490 €.

The interest for use of IPARD Programme funds is highest in the alternative agricultural production priority sector, in terms of the number of applications, 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 ¹⁴	256	100	631.193	84	671.534	39 %
Manufacture of food products and beverages	73	23	2.293.425	12	984.400	31 %
Manufacturing of non-food products ¹⁵	138	55	9.575.379	42	6.246.993	40 %
Development of crafts activities	9	4	506.398	1	16.331	44 %
Provision of services to agriculture	33	12	1.075.151	8	586.179	36 %
Development of services for the rural population	22	3	914.070	2	14.974	14 %
Promotion of Rural Tourism ¹⁶	121	21	4.631.023	18	2.583.318	17 %
Production and sale of renewable energy	46	0	0	0	0	0 %
Total	698	218	19.626.369	167	11.103.752	31 %

Source: IPARD II M&E indicator tables 2024.

Data received from the IPARD Agency show great interest in investments in development of holding's infrastructure (288 received, 116 contracted, 89 paid). Such data indicate that many of applicants used their investments in order to improve their holding's intra-connection roads, pathways, installation of electricity supply, water-supply and sewage systems, pump stations, artesian boreholes, fencing etc. Quite opposite to this, from the field visits, discussions with agricultural producer associations and potential beneficiaries held by the IPARD Managing Authority, it can be concluded that applicants the greatest interest that applicants had is in investments in procurement of machinery, mechanization and equipment for the modernization of their production.

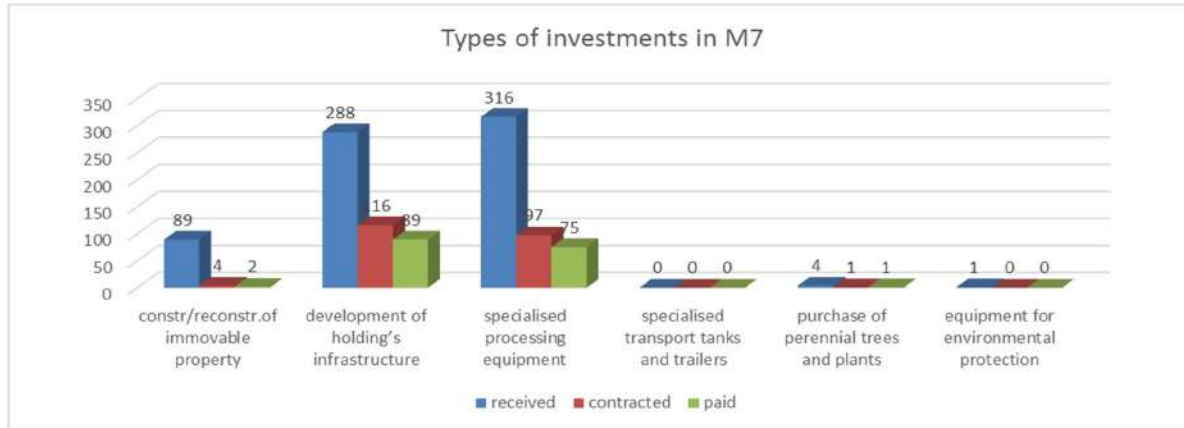
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Figure 10: Review of applications per type of investment in Measure 7

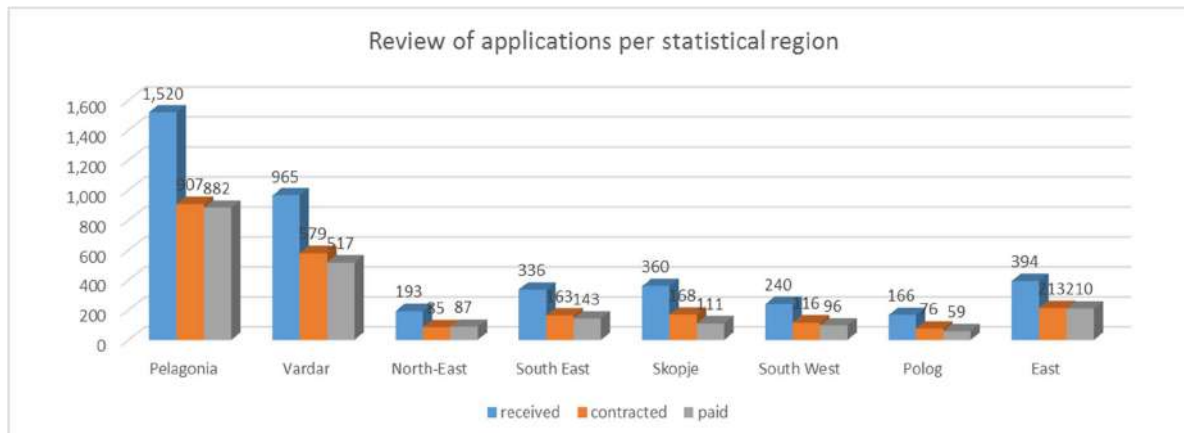


Source: IPARD II M&E indicator tables 2024

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 11: Review of the applications by statistical regions



Source: IPARD Agency Monthly report December 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 terrain, 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,



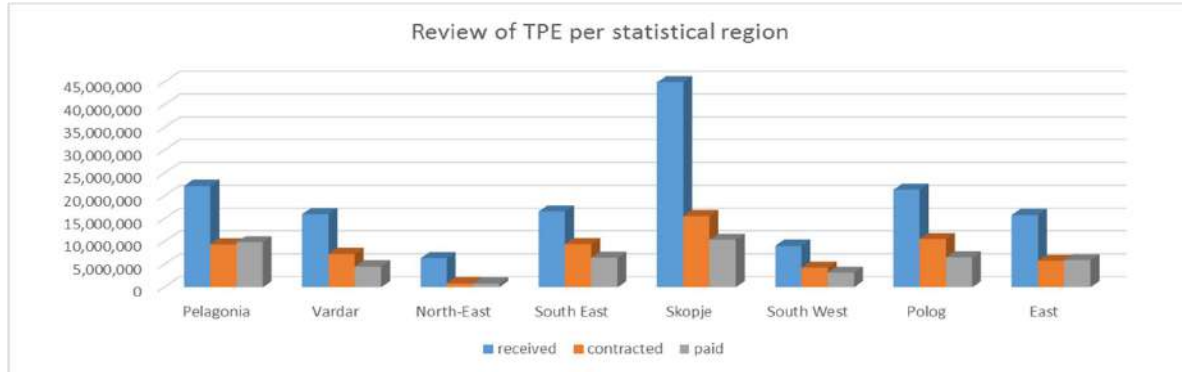


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public health, animal welfare and occupational safety. Many applicants did not meet this since their livestock production is small scale not fulfilling the required standards.

Figure 12: Review of the total public expenditure by statistical regions



Source: IPARD Agency Monthly report December 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

Municipality	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



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Municipality		applications			EU part		
		submitted	contracted	paid	submitted	contracted	paid
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



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Municipality		applications			EU part		
		submitted	contracted	paid	submitted	contracted	paid
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: IPARD Agency reporting tables 2024.



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

4.1 Activities undertaken by the IPARD Managing Authority

The **human resources situation** in the IPARD Managing Authority has changed over the years. In the past period, there have been temporary employees (2), employees who are assigned to the Sector and fulfill work responsibilities in other Sectors (2), promotions of existing staff (Head of the IPARD Monitoring and Reporting Unit, Head of the Technical Assistance Implementation Unit, Assistant Head of the Sector, Senior Associate in the Programming Unit), but also departures from the sector (two employees from the Technical Assistance Implementation Unit). The promotion of employees only to a small extent corresponds to the directions received from the audit reports that emphasize the need to retain and reward existing staff. The departures from the Technical Assistance Implementation Unit are largely reflected in the activities of the unit, burdening the existing staff. The number of employees in IPARD MA at the end of 2024 was 14 (including HoMA) and the occupancy rate was 93%.

