Ex-post evaluation of the IPARD Programme 2014-2020
Republic of North Macedonia

IPARDMA/06/2024

FINAL REPORT

Submitted by

Ecorys Hrvatska d.o.o
Zadarska 80, Zagreb, Croatia

Date: 28 November 2025

The project is co-financed by the European Union through the Technical Assistance measure of the IPARD Programme 2021-2027

Table of contents

List of tables

List of figures

Abbreviations and acronyms

AI	Artificial Intelligence
AIR	Annual Implementation Report
AWU	Annual Work Unit
CAP	Common Agricultural Policy
CLLD	Community-Led Local Development
CMEF	Common Monitoring and Evaluation Framework
DeWeRA	Dead Weight Risk Assessment
DW	Dead Weight
EC	European Commission
ECA	European Court of Auditors
EU	European Union
FADN	Farm Accountancy Data Network
FTE	Full Time Equivalent
FVA	Food and Veterinary Agency
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GVA	Gross Value Added
IACS	Integrated Administrative and Control System
IPA	Instrument for Pre-accession Assistance
IPARD	Instrument for Pre-accession Assistance for Rural Development
IPARD II Programme	IPARD Programme 2014-2020
IPARD III Programme	IPARD Programme 2021-2027
IPARD Agency	Agency for Financial Support of the Agriculture and Rural Development
IRPAS	Integrated Reporting Platform for Agricultural Support
IT	Information Technology
KPI	Key Performance Indicators
LAG	Local Action Groups
LEADER	Liaison Entre Actions de Développement de l'Économie Rurale
M1	Measure 1. Investments in physical assets of agricultural holdings
M3	Measure 3. Investments in physical assets concerning processing and marketing of agricultural and fishery products
M6	Measure 6. Investments in rural public infrastructure
M7	Measure 7. Farm diversification and business development
M9	Measure 9. Technical assistance
MAFWE	Ministry of Agriculture, Forestry and Water Economy
MOEPP	Ministry of Environment and Physical Planning
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MPC	Marginal Propensity to Consume
MPK	Multiplier
MPM	Marginal Import Propensity

MTR	Marginal Taxation Rate
NAO	National Authorisation Officer
NEA	National Extension Agency
NPV	Net Present Value
NRDP	National Rural Development Programme
NSARD	National Strategy for Agriculture and Rural Development
PBT	Payback Time
PMEF	Performance Monitoring and Evaluation Framework
PROMIS	Project Result Oriented Management Information System
RDP	Rural Development Programme
RoI	Return of Investments
SCP	Standardized Cost Procedure
SME	Small and Medium Sized Enterprises
SO	Standard Output
SSO	State Statistical Office
TA	Technical Assistance
ToR	Terms of Reference

1. EXECUTIVE SUMMARY

1.1. Conclusions

The findings from the survey, stakeholder interviews and in-depth cases provided valuable insights into the main successes and challenges in the implementation of the IPARD II Programme and served as an important input for the formulation of lessons learned. These insights can inform the further implementation of the subsequent IPARD III Programme, contributing to improvements in the effectiveness and efficiency of the measures, both in terms of content and administrative processes.

The findings confirm the continued importance of accessible and well-targeted rural investment programmes such as IPARD to sustain growth, competitiveness, and modernization within North Macedonia's agri-food sector. The relevance of the programme is considered to be high. Needs are addressed with the measures implemented. Postponement of some measures - e.g. investments in rural public infrastructure, agri-environmental-climate and organic farming measures and implementation of local development strategies – LEADER approach - has left other needs un-addressed for IPARD Programme 2021-2027 to manage. The satisfaction with the design of the measures is high and between 77% and 88% regarding selection and eligibility criteria, eligible investments and aid ratios. Only introduction of additional financial instruments seems to be an additional asset for the beneficiaries. 86% reply that this could be a good initiative to loosen the liquidity burden.

The technical effectiveness of the programme is estimated to be 59%. This means that only 59% of the planned projects were accomplished. At the same time the financial effectiveness was 90%. The final financial plan for the programme (after amendments) was utilised up to 90%. The financial efficiency is 66% meaning that the unit costs per project was higher than planned in the programme.

The programme has not been as coherent as planned, since important measures have been left out. For the implemented measures the internal coherence has been acceptable. External coherence is also acceptable in relation to National Rural Development Programme (NRDP) and other national support schemes for agriculture.

In terms of **programme outcomes**, IPARD II investments were most widely recognised for their success in improving productivity and efficiency, promoting modernization within the agricultural sector. Beneficiaries expanded their cultivated areas more often than non-beneficiaries and invested more heavily in both primary and auxiliary machinery, resulting in higher levels of mechanisation and improved production efficiency. Large proportion of beneficiaries indicated uncertainty or limited impact regarding environmental improvements and climate change adaptation, suggesting that these areas were not recognized as directly influenced by the support.

Financial support provided through IPARD II Programme was widely valued, still beneficiaries called for **simpler procedures, faster processing and clearer information flows** to make the Programme more accessible, particularly for less experienced applicants. Most applicants required professional or institutional support in the process of preparing the documentation, which reflects the technical and administrative difficulty of completing IPARD applications without expert guidance. The findings highlight the importance of **advisory support** in helping applicants navigate complex procedures, especially for technically demanding projects, and point to the need for continued strengthening of both public extension services and private consulting capacities to ensure equal access and consistent quality of application preparation. Most applicants did not encounter severe documentation problems, there remain specific administrative bottlenecks, especially concerning property verification and supplier documentation, that can delay or complicate the process.

The analysis also shows that although IPARD support generated positive results across all measures, smaller beneficiaries (Measures 1 and 7) tended to experience the greatest relative improvements in profitability and efficiency, while larger enterprises (Measure 3) achieved more substantial absolute financial growth but smaller proportional gains. This indicates a complementary impact pattern in which IPARD effectively supports both modernization of small holdings and expansion of larger agribusinesses.

Full **project processing and implementation** under IPARD II Programme required on average slightly more than two years, reflecting both the rigorous control environment characteristic of EU-funded rural development programmes and the administrative workload. Although the system generally ensured transparency and accountability, the lengthy duration of the full cycle limited the speed of fund absorption and the real-time impact of investments on farm and enterprise competitiveness. For the IPARD III Programme, measures such as **further digitalisation, clearer procedural guidance and simplified procedures** could help reduce administrative burdens and improve timeliness, thereby strengthening programme efficiency and beneficiary satisfaction.

The **fragmented nature and limited quality control of the existing data management system** emphasize the need for standardized data entry protocols, harmonized coding systems and an integrated digital database. Such improvements would enhance traceability, reduce administrative workload and strengthen the analytical foundations for future monitoring and evaluation under the IPARD III Programme.

The **deadweight analysis** shows dependence on IPARD support, though some applicants would have fully pursued their projects without financial assistance. In the control group, even among those who continued investing independently, the substitution with less efficient or non-compliant equipment stresses the critical enabling role of such funding programs. Rejection or cancellation often leads to long-term disengagement from investment activity, reinforcing the importance of IPARD and similar instruments in facilitating rural development and stimulating private investment. The deadweight ratio is estimated to be 40% of the total public expenditures at programme level equal to 20.7 million EUR.

The **economic results and impacts are summarized here**. The investments have generated revenues (profit), after deadweight (DW) correction, of 75.8 million EUR. The number of annual work units (AWU) years (annual jobs), after DW correction, is estimated to be 1007 AWU. The leverage effects are calculated to be 5.1 million EUR equal to 9.1% of the private co-funding. The multiplier effects of the programme are 78.2 million EUR. After correction for the deadweight loss the total direct and indirect revenue generation is 122.1 million EUR with a deadweight loss of 100.6 million EUR.

The **administration of the programme** is not sufficiently effective and efficient. The administration in the IPARD Agency did not fulfil the Key Performance Indicators (KPI) for payment and did deliver contracting only after very long periods. The average time and resources spent on project application processing is 355 days and for processing of payment claims 191 days.

The administrative costs per project is relatively high and is estimated to be 8,155 EUR and the administrative costs in relation to the total public support is relatively high (26%). Costs of administration are relatively high compared to international benchmarks. The efficiency in the IPARD Agency administration is low due to ineffective paper-based system and lack of sufficient IT systems available.

The Monitoring & Evaluation (M&E) system is not optimal. The reporting from IPARD Agency to IPARD Managing Authority, IPARD Monitoring Committee and Ministry of Finance and the EU system is slow, and not adequate with errors and inaccurate figures and presentations.

The capacity of the IPARD Agency has been strengthened with more full-time equivalents (FTE) over the years from 87 FTE in 2017 to 153 in 2022 and down to 143 in 2024. The competences have been increased as well. However, the administration has not been able to harvest increased productivity in the administrative processes due to high degree of change of staff turnover.

Based on these findings the following recommendations are presented.

1.2. Recommendations

1) Gradually encourage/prioritise towards supporting **environmentally sustainable investments**, including precision farming, renewable energy use, waste reduction, water-saving technologies, etc.

2) Introduce **additional scoring criteria or bonuses** for investments contributing to climate adaptation, circular economy and digitalisation in agriculture.

3) Prioritise timely accreditation and launch of **postponed measures** (e.g. rural public infrastructure, agri-environmental-climate and organic farming) to address unmet environmental and rural development needs.

4) **Strengthen advisory and technical support systems.** Expand farm and business advisory services, ensuring equal access to high-quality technical assistance for both agricultural producers and rural entrepreneurs. Introduce a system of incentives, performance-based rewards, or compensation mechanisms to enhance motivation and ensure the continued provision of high-quality advisory support by National Extension Agency (NEA) advisors.

5) Deliver regular targeted **capacity-building programmes** for advisory staff and other stakeholders on IPARD rules, EU compliance standards, and financial management to improve the consistency of advice provided.

6) **Improved and continued information campaigns.** Include practical examples in workshops and forums illustrating how process weaknesses have negatively affected implementation. Ensure better time management of events and plan according to the production cycle of the agri sector. Ensure relevant representatives from all institutions connected to the IPARD programme are present. Present successful and unsuccessful IPARD projects. Include thematic events by sectors, training on preparation of business plans.

7) **Financial instruments.** Consider how to implement financial instruments like instalments, advance payments etc. most effectively to reduce the liquid burden of beneficiaries.

8) **PRAG limits: IPARD Managing Authority can use the 20,000 EUR limit.** According to the 2025 PRAG Guidelines the limit of 2,500 EUR applies only for the invoice procedure. For service contracts between 2,500 EUR and 20,000 EUR, a single tender procedure may be applied. Hence, the IPARD Managing Authority may use the single tender procedure for events, conferences, accommodation and catering services up to 20,000 EUR, ensuring both compliance and operational flexibility.

9) **IPARD Managing Authority may accomplish additional studies where relevant.** IPARD Managing Authority may also wish to support the implementation of IPARD III Programme with additional studies, conferences, workshops etc. The Technical Assistance measure can be used to reduce administrative burdens for IPARD applicants and beneficiaries, and it is clear from the evaluation that increased digitalization of the administrative system can lead to increased effectiveness and efficiency to the benefit of all, including the beneficiaries, the IPARD Agency and not the least to the IPARD Managing Authority in its reporting to Monitoring Committee and European Commission.

10) **Description of Measure 6.** IPARD Managing Authority may revise and improve the description of Measure 6 in the next modification of the programme.

11) **Survey in municipalities.** IPARD Managing Authority may prepare and implement a new survey targeting local authorises in line with the 2018 survey and ensure that evaluation feedback is processed promptly and used to inform programme improvements.

12) **Information campaign for Measure 6.** IPARD Managing Authority may prepare and implement information of and training for potential applicants of Measure 6 in municipalities and among local authorities.

13) **Dialogue with the IPARD Agency about Measure 6**. IPARD Managing Authority may initiate an active dialogue with the IPARD Agency about the readiness of the IPARD Agency regarding training of staff, capacities, competences, and procedures before implementation.

14) Strengthen internal analytical capacity of IPARD Managing Authority staff for **evidence-based decision-making** and timely programme adjustments.

15) **Retention policy** and overall **continuous capacity building** of staff, trainings, exchanges is extremely important, aiming to reduce the current high staff turnover at the IPARD Agency, ensure continuity of expertise and foster job satisfaction and motivation.

16) **Key Performance Indicators (KPI) for contracting.** Ensuring a more effective performance of the IPARD Agency contracting with the help of a KPI for time (days, weeks, months) to be used from receiving applications to contracting.

17) **DeWeRA dead weight reduction**. Introduce a Dead Weight Risk Assessment (DeWeRA) index to lower the high DW rate under IPARDs investment measures to increase additionality and efficiency of the programme.

18) **IPARD Agency database management.** Introduce one single database that will include all information for each beneficiary from application to execution of payment.

19) **IRPAS - Integrated Reporting Platform for Agricultural Support.** Develop IRPAS as a software platform to be developed for MAFWE with the general purpose to monitor the progress of implementation of policies and their contribution to the fulfilment of quantified and qualitative targets and objectives defined in the Common Agricultural Policy (CAP) strategic plan or similar fundamental policy documents.

20) **Small and Medium Sized Enterprises (SME) size verification digital procedure.** Introduce a digitalized procedure for verification of SME status of applicants to increase administrative effectiveness.

21) **Fast-Track Standard Cost Procedure for IPARD III.** Introduce a Standard Cost Procedure (SCP) for common investment to simplify and accelerate IPARD III support.

22) **PROMIS: Integrated IT system for National Direct Payments, NRDP and IPARD III Programme**. Introduce the digitalization of the IPARD implementation system with PROMIS: Project Result Oriented Management Information System is an integrated web-based solution developed and applied in Denmark since 2014, which helps to: (1) manage the application, selection and contracting process of LEADER/CLLD supported projects and (2) carry out the monitoring and evaluation of LEADER at three levels: rural development programme (RDP), local action group (LAG) and the project level. PROMIS enables the storing, sharing, analysing, and visualisation of data in real time.

23) **Back loaded control regime.** A turnaround of the system from front loaded control to payment control can accelerate the implementation of IPARD III Programme and other similar programmes and provide faster and better impacts, than front loaded control under the current regulatory framework.

24) **Changed organisational subordination.** In North Macedonia the IPARD Agency is subordinated under the Prime Minister's office and not Ministry of Agriculture, Forestry and Water Economy (MAFWE). We have observed weak and ineffective communication and even cooperation between MAFWE and IPARD Agency and between IPARD Agency and Ministry of Finance. We recommend moving the IPARD Agency organisational to be subordinated MAFWE, so that the line of command can be straight forward, as it is the case in most EU countries.

2. INTRODUCTION

This ex-post evaluation covers the full implementation period of the IPARD II Programme (2014-2020), from the first call for applications in 2017, to the last call in 2023. It assesses the relevance, quality, effectiveness, efficiency and impact of the programme. It examines outcomes for beneficiaries, the agricultural and food-processing sectors, and the broader economy, and also evaluates how the programme strengthened institutional and administrative capacities for rural development.

The evaluation is based on a comprehensive methodology combining administrative sources with quantitative and qualitative evidence from stakeholder consultations. The findings provide a detailed account of the programme's achievements and limitations. The lessons learned and experiences, including both successes and shortcomings in implementation and governance, offer valuable insights for improving the design and delivery of the IPARD III Programme.

According to the Terms of Reference (ToR) for the evaluation the evaluation report must not be longer than 100 pages plus additional annexes. We have drafted the report accordingly and have prioritised chapters presenting new knowledge for Ministry of agriculture, forestry and water economy (MAFWE), IPARD Managing Authority, IPARD Agency, European Commission (EC) and the Delegation of the European Union as well as other public and private stakeholders. This means that repetitive information about evaluation context, programme and measure rationale and objectives are kept to a minimum.

2.1. Purpose of the report

The purpose of this evaluation report is present the findings from the **ex-post evaluation of the IPARD II Programme** and to share with the IPARD Managing Authority, the IPARD Agency and other involved public institutions as well as the private sector stakeholders. The report highlights the strengths and the weaknesses of the programme and its administration, the effects of the measures, and the programme in general. Finally, it provides recommendations for the future effort under national and EU-cofounded programmes, including IPARD III Programme, to increase programme effectiveness and efficiency both on the ground among beneficiaries in the agricultural, food & beverage and rural sector, as well as in the administration and implementation of the programmes.

2.2. Structure of the report

The report is structured in the following way:

Before this, **Chapter 1** presents the Executive Summary, providing an overview of the key findings and recommendations. **Chapter 2** introduces the report and outlines its purpose, scope and structure. **Chapter 3** outlines the evaluation context, while **Chapter 4** describes in detail the methodology applied. **Chapter 5** provides a concise overview of the financial plan, as well as the programme and measure rationale and objectives. The core of the report is **Chapter 6**, which presents the answers to the evaluation questions based on the collected evidence. **Chapter 7** summarises the conclusions and recommendations of the evaluation.

Finally, the **Annexes in Chapter 8** include a set of complementary documents that provide additional context and depth on various aspects of the evaluation, particularly the technical recommendations for the digitalisation of administrative processes.

3. THE EVALUATION CONTEXT

3.1. Brief contextual information about the programme: related national policies, social and economic needs motivating assistance, identification of recipients or other target groups

The IPARD II Programme was designed as part of the pre-accession assistance framework of the European Union (EU) to support the sustainable modernization and competitiveness of the Macedonian agri-food sector and rural areas. It aligns with the objectives of the Instrument for Pre-accession Assistance. The program aims to align potential candidate and candidate countries' agriculture and rural development policies with the EU's Common Agricultural Policy (CAP), improve their competitiveness, and support the transition to sustainable food systems, environmental standards, and climate resilience, along with strengthening the administrative and institutional capacity for EU funds management.

The programme's strategic orientation reflects the priorities set out in national policy documents, foremost the National Agriculture and Rural Development Strategy 2014-2020. This policy emphasises increasing agricultural competitiveness, improving rural living standards, and promoting environmental sustainability.

IPARD II Programme addresses key socio-economic challenges facing rural areas in North Macedonia, such as low agricultural productivity, fragmented farm structures, emerging processing capacity, limited market access, and lack of rural employment opportunities. The programme's interventions target both the agricultural holdings and agri-food processing enterprises, as well as rural entrepreneurs and small businesses outside the primary agricultural sector, thereby fostering economic diversification and job creation.

The principal target groups of IPARD II Programme include farmers, agri-food processors, and rural enterprises eligible under the defined measures. Through these interventions, the programme aims to contribute to a more competitive, sustainable, and inclusive rural economy, while preparing North Macedonia for the effective application of EU agricultural and rural development policy instruments in the future.

3.2. Description of the evaluation process: recapitulation of the terms of reference, purpose and scope of the evaluation

The ex-post evaluation of the programme must document the effects of these investments for the beneficiaries, for the agricultural, food and rural sector and for the economy as a whole as well as the contribution to capacity of public staff in the design and implementation of rural development programmes.

These requirements are formulated in the ToR for the ex-post evaluation:

The main objectives of the ex-post evaluation of IPARD II Programme in North Macedonia are to assess the relevance, the quality, the effective and efficient implementation of the IPARD II Programme in North Macedonia and to assess the outputs, the results and the impact of the programme for beneficiaries, for the agricultural and food processing sector and for the country.

It is important that lessons learnt and experiences (successes and failures) from the implementation of IPARD II Programme regarding effects (outputs, results and impacts) as well as administration and programme procedures are collected and taken into consideration in the design and implementation of the IPARD III Programme.

The evaluation shall propose measures to improve the quality of the IPARD III programme and its implementation, where appropriate. In particular, it shall ensure that the evaluation examines the results of the IPARD II Programme, their consistency with the ex-ante appraisal, the relevance of the targets and objectives and the extent to which they have been attained. The evaluation shall also assess the quality of Programme monitoring & evaluation and implementation, and the experience gained in setting up the system for implementation of the IPARD III programme.

Specifically, the evaluator shall undertake the following tasks:

- Examine the implementation of the IPARD II Programme in relation to its objectives by means of output, result and impact indicators.
- Provide lessons learned and recommendations for improvement of the quality of IPARD III programme and the programme implementation.

3.3. Brief outline of previous evaluations related to the programme

The first **on-going evaluation of the IPARD I (2007–2013) Programme** was carried out by independent evaluators and reflected the situation as of late 2014. It concluded that the programme's financial performance fell significantly short of targets, with applications and approvals reaching less than 16% of the planned levels and investment volumes below 10% of initial expectations. Despite some improvement in later calls, the evaluation found that administrative complexity, lengthy processing times, and the requirement for full pre-financing discouraged participation, particularly among smaller farmers. The institutional framework for programme management was described as inefficient and fragmented, limiting coordination between the IPARD Managing Authority, IPARD Agency and NEA. The evaluation also emphasized the need for simplified rules, better information flow, and more accessible advisory support to improve programme uptake and implementation.

The **ex-post evaluation of IPARD I (2007–2013) Programme** (Final report, 2020) confirmed these earlier findings, highlighting the programme's low absorption rate and narrow geographical coverage. While Measure 101 (Investments in agricultural holdings) was the most used, Measures 103 (Processing and marketing) and 302 (Diversification) underperformed significantly. The evaluation noted that application procedures were highly time-consuming and costly, averaging more than 80 pages of documentation per applicant, and that access to finance remained a major constraint. Nevertheless, the programme was considered valuable as a learning process. The implementation experience under IPARD I Programme led to a series of eight procedural modifications aimed at simplifying eligibility criteria, streamlining administrative processes, and improving transparency. These lessons directly informed the design of IPARD II Programme, particularly in strengthening advisory support and introducing clearer selection criteria. We have consulted the ex-post evaluation of IPARD I Programme (June 2020) to identify reference information, and data to be used in the current ex post evaluation. However, the evaluation only did provide some fragile data of the results and the impacts of the investments under the programme, but the quality of the estimations is so weak that the data unfortunately cannot be used.

The **ex-ante Evaluation of the IPARD II Programme (2014–2020)** provided an independent assessment of the programme's relevance, coherence, and expected effectiveness. The consultations of the ex-ante evaluation report of IPARD II Programme gave more positive results. The evaluation reviewed the draft programme's situation analysis, SWOT assessment, intervention logic and measure design to ensure alignment with national strategies and EU priorities. It concluded that the overall objectives of enhancing competitiveness, improving sustainability and fostering rural development were consistent with both the National Strategy for Agriculture and Rural Development (NSARD 2014–2020) and the EU Common Agricultural Policy (CAP). However, it noted that quantification of targets was incomplete and recommended greater clarity in linking identified needs with specific measures and financial allocations. The report also highlighted several structural and operational issues. Although the IPARD III Programme design represented significant progress from IPARD II Programme, the administrative capacity of key implementing bodies (IPARD Managing Authority and the IPARD Agency) required further strengthening through staff recruitment, training and technical assistance. It called for enhanced monitoring and evaluation systems, including better data collection and clearer indicator frameworks. The ex-ante evaluation recommended improved coordination between institutions, better digitalization of data systems and a coherent monitoring and evaluation system. According to the ex-ante evaluators, the focus of the programme is the provision of capital grants towards the cost of equipment and facilities stimulating farmers, processors and rural entrepreneurs to invest in equipment and facilities that otherwise they might not do. The ex-ante evaluators recognised the allocation of a big proportion of the financial plan to the development of farms (Measure 1) and food processing businesses (Measure 3). However, taking account of the serious problems of unemployment, poverty and dependence on very small-scale subsistence farming in rural areas, the ex-ante evaluators suggested to make a more balanced allocation between agricultural and non-agricultural businesses. The allocations for Measure 7 targeting rural development as an alternative to agriculture were lifted considerable after the first calls and gave Measure 7 more than 2.5 times the planned resources for support to rural

development and entrepreneurship. Not all these resources were utilized, but it was a good move to strengthen this measure with additional funds, as foreseen of the ex-ante evaluators.

Most needs targeted by the measures were verified in the baseline analysis as being relevant to the current situation in the agricultural sector and in rural areas. The actions to be taken under the selected measures have been designed to address many of the needs. Furthermore, activities funded by the national budget for direct payments and for the National Rural Development Programme (NRDP) will also be used to address needs not targeted by IPARD II Programme. We are fully in line with this assessment made by the ex-ante evaluators. The general and specific objectives and actions/measures follow the regulation and the needs of the sectors.

Unfortunately, no data on expected results and impacts were prepared in the ex-ante evaluation report to be used as benchmarks for the calculation now in the ex-post evaluation. The possible level of deadweight of the support provided in particularly to the food processing entities under Measure 3 should be closely monitored, but it was not described how this monitoring should take place, and who should be responsible. Thus, nothing has happened, and we see now clear evidence of deadweight of the investments in the food and beverage sector.

4. METHODOLOGICAL APPROACH

4.1. Explanation of the evaluation design and the methods used

The purpose of the ex-post evaluation is to assess the performance of the IPARD II Programme against its stated objectives and to generate evidence-based conclusions and recommendations for the design and implementation of future rural development policies and instruments.

The evaluation was designed to provide a comprehensive, evidence-based assessment of the IPARD II Programme in North Macedonia. The evaluation design was structured around the intervention logic of the IPARD II Programme and the evaluation matrix, which links each evaluation question to corresponding judgment criteria and indicators. This ensured analytical consistency and transparency throughout the evaluation process.

A mix-methods approach was employed to address the evaluation questions under the five key objectives:
(1) Enhancing farm viability and competitiveness of all types of agriculture and primary food processing, while progressively aligning with the EU standards;
(2) Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry;
(3) Promoting balanced territorial development in rural areas;
(4) Transfer of knowledge; and
(5) Strengthening public administrative capacity in implementation of rural development programmes.

This evaluation combined quantitative and qualitative techniques: document review, stakeholder interviews, beneficiary and control survey, and in-depth interviews of applicants (cases). The approach allowed for cross-validation of data and ensured that both quantitative results and qualitative insights were captured and also provided flexibility to address data gaps and to rely on qualitative evidence or expert judgment, where quantitative information was insufficient. Part of the data collected through the surveys are measure specific and cannot be aggregated to the programme level, while other data are horizontal and can be aggregated. This is for example the case for questions related to administration and deadweight.

Given the multi-component nature of the evaluation, to ensure robustness of findings, results from surveys, interviews, and document review were systematically integrated and triangulated, combining evidence from quantitative and qualitative sources to formulate findings, judgments, and conclusions.

4.2. Description of key terms of programme-specific and common evaluation questions, judgement criteria, target levels

The **evaluation questions** at the overall program level, along with judgment criteria and indicators for each evaluation question were amended and approved with the inception report (Table 1 and Table 2). The answers to these evaluation questions are based on the insight gathered through structured interview-based beneficiary and control surveys, in-depth interviews with beneficiaries and control applicants, and stakeholder interviews. Data about programme implementation procedures and resources used for administrative purposes was provided by IPARD Managing Authority and IPARD Agency. In cases, where quantification of results and impacts were difficult due to lack of data, qualitative assessments were applied.

Table 1 Evaluation questions, programme level, objectives 1 to 4

Evaluation question	Judgment criteria	Indicators
(1) To what extent have the supported investments contributed to improve the i**ncome and viability of beneficiaries**?	The income of supported beneficiaries has increased more than the sectoral average	Increased income (EUR, %)
(2) To what extent have supported investments contributed to improving the **competitiveness of the agricultural and food sector**?	The competitiveness of the supported beneficiaries has increased	Increased market share, volume of sales
(3) To what extent have the supported investments contributed to improve the **quality of agricultural and food products to EU standards**?	The quality of agricultural and food products has increased and is in compliance with EU standards	Increased turnover of products in compliance with EU standards. Increase in specific product quality indicators, milk quality, Sales prices (EUR) per unit of product, number of

Evaluation question	Judgment criteria	Indicators
		recognised certifications (HACCP, Global GAP) and export figures (EUR)
(4) To what extent have the supported investments contributed to a **better use of production factors**?	The use of production factors of supported beneficiaries has been improved.	Increased productivity, tons/production factor
(5) To what extent have the supported investments contributed to **restoring, preserving and enhancing ecosystems**?	Ecosystems have been restored, preserved, enhanced	Number and area of ecosystems
(6) To what extent have the supported investments reduced the **environmental impacts** of production?	Environmental impacts have been reduced.	Reduced emissions of specific polluters, depending on the production context.
(7) To what extent have the supported investments improved **nature and biodiversity**?	Nature and biodiversity have improved.	Improved nature and biodiversity, depending on the production context.
(8) To what extent have the supported investments improved the **climate footprint** of production?	CO2 emissions have been reduced	Reduced tons CO2
(9) To what extent have the supported investments contributed to a **balanced development in rural areas**?	The economic development in rural areas is in better balance with the development in urban areas	Discrepancy in income in rural areas vs. urban areas, EUR, %
(10) To what extent have the supported investments contributed to **business development in rural areas**?	Business development in rural areas has increased	Number of new businesses, increase in turnover of rural business, EUR, %
(11) To what extent have the supported investments contributed to **technology transfer of beneficiaries**?	Technology transfer has increased.	The capital to labour ratio in production
(12) To what extent have the supported investments improved production conditions in terms of **better working conditions in compliance with EU standards**?	Working conditions have been improved for supported beneficiaries.	Qualitative improved working conditions
(13) To what extent have the supported investments improved **production conditions in terms of animal welfare** in compliance with EU standards?	Animal welfare has been improved.	Qualitative improved animal welfare, Reduced costs to veterinarians, reduced animal illness
(14) To what extent have the supported investments helped to **increase the added value of agricultural products** through improved and rationalized processing and marketing of products?	Value added has been increased for supported beneficiaries	Increased sales process (EUR), Reduced costs (EUR)
(15) To what extent have the supported investments contributed to **restructure the processing food industry** in the sectors involved to be able to compete in the single market?	The supported beneficiaries have been better to compete on the single market.	Increased sales volume, increased turnover, increased income.
(16) To what extent have investments contributed to fulfil the **environmental and food safety standards** in compliance with EU?	Supported beneficiaries have improved compliance with EU environmental, hygiene, and food safety standards.	Assessment of beneficiaries applying food safety or environmental standards and are compliant with EU hygiene standards.
(17) To what extent does the programme enable **equal possibilities for smaller and big** farms, companies and rural enterprises?	The programme provides equitable access and benefits across different farm sizes and business categories.	Share of projects by enterprise size, regional distribution of beneficiaries
(18) How does the programme enable **equal possibilities for women, youth,** etc.?	The programme promotes gender equality and supports the participation of young farmers and rural entrepreneurs.	Share of projects submitted by women and young beneficiaries (<40 years);
(19) How and to what extent does the programme control for the **deadweight**?	Programme mechanisms ensure that support targets investments that would not have occurred without public assistance.	Qualitative self-assessment of investment likelihood without support
(20) To what extent has the program contributed to **transfer of knowledge and strengthening public administration capacity** in implementation of rural development programmes?	Institutional and administrative capacities for managing rural development funds have been strengthened; knowledge transfer mechanisms are in place.	Feedback from stakeholders on institutional coordination and knowledge exchange

Table 2 Evaluation questions, programme level, objective 5 (programme administration)

Evaluation question	Judgment criteria	Indicators
(1) To what extent has the programme implementation been **relevant**?	The interventions of the programme are relevant and meet the identified needs	Needs addressed. Qualitative indicator.
(2) To what extent has the programme implementation been **technical and financially effective**?	The implementation has been effective and achieved the objectives.	Objectives fulfilled and resources utilized (EUR, %)
(3) To what extent has the programme implementation been **efficient**?	The implementation has been efficient and provided value for money	Value of outputs, results and impacts (EUR) compared to input (EUR)
(4) To what extent has the programme been **coherent, internally and externally**?	The interventions under the programme support and complement each other (internal coherence) and complement and support other policy instruments (external coherence)	Qualitative indicators: Are needs addressed? Yes/No
(5) To what extent has the **capacity of administrative staff** been strengthened?	Administrative capacity is enhanced	Qualitative indicator: Feedback from administrative staff is positive Yes/No
(6) To what extent has the **programme administration** been effective?	The administration was effective and delivered according to plans and budgets	Resources spent according to budget. Tasks produced according to time plans
(7) To what extent has the Monitoring and Evaluation system of the programme been **appropriate**?	The M&E system has been functioning according to evaluation plan and budget	Statements from IPARD Monitoring Committee members: Yes/No

4.3. Sources of data, techniques for data collection

The evaluation integrated several main data collection components:

(1) **Documents review** - providing factual verification and context through desk research;
(2) **Stakeholder interviews** - providing qualitative evidence for Objectives 5;
(3) **Beneficiary survey** – providing quantitative evidence for Objectives 1-4;
(4) **Control survey** (**rejected and cancelled)** – providing quantitative evidence for comparison;
(5) **In-depth interviews of applicants (cases)** – providing additional insights.

4.3.1. Documents review

The evaluation team conducted a comprehensive review of programme documents and available data related to the implementation procedures and resources of the IPARD II Programme, as provided by the IPARD Managing Authority and the IPARD Agency. The scope of the review covered key documentation, including the IPARD II Programme and its subsequent modifications, Annual Implementation Reports (AIRs), monitoring data and performance indicators, previous evaluations and audit reports, and other relevant national and EU policy documents. The purpose of this review was to assess the programme logic, its consistency with national and EU policy frameworks, the extent to which planned targets were achieved, and the degree of compliance with regulatory and procedural requirements. Finally, the regenerative Artificial Intelligence (AI) platforms OpenAI and Claude has been used for cross checking evaluation results against international benchmarks and data.

4.3.2. Stakeholder interviews

The **objective** of the stakeholder interviews was to gather qualitative insights on the design, implementation, and management of the IPARD II Programme. These interviews specifically addressed Objective 5, which focuses on programme administration.

Semi-structured interview guides were designed around key themes aligned with the evaluation matrix for Objective 5 (Programme Administration):

- Relevance of the IPARD II Programme;
- Programme coherence (internal and external);
- Effectiveness of the programme;

- Sustainability and environmental impact;
- Socio-economic impact;
- Efficiency of programme administration.

The sample of interviewed stakeholders was designed to ensure a balanced representation of institutional, sectoral, and civil society perspectives relevant to the IPARD II Programme. It included participants from producer and processor associations, farmer and cooperative organizations, business and professional chambers, civil society and environmental organizations, and public sector institutions involved in programme management and oversight. This composition allowed the evaluation to capture a broad range of views, ensuring that findings reflect the diverse experiences and expectations of the IPARD stakeholders, and it was agreed with the IPARD Managing Authority.

A total of **10 stakeholder interviews** were conducted for the purpose of this evaluation - eight face-to-face interviews in May 2025, and two interviews via telephone in October 2025, due to earlier unavailability of the selected stakeholders.

In addition, **six interviews** were carried out with representatives of **key IPARD related institutions** as part of the inception phase (IPARD Managing Authority, IPARD Agency, Food and Veterinary Agency, Ministry of Environment and Physical Planning, National Extension Agency and Delegation of the European Union).

Interview notes were analysed using **thematic content analysis**, structured according to the main the evaluation criteria (relevance, coherence, effectiveness, efficiency, sustainability and administration). The findings provided critical qualitative evidence to complement and explain the quantitative results from surveys and documents review.

4.3.3. Beneficiary survey

The **objectives** of the planned beneficiary survey were to collect quantitative data and qualitative information from approved and supported beneficiaries across all three IPARD investment measures (M1, M3 and M7) regarding:

(1) The output, the results and the impacts of the IPARD support among beneficiaries under each measure of the programme.
(2) Their experiences and satisfaction with conditions and administration of their investment support, as well as the design and the administration of the programme in general.

A **stratified random sampling** procedure was applied to ensure representativeness and to capture the diversity of IPARD-supported investments. Stratification was performed across **four key dimensions: measure, sector, subsector, and call**. Each stratum represents a distinct subgroup of the population, within which units are more homogeneous compared to the population as a whole. This structure allows for more accurate and reliable estimates within each stratum and improves the overall robustness of the analysis. Random sampling, applied within each stratum, preserved the representativeness of each subgroup while avoiding selection bias. The number of units sampled from each stratum is generally proportional to its size (proportional allocation) and in some instances weighted deliberately (disproportionate allocation) to ensure sufficient data for comparison, in case of smaller or strategically important subgroups.

Table 3 provides an overview of the distribution of surveyed beneficiaries under IPARD II Programme, categorized by measure and sector. A total of 2,143 completed projects were recorded (AIR report, 2025), from which a sample of 204 beneficiaries was selected for the survey, aligning with the representative range of 145 to 276 for a 5 to 10% error margin. Table 4 provides calculation of the statistical validity of the sample.

Table 3 Sample size, beneficiary survey

Measure / sector	*Completed projects**	*Sample size (10%-5% error)***	*Actual survey size****
Measure 1 - Investments in physical assets of agricultural holdings (M1)	**1802**	***75-130***	**98**
Crop production sector	1789	*66-117*	89
Livestock sector	10	*6-10*	8
Processing and direct marketing of the farm's own agricultural production	1	*1*	1
Production of energy from renewable sources for own consumption	2	*2*	
Measure 3 - Investments in physical assets concerning processing and marketing of agricultural and fishery products (M3)	**174**	***40-72***	**65**
Milk and dairy products	12	*3-10*	3
Meat and meat products (including eggs and poultry)	37	*8-15*	15
Fruit and vegetables (including potatoes, mushrooms and legumes)	78	*20-30*	28
Cereals, mill products and starch	18	*3-6*	2
Plant products and animal oils and fats	1	*1*	2
Must, wine and vinegar	28	*5-10*	15
Measure 7 - Farm diversification and business development (M7)	**167**	***30-74***	**41**
Investments in alternative agricultural production	84	*9-35*	16
Investments in the production of food products and beverages	12	*4-5*	6
Investments in the production of non-food products	42	*7-20*	10
Investments in craft activities	1	*1*	
Investments in the provision of services in agriculture	8	*3-5*	3
Investments in services for the rural population	2	*1-2*	1
Investments in Rural Tourism	18	*5-6*	5
TOTAL	**2143**	***145-276***	**204**

Note: *Total completed projects from AIR report, 2025; ** Accepted with the Inception report; ***Conducted survey 2025

Table 4 Statistical validity of the sample, beneficiary survey

Category Name	Measure 1	Measure 3	Measure 7	TOTAL
Proposed sample size	75-130	40-72	30-74	145-276
Realized sample size	98	65	41	204
Statistical validity	5.8%	5.8%	8.0%	3.9%

Note: Confidence level of 95% and population proportion 10%

Data Collection. The beneficiary survey was conducted in the period from mid-August to mid-October 2025 (the initial timeline for the interviews originally planned May-July 2025 had to be postponed due to issue with the project registration delay).

Data were collected with a mixed approach – the surveys for M1 and M7 were conducted via telephone interviews, whereas for M3 via a combination of online and telephone interviews. This hybrid mode reflected the differences in respondent availability. Experienced professionals that were selected and contracted for the purpose of this assignment conducted the survey. The interviewers had to contact in total 319 applicants to meet the targeted numbers (completed 204 respondents), since many of the applicant were inaccessible (due to outdated contact information in the IPARD Agency' database) or they rejected to participate in the survey (Table 5) resulting in a response rate of 64%. It is important to highlight that the proportion of refusals (around 12% of the total contacted beneficiaries) is relatively high, especially considering that the respondents are contractually obliged to participate in the evaluation.

The final sample of **204 beneficiaries** covering beneficiaries from all three measures represents an **overall margin of error of 3.9%**, ensuring statistical reliability for aggregated programme-level conclusions. The statistical reliability per measure ranges from 5.8% (M1 and M3) to 8.0% (M7). Although these reliability levels are relatively modest, they reflect the practical limitations encountered during data collection, including non-responsiveness and restricted access to some participants, due to outdated contact information in the IPARD Agency's database (in particular in M7) (Table 5). Despite these challenges, the sample obtained represents the best possible coverage under the circumstances, and the resulting findings offer meaningful insights into the overall patterns observed.

Table 5 Contacted applicants, beneficiary survey

Category Name	Measure 1	Measure 3	Measure 7	TOTAL
Surveyed	**98**	**65**	**41**	**204**
Rejected to answer	18	14	5	37
Inaccessible	13	16	49	78
Total contacted	129	95	95	319

Source: Interviewers' report

Questionnaires. The survey questionnaires covered several thematic areas, as reflected in the evaluation matrix for Objectives 1–4. They were designed to collect data, which were not included in the database of the IPARD Managing Authority and IPARD Agency. Since the business plans are not digitalized, as we assumed, we took an advantage of this information to collect in the interviews with the beneficiaries.

The evaluation used **three structured questionnaires** (M1, M3, and M7) to collect primary data from IPARD II Programme beneficiaries across different support measures. Each questionnaire was tailored to the specific characteristics and objectives of the corresponding measure, maintaining a harmonized core structure to allow for comparability across datasets. The core structure remained similar across all measures, and the questionnaires for each measure were further adapted to their respective intervention logic focusing on agricultural holdings, agro-processing enterprises, and rural diversification investments respectively.

Each of the three questionnaires included:

- Beneficiary characteristics – demographic (age, gender) and educational background, region, type of enterprise or holding, legal form, number of employees;
- Investment information – type of investment, priority sector, start and end year of investment, total and co-financed amounts and sources of funding, increased co-financing rate, other investments than those supported from IPARD;
- Investment objectives – assessing direct result of the investment (e.g. purchase of equipment, construction, or installation); the expected outcomes (e.g. improved productivity, efficiency, standards, diversification, etc.); and the broader impacts (e.g. competitiveness, sustainability, employment, resilience, etc.);
- Changes in production capacities – for M1 hectares of operated agricultural land, livestock units, units of agricultural machinery and equipment; for M3 tons of raw material and final product; and for M7 total production capacities or services in unit depending on context (in the year before the investment and in 2024);
- Results and impacts – as effects of using the output delivered with the investment, in terms of increased turnover, direct and indirect costs, gross value added, net value added, and full-time employment by gender, in the year before the investment and in 2024);
- Deadweight assessment[1] – capturing the share of the investments would have occurred even without IPARD support (on a six-level scale: 0% – 1-25% - 25-49% - 50-74% - 75-99% - 100%);
- Other impacts – corresponding to the programme level evaluation questions**:** improved competitiveness, use of production factors, added value, quality, productivity, working conditions, food safety, and hygiene conditions, animal welfare, environmental conditions, climate change mitigation and/or adaptation;
- Program design, administration and procedures – assessing satisfaction and experiences (application form, guidelines, time periods from opening of calls and deadline for applications, processing of the application, controls on the ground before and after the investment, payment procedures, selection criteria, eligibility criteria, the list of eligible investments, financial support ratio, benefit from advance payments, instalments etc.), as well as the need for additional help for certain documents or preparing the documentation, and the experience with any irregularities.

The tools were designed in Microsoft Forms and administered digitally to ensure consistency, traceability, and completeness of responses.

[1] A low level of deadweight indicates that the investment to a large extent is depending on public support and would NOT have been accomplished without the support; whereas a high level of deadweight indicates that the investment would have been accomplished under all circumstances and without public support. It is financially and politically desirable for public authorities to have a low level of deadweight.

4.3.4. Control survey

Back-to-back with the survey among beneficiaries, an interview-based survey was conducted among the unsuccessful applicants, i.e. those that have been rejected or have cancelled (withdrawn) projects.

The **objectives** of the control survey was to collect quantitative data and qualitative information from rejected or cancelled applicants across all three IPARD II Programme measures (M1, M3 and M7) in order to (1) map the positions of the rejected applicants about the administration of their applications and the reasons for rejections/withdrawal; and (2) map their economic performance in the market *without* support from the programme.

Random sampling procedure was applied to ensure representativeness, with allocation per measures primarily proportional to the population size. The proposed sample size for the survey was 91 applicants, drawn proportionally from the total pool of rejected and withdrawn applications across all three measures. The sample was designed to ensure representation of the main measures (M1, M3, and M7) in line with their relative share in the overall rejected population.

Out of the proposed number, **84 interviews** were successfully completed. Based on this realized sample, the margin of error was estimated at 10.5%, in line with the ±10% threshold proposed in the evaluation design (Table 6), meaning that the results can be generalized to the wider population of rejected applicants within a confidence level of 95%. This ensures sufficient statistical reliability for aggregated programme-level conclusions.