In order to mitigate the consequences of not having a staff retention policy, in October 2021, in all Macedonian IPA structures, 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 2022, 2023 and 2024. Long awaited solution for 30% salary increase for staff involved in implementation of IPA, has been developed, but its alignment and incorporation into the reform of the state administrative salaries system is still pending. The failure to provide a permanent and systemic solution for all structures related to the implementation of IPARD, forces each party to seek its own solution to the problem. Thus, unlike other IPARD structures (IPARD MA and IPARD Agency), employees in the Management Structure receive a 30 percent salary increase since 2023.

IPARD MA has made five **modifications of the Programme**. The first modification of the Programme was proposed in order to expand and clarify the opportunities for potential beneficiaries. Most of the proposed changes are based on the experience of implementing the first public call and in order to facilitate the implementation process. The experience of the first public call showed that many of the submitted applications were incomplete, which prolonged the approval procedure. Therefore, this modification introduced changes to the rules on mandatory documents to be submitted with the application. Time has proven that this influenced the implementation in good manner, significantly decreasing the time needed for approval of applications. In addition, changes are proposed to the investments related to the establishment of a new irrigation system as an eligible investment under the measure 1. As a result of the implementation of the first public call, some changes have been included for eligible investments in renewable energy sector under the measure 7. Due to the great interest in investments in renewable energy, which exceeded the initially planned funds, changes in the financial allocations were proposed. In addition, several changes to the eligibility conditions and selection criteria were proposed. Additional modifications have been proposed to improve the text of the programme to correct technical errors.

The change in the list of eligible expenditures for measure 1 included introduction of frost protection equipment, which was proposed at the request of potential IPARD applicants.





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In addition, a clarification has been included on the eligibility of costs for electricity supply, irrigation, drainage, boreholes, wells, pumps, etc.

In order to be able to publish the eighth call under the Programme, IPARD MA amended the Programme. The modification included transfer of budget contribution from measures 1 and 7 into measure 3. This, fourth modification of the Programme was adopted by Commission Decision C(2022) 5355 on 20th of July 2022.

Finally, in order to be able to publish the ninth call under the Programme in 2024 (possible after receiving extension of the N+3 rule of de-commitment for the 2020 allocation), IPARD MA amended the Programme for fifth time. The modification included transfer of budget contributions from measures 1, 7 and 9 into measure 3 and was adopted by Commission Decision C(2023) 4537 from 29th of June 2023.

In order to provide **explanatory guidance** for the applicants and facilitate the process of issuing documents from the Technical Bodies involved, IPARD MA in cooperation with MAFWE's Department for management of agricultural land, Water Department and Environment Directorate prepared:

- Guidelines for the procedure for construction of objects on agricultural land;
- Guidelines for the procedure for obtaining opinion/permit for irrigation of agricultural land;
- Guidelines for the procedure for issuing documents for the assessment of the impact of projects on the environment;
- Guideline for the necessary requirements for “small scale” manufacturers of animal origin;

Demanded by the potential beneficiaries (the ones dealing with on farm processing/small scale processing), IPARD MA published the following bylaws on the web site:

- Rulebook for deviations of specific hygiene measures for “small scale” businesses, the manner and the requirements that need to be fulfilled during direct supply of food from the manufacturer to the consumer, the conditions for the processing facilities, the materials, instruments and equipment, as well as the manner of manufacturing food with traditional characteristics;
- Rulebook for requirements for conditions and hygiene for production and marketing of food from animal origin intended for direct supply, localized activity, in geographic or economic limitations as well as the general and specific requirements for application of traditional methods of production, processing and distribution of food with traditional characteristics.

The Guideline and Rulebooks shall contribute to better explain and guide the potential recipients under priority sector for on-farm processing and direct marketing of own agriculture production in measure 1. They have been uploaded on the official IPARD web site.

IPARD Managing Authority managed to organize a **forum to improve the implementation of Programme** in October 2020. Representatives from different Technical Bodies attended the forum and its agenda included presentations of each measure and implementation procedures in the IPARD Agency, followed by discussions on each measure (with the concerned technical bodies involved in the discussions). The conclusions of the forum significantly influenced the implementation of the Programme by overcoming some aspects related to the documentation required for applying for support:





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- The representative of the Employment Agency informed that the M1/M2 forms are valid and are the only forms issued by the Employment Agency confirming the employment of the applicants. There are no certificates and other documents issued and the IPARD Agency should accept only the M1/M2 forms. These forms are valid without a stamp and signature because this is how the electronic system issues them.
- The representative of the Employment Agency confirmed that the M1/M2 forms are valid proof that the manager is a permanent employee.
- The issuance of general certificates for vocational education/training by the NEA burdens only the NEA. The representative of the Adult Education Center explained the procedure for verification of training providers and suggested, in the future, to certify training providers and realistically transfer their knowledge to applicants.
- A working group from the IPARD MA the IPARD Agency and the Adult Education Center will review and determine for which occupations an education certificate will be required, since an education certificate is not required for every occupation, and in some cases there is no institution to issue such a certificate.
- The representative of the Ministry of Environment and Physical Planning (MoEPP) explained in detail the procedure for obtaining a permit for the use of groundwater for irrigation. In the interest of applicants, Guidelines for the legalization of wells/holes for irrigation of agricultural areas will be developed. The Guidelines will be prepared by a working group from the IPARD MA, the IPARD Agency and the MoEPP.
- The representative of the MoEPP confirmed that neither the MoEPP nor the municipalities issue the document “DECISION ON APPROVED ENVIRONMENTAL PROJECT FROM APPROVED ACTION PLAN” and it should be removed from the list of required documents in the instructions and the application.
- It should be clarified that there is no need for an environmental protection plan for the applicant from a mixed agricultural holding and it should be clearly stated that the certificate applies to the entire agricultural holding, and not to the part related to the investment.
- For the sake of uniformity, it is necessary to make templates for the statements given by the applicants themselves.
- The confirmation that the investment is in accordance with the local economic development strategy should be unified. Each municipality submits different, and in many cases incorrect, confirmations.
- The construction permit should be accepted in electronic form, just as investors submit it to the municipalities for approval (e-approval).
- Despite the constant improvement of the requirements in terms of precisely defining the required documents, their format and source (exact designation of the issuing technical body-institution), there is a need to further define the requirements (in which case and for which beneficiaries a certain document is required).
- When reviewing the two requests (for financial support and payment) for any measure, a discrepancy is found in the definition of the documents (the same document behaves differently in project approval and payment approval) or the Payment Approval Department requests documents that the applicant previously submitted to the Project Approval Department.





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Supported by measure 9, in order to facilitate the implementation of some aspects of the Programme, IPARD MA in cooperation with involved staff from IPARD Agency, Management Structure, organized several **workshops**.

Workshop for facilitating the implementation of measure 9 was held in Strumica in 2018. IPARD MA and IPARD Agency staff involved in the implementation of the measure have attended the workshop and agreed on facilitating many aspects of the implementation, including changes in the Memorandum for understanding between IPARD MA and IPARD Agency for implementation of measure 9.

Workshop for improvement of publicity actions and visibility of the Programme was held in Valandovo in 2020. Representatives from the IPARD Agency provided their feedback in improvement of publicity actions of the Programme such as: improvement and inclusion of additional explanatory guidance in guidelines for beneficiaries for all measures and drafting a strategy for publicity and communication of the Programme for the upcoming programming period.

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.

In coordination with the Management Structure, IPARD MA organized a workshop on improvement of the methodology and calculation of WLA. The workshop was held in 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 30th 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,





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- 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.

Significant 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 at all.

Related to the process of **accreditation of new measures**, 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 since the measure 5 has not been accredited, the support is still from the national programme for rural development.

In the previous period, the IPARD structures prepared a package of documentation for accreditation of measure 6 from the IPARD Programme 2021-2027 and submitted it to the Audit Authority for external assessment, a step before submitting the official request to the EC. The Audit Authority received the draft audit opinion expressing a negative opinion towards submitting the accreditation package until the mentioned findings are resolved. The biggest blocking finding leading to this risk is the lack of employees in the Sector for Management of the Instrument for Pre-Accession Assistance - IPA in the Ministry of Finance (especially the positions of Financial Manager and Accountant), as well as in the IPARD Agency (Accountant and Head of the Accounting Department in the Sector for Financial Affairs). Additionally, blocking finding is set for the non-functional and inapplicable finance and accounting system (SAP), which violates the rules for effective monitoring and management of financial transactions in accordance with the Sector Agreement. With the non-functional SAP, not a single financial transaction for IPARD III can be recorded and recorded in accounting, there is an inability to reconcile with the IPARD Agency, declarations to the EC, final accounts, financial reporting to the EC.





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Additionally, the lack of a long-term sustainable policy for motivating and retaining staff in the IPA structures is noted as a high risk.

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

Organisation of Management Structure

As regards to the changes related to the formal designations of authorities, new National IPA Coordinator was appointed during 2024 appointed with the Decision of the Government of the Republic of North Macedonia No. 14-5508/2 dating as of 28th June 2024.

During 2024, changes were made in the top management of the IPARD Agency where new Acting Director was appointed (Governmental Decision No. 14-6500/1 as of 24th July 2024). For all this changes formal notification to DG AGRI was submitted by NAO.

Change and amendment of the Act of organization of work of the Ministry of finance and the Act on systematization of working posts of the IPA funds management department within Ministry of finance was initiated in July 2023.

Changes envisage establishment of 2 (two) additional units within the Management Structure in order to be achieved more adequate segregation of regular working tasks and streamlining the processes and responsibilities that are currently performed within the one unit of the department. Need for proposed change also derives from the increased workload, considering the activities for the closure of the IPARD/IPA 2 programmes, current activities for implementation of IPARD/IPA 3 programmes, as well as entrustment of new IPARD/IPA 3 measure/programmes and plan for accreditation/entrustment of other new measures from IPARD Programme. No progress can be reported regarding initiated changes of the Organisation and Systematisation acts' (proposed changes are still in process of formal approval within the MoF).





I. Effective functioning of the management and internal control system 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

The communication with DG AGRI was mainly related to clearance of accounts procedure and communication related to the package concerning submission of budget implementation tasks for measure under IPARD III - investments in rural public infrastructure.

Clearance of accounts procedures

As regards to the clearance of account for FY 2019, after the bilateral meeting held on 22.01.2021 by videoconference and taking into account the additional information by national authorities following the bilateral meeting, DG AGRI proposed an amount of 248.202,41 € to be excluded from EU financing.

As regards to the clearance of accounts for FY 2020, DG AGRI submitted formal communication letter (dated 29.07.2022 Ref. Ares (2022)5470210), where exclusion from EU financing of an amount of 29.714,52 € is proposed, corresponding to the financial errors identified by the AA and an amount of 34.222,86 € corresponding to a reduction for late payments based on Article 41(9) of the SA II. DG AGRI took into consideration the submitted reply concerning exceptional management conditions due to COVID - 19 pandemic and recalculated the financial reductions for exceeding the six-month deadline for payment to final beneficiaries in amount of 34.222,86.

During 2021, with the letter Ares (2021)4538735 as of 13.07.2021 the clearance of the annual accounts for the FY 2020 was initiated by DG AGRI. With this communication, DG AGRI proposed financial reductions for exceeding the six-month deadline for payment to final beneficiaries in amount of 501.921,16 €. With letter 10-6205/1 from 2nd September 2021, having in mind that exceptional management conditions due to COVID - 19 pandemic in 2020 were encountered for implementation of all measures from IPARD II Programme, IPARD authorities propose zero reductions to be applied.

Within the frame of clearance procedures, during 2022, with the letter Ares (2022)5134632 as of 14.07.2022 the clearance of accounts for the FY 2021 was initiated by DG AGRI. DG AGRI proposed financial reductions for exceeding the six-month deadline for payment to final beneficiaries in amount of 428.115,95 € and four financial errors raised from AA findings in amount of 66.363,82 €. With letter 10-5988/1 from 2nd September 2022, having in mind that exceptional management conditions due to COVID - 19 pandemic in 2021 were encountered for implementation of all measures from IPARD II Programme, IPARD Management and Operating structure proposed zero reductions to be applied. National authorities are on position that the approach that was applied by DG AGRI in the clearance procedure for FY 2020 should be applied not just for payment claims paid in 2020 but also for payment claims received in 2020 and paid in 2021. This position is based on the fact that within clearance procedure for payment claims received in 2020 (and paid in 2021), the period of 6 months foreseen for processing this claims should be extended with 97 days (days when the State of Emergency was active in the country regarding COVID 19). DG AGRI partially took into consideration the time period between





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18.03.2020 and 23.06.2020, (i.e. the duration of the state of emergency announced by the Presidential decision), and recalculated the financial reductions for exceeding the six-month deadline for payment to final beneficiaries in amount of 288.989,75 €. Bilateral meeting was held on 20th January 2023 by videoconference where position regarding the late payments and financial errors raised from the findings were again elaborated.

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. DG AGRI proposed financial reductions for exceeding the six-month deadline for payment to final beneficiaries in amount of 231.574,70 € and four financial errors raised from AA findings in amount of 21.889,18 €. With letter 10-6123/1 from 5th 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 € and financial errors raised from AA findings in amount of 8.018,57 € - (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 € were accepted by DG AGRI).

Year	Initial financial correction €	Final financial correction €
	Late payment	Late payment
2018	0.00	0.00
2019	1,823,884.69	248,202.41
2020	501,921.16	34,222.86
2021	428,115.95	288,989.75
2022	231,574.70	12,483.83
2023	0.00	0.00
Total	2,985,496.50	583,898.85

b) Audit Authority Reports

During the period of implementation of the Programme, IPA AA issued the following final audit reports for IPARD 2014-2020:

final audit report for the system audit for 2023 in NAO/MS for implementation of IPARD II Programme - Policy area 4 - Agriculture and Rural development;

final audit report for the system audit for 2023 in MA for IPARD II Programme - Policy area 4 - Agriculture and Rural development;

final audit report for the system audit for 2023 in IPARD Agency for implementation of IPARD II Programme - Policy area 4 - Agriculture and Rural development;

final audit report for the audit of operations 1 and audit of operations 2 for 2023 in IPARD Agency for implementation of IPARD II Programme - Policy area 4 - Agriculture and Rural development;

final audit report for the audit of operations 3 and audit of operations 4 for 2023 in IPARD Agency for implementation of IPARD II Programme - Policy area 4 - Agriculture and Rural development;

final audit report for the audit of accounts and annual financial statements for 2023 in NAO/MS and IPARD Agency for IPARD II Programme;