Table 6 Sample size and statistical validity, control survey

Category Name	Measure 1	Measure 3	Measure 7	TOTAL	Statistical validity
Proposed Sample size	62	6	23	91	9.90%
Realized Sample size	56	7	21	84	10.46%
Share (%)	90%	117%	91%	92%	

Note: Confidence level of 95% and population proportion 50%

Data Collection. The beneficiary survey was conducted in the period mid-September 2025 to mid-October 2025, in a telephone survey (for M1 and M7), and combined telephone and online survey (M3), by experienced professionals. The Table 7 summarizes the survey outreach and response results across three categories. To reach the targeted number, in total 208 individuals were contacted, out of which 75 people declined to participate and 49 (about one-fourth) were found to have missing or incorrect contact information, making them inaccessible. Ultimately, only 84 participants completed the survey, corresponding to a response rate of about 40%.

Table 7 Contacted applicants, control survey

Category Name	Measure 1	Measure 3	Measure 7	TOTAL
Surveyed	56	7	21	84
Rejected to answer	41	6	28	75
Inaccessible	4	12	32	49
Total Contacted	101	26	81	208

Source: Interviewers' report

Questionnaires. The control survey also used **three structured questionnaires** (for each of the measures - M1, M3, and M7) to collect primary data from IPARD II applicants. The control survey questionnaires mirrored the beneficiary questionnaire focusing on similar indicators to allow statistical comparison and estimation of programme effects. These tools were also designed in Microsoft Forms and administered digitally to ensure consistency, traceability, and completeness of responses.

Each of the three instruments included:

- Beneficiary characteristics – age, gender, and education of the applicant, region, type of enterprise or holding, legal form, number of employees;
- Investment information – type of investment, priority sector, year of application, amount requested, expected investment result, stage reached in the application process (including reasons for rejection or withdrawal);

- Changes in production capacities (for M1 hectares of operated agricultural land, livestock units, units of agricultural machinery and equipment; for M3 tons of raw material and final product; and for M7 total production capacities or services in unit depending on the context) – in the year before the investment and in 2024);
- Changes in performance indicators (turnover, input costs, and employment) were self-assessed by respondents in percentage terms (increase or decrease), between the year of application and 2024 (as counterpart of the section results and impact in the beneficiary survey);
- Deadweight assessment – capturing the extent to which investments have occurred without IPARD support (self-assessment on a six-level percentage scale: 0% – 1-25% - 25-49% - 50-74% - 75-99% - 100%);
- Program administration and procedures – the need for external assistance in preparing documentation and any encounters with unethical or irregular practices.

4.3.5. In-depth interviews (cases)

In addition to the structured surveys, **12 in-depth interviews** were conducted in **September 2024** with selected participants, comprising **9 beneficiaries** and **3 rejected applicants**. The cases were selected from the population of surveyed beneficiaries and conducted by senior experts. Selected participants represented a mix of farm modernization, processing, and diversification projects, and were conducted in diverse regions (Skopje, Polog, Southeast, and Vardar region).

The in-depth interviews were carried out **face-to-face** to allow richer interaction and site-level observation of investment outcomes. Findings provided contextual insights to interpret survey data and highlight success factors and barriers. The purpose of the beneficiary interviews were to explore their experiences in greater depth and complement quantitative survey results. The interviews explored topics such as motivations and expectations for applying to IPARD, implementation challenges, perceived economic, social, and environmental results, satisfaction with administrative support, communication, transparency, lessons learned and suggestions for future programme design.

4.4. Techniques for replying to the evaluation questions and arriving at conclusions

The evaluation questions were addressed through a systematic triangulation of quantitative and qualitative evidence, using a combination of analytical and interpretive techniques.

For quantitative analysis, data from both beneficiary and control surveys were cleaned, coded, and analysed using descriptive statistics to summarise distributions and trends. Comparative analysis between beneficiaries and the control group was used to quantify programme effects. In areas where quantification was limited due to missing or inconsistent data, qualitative assessments and expert judgment were applied to interpret trends and complement quantitative findings.

For qualitative analysis, interview transcripts, open-ended survey responses, and documentary sources were analysed using thematic content analysis. Information was coded according to predefined analytical categories derived from the evaluation matrix (relevance, coherence, effectiveness, efficiency, sustainability, and impact). Emerging themes were compared across respondent groups to identify convergences, divergences, and explanatory patterns.

Findings from all components of analysis were synthesised through triangulation to ensure consistency and robustness of conclusions. Each evaluation question was addressed by combining evidence from multiple sources (surveys, interviews, and document review) and by validating quantitative results with qualitative insights. The final conclusions were formulated through a stepwise process, moving from data collection to analysis, synthesis, and judgment, with explicit reference to the established judgment criteria and indicators for each evaluation question.

4.5. Challenges or limitations of the methodological approach

4.5.1. Registration of the contract in Ministry of European Affairs

One important challenge for the implementation of the project was the required registration of the ex-post evaluation project with the Ministry of European Affairs. Although not a challenge related to the methodology, this process has caused serious administrative and implementation delay, even though we have duly submitted all the required documentation for the registration of the project and have been actively following up on the process for months. Registration itself took four (4) months, from April till August 2025. This delay was entirely beyond the control of the Contractor - Ecorys Hrvatska (issues were pertaining to the internal procedures within the Ministry of European Affairs) and have consequently affected the progress of the project implementation. As a direct consequence it was not possible to proceed with the recruitment of the staff, mainly the interviewers, who needed to do 270 surveys across the country. However, the evaluation team accepted to work under the limited timeframe in order to be able to submit the final report within the deadline in December 2025.

Due to the delay with the registration of the project, the Public Revenue Office could not issue the VAT exemption for our invoices, which has further delayed the implementation process. These issues have been resolved in August and September 2025 respectively and the request for prolongation of the project for one month has been submitted to the IPARD Managing Authority.

4.5.2. Institutional cooperation and data access

One of the main challenges encountered during the evaluation concerned the timely availability of information from the IPARD Agency to the evaluation team's requests. Although several attempts were made to obtain the agreed documentation, datasets, and procedural clarifications, the evaluation team received partial responses during certain stages of the process, so that some data and explanations remained limited in scope and detail. Access to certain administrative and procedural information was delayed, which narrowed the depth of analysis in a few areas related to programme management and implementation efficiency.

4.5.3. Data collection challenges

Several factors influenced the data collection process and the reliability of responses. To enhance accuracy, all contacted beneficiaries were advised in advance to have their IPARD application documentation available during the interview. This approach aimed to help respondents recall factual details regarding the investment, including data referring to the pre-investment period or the expected post-investment results. Some respondents were well-prepared and able to refer directly to their documentation, others did not have access to it at the time of the survey, which may have affected the precision of certain quantitative answers. The lack of application documentation and bookkeeping lead to a potential limitation for reliance on self-reported information, which can introduce recall or perception bias, and the variability in respondents' understanding of financial and technical terminology. Despite these constraints, the evaluation team applied rigorous consistency checks and cross-validation of responses wherever possible. Consequently, the dataset is considered sufficiently robust to support valid conclusions on programme performance and effects.

Accessibility and cooperation levels varied across measures. Farmers under M1 and beekeepers (M7) were more responsive to the survey, likely due to concerns about possible implications of non-participation. Conversely, larger enterprises and agribusinesses (within M3 and M7) demonstrated lower willingness to share information, possibly reflecting confidentiality concerns, limited institutional trust, or a greater degree of autonomy in their operations. In addition, beneficiaries and applicants under M7 proved the most challenging to reach. The interviewers encountered numerous cases of non-responsiveness and outright refusals, occasionally expressed in impolite or dismissive ways. These circumstances significantly constrained data collection for this measure and required additional effort to achieve minimum representativeness.

5. DESCRIPTION OF PROGRAMME, MEASURES, AND BUDGET

5.1. Programme implementation: actors involved, institutional context

The implementation of the IPARD II Programme in North Macedonia involved several key institutions within a defined management and control framework, ensuring alignment with EU requirements for pre-accession assistance. The obligation for all structures involved in IPARD are well described in the Sectoral Agreement for all key institutions involved (NAO, IPARD Managing Authority, IPARD Agency, Audit Authority, etc.).

The Ministry of Finance (MoF) served as the National Authorising Officer and was responsible for overall financial control and the supervision of the management and payment systems. The MoF ensured that the national structures operated in accordance with the EU's accreditation and conferral of management requirements, overseeing the sound financial management of IPARD funds.

The Ministry of Agriculture, Forestry and Water Economy (MAFWE), through its IPARD Managing Authority, had the overall responsibility for programme coordination, strategic planning, and monitoring. The IPARD Managing Authority ensured the coherence of the programme with national policies and EU strategic priorities, prepared annual implementation reports, and coordinated with the European Commission on programme performance and policy alignment.

The IPARD Agency acted as the implementing body responsible for the operational management of measures, including the reception, verification, contracting, and payment of applications. The IPARD Agency also ensured the legality and regularity of expenditure and maintained records for audit and control purposes.

There are signed Memorandum of understanding related to implementation of the programme between all institutions in the IPARD structure (IPARD Managing Authority, IPARD Agency, MoF – NAO support office etc) where the mutual cooperation is defined. The communication and coordination between the IPARD Managing Authority and IPARD Agency were functional throughout the implementation of the IPARD II Programme, though there remains room for improvement in terms of regularity, documentation, and transparency of information exchange. Both institutions maintained working relations necessary for day-to-day programme management, including reporting, clarifications on procedures, and responses to audit or monitoring requirements. However, communication was often conducted on an *ad hoc* basis rather than through established protocols or joint planning mechanisms.

There are a list of technical bodies and MoU signed for cooperation between different technical bodies and IPARD Agency. The technical bodies such as the Food and Veterinary Agency (FVA) and the public advisory service (NEA) involved in specific stages of implementation expressed general satisfaction with the level of cooperation with both the IPARD Agency and IPARD Managing Authority. They highlighted effective coordination and exchange of information during project assessment and monitoring, though communication could be further enhanced through more structured data-sharing and digital tools. FVA field inspectors facilitate the Opinion phase (based on documentation, but also knowledge of the applicants through regular checks of FVA on the field). Field visits are compulsory during the Confirmation phase – the Certificate of compliance is issued as either positive or negative, based on on-site control of the investment by the FVA IPARD committee members and their FVA field inspector: all documents are checked whether the implemented equipment matches what was planned and the pro-invoice. NEA advisors play significant role in both informing potential applicants, and preparing business plans/technical project proposal, checklists with all the required documents to be submitted, helping to compile the accompanying documents, even from other institutions required for the application (sometimes it is full-service, until addressed envelope with all the documentation). NEA mostly work with farmers and applications less than 80.000 EUR, but sometimes, although rarely, even for projects bigger than this amount. This is completely free public service.

The IPARD Monitoring Committee (IPARD Monitoring Committee) provided strategic oversight, reviewing programme progress and ensuring compliance with IPARD and national priorities. The IPARD Monitoring Committee included representatives from public institutions, local authorities, academic institutions and socio-economic partners, ensuring a participatory and transparent monitoring process.

Stakeholders expressed high satisfaction with the information workshops and training sessions, which were considered clear, practical, and well-organised. The Guidelines for Applicants were also highly valued for their clarity and usefulness, contributing to better understanding of application procedures and overall programme accessibility.

5.2. Composition of the programme; description of priorities and measures

The intervention logic of the IPARD II Programme is well designed both at programme level and at measure level. The logic of each measure reflects the needs of the sectors, and the measures target with their objectives hierarchies the investments, which can lead to overcoming the problems and challenges, the needs represent. This conclusion is expressed in more details below.

5.2.1. Programme level: Programme coherence of objectives with EU and national policies for Agriculture and Rural Development

The objectives of the IPARD II Programme are fully in line with the relevant EU and national regulation on the one hand and the needs of the agricultural, food and the rural sector on the other hand. This means that agriculture and rural development as a coherent policy area will contribute to the following specific objectives:

- Support for political reforms;
- Support for economic, social and territorial development in North Macedonia, with a view to a smart, sustainable and inclusive growth;
- Strengthening of the ability of North Macedonia 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*.

The objectives of EU assistance in the agricultural and rural development policy area are further described. In view of Union priorities for agricultural and rural development, and by means of developing human and physical capital, the objectives are as follows:

- to increase the food-safety in North Macedonia,
- strengthen the ability of the agri-food sector to cope with competitive pressure,
- to progressively align the sector with Union standards, in particular those concerning hygiene and environment, while pursuing balanced territorial development of rural areas,
- channelling investment support through management and control systems, which are compliant with good governance standards of a modern public administration and where the relevant structures of North Macedonia apply standards equivalent to those in similar organisations in the EU Member States.

The EU objectives match with the main strategic and specific objectives of the NSARD 2014-2020 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. The priorities set at the EU level are fully consistent with the NSARD 2014-2020 and the IPARD II Programme follow the same pattern.

In full compliance with the CAP and other accession countries, the IPARD II Programme objectives are grouped into the following priority areas:

1. Enhancing farm viability and competitiveness of all types of agriculture and primary food-processing, while progressively aligning with the Union standards;
2. Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry;
3. Promoting balanced territorial development in rural areas;
4. Transfer of knowledge and strengthening public administration capacity in implementation of rural development programmes;
5. Strengthening public administrative capacity in implementation of rural development programmes.

The programme has not been as **coherent** as planned, since important measures have been left out. For the implemented measures the internal coherence has been acceptable. External coherence is also acceptable in relation to NRDP and other national support schemes for agriculture.

The objectives are pursued with the help of a number of selected measures, where the rationale and the objectives of the investment measures implemented under IPARD II Programme are summarised below.

5.3. Intervention logic of single measures

5.3.1. Measure 1: Investments in physical assets of agricultural holdings

Rationale

In North Macedonia as it is the case in most EU countries, the current investment level is too low to compensate for depreciation of existing technologies and other assets. The high fixed capital consumption rate is too high. With limited financial support and difficulties with access to credits, it is difficult for most domestic small holdings to invest and practise efficient farming. This pressure on the agricultural sector is easy to document. The average annual growth in GVA/AWU in agriculture in North Macedonia is 18.5% from 2018 to 2023. The labour productivity increased from 7,626 EUR/AWU to 15,812 EUR/AWU in 2023 (SSO, 2025).

Table 8 GVA/AWU, selected countries, 2023

Country	GVA/AWU, EUR
EU-27, average	97,087
Croatia	93,009
Bulgaria	31,708
Romania	55,048
Slovenia	132,730
North Macedonia	15,812

Source: EUROSTAT, 2025

But the labour productivity level in EU is much higher. Labour productivity level in North Macedonia is only 16% of the average EU level.

Support to investments is crucial for the development of the sector. From 2018 to 2023 the public support to agriculture in North Macedonia was 126.4 million EUR annually. The contribution to growth in labour productivity (GVA/AWU) per 1 million EUR in public support in agriculture was limit to 0.1% in average annually.

The same comparative countries in the region demonstrate the following annual average increase in GVA/AWU per 1 million EUR in public support (Table 9):

Table 9 GVA/AWU increase/million EUR in public support, average, 2016 – 2023, %

Country	GVA/AWU increase/million EUR in public support, %
EU-27, average	1.2
Croatia	1.3
Bulgaria	2.0
Romania	1.0
Slovenia	4.0
North Macedonia	0.1

Source: EUROSTAT, 2025

Only Slovenia demonstrates an over average increase rate with 4%, while EU-27 and the three other Balkan countries perform at the same level. North Macedonia performs lower than the comparative countries with its 0.1% rate. It is only 10% of the EU-27 average level.

The level of GVA/AWU is still low compared to the other countries, but the average annual growth is higher in North Macedonia than in any of the other countries. So, there is light by the end of the tunnel.

If we look at annual capital investments using the indicator Gross Fixed Capital Formation (GFCF), we see some progress in the sector in North Macedonia. The investments in the agricultural sector generate increased productivity. Therefore, there is a linkage between the GFCF invested in millions EUR and the annual increase in GVA/AWU. If the incremental labour productivity per 1 million EUR is high, it is contributing to increased competitiveness of the sector compared to countries, where the incremental growth is lower per 1 million EUR invested.

In North Macedonia GVA/AWU increases with annual average 1.0% per 1 million EUR of GFCF from 2018 to 2023, while the EU-27 average is only 0.16, which is only a level of one to six.

Table 10 Annual increase in GVA/AWU per 1 million EUR in GFCF, %

Country	Annual increase in GVA/AWU per million EUR of GCFC, %	Average annual growth in GVA/AWU, %
EU-27, average	0.16	5.5
Croatia	0.48	5.2
Bulgaria	0.20	3.2
Romania	0.07	1.8
Slovenia	0.33	10.0
North Macedonia	1.00	18.5

Source: EUROSTAT and SSO, 2025

North Macedonia´s accession to the EU confronts the agricultural holdings with more demanding and competitive environment. The rapid harmonisation of the national legislation towards EU regulation imposes strict requirements that could not be reached without significant farm improvements in terms of technological modernisation and restructuring, with special attention being given to animal welfare, hygiene and environmental requirements.

To adjust the farmers to these conditions, substantial investments in both tangible and intangible assets are needed to improve the overall performance of agriculture holdings throughout the country and moreover to meet EU standards especially related to animal welfare and environment protection.

Thus, this measure is crucial to support the improvement of the use of production factors and overall performance of the agriculture holdings including: introduction of new technologies and processes for improving primary production; promoting creation of value-added products and alternative agriculture products; production of energy crops for alternative energy use from renewable resources and efficient water use practises at farm level; transition from conventional to organic farming and maintenance of organic production; as well as overall improvement of farm management capacities and human potential.

Objectives

The general objectives are:

- 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.

5.3.2. Measure 3: Investment in physical assets concerning processing and marketing of agricultural and fishery products

Rationale

Currently, the food processing sector is characterised by the same low level of productivity as the agricultural sector. Outdated equipment and premises contribute to low competitiveness and inability to expand to economy of scale. Structural weaknesses related to seasonality of the primary agriculture production, fragmented supply with many small producers impede the food processing industry to adjust to market demands. As a result, the domestic market is dominated by imported food in almost all the sectors (except fruits and vegetables), demonstrating the low and challenged competitiveness of the domestic sector.

Although the annual growth in the value of production in the food & beverage industry increases with 5% from 2016 to 2022, but in the same period the increase in gross value added (GVA) was 4.5% and in revenue it was only 4%. Thus, the industry loses its capability to earn money. The sector sees an increased turnover, but with less GVA and less revenue per EUR in turnover (SSO, 2025).

In order to successfully deal with the imported high quality products sold at relative low prices on the domestic market as well as to promote growing exports, the companies in the food and beverage sector need high degree of improvement of production effectiveness and marketing, introduction of innovations, use of renewable energy sources, improving food quality and food safety, environmental protection, and improving the labour and hygiene conditions.

The accession process to the EU also requires establishments processing agriculture products to achieve full compliance with EU standards related to food safety, environmental protection, hygiene and occupational health and safety. Following the legal approximation process, the food and beverage operators which do not comply with the EU food safety standards will be closed on or they can choose to limit their sales on sub-regional local markets. Applicants are typically already registered as food business operators within the FVA system and comply with the relevant national legislation; in such cases, no major issues are encountered. However, for small farms that do not fall under the competence of veterinary inspectors, registration and compliance can be more challenging, often requiring additional guidance and administrative support.

Achieving this compliance will require substantial investments, which would be realized with difficulty without financial support especially in the milk and meat sectors, to which transitional periods for compliance with EU standards have been granted to certain enterprises.

In addition, support is needed to improve the performances of agro-food production from the point of view of productivity and efficiency with respect to rationalisation of the installed capacities, their efficient use and to eliminate the supply chain malfunctions, manifested on agriculture markets.

The weaknesses in the supply of raw materials from the primary agriculture production affect mainly the sectors which have growing export potential such as wine production, fruit and vegetable processing and marketing, milk and dairy. The sector for fresh meat supply has a great growing opportunity for covering the needs on the domestic market, especially beef and poultry (pork being the only segment that is already self-sufficient). The sector for cereal processing and marketing together with the dried leguminous crops has a great growing opportunity for covering the domestic market need of dried cereals and leguminous crops.

Objectives

The general objectives are:

- To 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.
- To also help addressing the challenge of climate change, by promoting resource efficiency and renewable energy.

The specific objectives are improvement of 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.

5.3.3. Measure 7: Farm diversification and business development

Rationale

The structure of the rural economy is diverse and trading service and manufacturing represents and increasing proportion of value added, but agriculture remains the major source of income for rural dwellers. Agricultural activities alone cannot provide suitable income to the rural inhabitants because of structural shortcomings and increased productivity. The formal labour force in agriculture is only half the number in 2023 compared to 2016. 123,000 jobs were reduced to just 60,000 in 2023. The increased labour productivity comes with this negative effect on jobs.

Therefore, diversifying of the agriculture income with introducing different economic activities in the rural areas is needed. The recent trends of decline of agriculture, forestry and fisheries employment on national level with lack of adequate options for those who decrease or ceased their agricultural activity to find an employment in other sectors poses a risk for development of rural areas.

Entrepreneurship in rural areas is hindered by lack of capital and insufficient access to business development. Limited investment potential of rural actors, underdeveloped cooperation, lack of information and consultation about the advantages of entrepreneurship activities, orientation of the services into the local market, small demand of the goods and services due to lower standard of living of rural population impede the business creation and development in rural areas.

The provision of services in the rural areas is far behind the provision of services in the urban areas. The competitiveness of the agriculture and the rural areas is constrained by inadequate quality and access to basic infrastructure and services for the rural economy and population. Service provision is an indicator for quality of life of rural population as well.

Thus, the support of the new business and the development of the established micro and small enterprises is an important tool for improving the competitiveness and job creation in the rural areas. The support is needed to develop the economic fabric of rural areas into other economic activities and services promoting job creation as well as greatly improve the quality of life, especially for the young rural population.

The tourism potential in rural areas is underutilised although growing demand of rural tourism exists from domestic tourists as well as from foreign tourists visiting to explore the natural, cultural and traditional amenities of the country. Rural tourism is growth economic sector, creating an opportunity for diversification of activity for persons engaged in agriculture, also for additional income, increasing employment of rural population and promoting their entrepreneurship. Support is needed to create variety of recreational services in rural areas, establishment and modernisation of accommodation and catering facilities including camping and/or lodging places, or camps, in rural areas.

Thus, the purpose of the measure is to provide support to the investments in the rural areas aimed at establishment and development of alternative economic activities in rural areas, promotion of entrepreneurship and business development of non-agriculture products, improving access to services to agriculture holdings and rural population, and promotion of rural tourism.

Objectives

The overall 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.

The specific objectives are:

- 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.

5.4. Financial plan foreseen for the entire programming period

The original financial plan of the IPARD II Programme is inserted below.

Table 11 Original financial plan

Measure	EU co-financing, EUR	National co-financing, EUR	Private co-financing, EUR	Total expenditures
Measure 1	21,800,000	7,266,667	19,377,778	48,444,445
Measure 3	21,960,000	7,320,000	29,280,000	58,560,000
Measure 6	9,100,000	3,033,333	0	12,133,333
Measure 7	4,740,000	1,580,000	3,403,077	9,723,077
Measure 9	2,400,000	423,529	0	2,823,529
Total	**60,000,000**	**19,623,529**	**52,060,855**	**131,684,384**

Source: IPARD II Programme, 13 February 2015

The fifth and final modification of the programme resulted in this final financial plan, which is also the one we have used a reference in the evaluation as reference for achieved outputs, results and impacts:

Table 12 Final financial plan for IPARD II Programme

Measure	EU support, planned	National support, planned	Private co-financing, expected	Total expenditures, planned
Measure 1	17,120,000	5,706,667	15,217,778	38,044,445
Measure 3	27,025,587	9,008,529	36,034,117	72,068,233
Measure 7	15,394,413	5,131,471	11,052,399	31,578,283
Measure 9	460,000	81,176	0	541,176
Total	**60,000,000**	**19,927,843**	**62,304,294**	**142,232,137**

Source: AIR 2024 report, MAFWE, 2025

5.5. Modifications of programme

According to the AIR 2024 report, the IPARD Managing Authority has made five modifications of the programme. The first modification was proposed to expand and clarify the opportunities for potential beneficiaries. Most of the proposed changes were based on the experience of implementing the first public call and to support the implementation process. The experience of the first 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. Experiences from later calls have proven that this influenced the implementation in good way, significantly decreasing the time needed for approval of applications and reduced rejections rates, in particularly for Measure 7. The time from submission of applications to contacting was very long under the first call: Minimum 15 months. The contracting period was considerably reduced after the amendments and the changed document requirements.

In addition, changes were proposed for investments related to the establishment of new irrigation systems as an eligible investment under the Measure 1, which was well justified. Changes were also included for eligible investments

in the renewable energy sector under Measure 7. Due to the great interest in investments in renewable energy, changes in the financial allocations were proposed resulting in an extra ordinary increase in the budget for Measure 7. In addition, several changes to the eligibility conditions and selection criteria were proposed. Additional modifications were 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 also was well justified. In addition, a clarification has been included on the eligibility of costs for electricity supply, irrigation, drainage, wells, pumps, etc.

In order to be able to publish call number eight under the programme, the IPARD Managing Authority transferred resources from Measures 1 and 7, to Measure 3. The same was the case for the ninth call, where the I IPARD Managing Authority amended the programme for fifth time. Again, transfer of resources from Measures 1, 7 and 9 to Measure 3 took place. Measure 9 Technical Assistance was reduced considerably with 80% in the final financial plan compared to the original. Even though resources were transferred away from Measure 7 to Measure 3, the increase in the budget for Measure 7 was still more than 3 times higher in the final financial plan compared to the original plan.

Table 13 Original financial plan and final financial pan, % change

Measure	Total expenditures, original financial plan, EUR	Total expenditure, final financial plan, EUR	Change from original financial plan to final financial plan, %
Measure 1	48,444,445	38,044,445	78.5
Measure 3	58,560,000	72,068,233	123.1
Measure 6	12,133,333	/	/
Measure 7	9,723,077	31,578,283	324.8
Measure 9	2,823,529	541,176	19.2
Total	**131,684,384**	**142,232,137**	**108.0**

Source: IPARD II Programme February 2025, AIR 2024 report, MAFWE, 2025

The rate of rejections was very high for the first call in 2017. In particularly for Measure 7, where only 12% of the applications were contracted. The rate of approval increased call after call for Measure 7, but overall, the final approval (contracting rate) was only 31%. 7 out 10 applications were rejected, witnessing of severe problems for the applicants for this measure. For Measure 1, the approval rate was constant from call to call around 60%, while it for Measure 3 was 54% in 2017 ending with 67% in 2023. In average the approval rate for Measure 3 was 66%. 2 out of 3 applications were approved.

6. ANSWERS TO EVALUATION QUESTIONS

This chapter presents the analysis and discussion of findings in response to the evaluation questions, structured around the established judgement criteria and target levels of the IPARD II Programme. The analysis combines both quantitative and qualitative evidence, drawing on data from public statistics, specific surveys and enquiries, interview with stakeholders and in-depth case studies, and other relevant sources. The purpose of this chapter is to assess the achievements of the IPARD II Programme against its expected outputs, outcomes, and impacts, and identifying key factors influencing implementation effectiveness and programme outcomes.

6.1. Measure level – Beneficiaries and rejected/cancelled applicants' survey results

To collect comprehensive and comparable data to assess the results and impacts of the IPARD II Programme in North Macedonia, direct survey research was conducted. The beneficiary survey was designed to gather direct detailed information from IPARD II beneficiaries on the outputs, results, and impacts of the investments supported under each measure of the programme. Back-to-back with the beneficiary survey, an interview-based rejection survey was also conducted among unsuccessful and withdrawn applicants. The data collected through this survey provided a valuable comparative perspective, functioning as a control group for the triangulation of findings from the beneficiary survey. Together with other statistical data sources, it supported the validation of the programme's impacts.

Both surveys were designed to collect data that were not available in the databases of the IPARD Managing Authority or the IPARD Agency. The beneficiary survey covered all implemented measures (M1, M3, and M7) and included a representative sample of 204 beneficiaries, and the rejected survey a sample of 84 respondents.

6.1.1. Description of sample

The structure of beneficiaries according to gender, age, education, and legal form across three measures (M1, M3, and M7) represented in the survey is shown in Figures 1 to 5. In terms of **gender**, men represent most beneficiaries across all measures, accounting for 79% overall, while women holders of the project take 21%. This share is double than the average of proportion women as only 10% of the agricultural holdings are managed by females (SSO, 2017). Additionally, while women comprise a significant portion (42%) of the agricultural workforce in North Macedonia (SSO, 2017), their roles are often concentrated in unpaid family labour. This translates to limited decision-making power and access to resources.

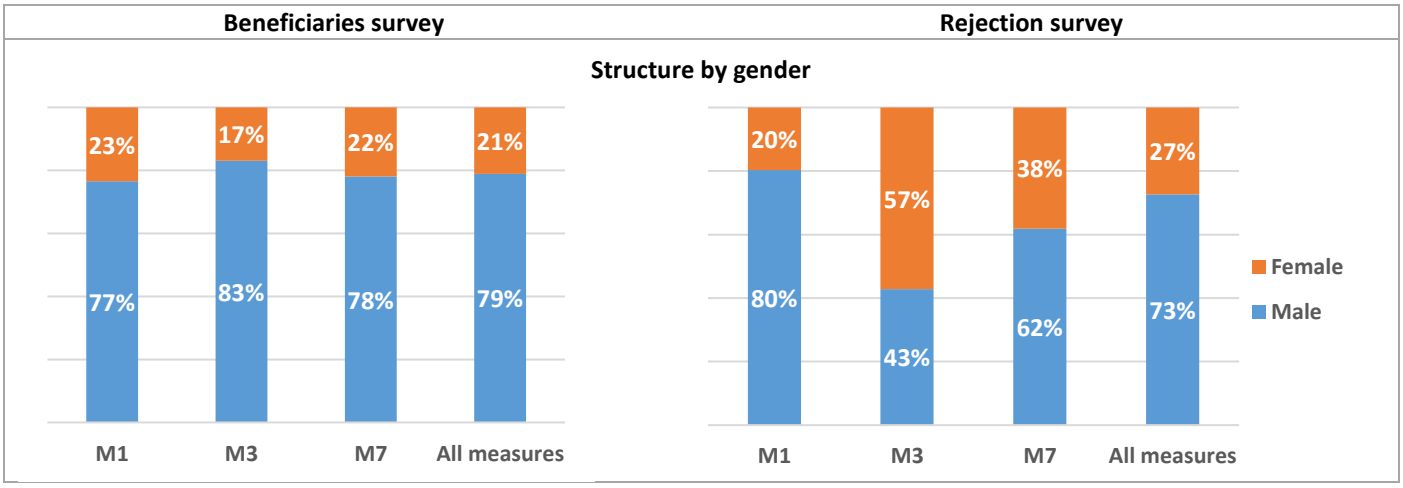


Figure 1 Gender characteristics in the beneficiaries and rejected applicants' sample (Survey 2025)

The average **age** of the beneficiaries in the sample is 49 years, with the largest share falling within the 41 to 50 age group (36%), followed by those aged 51 to 60 (24%) and under 40 (23%). Beneficiaries over 60 years represent a smaller proportion (17% combined). The largest proportion of younger beneficiaries is present in M7 (29%, compared to 20% in M1 and 22% in M3), as the average age of M7 beneficiaries is 46, and in both M1 and M3 is 50 years of age. The representative sample of IPARD II beneficiaries has more favourable age distribution than that of the country level agricultural workforce, where 62% of workers are over the age of 55, with only 4% under the age of 35. Data from the

farm registry shows that the share of young farm holders of registered agricultural holdings up to 40 years of age is about 14% (MAFWE, 2021). The aging demographic poses challenges for the future of the sector, as younger generations are deterred from entering agriculture due to lower wages and a perceived lower quality of life compared to other sectors.

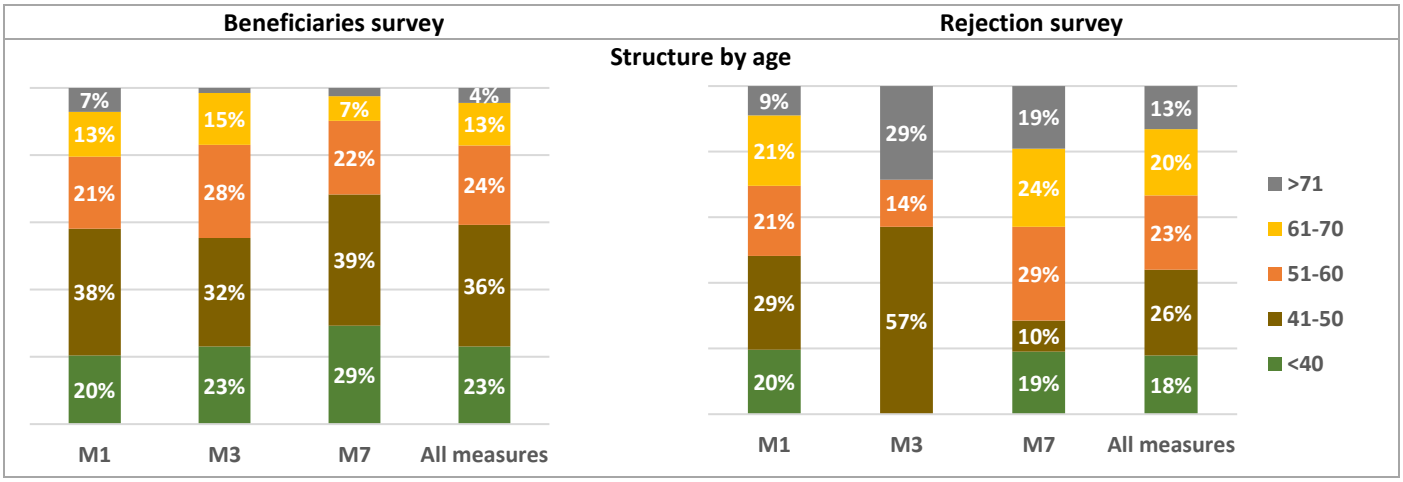


Figure 2 Age across the beneficiaries and rejected applicants' sample (Survey 2025)

Regarding **education**, more than half of the beneficiaries (52%) have a high school education, while 39% hold a university or college degree, and 8% have postgraduate qualifications. There is a high discrepancy across measures, with beneficiaries with high-school (mostly individual family farmers) taking up 69% of M1, opposite of M3 where beneficiaries with university degrees (undergraduate or postgraduate) account for 67%. On national level, the labour force engaged in agriculture includes 11% lacking education, 35% with primary education, and 43% having completed only secondary education. Only 8% of agricultural holders have higher education qualifications (SSO, 2017).

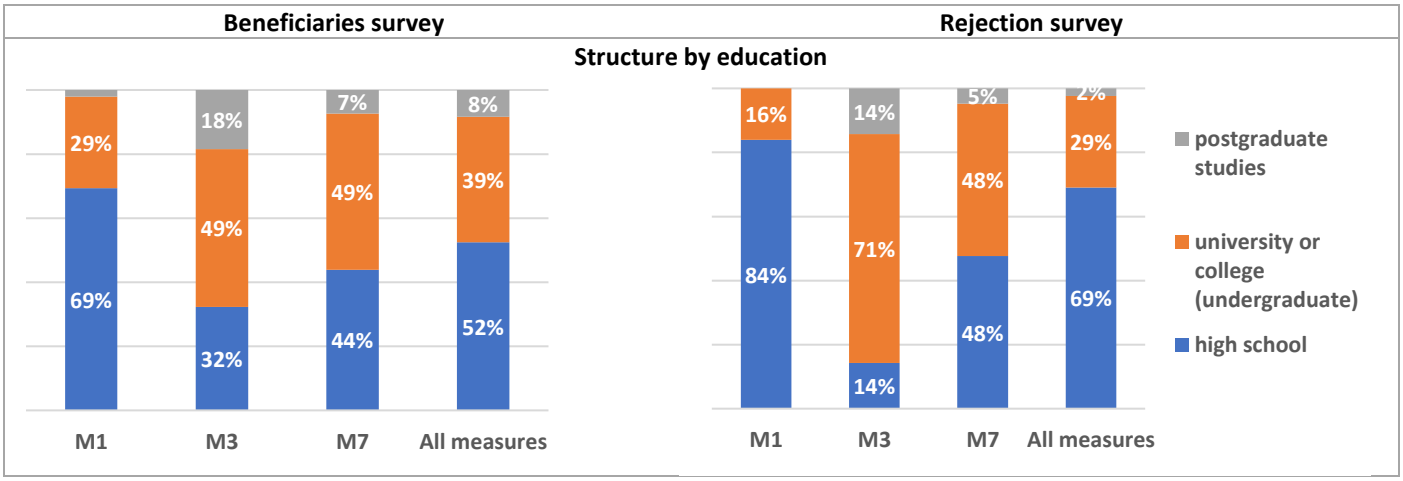


Figure 3 Education levels in the beneficiaries and rejected applicants' sample (Survey 2025)

The **legal form** analysis shows that agricultural holdings dominate with 53% of beneficiaries, while legal entities represent 44%. Caterers (all in M7) and cooperatives (one in M3 and one in M7) make up a minor share at 2 and 1%, respectively.

The surveyed control sample of rejected and withdrawn applicants consisted of 84 individuals across the three measures (M1, M3, and M7), with the majority (67%) coming from Measure 1. In terms of **gender** distribution, the sample was predominantly male (61 respondents), while female participants accounted for 27% of the total. Regarding **age**, the largest group of respondents were between 41 and 50 years old (26%), followed by those aged 51–60 (23%) and 61–70 (20%). As for **education**, most respondents (58 individuals) reported secondary education, while 23 had higher education, and only a small number held doctoral degrees or specialized higher education. Overall, the main and control sample are comparable. In terms of **legal form**, the surveyed sample of rejected and withdrawn applicants primarily consisted of individual agricultural holdings (70%), followed by legal entities (25%), while caterers (4%) and those that did not declare their legal form (1%) represented only a small fraction.

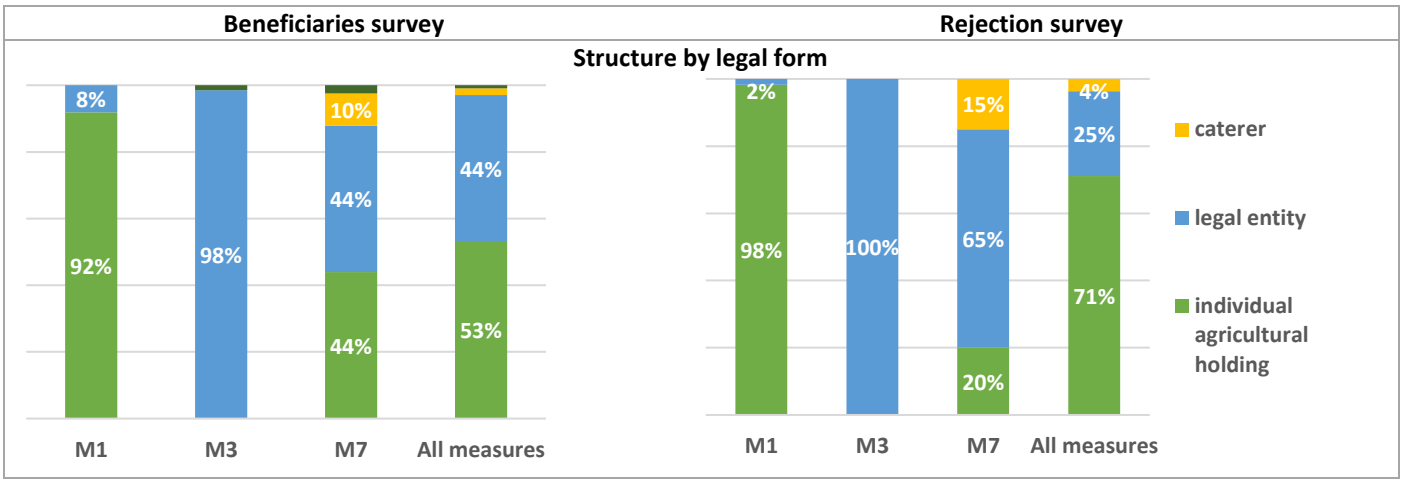


Figure 4 Legal form in the beneficiaries and rejected applicants' sample (Survey 2025)

Figure 5 presents the **classification** of beneficiaries included in the representative sample based on the number of employees across four sizes (categories: micro, small, medium, and large enterprises, as provided in the Guideline for applicants) and their corresponding distribution under three measures (M1, M3, and M7). The majority of beneficiaries fall under the micro category (below 10 employees), with 93 under M1, 5 under M3, and 31 under M7, showing that smaller enterprises are the primary beneficiaries of IPARD II. Small enterprises (11–50 employees) follow, with 4 under M1, 44 under M3, and 10 under M7, indicating significant engagement under M3. Medium enterprises (51–250 employees) have limited participation, with 1 under M1 and 16 under M3, while large enterprises (251–750 employees) show no recorded beneficiaries within the survey across any measure. Overall, the data highlight a strong concentration of support toward micro and small enterprises, particularly under measures M1 and M3. In the control survey, based on the number of full-time employees, the majority of respondents operated as micro-enterprises (81%), with small enterprises accounting for 17% and medium-sized enterprises only 2%.

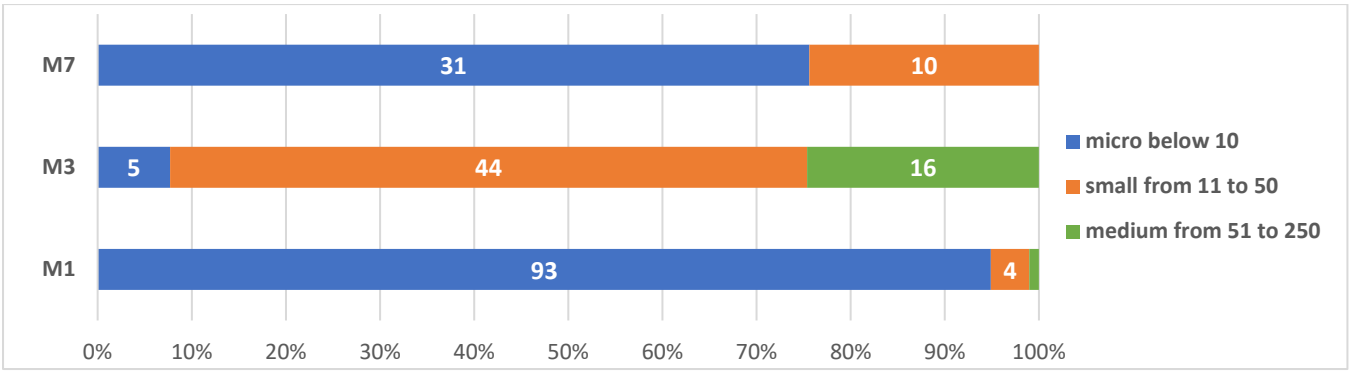


Figure 5 Classification of beneficiaries according to the number of employees (Survey 2025)

From a **regional perspective**, the geographical distribution of the surveyed beneficiaries demonstrated broad regional coverage across North Macedonia. The largest share of beneficiaries was located in Pelagonia, accounting for 30% of the total sample. This was followed by the Vardar region with 15%, and the East region with 13% of beneficiaries. Moderate representation was recorded in the Skopje region (12%) and Southwest (10%) regions, while smaller proportions of respondents were found in the Southeast (8%), Polog (7%), and Northeast (5%) regions. The sample reflected a well-balanced geographical dispersion, broadly corresponding to the spatial distribution of IPARD II investments across the country. The control survey also provides similar representation: 35% in Pelagonia, East (13%), Vardar (12%), and Southwest (11%). Other regions such as Skopje, Northeast, and Southeast each accounted for between 7 and 8%, while Polog was the least represented region with 5%.

6.1.2. Production capacities in M1

Beneficiaries in M1 showed growth in both agricultural **land and livestock numbers**, with the average area increasing from 15.1 to 20.8 hectares and livestock units rising from 4.7 to 12.7 by 2024. The control group experienced only modest growth in land area (increasing slightly from 9.2 to 10.4 hectares) and livestock units increased from 6.0 to 17.0. The wide range in farm sizes, from as little as 1 hectare to as much as 594 hectares, indicates significant diversity among farms.