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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 24th 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 24th February 2022;

final audit report for the system audit for 2022 in IPARD Agency for implementation of IPARD II Programme- Policy area 4 - Agriculture and Rural development as of 24th February 2022;

final audit report for the audit of operations 1 and audit of operations 2 for 2022 in IPARD Agency for implementation of IPARD II Programme - Policy area 4 - Agriculture and Rural development as of 14th February 2023;

final audit report for the audit of operations 3 and audit of operations 4 for 2022 in IPARD Agency for implementation of IPARD II Programme - Policy area 4 - Agriculture and Rural development as of 21th December 2023;

final audit report for the audit of accounts and annual financial statements for 2022 in NAO/MS and IPARD Agency for IPARD II Programme as of 15th March 2023;

final audit report for the system audit for 2021 in NAO/MS for implementation of IPARD II Programme - Policy area 4 - Agriculture and Rural development as of 11th February 2022;

final audit report for the system audit for 2021 in MA for the programmes financed from IPA II - Policy area 4 - Agriculture and Rural development as of 11th February 2022;

final audit report for the system audit for 2021 in IPARD Agency for implementation of IPARD II Programme- Policy area 4 - Agriculture and Rural development as of 11th February 2022;

final audit report for the audit of operations 3 and audit of operations 4 for 2021 in AFSARD for implementation of IPARD II Programme - Policy area 4 - Agriculture and Rural development as of 29th March 2022;

final audit report for the audit of accounts and annual financial statements for 2021 in NAO/MS and IPARD Agency for IPARD II Programme as of 29th March 2022;

final audit report for the audit of operations 2 and audit of operations 3 for 2020 in the Agency for implementation of IPARD II Programme - Policy area 4 - Agriculture and Rural development as of 8th of March 2021;

final audit report for the audit of accounts and annual financial statements for 2020 in NAO/MS and the IPARD Agency as of 8th of March 2021;

final audit report for horizontal thematic systematic audit of the level of absorption of IPA 2 funds in the IPA Structure of R.N. Macedonia - Policy Area 1, 2, 3 and 4 as of 10th of March 2021;

final audit report for the audit of operations 1 and 2 for 2021 in the IPARD Agency - Policy area 4 - Agriculture and Rural development as of 30th of December 2021;

Summary of the annual audit opinions, expressed by the auditors:

Findings have been identified in relation to weaknesses in supervision in the process of authorisation of commitments and payments, wrong calculation of eligible funds for co-financing, payments made for investments which are not fully put in operation and which



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goals were not fulfilled and for absence of a long-term retention and motivation policy. With the opinion attention is given to: generating incorrect data from the accounting system (SAP) in the Debtors' Ledger, less inflow on the IPARD euro account due to off-setting of debt and withheld funds as bank charges.

In regard to the annual audit activity reports findings related to IPARD 2014-2020 were followed by NAO:

Institution	Major	Intermediate	Minor	Total	Closed findings during 2024	% implemented findings
NAO/MS	2	5	1	8	3	37%
MA	/	3	1	4	1	25%
IPARD Agency	23	46	6	75	24	32%
Total:				87	28	32%

As regards to the annual audit activity report for 2023, out of 37 findings, 14 (or 38%) were closed till the end of 2024.

Regarding the open findings from AA reports, NAO, in coordination with the IPARD Operating structure, prepared consolidated action plan for implementation of the recommendation and overcoming the findings from AA Reports. Consolidated action plan is regularly followed and monitored by NAO and quarterly updated in cooperation with the IPARD Operating Structure. Action plan includes findings from the external IT audit by DG AGRI as well.

Summary of closed audit findings during the implementation period of the Programme:

IPARD Agency closed findings 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, appointment of the Director of IPARD Agency, deficiency in the process of obtaining reference prices and generating incorrect data from the accounting system (SAP) in the Debtors' Ledger. Also, findings were closed related with equipment not put in operation; funds for co-financing awarded to recipient who is not manufacturer; avoiding the rule of three offers; transport coast paid; not functional part of investment; procurement items approved without having appropriate supporting documents; ineligible expenditure paid for purchase of pruning scissors; investment goal not fulfilled; established production plant which has not started operation; discrepancy between the explanation of the decision for payment and the paid financial support; technical mistake upon preparing the authorization table, transport costs paid.

Regarding MA, it closed one finding related with non-respecting the procedure for preparation of Monitoring Tables.

Summary of opened audit findings during the implementation period of the Programme:

IPARD Agency findings from audit of operations related to: concluding contract without 3 offers being provided, non comparable offers and higher amount of financial support paid due to technical mistake; not accepted general costs; deficiencies in the internal controls for implementation of the contract for technical assistance; delays upon processing of applications; reduced degree of control and incorrect data in checklists by controllers upon





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on-the spot control; technical mistakes while preparation of authorisation table; delays in submission of data by the Technical bodies; delay upon processing of applications submitted by applicants; late payments and finding related to less paid funds.

IPARD Agency findings from system audits: 2 findings related to HR capacities in the Agency, IT - back up system, inappropriate premises for work, inadequate conditions for storing the archive material and breaching deadlines of the Implementing Agreements signed with NAO and MA.

IPARD Agency findings from financial audit - budget report not generated by SAP.

Regarding MA, one finding remains open related to securing optimal HR capacities (qualified as medium risk finding).

c) 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. One finding regarding this Audit is already closed - related to Access control. Certain activities are undertaken for securing new premises of IPARD Agency which will lead to overcoming part of the findings as well as for using the services of Business Continuity and Disaster Recovery Data Centre under Ministry of Interior. Implementation of the activities for overcoming these findings are ongoing.

1.II 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 Programmes (Management Structure, Managing Authority and IPARD Agency) are regularly updated according the activities taken for mitigation of risks.

Two Risk Management Panels have been held annually. On the Risk Management Panels all risks regarding implementation of IPARD II and IPARD III Programme were discussed and reviewed. Most of the risks are horizontal and affecting both programmes in parallel. 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 consolidated risk register (action plans for mitigation of risks), the following system level risks are considered as high:

lack of staff capacities; lack of managerial staff and promotions and lack of staff and overloading of the employees.

High risks on program level were also identified and followed in continuity, concerning the following impact areas:





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not properly established criteria for the maximum value of the total acceptable costs per user under the IPARD Programme;
untimely, inaccurate and invalid data submitted by the IPARD Agency;
financial correction due to exceeding 6 months deadline for paying the final beneficiary;
acceptance of non-eligible cost during calculation and authorization of payment;
not updated IPARD and IACS software;
lack of equipment;
untimely processing the law suits to the Public Attorney and court attendance;
overpayment due to overvalued reference price;
insufficient number of trainings;
created artificial conditions in order to obtain grant support.

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

I.IV Administrative capacities of the institutions within IPARD structure

Management Structure

According to Workload Analysis of the Management Structure, it was identified that the optimal number of employees for 2024 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 and one new employee was internally transferred to MS, engaged on contractual base in other department within the Ministry. At the end of 2024 MS numbered 14 employees. In particular it should be notified that the capacity in National Fund/Accounting Body is on the very low level, also identified as internal control weakness. According to Workload Analysis of the Management Structure, it was identified that optimal number of employees for 2025 is 18.

According to the analysis and for unhindered implementation of the work processes, there is a need for urgent employment of additional 4 people on the following positions:

1. Two persons to be employed in the position of effective functioning of management and control system of the IPA funds within NAO Support Unit;
2. One person to be employed in the position of Junior Associate - financial manager in the National Fund/Accounting Body for IPA III;
3. One person to be employed in the position Junior Associate for effective functioning of management and control system of the IPA funds within NAO Support Unit in the field of agriculture and rural development.

In addition, having in mind that the experience accountant left the position and new employee in accounting position was engaged in NF, training is determined as necessity for securing effective functioning of MCS. Moreover, since July 2024, working tasks of financial management are performed by employee that holds a Decision for Advisor for system monitoring and general affairs in the NAO Support Unit. This employee was assigned as financial manager with Internal Note by HMS. This solution should not be considered as long term, rather as short term mitigation measure.





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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 employees. At the beginning of 2024, IPARD Agency numbered 149 employees designated to work in IPARD structure. During 2024, IPARD structure within IPARD Agency was decreased for 8 employees and increased for 2 employees. With these changes as of 31st December 2024, IPARD structure within the Agency numbers 143 employees and the occupancy rate of the working posts of 91%.

Its should be notified that the human capacity in the IPARD Agency, in particular the Accounting Unit within the Department for Financial Affairs are on very low level, which is identified as weakness in the consolidated Action Plan for Internal Control Weakness/Deficiencies. The function of accounting is currently performed by the employees who are not experienced-junior associates, as the Head of Accounting Unit ended her professional engagement in the Agency and the Advisor-Accountant is on longer maternity leave. These findings are identified with the draft audit opinion regarding the assessment of the compliance of the indirect management system for the IRI measure under the IPARD III and will be further followed with the implementation of the IPARD III Programme.

Managing Authority

According to the Workload Analysis (WLA) for 2024, Managing Authority has set optimal level of staff on 15 employees. At the beginning of 2024, MA numbered 14 employees. During 2024, 1 employee joined the MA, yet later transferred in other Department within the Ministry. Additionally, 2 transfers also happened in MA, but the same were not considered in the turnover rate having in mind the time passed in MA. According this changes, the number of employees in MA at the end of 2024 was 14 (including HoMA) and the occupancy rate was 93%.

IPARD Structure capacities

Data regarding the human capacities in the IPARD Management and Operating structure for the year 2024 as well as relation with the needs for 2025 are presented in the table below:

Institution	NAO/NF	IPARD Agency	Managing Authority	Total
Number of staff on 01.01.2024	15	149	14	178
Number of staff needed - WLA 2024	19	158	15	192
Number of staff needed - WLA 2025	18	160	16	194
Realized new recruitments 2024	1	2	1	4
Left the position 2024	2	8	1	11
Number of staff 31.12.2024	14	143	14	171
Occupancy rate WLA 2024	74%	91%	93%	89%
Current Occupancy rate - WLA 2025	78%	89%	88%	88%
Turnover rate 2024	13%	5%	7%	6%

In total, for implementation of IPARD II Programme for 2024, 192 employees were needed. The number of staff at the end of 2024 is 171 employees, or 89% occupancy rate. The staff turnover on the level of the programme is 6%.

In 2024 there is negative net balance of 7 employees, meaning 4 employees were engaged and 11 left the institutions.





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With the WLAs for 2025 the number of staff needed in the IPARD Structure is increased to 194, so at the moment the occupancy rate is 88%.

Staff retention and motivation policy

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

Regarding the staff retention in IPA Structure, the Law on Execution of the Budget for 2024, provides short term solution for motivation and retention of staff in IPA structures. The solution provides 15% flat rate top up on the salary of the staff in the IPA structures by the end of 2024. This, annual short term solution should overcome the gap till adoption of long term systematic solution.

The definite solution incorporated in the Law on Administrative Servants, envisaged introduction of salary top ups in range of 15 – 45% for IPA Structures' staff. The amendments of the Law were withdrawn from the parliamentary procedure for further adjustments and improvements with all stakeholders and public discussion. According to the last version of this Law published on ENER in December 2024, the proposal for salary top ups was abolished.

Ministry of European Affairs and NIPAC as a responsible authority for coordination of the activities for preparation of the human resources retention policy of the IPA structures, was obliged on the eight session of the Government held on 30.07.2024 to finalise the retention policy following EC directions until October 2024. However, this activity is still pending to be finalised and the retention policy is still not prepared.

III.5 Irregularity management

Irregularities were annually reported during the implementation period. Cases were analysed and appropriate corrective measures were undertaken by the relevant institutions, under coordination of NAO. These cases were regularly reported through IMS.

Table 1

Irregularities identified during implementation period				
Total number of irregularities	Irregularities before project approval	Irregularities before payment	Irregularities after payment	Other cases (not related to applicant)
254	0	120	4	0

Table 2

		Open	Closed	Total
Qualification of irregularity	suspected fraud	1	0	124
	irregularity	73	50	
Financial Impact	Yes	4	0	124
	No	70	50	

The Government of the Republic of North Macedonia adopted the national Anti-Fraud Strategy (NAFS) 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 at the fifty-second session, held on 14.06.2022. The strategy 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.





II. Financial management of EU funds in the Republic of North Macedonia and 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 the forecast of likely payment request for 2024-2025 for the programme on 15th January and 15th July 2024. 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.

In the tables below is presented status of implementation for the period 2014-2024, as well:

Overall status of Programme for the period 2014-2024				% compared with available budget
	IPA	NCF	TOTAL	
Available budget 2014-2020	60,000,000	19,766,275.00	79,766,275	
Declared	51,041,718	17,013,906	68,055,624	85%

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 2024. The payment requests were regularly sent through SFC 2014 by National Fund. With approval for extension of the budget allocations for 2020 for one year (from N+3 to N+4), the 2020 allocations had to be implemented by the end of 2024. At the end of implementation of IPARD II programme de-commitment of funds is EUR 8,958,281.87.

IPARD Programme payments per year:

IPARD II Payment requests 2024		
Reference		Community Contribution in €
1	Declared in Q1 2024	2,487,369.14
2	Declared in Q2 2024	444,163.65
3	Declared in Q3 2024	-24,143.50
4	Declared in Q4 2024	3,306,305.98
Total		6.213.695,27
IPARD II Payment requests 2023		
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
Total		9,975,658.29
IPARD II Payment requests 2022		
1	Declared in Q1 2022	1,563,039.90
2	Declared in Q2 2022	6,753,578.18





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3	Declared in Q3 2022	2,681,614.45
4	Declared in Q4 2022	2,373,598.70
Total		13,371,831.23
IPARD II Payment requests 2021		
1	Allocations 2018	10,000,000.00
2	Secured funds from 2018	5,059,486.58
3	Declared in Q1 2021	713,841.76
4	Declared in Q2 2021	3,535,624.99
5	Declared in Q3 2021	1,761,688.38
6	Declared in Q4 2021	1,109,891.31
7	No de-commitment at the end of 2021 i.e amount of secured 2022 allocation $7=2+3+4+5+6-1$)	2,180,533.02

II.II Accounting

National Fund accounting system is in compliance with the International Public Sector Accounting Standard for Public Sector (IPSAS). The accounting system of the NF is executed, through electronic version using SAP system, where SAP represents an integrated system where all data are entered and interconnected. Financing agreement, approval of request for funds, transfer of funds from the IPARD Euro account to IPARD Agency based on approved request for funds, payment application and received funds from EC on the NF IPA Euro account were properly recorded in the NF accounting system with limitation of debt accounting. Namely, interest (for three days) on recovery of debt from one recipient cannot be calculated in SAP accounting system due to technical barrier of the system. Resolving of this barrier is ongoing and shall be duly monitored and reported by NAO/MS.