Table 14 Area and livestock units of beneficiaries and control group

	Agriculture land (ha)				Livestock units	
	Beneficiaries (before investment)	Beneficiaries 2024	Control (before application)	Control 2024	Beneficiaries 2024	Control 2024
Mean M1	15.1	20.8	9.2	10.4	4.7	12.7
Range	1.0-594.0	1.0-594.0	1.0-50.0	0.5-50.0	1.0-14.5	6.0-17.0
Stdev	60.7	65.2	11.3	13.1	4.9	3.5
CV	401.9	313.2	123.2	126.2	104.4	125.5

Note: M1 beneficiaries' farms with area under cultivation n=98, with livestock n=11; control group farms with area under cultivation n=33, with livestock n=4

More than half of the beneficiaries (59%) have increased their cultivated area after the IPARD II investment, compared to only 21% in the control group, indicating a strong positive impact of the program on farm expansion. Meanwhile, 37% of beneficiaries reported no change in cultivated area versus 64% of the control group, and only 4% of beneficiaries experienced a decrease compared to 15% among controls.

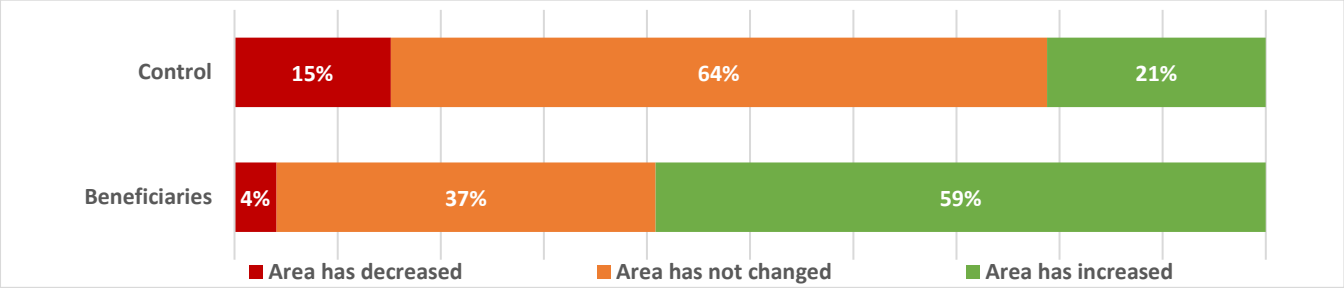


Figure 6 Change in cultivated area before and after IPARD II (Survey 2025)

The distribution of **agricultural holdings by land** size before and after the implementation of IPARD II shows notable changes in the structure of farms across different land size categories. The number of small holdings below 5 hectares decreased from 15 to 7 in the category below 1.99 ha, and from 35 to 25 in the 2.00–4.99 ha range, indicating a consolidation of smaller farms. Subsequently, medium-sized farms (5.00–19.99 ha) experienced notable growth, especially in the 5.00–9.99 ha range, which increased from 22 to 33, suggesting an expansion of the productive capacities. The larger farms (50.00–99.99 ha and above 100 ha) also grew in number, from 2 to 8 and 2 to 3 respectively, reflecting a trend toward larger-scale agricultural operations after IPARD II. The survey data suggest a gradual shift from small to medium and large agricultural holdings, likely driven by improved investment support and modernization incentives under the IPARD II program.

Compared to the country situation, most significant portion (61%) of all the farmers in the country operate on landholdings of less than one hectare; 35% have 1 to 5 ha of agricultural land; 3% work on 5 to 10 ha, while only 1% cultivate on more than 10 ha (SSO, 2017). This comparison clearly placed IPARD II beneficiaries among those farmers with larger cultivated areas.

Among respondents in the control survey in M1, most participants operated on relatively small agricultural holdings. The majority reported farm sizes between 5.00 and 9.99 hectares (14%), followed by 2.00–4.99 ha (6 respondents, 7%) and 10.00–19.99 ha (5 respondents). A smaller number managed larger farms, including 20.00–49.99 ha (4%) and 50.00–99.99 ha (2%), while none reported owning more than 100 hectares.

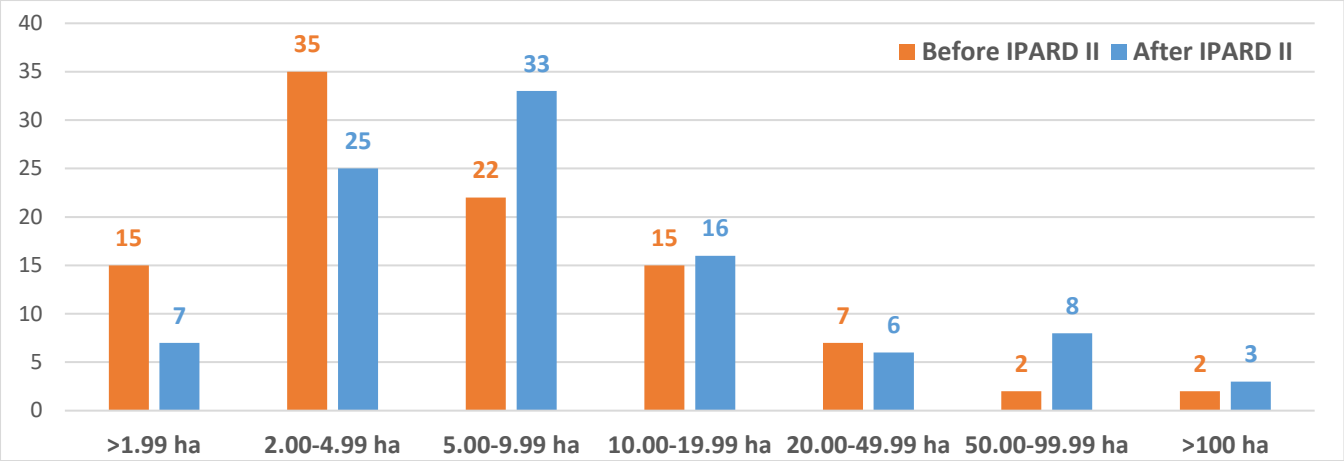
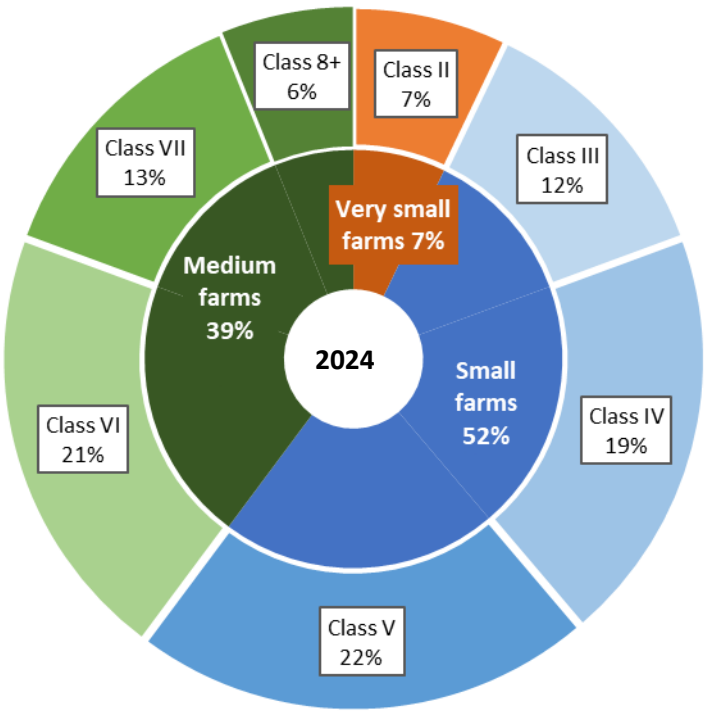


Figure 7 Size of agricultural holdings in M1 in hectare groups (Survey 2025)

The classification of agricultural holdings represented in the beneficiaries' survey according to their **economic size** is expressed in Euro (EUR) value limits of standard output and corresponding farm classes (following the FADN methodology and the Standard Output – SO Coefficients provided by MAFWE). Farms are divided into three main categories: very small, small, and medium farms. Very small farms with annual output below 4000 EUR make up 7% of the total. Small farms with output between 4,000 and 25,000 EUR (Classes 3 to 5) represent the largest group, accounting for 52% of all holdings with 12% in Class 3, 19% in Class 4, and 21% in Class 5. Medium farms with output between 25,000 and 100,000 EUR (Classes 6 and 7) contribute 33%, while the largest farms exceeding 100,000 EUR (Class 8 plus) represent 6%. The data indicate a predominance of small and medium farms, reflecting a structure where most agricultural producers operate within lower to middle economic range.



Category	Size class	Limit in EUR
very small farms	1	below 2,000 EUR
	2	from 2,000 to 4,000 EUR
small farms	3	from 4,000 to 8,000 EUR
	4	from 8,000 to 15,000 EUR
	5	from 15,000 to 25,000 EUR
medium to large farms	6	from 25,000 to 50,000 EUR
	7	from 50,000 to 100,000 EUR
	8	above 100,000 EUR

Figure 8 Economic size of agricultural holdings in M1 (Survey 2025)

Compared to the country average, the IPARD II beneficiaries in M1 are significantly larger, as on national level 51% of the farms have under 2,000 EUR of annual turnover (Class 1), 20% have output from 2,000 to 4,000 EUR per year (Class 2), 16% from 4,000 to 8,000 EUR per year (Class 3), 8% from 8000 to 15000 EUR per year (Class 4), 3% from 15,000 to 25,000 EUR per year (Class 5), hence only 2% remain in the classes 6+, with annual output above 25,000 EUR.

Among beneficiaries, the mean number of main **machinery units** increased from 2.1 to 3.1 before and after the IPARD II investment, while the control group grew slightly from 1.3 to 1.8, indicating stronger mechanization growth among

supported farms. Similarly, auxiliary machinery units rose from 4.8 to 6.8 for beneficiaries and from 7.7 to 8.9 for the control group. Despite wide ranges and high variability (coefficient of variation - CV values exceeding 150% for main units before IPARD II investment), the data show a trend of increased machinery ownership among beneficiaries, reflecting the investment's role in enhancing farm capacity and operational efficiency.

Table 15 Machinery units of beneficiaries and control group (Survey 2025)

	Main machinery units				Auxiliary machinery units			
	Beneficiaries (before investment)	Beneficiaries 2024	Control (before application)	Control 2024	Beneficiaries (before investment)	Beneficiaries 2024	Control (before application)	Control 2024
Mean M1	2.1	3.1	1.3	1.8	4.8	6.8	7.7	8.9
Range	1.0-25.0	1.0-25.0	1.0-4.0	1.0-4.0	1.0-25.0	1.0-25.0	1.0-15.0	1.0-18.0
Stdev	3.4	4.8	0.7	1.0	3.7	4.2	3.9	4.7
CV	164.3	156.0	53.3	53.9	76.8	60.9	51.1	53.2

Note: M1 beneficiaries' farms with own machinery n=93; control group farms n=31

For main machinery, 55% of beneficiaries reported an increase compared to 37% in the control group, while 45% of beneficiaries and 63% of control farms saw no change. The difference is even more pronounced for auxiliary machinery, where 73% of beneficiaries increased their units, compared to only 29% among the control group, and 27% of beneficiaries reported no change versus 71% of controls. These results indicate that IPARD II support played a key role in encouraging greater investment in both main and auxiliary machinery, significantly enhancing the mechanization of beneficiary farms relative to non-beneficiaries.

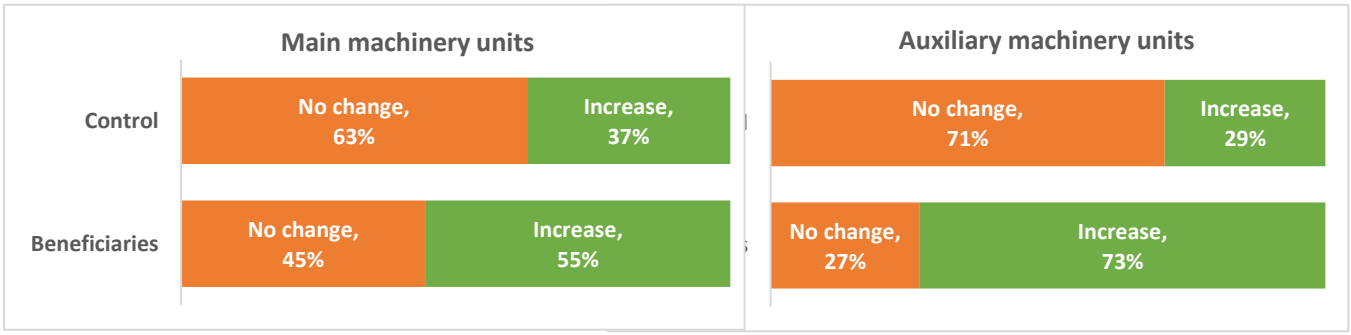


Figure 9 Change in number of machinery units before and after IPARD II (Survey 2025)

6.1.3. Labour engagement

Average labour engagement remained relatively stable before and after the IPARD II investments, with minor fluctuations across gender and measures. The average number of employed men slightly decreased from 16 to 15, while women's engagement fell from 9 to 8. By measure, M1 (primary production) maintained constant levels (average of 12 men and 3 women), and M3 (processing and marketing) showed a small decline among both men (from 26 to 24) and women (from 18 to 17). M7 (rural diversification) saw stable male engagement (7) but a modest increase in women's participation (from 3 to 4). In the control survey, labour indicators also show relative stability across both measures, with the majority reporting no significant change.

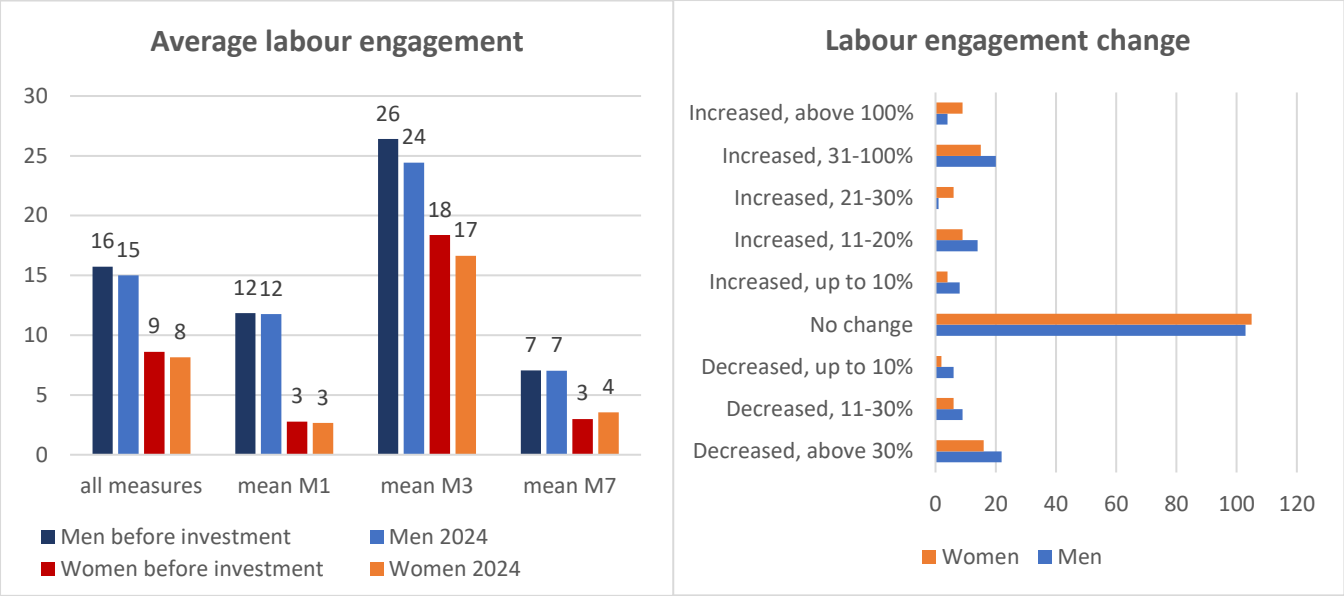


Figure 10 Change in beneficiaries' labour Full time equivalent (FTE) before and after IPARD II, by gender (Survey 2025)

6.1.4. Financing structure of projects of IPARD II Programme

Out of 204 beneficiaries, 63 reported to use bank credit to co-finance the investment (in average to finance 68% of the total investment costs). The share of beneficiaries that used bank credit differs significantly across measures, from 17% in M1, 45% in M3, up to 71% in M7. On the other hand, highest amounts are noted in M3 (EUR 345 thousand). 21 of the beneficiaries in the sample have received a grant from the IPARD III Programme.

6.1.5. Change in financial performance

The assessment of financial performance indicates an overall positive trend following the supported investments across all measures, with increases in turnover, gross value, and net value by 2024 (Table 16.). However, while these improvements partly reflect the effects of IPARD II support such as modernization, capacity expansion, and efficiency gains, not all growth can be directly attributed to the programme. Broader economic factors, including price increases, market expansion, and individual business development strategies, have also contributed to higher financial indicators over time. The influence of external factors and cumulative growth over time should be considered when interpreting these results. The survey result regarding financial performance is assessed against a more direct Present Value approach later in this chapter, where the economic benefits of the individual interments are estimated.

Turnover at beneficiaries increased by an average of 28%, reflecting improved market competitiveness and production capacity. Direct costs rose by 29%, indicating higher operational activity levels, though in some cases (notably M1) the increase was proportionally larger. Indirect costs exhibited a more moderate rise of 12% in average. Most importantly, the gross and net value have improved by 28% and 30% on average, demonstrating that revenue growth outpaced cost increases towards overall financial sustainability of the beneficiaries with supported investments. M1 and M7, which typically include smaller-scale beneficiaries, exhibit much lower absolute financial values despite relatively high percentage changes. For instance, turnover in M1 increased by 68%, and net value rose by 29%, but from a low baseline, indicating that even modest absolute improvements translate into relative growth. This pattern suggests that smaller farms or enterprises achieved efficiency gains primarily through modernization and better use of assets, rather than scale expansion. Similarly, M7 shows the highest relative growth in net margin (71%), yet the underlying amounts remain limited, reflecting efficiency improvement within smaller investment scopes.

In contrast, M3, representing larger and more capital-intensive projects, shows high absolute gains but lower relative percentage change: turnover increased by 23% and net value by 25%. This indicates more stable, mature operations where the IPARD-supported investments contributed to incremental change.

The median values can in addition provide a more grounded view of financial performance among the surveyed participants, minimizing the effect of a few large-scale beneficiaries that drive up the average values. Although average turnover and net value show substantial growth across all measures, the medians reveal that for most beneficiaries, particularly small and medium-sized ones, the absolute financial changes are more modest. For instance, overall median turnover increased from 21,000 EUR to 40,000 EUR, much less pronounced than the mean increase. This suggests that a limited number of larger enterprises (especially the processors under Measure 3, and the non-food companies in M7) significantly influenced the average results, which needs to be considered in the interpretation of the results.

Table 16 Indicative changes in key financial indicators before and after IPARD II support across the beneficiaries included in the survey, by measure (EUR) (Survey 2025)

Indicator	Measure	Before		2024		% Change in average
		Mean	Median	Mean	Median	
Turnover	**All measures**	**1,018,546**	**21,000**	**1,300,243**	**40,000**	**28%**
	M1	32,442	13,000	54,549	20,000	68%
	M3	3,134,929	1,992,432	3,926,383	2,795,692	23%
	M7	290,010	21,000	362,522	30,000	25%
Direct costs	**Mean - all measures**	**670,080**	**10,000**	**867,380**	**17,000**	**29%**
	Mean M1	15,558	5,400	33,989	8,580	118%
	Mean M3	2,220,416	1,384,527	2,743,849	1,701,841	24%
	Mean M7	234,753	10,000	246,811	10,000	5%
Gross value	**Mean - all measures**	**326,102**	**10,381**	**416,113**	**18,600**	**28%**
	Mean M1	14,188	6,000	17,658	10,000	24%
	Mean M3	1,050,457	496,486	1,284,158	514,474	22%
	Mean M7	78,732	10,000	130,669	22,000	66%
Indirect costs	**Mean - all measures**	**68,071**	**1,000**	**76,010**	**1,000**	**12%**
	Mean M1	2,961	800	3,023	740	2%
	Mean M3	310,274	62,368	325,694	34,000	5%
	Mean M7	55,321	600	76,023	750	37%
Net value	**Mean - all measures**	**288,657**	**10,000**	**375,799**	**17,350**	**30%**
	Mean M1	12,076	5,000	15,568	7,000	29%
	Mean M3	936,479	474,517	1,169,562	514,429	25%
	Mean M7	60,292	10,000	103,025	22,000	71%

Note: Multiple projects of one beneficiary are taken out of the turnover analysis – 8 entries from companies in M3 were excluded (only the earliest project per beneficiary remained)

An important factor influencing the financial performance results derived from the survey is the **limited bookkeeping and financial recordkeeping capacity** among small farmers and rural enterprises, particularly the small farms and rural businesses under M1 and M7. Many beneficiaries operate informally, without regular accounting systems, which means that their financial responses (such as changes in turnover, costs, or profit margins) are often based on self-assessment rather than verified financial statements. This introduces a degree of subjectivity and potential bias in the reported results, as beneficiaries may over- or under- estimate financial effects depending on their experience, memory, or expectations of the programme impact. Therefore, in the next programme cycles, it is crucial to enforce the obligatory bookkeeping practices for all participating farms and rural businesses from the project's outset. This will not only provide a reliable and consistent foundation for future evaluations but also strengthen beneficiaries' financial management planning and performance analysis capacity and contribute to long-term business sustainability.

Consequently, although the data reflect a clear positive perception of IPARD's impact, especially among smaller farmers who associate new equipment or infrastructure with improved efficiency, the quantitative accuracy of these

self-reported financial changes is limited. Larger enterprises (notably under M3), which tend to maintain structured bookkeeping practices, provide more reliable financial indicators. Therefore, the observed differences between measures may partly reflect the varying reliability of reported data rather than purely the economic effects of the investments.

The heat map of **financial performance** illustrates the observed differences in outcomes across measures and financial indicators. Overall, most beneficiaries reported strong improvements in turnover and net margins, with 41% indicating increases of 31–100%, and an additional quarter noting gains above 100%. Beneficiaries, particularly those with newer or upgraded equipment that reported increased turnover, often linked it to improved productivity, higher product quality, and better market positioning. Several noted that their turnover rise was driven more by price increases rather than by volume growth. Around 15% of participants could not quantify changes, either because they do not keep formal records or operate on a small scale. Some respondents reported reduced turnover due to factors beyond their control, such as adverse weather (especially damaging for orchards in 2017), animal loss, or declining product prices, especially in the dairy and crop sectors. Few also mentioned limited market access and payment delays from buyers, which constrained liquidity and masked real production value.

Direct costs rose significantly, in line with increased production activity, while indirect costs remained largely stable, with 37% of beneficiaries reporting no change. The comments on direct costs show a clear upward trend in production costs, largely driven by increased prices of raw materials, fuel, fertilizers, energy, and labour. Many beneficiaries highlighted that input costs have risen faster than product prices, squeezing profitability despite higher turnover or yields. Several respondents explicitly mentioned that labour shortages and the high cost of mechanization services, such as harvesting, pruning, and transport, represent a significant burden, especially for smaller producers. Others pointed out that production costs fluctuate depending on the season, crop type, and weather conditions, making it difficult to predict or standardize. The pandemic and the war in Ukraine in the past years have particularly spiked input prices. Nevertheless, a smaller number of beneficiaries benefited from reduced costs thanks to new equipment, or use of own raw materials, while a few noted that they had lower expenses in certain years due to existing stock or low production activity.

On indirect costs, a large portion of respondents specified that they use their own machinery and equipment, which minimizes dependence on external service providers and reduces recurrent expenses. However, some participants, especially those operating on leased state land, reported high rental costs. A few beneficiaries mentioned notable one-off costs, such as land preparation, pruning, or harvesting services, especially in the initial years after investment. Several comments also reflect that improved mechanization through IPARD-supported investments has enhanced efficiency, leading to reduced general operating costs over time.

Table 17 Heat map of financial performance of surveyed beneficiaries (Survey 2025)

All measures	**Turnover**	**Direct costs**	**Gross value**	**Indirect costs**	**Net value**
Decreased, above 30%	4%	6%	14%	20%	15%
Decreased, 11-30%	6%	4%	6%	3%	6%
Decreased, up to 10%	2%	3%	4%	1%	5%
No change	6%	8%	4%	37%	2%
Increased, up to 10%	3%	3%	6%	4%	6%
Increased, 11-20%	6%	9%	6%	2%	6%
Increased, 21-30%	7%	5%	4%	5%	3%
Increased, 31-100%	41%	39%	28%	19%	26%
Increased, above 100%	24%	22%	29%	9%	31%
M1	**Turnover**	**Direct costs**	**Gross value**	**Indirect costs**	**Net margin**
Decreased, above 30%	6%	3%	17%	14%	17%
Decreased, 11-30%	5%	4%	6%	2%	5%
Decreased, up to 10%	0%	2%	1%	2%	2%
No change	10%	11%	7%	42%	5%
Increased, up to 10%	2%	0%	4%	3%	5%
Increased, 11-20%	2%	5%	3%	2%	5%
Increased, 21-30%	5%	5%	6%	6%	5%
Increased, 31-100%	45%	45%	29%	22%	26%
Increased, above 100%	25%	24%	28%	9%	32%

M3	Turnover	Direct costs	Gross value	Indirect costs	Net margin
Decreased, above 30%	2%	8%	16%	27%	16%
Decreased, 11-30%	9%	4%	10%	9%	10%
Decreased, up to 10%	7%	0%	0%	0%	0%
No change	2%	4%	0%	27%	0%
Increased, up to 10%	5%	10%	12%	9%	12%
Increased, 11-20%	14%	19%	8%	5%	8%
Increased, 21-30%	12%	4%	4%	5%	4%
Increased, 31-100%	30%	29%	27%	14%	27%
Increased, above 100%	19%	23%	24%	5%	24%
M7	**Turnover**	**Direct costs**	**Gross value**	**Indirect costs**	**Net margin**
Decreased, above 30%	3%	15%	7%	40%	10%
Decreased, 11-30%	3%	4%	0%	0%	3%
Decreased, up to 10%	0%	0%	0%	0%	0%
No change	3%	7%	3%	30%	0%
Increased, up to 10%	0%	4%	0%	0%	0%
Increased, 11-20%	3%	4%	10%	0%	10%
Increased, 21-30%	3%	4%	0%	0%	0%
Increased, 31-100%	52%	44%	30%	10%	30%
Increased, above 100%	32%	19%	50%	20%	47%

Note: Colour intensity reflects the magnitude of change: dark green indicates strong increases (above 30%), light green moderate increases, white no change, light red moderate decreases, dark red strong decreases (above 30%)

When comparing IPARD II beneficiaries with the control group of rejected applicants, performance advantages for supported farms and rural businesses are evident, especially in terms of revenue growth and cost management. For M1, supported applicants reported a higher incidence of revenue increase, with most (80%) seeing gains, while the control group showed a stronger concentration around no change (24%) and more frequent decreases exceeding 30%. In M7, beneficiaries also outperformed rejected applicants, over 90% reported revenue growth, compared to a largely static or declining trend in the control group. The comparison suggests modest but uneven performance changes among rejected or withdrawn applicants. This reinforces that unsupported applicants may have remained limited by liquidity and operational constraints. Some managed to expand output and maintain employment, others faced increased costs and limited revenue growth, highlighting the constraints of self-financed adaptation.

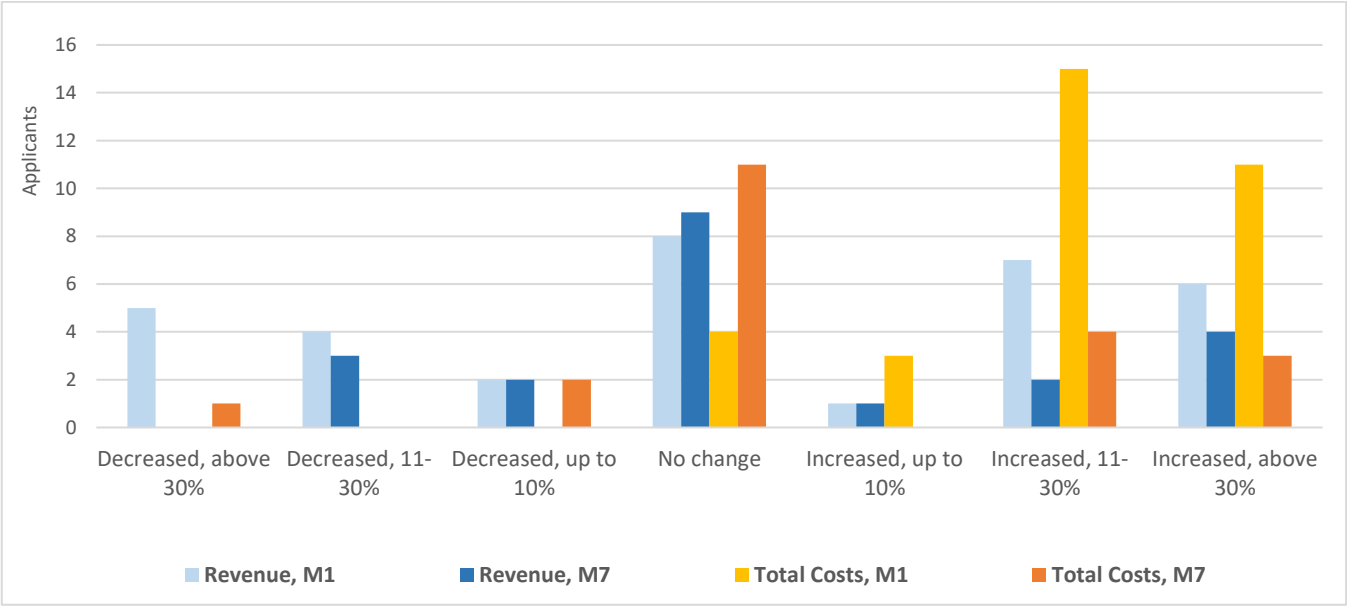


Figure 11 Self-assessment on selected performance indicators, rejected (control) survey (Survey 2025, n=54)

Note: Applicants under M3 declined to respond to these questions

6.1.6. Type of eligible investment

Within M1, the majority of investments in the beneficiaries' survey are dedicated to procurement and/or installation of new machinery, agricultural mechanization and equipment/instruments to improve agricultural production activities on the farm (89%), followed by notably smaller incidence of investments linked to purchase and/or installation of new machinery and/or equipment to improve animal welfare standards (5%), construction or reconstruction of facilities for agricultural production (3%) and procurement and/or installation of new machinery and equipment/tools for post-harvest activities, processing and direct marketing on the farm, introduction of new technologies and processes and improvement and control of the quality and safety of raw materials and food (3%). Other additional investment costs included irrigation related investments, construction or reconstruction of facilities for permanent crops, on-farm processing and marketing, environment protection and farm infrastructure (around 1% each).

In M3, 91% of the investment are dedicated to procurement of machinery and equipment for processing agricultural products; 22% were additionally linked to procurement of equipment for the production of energy from renewable sources, 12% included construction materials and elements for the construction of new facilities or the reconstruction and improvement of existing facilities, 9% had computer equipment and software, and about 5% declared eligible costs linked to license/patent requirements and marketing costs. In M7, 85% of respondents invested in new machinery or equipment, and 15% in construction or reconstruction materials and elements.

It is interesting to mention, that some applicants were initially rejected but were later approved and funded in subsequent calls in IPARD II Programme, which was confirmed both by the survey and the in-depth interviews.

In the control survey, majority of applicants (68%) aimed to invest in the purchase of agricultural mechanization or general equipment purchases, reflecting an effort to improve productivity and operational efficiency across various agricultural activities. Investments in processing machinery (7%) and construction of facilities (7%) also represent notable shares, indicating a growing interest in value-added production and on-farm processing capacity. Smaller proportions of applicants targeted irrigation and farm infrastructure (4%), renewable or energy-efficient systems (2%), and the rest was applying for investment in other categories such as irrigation, farm infrastructure improvements, investments in orchards, etc.

6.1.7. Estimated deadweight

The deadweight estimation is used to indicate the share of the investment, which would have been accomplished of the beneficiary also if there was not public support to the investment. A low level of deadweight indicates that the investment is largely depending on public support and would not have been accomplished without the support. A high level of deadweight indicates that the investment would have been accomplished under all circumstances and without public support. It is financially desirable for public authorities to have a low level of deadweight.

For M1, 22% of beneficiaries stated they would not have invested at all without the grant, while only 13% would have completed their investments fully regardless of support. M3 shows a similar pattern, with 17% reporting no investment without assistance and 14% indicating they would have invested entirely on their own. M7 presents a slightly higher deadweight, with 15% saying they would have made the full investment independently but 24% indicating they would not have invested at all. It is interesting to note that in the comments, beneficiaries who stated they would have invested even without receiving IPARD II assistance indicated that, in such a case, they would have purchased cheaper or second-hand equipment or significantly reduced the scale of their investment.

Table 18 Share of the investment that beneficiaries would have made also without the IPARD II grant (Survey 2025)

	100% - all investment made	75 – 99%	50 – 74%	25 – 49%	1 – 24%	0% - nothing invested
M1	13%	7%	15%	26%	17%	22%
M3	14%	9%	18%	11%	31%	17%
M7	15%	5%	10%	24%	22%	24%

Figure 12 shows the share of beneficiaries who made additional investments beyond those supported by IPARD II Programme between the year prior to their project and 2024. Results indicate that beneficiaries under M3 and M7 were more likely to make other investments, with 65% and 62% respectively reporting additional investment activities, compared to only 37% under M1.

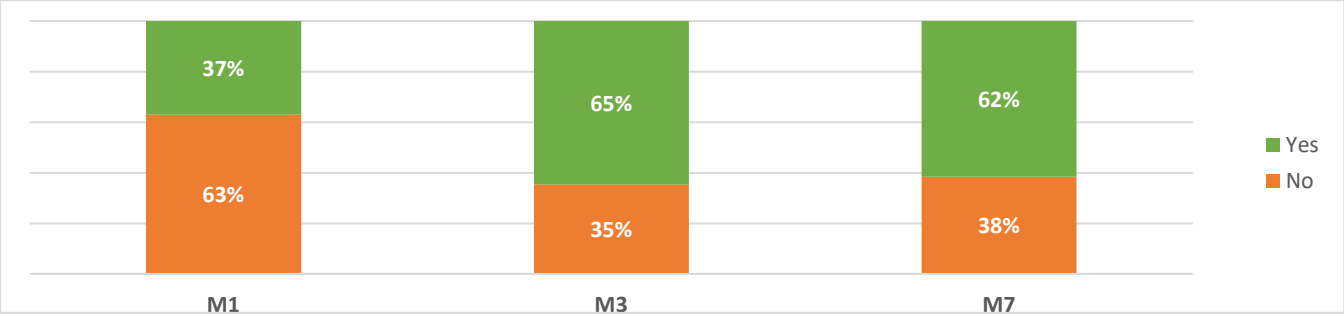


Figure 12 Other investments than supported of IPARD in the period from the year before investment to 2024 (Survey 2025)

The additional investments apart from IPARD II Programme covered a wide range of activities across agricultural production, processing, and infrastructure development. Many beneficiaries in M1 invested in additional farm machinery and equipment, such as ploughs, seeders, sprayers, irrigation systems, and auxiliary tools for crop and orchard maintenance. Several respondents in M3 mentioned construction and improvement of facilities, including production halls, storage and warehouse spaces, and refrigeration units. Others focused on modernization and technological upgrades, such as installing photovoltaic systems, bottling and packaging machines, computer and software equipment, and transport vehicles. Land purchase was also noted by two beneficiaries in M3. There were investments in M7 in beekeeping equipment, branding or marketing initiatives, investments in tourism facilities, and infrastructure works like fencing, terracing, and water connections. These responses indicate that beneficiaries were actively reinvesting in both productive capacity and modernization, complementing their IPARD II projects with broader farm and business development initiatives.

Most respondents stated that their additional investments apart from IPARD II Programme were financed through own funds, or a combination with bank credit. A smaller group referred to co-financing from national programs such as the Innovation and Technology Development Fund (FITR), the Ministry of Economy calls, or the National Programme for Young Farmers. A few also mentioned support from IME or other international development programs.

The Figure 13 illustrates the extent to which the control group (those whose IPARD II applications were rejected or cancelled) implemented their requested investments. The data show that a substantial share of respondents did not implement their planned investments after rejection from the IPARD II Programme. Specifically, 46% of M1 applicants and 57% of M3 applicants reported no investment implementation (0%), compared to 24% of M7 applicants. However, a notable proportion of respondents, particularly under M3 and M7 (around 42–43%), indicated that they had implemented their investments in full despite not receiving IPARD II support, suggesting capacity among some applicants to proceed with planned improvements independently. Smaller shares of respondents reported partial implementation, with investment completion rates ranging between 1–74% being relatively limited across all measures.

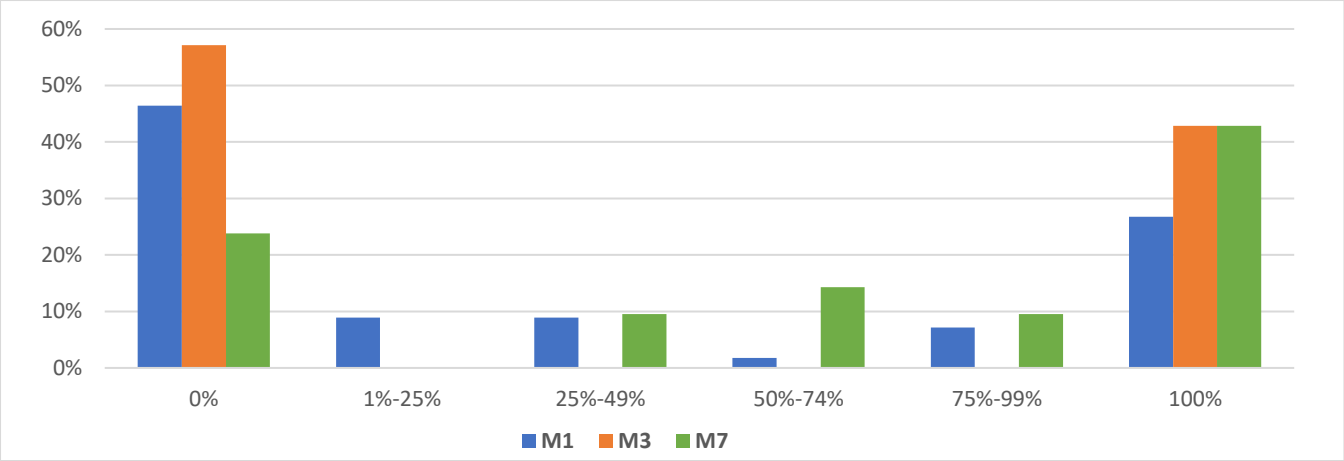


Figure 13 Deadweight estimation in the control group (Survey 2025, n=84)

In-depth interviews revealed, however, that a limited number of farmers who did proceed with their investments despite rejection often did so by adjusting the scale or quality of their projects. These applicants reportedly allocated similar levels of financial resources as initially planned but opted for lower-cost alternatives, such as purchasing second-hand equipment or importing mechanization from China - items that were not eligible for IPARD support.

6.1.8. Outcomes and impact of IPARD II Programme

The **main outcome of the IPARD II investments** stated by the beneficiaries was the strong increase in productivity and efficiency, with a total of 194 out of 204 cases reported across all measures, indicating this as the programme's dominant achievement. Other notable improvements include food safety and hygiene standards (56), reduced energy costs (28), and enhanced knowledge and skills (24), suggesting that modernization and the skills upgrade due to these new practices were other key outcomes. Smaller yet meaningful gains were observed in traceability and market opportunities (18), environmentally friendly practices (17), and innovation adoption (15). Less frequent outcomes included water use efficiency, data-driven decision-making, diversification of income, and technological modernization, each with fewer than 10 cases.

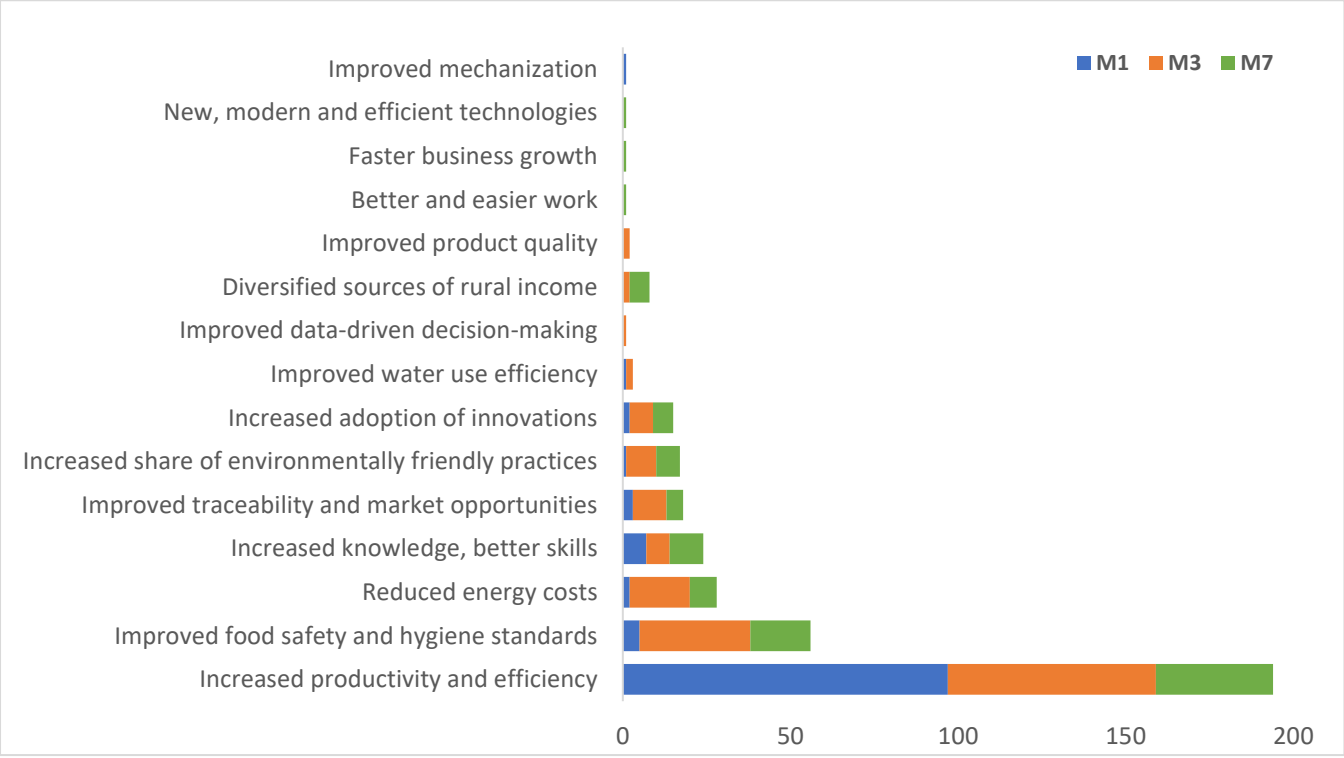


Figure 14 Main outcome of IPARD II investments (Survey 2025)

The program, as perceived by the beneficiaries who needed to select the top three **impact areas** of IPARD II Programme, was assessed as strongest in terms of increasing the competitiveness of the agri-food sector, with 169 total cases reported across all measures. Compliance with EU food quality regulations was another major effect, with 42 cases, followed closely by strengthening the workforce and retaining youth in rural areas with 40. Other important impacts included transitioning to sustainable agriculture (21), greater integration of EU and regional markets (30), and contribution to national green energy targets (14). Moderate effects were seen in revitalizing rural economies (11) and increasing resilience to climate change (8), while advancing digital transformation, promotion of rural tourism, and reduction of pollution were less frequently recognized as longer run impacts.

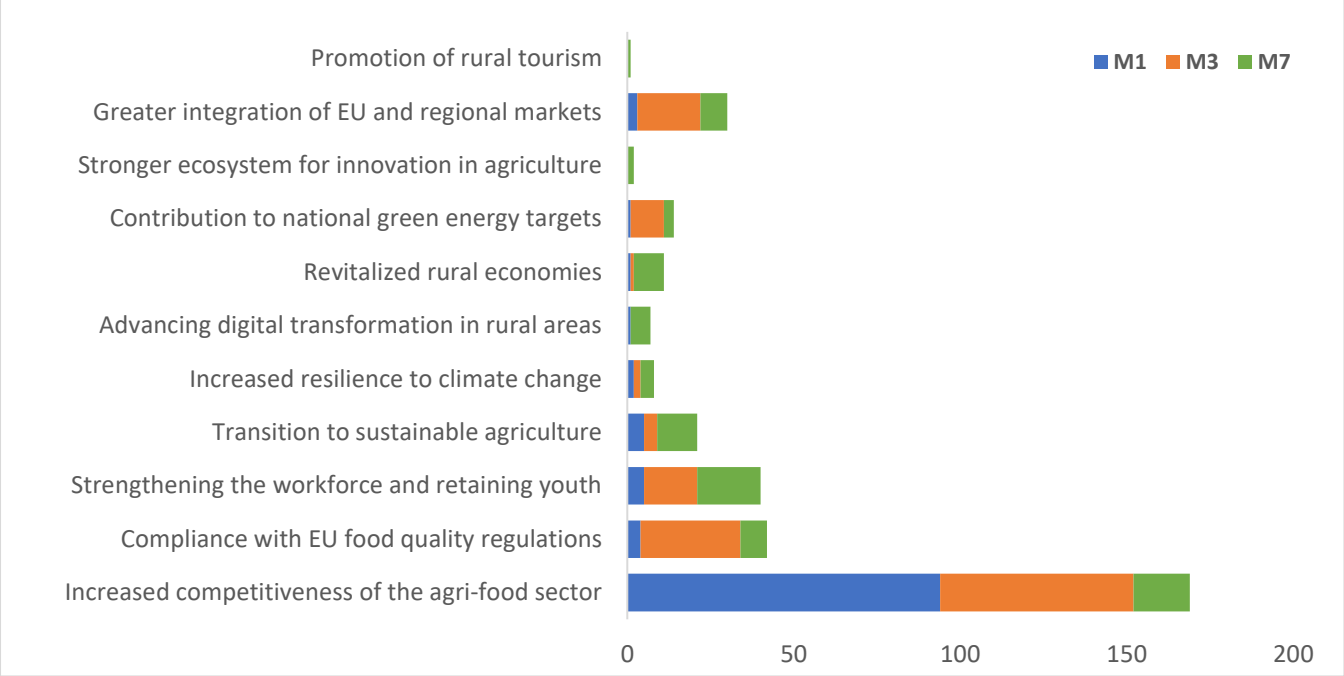


Figure 15 Main impact of IPARD II investments (Survey 2025)

6.1.9. Questions related to programme-level impact evaluation

The evaluation questions in the figure below correspond to the **programme-level evaluation** questions since data from the measure-specific survey contribute to deeper understanding of the programme-level impact. The data show that IPARD II supported investments had a strong positive impact on multiple aspects of agri-business performance. Most beneficiaries reported improvements largely in productivity (73%), working conditions (74%), and better use of production factors (73%), indicating that the support effectively enhanced efficiency. High positive responses were also observed for competitiveness (64%, or 93% with “to some extent” included) and product quality (61%), while 51% reported significant gains in the added value of products and 49% improvements in food safety and hygiene. Animal welfare was not relevant for many respondents, due to the lower number of livestock related projects. Awareness was much lower in areas such as environmental conditions (39%), and climate change adaptation or mitigation (22%), where many respondents marked “do not know”. The findings suggest that IPARD II investments most effectively boosted productivity, efficiency, and quality standards, with relatively less perceived impact in environmental and climate-related areas.

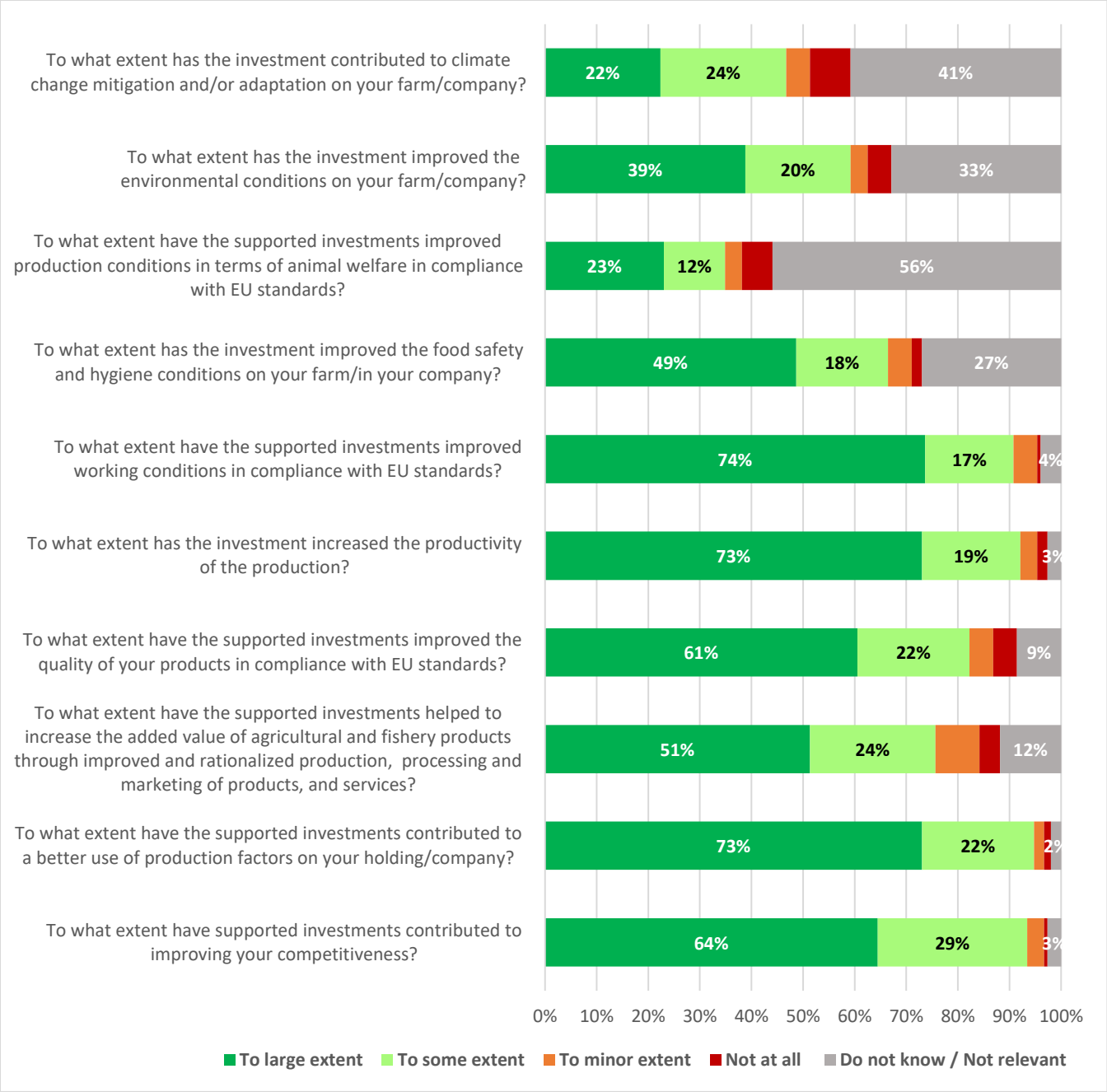


Figure 16 Questions linked to programme-level impact of IPARD II investments (Survey 2025)

The results show that the perceived impact of IPARD II investments varied across measures but was consistently positive in most key areas. For M1, the highest share of beneficiaries reporting large improvements were in the use of production factors (74%) and working conditions (72%), while competitiveness and productivity were scored less strongly (59%, respectively). Moderate improvements were observed in value added (37%) and product quality (35%), %), with the effects on food safety and hygiene even less pronounced (22%). In contrast, a large proportion of respondents indicated uncertainty or limited impact regarding environmental improvements (57%) and climate change adaptation (65%), suggesting that these areas were not recognized as directly influenced by the support.

For M3, results were exceptionally strong with over 70% of beneficiaries reporting significant improvements in competitiveness (71%), production quality (75%), productivity (82%), and working conditions (71%). In M7, the highest scores were recorded for working conditions (79%), productivity (74%), and product quality (67%), indicating substantial benefits for modernization and efficiency. Nonetheless, similar to M1, fewer beneficiaries observed major impacts in environmental improvements (38%) or climate change adaptation (26%).

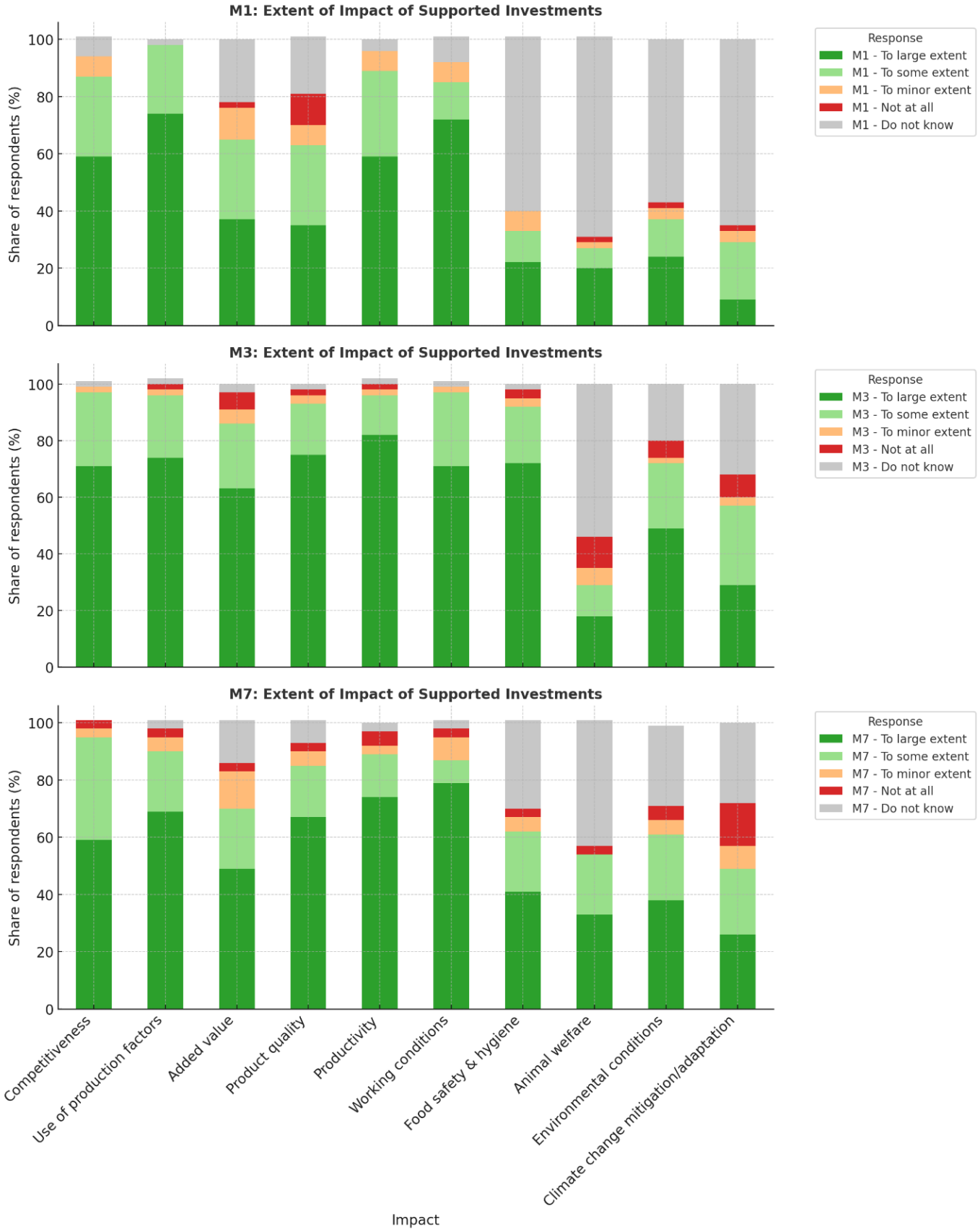


Figure 17 Questions linked to programme-level impact of IPARD II investments, by measures (Survey 2025)

The additional comments on impact reiterate that most beneficiaries perceive the IPARD II investments as having a strongly positive influence on their productivity, competitiveness, and compliance with EU standards. Many participants emphasized that the support allowed them to modernize their equipment, expand production capacity, improve product quality and introduce new technologies that made their work more efficient and aligned with food

safety and environmental standards. Several respondents stated that without IPARD support, they would not have been able to carry out the investments at the same scale or within the same timeframe.

Positive experiences included increased production continuity, modernization of production facilities, better working conditions, and reduced energy consumption. However, respondents expressed dissatisfaction due to delayed payments, administrative inefficiencies, or unjustified rejections of part of their funding. Some beneficiaries also noted that while the investment improved certain aspects of production, the overall financial effect was limited due to external factors such as drought, fluctuating market prices, or small investment size.

6.1.10. Questions related to evaluation of the programme design, administration and procedures

One of the main objectives of the ex-post evaluation is to assess **the programme design, the administration and the applied procedures** during implementation. The views of the beneficiaries are important to shed light on the topics. The interview-based survey of selected beneficiaries gathered information about their satisfaction and the experiences with the programme. The answer to this set of questions is elaborated below.

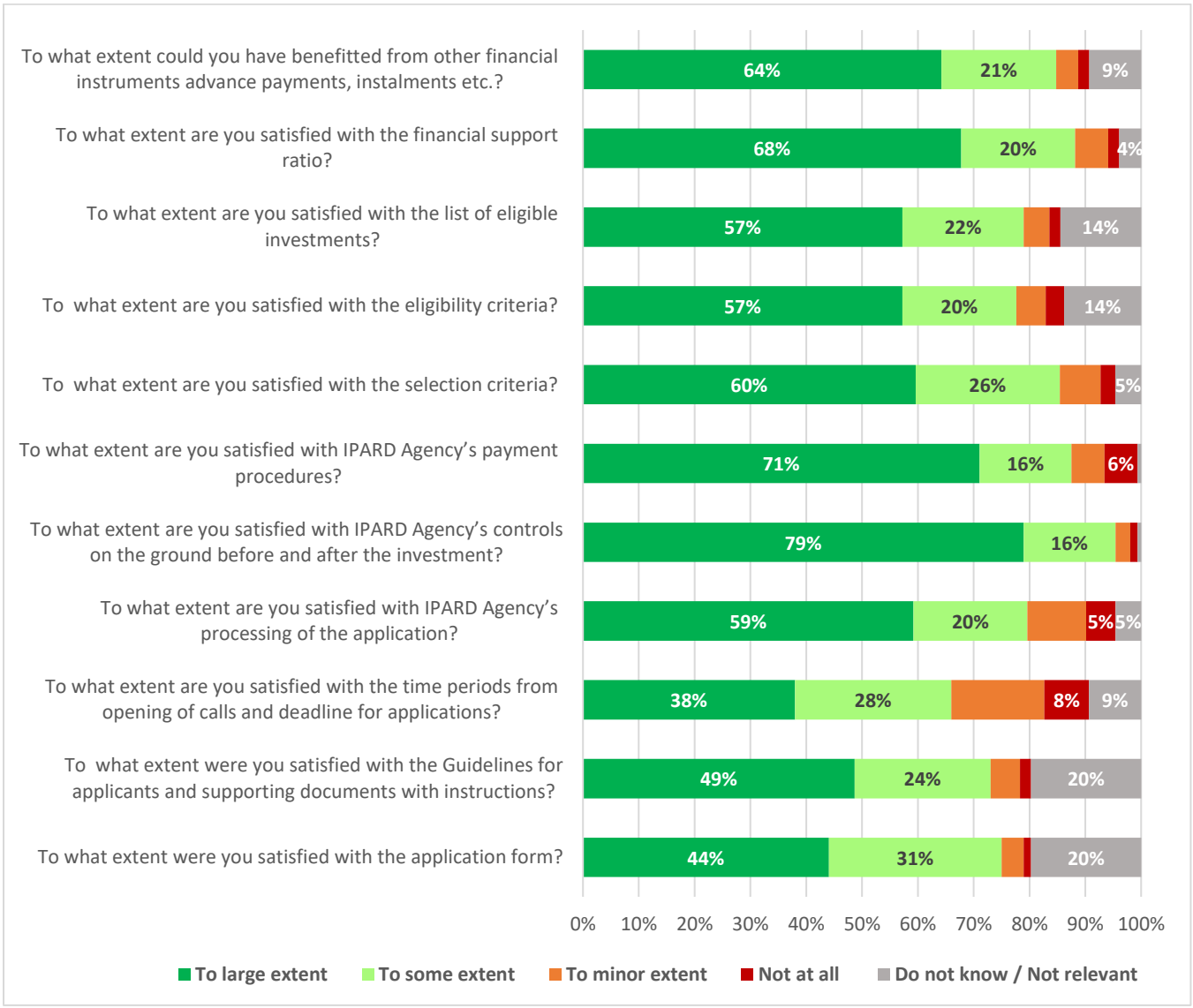


Figure 18 Questions linked to programme design, administration and procedures (Survey 2025)

The results indicate generally high satisfaction levels among beneficiaries with the IPARD II application and implementation process. The highest satisfaction was reported with on-the-ground controls (79%), payment procedures (71%), and the financial support ratio (68%), where a large majority expressed being largely satisfied. Moderate favourable perceptions were observed regarding application processing (59%), selection criteria (60%), and eligibility criteria (57%). Satisfaction was somewhat lower for the application form (44%), guidelines and supporting

documents (49%), and time periods for calls and deadlines (38%), where around one-fifth of respondents found these areas either unclear or challenging. It is however important to mention that in many cases applications are prepared by external parties, so often the beneficiaries do not fill in the application themselves and are not familiar with it. A relatively small proportion of beneficiaries (5–8%) expressed dissatisfaction overall, while around 10–20% indicated that certain elements were not relevant to them or they were uncertain. These results suggest that although administrative and financial procedures were well-received, there is room for improvement in clarity, accessibility, and timing of application-related processes.

M3 stood out with the strongest overall satisfaction, showing higher confidence in the IPARD Agency's efficiency, transparency, and administrative clarity. M1 also performed well in financial and control-related aspects but showed lower satisfaction with application procedures, guidelines, and timing of calls, where a significant portion of respondents indicated uncertainty. M7, although maintaining good satisfaction levels for payments and controls, reflected more mixed experiences and slightly higher dissatisfaction, especially regarding application timing and eligibility criteria. Common across all measures was the recognition of the effectiveness of financial support mechanisms, contrasted by the need for greater simplification and clarity in the application and communication processes.

The comments provided by beneficiaries reflect a mix of practical feedback, administrative challenges and appreciation for IPARD II's support. Many participants expressed satisfaction with the support received and recognized the program as "*beneficial for agricultural development"*, yet they also pointed out several systemic issues. A recurring theme was the slow processing and payment procedures, with beneficiaries emphasizing that long approval times (sometimes up to three years, as evidenced by the full beneficiary database analysis), create financial strain and uncertainty. Numerous respondents recommended introducing advance payments or phased instalments, to ease the cash flow burden since investments under the programme were financed upfront by the beneficiaries.

Several beneficiaries highlighted the excessive administrative complexity, describing the documentation requirements as time-consuming and bureaucratic, while others noted inconsistent or unclear communication about calls for applications and deadlines. Feedback also included suggestions for expanding the list of eligible investments. Some beneficiaries reported that controls and monitoring are too rigid or poorly adapted to specific production types (e.g., beekeeping) and occasionally conducted by inspectors unfamiliar with the sector's realities. Others commented on the very short deadlines for supplying additional information to IPARD Agency, which should be more flexible and extended.

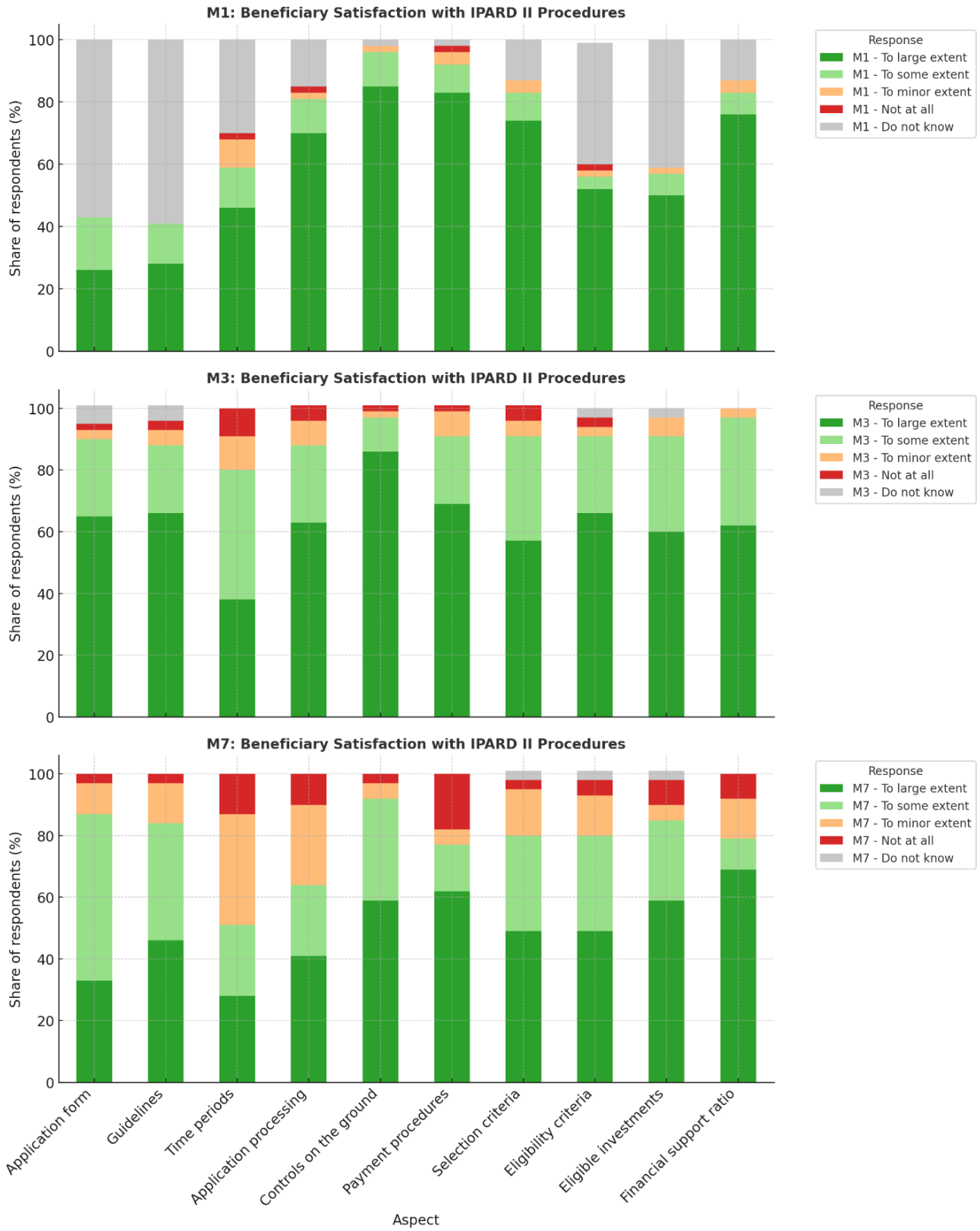


Figure 19 Questions linked to programme design, administration and procedures, by measure (Survey 2025)

6.1.11. Understanding procedures and documentation challenges during application

Asking a direct question to the beneficiaries, the survey showed that most did not require **clarification from IPARD Agency** during either the application or contracting and payment phases. During the application phase, 14% of respondents overall sought clarification, with higher rates under M7, where 31% required additional explanation. The qualitative comments provided by applicants shed light on the nature of these difficulties. Clarifications were most

often requested regarding completion of the application form, and the preparation of supporting documentation, including supplier offers and environmental impact reports. Some applicants sought additional guidance on bank documentation, proof of payment, technical specifications, construction permits and eligibility of certain investments, including whether an environmental study was required for specific types of investment. Several respondents highlighted the need for clearer instructions at the outset of the process, noting that they required "clarification for almost all documents" or additional explanations of general application procedures. A few applicants also mentioned uncertainty regarding contracts for leased land, notarization requirements and classification of enterprise size (micro or small).

For the contracting and payment phase, the share of those requiring clarification dropped further to just 7% overall, again with M7 (15%) showing slightly more demand for assistance. However, the qualitative comments reveal several recurring challenges related to the preparation and verification of contractual and financial documentation. Beneficiaries most frequently requested clarification regarding the completeness of required documents, bank reports and loan agreements. Additional questions concerned the submission of contracts with contractors, invoices issued by suppliers or banks, and certificates of origin for equipment. Some applicants sought further explanation on EUR-1 and customs documentation, particularly for imported materials and machinery, as well as on credit utilization agreements and their eligibility for reimbursement. Others needed assistance verifying whether their documentation complied with the final payment requirements. Several comments also highlighted uncertainty about whether certain environmental or construction-related documents remained necessary at this stage, or if they were already covered in the earlier phases.

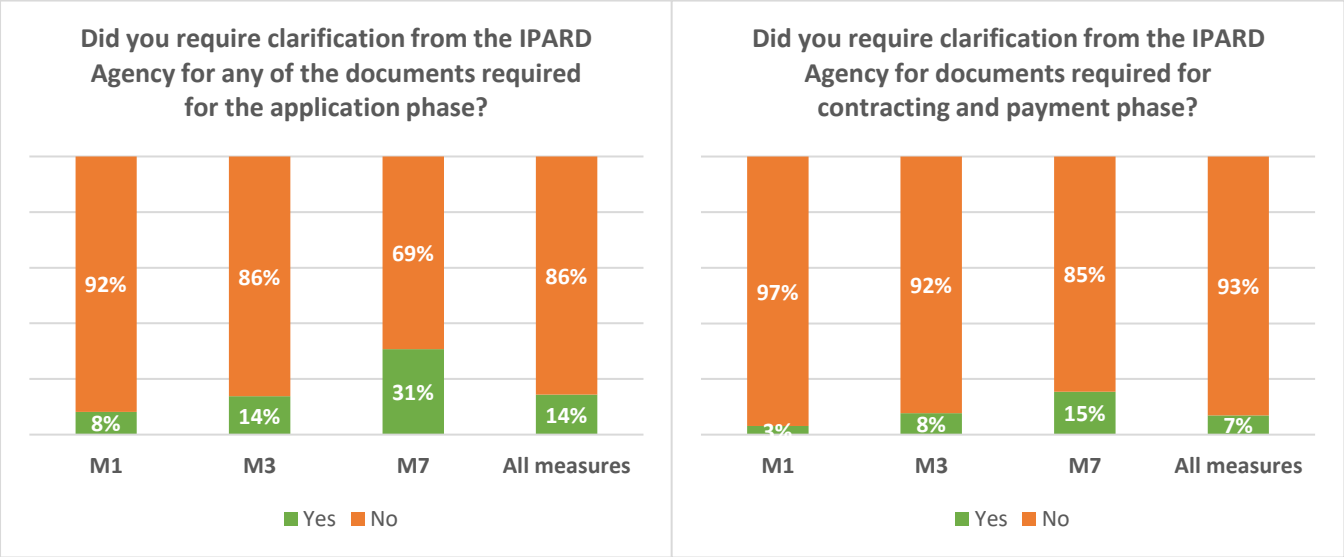


Figure 20 Clarification required from IPARD Agency from beneficiaries, by measure (Survey 2025)

In the control survey, 92% of respondents indicated that they did not require additional explanation, while only 8% stated that they needed further clarification on the documents required. Clarification was most needed in M3 (in 14% of the reported cases). When asked about difficulties with documentation, 63% of respondents stated they had no issues, while 21% were unsure, possibly due to their reliance on consultants or advisors to handle the paperwork. Among those who faced problems, for M1, respondents most frequently mentioned problems with land documentation, difficulties understanding the requirements and instructions, and short deadlines for obtaining required documents such as offers and certificates of origin. One farmer reported that the document for the origin of materials (fence wire from Serbia) arrived after the submission deadline, describing the process as unfair and discouraging. For M3, the main issue concerned the preparation of the business plan and the requirement to collect three comparable offers. Applicants noted that this obligation, along with the need to request new offers to ensure comparability, not only burdened the administrative process but also strained relationships with suppliers, particularly with those not ultimately selected in the procurement procedure. For M7, the most common problems concerned procurement offers and supporting confirmations, with some applicants noting that although explanations were provided, obtaining the necessary certificates remained difficult.

The survey data shows that most applicants required **assistance when preparing their IPARD II applications**, with 88% overall relying on either private consultants (40%) or NEA advisors (48%), and only 12% of the applications prepared independently. The type of assistance varied notably across measures. For M1, the majority (71%) received help from NEA advisors, reflecting strong engagement of public advisory services with smaller or primary producers. Conversely, M3 applicants mostly depended on private consultants (75%), with more complex or larger-scale investments requiring specialized technical and administrative expertise. In M7, support was more evenly distributed between consultants (38%) and NEA advisors (49%), indicating a mix of public and private assistance, since the sectors within this measure are different, from small-scale beekeepers, to rural mini-factories, catering and accommodation facilities.

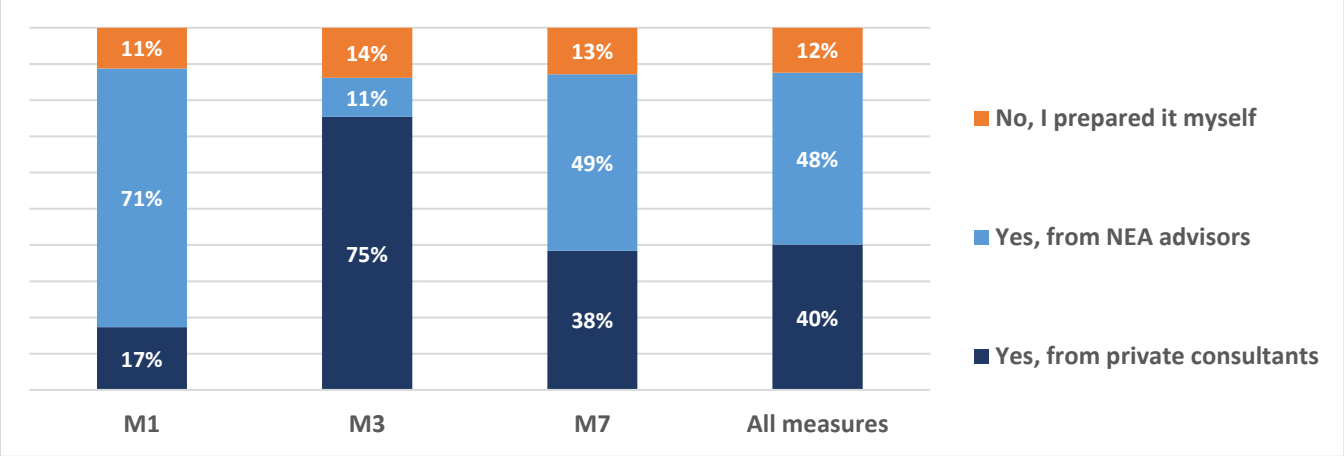


Figure 21 Assistance received in preparation of IPARD II application (Survey 2025)

In the control survey, most applicants (48%), comparably to the beneficiaries, reported receiving assistance from NEA advisors, again indicating that this public support service plays a central role in the application process. This was especially evident in M1 (63% got help from NEA). Another 27% sought help from private consultants. A smaller proportion of applicants prepared their applications independently (15%). The remaining applications relied on support from family or other actors such as agricultural associations or suppliers. This distribution suggests that most applicants require professional or institutional support, which reflects the technical and administrative difficulty of completing IPARD applications without expert guidance.

Two of the respondents (out of 204) found to have a **situation which was inappropriate or procedural**. In the first case, an M3 beneficiary reported that before submitting their application, both a private consultant and NEA advisor confirmed that it was acceptable to include equipment originating outside the EU up to a value of EUR 100,000. However, during the payment phase, this equipment was excluded from eligibility, resulting in rejection of a part of the payment, which the applicant perceived as lack of transparency, inconsistent interpretation of rules from IPARD Agency unfair and ineffective guidance between advisory and implementing institutions. The second case involved an M7 beneficiary claiming that their application was initially rejected for trivial reasons, but after personal intervention from an acquaintance, the decision was reversed and approved.

The data in the control survey show that the vast majority of respondents (89%) reported not experiencing any unfair inappropriate or procedural situations during the IPARD application process. However, 11% indicated that they had encountered such situations, suggesting that those instances of perceived unethical behaviour may be rare but still present. Several participants described experiences of unequal treatment, stating that some applicants were rejected for minor technical omissions while others with less capacity and merit were approved, raising doubts about the consistency of decision-making criteria. Others used strong terms such as “criminal” or “mafia-like behaviour” reflecting deep frustration and perceived injustice. Some cases involved procedural irregularities, such as loss or unrequested documents, or receiving incomplete or unclear explanations for rejection. One respondent shared an incident where they were contacted from a private phone number by a person claiming to represent the Agency and invited to a meeting to “negotiate” project approval - an act the applicant identified as highly inappropriate and unprofessional. These accounts, while limited in number, highlight trust and integrity challenges within the implementation system. Even isolated unethical or non-transparent practices can undermine confidence in the fairness of the IPARD process. These findings highlight the importance of maintaining strong transparency and

accountability mechanisms, as well as clear communication channels for reporting and addressing potential misconduct.

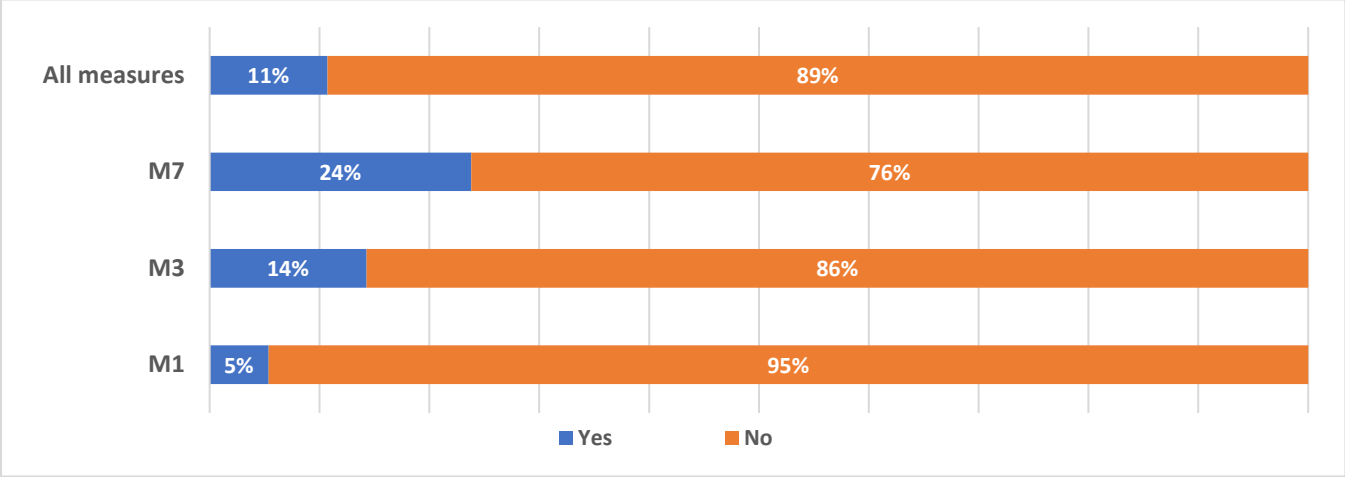


Figure 22 Whether rejected or withdrawn applicants encountered unfair situation (Survey 2025, n=84)

6.1.12. Non-beneficiaries' insights

Most respondents in the control survey of non-beneficiaries submitted between one and two applications for the IPARD II calls, accounting for 44 percent and 37 percent of the sample, respectively. A smaller proportion (14 percent) reported having submitted three applications, while very few applied four (1 percent) or five (2 percent) times. Regarding received grants, only 26 percent of participants reported having received one grant and 7 percent received two grants (other than the one they got rejected for), while none reported obtaining three grants. A significant portion of the sample (67 percent) either did not receive any grants or did not provide an answer.

The survey data show that the **main reason for not realizing investments** was rejection by the IPARD Agency, reported by 80 percent of respondents. This indicates that most applicants were unable to proceed due to administrative or eligibility-related decisions. In contrast, 20 percent of respondents stated that they withdrew voluntarily, suggesting that a smaller portion of applicants decided to discontinue the process on their own.

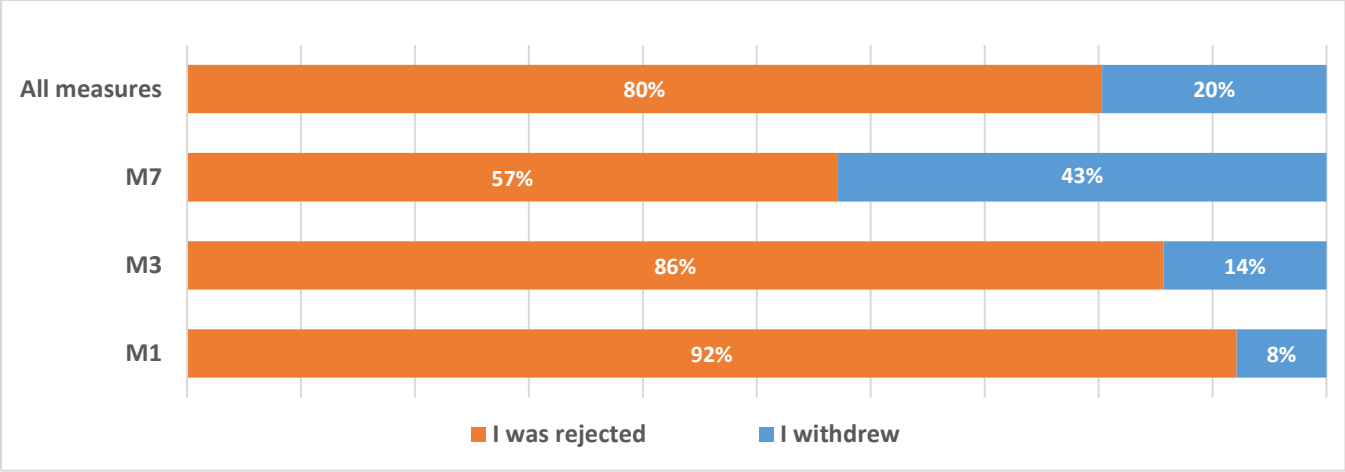


Figure 23 Reason for not implementing investment, rejection survey (Survey 2025, n=66)

Most surveyed applicants (82%) reported that their IPARD II applications were submitted but rejected, indicating that most did not advance beyond the evaluation stage. A smaller portion (6%) stated that their applications were approved but no contract was signed, while 4% had their projects approved and contracted but not implemented, and another 4% reported projects that were implemented but not paid out. Only 1% of respondents withdrew voluntarily, and 4% could not recall the phase reached.

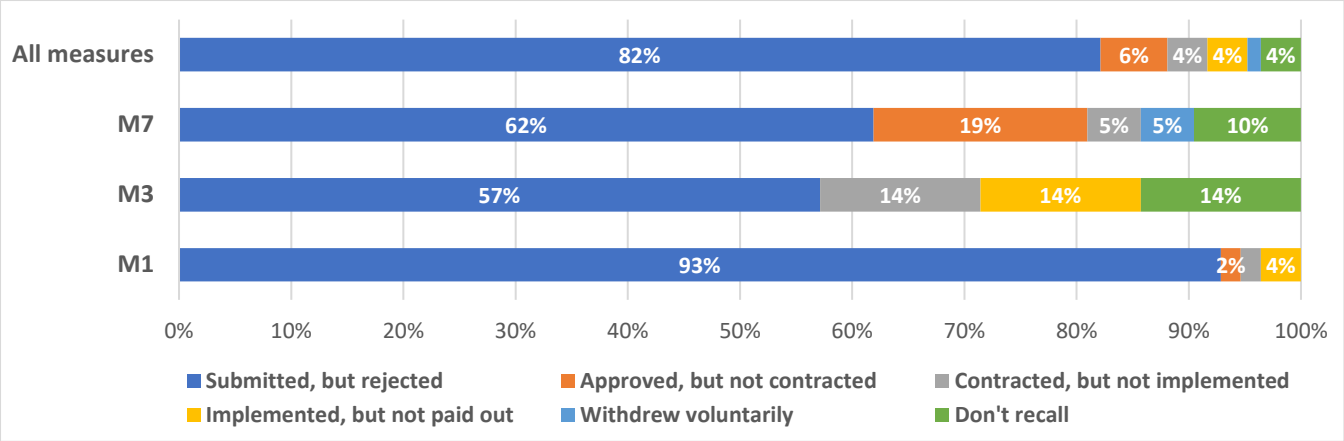


Figure 24 Reached phase in the processing and implementing process, rejection survey (Survey 2025, n=84)

Regarding the **reasons for rejection**, the most frequently cited issue was incomplete documentation (29%), followed by failure to meet eligibility criteria (21%). Other common explanations were amount of requested investment (11%). Less frequent reasons included insufficient land area (5%), insufficient number of points (2%), and various technical or administrative problems such as price changes, mismatched technical documentation, or prolonged processing time (each about 1%). In the survey, 11% of respondents stated they "did not receive an explanation" for their rejection, suggesting a communication gap between the administrative process and the applicants' understanding of their rejection outcome. About 6% of respondents could not recall the reason for rejection/ withdrawal, and eight participants did not provide an answer.

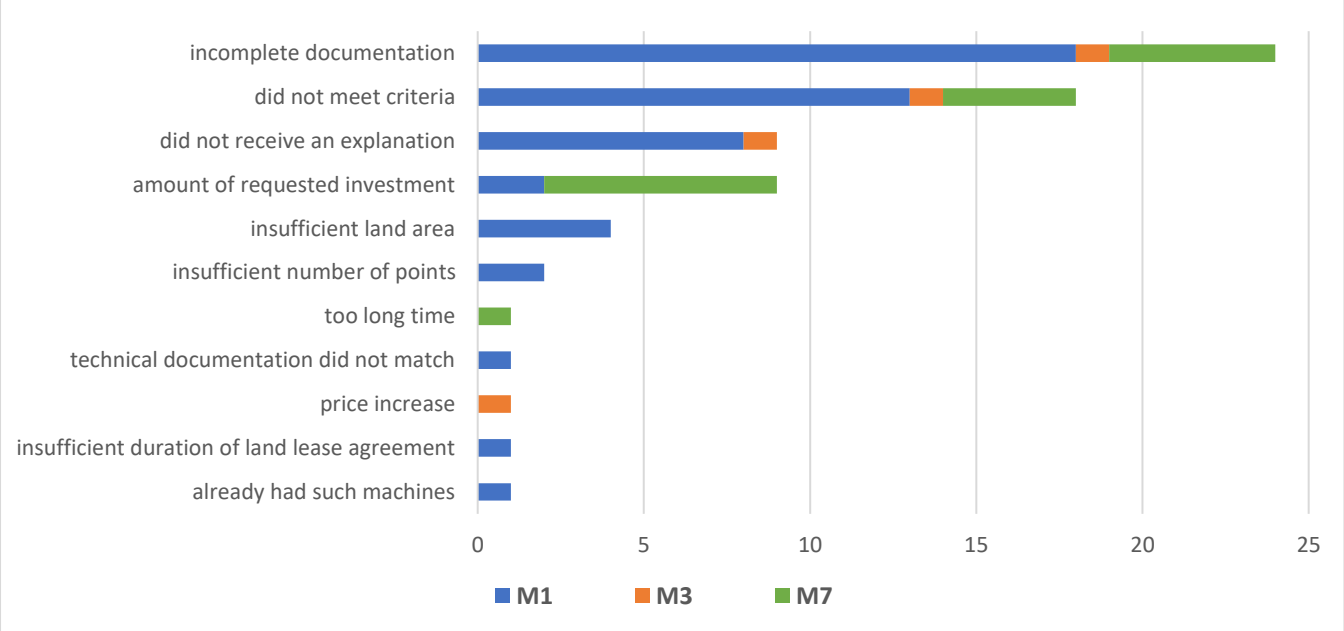


Figure 25 Reason for rejection or withdrawal (Survey 2025, n=76)

The comments reflect a combination of perceived administrative rigidity, unclear communication, and alleged lack of fairness in the IPARD rejection process. While many reasons are technically justified (missing documents, eligibility criteria), the way these issues were communicated and managed has contributed to frustration and mistrust among applicants. Simplifying procedures, ensuring clearer guidance on eligibility, and improving transparency in evaluation could significantly enhance the credibility and accessibility of future calls.