III. Conclusion

Annual Management Declaration prepared for the year 2024 is a result of continuous activities taken by NAO and Management Structure staff, respecting the written procedures in place and recording actions and outputs in the respective working documents – registers (risks, irregularities, audit findings and recommendations, internal control weaknesses, verification visits/on the spot controls) and check lists. Opinion in the Annual Management Declaration also is based on the received Annual Management Declarations from the Director of the IPARD Agency and Head of Managing Authority, where it was declared that the established management and internal control system within operating structure functions effectively and in accordance with the accredited procedures and gives the necessary guarantees concerning the legality and regularity of the underlying transactions.

NAOSO prepared updated Consolidated Action Plan of Internal Control Weaknesses/Deficiencies for IPARD II (2014-2020) and IPARD III (2021-2027) Programmes with identified and appropriate actions that need to be taken by the management for their removal. Consolidated Action Plan comprises the following weaknesses identified in the frame of NAO assessment, during 2024:

Insufficient number of employees in NAO/MS and IPARD Agency and vacant key positions in IPARD Agency;

No retention policy on a long term;

Ineffective internal audit function in the MF;



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Integrated accounting and finance software (SAP) is operational to the extent of providing accurate, complete, up-to-date and chronological accounting records or automatically generating financial statements in accordance with International Public Sector Accounting Standards (IPSAS), except for debts. Interest (for three days) on recovery of debt from one recipient cannot be calculated in SAP accounting system due to technical barrier of the system. Resolving of this barrier is ongoing and shall be duly monitored and reported by NAO/MS.

NAO supported by MS/NAO Support Office will continue to monitor and supervise the management and control system for its effective functioning through implementation of the IPARD III Programme and would provide support and guidance to the IPARD Operating Structure in timely and efficient manner, addressing the problems identified, with special care for the identified weaknesses. Namely, having in mind that the implementation of IPARD II Programme 2014-2020 is finalised and only the sustainability rules stay as an obligation, all identified weaknesses are of horizontal nature and are related to both, IPARD II and IPARD III Programmes. Thus they will be followed by NAO/MS during implementation of the IPARD III Programme.

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 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 2024, the IPARD Agency with the defined deadline and on a regular basis delivered to the MA the monitoring tables for implementation of the IPARD Program 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 2024, 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





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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

During the year 2024, 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 2377 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 186 amount for payment in the amount of 26.235.601,00 € , 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 31 amount for payment in the amount of 402.067.204,00 € .

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 2024 years, the IPARD Agency from all publish calls received 4263 claims for payment which were processed or are still processing in the current year. IPARD Agency approved cumulative 2377 claims for payment and paid claims for payment 2172 in total amount is 51.022.535,00 €.

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 2024 years.

	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
Received claims for payment in 2024	3251	283	698	31	4263
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





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Approved and signed claims for payment in 2023	1942	157	218	27	2344
Approved and signed claims for payment in 2024	1942	186	218	31	2377
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	2130
Total approved amount for payment in 2024	1802	174	167	29	2172
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 payment in 2022	14.467.977,00	15.245.035,00	4.956.976,00	207.647,00	34.877.635,00
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
Paid claims for payment in 2024	17.217.775	22.421.706	11.103.752	279.302	51.022.535,00

During 2024, 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 01/2021,01/2022,01/2023	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



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Public calls 01/2017,01/2018,02/2018 01/2019,02/2019 01/2020 01/2021,01/2022,01/2023	32	6	102
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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 01/2021,01/2022,01/2023			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 01/2021,01/2022,01/2023	318	20	204

- 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 01/2021,01/2022,01/2023	1	1	2

Reasons for rejected received applications are not fulfill the criteria of the IPARD program.

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 2024, Sector for authorization of payments has cancelled 26 Contracts for financial support. The reasons for cancelation of the contracts is unsubmitted claim for payments in specified time given in the contract. Two claims for payment have been rejected, due to the infringement of the 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:

- **1 on-the-spot controls prior approval of which:**
 - 1 on-the-spot controls at investments under Measure 3 - IPARD 2 (2014-2020)



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Final report on the implementation of the IPARD Programme 2014-2020

- **77 on-the-spot controls prior payment, of which:**
 - 30 on-the-spot controls at investments under Measure 1 IPARD 2 (2014-2020) and IPARD 3 (2021-2027)
 - 41 on-the-spot controls at investments under Measure 3 IPARD 2 (2014-2020)
 - 6 on-the-spot controls at investments under Measure 7 IPARD 2 (2014-2020) and IPARD 3 (2021-2027)
- **613 ex-post on the-spot controls, of which:**
 - 519 on-the-spot controls at investments under Measure 1 IPARD 2 (2014-2020)
 - 29 on-the-spot controls at investments under Measure 3 IPARD 2 (2014-2020)
 - 65 on-the-spot controls at investments under Measure 7 IPARD 2 (2014-2020)

The Sector for on-the-spot control has carried out 3 additional on-the-spot controls

- 1 prior approval
- 1 before payment
- 1 ex-post.

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.

Regarding the measure Technical Assistance, evidences (photographs and other documentation) are provided by MA, by which it is confirmed the realization of the monitoring committee, workshops, as well as for the procurement of materials (printed materials, promotional materials, office supplies).

4.3.3 Critical issues in implementing the IPARD Programme

In 2024, the IPARD Programme 2014-2020 for the new programming period was adopted and AFSARD 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 programming 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 2024 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 Managing Authority and it is expected that documentation for the implementation of the procurement will be submitted.





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

There weren't any irregularities reported when it comes to performed on-the-spot controls in 2024.

The most common non-compliances, i.e. differences or findings that do not have a major financial impact on the investment, determined during on-site controls in 2024, are:

Before approval:

In the case of an investment under Measure 7, it was determined that part of the construction works for which financial support is requested were started before the contract with the AFSARD was signed.

Minor technical problems were found in relation to the declared parcels in the case file (total crop area, incorrect LPIS or cadaster parcels number, not declared parcel but part of LPIS block, etc.)

Before payment:

- differences in technical characteristics of the purchased equipment stated in the contract, invoice and on-the-spot control and the most common reason for these differences is due to technical reasons, i.e. errors made when issuing the necessary documentation for the equipment by the supplier/manufacturer;
- absence of certain data to be visibly marked on the equipment itself (year of manufacture, country of origin, serial number, model), and in certain cases the absence of any markings (equipment and machinery without plates with technical data - most often in domestically produced machinery and equipment);
- non-functionality of part or all of the equipment (equipment that during the inspection is determined to be not in a functional condition, i.e. that it is disassembled into parts or not connected to electricity or has a certain defect) and in such cases a certain deadline is given for it to be put into operation and the on-the-spot control is carried out again (all users for whom such a condition was determined, put the equipment into operation);
- the equipment is used for a purpose other than the intended one - in investments where equipment is purchased for providing services (agricultural machinery, excavators, etc.), suspicion that it is being used for personal needs. With the performed controls, additional controls, it was determined that the equipment is used for the intended purpose;
- change of a certain type of equipment or construction materials in the implementation phase without informing the AFSARD and given approval from the Agency;
- the equipment that is the subject of the investment (mechanization, processing equipment, irrigation equipment, bee boxes, etc.) is not in function, it is stored in parts in warehouses or a certain part is only used with the intended purpose. This is seasonal equipment and the verification of the functionality depends on when it was purchased and the time of execution of on-the-spot control. Users provide statements that the equipment will be put into operation as soon as weather conditions allow, i.e. according to the season.
- damaged mechanization/equipment during operation (beneficiary submit written evidence that service has been performed and that the defect has been removed, whereby the equipment/mechanization is used without problems);





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Control for hidden works:

From the controls carried out for hidden works, no non-compliances and irregularities were found

During the implementation of the investments, especially when it comes to construction works, on-the-spot controls are carried out during the implementation of certain activities, the so-called control for hidden works (for works that will not be verified at the end of the investment). In all investments that include hidden works, users regularly report and submit photographs and other documentation from the development of construction (in phases), whereby a large part of the hidden works can and are confirmed as completed.