The comparison between the survey data and the IPARD Agency database reveals incomplete or missing documentation stands out as the dominant cause of rejection. Incomplete documentation was the most frequent reason for M1 (75%) and highly represented in M3 (21%) and M7 (34%). This means that applicants frequently fail to submit all required materials, resulting in automatic disqualification. Both datasets also show that non-compliance with eligibility or investment criteria also contributed significantly to rejections. In the IPARD Agency database, ineligible investment, unsuitable crop/activity, or being below minimum eligible costs, represent between 5–11% of

recorded rejected cases per measure. This indicates that beyond documentation issues, applicants often struggle to meet formal program and technical eligibility conditions. Together, the two sources portray a coherent picture: rejections primarily stem from administrative shortcomings, incomplete submissions, and non-fulfilment of technical or financial conditions, compounded by communication barriers between applicants and the IPARD Agency.

The data show that only a small proportion of respondents (7%) have already applied for IPARD III Programme, while the vast majority (73%) have not yet participated. This low participation rate suggests either limited awareness of the new program phase, discouragement due to previous experiences, or ongoing preparation delays. However, interest in future participation remains moderately positive. About 30% of respondents expressed a clear intention to apply, and another 27% said they might consider applying, showing that more than half of the surveyed applicants remain open to future engagement. Meanwhile, 23% stated they are not interested, possibly reflecting dissatisfaction or fatigue from previous application processes. In the beneficiaries' survey, 10% have already applied and received an IPARD III grant.

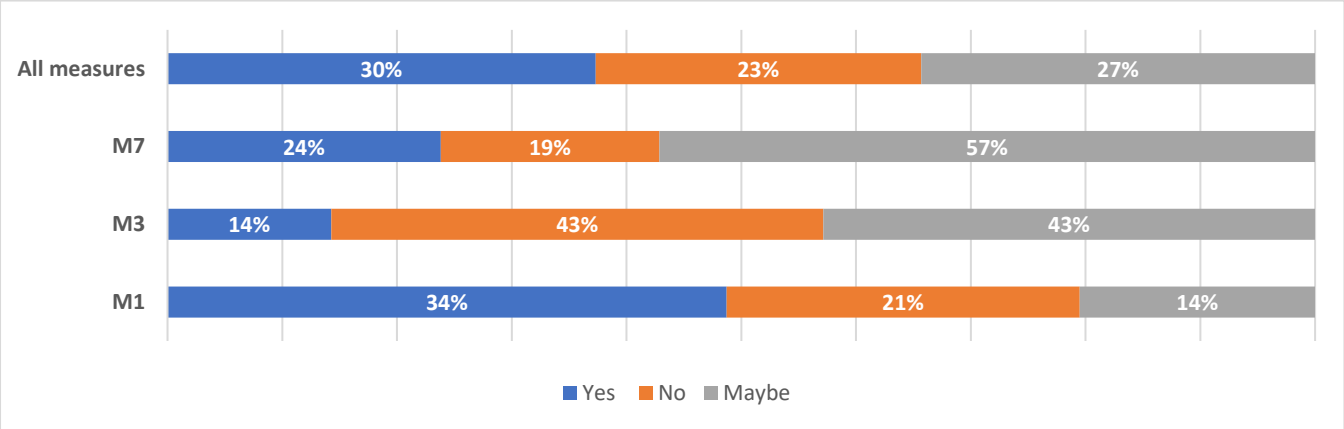


Figure 26 Interest to apply for IPARD III, rejected (control) survey (Survey 2025, n=67)

6.2. Duration and processing times of project applications

6.2.1. Duration and processing times of approved projects

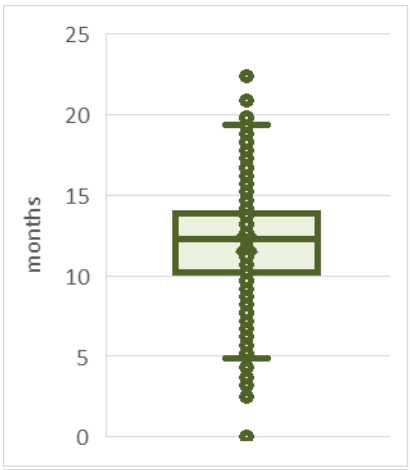
The analysis of project duration and processing times, from the date of application submission to final payment execution (Figure 27), was based on the complete set of projects, using data extracted from the lists provided by the IPARD Agency and compiled into a dedicated database.

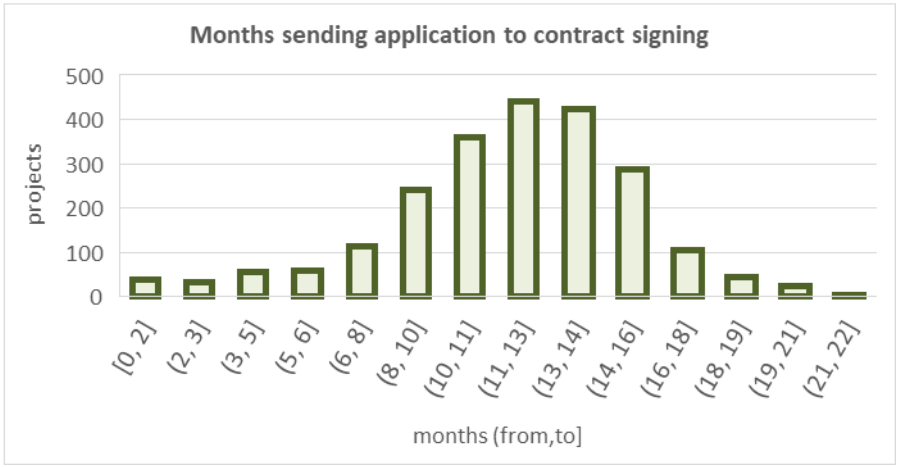
The analysis of the period between **application submission and contract signing**, based on the full dataset of projects and beneficiaries compiled from IPARD Agency records, shows that the average processing time was around 12 months, with a median duration of approximately 11 months. The distribution of values is moderately concentrated, with most contracts being signed within 10 to 15 months after submission. The box plot confirms that most projects fall within this range, while a limited number of outliers indicate shorter durations below six months or longer periods exceeding twenty months. The histogram further demonstrates that nearly 70% of all projects were contracted between 10 and 16 months following submission, suggesting a relatively consistent administrative rhythm but also indicating that project approval and contracting remain time-intensive steps in the IPARD II process.

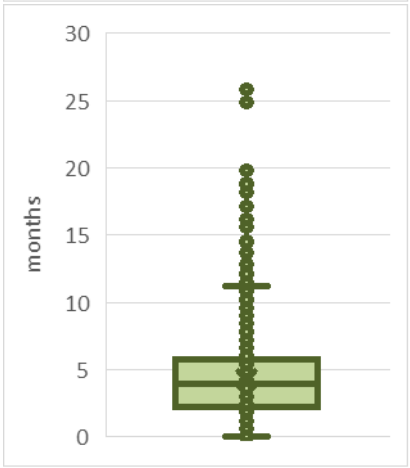
The analysis of the period between **contract signing and payment claim submission**, based on the complete dataset of projects, reflects the actual implementation phase of the approved projects. It indicates that the implementation stage was generally shorter and more consistent than the administrative phases. The average duration from contract signing to payment claim was around 5 months, with a median value of approximately 4 months. As shown in the box plot, most projects were completed within 2 to 6 months, with a small number of outliers extending beyond one year due to project-specific complexities such as construction works, procurement delays, or financial constraints. The frequency distribution confirms that the largest share of projects (around 80%) submitted their payment claims within in the period up to 8 months after signing the contract, demonstrating relatively efficient implementation once approval had been secured. Only a minor fraction of projects required extended timeframes exceeding 12 months,

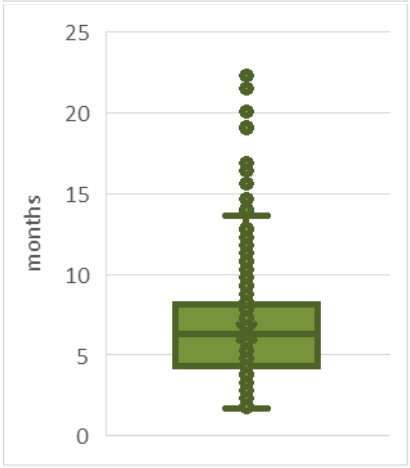
typically associated with multi-phase investments or delays in finalizing supplier deliveries. These results suggest that, once contracted, beneficiaries generally manage to implement their investments in a timely and effective manner, showing strong commitment and readiness to execute planned activities. The shorter duration of this stage compared to the application and contracting phases reflects greater predictability and control at the beneficiary level.

The last stage of the project cycle (from **submission of the payment claim to final payment execution**) represents the administrative and financial completion of IPARD II support process. The disbursement process was generally efficient and predictable. The average duration between payment claim and payment execution was approximately 6 months, with a median of about 5 months. The box plot reveals that most projects were processed within 4 to 8 months, while a small number of outliers experienced delays exceeding one year, mainly due to additional verifications, clarifications of supporting documentation, or on-the-spot control requirements prior to disbursement. The histogram confirms that nearly 80% of payments were executed within 2 to 8 months after submission of the payment claim, indicating that once claims were approved, the IPARD Agency generally managed to process payments within a reasonable administrative timeframe.









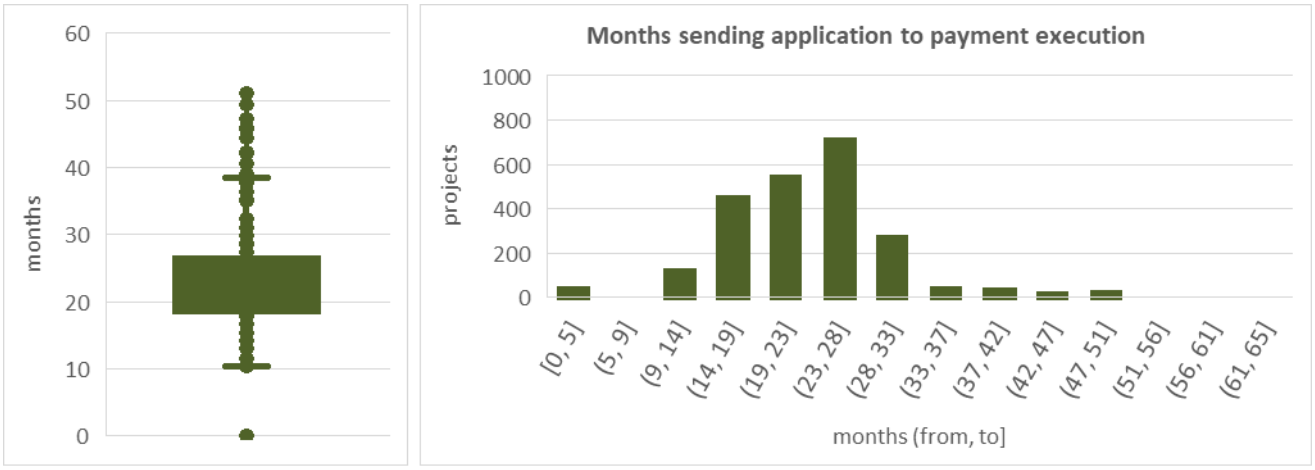


Figure 27 Processing times from application submission to payment execution
Note: Own calculations based on data from IPARD Agency, 2025

The **cumulative analysis of project processing times** from application submission to payment execution provides a comprehensive overview of the full administrative and implementation cycle of the IPARD II Programme. Based on the complete database of approved projects, the average total duration and median value was approximately 23 months. The box plot shows a broad distribution, indicating significant variation among projects: while some were completed in less than two years, others extended beyond three to four years, particularly in cases involving complex investments, multiple clarifications or delays in final verification and payment. The histogram reveals that most projects (about 70%) were completed within 19 to 33 months from the date of application submission, with the highest concentration between 23 and 28 months. A smaller number of projects exhibited prolonged durations of over 40 months, typically linked to additional procedural requirements, lengthy procurement or construction phases, and extended administrative controls prior to final payment execution.

Figure 28 illustrates the processing times for different IPARD II Programme measures (M1, M3, and M7) across the nine calls conducted between 2017 and 2023. Using the data received from IPARD Agency, It shows the average number of days required for each stage of the process: from sending the application, to contract signing, submission of payment claims, and finally, payment execution.

For **M1**, the overall process took an average of 23.2 months (704 days). The longest period occurred between application submission and contract signing (12.5 months or 378 days), confirming that the contracting phase was the lengthiest for this measure and a significant bottleneck. The period from contract signing to payment claim averaged 4.4. months (132 days), and from payment claim to payment execution, another 6.4 months (195 days). Earlier calls, such as those in 2017, took more than 25 months (767 days in total), while later calls (for example, in 2020) showed moderate improvement, reducing total processing times to around 20.8 months (630 days).

M3 demonstrated a somewhat faster overall process, with an average of 21.8 months (663 days). However, the period between contract signing and payment claim (8.9 months or 268 days) was notably longer than in M1, suggesting that beneficiaries under this measure required more time to realise the investments and submit claims. Despite that, the most recent calls (2022–2023) showed notable progress and much shorter processing times, with total durations reduced to around 14 months (420–430 days), reflecting improved administrative efficiency and quicker payment processing within the IPARD framework.

For **M7**, the total average duration was the longest, at 24.7 months (751 days), mainly due to extended periods between application submission and contract signing (11.1 months or 336 days) and between contract signing and payment claim (9 months or 273 days). Nonetheless, a clear improvement was observed over time, from an extensive 38.2 months (1,160 days) in the call published in 2017, to 19.7 months or under 600 days by the call in 2021, demonstrating improvement in streamlining and more effective execution in later calls.

The average period for payment claims to payment execution in **M9** (Technical Assistance) was 6.5 months or 196 days.

In general, the data showed a consistent reduction in processing times across all IPARD II Programme measures, suggesting that administrative reforms and improved programme management successfully enhanced the efficiency and speed of project implementation and fund disbursement over the years. However, there remains significant room for further improvement, particularly in shortening the periods between application submission and contract signing, where delays still indicate administrative and procedural bottlenecks

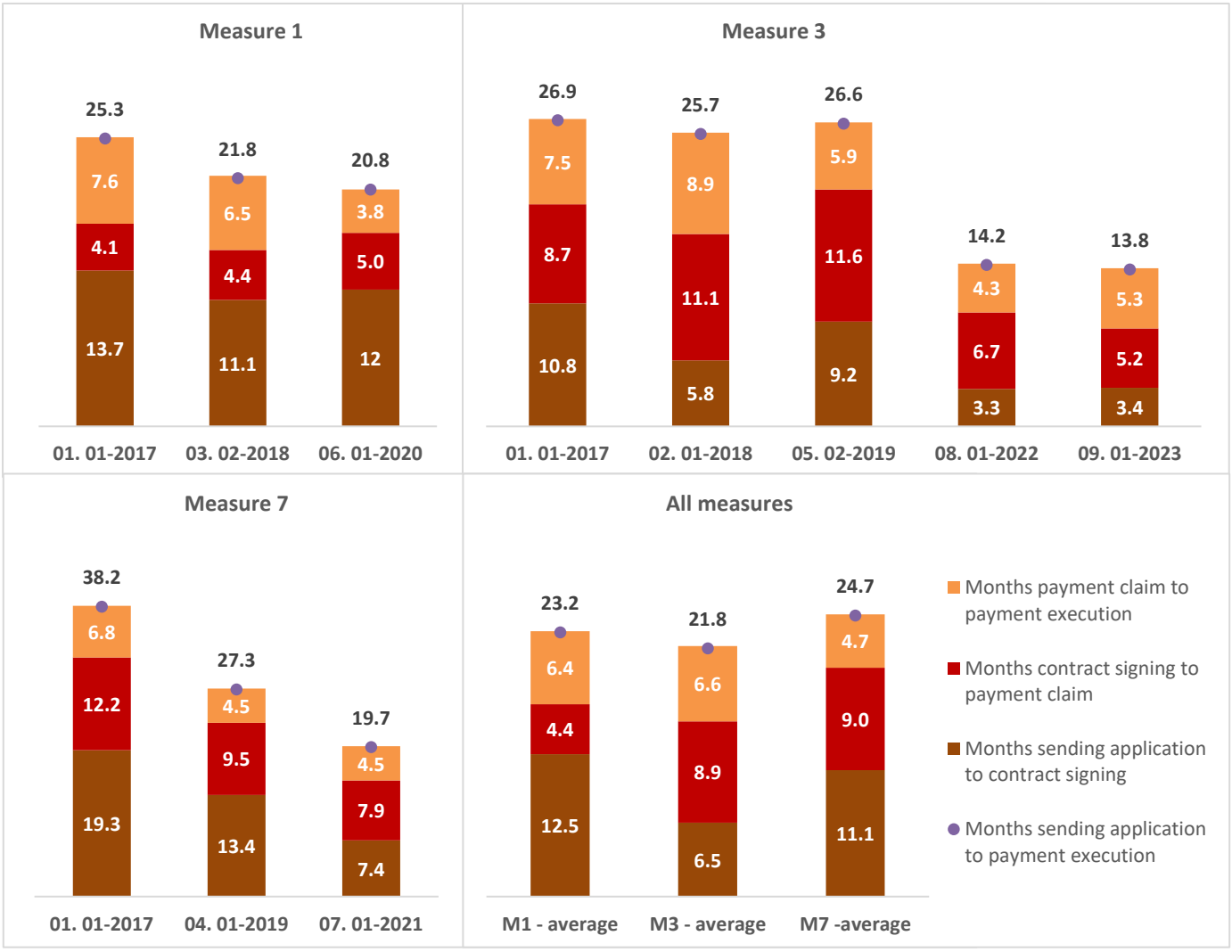


Figure 28 Average duration of key process stages from application submission to payment execution, across M1, M3, and M7
Note: Own calculations based on data from IPARD Agency, 2025

The data in Table 19 from the list received from IPARD Agency shows the number of contracts with **payment execution exceeding six months from the payment claim**, categorized by measure and call. The highest share of delayed payments was recorded under M1 (54%), followed by M9 measure (38%), while M3 (22%) and M7 (12%) showed significantly lower proportions of contracts with payment delays exceeding six months. M1 recorded a total of 970 delayed payments, primarily concentrated in earlier calls: 618 in the first call 01-2017, 335 from call 03-2018, and a much smaller number (17) in call 06-2020. M3 had a significantly lower total of 32 cases, spread across multiple years -most notably 17 in call 02-2018. M7 had 20 delayed payments. Lastly, M9 accounted for 11 such cases. The trend indicates a notable concentration of delayed payments in the early years (2017–2018), with a sharp decline in subsequent periods, suggesting improvements in payment execution efficiency over time. The comments in the IPARD Agency payment lists (Sector for Financial Affairs) state that the delays in payment execution occurred due to several reasons, such as multiple administrative review procedures and the need for corrected documentation, with detailed explanations provided within the Clearance of Account procedure.

Table 19 Number of contracts with payment execution delays exceeding six months from the date of payment claim, categorized by measure and call

Measure and call	Number (%)
M1	**970 (54%)**
01. 01-2017	618
03. 02-2018	335
06. 01-2020	17
M3	**37 (22%)**
01. 01-2017	10
02. 01-2018	17
05. 02-2019	5
08. 01-2022	2
09. 01-2023	3
M7	**20 (12%)**
01. 01-2017	6
04. 01-2019	10
07. 01-2021	4
M9 (TA)	**11 (38%)**
TA	11

Note: Own calculations based on data from IPARD Agency, 2025

6.2.2. Application rejection and cancellation timing

In the IPARD Agency's data, applicants who withdrew their applications or failed to respond to clarification requests account for approximately 4–10%, depending on the measure[2]. This pattern suggests that administrative delays and procedural burdens may have discouraged some applicants from completing the process.

The duration and distribution of application processing times for **rejected applications** illustrated in boxplot diagram show that the median processing time is around 6–7 months, with most applications completed within an interquartile range of approximately 3 to 10 months. A few cases, however, show significant delays, with outliers extending beyond 20 months, indicating that some applications required long processing periods. The histogram on the right provides further detail on this distribution. Most applications (around 60–70%) were processed within 1 to 9 months after the call closed, peaking between 2 and 6 months. After 12 months, the number of processed applications declined. Most of the surveyed applicants and in-depth case respondents identified delayed feedback on their applications as a significant issue that adversely affects the implementation of investments, disrupts production processes and contributes to investment cost increases.

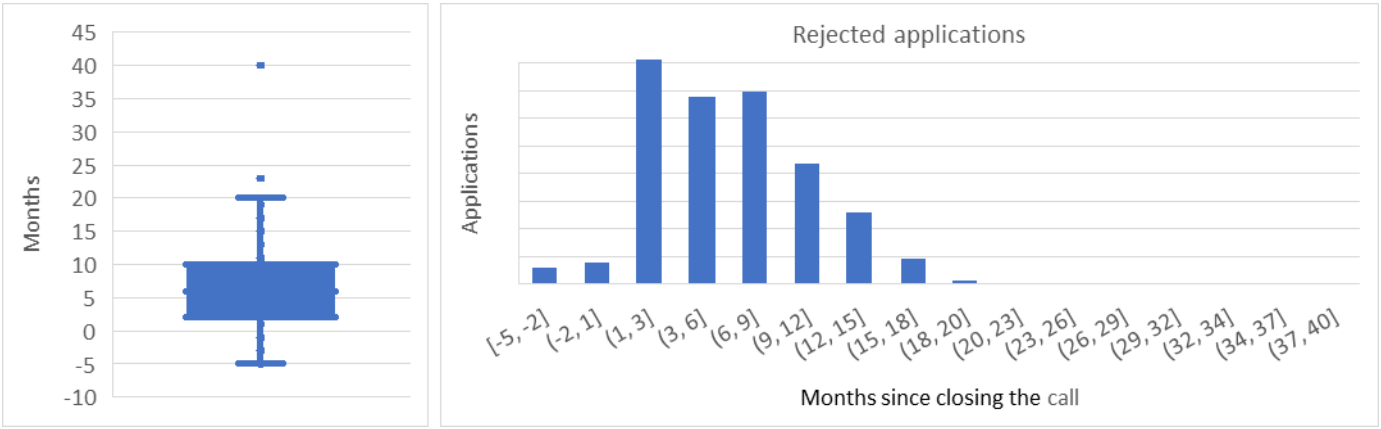


Figure 29 Time duration until rejecting the applications (months since closing the call)
Note: Own calculations based on data from IPARD Agency, 2025

[2] However, a comparison between the IPARD Agency's database and the data reported in the AIR 2025 (Table 22) reveals a discrepancy of 233 applications, which may be explained as cases rejected at the payment stage.

Time plays a critical role in determining the outcome of applications. The following figures illustrate the time duration between the closing of the call and the moment when applications were **cancelled or withdrawn** across different administrative stages - by the Sector for Project Approval, the Sector for Authorization of Payments, and by the applicants themselves.

Figure 30 shows the time duration until applications were **cancelled by the Sector for Project Approval**. Most of these cancellations occurred between 12 and 20 months after the call was closed. The boxplot indicates a median duration of around 16 months, with most cases ranging from 12 to 20 months, suggesting that cancellations generally took place in the later stages of the administrative process. The histogram confirms this concentration, showing the highest number of cancellations in the 16–20 month interval, followed by smaller clusters in the 8–12 and 12–16 month periods. Only a few applications were cancelled beyond 20 months, implying that late cancellations were rare.

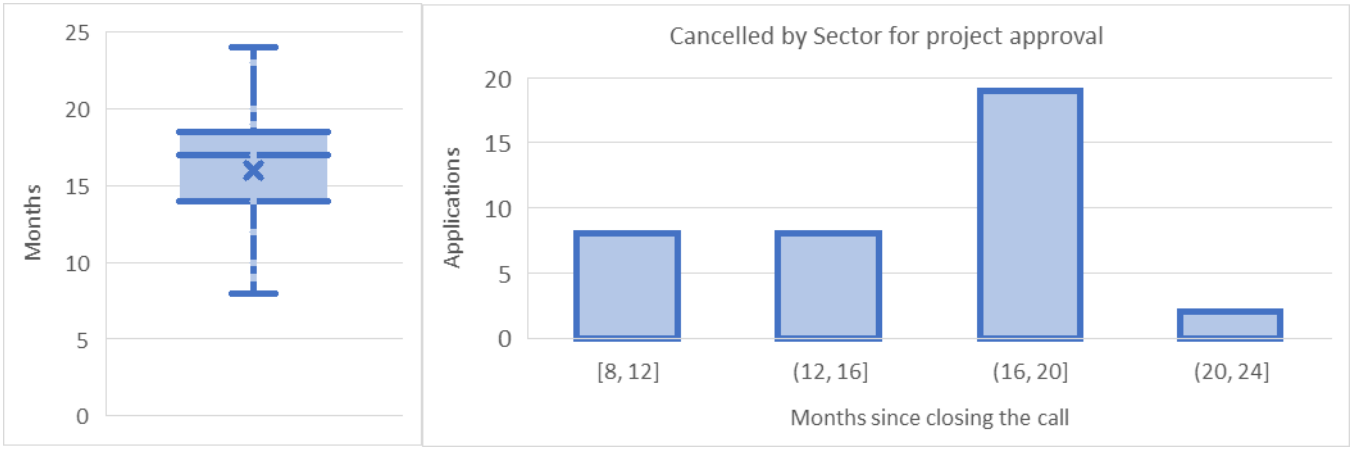


Figure 30 Time duration until applications cancelled by the Sector for Project Approval (months since closing the call)
Note: Own calculations based on data from IPARD Agency, 2025

Figure 31 shows the time duration until applications were **cancelled by the Sector for Project Approval and the Sector for Authorization of Payments**. The boxplot shows a median duration of approximately 30 months, with most cases ranging between 21 and 40 months, and a few extending beyond 50 months i.e. these cancellations typically happened two to three years after the call was closed. The histogram reinforces this observation: the majority of cancellations are clustered between 21 and 38 months, with a smaller number occurring even later, between 38 and 55 months. The long time span reflects the protracted nature of post-approval procedures, including implementation verification and financial control. This highlights significant administrative delays in the payment phase, where cancellations occur long after approval, potentially undermining applicants' financial planning and confidence in the process.

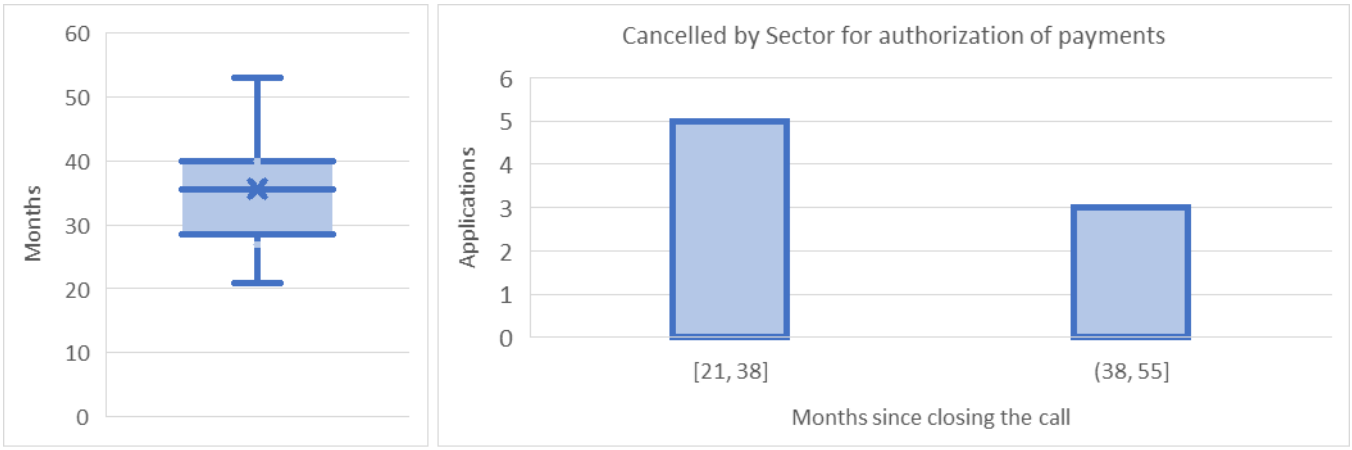


Figure 31 Time duration until application was cancelled by Sector for Authorization of Payments (months since closing the call)
Note: Own calculations based on data from IPARD Agency, 2025

Figure 32 illustrates the time duration until **applications were withdrawn** by applicants. Most withdrawals by applicants occurred between 10 and 21 months after closing of the call. The boxplot shows a median duration of around 16 months, with highest frequency of withdrawals taking place within the 11–21 month range. A few outliers extend beyond 30 months, suggesting that some applicants decided to withdraw after a considerably long period in

the process. The histogram supports these findings, showing a clear peak between 16 and 21 months, where the highest number of withdrawals occurred. Smaller groups of withdrawals are observed before 10 months and after 25 months, but these are relatively infrequent. The data suggest that applicants most often withdrew during the later stages of the approval or early payment process, possibly due to delays, procedural complexity, or financial difficulties due to changes in prices in implementing the proposed investments. This pattern highlights how prolonged administrative timelines may lead to change in the investment amounts or applicant fatigue and potentially reduced participation in future calls.

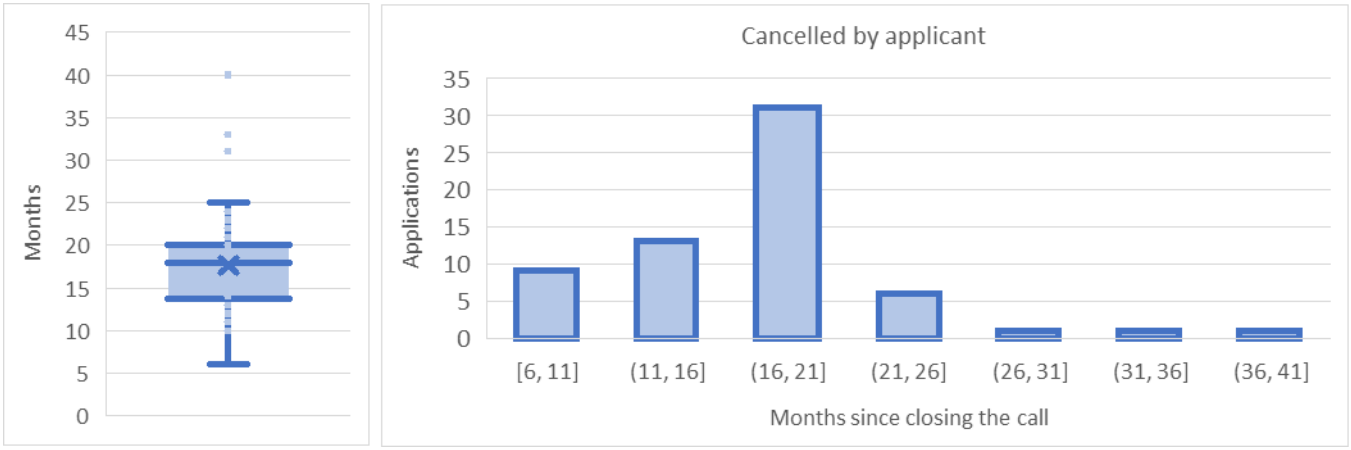


Figure 32 Time duration until application withdrawal (months since closing the call)
Note: Own calculations based on data from IPARD Agency, 2025

6.3. Measure 9 – Technical assistance

According to the IPARD II Programme, the Technical Assistance (TA) measure covers the provision of technical assistance supporting the implementation of the programme with the IPARD Managing Authority. The technical assistance measure has provided the financial resources required for actions related to the preparation, management, monitoring, evaluation, information and control activities of programme assistance.

6.3.1. Objectives

Overall, the objectives of the measure were to cover preparation, management, monitoring, evaluation, administrative support, information and communication, networking, and control and audit activities. The technical assistance measure could also be used to support actions for the reduction of administrative burden for beneficiaries and actions to reinforce the capacity of the national authorities and beneficiaries to administer and use the funds. These actions can concern preceding and subsequent programming periods.

In line with the general IPARD II Programme objectives, the general objective of the TA measure was to support economic, social and territorial development, with a view to a smart, sustainable and inclusive growth through the development of physical capital in the country.

The specific aims of the measure were to assist the implementation and monitoring of the programme and its modifications. In support of these aims, the objectives included:

- providing support for the monitoring of the programme
- ensuring an adequate flow of information and publicity
- ensuring appropriate reporting to EC and to the IPARD Monitoring Committee, including organisation of Monitoring Committee meetings at a regular basis
- supporting studies, visits and seminars
- providing support for external expertise
- providing support for the evaluation of the programme
- providing support for the development of future measures and programmes

The objectives of the measure as described in the IPARD II Programme are in full compliance with the regulation, and all implemented activities are accomplished to support the fulfilment of the objectives.

6.3.2. Activities

In total, the IPARD Managing Authority contracted 31 projects for using support under the measure representing 343,396 EUR in EU support. By the end of 2024, 29 contracts were implemented, and 279,302 EUR was paid in EU support. The projects under M9 have all contributed to the improvement of the implementation of the programme. Most contracts are for support for organization of meetings of the IPARD Monitoring Committee. In this regard, the IPARD Managing Authority has contracted 7 projects covering 11 IPARD Monitoring Committee meetings.

The largest contract of Measure 9 measured in terms of value (136,597 EUR) was for support implementation of the communication and publicity campaign.

Measure 9 has also contributed to mandatory evaluation activities, implementing a contract (85,000 EUR) for the ex-ante evaluation of the IPARD III programme and a contract (74,000 EUR) for the ex-post evaluation of IPARD I Programme. Other projects implemented under the measure include procurements made against invoices (contracts below 2,500 EUR after the PRAG procedures), which all have contributed to the implementation of the programme through organization of workshops, procurement of office supplies for Managing Authority, design and maintenance of IPARD dedicated web site etc.

The implementation of the TA measure is evaluated below.

6.3.3. Technical effectiveness

The technical effectiveness refers to the fulfilment of quantified targets. All targets were set in the IPARD II Programme, and the accomplished activities are identified in the AIR 2024 report and in monitoring tables, as annex to the AIR report.

Table 20 Technical effectiveness, Measure 9

Target category	Target, numbers	Realized, numbers	%
Activities	*120*	*29*	*24*
Leaflets etc	200,000	no data	n.a.
Information campaigns	20	6	30
Expert assignments	25	0	0
Workshops, seminars, conferences	25	2	8
Monitoring Committee meetings	14	11	79
Studies	11	3	27
Evaluations and reports	7	7	100
Rural network actions	10	n.a.	n.a.
LAGs supported	5	n.a.	n.a.

Source: Monitoring tables

Technical effectiveness is only 24%, since 29 activities were accomplished out of a total of 120 planned activities. The three main activities of IPARD Managing Authority utilizing the TA measure include information campaigns, IPARD Monitoring Committee meetings and evaluations. However, the number of campaigns was small compared to the target, but still the value of the campaigns accomplished was high. All planned evaluations were conducted and almost all Monitoring Committee meetings (11 out of 14). Expert assignments, workshops and studies have been implemented only to a limited extent, while Rural Network actions and LAG actions have been postponed, since the LEADER measure has not yet been implemented. The reason to the low technical effectiveness seems to be that only little attention has been put on the possibility to use expert, conferences and studies to generate knowledge to improve the programme implementation.

6.3.4. Financial effectiveness and efficiency

A total of 541,176 EUR was planned for M9 in the final financial plan of the IPARD II Programme. 328,590 EUR was spent due to lower-than-expected activities leading to a 60.7% financial effectiveness. In monetary terms, 210,000 EUR was available to additional activities. It must also be underscored that the final financial plan only includes 20% of the resources for the measure in the original financial plan of the programme. So, a considerable share of the budget for M9 was reallocated to M3 and M7. It may be that the target indicators were not adjusted accordingly, leading to the low effectiveness rate. If the activity rate is as high as it could be, the financial allocations in the original financial plan was far from realistic. The 20% in the final financial plan was even too much for the IPARD Managing Authority to spend. Since the needs for additional activities still is high, it is not clear why no more actions were not accomplished, at least for the 200,000 EUR left unspent in the financial plan.

The efficiency measuring the accomplished activities compared to the spent resources is 40%, since the unit costs per activity were higher than planned. The IPARD Managing Authority did implement fewer activities than expected, and what it did implement was more expensive than expected.

6.3.5. Beneficiary satisfaction

Guidelines

According to survey results, for M1 40% are either satisfied to a large extent or to some extent, while 60% did not know, reflecting that they have had external help to make the applications. For M3, almost 90% are either satisfied to a large extent or to some extent, while only a few percents were satisfied only to a minor extent or not at all. Almost all beneficiaries replied and only a few did not know. For M7, the beneficiaries were almost as satisfied as beneficiaries under M3 with more than 82% either satisfied to a large extent or to some extent. The remaining share was preliminary satisfied to a minor extent, and all replied to the questions. Over all the beneficiaries have been satisfied with the guideline packages prepared for each measure under contracts for IPARD Managing Authority.

Info-days

IPARD II info-days were realized in coordination between the IPARD Managing Authority and the IPARD Agency on 97 places (AIR report, 2025). IPARD Managing Authority provided examples - cases of eight info days that took place in the period January 2019-September 2020. An evaluation form was provided at the end of the event, in order to assess the participants' satisfaction with the info day – presentation and practical part, with several statements (e.g. the info day has clear agenda, is well structured, good balance between theory and practice, its tailored to the needs of the participants, has accomplished the objectives, etc.). The statements were assessed as excellent, good, needs repletion, and bad. The overall evaluation was graded from 1 (bad) to 5 (excellent). The participants could also point out the main positive and negative aspects and give suggestions for improvement.

Table 21 Cases of IPARD II info day evaluation

Date	Place	Stakeholder	Overall evaluation of the event	Main positive aspects	Main negative aspects	Suggestions for improvement
17.01.2019	Radovish	Public institution	Good, grades 4-5, objectives accomplished	Educative, clearly presented, good examples	Farmers should be more informed	Practical, real-life examples illustrated through visual presentations (PowerPoint slides); speeding up the procedures
05.11.2019	Delchevo	Local government	Excellent, grades 4-5, objectives accomplished	All measures were well explained	None	Have such event more frequently
18.11.2019	Vasilevo	Individual agricultural producer	Good, grades 4-5	Explanations in terms of applications	None	None
22.11.2019	Valandovo	Individual agricultural producer	Good, grades 4-5, objectives accomplished	All information was useful	None	To be organised timely and more frequent
18.02.2020	Makedonska Kamenica	Producer	Excellent, grades 5, objectives accomplished	Good presentation	None	None
28.02.2020	Probishtip	Local government	Excellent, grades 5, objectives accomplished	Information was very significant	None	Ensure higher turnout; inform wider public
22.09.2020	Shtip	Producer	Excellent, grades 5, objectives accomplished	The presenters successfully maintained the attention of all participants	None	None
22.07.2020	Vraneshnica	Public institution	Excellent, grades 5, objectives accomplished	Concrete examples were explained	None	Info days should be scheduled outside peak agricultural periods

Source: Information from IPARD Managing Authority, 2025

Forums

A forum was organised in Berovo on October 6th and 7th, 2020. The presentations and discussions referred to M1, M3 and M7 and the ways of submitting applications for financial support and payment requests were explained in detail, and in particular all the necessary documents when submitting the applications (AIR report, 2025). Based on the three provided samples of evaluation forms by IPARD Managing Authority (structured identically to those used during the IPARD II info days), the following key findings can be summarised:

- All three cases evaluated the forum as excellent and found that the event objectives were fulfilled.
- The **main positive aspects** of the event were pointed out as follows: the event had clear agenda; the whole topic on the conditions – documents required were well presented; getting acquainted with the exact titles of the required documents; good platform for exchange of experience, with concrete examples; networking with staff from other institutions involved in the IPARD programme, transfer and exchange of information and knowledge; open discussion, possibility for everyone to equally contribute to the forum; the presenters were from diverse professional profiles, all from sectors and institutions directly involved with documentation required for applying for the IPARD Programme; useful suggestions were shared during the event; constructive and dedicated approach was demonstrated to fulfil the objectives to deal with the administrative difficulties and maximise the use of the funds, foremost from IPARD Managing Authority staff.

- The **main negative aspects** of the event were pointed out as follows: although the IPARD Agency representatives showed enthusiasm and a realistic understanding of the challenges in measure processing (particularly for Measure 7), most did not hold decision-making roles. The inclusion of higher-ranking IPARD Agency representatives would have been more appropriate. Very limited number of participants from other institutions apart from IPARD Managing Authority and IPARD Agency (e.g. FVA, Ministry for Transport, Local governments etc.).
- **Suggestions for improvement** of future events: include practical examples illustrating how process weaknesses have negatively affected implementation, to identify and eliminate them in the future; ensure better time management so that key activities foreseen for the forum are not reduced or skipped due to time limitations; ensure relevant representatives from all institutions connected to the IPARD programme are present.

Another forum was organised in Veles on October 22nd, 2020, for NEA advisors. The sample evaluation form provided by IPARD Managing Authority gives an excellent general evaluation and fulfilment of the objectives. Further comments include:

- The **main positive aspects** of the event were pointed out as follows: clear and precise information; concrete examples from other countries; exchange of experience.
- The **main negative aspects** of the event were pointed out as follows: absence of representatives from other institution for more effective responses and solutions.
- **Suggestions for improvement** of future events: presence of other representatives from MAFWE and other institutions involved in the IPARD programme; presentation of successful and unsuccessful IPARD projects.

Workshops

Within the communication and public campaign, five workshops were held (AIR report, 2025). The sample evaluation form provided by IPARD Managing Authority gives a generally positive evaluation and fulfilment of the workshop objectives. Comments from the four sample evaluation forms (from workshops in Strumica 26.12.2018, Veles 16.01.2019, Skopje 20.11.2019 and Gradsko 24.01.2020) include:

- The **main positive aspects** of the event were pointed out as follows: good information on IPARD II Programme; high level representatives from IPARD Agency; practical work.
- The **main negative aspects** of the event were pointed out as follows: absence of precise answers; lack of NEA involvement; lack of adherence to the event time schedule.
- **Suggestions for improvement** of future events: have thematic events by sectors; training on preparation of business plans; higher motivation for NEA advisors.

6.3.6. PRAG procedures

During an interview with IPARD Managing Authority staff, it was mentioned by that the PRAG rules are increasingly difficult to work with, since the threshold limit of the PRAG procedures is 2,500 EUR for contracts based on payment of invoices and contracted directly with the operator without a tender. If the costs for a workshop or a meeting are below this threshold, IPARD Managing Authority can order an operator to deliver what is needed (catering, translation, etc.) and pay according to the invoice. If the expected costs are higher, the IPARD Managing Authority must run a tender, and that takes at least 6 months to accomplish, and the administrative process is much more expensive. Inflation and rising prices have made the 2,500 EUR limit obsolete, since all activities now are more expensive than 2,500 EUR. Thus, the IPARD Managing Authority faces challenges with revised PRAG procedures, when implementing the TA measure.

The IPARD Managing Authority has implemented 26 contracts, to a value of 204,428 EUR. Of these contracts 19 are below the 2,500 EUR limit, 5 contracts are between 2,500 and 20,000 EUR and 2 contracts are above 20,000 EUR. Among them are ex-post evaluation of IPARD I Programme and the 2021 and ex-ante evaluation of IPARD III programme. In total 6 contracts are related to IPARD Monitoring Committee meetings, while 8 contracts are related to information and publicity activities, and most of these contracts are between the 2,500 EUR and the 20,000 EUR limits.