Ex-post control:

No major findings were identified during these controls. All users keep the equipment/mechanism, it is used according to the intended purpose and it is marked according to the contract. Following findings from the RT audit, post-payment controls were performed in several investments where non-functionality of the equipment and/or use for another purpose was ascertained, whereby in all users the investment has been put into use and is used according to the intended purpose.

4.4 Report on the work of the IPARD Monitoring Committee

The IPARD Monitoring Committee was established to monitor the effectiveness and quality of the implementation of the Programme in order to achieve its objectives, by Decision No. 02- 1028/1 of 27.01.2016.

With Decision No. 02- 2069/1 of 16.02.2016 appointment of the Chairman and members of the IPARD II Monitoring Committee was made. This Committee was initially composed of 26 members, i.e. representatives from state administration bodies, economic and social partners and non-governmental organizations. Over the years, the membership has undergone changes both in terms of members and in their number, i.e. before the end of the programming period, the committee consisted of 31 members. The increase in number of members was only in the non-governmental members.

The first constitutive meeting of this committee was held on 17.02.2016 in Skopje where the Rules of Procedure of the Committee were adopted as well as decisions and conclusions in accordance with the agenda items.

The IPARD II Monitoring Committee held a total of 12 meetings (11 of them were financed by the Technical Assistance measure). During the Covid pandemic, two meetings were held online.

The IPARD Monitoring Committee has made a real contribution to the effectiveness and quality of the implementation of the IPARD II Programme in order to achieve the programme objectives. Among the more significant decisions adopted by the Committee, we highlight:

- 5 modifications of the IPARD Programme 2014-2020;
- 6 action plans for the implementation of the Technical Assistance Measure and their modifications;
- 6 action plans for communication and publicity;
- 6 annual reports on the implementation of IPARD Programme 2014-2020.





4.5 Evaluation of the IPARD Programme

Evaluation of IPARD aims to improve the quality, effectiveness and consistency of the assistance from Unions funds and the strategy and implementation of the IPARD II Programme. The IPARD II Programme was subject to ex-ante and ex-post evaluation. Interim evaluation was not done, as it was not considered as appropriate by the Commission.

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 as well as the low quality of delivered data from the IPARD Agency were considered as main obstacles towards the implementation of the evaluation system during the implementation of the Programme. The delay of information delivery due to manual processing of data and low quality of data, is additionally delaying the IPARD MA activities and prevents timely actions for improving the legal documents related to the Programme implementation.

IPARD MA representatives have regularly informend the IPARD Monitoring Committee on the results of the ongoing evaluation activities, emphasizeing 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.

According to the requirements by Sectoral agreement for ex-post evaluation of IPARD II Programme, the procedure for engagement of external evaluator through procurement of services supported by measure 9 has finished. The expected service is starting early in 2025 and is related to identifying programme-specific evaluation needs, defining programme-specific evaluation questions, indicators, evaluation data requirements, and screening data sources and deciding on the data to be collected for evaluation through the monitoring system from application forms, payment requests and other monitoring tool, and organization of final workshop for strengthening of capacities for evaluation and determination of expected results for the IPARD MA and IPARD Agency representatives.

4.6 The use of Technical Assistance

The implementation of the measure Technical Assistance proved to be of significant importance for the IPARD MA 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 31 applications for using support under measure Technical Assistance in amount of (343.396 € EU support). All applications were approved and contracted by the IPARD Agency. By the end of 2024, 29 contracts were implemented and paid by the Agency (279.302 € EU support).

The applications in measure 9, regardless of their financial size, have contributed to the improvement of many aspects of the implementation of the Programme to the same extent.

Most of the submitted applications are for support for organization of meetings of the IPARD Monitoring Committee. In this regard, the IPARD MA has submitted 7 applications. On two occasions we have concluded an contract with a company for logistical support in the organization of the Committee meetings, once for the organization of 2 Committee meetings (in the amount of 13.891 €) and once for the organization of 4 Committee meetings (in the amount of 50.594 €). The remaining 5 applications for the organization of Committee meetings are for the organization of individual Committee meeting.





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The biggest contract of the measure 9 (in the amount of 136.597 €) was for support of IPARD MA in order to implement the communication and publicity campaign.

Measure 9 has also contributed in the process of evaluation, implementing contract (in the amount of 85.000 €) for ex-ante evaluation of the IPARD 3 Programme and contract (in the amount of 74.000 €) for ex-post evaluation of IPARD 1 Programme.

Other projects implemented under measure 9 include contract (in the amount of 7.506 €) for translation of the IPARD 3 Programme and procurements made against an invoice, which in great manner contributed to the implementation of the Programme (organization of workshops, procurement of office supplies for IPARD MA, design and maintenance of IPARD dedicated web site).

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





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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

During the implementation of the Programme, it has been proven that the communication and publicity activities of the Programme are of enormous benefit, both for bringing the Programme closer to the beneficiaries (explaining the Programme's criteria and requirements), and for collecting important information on the status of the Programme's implementation directly from those most affected, farmers, potential beneficiaries and NEA advisors.

The activities related to the communication and publicity of the Programme are foreseen in the annual action plan for publicity and communication of the IPARD Programme 2014-2020. 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. During the implementation of the Programme, 6 annual action plan for publicity and communication of the IPARD Programme 2014-2020 were approved by the Monitoring Committee and implemented by IPARD MA in cooperation with IPARD Agency.

The activities listed below are carried out in accordance with every annual action plan for publicity and communication of the IPARD Programme:

- Organization of info educational days by promoting successful examples;
- Organization forums for a more successful implementation of the Programme;
- Organization of workshops for preparation of application forms, publication of public calls;
- Performances/interviews in electronic media and newspapers;
- Publication of the list of end users of funds from the Programme;
- Creation and distribution of application forms and guidelines;
- Preparation and distribution of brochures;
- Publication of audio and video clips;
- Updating the website: www.ipard.gov.mk.

The implementation of communication and publicity activities was supported by measure 9 by realization of 18 months contractual obligation.

Usually the organization of **information days** of the IPARD Programme took place before and during the published public calls for a specific measure. The info days were realized in coordination between the IPARD MA and the IPARD Agency on 97 places (rural municipalities, settlements). Information about planned info days was sent to MAFWE's branch offices, NEA, National Federation Farmers and other agricultural associations, chambers of commerce, craft and other associations, portals, agricultural cooperatives, Rural Development Network, 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.

Forums. IPARD MA held a forum for improvement of the implementation of the IPARD Programme in October 2020 in Berovo. The presentations and discussions referred to Measure 1, Measure 3 and Measure 7 and the ways of submitting applications for financial support and payment requests were explained in details, and in particular all the necessary





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documents when submitting the applications. In order to inform or exchange experiences with the NEA on the conditions offered by the IPARD publicity campaign and to achieve a more comprehensive analysis on its' implementation a forum was held in Valandovo in November 2020. Participants were from NEA, IPARD MA and IPARD Agency. For the purpose of informing/training the NEA employees on the conditions offered by measure 7, as well as for achieving a more comprehensive analysis of the implementation of the Programme and precisely locating the problems during the submission procedure of application forms for use of funds from the Programme, in October 2019, a forum was held in Veles.

Within the communication and publicity campaign, five **workshops** were held. At the workshop in Bitola, problems faced by the NEA in the process of completing the application forms under the IPARD Programme were discussed between IPARD MA, IPARD Agency, NEA and NAO representatives. The next workshop was organized in Stip in September 2020 and discussion was focused on problems faced by the advisory service and private consultants in terms of information, application under IPARD measures and of course the success of applications by consultants. The last event was held in November 2020 in Kumanovo where the results of the successfully conducted campaign and informing the general public about the way of organizing, achievements and of course announcing the next steps for new campaign for publicity of the IPARD Programme were presented. In Tetovo (January 2019) three measures were presented to the participants (companies and other beneficiaries) with special accent on measure 3. In addition, one more workshop was held in Skopje in November 2019. The workshop was attended by participants of the IPARD MA, the IPARD Agency and NAO within the Ministry of Finance.

The IPARD MA **delivers publicity information via e-mail, by phone and in the premises of the IPARD MA**. More than 1.000 telephone calls have been answered by the IPARD MA staff, 200 direct meetings have been made with IPARD potential beneficiaries. IPARD info email was daily checked and answered by IPARD MA staff. Frequently asked questions section of the IPARD MA web site has been regularly updated. More information can be found at the IPARD Programme 2014-2020 - FAQ at the following links: <http://ipard.gov.mk/mk/cpp/> and http://www.ipardpa.gov.mk/Root/mak/default_mak.asp/ in the section "IPARD Programme 2014-2020 Questions about IPARD advertisements", for all submitted questions and http://www.ipardpa.gov.mk/Root/mak/default_mak.asp in the section "IPARD Programme 2014-2020/ IPARD daily questions ", for daily questions and answers.

The **list of IPARD Programme 2014-2020 users** is published on the IPARD Agency's website and quarterly updated. According the list, there are 2.217 payments towards final beneficiaries in an amount of 51.127.628 EU contribution.

Within the frame of the measure 9 contract for the implementation of the 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.





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The website **www.ipard.gov.mk** is regularly and continuously updated with information and news regarding the public calls, info days and draft version of the IPARD III Programme, guidelines, brochures, instructions and much more useful information.

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

- Website users 55.930,
- New users 51.131,
- Total page views 264.874.

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



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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	21.076.773	15.808.414
	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	5.546.191	4.092.384	5.229.027	3.878.109
	Fruits and vegetables processing	19.855.027	15.197.985	17.578.225	13.407.950
	Cereal, milling and starch products	1.438.720	1.063.506	930.829	698.123
	Vegetable and animal oils and fats	32.821	24.616	12.826	9.620
	Grape must, wine and vinegar	5.902.995	4.198.271	5.039.441	3.598.958
	Production of energy	0	0	0	0
M7	Alternative agriculture production	915.362	631.193	869.751	671.534
	Manufacture of food products and beverages	2.985.834	2.293.425	1.306.198	984.400
	Manufacturing of non-food products	12.374.998	9.575.379	7.927.883	6.246.993
	Development of crafts activities	617.284	506.398	21.774	16.331
	Provision of services to agriculture	1.383.534	1.075.151	777.901	586.179
	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	3.222.535	2.583.318
Production and sale of renewable energy	0	0	0	0	
M9	Monitoring Committee	73.882	62.800	73.882	62.800
	Information and Publicity campaign	148.167	125.734	148.167	125.734
	Programme evaluation	180.018	154.862	106.541	90.768
	Support to other measures	0	0	0	0
Total		88.409.950	66.832.214	67.335.809	51.022.535

Source: IPARD II M&E indicator tables 2024

Table 32: Annual payments to recipients in 2024

Measure	EU part	National	Private	Total expenditure
Measure 1	844.093	279.924	959.851	2.083.868
Measure 3	3.522.831	1.238.610	5.714.385	10.475.826
Measure 7	1.705.697	-80.423	1.094.587	2.719.861
Measure 9	2.934	515	0	3.449
Total	6.075.555	1.438.626	7.765.374	15.279.555

Source: IPARD II M&E indicator tables 2024

Table 33: Cumulative payments to recipients

Measure	EU part	National	Private	Total expenditure
Measure 1	17.217.775	5.737.823	20.123.212	43.078.810
Measure 3	22.421.706	7.473.902	21.086.994	50.982.602
Measure 7	11.103.752	3.052.261	10.970.881	25.126.894
Measure 9	279.302	49.288	0	328.590
Total	51.022.535	16.313.274	51.852.497	119.188.306

Source: IPARD II M&E indicator tables 2024





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





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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.



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7. Conclusions from the implementation of the IPARD Programme 2014-2020

Large number of applications and interest for investments under the IPARD Programme 2014-2020. Number of applications submitted on all 9 public calls reached 4.263 (applying for 236.078.285 € 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.

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 MA 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.

On the other hand, **coordination among IPARD structures can be improved**, especially in terms of data exchange between the IPARD Agency and IPARD MA necessary for monitoring and evaluation purposes. The envisaged establishment of a system for electronic processing of applications in the IPARD 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 structures.

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 IPARD MA (read only access for the purposes for monitoring and reporting) are envisaged to be developed. Although the





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project has finished, the outcomes of the project did not meet the expectations asked regarding the implementation of the Programme.

In order to tackle the problem in obtaining reference prices, IPARD Agency introduced "**reference price evaluation committee**". During 2021 changes has been prepared in the Sector for Registers (Referent Price Database - RPDB) in order to speed up the process of project approval and decreasing the time for approving financial support to the final beneficiaries. These changes foresee engagement of evaluation committee composed of experts as new step in the process of determining reference costs. On 28.06.2021 new version of IPARD Agency _ Sector for Registers - MoP (v2.1) was approved.

In cases where reference prices are requested for specific equipment, the items are sent to the Evaluation Committee if sufficient pricing information is not provided by URPDB employees through market research within 20 days. The members of the Evaluation Committee are obliged to respond to the request and provide real market prices for the items within 20 days, an additional period of 7 days is provided, which is approved to the expert upon request if, due to the complexity of the request, he cannot perform the ordered service within the stipulated period.

Each year, the IPARD Agency publishes a public call for the engagement of experts, members of the Evaluation Committee, in accordance with the consent received from the Ministry of Finance for the engagement of members with a contract for work.

For the needs of the public call 01/2021 (measure 7), the Evaluation Committee procedure was applied in 4 applications (2 of them construction works and 2 specific equipment), in the public call 01/2022 (measure 3) in 2 applications, both specific equipment, in 2023 for the needs for the public call 01/2023 (measure 3) from IPARD II the procedure was applied in 3 applications, all of them specific equipment.

The real benefits of the work of Evaluation Committee, shall be visible for the implementation of IPARD III Programme. By April 2025 (two years into the implementation of IPARD III and 4 public calls), 45 applications are processed by Evaluation Committee members (43 construction works and 2 specific equipment).

Before applying version 2.1 of working procedures, the average period for a response from the Bureau of Court Expertise in 2020 was 150 days and 85 days in 2021. By applying this procedure, the long deadlines for receiving a response from the Bureau of Court Expertise and the contacted suppliers through the market research has been overcome, thus significantly speeding up the work of URPDB.

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 MA 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.





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The trend of **cancellation of already concluded contracts** continued. 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. During the meetings and interviews with the farmers in the scope of the publicity campaign, IPARD MA staff noticed that majority of applicants (most of them natural persons that applied in measure 1) experienced blackmail by suppliers for additional funds in cash. This was especially noticeable after the CORONA crisis.



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ANNEX 1:

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

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