It is a real and widespread challenge across IPARD countries, not unique to North Macedonia that the 2,500 EUR limit reduces flexibility for IPARD Managing Authority and often also reduce activities. When the IPARD Managing Authority implements TA under IPARD III Programme, it must follow the latest PRAG rules (Practical Guide to Contract Procedures for EU External Actions, 2025). However, it is important not to confuse the 2,500 EUR invoice limit with the single-tender limit: a confusion, which unnecessarily blocks quick actions.

As the IPARD Managing Authority is fully aware of, the PRAG threshold of 2,500 EUR is not meant for all contract types. In the PRAG Guidelines 2025, the EUR 2,500 limit applies only to the invoice procedure meaning the absolute minimum threshold, where the IPARD Managing Authority may simply pay based on an invoice without any tendering procedure or comparative assessment. That threshold is very low, and its purpose is purely to allow payments for very small, incidental expenses.

> *"Payments for amounts less than or equal to 2,500 EUR may be made against invoices without prior acceptance of a tender." (Source: European Commission, DG for International Partnerships: Contract procedures for EU external action – A practical guide, 2025).*

The *next* procedural level is single tender up to EUR 20,000 EUR, still referring to the PRAG Guidelines 2025:

> *"A contract may be awarded directly to an economic operator using the single tender procedure, when the contract does not exceed EUR 20,000 EUR."*

Thus, for contracts with a value of more than 2,500 EUR and up to 20,000 EUR, the IPARD Managing Authority may award the contract on the basis of a single tender. That means that IPARD Managing Authority does not have to run a full tender. IPARD Managing Authority can directly request and accept one offer from a known supplier or service provider. This allows fast procurement for e.g. events, catering, accommodation, or small consultancies. So in practice, the relevant threshold for the IPARD Managing Authority is 20,000 EUR, not 2,500 EUR.

In PRAG, the 2,500 EUR is the limit *below which you don't need to collect offers at all* and only marks the *invoice* limit: the point below which you can simply pay a bill with no competition at all. For normal service contracts (training, workshops, accommodation, catering), the correct procedural threshold is up to 20,000 EUR for single tender procedure. So, the IPARD Managing Authority could legally and safely contract such services through a single tender, without launching a full competitive call.

Clarifying internally in the IPARD Managing Authority and with the IPARD Agency management that 20,000 EUR is the correct threshold for single-tender service contracts will restore the flexibility that PRAG allows.

Under the PRAG rules the relevant ceilings for service contracts that covers conference organisation, catering, accommodation, translation, printing etc. are inserted in the table below:

Table 22 PRAG limits for service contracting, 2025

Contract value (EUR, excluding VAT)	Procedure allowed	Typical use
≤ 2 500	Invoice procedure: Pay against invoice, no offer requested	Small incidental expenses
> 2 500 – ≤ 20 000	Single-tender: Request and accept one offer from a known supplier	Meetings, catering, small studies
> 20 000 – ≤ 300 000	Simplified procedure: Invite at least three candidates, no publication	Larger trainings, multiple events
> 300 000	Open or restricted international tender	Major TA contracts

Source: European Commission, DG for International Partnerships: Contract procedures for EU external action – A practical guide (2025)

Recommendations related to measure 9 are presented in Chapter 7.

6.4. Measure 6: Investments in rural public infrastructure

Even though Measure 6 on Investments in rural public infrastructure is not implemented under IPARD II Programme , but is included under IPARD III Programme, and will be implemented at a later stage, the IPARD Managing Authority wishes the ex-post evaluators of IPARD II Programme to comment on the state of play regarding readiness and preparedness for implementation of the measure. The IPARD Managing Authority underscored these three questions:

a) Is the current measure description in compliance with the EU requirements? And if not, which recommendations can be provided for Managing Authority to implement at a later stage?
b) To what extent is the IPARD Agency ready to implement the measure? Does the IPARD Agency have the staff and the competences needed? To what extent have guidelines and procedures for staff been prepared?
c) To what extent are local communities and municipalities ready to apply for the measure? Do they know the rules and procedures, do they have resources available for investments, for operational and for maintenance costs?

6.4.1. Measure description in the IPARD III programme (version 2024)

The rationale and the objectives of the measure are summarized here.

The competitiveness of the rural areas is constrained by inadequate quality and access to basic infrastructure and services. Development and improvement of the basic infrastructure is a precondition pertaining balanced economic growth in the rural area and for the enhancement of the socio-economic living conditions of the rural population in the country.

The general objective is to support economic, social and territorial development, with a view to a smart, sustainable and inclusive growth through the development of physical capital in the country, thereby facilitating business and community development, growth and employment in rural areas.

The specific objectives of this measure are:

- to provide infrastructure needed for the development of rural areas
- to contribute towards the improvement of living standards for rural population
- to support public investments necessary to achieve sustainable development
- to increase the attractiveness of rural areas for local and outside investors.

6.4.2. Status of the measure description

The ex-ante evaluation of IPARD III programme was reported in 2021. The report summarizes the assessment of the measure description of measure 6 included in the 2021 version of the programme. We have now compared the new description of Measure 6 in the latest version of IPARD III Programme with the ex-ante evaluation recommendations and have prepared the table below.

Table 23 Revied measure description vs 2021 ex ante evaluation

Recommendations in the ex-ante evaluation report	Status in revised measure description
Provide quantitative documentation for the needs of investments in rural public Infrastructure	Still relevant.
Improve rationale with information about new communication technologies, broadband etc.	Accepted.
Training of local authorities is needed, but no information about this is provided.	Still relevant.
No explanation and justification are provided why the threshold is set at 10,000 inhabitants.	The eligibility criteria is provided by DG Agri in the measure fiche (guidelines for measure drafting).
Flood protection is not eligible.	Accepted and deleted from list of eligible investments.
Prevention of landslides is not eligible.	Accepted and deleted from list of eligible investments.
No baseline value for the reference year for target indicators.	Still relevant. Only indicators for financial budget/uptake, number of projects (two types) and jobs are included. This recommendation to be considered for further modifications of the programme.

Source: Ex-ante evaluation of IPARD III, 2021 and IPARD III programme, version 27.06.2024

So far, the IPARD Managing Authority did not follow all recommendations from the ex-ante evaluation in the 2024 version of the IPARD III Programme, and some of them are repeated in the table above. Before implementation, the recommendations leading to more precise formulations and clarifications in the measure description should be followed by the IPARD Managing Authority.

6.4.3. Preparedness of IPARD Agency

The IPARD Managing Authority is interested to know about the capacities of IPARD Agency to start implementation of the measure. The IPARD Agency informs us about the following situation as of October 2025.

The rural public infrastructure measure is not yet accredited by the European Commission, but accreditation package is sent to DG Agri for initiating EU accreditation process for Measure 6 in October 2025.

The required accreditation package is prepared and sent to NAO, but in this moment the IPARD Agency cannot and will not share the description of the procedures with us, so it is not possible for us to make an assessment of them. Interesting, the IPARD Managing Authority does not have access to the procedures either.

The IPARD Agency informs that its staff had trainings and information activities related to this measure. During 2025, the Public Procurement Department attended several trainings aimed at enhancing the skills of employees who will be responsible for procurements under the measure *Investments in rural public infrastructure*. The Department participated in training about the PRAG procedures, which was divided into three parts: *Contracts for Supplies, Contracts for Services,* and *Contracts for Works.* These trainings were provided through the project Support for Policy Reforms, Accession and Effectiveness (SUPRAE), under the sub-activity Capacity building for national authorities in implementing the new requirements and rules introduced by the IPA III Regulation. In addition, the Public Procurement Department took part in a workshop, where staff had the opportunity to learn from the experience of the Croatian Paying Agency. The lecturers at this workshop shared their practical experience in implementing the *Investments in rural public Infrastructure* measure. This training was made possible through the EU's Instrument for Technical Assistance and Information Exchange (TAIEX).

Based on this information and due to the fact that we can verify that the training in PRAG procedures de facto was accomplished, it is our preliminary assessment that the IPARD Agency is prepared to implement the measure when accredited.

6.4.4. Readiness of local authorities and municipalities

In 2018, the IPARD Managing Authority made preparatory activities for implementation of M6 by contacting rural municipalities and requesting information by fulfilling the questionnaires about the state of play of rural public infrastructure in the municipality. The municipalities were requested to describe the situation on the ground regarding types of infrastructure, the volumes, the capacities and the population in the local settlement/municipality.

Furthermore, the investment priorities of the municipalities were recorded, the volume of investments, the sources of financing and the capacities of the local administration to apply for support under M6 and to implement the tender procedures and after that the investments.

The IPARD Managing Authority received data from 20 rural municipalities out of around 70 rural municipalities. The data collected gave a good picture of the situation on the ground. However, since then no update of the state of play is prepared and no training of the local authorities is planned or accomplished, as it is indicated in the IPARD III Programme.

Municipal and local self-government readiness for M6 is not explicitly documented in the publicly available sources, for example how many municipalities have technical project documentation ready; how many have co-financing capacity etc.

Therefore, it is important to make a follow up on the survey as soon as possible, when the implementation of the measure is approaching, probably in 2026. It is also important to prepare the local authorities with adequate information campaigns and training to make them ready to apply, when the call opens. Recommendations related to M6 are presented in Chapter 7.

6.5. Programme level evaluation

6.5.1. Effectiveness

Financial effectiveness

The estimation of the financial effectiveness of the programme is a measurement of the extent to which the planned expenditures are utilized. Financial effectiveness is the value of total expenditures/value of planned total expenditures*100 = X%. If the effectiveness is above 100% more has been invested than planned, and opposite, if the effectiveness is below 100%, less has been invested than planned. It must be underscored that it is not as such good or bad, if the effectiveness is below or above 100%. It is important to understand why and to take action to overcome problems or causes leading to the higher/lower effectiveness, if needed and relevant.

We take as point of departure the financial plan in the fifth version of the IPARD II Programme, presented in the table below.

Table 24 Financial plan IPARD II, final version

Measure	EU support, planned, EUR	National support, planned, EUR	Private co-financing, expected, EUR	Total expenditures, planned, EUR
M1	17,120,000	5,706,667	15,217,778	38,044,445
M3	27,025,587	9,008,529	36,034,117	72,068,233
M7	15,394,413	5,131,471	11,052,399	31,578,283
M9	460,000	81,176	0	541,176
Total	60,000,000	19,927,843	62,304,294	142,232,137

Source: IPARD II Programme, version 5, February 2015

The financial plan is compared with the financial accounts presented below. The table presents the factual spendings by measure and for the programme in total, distributed on funding sources: EU, national public and private.

Table 25 Financial account IPARD II Programme

Measure	EU support, accomplished, EUR	National support, accomplished, EUR	Private co-funding, accomplished, EUR	Total expenditures, accomplished, EUR
M1	17,217,775	5,737,823	20,123,212	43,078,810
M3	22,421,706	7,508,933	29,930,639	59,861,278
M7	11,103,752	3,052,261	10,970,881	25,126,894
M9	279,302	49,288	0	328,590
Total	51,022,535	16,348,305	61,024,732	128,395,572

Source: AIR 2024 and supplementary information from IPARD Agency

It must be underscored that the financial table included in the AIR 2024 report, table 33, pretending to be the final financial table for the full implantation of IPARD II Programme was incorrect. Additional and correct data was obtained from the IPARD Agency to establish a consolidated financial table. The financial effectiveness is presented in the table below.

Table 26 Financial effectiveness

Measure	Financial Effectiveness, EU, %	Financial Effectiveness, national support, %	Financial Effectiveness, private co-financing, %	Financial Effectiveness, Total, %
M1	100.6	100.5	132.2	113.2
M3	82.9	83.4	83.1	83.1
M7	72.1	59.5	99.3	79.6
M9	60.7	60.7	0	60.7
Total	85.0	82.0	97.9	90.3

Source: Own calculations based on IPARD II Programme and AIR 2024 report

In total, the financial effectiveness is 90.3% providing the information that we have invested 90% of the planned investments. The private investments are close to the planned/expected 100% with 98%, while the EU financing is 85% and the national public co-financing is 82% of the planned investments.

The optimal target is of course 100%, primarily of EU funding and national public funding. The private funding may be higher, due to the so-called leverage effect, which is estimated later in the chapter.

A financial effectiveness of 85% for the EU funding is acceptable, but it still means that 15% of the allocated funds were not utilized.

Technical effectiveness

The technical effectiveness refers to the fulfilment of the quantified targets of the programme. Technical effectiveness is defined as Number of beneficiaries/numbers of planned beneficiaries*100 = X%. If a target is quantified to 50, and the programme has produced 25, the effectiveness is 50%. We can calculate the technical effectiveness for the main output, i.e. the number of realized projects compared to the number pf planned projects. In total 3,620 projects were planned, but only 2,143 projects were accomplished. The effectiveness ratio is then 59%. Then target was not met for any of the measures, but with M3 as the one closest to the target.

Table 27 Technical effectiveness, %

Measure	Planned projects	Realized projects	Technical Effectiveness, %
Measure 1	3100	1802	58
Measure 3	220	174	79
Measure 7	300	167	56
Total	3620	2143	59

Source: AIR 2024, IPARD II Programme, fifth version, and own calculations

The technical effectiveness can be related to the financial effectiveness providing information about the efficiency of the programme. This means that we can estimate a figure for each measure and for the total programme describing

to which extent we have produced more or less compared to the resources we have invested. If the efficiency is higher than 100%, we have produced the output to a lower unit cost than expected. On the contrary, if the efficiency is below 100% the unit costs have been higher than expected.

6.5.2. Financial efficiency

Efficiency is defined as the financial effectiveness (%)/Technical effectiveness (%) * 100 = X< 100 higher than planned costs for accomplished investments; X> 100 lower than planned costs for accomplished investments.

Table 28 Financial efficiency, measure and programme, %

Measure	Financial efficiency
Measure 1	51
Measure 3	95
Measure 7	70
Measure 9	40
Total	64

Source: own calculations based on previous tables

For the programme the efficiency is 64%. This means that the produced outputs (projects) have been more expensive in average, than we expected, when the financial plan was prepared during the programming phase. Only M3 almost hits the level of an efficiency of 100%. The technical effectiveness was 79%, while the financial effectiveness was 83%. So, the calculation tells us that we produced less than expected (only 79%), but we did not use more resources than expected to produce the 79%. Only 4% more. Thus, the efficiency is close to the balance of 100%.

For M1 we only produced 58% of the planned projects and invested 113% of the planned investment with the private contribution as high as 132%. The efficiency then ends at a modest level of 51%. This means that each project in average was double as expensive as expected in the programming.

One reason to this is the long periods of contracting and payments. From an applicant submitted the application to the contract was approved, the investment accomplished, and the costs reimbursed, a very long time passed. During this period the investments costs raised, and since the public support is fixed to the contract, the only one to pay for the increased costs of input factors is the beneficiary. Thus, the private contributing to the investment surpassed the eligible aid intensity. Another reason may be that the budgeting of the programme in the first place was incorrect, and that the average unit costs per projects was underestimated.

In order to better hit the target of efficiency, the IPARD Managing Authority must improve the estimations of the average unit costs of investments, and the IPARD Agency must increase its effectiveness in the processing of applications and payment claims.

6.5.3. Detailed technical effectiveness

As the final section in this elaboration of programme effectiveness and efficiency we estimate the technical effectiveness in more details for each of the measures. The table below summarises the findings.

Table 29 Overall effectiveness, measure level and programme level, %

Measure	Target category	Target, numbers	Realized, numbers	%
M1	**Supported projects**	**3,100**	**1,802**	**58**
	Modernization projects	3,100	1,029	33
	Upgrading towards EU standards	1,200	769	64
	Full compliance	30	0	0
	Renewable energy	25	2	8
	Manure storage	50	0	0
	Jobs, gross (AWU per year)	700	253	36
M3	**Supported projects**	**220**	**171**	**78**
	Modernizations	220	170	77
	Standards	200	n.a	n.a.
	Renewable energy	20	1	5
	Jobs, gross (AWU per year)	1,300	1,312	101
M7	**Supported projects**	**300**	**167**	**56**
	Diversification	70	71	101
	Renewable energy	25	0	0
	Jobs, gross (AWU per year)	1,000	208	21
M 9	**Activities**	**120**	**29**	**24**
	Leaflets etc	200,000	no data	n.a.
	Campaigns	20	6	30
	Expert assignments	25	0	0
	Workshops, seminars, conferences	25	2	8
	Monitoring Comm meetings	14	7	50
	Studies	11	7	64
	Evaluations and reports	7	7	100
	Rural network actions	10	n.a.	n.a.
	LAGs supported	5	n.a.	n.a.

Source: Monitoring tables, 2025 and own calculations based on NPV approach

In general, the technical effectiveness on sub-targets is low. For M1, only 33% at the target for modernization projects was achieved, 0% for full compliance and manure storage projects and finally only 8% of the target for renewable energy projects.

For M3, it is also scarce with renewable energy projects with 1 out of 20 = 5% of the target. The same is the case for M7 with no projects aiming to produce renewable energy.

The takeaway information is that the beneficiaries focus on revenue generating investments aiming to increase competitiveness through modernisation of production, technology and buildings on the expense of investments aiming to generate public goods in the broad sense as defined in the selection criteria in the programme. This is a fair choice of the beneficiaries, ceteris paribus, but also a reflection of the design of the measures. Apparently, too weak incitements have been included in the design regarding aid intensity, min/max investment values and section criteria to get other than these revenue generating projects up the ranking list.

As it will be demonstrated later, the effects of this measure design and the legitimate choice of investment focus of the beneficiaries, leads to a relatively high deadweight rate (40% equal to 29.7 million EUR.). This means that a big share of the public resources spent on investments are substituting private resources, which then are available for other types of investments, also outside the agricultural and rural sector. This leads to less additionality of the programme, than could have been achieved with another design of the measure (aid intensity, minimum/maximum thresholds of investments and eligibility/selection criteria).

6.5.4. Economic results and impacts

The Present Value Approach

This section of the evaluation presents our estimations of the effects on profit, gross value added, and job generation based on information from stakeholders about payback time (PBT) for investments under each measure. The method applied is the Present Value Approach described briefly here.

Total public investments under IPARD II Programme for agriculture (M1) is 23 million EUR from 2018 to 2023. Based on the stakeholder interviews and the indicated average payback time for investments under each measure and an indicated depreciation time for the investments, we have estimated the Net Present Value (NPV) of the investment. The NPV is the revenue (profit) generated of the investment after the investment costs are paid back. For M1 the NPV is estimated to be 27 million EUR after 8 years of PBT plus 7 years after pay back until depreciation, in total a 15-year period of revenue stream and 5% in discount rate.

The average Net Surplus Value ratio (%) of Gross Value Added (GVA) in North Macedonia is 88% in the period from 2018 to 2023 (SSO, 2025). The Present Value of GVA created under IPARD II Programme with 2018 as base year is then calculated using this ratio.

At the same time the average labour productivity (GVA/AWU) from 2018 to 2023 is 8,400 EUR. The created Present Value of GVA is divided with the average GVA/Annual Wage Unit (AWU), and in this way we can estimate the total number of AWU years created from the investments. Finally, the public investment is then divided with the number of AWU years created to estimate the public investment cost per AWU-year.

The calculations for each measure are summarized below, followed of a combined table.

Measure 1 Investments in physical assets of agricultural holdings

The calculations with the Net Present Value approach using 2018 as the base year for the public investments under IPARD II and a discount rate r = 5%, are presented below.

Inputs of public investments by year:

- Time horizon: 15 years, discount rate 5%, base year 2018
- Public investments 2018–2023: 23 million EUR
- NPV of generated revenue = 27 million EUR
- Revenue as share of GVA = 88%
- GVA/AWU = 8,400 EUR

Results:

- GVA generated: 30.8 million EUR
- AWU-years created: 30.8 million EU / 8,400 EUR per GVA/AWU = 3,790 AWU years
- Average annual AWU = 3,790 AWU years / 15 = 253 AWU years
- Public investments: 23.0 million EUR / 3,790 AWU-years = 6,058 EUR per AWU-year
- NPV revenue stream / Public investments = 27.0 million EUR / 23.0 million EUR = 1.2 EUR

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

The calculations for M3 follow the same approach. The discounting period is defined to 10 years due to a shorter depreciation time for technologies under M3 than for relatively simpler machinery under M1. The average annual share of the revenue of food and beverage GVA is estimated to be 24% from 2018 to 2023 (SSO, 2025).

Inputs of public investments by year:

- Time horizon: 10 years, discount rate 5%, base year 2018
- Public investments 2018–2023: 29.9 million EUR
- NPV of generated revenue = 31.5 million EUR
- Revenue share of GVA = 24%
- GVA/AWU = 9,835 EUR

Results:

- GVA generated 129 million EUR
- AWU-years created = 129 million EUR / 9,835 EUR per GVA/AWU = 13,117 AWU-years
- Average annual AWU = 13,117 / 10 years = 1,312 AWU/year
- Public investments: 29.9 million EUR / 13,117 AWU years = 2,279 EUR per AWU-year
- NPV revenue stream / Public investments = 31.5 million EUR / 29.9 million EUR = 1.1 EUR

Measure 7: Farm diversification and business development

Inputs:

- Horizon = 15 years, discount rate 5%, base year 2018
- Public investments = 14.2 million EUR
- NPV of generated revenue = 15.3 million EUR
- Revenue share of GVA = 44%
- GVA/AWU (annual average 2018 to 2023) = 10,439 EUR

Results:

- GVA generated 34.4 million EUR
- AWU-years created = 34.4 million EUR / 10,439 EUR per GVA/AWU = 3,115 AWU-years
- Average annual AWU = 3,115 / 15 = 208 AWU/year
- Public investments: 14.2 million EUR/ 3,115 AWU year = 4,551 EUR
- NPV revenue stream / Public investments = 15.3 million EUR / 14.2 million EUR = 1.1 EUR

Combined tables

Consolidated tables for measures M1, M3, and M7 using inputs and consistent 5% discounting to 2018 showing the NPV approach.

Table 30 Investments per AWU-year, EUR, all measures

Measure	Horizon (years)	Public Investment million EUR,	AWU-years	Avg. AWU/year	Public cost per AWU-year, all years, EUR
M1	15	23.0	3,790	253	6,061
M3	10	29.9	13,117	1,312	2,279
M7	15	14.2	3,115	208	4,551

Source: AIR 2024 and own calculations

The table below presents the generated revenue per invested EUR in public support as well as job effects.

Table 31 Total direct effects of IPARD II

Measure	Public Investments million EUR	NPV revenue, million EUR, PV	Revenue / public investment, EUR	AWU per year	Public investments per annual AWU, EUR
M1	23.0	27.0	1.2	253	90,909
M3	29.9	31.5	1.1	1312	22,790
M7	14.2	15.3	1.1	208	68,269
IPARD II Programme	**67.1**	**73.8**	**1.1**	**1,773**	**37,845**

Source: AIR 2024 and own calculations

The table above summarizes the direct effects of IPARD II Programme, including the generation of 73.8 million in revenue (profit) for the beneficiaries. As explained, the calculation is based on fixed payback times for investments under each measure, as well as fixed technical depreciation times for each investment under each measure. We can estimate the interval of revenue generation selecting shorter financial payback time and technical depreciation time.

Sensitivity of total revenue generation, variations in financial payback time, and technical depreciation time. For M1 and M7, the high factor combination is 7 years of financial payback time and 13 years of technical depreciation time, while it is 5 and 8 for M3. The low factor combination for M1 and M7 is 9 year and 13 years and it is 7 years and 12 years for M3.

The generated revenue varies only to a small extent. From 69.7 million EUR with the low factor combination (longer payback time) via 72.7 million EUR with the medium combination to the 74.5 million EUR with the high combination (shorter payback time).

Table 32 Sensitivity of total revenue generation, variations in financial payback time, and technical depreciation time

Measure and total	High effect factor combination	Medium (and applied)	Low factor combination
M1, revenue, million EUR	26.9	26.1	25.3
M3, revenue, million EUR	32.0	31.4	29.7
M7, revenue, million EUR	15.6	15.2	14.7
Total revenue, million EUR	74.5	73.7	69.7

Source: Own calculations

Multiplier effects

The Keynesian multiplier provides information about how big the indirect effects of public investments in the economy are, created as rings in the water after dropping a stone. The precise value of the multiplier is context and country dependent. The determining factors are the national marginal propensity to consume (MPC) indicating how big a share of an additional income that will be spent on consumption, the marginal taxation rate (MTR) indicating how big a share of the additional income that will be paid in taxes, and the marginal import propensity (MPM) indicating how big of the additional consumption that will be imported from aboard.

The higher the share of an additional income a person will spend on consumption, the lower the taxes rate is and the lower the ratio of imported product is, the higher is the multiplier and thus the higher are the indirect effects in the economy.

We have consulted IPARD Managing Authority and MoF about the average MPC, MTR and MPM factors in the economy of North Macedonia, but without results. Thus, we rely on other studies, including data from the WB. Here the Multiplier was estimated to be 0.85, meaning that an additional income of 100 EUR after taxes will lead to an additional consumption of 85 EUR. The taxation rate is defined to be 0.2 meaning that of an additional income of 100 EUR, 20 EUR will be paid in taxes and not be available for consumption. Finally, the marginal import is defined to be between 0.5 and 0.7 meaning that for each 100 EUR spent in additional consumption, between 50 and 70 EUR will go to imported goods and thus leak out of the country.

Table 33 Multiplier determinators (MPC, MTR, MPM) and Multiplier (MPK)

Measure	MPC	MTR	MPM	MPK
Agriculture (M1)	0.9	0.2	0.5	1.28
Food processing (M3)	0.7	0.2	0.8	0.81
Rural development (M7)	0.9	0.2	0.3	1.72

Source: Multiplier coefficients collected from various sources including World Bank reports

We anticipate that the marginal taxation rate is the same for all three measures. Out of 100 EUR in additional income, 20 EUR is paid in taxes. We anticipate also that the marginal propensity to consume the additional income is higher (0.9) in agriculture (M1) and in rural areas (M7) than in M3 food processing (0.7). Finally, we anticipate that the marginal import ratio is highest in M3 food processing (0.8 while it is 0.5 in agriculture (M1) and 0.3 in M7.

The effect of the multipliers (MPK) are then calculated for each measure. Together with the public investments, revenue generation, the total direct and indirect effects are estimated and presented in the table below.

Table 34 Multiplier effects and total effects, million EUR

Measure	Total Public Investments, million EUR,	Revenue generation, PV, million EUR	Multiplier effects, million EUR	Total direct and indirect effects, million EUR
M1	23.0	27.0	29.4	79.4
M3	29.9	31.5	24.3	85.7
M7	14.2	15.3	24.4	53.9
Total	**67.1**	**73.8**	**78.1**	**219.0**

Source: Own calculations based AIR 2024 report from IPARD Managing Authority, multiplier coefficients from various sources including World Bank

In total the IPARD II Programme represent an investment of public funds of 67.1 million EUR. The total revenue generation from the investments is 73.8 million EUR in present value with 2018 as base year. The multiplier effects are estimated to be 78.1 million EUR, leading to a total effect of 219.0 million EUR in direct and indirect effects.

Sensitivity calculations of multiplier effects

The choice of determining factors in the estimation of the multiplier effects is important for the result. The three factors MPC, MTR and MPM have here three different values each. This means that the combination of factor values is nine possible combinations. We have chosen the factor values giving the highest and the lowest multiplier effects respectively. This calculation ends with an interval of combined direct and indirect effects between 207 million EUR up to 352 million EUR in direct and indirect effects with a realistic result between of these two figures with 209 million EUR.

Leverage effects

The leverage effect is defined as the additional private investment above the required private co-funding rate. If the aid intensity is 50%, and the private co-funding is lower than 50%, then the difference represents the leverage effect, and is the additional private investments compared to what could be expected from the defined aid intensity. The tables below show the calculations.

Table 35 Private cofounding rate, expected and realized, % and EUR

Measure	Planned private co-funding rate, %	Private expected co-funding, million EUR	Private co-funding, realized, EUR	Realized private co-funding rate, %
M1	40	15.2	20.1	46.7
M3	50	36.0	29.9	50.0
M7	35	11.1	11.0	43.7
Total	**44**	**62.3**	**51.9**	**47.5**

Source: IPARD II Programme and AIR 2024 report, own calculations

Table 36 Leverage effect per measure and total, million EUR

Measure	Expected private co funding in relation to realized total investments, million EUR	Leverage effect, million EUR	Leverage effect as share of expected investments, %	Change in private co-funding, realized to expected, million EUR
M1	17.2	2.9	16.8	4.9
M3	29.9	0	0	-6.1
M7	8.8	2.2	24.7	-0.1
Total	**56.0**	**5.1**	**9.1**	**-1.3**

Source: IPARD II Programme and AIR 2024 report, own calculations

The table shows that M1 generated a leverage effect of 2,9 million EUR, equal to 16.8%, while M7 generated 2,2 million EUR in leverage, equal to 24.7%. M3 did not generate any leverage effect. A total of 5.1 million EUR was generated in leverage effect, equal to 9.1% of the total expected private investments of 62.3 million EUR.

Via case-studies and stakeholder interviews we were informed that beneficiaries did invest on their own via bank loans. These investments were additional and on top of the IPARD supported investment. The additional investments were not quantified, and the signal from this information is one on hand that some beneficiaries have access to additional funding and may represent dead weight investments under IPARD, but on the other hand the additional investments also signal leverage effects beyond the leverage effects of the individual IPARD supported project.

Adjustments for deadweight loss

It is important to correct the calculations of the effects taking the so-called deadweight into consideration. The table below shows results from the survey among beneficiaries, also reported previously in this chapter, but here the deadweight effect will be assessed at the programme level and not at the level of individual beneficiaries. The beneficiaries were asked, how big a share of the investments they would have made also without support from IPARD. The scale from 100% to 0% represents the share of the investment that would have been accomplish under all circumstances. As the table shows, 13% of the investments would have been made fully (100%) also without IPARD support for M1. In the other end of the table, 24% of the investments would not have been accomplished at all under M7 without IPARD support. The higher share of the beneficiaries that reply that 0%, the higher is the additionality of the programme, and the lower is the deadweight.

Table 37 Survey results about beneficiaries and their view on deadweight

Measure	100%	87.5%	62.5%	37.5%	12.5%	0%
M1	13%	7%	15%	26%	17%	22%
M3	14%	9%	18%	11%	31%	17%
M7	15%	5%	10%	24%	22%	24%

Source: Survey 2025

The answers in table above are translated into value. For example, 13% of the investments under M1 will be accomplished 100% also without IPARD support. This is equal to 3.0 million EUR of the total public expenditures under M1. Deadweight is only relevant for public support, and not for the private part of the investment. That is why we only calculate DW for public support and not the total amount of investments. For M7, 22% of the investments would have invested 12.5% of the investment under all circumstances. This is equal to 3.1 million EUR.

Table 38 DW loss per measure and total, million EUR

Total Public Exp., million EUR	100%	87.5%	62.5%	37.5%	12.5%	0%	Total DW, million EUR	DW%	Effect%
M1: 23.0	3.0	1.4	2.2	2.2	0.5	0	9.2	40	60
M3: 29.9	4.2	2.5	3.4	1.2	1.2	0	12.5	42	58
M7: 14.2	2.1	0.6	0.9	1.3	3.1	0	8.0	58	42
Total: 67.1	**9.3**	**4.5**	**6.5**	**4.7**	**4.8**	**0**	**29.7**	**44**	**56**

Source: Survey 2025, AIR 2024 and own calculations

The share of deadweight is highest in M7 with 58% and lowest in M1 with 40%. In total the share is 44% representing deadweight loss of 29.7 million EUR out of the total public support of 67.1 million EUR. It is a high number and an effort to reduce deadweight should be initiated by the IPARD Managing Authority and the IPARD Agency, as already recommend in the ex-ante evaluation of the IPARD III Programme prepared in 2021.

Deadweight corrections of the effects of the programme are presented in the table below.

Table 39 Effects corrected for Deadweight and Deadweight loss

Effect categories	Effects, full programme	Effects, DW corrected	DW loss
AWU per year, total M1, M3 and M7	1,772	1,007	765
Revenue generated, million EUR	73.8	41.0	32.8
GVA generated, million EUR	194.2	108.1	86.1

Source: Survey 2025 and own calculations

As shown, the Deadweight loss is considerable. The programme loses 32.8 million EUR in generated revenue and 86.1 million EUR in GVA, since we cannot designate these amounts to the programme. They would have been generated also without the support.

Table 40 Effects corrected for Deadweight and Deadweight loss, sensitivity grid

Effect categories	Min (-6.6%)	Max (+ 6.6%)
AWU per year, total M1, M3 and M7	840	1,073
Revenue generated, million EUR	34.2	43.8
GVA generated, million EUR	90.2	115.2

Source: Survey 2025 and own calculations

The table above presents the range of effects corrected for deadweight loss within the statistical error range of +/- 6.6% deadweight loss. The application of the +/- 6.6% is due to the statistical error rate of the survey. The correct calculations can be in the range between +/- 6.6% of the estimated figure. Therefore, the effects can be in these intervals for each effect category:

- AWU per year between 840 AWU per year and 1073 AWU per year
- Revenue generation between 34.2 million EUR and 43.8 million EUR
- GVA generated between 90.2 million EUR and 115.2 million EUR

It must be underscored again that the deadweight loss calculated here to be 32.8 million EUR of reduced revenue generation to some extent is compensated for via the fact that beneficiaries without the IPARD support would have invested on their own, but the investments would typically have been smaller, have been with lower quality technology and would have been accomplished later. All in all, the deadweight will under all circumstances cause loss, although not necessary in the scale indicated here.

Comparison of the results of the NPV approach with the Survey results

The results from the beneficiary survey are compared with the results from the NPV approach. Where the NPV approach focuses exclusively on the effects of the single investment aggregated to the full programme level, the survey results of increase in revenue covers more than the individual investment project. That a beneficiary increases the revenue from 2018 to 2024 includes revenues from other activities than related directly to the IPARD supported investment. Therefore, it is reasonable to accept that the extrapolated effects from the survey are relatively higher than the aggregated effects from the NPV approach. For M1, the survey extrapolation gives a revenue 163% higher than the NPV approach. For M3 the difference is 245% and for M7 it is 92%. Here the NPV approach seems to overestimate the effects of the investments. At the programme level, the survey results are 183.5% higher than the NPV approach. The difference has no consequences for our conclusions. We use the calculations from the NPV approach as the most realistic results and have just made this comparison to see how the results match with each other.

6.6. Programme implementation and administration

6.6.1. IPARD Agency effectiveness and efficiency

Effectiveness

The effectiveness of the administrative processes in IPARD Agency is a measurement of the time spent from the submission of applications to contracting, and from submission of payment claims to payments. Since the IPARD Agency has no direct registration of the time (e.g. man-days) spent on each process, or has not provided us with the information, we have made the calculation based on the beneficiary list/database provided by IPARD Agency.

We have mapped the registration of days from application to contracting and from payment request to payment for each project under each measure and for each call. As an example, for the first call for M1 in January 2017, it took in average for the processing of an application 414 days before the project was contracted, and it took in average 230 days from payment request to payment. For M1, the average for all three calls was 378 days for contracting and 105 days for payments. In average across measures and calls the IPARD Agency spent 355 days on contracting and 191 days on payments.

Table 41 Man-months used for processing of applications and payment claims, FTE

Calls per measure	Total days from application to contracting, average	Total days from payment claim to payment, average	Man-months used from application to contracting, FTE	Man-months used from payment claim to payment, FTE	Man-months used, total FTE
Measure 1	**378**	**195**			
01.01-2017	414	230	1278	940	2218
03. 02-2018	335	197	1287	714	2001
06. 01-2020	365	115	1476	584	2060
Measure 3	**197**	**198**			
01.01-2017	329	227	957	944	1901
02. 01-2018	176	269	702	1087	1789
05. 02-2019	279	177	1071	876	1947
08. 01-2022	99	130	456	602	1058
09. 01-2023	103	161	447	739	1186
Measure 7	**336**	**142**			
01.01-2017	587	205	1863	833	2696
04. 01-2019	405	134	1551	561	2112
07. 01-2021	224	136	1022	608	1630
TA	**0**	**196**		6	6
Grand Total	**355**	**191**			**20604**

Source: IPARD Agency database and own calculations

The number of staff (FTE) in IAPRD Agency designated to work with IPARD is presented in the next table, from 87 in 2017 to 143 in 2024, representing 1,044 man-moths and 1,716 man-months respectively. Next, the total monthly costs per IPARD FTE in 2017 is estimated to be 783 EUR and 2,155 EUR in 2024. The total costs for IPARD administration in 2017 was 817,800 EUR and 3,697,401 EUR in 2024. The total costs from 2017 to 2024 are estimated to be 17,835,339 EUR or around 17.8 million EUR.

Table 42 IPARD staff (FTE) and costs for IPARD administration, EUR

Year	2017	2018	2019	2020	2021	2022	2023	2024	Total
IPARD staff, FTE	87	117	119	123	146	152	149	143	n.a.
IPARD staff, FTE man months	1,044	1,404	1,428	1,476	1,752	1,824	1,788	1,716	12,432
Total annual costs per IPARD FTE, EUR	9,400	11,400	13,400	15,384	17,678	18,006	21,353	25,856	n.a.
Total monthly costs per IPARD FTE, EUR	783	950	1,117	1,282	1,473	1,500	1,779	2,155	n.a.
Total costs for IPARD II, EUR	817,800	1,333,800	1,594,600	1,892,267	2,580,975	2,736,885	3,181,611	3,697,401	17,835,339

Source: IPARD Agency, IPARD Managing Authority, AIR 2024

Efficiency

Efficiency measures the resources (man-months and EUR) spent on administration of each project. The monthly administrative costs per IPARD FTE in the IPARD Agency are related to the time spent on the processing of applications and payment claims. As the table below shows, the average costs per project across calls for M1 is 4,060 EUR. For M3 it is 48,663 EUR and for M7 it is 62,089 EUR.

Table 43 Administrative costs, total and per project, EUR

Calls per measure	Costs processing applications, EUR	Costs processing payments, EUR	Total costs, EUR	Number of projects	Average costs per project, EUR	Costs per project, Average per measure, EUR
Measure 1						4,060
01.01-2017	1,001,100	893,000	1,894,100	837	2,263	
03.02-2018	1,222,650	678,300	1,900,950	598	3,179	
06.01-2020	1,892,267	748,702	2,640,969	392	6,737	
Measure 3						48,663
01.01-2017	749,650	739,467	1,489,117	36	41,364	
02.01-2018	666,900	1,032,650	1,699,550	44	38,626	
05.02-2019	1,195,950	978,200	2,174,150	42	51,765	
08.01-2022	684,221	903,292	1,587,513	27	58,797	
09.01-2023	795,403	1,314,995	2,110,398	40	52,760	
Measure 7						62,089
01.01-2017	1,459,350	652,517	2,111,867	17	124,227	
04.01-2019	1,731,950	626,450	2,358,400	72	32,756	
07.01-2021	1,505,569	895,681	2,401,250	82	29,284	
Total			**22,368,263**	**2,187**	**10,228**	

Source: own calculations

Total estimated administrative costs are 22,368,263 EUR, but this figure is overestimated, since staff has been working on several projects at a time and not only one application. The calculations so far include double counting, where applications from more than one measure were administrated at the same time, e.g. for the first call in 2017, when all three measures were processed at the same time. Therefore, we have corrected the estimated costs 22,368,263 EUR with the actual costs 17,835,339 EUR to eliminate double counting. The correction factor is 1.25, meaning that all costs must be reduced with this factor. The corrected figures are presented in the table below.

Table 44 Corrected, final estimated IPARD Agency administrative costs per project and total, EUR

Calls per measure	Corrected IPARD Agency costs per project under IPARD II Programme, EUR	Corrected IPARD Agency costs per project under IPARD II Programme, average, EUR
Measure 1		3,237
01.01-2017	1,804	
03. 02-2018	2,535	
06. 01-2020	5,372	
Measure 3		38,801
01.01-2017	32,982	
02. 01-2018	30,799	
05. 02-2019	41,275	
08. 01-2022	46,882	
09. 01-2023	42,068	
Measure 7		49,507
01.01-2017	99,053	
04. 01-2019	26,118	
07. 01-2021	23,349	
Total administrative costs in IPARD Agency for IPARD II and average costs per project, EUR	**17,835,339**	**8,155**

Source: own calculations

In average the costs per project is 8,155 EUR, with M7 as the most expensive with 49,509 EUR per project and M3 with 38,801 EUR. The cheapest measure to administer is M1, where the costs per project is 3,237 EUR.

The European Court of Auditors (ECA) and DG AGRI have repeatedly noted:

- *Administrative costs are disproportionately high relative to the financial volume managed.*
- *Manual procedures and multi-layered controls increase cost per operation.*
- *Use of Standard Cost Options and digitalisation would reduce administrative burden.*

It is relevant to underscore that the costs per project for M1 increase from call to call, so the costs in the call in 2020 are almost three times higher than in 2017. Also, the costs for M3 projects are higher in 2023 with 42,069 EUR compared to the costs in 2017 of 32,982 EUR. For M7, the costs, on the contrary, are reduced dramatically from 99,053 EUR in 2017 to only 23,349 EUR in 2021. The reason for the big drop is the elimination of the huge number of rejections, which were made under the first call. Only 12% of the applications in 2017 under M7 were approved, increasing to 46% in 2021. The approval rate is still low for M7 compared to M1 and M3, with average approval rates of 61% and 66% respectively. However, a reduced number of rejections indicate improved applications, less rigid requirements to applicants as introduced in the programme after the first calls, and better advice to applicants from NEA and private consultancies. This is measured directly in the reduced costs of approved applications, since the reduced number of rejections also reduce the total costs of approved projects.

In conclusion, the total public expenditures under IPARD II Programme are 67.4 million EUR. Administration costs in IPARD Agency are 17.8 million EUR. The public investment expenditures per 1 EUR in administrative costs in IPARD Agency is 3.8 EUR. Or formulated in another way: Every time we invest 3.8 EUR, we also spend 1 EUR in administration. The share of administrative costs of total public expenditures is 26%. An international benchmark refers to figures between 5 and 15%. The administrative costs per project are in average 8,155 EUR.

6.6.2. Data fragmentation and documentation gaps within the IPARD Agency

Comprehensive and well-structured datasets represent a fundamental component of institutional monitoring and evaluation systems. They provide an essential basis for evidence-based decision-making, allowing agencies to track

processes, assess performance, and identify systemic challenges or inefficiencies. In the context of IPARD applications and projects management, a unified database ensures transparency, consistency and the possibility of longitudinal analysis of trends. Moreover, it enables the IPARD Agency to derive lessons from experience, enhance operational efficiency and continuously improve service delivery.

The original data provided by the IPARD Agency were organised across multiple separate Excel files, rather than within a unified or centralised database. Specifically, the **Sector for Project Approval** supplied three distinct datasets corresponding to (1) contracted projects (32 variables, 2373 entries), (2) rejected applications (20 variables, 1743 entries), and (3) cancelled applications (22 variables, 116 entries). Each dataset included detailed information such as project identification numbers, applicant details, investment characteristics, financial values, dates of various phases, and other administrative and contact data. Separate Excel file was provided with lists for each call and each project category, resulting in 27 distinct files that needed to be merged manually for analysis.

To construct a comprehensive database on beneficiaries, we combined the data on contracted projects with supplementary information from the **Sector for Authorization of Paymentss**, which supplied nine additional Excel files (one for each call) containing Lists of Authorised Claims for Payment (50 variables, 2100 entries in total). These included detailed records on payment claims, contractual amounts, public and private financing ratios, aid intensity, EU and national co-financing, and the dates of payment authorisation and execution. Finally, a third source of information was provided by the **Sector for Financial Affairs**, containing data on payment execution (14 variables, 2217 entries), including payment orders, disbursement dates, amounts in MKD and EUR, and the dates between receipt of payment requests and final payment.

The consolidation of these data sources from three IPARD Agency sectors resulted in the creation of a new **single database for approved projects**, containing 71 variables and 2217 contract entries, integrating information on all IPARD II projects and the relevant phases of project approval, contracting, implementation, and payment, structured by measure, call, payment year, and geographical location, together with additional variables necessary for analytical cross-tabulation and performance assessment. However, the fragmented nature of the original data structure, spread across multiple Excel files and administrative units, took long time and effort to collect and unify the data.

During the process of consolidating data from these multiple sources, several **inconsistencies and data quality issues** were identified that affected the traceability and comparability of project records. For instance, mistakes in application numbers occurred on occasion, including typographical errors or missing digits, which complicated the linking of records across datasets. In some cases, certain data entries, such as beneficiary names or project details, were missing entirely. Moreover, coding inconsistencies were noted between datasets received from different units (for example, between the Sectors for Project Approval and Sectors for Authorization of Paymentss), resulting in approximately 130 entries that could not be directly matched or compared.

Additional issues included incomplete address information, missing entries for region and municipality, and differences in terminology and variable naming between files. In several cases, a single contract appeared with multiple payment entries, reflecting situations where projects received more than one disbursement or where adjustments were made to original contracts, but without clear identifiers to link them to the corresponding approval records. These discrepancies complicated data cleaning and verification efforts and required manual cross-referencing to ensure consistency.

The farm area size reported in the applications (and hence in the datasets) does not necessarily reflect the total size of the farms. Therefore, it is recommended to cross-check and match application data with the Farm Register within MAFWE to ensure accuracy and consistency in farm size information.

In addition, dates were entered into **different formats across files and units**, which significantly complicated the analysis of project durations and processing times. Variations in date notation (for example, day–month–year versus month–day–year, or mixed use of numeric and text formats) made it difficult to automate calculations and required extensive manual recoding and harmonisation. To accurately assess the length of each administrative phase, dates had to be carefully reprocessed and standardised before calculating the number of days between key milestones such as application submission, contract signing, payment claim, and payment execution. This inconsistency illustrates the

absence of common data-entry standards within the IPARD Agency and further underscores the need for a unified digital database with built-in validation rules to ensure consistency and analytical reliability.

Another challenge identified during data consolidation was the **inconsistent coding** of, for example, supported sectors and subsectors across the datasets provided by different units of the IPARD Agency. In many cases, sectors were not classified according to predefined or standardised categories, and manual text entries were used instead. The lack of a harmonised coding system for investment types and sectors reduced the analytical precision of the evaluation but also limited the potential for automated reporting and aggregation of results. To address this issue, it is recommended that a uniform coding framework be introduced for all programme measures and calls, aligned with the IPARD III Programme intervention logic. Each project should be linked to a unique sector and subsector code selected from a predefined drop-down list in the database, thereby eliminating manual entry errors and ensuring full consistency across administrative units. Such harmonisation would considerably enhance data quality, facilitate comparative analysis, and strengthen the overall monitoring and reporting capacity of both the IPARD Agency and the IPARD Managing Authority.

Contact information should be verified and updated at the time of payment execution, and a short feedback survey could be introduced at this stage to collect beneficiary opinions on administrative procedures and programme delivery.

To strengthen the data management and monitoring system, it is essential to establish **one unified database** integrating all information for each beneficiary - from the initial application to the final payment execution. This database should include key administrative, financial, and implementation data, allowing for full traceability of each project's lifecycle.

On the **rejected and cancelled applicants**, currently the database remains incomplete. In many cases, essential information is missing, including the name of the responsible applicant, gender, contact details, address, municipality, and region. Moreover, inconsistencies in data entry formats and frequent typographical errors further compromise data reliability. These shortcomings significantly impede data analysis, making it difficult to identify, for example, which regions or municipalities are disproportionately represented among rejected applications. Addressing these data quality issues would allow to detect structural weaknesses and design targeted interventions to reduce rejection rates and improve program effectiveness.

At present, the rejected and cancelled records show whether an application was rejected or cancelled by the Sector for Project Approval, the Sector for Authorization of Payment, or by the applicant themselves. Additional contextual information about the underlying reasons for these outcomes remains necessary to support meaningful evaluation and institutional learning. An analysis of the agency's database revealed 37 distinct reasons for rejection related to application completeness and 57 related to eligibility. Some entries provide detailed observations; others are overly general and do not reveal the underlying problems within the applications. Therefore, it is recommended that the recorded reasons for rejection, whether concerning completeness or eligibility, be categorized into a set of clearly defined groups - predefined drop-down list of possible reasons. Such categorization would impose structure on the data and facilitate faster, more systematic analysis of the most frequent rejection factors, minimizing inconsistencies in wording or typographical errors that hinder automated data processing. Nonetheless, the system should retain flexibility to include additional explanatory details, such as recurring cases of missing or incorrect documentation. This richer level of information would enable the agency to derive specific recommendations aimed at improving the overall success rate of applications. In parallel, records of withdrawn applications should include information on the reasons for the applicant's decision to cancel, allowing the institution to identify patterns and take corrective measures.

In general, the fragmentation and non-unified approach significantly limited the efficiency of data management, monitoring, and analytical reporting. The lack of a unified database system stresses a major institutional constraint for comprehensive monitoring, evaluation, and timely reporting under IPARD II Programme, reinforcing the need for an integrated digital data management platform under IPARD III Programme. Developing a coherent and reliable database system is not merely an administrative necessity but a **strategic instrument for institutional learning and policy development**. High-quality, systematically organized data enable the agency to identify structural weaknesses, monitor regional and sectoral disparities, and evaluate the long-term impact of its measures. Moreover, by aligning

data management practices with EU standards of transparency, accountability, and evidence-based policymaking, the institution strengthens its capacity to design more responsive and equitable interventions. In this way, contextualised data becomes a cornerstone of both operational efficiency and continuous institutional improvement.

The implementation of a **real-time dashboard** would greatly enhance management and monitoring capacities, enabling both the IPARD Agency and the IPARD Managing Authority to track progress and detect irregularities or delays. A "red alert" notification function could be introduced for cases of contractual limitations requiring timely intervention. Finally, it is crucial that the IPARD Managing Authority has direct access to beneficiary-level data, ensuring transparency, effective coordination, and improved analytical capacity for both monitoring and evaluation purposes.

Table 45 Key data management issues and recommended actions for improvement

Main issue identified	Recommendation	Expected benefit
Fragmented data stored in multiple Excel files and across sectors (Project Approval, Autorization, of Payments, Financial Affairs)	Establish one unified database integrating all information for each beneficiary from application to final payment execution	Improved data traceability, reduced administrative workload, enhanced monitoring and evaluation capacity
Inconsistent data entry formats (dates, terminology, measures, sectors)	Standardise data entry procedures and introduce uniform formats for key variables	Enhanced data comparability, fewer manual corrections, improved automation
Outdated or incomplete beneficiary contact information	Verify and update contact details upon payment execution	More accurate communication and follow-up for monitoring and evaluation
Lack of systematic beneficiary feedback	Conduct a short survey upon payment execution to capture satisfaction and implementation experience	Improved feedback mechanisms, stronger evidence for administrative efficiency assessment
Lack of real-time data monitoring	Develop a digital dashboard for real-time monitoring and reporting	Faster management response, early identification of delays or irregularities
Limited access of IPARD Managing Authority to beneficiary-level data	Ensure direct IPARD Managing Authority access to the unified database	Strengthened coordination, transparency, and oversight capacity

6.6.3. IPARD Agency retention policy

Retention policy - and overall **continuous capacity building** of staff, trainings, exchanges - is extremely important. Also having adequate working conditions (enough space, safe storing of data, etc). Particularly in view of the forthcoming accreditation of new measures (e.g. investments in rural public infrastructure, agri-environment-climate and organic farming, and others), the institutions will require an increased number of trained and qualified personnel. The retention policy should therefore aim to reduce the current high staff turnover at the IPARD Agency, ensure continuity of expertise, and foster job satisfaction and motivation. It should also promote a culture of professional development and internal growth, and finally, strengthening organisational identity and commitment to public service values.

Specific measures to support staff retention and motivation may include adequate and fair compensation, complemented by non-financial incentives such as flexible working hours, additional leave days for long service and formal recognition of achievements. Opportunities for career development should be strengthened through regular training in both technical areas (e.g. CAP rules, auditing, IT systems) and soft skills (e.g. communication, leadership). Mentorship programmes, where senior experts guide junior staff and transfer institutional knowledge, would help preserve expertise, institutional memory and build internal capacity. Participation in EU projects and exchanges (such as TAIEX, twinning initiatives, study visits) can also enhance motivation, exposure and professional growth. Finally, introducing exit interviews for departing employees would help identify recurring reasons for staff turnover and inform future retention strategies.

Another important issue concerns **communication and coordination between key stakeholders**, particularly between the IPARD Agency and the IPARD Managing Authority. Strengthening collaboration and information exchange between these institutions, as well as with other relevant stakeholders, is essential for effective programme implementation and oversight. Practical measures could include regular coordination meetings, clearly designated focal points for communication and joint annual planning to ensure alignment of priorities.

The introduction of a shared information platform with real-time interoperability would further enhance transparency and efficiency, eliminating the need for repeated data requests. Additional mechanisms, such as joint trainings, review sessions, and field visits, could promote a shared understanding of procedures and strengthen institutional cooperation. Ultimately, fostering a "one-system" mindset across all actors would contribute to a more coherent, responsive and efficient IPARD management structure.

6.6.4. Stakeholder perspectives on program performance

Stakeholder interviews provided valuable qualitative evidence on the program's relevance, coherence, effectiveness, efficiency, sustainability, and socio-economic impact. Their perspectives reveal both notable achievements and persistent challenges, offering grounded insights into how the program performs in practice and where further improvements are needed.

Relevance

Across the ten interviews, stakeholders overwhelmingly confirmed that IPARD remains highly relevant to North Macedonia's rural development, modernization, and EU integration goals. The relevance is high (average rating 4.3 out of 5; range 3-5), because "it has a significant impact on the sector" in "implementation of new technology" to "reach the average EU standard", and because "sector is 'hungry' for investments" or "in need immediate investments". One interviewee validated this through hard data - over 2,100 contracts signed, and 85 percent of EU funds absorbed, demonstrating strong beneficiary-level demand, particularly in Pelagonia, central, and eastern regions. In general, the observation is that there are equal possibilities for small and big farmers. Yet, several interviews noted persistent accessibility gaps: smallholders, craftsmen, and cooperatives struggle with property-title issues, weak credit access, and the inability to pre-finance investments, issues that "should have been previously prepared for and from the local community". The program's design still favours individual mechanization (tractors) over collective approaches such as machine rings or cooperatives, to agri-environmental measures and rural infrastructure, which are continuously postponed, although very important and needed.

Coherence

Stakeholders generally perceived moderate internal coherence (average rating 3.0 out of 5; range 2-4) but weak external coordination across ministries and institutions. In general, the observation is that there is some level of internal coherence, among the existing measure and with the national support program. Still, one of the stakeholders stated that "there should be standardized processes and documentation, unique standard and criteria required for both national rural development and IPARD applications, and those criteria must be mandatory, with some minimum levels (for example, safety and hygienic standards), for all, not only for IPARD applications". However, there was an observation that there is "no coherence of the IPARD II program and environmental policy", and even that they doubt of the Ministry of Environment and Physical Planning's full interest in IPARD (n.b. MOEPP stated in the meeting that have no information on the level of fulfilment in the field). Examples were pointed that in Pelagonia "fishponds are drained for photovoltaics". In addition, one of the stakeholders recommends "to add some criteria to encourage some measures for protected areas, to discourage buying machines in protected areas, to be in line with management plan of the protected areas; and to treat national protected areas and Natura 2000 as separate layers". Regarding the Ministry of Economy, they do not observe its presence in this context, so they cannot evaluate its coherence with the Programme.

Effectiveness

Program effectiveness was generally perceived as strong at the individual-project level but moderate overall (average rating 3.1 out of 5; range 2-5), mentioned in nearly every interview. One respondent provided quantitative evidence citing high fund absorption, minimal irregularities, and broad coverage, though regional bias toward more developed areas. For M1 the effectiveness appeared lower, as there was "not much change of farmers' position in the value chain". On contrast, M3 projects were consistently identified as the most effective (in half of the interviews), generating modernization, increased productivity, and product-quality improvements. One even stated, "without drip irrigation investments there would be no yield and no revenue". Conversely, M7 (rural diversification) remains under-utilized, hindered by absent urban plans, unresolved property-legal issues, and weak local governance (as reported by three respondents). One respondent noted the lack of follow-up or exposure to successful project applications after their completion, making it difficult to assess their long-term effectiveness. The program was also considered a "good

way of spending public funds" and a valuable mechanism for learning and improving investment practices. Respondents expressed greater confidence in IPARD II compared to IPARD I, emphasizing that they "know the rules now".

Efficiency

Overall efficiency is assessed as moderate (average rating 3.7 out of 5; range 3-5). While some respondents noted gradual improvement over time, others observed a decline, emphasizing that systemic bottlenecks persist. Respondents consistently described the process as time-consuming, both in preparing extensive documentation required from applicants and in the lengthy evaluation procedures conducted by IPARD Agency. A commonly cited issue was the prolonged period from application submission to final payment. One participant stressed that the entire process should not exceed six months, whereas waiting up to one and a half years was described by most of them as unacceptable and discouraging. Another frequently mentioned concern was the use of outdated reference-price databases. This lag has led to inflated costs, re-tendering, and reduced negotiating power for applicants, who must deal with fluctuating supplier prices during the extended evaluation period. Respondents largely agreed that introducing an end-to-end digital workflow (covering application, evaluation, and payment processes), along with regular updates of the reference-price database, would significantly enhance administrative efficiency and reduce processing times.

Sustainability and environmental impact

Environmental and sustainability impacts was inconsistently rated, from serious shortcomings to strong positive cases (average rating 3.3 out of 5; range 2-5). This variation reflects different levels of understanding of sustainability among respondents. Some fully endorsed environmental requirements, expressing anticipation for agri-environment measures to reinforce such standards. Others viewed compliance more narrowly, meeting only national minimum standards or taking basic actions such as installing solar panels and reducing pollution. Some respondents raised concerns about weak alignment between productivity and ecological preservation, noting the absence of biodiversity impact assessments, uncontrolled pesticide use, and even environmentally harmful incentives in sensitive areas such as Prespa Lake. One respondent stated, "we do not know any examples of investments with a positive environmental impact," underscoring risks of misinformation and limited visibility of positive practices among certain beneficiaries.

Socio-economic impact

The assessment of the socio-economic impact is mixed (average rating 3.5 out of 5; range 3-5), showing both progress and ongoing challenges. Investments have modernized the sector, addressing labour shortages through mechanization while also creating new jobs under M3, which have boosted processing capacity and demand from primary production. However, financially unstable cooperatives struggle to pre-finance projects, often requesting advance payments to participate effectively. Information outreach also needs improvement, as communication often remains within companies or associations rather than reaching final beneficiaries; broader dissemination through media, fairs, and seminars is recommended. Stakeholders referred to average payback times for investments under M1 to be 8 to 10 years, under M3 to be 6 to 7 years and under M7 to be 8 to 10 years. It was also mentioned that payback times for IPARD supported investments usually were shorter than the 5 years used, when investments were funding through bank loans and other credits. Additionally, youth inclusion remains limited: extra points are granted only to individual farmers, excluding young managers of companies, thus constraining entrepreneurship and generational renewal in the wider sector.

Administrative procedures and governance

Administrative efficiency remains a major challenge with lowest rating (average 2.9 out of 5; range 2-3), constrained by delays, bureaucracy, and limited transparency. Public calls were perceived by some as often poorly announced and delayed, making planning difficult and discouraging applicants. The administrative burden was high, with inconsistent documentation requirements and the rejection of e-signed documents unless notarized, adding unnecessary costs and delays. Procurement procedures are complex, requiring multiple offers in rigid formats and generating significant transaction costs. Outdated reference-price databases (as understood by key stakeholders to be last updated four years ago), further distort cost assessments and slow processing. Governance bottlenecks include unresolved property-rights issues at the local level and prolonged payment procedures, often exceeding one year. Agencies are seen as bureaucratic and inward-looking, with high staff turnover and limited technical capacity. Weak institutional coordination and reliance on manual data tracking tools, alongside a rigid SAP system that restricts reporting flexibility,

compound inefficiencies. Finally, respondents highlighted concerns about unclear point-allocation systems, non-transparent internal processes, and rumours of corruption, all underscoring the need for stronger accountability and modernization of administrative practices.

7. CONCLUSIONS AND RECOMMENDATIONS

7.1. Conclusions

7.1.1. Measures and programme

The findings from the survey, stakeholder interviews and in-depth cases provided valuable insights into the main successes and challenges in the implementation of the IPARD II Programme and served as an important input for the formulation of lessons learned. These insights can inform the further implementation of the subsequent IPARD III Programme, contributing to improvements in the effectiveness and efficiency of the measures, both in terms of content and administrative processes.

The findings confirm the continued importance of accessible and well-targeted rural investment programmes such as IPARD to sustain growth, competitiveness, and modernization within North Macedonia's agri-food sector. The relevance of the programme is considered to be high. Needs are addressed with the measures implemented. Postponement of some measures e.g. investments in rural public infrastructure, agri-environmental-climate and organic farming measures and implementation of local development strategies – LEADER approach, has left other needs un-addressed for IPARD III to manage.

The **technical effectiveness** of the programme is estimated to be 59%. This means that only 59% of the planned projects were accomplished. At the same time the **financial effectiveness** was 90%. The final financial plan for the programme (after amendments) was utilised up to 90%. The financial efficiency is 66% meaning that the unit costs per project was higher than planned in the programme.

The programme has not been as **coherent** as planned, since important measures have been left out. For the implemented measures the internal coherence has been acceptable. External coherence is also acceptable in relation to NRDP and other national support schemes for agriculture.

In terms of **programme outcomes**, IPARD II investments were most widely recognised for their success in improving productivity and efficiency, promoting modernization within the agricultural sector. Beneficiaries expanded their cultivated areas more often than non-beneficiaries and invested more heavily in both primary and auxiliary machinery, resulting in higher levels of mechanisation and improved production efficiency. Large proportion of beneficiaries indicated uncertainty or limited impact regarding environmental improvements and climate change adaptation, suggesting that these areas were not recognized as directly influenced by the support.

Financial support provided through IPARD II Programme was widely valued, still beneficiaries called for **simpler procedures, faster processing and clearer information flows** to make the programme more accessible, particularly for less experienced applicants. Most applicants required professional or institutional support in the process of preparing the documentation, which reflects the technical and administrative difficulty of completing IPARD applications without expert guidance. The findings highlight the importance of **advisory support** in helping applicants navigate complex procedures, especially for technically demanding projects, and point to the need for continued strengthening of both public extension services and private consulting capacities to ensure equal access and consistent quality of application preparation. Most applicants did not encounter severe documentation problems, there remain specific administrative bottlenecks, especially concerning property verification and supplier documentation, that can delay or complicate the process.

The analysis also shows that although IPARD support generated positive results across all measures, smaller beneficiaries (Measures 1 and 7) tended to experience the greatest relative improvements in profitability and efficiency, while larger enterprises (Measure 3) achieved more substantial absolute financial growth but smaller proportional gains. This indicates a complementary impact pattern in which IPARD effectively supports both modernization of small holdings and expansion of larger agribusinesses.

Full **project processing and implementation** under IPARD II required on average slightly more than two years, reflecting both the rigorous control environment characteristic of EU-funded rural development programmes and the

administrative workload. Although the system generally ensured transparency and accountability, the lengthy duration of the full cycle limited the speed of fund absorption and the real-time impact of investments on farm and enterprise competitiveness. For the IPARD III Programme, measures such as **further digitalisation, clearer procedural guidance and simplified procedures** could help reduce administrative burdens and improve timeliness, thereby strengthening programme efficiency and beneficiary satisfaction.

The **fragmented nature and limited quality control of the existing data management system** emphasize the need for standardized data entry protocols, harmonized coding systems and an integrated digital database. Such improvements would enhance traceability, reduce administrative workload and strengthen the analytical foundations for future monitoring and evaluation under the IPARD III Programme.

The **deadweight analysis** shows dependence on IPARD support, though some applicants would have fully pursued their projects without financial assistance. In the control group, even among those who continued investing independently, the substitution with less efficient or non-compliant equipment stresses the critical enabling role of such funding programs. Rejection or cancellation often leads to long-term disengagement from investment activity, reinforcing the importance of IPARD Programme and similar instruments in facilitating rural development and stimulating private investment. The deadweight ratio is estimated to be 44% of the total public expenditures at programme level equal to 20.7 million EUR.

The **economic results and impacts are summarized here**. The investments have generated revenues (profit), after deadweight correction, of 75.8 million EUR. The number of AWU years (annual jobs), after deadweight correction, is estimated to be 1,007 AWU. The leverage effects are calculated to be 5.1 million EUR equal to 9.1% of the realized private co-funding. The multiplier effects of the programme are 78.2 million EUR. After correction for the deadweight loss the total direct and indirect revenue generation is 122.1 million EUR with a deadweight loss of 100.6 million EUR.

7.1.2. Administration and implementation

The **administration of the programme** is not sufficiently effective and efficient. The administration in the IPARD Agency did not fulfil the key performance indicators for payment and did deliver contracting only after very long periods. The average time and resources spent on project application processing is 355 days and for processing of payment claims 191 days.

The administrative costs per project is relatively high and is estimated to be 8,155 EUR and also the administrative costs in relation to the total public support is relatively high (26%). Costs of administration are relatively high compared to international benchmarks. The efficiency in IPARD Agency administration is low due to ineffective paper-based system and lack of sufficient IT systems available.

The Monitoring & Evaluation (M&E) system is not optimal. The reporting from IPARD Agency to IPARD Managing Authority, Monitoring Committee and Ministry of Finance and the EU system is slow, and not adequate with errors and inaccurate figures and presentations.

The capacity of the IPARD Agency has been strengthened with more FTEs over the years from 87 FTE in 2017 to 153 in 2022 and down to 143 in 2024. The competences have been increased as well. However, the administration has not been able to harvest increased productivity in the administrative processes due to ineffective processes and IT-systems and high degree of staff turnover. An improved retention policy seems needed. Based on these findings the following recommendations are presented.

7.2. Recommendations

The ex-post evaluation of IPARD Programme 2014 - 2020 has demonstrated that in general there is a relatively high satisfaction among beneficiaries and stakeholders of the content and design of measures and the objectives and design of the programme. Only a few recommendations can be extracted from the evaluation related to measure and programme topics. On the other hand, the most critical signals from the evaluation are that the effectiveness and the

efficiency of the programme implementation and administration operated by the IPARD Agency must be improved, if we wish a successful implementation of IPARD III Programme.

Thus, we have gathered nine (9) recommendations targeting primarily the IPARD Agency but the IPARD Managing Authority as well to do exactly this. The first (number 15) is simply about ensuring a more effective performance of the IPARD Agency contracting process with the help of a KPI for the time to be used from receiving applications to contracting.

The next level is recommendation number 16 focusing on a Deadweight Risk Assessment Index to reduce the high DW rate under IPARDs investment measures to increase additionality and efficiency of the programme. Recommendations 17 and 18 below are related to monitoring, evaluation and reporting. Better database management and digitalization of data processing is needed to increase transparency of programme and measure implementation and results and impacts. Where do we get the most value for the money, we spend on investments in the agricultural and rural sector? Only if we on an on-going basis know more about the linkages between investments and impacts, are we able to learn from previous actions and to make evidence-based policy development. This is a core task for the IPARD Managing Authority and MAFWE.

The recommendations 19 to 21 are related to digitalization of administrative processes to increase effectiveness and efficiency. Faster contracting and more effective and efficient administration of contracts and payment claims is needed in order not to waste money and time and to take faster advantage of the benefits, the IPARD III Programme can provide to the beneficiaries and the rural areas.

Finally, we have two recommendations described in more details here. Recommendation 22 is targeting the regulatory regime more than the administrative system itself. A turnaround of the system from front loaded control to payment control can accelerate the implementation of IPARD III Programme and other similar programmes and provide faster and better impacts, than is the case under the current regulatory framework. This is not for MAFWE or IPARD Agency to achieve on their own, but they can raise their voices in the appropriate fora to get attention to the problem. As we do here. Last, we have recommendation 23, where we suggest moving IPARD Agency from its current organisational position under the Prime Minister's office to a position under MAFWE. It will strengthen the internal coherence of the administrative system and may contribute to a common effort, a harmonized attitude favouring the agricultural and rural economy.

7.2.1. Measures and programme

1) Gradually encourage/prioritise towards supporting **environmentally sustainable investments**, including precision farming, renewable energy use, waste reduction, water-saving technologies, etc.

2) Introduce **additional scoring criteria or bonuses** for investments contributing to climate adaptation, circular economy and digitalisation in agriculture.

3) Prioritise timely accreditation and launch of **postponed measures** (e.g. investments in rural public infrastructure, agri-environmental-climate and organic farming) to address unmet environmental and rural development needs.

4) **Strengthen advisory and technical support systems -** Expand farm and business advisory services, ensuring equal access to high-quality technical assistance for both agricultural producers and rural entrepreneurs. Evidence from the survey highlighted the crucial role of **public NEA advisors** in supporting applicants with the preparation of application forms and required documentation - a service provided entirely free of charge. To recognise and sustain their contribution, it is recommended to introduce a system of incentives, performance-based rewards, or compensation mechanisms to enhance motivation and ensure the continued provision of high-quality advisory support.

5) Deliver regular targeted **capacity-building programmes** for advisory staff and other stakeholders on IPARD rules, EU compliance standards, and financial management to improve the consistency of advice provided.

6) **Improved and continued information campaigns.** Include practical examples in workshops and forums illustrating how process weaknesses have negatively affected implementation. Ensure better time management of events and plan according to the production cycle of the agricultural sector. Ensure relevant representatives from all institutions connected to the IPARD programme are present. Present successful and unsuccessful IPARD projects. Include thematic events by sectors, training on preparation of business plans.

7) **Financial instruments.** Consider how to implement financial instruments like instalments, advance payments etc. most effectively to reduce the liquid burden of beneficiaries.

8) **PRAG limits: IPARD Managing Authority can use the 20,000 EUR limit.** According to the 2025 PRAG Guidelines the limit of 2,500 EUR applies only for the invoice procedure. For service contracts between 2,500 EUR and 20,000 EUR, a single tender procedure may be applied. Hence, the IPARD Managing Authority may use the single tender procedure for events, conferences, accommodation and catering services up to 20,000 EUR, ensuring both compliance and operational flexibility.

9) **IPARD Managing Authority may accomplish additional studies where relevant.** IPARD Managing Authority may also wish to support the implementation of IPARD III Programme with additional studies, conferences, workshops etc. The Technical Assistance measure can be used to reduce administrative burdens for IPARD applicants and beneficiaries, and it is clear from the evaluation that increased digitalization of the administrative system can lead to increased effectiveness and efficiency to the benefit of all, including the beneficiaries, the IPARD Agency and not the least to the IPARD Managing Authority in its reporting to Monitoring Committee and European Commission.

10) **Description of Measure 6.** IPARD Managing Authority may revise and improve the description of measure 6 in the next modification of the programme.

11) **Survey in municipalities.** IPARD Managing Authority may prepare and implement a new survey targeting local authorises in line with the 2018 survey.

12) **Information campaign for Measure 6.** Managing Authority may prepare and implement information of and training for potential applicants of measure 6 in municipalities and among local authorities.

13) **Dialogue with the IPARD Agency about Measure 6**. IPARD Managing Authority may initiate an active dialogue with the IPARD Agency about the readiness of the IPARD Agency regarding training of staff, capacities, competences, and procedures before implementation.

14) Strengthen internal analytical capacity of IPARD Managing Authority staff for **evidence-based decision-making** and timely programme adjustments.

15) **Retention policy** and overall **continuous capacity building** of staff, trainings, exchanges is extremely important. Particularly in view of the forthcoming accreditation of new measures the institutions will require an increased number of trained and qualified personnel. The retention policy should therefore aim to reduce the current high staff turnover at the IPARD Agency, ensure continuity of expertise, and foster job satisfaction and motivation.

7.2.2. Implementation and administration

16) **KPI for processing of applications**

The IPARD Agency has today a KPI for executing the payments after receiving the payment claims from beneficiaries under IPARD. The payment must be accomplished not later than after six months. Even though it does not happen in every case to day, the lack of a KPI for the contracting process may be one minor reason for the long processing time of the applications. Based on the experiences from the later calls under IPARD II Programme, a period of maximum 3 months may be reasonable. The KPI may also be supplemented with a positive sanction mechanism, for example additional training and capacity development of staff in case of successful fulfilment of the KPIs.

17) Deadweight Risk Assessment (DeWeRA)

The ex-post evaluation of IPARD II Programme demonstrates a very high share of deadweight loss. 40% of the public support under IPARD II Programme is deadweight, meaning that the beneficiaries would have invested themselves also if IPARD support was not available. Deadweight undermines both efficiency and additionality and is a well-known problem in EU rural development programmes. We recommend a deadweight Risk Index which is a structured sub-score within IPARD Agency's evaluation and selection grid that quantifies how likely a project would have happened without public support. A model for an anti-deadweight (anti-DW) evaluation system is described in Annex 4. The expected effects will be a lower share of non-additional (deadweight) projects, stronger targeting of support to small, risk-taking beneficiaries also including public goods benefits into the investments, or innovative beneficiaries and not the least, higher overall efficiency and credibility of IPARD III public investments.

18) Database management improvement and reporting

After the assessment of the submitted databases from IPARD Agency we have observed several **inconsistencies and data quality issues** were identified that affected the traceability and comparability of project records. Therefore, we have these recommendations to strengthen IPARD Agency's database management with the following initiatives:

- Improve monitoring, evaluation, and data management - develop a unified digital database integrating data from all IPARD units (Approval, Payment, Financial, etc.), covering the full project lifecycle from application to payment execution.
- Ensure direct IPARD Managing Authority access to the unified database.
- Standardise data entry procedures and introduce uniform formats.
- Verify update contact information upon payment execution.
- Conduct a short survey upon payment execution to capture satisfaction and implementation experience.
- Introduce **real-time dashboard** for programme monitoring and reporting.

19) Development of IRPAS - Integrated Reporting Platform for Agricultural Support

IRPAS is a software platform to be developed for MAFWE with the general purpose to monitor the progress of implementation of policies and their contribution to the fulfilment of targets and objectives defined in the CAP strategic plan or similar fundamental policy documents. The platform will link all policy instruments including the national rural development programme (NRDP), national direct payment schemes, IPARD III Programme to the EU's Common Agricultural Policy Performance Monitoring and Evaluation Framework (CAP PMEF) and will be able to provide reports to meet the different user needs. The new IT platform described in detail in Annex 5 will integrate these data sources into a single, modern system with these benefits:

- Better evidence: Clear, reliable data on who receives support and with what results.
- Efficiency: Less time spent on manual compilation of reports.
- Transparency: Ability to communicate to farmers, citizens and EC how funds are used.
- Preparedness: Aligns North Macedonia's monitoring and evaluation practices with those of EU Member States.
- Stronger decision-making: Policymakers can see the effects of different measures on productivity, rural employment, and regional development.

This platform is a **strategic investment in transparency, accountability, and EU readiness**. With IRPAS, North Macedonia will show clear results from agricultural support, strengthen trust among farmers, citizens, and international partners, and prepare for full participation in the EU's Common Agricultural Policy.

20) SME verification procedure

Staff from the Sector for Project Approval in the IPARD Agency has indicated a time-consuming verification of the applicants self-declared status as small and medium sized enterprises (SME). Today the verification is

accomplished manually, but it is possible to reduce the manual work of the IPARD Agency by digitalizing the SME status verification. The digitalized system will be:

- Time saving 90%+ of applications verified automatically, only exceptions handled manually.
- Consistent: Same SME thresholds applied for all applicants.
- Transparent: Reducing subjective judgement.
- Anti-fraud: Harder for applicants to misreport turnover or staff numbers.

The digitalized verification system is relatively easy to build and to implement without changes in the overall procedures of the IPARD Agency. Annex 6 describes the system in more details.

21) Fast-Track Standard Cost Procedure for IPARD III Programme

MAFWE and IPARD Agency has the opportunity to simplify and accelerate IPARD III support by introducing a Standard Cost Procedure (SCP) for common investment types. Stakeholders as well as IPARD Agency staff report about the time consuming and to some extent also useless three quotes approach, when applicants apply for investment support. The Standard Cost Procedure is a realistic alternative with these benefits.

- Faster processing: Applications and claims handled in weeks rather than months; payments reach farmers and other beneficiaries sooner.
- Lower administrative burden: Less paperwork for farmers and other applicants/beneficiaries; fewer manual checks for the IPARD Agency.
- Reduced errors: Simplified costs eliminate most financial calculation mistakes, lowering audit risks.
- Greater transparency: Every farmer and other beneficiaries knows the grant amount in advance; equal treatment for similar projects.
- Fewer disputes: Clear rules mean fewer appeals and complaints.
- Focus on outcomes: IPARD Agency resources shift from quote and invoice checking to monitoring real results on the ground.

A fast-track Standard Cost Procedure is a proven way to make IPARD III support more efficient, more transparent, and more beneficiary friendly. See also Annex 7 for details.

22) PROMIS: Integrated IT system for National Direct Payments, NRDP and IPARD III Programme, digitalized

Digitalization of the IPARD implementation system has been long under way in North Macedonia and there is still a long way to go, before the administration system is fully digitalized. So far IPARD II and III Programmes are implemented with the help of a paper-based system, and the data management in IPARD Agency is usually manual, time consuming and ineffective. The IPARD Managing Authority and MoF has stressed the weak reporting structure of the IPARD system several times, latest in AIR 2024 report and in interviews conducted as a part of this evaluation. The ineffective reporting leads to delays and errors in the reporting to IPARD Managing Authority and to EC. We need a more comprehensive system framing not only IPARD, but also current national programmes (direct payments) and NRDP.

Point of departure can be taken in PROMIS: Project Result Oriented Management Information System is an integrated web-based solution developed and applied in Denmark since 2014. PROMIS in Denmark is a relatively advanced example of an integrated IT system that covers both project application, processing, and monitoring of effects. Other EU member states have developed similar systems, although the scope and level of integration differ and typically is narrower. We have in Annex 8 described in more detail the content of PROMIS and the step-by-step development of the system.

23) From front load control to payment control: Wishful thinking re-balancing CAP/IPARD controls

The EU administrative system of the CAP and IPARD support puts heavy weight on controls of applications and relatively less weight on control of payments. In North Macedonia, under IPARD II Programme, 3315 man-days were spent of the IPARD Agency on control of applications while “only” 1981 man-days were spent on control of payment claims for 2,187 projects. This is 40% more resources spent on application controls than on payment

claims controls. This system delays start-up of investments and thus delay financial and other benefits for beneficiaries and the rural areas.

The suggested alternative here is to invert the control focus: Perform minimal checks at the application stage and instead apply more intensive verification, when the payment claim is submitted i.e. after or during project implementation. The goal is to speed up project start-up while still catching errors or fraud before final payment. Such a system is described in Annex 8. A reversed control system is *an innovative idea* to speed up rural investments and could be made to work, provided the regulatory framework is adjusted accordingly to maintain financial integrity while shifting the balance of controls toward the payment stage. We have in Annex 9 described in more detail the wishful thinking of the back load control.

24) Changed organisational subordination and structure

In North Macedonia the IPARD Agency is subordinated the Government and not MAFWE. We have observed weak and ineffective communication and even cooperation between MAFWE and IPARD Agency and between IPARD Agency and MoF. It is not contributing to an effective and efficient implementation of IPARD III Programme and other national programmes. Thus, we recommend moving IPARD Agency organisational and letting IPARD Agency be subordinated MAFWE, so that the line of command will be straight forward, as it is the case in Denmark and in most EU countries.

Our arguments in favour of moving the IPARD Agency from the current position under the Government to a position under MAFWE are as follows:

1. Clearer line of command and accountability - A direct subordination under MAFWE ensures that strategic priorities, programme implementation and control functions are aligned within a single administrative hierarchy. This reduces institutional friction and overlapping responsibilities.

2. Better policy implementation coherence - MAFWE designs agricultural and rural development policies, while IPARD Agency implements them. Integrating these tasks institutionally improves coordination between policy formulation, programme design, execution monitoring and evaluation, as it is the case in Denmark and most EU Member States. A new organisational structure will contribute to improved evidence-based policy development.

3. Improved communication and faster decision-making - Current arrangements often require cross-ministerial coordination, which delays operational and financial decisions. A unified structure would allow faster internal consultations and approvals.

4. Alignment with the EU model - In most EU countries, the Paying Agency is within or directly accountable to the Ministry of Agriculture, ensuring compliance with CAP rules and Commission audits. This alignment would simplify accreditation, reporting, and audit trails for IPARD and future CAP implementation.

5. Enhanced ownership and responsibility - MAFWE would gain full responsibility for the success or failure of agricultural policy implementation, promoting stronger internal monitoring, evaluation, and accountability mechanisms, and the IPARD Agency will align to this ownership and not be an opponent acting as a state in the state.

We are fully aware that the transfer of the IPARD Agency from its current position to a position under MAFWE may cause institutional disruption and transitional risk. It will require legal amendments, changes in accreditation status and possibly re-accreditation by the European Commission. This can create operational uncertainty for a period, maybe several months. Furthermore, there may be capacity and leadership gaps in MAFWE currently lacking the managerial capacity, IT infrastructure and financial control experience required to directly supervise the IPARD Agency. Strengthening MAFWE first might be a necessary precondition.

8. ANNEXES

8.1. Survey questionaries

Structure of the questionnaire used for beneficiary survey

Introductory section: objective of the project, purpose of the survey, random selection process, anonymity, gratitude for participation (accompanied by an official letter from IPARD Managing Authority)

Background data for beneficiary

Name		
Gender of administrator/managing director	*Woman*	*Man*
Age of administrator/managing director	*[year of birth, then age derived]*	
Education of administrator/managing director	*high school, college, university, postgraduate*	
Number of employees	*[insert number]*	
Region	*[select from list of 8 statistical regions]*	
Size of *agricultural producer (M1),* measured in hectares.	*[in agricultural land area classes and economic size, calculated from data given on agricultural land area and production structure]*	
Size of *processing company (M3),* measured in number of employees.	*micro, small, medium, large [calculated from data on number of employees]*	
Size of *rural entity (M7),* measured in hectares or number of employee	*micro, small, medium, large [calculated from data on number of employees]*	
Legal form	*[list of different legal form options]*	

Data for Investment

Measure (select)	*Measure 1*	*Measure 3*	*Measure 7*
Title of investment	*[insert text]*		
Investment year (starting)	*[insert number]*		
Investment year (ending)	*[insert number]*		
Priority sector	*[select from lists based on Guidelines for Applicants]*		
Type of acceptable investment	*[select from lists based on Guidelines for Applicants]*		
Investment objective – result	*[insert text]*		
Investment objective – outcome	*[select max 3 from provided list]*		
Investment objective – impact	*[select max 3 from provided list]*		

Indicator	*Response*
(1) Total investment costs, EUR = 2+3+4+5	*[insert number]*
(2) Own sources, EUR	*[insert number]*
(3) Bank credits	*[insert number]*
(4) Amount of received subsidy, EUR	*[insert number]*
(5) Other sources, EUR	*[insert number]*

Number of received IPARD II grants	*[insert number]*
Additional financial support ratio	*[insert number]*
Grounds for additional financial support ratio	*[select from list]*

Production Capacities

M1: Indicators for agricultural producers	**The year before the investment**	**2024**	**Comments, if relevant**
Total operated / utilized agricultural land, number of hectares	*[insert number]*	*[insert number]*	*[insert text]*
Total operated / utilized agricultural land, number of hectares per crop type (for calculation of Standard Output)	*[insert number]*	*[insert number]*	*[insert text]*
Number of livestock units, basic herd, per type	*[insert number]*	*[insert number]*	*[insert text]*
Agricultural machinery, equipment, units, (e.g. one tractor and 5 tools = 6 units)	*[insert number]*	*[insert number]*	*[insert text]*

M3: Indicators for processing company	**The year before the investment**	**2024**	**Comments, if relevant**
Total production capacity, tons raw material	*[insert number/ describe]*	*[insert number/ describe]*	*[insert text]*
Total production capacity, tons product	*[insert number/ describe]*	*[insert number/ describe]*	*[insert text]*

M7: Indicators for diversified farm or new business	**The year before the investment**	**2024**	**Comments, if relevant**
Total production capacity, services or capacity of production depending on context, tons or another indicator	*[insert number/ describe]*	*[insert number/ describe]*	*[insert text]*

Deadweight

Indicate the share of the investment, which you would have made ALSO WITHOUT the subsidy received from the IPARD Agency	Share	Comments, if relevant
100 % - all investment made: Insert 100	*[insert the relevant percentage]*	*[insert text]*
75 – 99%, insert 87,5	*[insert the relevant percentage]*	*[insert text]*
50 – 74%, insert 62,5	*[insert the relevant percentage]*	*[insert text]*
25 – 49%, inset 37,5	*[insert the relevant percentage]*	*[insert text]*
1 – 24%, insert 12,5	*[insert the relevant percentage]*	*[insert text]*
0% - nothing invested, insert 0	*[insert the relevant percentage]*	*[insert text]*

Other investments (in the period until 2024)	*yes*	*no*
If yes, type of investment	*[insert text]*	
If yes, size of investment (EUR)	*[insert number]*	
If yes, source of investment	*[insert text]*	

Other impact

Topics (for all measures) *(Provide comments, if possible and relevant)*	To a large extent	To some extent	To a minor extent	Not at all	Do not know or irrelevant
To what extent have supported investments contributed to improving your competitiveness?					
To what extent have the supported investments contributed to a better use of production factors on your holding/company?					
To what extent have the supported investments helped to increase the added value of agricultural and fishery products through improved and rationalized processing and marketing of products?					
To what extent have the supported investments improved the quality of your products in compliance with EU standards?					
To what extent has the investment increased the productivity of the production?					
To what extent have the supported investments improved working conditions in compliance with EU standards?					
To what extent has the investment improved the food safety and hygiene conditions on your farm/in your company?					
To what extent have the supported investments improved production conditions in terms of animal welfare in compliance with EU standards?					
To what extent has the investment improved the environmental conditions on your farm/company?					
To what extent has the investment contributed to climate change mitigation and/or adaptation on your farm/company?					
Comments, *added by beneficiary, if relevant*					

Evaluation of the programme design, administration and procedures

Topic *(Provide comments, if possible and relevant)*	To a large extent	To some extent	To a minor extent	Not at all	Do not know or irrelevant
To what extent were you satisfied with the application form?					
To what extent were you satisfied with the guidelines and supporting documents?					
To what extent are you satisfied with the time periods from opening of calls and deadline for applications?					
To what extent are you satisfied with IPARD Agency's processing of the application?					
To what extent are you satisfied with IPARD Agency's controls on the ground before and after the investment?					
To what extent are you satisfied with IPARD Agency's payment procedures?					
To what extent are you satisfied with the selection criteria?					
To what extent are you satisfied with the eligibility criteria?					
To what extent are you satisfied with the list of eligible investments?					
To what extent are you satisfied with the financial support ratio?					
To what extent could you have benefitted from other financial instruments, such as advance payments, instalments etc.?					
Comments, *added by beneficiary, if relevant*					

Result, outcome and impact (for all three measures)

Indicator and measurement unit	***The year prior to investment***	***2024***	***Comments, if relevant***
Turnover (value of produced outputs and services sold on the market), EUR	*[insert number]*	*[insert number]*	*[insert text]*
Input costs	*[insert number]*	*[insert number]*	*[insert text]*
General costs	*[insert number]*	*[insert number]*	*[insert text]*
Subsidies	*[insert number]*	*[insert number]*	*[insert text]*
Gross Value Added (turnover minus intermediate costs for input to the production, such as fertilizers, pesticides, animal feeds, petrol, rented machinery services etc.) EUR	*[insert number]*	*[insert number]*	*[insert text]*
Net Value added (GVA minus fixed costs to payments for houses and machinery not linked to any specific production) EUR	*[insert number]*	*[insert number]*	*[insert text]*
Income (value of the income = Value of output (turnover) minus Intermediate costs minus fixed costs plus subsidies), EUR	*[insert number]*	*[insert number]*	*[insert text]*
Jobs, men (Full time job = 1960 working hours per year)	*[insert number]*	*[insert number]*	*[insert text]*
Jobs, women (Full time job = 1960 working hours per year)	*[insert number]*	*[insert number]*	*[insert text]*

Other questions			**If, yes, comment**
Did you need clarifications from the IPARD Agency for any of the documents required for the application phase?	*yes*	*no*	
Did you need clarifications from the IPARD Agency for any of the documents required for the contracting and payment phase?	*yes*	*no*	
Did you receive assistance in preparing the application?	*[select from list]*		
Did you receive a report from the control and inspection?	*yes*	*no*	
Did you experience any situation that was inappropriate or unethical during the process of applying, signing the contract, payment, or implementing the investment?	*yes*	*no*	
Other comments or recommendation			

Structure of the questionnaire used for rejection (control) survey

Introductory section: objective of the project, purpose of the survey, random selection process, anonymity, gratitude for participation (accompanied by an official letter from IPARD Managing Authority)

Background data for applicant

Name		
Gender of administrator/managing director	*Woman*	*Man*
Age of administrator/managing director	*[year of birth, then age derived]*	
Education of administrator/managing director	*high school, college, university, postgraduate*	
Number of employees	*[insert number]*	
Region	*[select from list of 8 statistical regions]*	
Size of *agricultural producer (M1),* measured in hectares.	*[in agricultural land area classes and economic size, calculated from data given on agricultural land area and production structure]*	
Size of *processing company (M3),* measured in number of employees.	*micro, small, medium, large [calculated from data on number of employees]*	
Size of *rural entity (M7),* measured in hectares or number of employee	*micro, small, medium, large [calculated from data on number of employees]*	
Legal form	*[list of different legal form options]*	

Data for Application

Number of applications IPARD II grants	(insert number)
Number of received IPARD II grants	(insert number)

Measure (select)	Measure 1	Measure 3	Measure 7
Investment objective – expected result	*[insert text]*		
Grounds for not realization of investment	*Rejected*	*Withdrawn*	
Reached phase in the application process	*[select from list]*		
Grounds for rejection	*[select from list]*		
Comment, if any			

Applied for IPARD III	Yes	No
Interested to apply for IPARD III	Yes	No

Questions for the process of application

Most problematic documents	[insert text]		
Documents that need additional clarifications from the IPARD Agency	Yes	No	If, yes, comment *[insert text]*
Did you receive assistance in preparing the application?	*[select from list]*		
Did you experience any situation that was inappropriate or unethical during the process of applying, signing the contract, payment, or implementing the investment?	Yes	No	If, yes, comment *[insert text]*

Deadweight

Indicate the share of the investment, that you have made WITHOUT the subsidy received from the IPARD Agency	Share	Comments, if relevant
100 % - all investment made: Insert 100	*[insert the relevant percentage]*	*[insert text]*
75 – 99%, insert 87,5	*[insert the relevant percentage]*	*[insert text]*
50 – 74%, insert 62,5	*[insert the relevant percentage]*	*[insert text]*
25 – 49%, inset 37,5	*[insert the relevant percentage]*	*[insert text]*
1 – 24%, insert 12,5	*[insert the relevant percentage]*	*[insert text]*
0% - nothing invested, insert 0	*[insert the relevant percentage]*	*[insert text]*

Other investments (in the period until 2024)	yes	no
If yes, type of investment	(insert text)	
If yes, size of investment (EUR)	(insert number)	
If yes, source of investment	(insert text)	

Production Capacities

M1: Indicators for agricultural producers	**The year before the investment**	**2024**	**Comments, if relevant**
Total operated / utilized agricultural land, number of hectares	*[insert number]*	*[insert number]*	*[insert text]*
Total operated / utilized land, number of hectares per crop type (for calculation of Standard Output)	*[insert number]*	*[insert number]*	*[insert text]*
Number of livestock units, basic herd, per type	*[insert number]*	*[insert number]*	*[insert text]*
Agricultural machinery, equipment, units, (e.g. one tractor and 5 tools = 6 units)	*[insert number]*	*[insert number]*	*[insert text]*

M3: Indicators for processing company	**The year before the investment**	**2024**	**Comments, if relevant**
Total production capacity, tons raw material	*[insert number/ describe]*	*[insert number/ describe]*	*[insert text]*
Total production capacity, tons product	*[insert number/ describe]*	*[insert number/ describe]*	*[insert text]*

M7: Indicators for diversified farm or new business	**The year before the investment**	**2024**	**Comments, if relevant**
Total production capacity, services or capacity of production depending on context, tons or another indicator	*[insert number/ describe]*	*[insert number/ describe]*	*[insert text]*

Performance indicators

[select where appropriate]	**Turnover**	**Total Costs**	**Labour**
Decreased, more than 30%			
Decreased, 11-30%			
Decreased, up to 10%			
No change			
Increased, up to 10			
Increased, 11-30%			
Increased, more than 30%			

Other

Other comments or recommendations	[insert text]

8.2. Stakeholder interview template

Introduction
Name and position of interviewee: _____
Which organization/institution/association do you represent? _____

Describe the objectives of the ex-post evaluation of IPARD II Programme and the purpose of the interview, i.e. to collect lessons learnt and recommendations for future programmes.

1. Relevance

- How and to what extent does the programme objectives align with yours' and your peers' needs and priorities?
- What and to what extent the programme enable equal possibilities for smaller and big farms, companies and rural enterprises?
- Are there any gaps or areas in which the programme objectives could be better tailored to the local context and specific challenges?

2. Programme coherence (internal and external)

- How would you assess the internal coherence of the programme? To what extent do the individual measures complement each other in a synergistic way?
- How would you assess the external coherence of the programme? To what extent is the IPARD II Programme complementary to other national policies targeting agriculture, rural development and food processing?
- What would you recommend to further improve the internal and/or the external coherence of the programme?

3. Effectiveness and efficiency of interventions

- To what extent have the programme achieved its objectives, technically (for example number of projects and operations) and financially (spent resources according to the budget)?
- To what extent have the programme investments contributed to adding value in the sector? (Value for money)
- Do program operations improve the beneficiary position in the value chain?
- How would you evaluate the short-term effects (results) of investment on the businesses you represent?
- How would you assess the long-term effects (impact) of the investment in the businesses you represent?
- What would you recommend to further improve the effectiveness and efficiency of the programme?

4. Sustainability and environmental impact focus

- How and to what extent does the program address environmental sustainability in its objectives and implementation?
- Have you seen any positive environmental impacts because of the program? Examples could be: reduced resource consumption, lower emissions, better management of natural resources, water and soil protection management practices, organic farming, addressing the negative impacts of agricultural land abandonment, and decreased activities in HNV areas, increased use of energy crops, increased use of renewable energy, improved losses and waste management, better access to communal services of the rural population.
- What environmental or sustainability-related challenges do you believe the program should address more effectively in the next programme (IPARD III Programme)?

5. Socio-Economic Impact

- How and to what extent has the program contributed to improving the socio-economic conditions in rural areas?
- How and to what extent the program helped to create or sustain local jobs, improve livelihoods, or support community development initiatives? Has the program supported businesses in overcoming challenges, such as access to capital, market opportunities, or resource constraints?
- How well does the program support marginalized groups, such as smallholders, low-income families, or disadvantaged rural communities, in improving their economic status or resilience?
- How and to what extent does the program engage young people (under 40) in your sector?
- How and to what extent does the program encourage youth to pursue careers in the environmental, agricultural, or rural development sectors?
- How and to what extent does the program engage women in your sector?
- What socio-economic challenges do you believe the program should address more effectively?
- How and to what extent has the program contributed to improving the socio-economic conditions in rural areas?
- To what extent has the program been loaded with dead weight in the sense that a share of investments would have been accomplished also without the grant? Do you wish to indicate a percentage?
- How and to what extent has the program contributed to displacement of activities in agriculture and rural areas? (for example, jobs created in one region have caused moving of other jobs to another region)
- How and to what extent has the program contributed to substitution of activities in agriculture and rural areas? (for example, jobs created in one region have caused the closing of jobs in another region)

6. Efficiency of programme administration

- How would you evaluate the existing administration procedures (call announcement, templates, guidelines, selection criteria, reference price system, contracting, on spot control, authorization of payment, …)?
- What would you recommend improving it?
- How would you evaluate the period from the call to final payment in terms of time / human resources involved in the process / the amount of funding?
- How would you evaluate the period from the call to final payment in terms of planning / coordination / execution of the investment?
- How and to what extent does the HR policy (retention, remuneration, etc.) in IPARD structures affect the effectiveness and efficiency of the programme?
- How and to what extent have different standards been valid at different calls throughout the years?
- What would you recommend to further improve the efficiency of the programme?

7. Any other comments or recommendations?

8.3. Case study template

Introduction
Name of beneficiary: _____

Describe the objectives of the ex-post evaluation of IPARD II and the purpose of the interview, i.e. to collect lessons learnt and recommendations for future programmes.

1. Relevance of the IPARD II Programme

- How and to what extent does the programme objectives align with the needs and priorities of the sector?
- Are there any gaps or areas in which the programme objectives could be better tailored to the local context and specific challenges, seen from your perspective?
- What and to what extent enable the programme equal possibilities for diverse groups of beneficiaries (e.g. smaller and big farms, companies and rural enterprises; geographical location; recent versus long existing entities, etc.)?

2. Programme coherence (internal and external)

- How will you assess the internal coherence of the programme? To what extent do the individual measures complement each other in a synergistic way?
- How would you assess the external coherence of the programme? To what extent is the IPARD II Programme complementary to other national policies targeting agriculture, rural development and food processing?
- What would you recommend to further improve the internal and/or the external coherence of the programme?

3. Effectiveness of the programme

- How and to what extent does the implementation of the programme meet the programme objectives?
- To what extent have investments contributed to adding value in the sector?
- How and to what extent is the IPARD Agency assessing how and if the beneficiaries are fulfilling the environmental requirements?
- How would you assess the short-term effects (results) of the implementation programme?
- How would you assess the long-term effects (impact) of the implementation of the programme?
- What lessons can be learned from the implementation of the IPARD II Programme?
- What would you recommend to further improve the effectiveness of the programme?

4. Sustainability and environmental impact focus

- How and to what extent does the programme address environmental sustainability in its objectives and implementation?
- Have you seen any positive environmental results of the programme? Examples could be: reduced resource consumption, lower emissions, better management of natural resources, water and soil protection management practices, organic farming, addressing the negative impacts of agricultural land abandonment, and decreased activities in HNV areas, increased use of energy crops, increased use of renewable energy, improved losses and waste management, better access to communal services of the rural population.
- What environmental or sustainability-related challenges do you believe the programme should address more effectively?

5. Socio-economic impact

- How and to what extent has the programme contributed to improving the socio-economic conditions in rural areas?

- How and to what extent the programme helped to create or sustain local jobs, improve livelihoods, or support community development initiatives? Has the programme supported businesses in overcoming challenges, such as access to capital, market opportunities, or resource constraints?
- How well does the programme support marginalized groups, such as smallholders, low-income families, or disadvantaged rural communities, in improving their economic status or resilience?
- How and to what extent does the programme engage young people (under 40) in your sector?
- How and to what extent does the programme encourage youth to pursue careers in the environmental, agricultural, or rural development sectors?
- How and to what extent does the programme engage women in your sector?
- What socio-economic challenges do you believe the programme should address more effectively?
- To what extent has the program been loaded with ***dead weight*** in the sense that a share of investments would have been accomplished also without the grant? Do you wish to indicate a percentage?
- How and to what extent has the programme contributed to ***displacement*** of activities in agriculture and rural areas? (for example, jobs created in one region have caused moving of other jobs to another region)
- How and to what extent has the programme contributed to ***substitution*** of activities in agriculture and rural areas? (for example, jobs created in one region have caused the closing of jobs in another region)

6. Efficiency of programme administration

- How and to what extent were the programme activities implemented in terms of time / human resources / funding?
- How and to what extent was the programme activities implemented in terms of planning / coordination / execution?
- How would you assess the administration procedures (call announcement, templates, guidelines, reference price system, selection, contracting, on spot control, authorization of payment, …)? What would you recommend improving it?
- How and to what extent do the steps in the administration procedures affect the time / human resources and funding? What would you recommend to further improve the administration procedures?
- How and to what extent are the selection criteria (incl. the ranking process) acceptable and relevant?
- Is there an agreed template for documents included in the MoU between technical bodies and IPARD Agency and are they in accordance with the programme requirements?
- What is in your opinion the reason why some approved projects are not contracted and why some contracted projects are not paid (approximately 5%)? What could be learned from repeatedly weak points (missing documents, cancelled payments. etc.)?
- How and to what extent does the programme controls for the deadweight?
- How and to what extent does your institution /department communicate with other stakeholders regarding the implementation of the programme? What would you recommend to further improve communication?
- What lessons can be learned from the implementation of the IPARD II Programme?
- What would you recommend to further improve the overall efficiency of the programme (if not mentioned before)?

7. Any other comments or recommendations?

8.4. Deadweight risk assessment matrix (DeWeRA)

The ex-post evaluation of IPARD II Programme demonstrates a very high share of deadweight loss. 40% of the public support under IPARD II Programme is deadweight, meaning that the beneficiaries would have invested themselves also if IPARD support was not available.

Deadweight undermines both efficiency and additionality and is a well-known problem in EU rural development programmes. Several Member States and candidate countries have tried to limit it through better targeting, differentiation and smarter incentives. Austria uses an *additionality coefficient* linked to expected profitability and firm size when selecting RDP investments. Finland applies a *need for aid* score penalising projects with short payback or strong self-financing capacity, and Slovenia differentiates grant intensity by both *financial need* and *innovation level*, effectively discouraging low-risk profitable projects.

8.4.1. How can we avoid dead weight in North Macedonia?

Today the IPARD Agency uses an evaluation grid, where the net present value (NPV) of the investment must be > 0, Return of Investment (RoI) > 0 and payback time (PBT) = < than 10 years. Furthermore, the business plan must document that the equity capital of the holding/company and its stocks in terms of liquidity and assets meet the operational costs of the new situation after the investment. This means that the business plan must show that the beneficiary can manage the investment financially, including pay back the loans with the revenue generated of the investment.

Our experiences are that investments with a PBT of 5 years or less always will carry dead weight, and that investments with pure revenue generating objectives contrary to investments with objectives related to public goods, also will carry dead weight. Furthermore, bigger companies carry more dead weight than smaller companies. It is also the case in North Macedonia. The dead weight is to a large extent correlated with turnover, in particularly for M1 and to some extent for M3. This means that beneficiaries with higher turnover also represent the highest dead weight. So, the alarm bell rings, when the applicant is big, focuses exclusively on revenue generating, and has an investment with a PBT of five years or less.

We recommend a Dead-Weight Risk Index (DeWeRI) which is a structured sub-score within IPARD Agency's evaluation and selection grid that quantifies how likely a project would have happened without public support. This is a model already explored in a few CAP Paying Agencies (Austria, Slovenia, Finland, Denmark), and it can be adapted for the IPARD III Programme very effectively.

Below is a model for how such an anti-deadweight (anti-DW) evaluation system could be designed and operationalised. The model here is a further development of the model recommended in the ex-ante evaluation of IPARD III Programme (see the ex-ante evaluation report, 2021).

The Dead-Weight Risk Index is introduced to identify projects with a high likelihood of being implemented without IPARD support, in order to improve *additionality* and reduce *dead-weight loss*. The DeWeRI can be a part of the evaluation and selection criteria grid used by the IPARD Agency.

Dead-weight risk correlates strongly with short payback period (PBT ≤ 5 years) leading to high internal profitability. Purely revenue-generating objectives leading to low public-good contribution. Large company size leading high self-financing capacity. These variables are supplemented by two contextual factors: access to finance and innovation/risk level.

Evaluation and scoring table

Criterion	Assessment Categories	Score	Justification / Interpretation
Payback Time (PBT)	≤ 5 years → High DW risk 5-10 years → Medium > 10 years → Low	0 / 2 / 4	Short PBT = high profitability, low need for IPARD support
Project Objective Type	Purely revenue-generating → High Mixed → Medium Includes public good → Low	0 / 2 / 4	Public goods or environmental objectives increase additionality
Enterprise Size	Large → High DW risk Medium → Medium Small/Micro → Low	0 / 2 / 4	Larger firms can self-finance
Access to External Finance	Confirmed loan / easy credit → High No/limited access → Low	0 / 1	Credit access indicates low dependency on support
Innovation / Risk Level	Standard, proven → Medium Novel, higher-risk → Low	0 / 2	Innovative projects unlikely without support

Source: Own set-up inspired from Denmark, Austria, Finland and Slovenia

Scoring and Interpretation

Total DWRI Score	Risk Level	Action / Consequence
11 to 15	Low DW risk	Full score under "Need for public support."
5 to 10	Medium DW risk	Normal treatment. Monitor ex-post for verification.
≤ 4	High DW risk	Flag for review; possible reduction in grant rate or exclusion.

Source: Own set-up inspired from Denmark, Austria, Finland and Slovenia

It is recommended to integrate DeWeRI (weight 10–15 %) into the evaluation and selection grid for investment M1, M3 and M7. Automatic calculations can be made via the e-application system (when introduced) from declared PBT, RoI, and company data. As long the application system is paper based the IPARD Agency staff must import the data from the application form into a, for example, an excel file, where the set-up formula for calculating the DW score will do the work.

The IPARD Agency can use ex-post monitoring of investments, where realised private co-funding and project outcomes are compared, and use the information to calibrate the score model on an annual basis, if needed.

The expected effects will be a lower share of non-additional (Dead Weight) projects, stronger targeting of support to small, risk-taking beneficiaries also including public goods benefits into the investments, or innovative beneficiaries and not the least high overall efficiency and credibility of IPARD III programme public investments.

8.5. IRPAS: Integrated Reporting Platform for Agricultural Support

IRPAS is a software platform to be developed for MAFWE with the general purpose to monitor the progress of implementation of policies and their contribution to the fulfilment of quantified and qualitative targets and objectives defined in the CAP strategic plan or similar fundamental policy documents. The platform will link all policy instruments (national rural development programme measures (NRDP), national direct payment schemes, IPARD III programme measures to the Performance Monitoring & Evaluation Framework (PMEF) indicator framework and will be able to provide reports to meet the different user needs: MoF, MAFWE, IPARD Agency, EC.

8.5.1. Why build a new platform?

North Macedonia's IPARD Agency currently manages several streams of agricultural support: Direct payments, National Rural Development Programme (NRDP), and IPARD III support under the EU's pre-accession instrument.

These streams are managed separately, with information stored in different databases, Excel files, and paper forms. This makes it difficult to get a clear picture of who is supported, how much is paid, and what results are achieved. It also complicates reporting to the European Commission, the MAFWE, and the public.

The new IT platform will integrate these data sources into a single, modern system that follows the EU's Common Agricultural Policy Performance Monitoring and Evaluation Framework (CAP PMEF). This ensures that North Macedonia can report on the same indicators as EU Member States and prepare for eventual EU accession. Data must be stored according to the CAP PMEF indicator system for output, result and impact and context indicators. Data must be filtered geographically, number of beneficiaries, volume of support, gender, age, measures, programmes, time and any other relevant filter.

8.5.2. Objectives of the platform

Bringing data together from direct payments, NRDP and IPARD II/III Programme into one secure database. Storing data according to CAP PMEF indicators (outputs, results, impacts, and context). Allowing flexible filtering of information:

- By region and municipality (using official NTES statistics and maps),
- By number of beneficiaries,
- By volume of support (EUR),
- By gender and age of farmers/beneficiaries,
- By programme, measure, and year.

Generating reports and dashboards for decision-makers, evaluators, and the public. Improving accountability and providing evidence for better policymaking.

8.5.3. What will the system look like in practice?

At its core is a central database that links beneficiaries, holdings, processors, payments, and projects across programmes. Data will be updated regularly from the existing sources. For paper applications, information will be entered once and re-used.

A user-friendly dashboard will allow staff to see key figures at a glance – for example, total IPARD payments in the Polog region, or the share of young farmers supported under M1.

Reports will be exportable in the formats required by the European Commission for Monitoring tables, annual implementation reports (AIR) and evaluations. With geographic information, the system will be able to map payments and beneficiaries across municipalities.

8.5.4. Benefits for North Macedonia

Better evidence: Clear, reliable data on who receives support and with what results.

Efficiency: Less time spent on manual compilation of reports.

Transparency: Ability to communicate to farmers, citizens and Brussels how funds are used.

Preparedness: Aligns North Macedonia's monitoring and evaluation practices with those of EU Member States.

Stronger decision-making: Policymakers can see the effects of different measures on productivity, rural employment, and regional development.

8.5.5. Implementation approach

The development will be carried out in four phases, either using traditional programming or AI assisted development:

- Foundations: Define legal agreements, data sources, and security measures.
- Data flows: Set up pipelines for loading data from direct payments, NRDP, and IPARD.
- Indicators: Configure the system to calculate PMEF indicators automatically.
- Dashboards and reporting: Build tools for analysis, decision-making, and public communication.

Each phase will include staff training and quality checks. The system will be designed with security and privacy in mind, following EU standards.

8.5.6. Key message

This platform is more than a technical upgrade. It is a strategic investment in transparency, accountability, and EU readiness. With IRPAS, North Macedonia will: show clear results from agricultural support, strengthen trust among farmers, citizens, and international partners, and prepare for full participation in the EU's Common Agricultural Policy.

8.6. SME verification procedure

Staff from Sector for Project Approval in the IPARD Agency has indicated a time-consuming verification of the applicants self-declared status as SME. Today the verification is accomplished manually, but it is possible to reduce the manual work of the IPARD Agency by digitalizing the SME status verification.

SME classification according to EU definition (Commission Recommendation 2003/361/EC) is as follows:

- Micro: < 10 employees, turnover ≤ 2 million EUR
- Small: < 50 employees, turnover ≤ 10 million EUR
- Medium: < 250 employees, turnover ≤ 50 million EUR

Applicants must indicate in the application form, what their status is: Micro, Small or Medium sized company. Here are two models for digitalized verification. One simple model to be used in a system with paper-based applications, and one system with e-applications applied.

8.6.1. Data sources to use for both models

- Central Register of North Macedonia (Централен регистар на РСМ): Holds company registration, annual financial statements (turnover, balance sheets).
- Public Revenue Office (Управа за јавни приходи – UJP): Has up-to-date tax declarations, including turnover/VAT.
- Employment Agency of North Macedonia (Агенција за вработување): Has data on registered employees.

Option A with a paper-based applications:

IPARD Agency staff enter only the application data (TaxID, year, declared turnover, declared employees) into their master Excel/CSV file. This file is uploaded to a secure interface at one of the national registries or a joint government service hub, if available.

The registry system performs the match against its own database (Central Register, UJP, Employment Agency).

The system generates a return file with the same structure + added columns:

- Official turnover (from UJP),
- Official employees (from Employment Agency),
- Official SME class,
- Flag: OK / Review / No data.

Agency downloads the enriched file and uses it directly for contracting and control.

This is already the model in some EU member states. Slovenia: CAP paying agency uploads farmer IDs, Ministry of Finance system returns official income/turnover for eligibility checks. Croatia: Similar batch verification with Employment Register for staff numbers.

Option B with automatic control procedure with e-application system

Applicant fills in SME data (number of employees, turnover) in the IPARD III e-application portal, when ready. The system initiates a background check:

- Calls an API/web service with the applicant's tax number (ЕМБС/ЕМБГ).
- Retrieves the most recent official data from the Central Register and UJP.
- Cross-checks the number of employees via the Employment Agency database.

Automated calculation of SME classification according to EU definition.

If the applicant's self-declared data match the registry data, the system will report "Verified automatically." If not, the system flags the application for manual review only.

8.6.2. Key messages and advantages

- Time saving 90%+ of applications verified automatically, only exceptions handled manually.
- Consistency: Same SME thresholds applied for all applicants.
- Transparency: Reduces subjective judgement.
- Anti-fraud: Harder for applicants to misreport turnover or staff numbers.

The digitalized verification system is relatively easy to build and to implement without changes in the overall procedures of the PA.

8.7. Fast track Standard Cost Procedure

MAFWE and IPARD Agency has the opportunity to simplify and accelerate IPARD III support by introducing a Standard Cost Procedure (SCP) for common investment types such as greenhouses, orchards, vineyards, livestock housing, irrigation systems, and on-farm solar installations. Instead of checking submitted three offers (quotes) in the application phase and invoices in the payment requests phase, the system pays beneficiaries a pre-defined amount per unit delivered (e.g. per m², per ha, per kW) based on On-The-Spot Checks. This approach is already used in many EU programmes to cut red tape, improve transparency, and focus on real results.

Stakeholders as well as IPARD Agency staff report about the time consuming and to some extent also useless three quotes approach, when applicants apply for investment support. The rationale behind the approach is to avoid inflated invoices and thus payment of artificially high costs for investments. The collection of three original quotes for technology supplies is time consuming for applicants, and suppliers know very well that their offer is used in a three quotes approach and not realistic. The approach does not guarantee that the invoices are not inflated, and at the same time also is bureaucratic and time consuming for all parties involved. The Standard Cost Procedure is a realistic alternative.

The Standard Cost Procedure in EU's CAP is a method used to assess and administer investment support e.g. under Rural Development Programmes or measures like farm and agri-food processing investments. Instead of reimbursing actual incurred and paid costs based on invoices and receipts, the Standard Cost Procedure relies on predefined unit costs, lump sums or flat rates. These are calculated and agreed in advance by the Managing Authority and the Paying Agency and approved by the European Commission and then applied uniformly to beneficiaries.

8.7.1. Definition of Standard Costs

Authorities set standard unit values (e.g. EUR per hectare, EUR per square meter of greenhouse, EUR per head of livestock housing capacity, EUR per km of fencing, EUR per kW installed for solar, etc.). These are established based on market price surveys, historical cost data from similar projects, expert assessments or engineering references, or the combinations of these sources. They must be objective, fair, verifiable, and non-discriminatory.

8.7.2. Application in investment support measures (measures 1, 3 and 7)

Farmers apply online by choosing the type and size of investment; the system calculates the eligible grant automatically. Alternatively, in paper-based systems, applications are scanned and uploaded in the system, and the system then calculates the eligible grant automatically.

When a farmer or company applies for support, the grant amount is calculated not from their invoices but from the standard cost formula. If the standard cost for installing drip irrigation is 1,500 EUR per hectare, and the project covers 10 hectares, the eligible cost is automatically set at 15,000 EUR regardless of the applicant's actual invoices.

There will be no need for applicants to collect or submit multiple quotes and invoices. The IPARD Agency verifies basic eligibility via automated checks of land ownership, tax status etc., and approves projects faster. At payment stage, inspectors confirm the outputs e.g. greenhouse built, orchard planted on-site or via geo-tagged photos. Payment is calculated instantly from verified quantities and standard unit costs.

8.7.3. Advantages

- Simplification: Reduces paperwork for applicants and erode the need for the 3-offer approach. It reduces the controls and audit burden.
- Transparency: Everyone gets the same reference cost.
- Predictability: Beneficiaries know in advance how much support they can get.
- Fraud prevention: Reduces risk of inflated invoices or artificial cost increases.

8.7.4. Limits and control

Standard costs must be documented and justified by the IPARD Managing Authority and the IPARD Agency to the Commission before use. They are periodically reviewed and adjusted to reflect market changes.

Audits check that the physical output e.g. number of hectares irrigated, number of kW solar installed matches the claimed support, not the underlying invoices.

8.7.5. Key benefits

- Faster processing: Applications and claims handled in weeks rather than months; payments reach farmers and other beneficiaries sooner.
- Lower administrative burden: Less paperwork for farmers and other applicants/beneficiaries; fewer manual checks for the IPARD Agency.
- Reduced errors: Simplified costs eliminate most financial calculation mistakes, lowering audit risks.
- Greater transparency: Every farmer and other beneficiaries knows the grant amount in advance; equal treatment for similar projects.
- Fewer disputes: Clear rules mean fewer appeals and complaints.
- Focus on outcomes: IPARD Agency resources shift from quote and invoice checking to monitoring real results on the ground.

The SCP improves absorption of IPARD funds by accelerating disbursements by replacing invoice-based reimbursement with a pre-agreed “catalogue” of costs per unit, making investment support simpler, more transparent and less prone to error or fraud. The SCP builds capacity in line with EU Member State practices on Simplified Cost Options. The SCP strengthens trust among farmers and auditors through clarity, speed, and fairness.

A fast-track Standard Cost Procedure is a proven way to make IPARD III support in more efficient, more transparent, and more beneficiary-friendly, while also preparing institutions for EU membership standards. The Standard Cost Procedure can be described as a gradual reform option for IPARD III Programme, building on practice in EU member states.

8.8. PROMIS: Product Result Oriented Management Information System

8.8.1. Background

Digitalization of the IPARD implementation system has been long under way in North Macedonia and there is still a long way to go, before the system is fully digitalized.

So far IPARD II and III Programme is paper based, and the data management in IPARD Agency is manual, time consuming and ineffective. The IPARD Managing Authority and MoF has stressed the weak reporting structure of the IPARD system several times, latest in AIR 2024 and in interviews conducted as a part of this evaluation. The ineffective reporting leads to delays and errors in the reporting to IPARD Managing Authority and to EC.

An Integrated Administration and Control System (IACS) is currently under development but is not made operational so far. An IACS system may provide a step forward for management of in particularly area-based payments, which today is national only, and applied with an e-application system. The IACS is typically not designed to manage project-oriented support as under measure 1, 3 and 7. Therefore, even if the IACS system is made operational one day, it will not, as far as we are informed, be able to handle investment support under IPARD and under the NRDP.

We need a more comprehensive system framing not only IPARD Programme, but also current national programmes (direct payments) and NRDP. It is technical possible and manageable to construct an integrated system for all types of support measure.

It is recommended to address this possibility, first through a technical assistance (TA) project mapping the existing possibilities for such a system, and preparing an action plan for development and implementation, if so decided.

Point of departure can be taken in PROMIS. PROMIS – Project Result Oriented Management Information System – is an integrated web-based solution developed and applied in Denmark since 2014, which helps to: (1) manage the application, selection and contracting process of LEADER/CLLD supported projects and (2) carry out the monitoring and evaluation of LEADER at three levels: RDP, LAG and project level. PROMIS enables the storing, sharing, analysing, and visualisation of data in real time among three primary actors:

- Project applicants/beneficiaries use PROMIS to apply for projects, communicate with the LAGs, IPARD Agency and Managing Authority about the project development and application, the selection results, and to report project outputs, results and impacts.

- Local Action Groups have open access to all data and information concerning the projects (e.g. characteristics, outputs and results) which are useful for the monitoring and evaluation of their CLLD strategies.

- RDP Paying Agencies and Managing Authorities have open access to all data and information at different levels: single projects, LAG and RDP/CAP Strategic Plan levels.

8.8.2. How does PROMIS work?

PROMIS was created to assist LEADER/CLLD stakeholders involved throughout the delivery process, starting from the project application phase until the evaluation of LEADER/CLLD both as a local strategy and a self-standing measure of the RDP. The main functions are: (1) data collection; (2) support for project development, selection, contracting and payment; (3) transfer of selection results among stakeholders; (4) guidance for beneficiaries on reporting project results; (5) assessment of LEADER/CLLD effects at the RDP and LAG levels; and (6) reporting monitoring and evaluation results.

PROMIS is equipped with several analytic and visualization tools e.g. double-entry graphs, charts and maps. PROMIS provides a rapid and user-friendly solution to elaborate, display, and interpret large amounts of data for the delivery, monitoring, and evaluation of LEADER/CLLD.

PROMIS in Denmark is a relatively advanced example of an integrated IT system that covers both project application, processing, and monitoring of effects (including for LEADER). Other EU member states have developed similar systems, although the scope and level of integration differ.

8.8.3. Examples of similar CAP administration systems

Germany (various Länder):

- Many regions (Länder) use integrated platforms for EAFRD/LEADER project applications.
- Example: ELAN (Elektronischer Antrag) in Bavaria and other regions allows electronic submission, processing, and links to monitoring data.
- Some Länder have DIFA or other specialized tools connected to IACS for area payments and to rural development support.

Austria:

- Uses **eAMA** (Elektronisches Agrarmarkt Austria) for applications and processing of CAP support, including EAFRD.
- Integrated with monitoring and control systems.

Finland:

- The system **Hyrrä** is an online portal for EAFRD and EMFF project and investment support.
- It includes application, administration, payment requests, and reporting, including for LEADER.

Sweden:

- Uses Mina Sidor (My Pages) on the Jordbruksverket (Swedish Board of Agriculture) platform.
- Handles applications for both direct payments and rural development, with integrated control and monitoring functions.

Poland:

- The Paying Agency **ARiMR** operates a comprehensive IT environment with systems for both direct support and EAFRD.
- Includes online application modules and a monitoring/indicator database.

Estonia:

- **PRIA e-PRIA system** is highly digitalized, covering application, contracting, payments, and monitoring for all CAP funds, including LEADER.

Common features

Across member states, the trend has been to move from fragmented systems toward fully digitalized platforms that integrate:

- Application and contracting (often via e-portals).
- Payment request handling and workflow management (with links to IACS where relevant).
- Monitoring data to report on CAP/CMEF indicators, AIRs, and LEADER effects.

PROMIS is particularly noted for integrating effect monitoring for LEADER projects, which is less developed in many other systems, where monitoring is often handled in separate databases, not in the same software as applications.

8.8.4. Recommendation

North Macedonia should adopt a modular procurement strategy with strong safeguards against vendor lock-in. The IPARD Agency should act as system owner, with clear requirements on open APIs and knowledge transfer. A hybrid approach (core system from vendor + custom IPARD) may give the best balance between speed and flexibility.

8.8.5. Technical brief: Developing a PROMIS-like Information System for IPARD III Programme in North Macedonia

North Macedonia's IPARD Agency and IPARD Managing Authority face significant administrative burden under IPARD II Programme, with heavy reliance on paper documentation and invoice-based reimbursement. To modernise implementation and prepare for future CAP alignment, it is recommended to establish a PROMIS-like integrated management information system (MIS) for IPARD III Programme.

8.8.6. Key objectives

- Simplification: reduce paperwork for farmers and companies; streamline administrative processes.
- Transparency: ensure equal treatment of beneficiaries and strengthen public trust in EU funds.
- Control & Auditability: provide a complete, digital audit trail of all actions and decisions.
- Efficiency: cut processing time for applications, contracting and payments.
- Future readiness: allow a gradual shift towards simplified cost options (standard costs, lump sums, flat rates) in line with EU practice.

8.8.7. Core features

- **E-Application Portal**
  - Fully electronic submission of applications with digital signatures.
  - Real-time completeness checks and guided forms in Macedonian and Albanian.

- **Workflow & Case Management**
  - Automated processing steps from application to closure.
  - Configurable rules for eligibility, scoring and ranking.
  - Role-based access with four-eyes principle for approvals.

- **Contracting & Payments**
  - Auto-generation of contracts from approved data.
  - Payments based either on actual invoices or on pre-defined Standard Cost Catalogues.
  - Integration with Treasury for secure transfer of funds.

- **Controls & Monitoring**
  - Risk-based sampling for desk and on-the-spot checks.
  - Mobile application for inspectors (with geo-tagged photos).
  - Durability monitoring of investments.

- **Reporting & Transparency**
  - Automatic generation of Annual Implementation Reports (AIR).
  - Dashboards for absorption, pipeline, and performance indicators.
  - Public transparency portal (anonymised data on beneficiaries).

8.8.8. Implementation approach

- Governance: A Steering Committee led by the IPARD Agency, with the IPARD Managing Authority, MoF, and EU Delegation involvement.
- Phasing: Start with core modules (applications, workflow, contracting, payments) and add advanced functions (controls, standard costs, transparency portal) in later waves.
- Integration: Connect to national registers (business registry, cadastre, tax authority, treasury) for automated verification.
- Standard Cost Pilot: Introduce a catalogue for selected investments (e.g. greenhouses, orchards, irrigation, renewable energy) and expand gradually.
- Training & Change Management: Ensure staff, auditors, and beneficiaries are trained in using the system; provide helpdesk and guidance materials.

8.8.9. Expected benefits

- Processing times reduced by 30–50% compared to IPARD II Programme, last calls.
- Administrative errors and audit findings reduced significantly.
- Higher absorption rates through easier access and faster reimbursement.
- Clearer evidence of impact for evaluation and policymaking.
- Better alignment with EU CAP systems, supporting North Macedonia's accession path.

8.8.10. Next steps

- Secure political and budgetary commitment for the system.
- Prepare a detailed requirements document covering IPARD measures and national specifics.
- Launch procurement for system development under clear standards (modular, open APIs, strong audit trail).
- Pilot the system in one or two measures before full rollout.

8.9. From front load control to payment control: Wishful thinking re-balancing CAP/IPARD controls

The EU administrative system of the CAP and IPARD support puts heavy weight on controls of applications and relatively less weight on control of payments. In North Macedonia, under IPARD II Programme, 3315 man-days were spent of the IPARD Agency on control of applications while "only" 1981 man-days were spent on control of payment claims for 2187 projects. This is 40% more resources spent on application controls than on payment claims controls. This approach is justified to prevent fraud and to protect applicants from planning and initiating investments, where public support by the end of the day is not eligible. This is politically well justified, but the system also delays start-up of investments and thus delay financial and other benefits for beneficiaries and the rural areas. If the system is turned around and less control is spent on applicants and more on control of payment claims, the IPARD Agency will still catch the fraud and the errors, but the responsibility will be on the shoulders of applicants and can accelerate benefit generating activities. How can such a system look like?

8.9.1. Background: Current control approach and its limitations

Under the Common Agricultural Policy (CAP) and the IPARD rural development programs, Paying Agencies use upfront (ex-ante) control of applications. Every project application is rigorously controlled for eligibility, compliance with rules, and potential issues before any approval or funding is granted. This ex-ante approach is intended to prevent fraud and to shield applicants from investing in projects that might later be deemed ineligible. EU Paying Agencies are obliged to ensure that each aid claim is only authorized for payment after sufficient checks confirm compliance with all EU rules. In practice, this means detailed administrative checks of 100% of applications verifying applicant eligibility, project eligibility, compliance with selection criteria, procurement law, State aid rules, etc., even before the project starts. On the positive side, this approach catches errors or ineligible proposals early, but it also causes significant delays in launching investments. Farmers and rural businesses often must wait months for approval before starting their projects, which in turn delays the economic, social and other benefits in rural areas. Feedback from IPARD implementation has noted that lengthy assessment and control procedures can slow down project start-up. In summary, the current system's strong front-loaded controls safeguard public funds and protect a few applicants, but they postpone project implementation and burden most applicants with long waiting periods.

8.9.2. The Proposed Reverse Control System

The suggested alternative here is to invert the control focus: Perform minimal checks at the application stage and instead apply more intensive verification, when the payment claim is submitted i.e. after or during project implementation. The goal is to speed up project start-up while still catching errors or fraud before final payment. Such a system can look like this:

- **Simplified application and quick approval:** An applicant submits a basic application outlining the project. The IPARD Agency conducts only *essential* eligibility checks e.g. that the applicant and project type meet basic criteria and perhaps a risk assessment. Detailed scrutiny of budgets, permits, or procurement procedures would *not* delay the initial approval. The project could be *provisionally approved* much faster than under current procedures. Applicants would be informed that the approval is conditional and that full compliance will be verified at payment time.

- **Beneficiary responsibility and risk:** The shifts onto the applicant to ensure their project truly meets all rules. This aligns with the existing principle that *beneficiaries remain responsible for the correctness of their aid application or payment claim*. Under the new system, the applicant proceeds with the investment at their own risk, knowing that any non-compliance discovered later e.g. ineligible expenditure, rule violations will result in non-payment for those parts or other penalties. In essence, the incentive is for beneficiaries to *get it right* on their own, since mistakes will cost them.

- **Accelerated project start:** With only minimal upfront control, beneficiaries could start their investments almost immediately after this preliminary approval. This accelerates project implementation and the generation of benefits: new farm facilities, equipment in use, jobs created, etc. For example, a farmer may plant new vineyards immediately after applying for support and will not risk be losing a full growth season due

to a lengthy approval process. A food processor could begin factory upgrades without waiting months for exhaustive administrative clearance, thus potentially bringing new products to market sooner.

- **Rigorous payment claim verification:** When the project or a project phase is completed and the beneficiary submits a payment claim, the IPARD Agency then performs comprehensive checks before disbursing funds. At this stage, controls would be as strict or even stricter than under the current system. The IPARD Agency would verify that the *completed operation matches what was approved*, and that all claimed costs are eligible and properly documented. This includes thorough examination of invoices, receipts, procurement process documents, permits, and an on-site inspection to confirm the investment was realized as intended. Essentially, all the checks that traditionally happen upfront would happen now at the payment stage ensuring compliance before money is paid, which still safeguards the fund.

- **Error correction and sanctions:** If issues are found during these payment-stage checks, the IPARD Agency would adjust or deny the payment accordingly. Ineligible expenditures would be refused, and serious breaches e.g. falsified documents or fraud could trigger sanctions or legal consequences. The financial risk lies with the beneficiary. If they deviated from rules or the approved plan, they might not be reimbursed for those parts. This mechanism naturally dissuades reckless or fraudulent behaviour, as applicants know they could lose the support if they don't adhere to the requirements.

- **Selective early monitoring:** To bolster confidence in this system, authorities might still perform *spot-checks or audits on a sample of projects during implementation*. This is not full upfront control, but rather a risk-based monitoring to catch problems early. For instance, for high-value investments or new beneficiaries, an on-the-spot visit could be done shortly after work starts serving as a deterrent and guidance, without delaying all projects. Such risk-based interim checks can complement the heavy ex-post verification.

In summary, this reversed system relies on trust and beneficiary responsibility at the start, and verification and accountability at the end. It would speed up the launch of investments and presumably accelerate the flow of benefits to rural areas, while still *catching* errors or fraud at the payment stage before public funds are disbursed. The trade-off is that beneficiaries bear more risk: They must ensure compliance or face losing some/all the subsidies if problems are found later. But for many or even the most, the faster approval and implementation might outweigh the risk, especially if they are confident in managing their projects properly.

8.9.3. Is this approach allowed under current regulations?

The current legal framework does not readily allow such a reversed control system and would require changes at the EU level. Amendments would likely target the detailed IPARD Agency control rules in the CAP regulations and analogous IPARD rules to explicitly permit minimal ex-ante checking and heavier ex-post auditing. Without regulatory change, a IPARD Agency unilaterally shifting to this model would violate EU requirements since regulations demand that compliance of operations be verified before payments are authorized. Therefore, to pursue this idea, policymakers would have to update the CAP legislation for example, in an upcoming simplification and IPARD agreements to shift some responsibility onto beneficiaries officially.

8.9.4. Feasibility and conclusion

In principle, a system with lighter application checks and stronger payment-stage controls *could* accelerate investment start-ups and empower beneficiaries, and it is conceptually feasible if accompanied by the right safeguards. It would place greater responsibility on applicants to follow the rules and effectively leveraging the existing notion that beneficiaries must submit correct claims. Errors or ineligibilities would still be caught, just later in the process, before any money is paid out. The key is that no laxity in compliance is ultimately introduced – only a re-timing of when compliance is verified.

However, as of now this approach is not within the standard CAP/IPARD rules. Both systems legally enforce early controls and do not generally allow a *pay now, check later* approach (except in very limited cases like advances, which still require guarantees). To implement the proposed model, explicit regulatory amendments are needed at EU level

(for CAP) and in the IPARD framework, to permit deferred verification and to ensure paying agencies can still meet their obligations under the law. These changes would specify *where* the traditional requirements (application-stage checks) are relaxed and how ex-post controls are to be strengthened in compensation.

It is possible to design such a system for all types of support including direct aid schemes and area payments, but it is most relevant for investment measures, where the delay between application and payment is significant. If pursued, regulators would need to modify the pertinent articles in the CAP regulations and IPARD rules as discussed. Only with those amendments in place could Paying Agencies "turn the system around" confidently. In conclusion, a reversed control system is considered to be *an innovative idea* to speed up rural investments and could be made to work, provided the regulatory framework is adjusted accordingly to maintain financial integrity while shifting the balance of controls toward the payment stage.

The project is co-financed by the European Union through the Technical Assistance measure of the IPARD Programme 2021-2027