

# IPARD IN FOCUS

# 09

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Ministry of Agriculture, Forestry  
and Water Management, Serbia



**IPARD**  
EU4Rural Areas



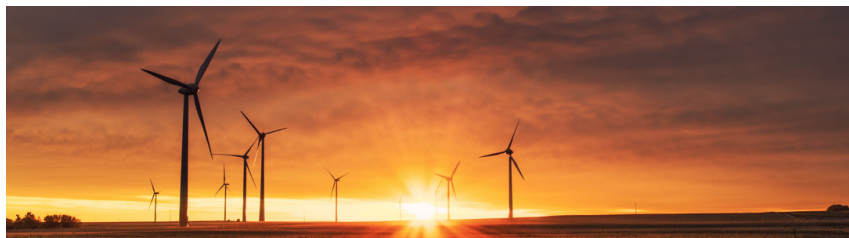
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# **The Fourth Modification of the IPARD II Programme**

The Commission's Directorate-General for Agriculture and Rural Development approved the Fourth Modification of the IPARD II Programme on 9<sup>th</sup> April, which was confirmed by the Conclusion of the Government of the Republic of Serbia, at the session held on 15<sup>th</sup> April 2021. The Fourth Modification of the IPARD II Programme redistributed funds from non-entrusted measures and unused allocations of entrusted measures in Measure 1 and Measure 7, which are the most interesting for potential IPARD recipients.

Also, the definition referring to a young farmer is changed by this modification of the Programme, according to which a young farmer is a person under the age of 40 at the time of submitting the application for project approval. With this change, young potential IPARD recipients, who would be at the age of 40 at the time of submitting application, are no longer at risk of being left without additional 5% IPARD support during the administrative processing of applications.

In addition, a financial demarcation between subsidies for IPARD Measure 7 and national support measures for improving economic activities in rural areas through support for non-agricultural activities is introduced by this modification of the programme. The new minimal amount of support for IPARD Measure 7 is EUR 20,000, which is also the upper limit of support for the national measure for investments in rural tourism.

## **THE AMENDMENTS TO THE RULEBOOK FOR MEASURE 1**

The Fourth Modification of the IPARD II Programme was followed by the Amendments to the Rulebook on IPARD subsidies for Investment in physical assets of agricultural holdings. The proposed amendments to the rulebook primarily aims to eliminate the identified shortcomings during the implementation of public calls in the previous period, as well as more precisely defining of the existing criteria, at the initiative of potential IPARD recipients.



We are pointing out the amendments to the rulebook that refers to the clarification of the fact when an investment started. In the case the investment in the construction of a facility, that is not part of the IPARD support, has started, the applicant will be obliged to submit a temporary situation with a measurement book for performed works or a finding of an authorized forensic expert in the field of civil engineering containing the consumption of works and materials for performed works. In this way, potential recipients will be able to be supported through the IPARD Programme and to complete the investment they started from the other sources of financing.

Also, the amendments to the rulebook includes a modified List of Eligible Expenditures, which was confirmed by the European Commission in December 2020, thus expanding the possibility of support for investments that have not been on the List of Eligible Expenditures so far.

The annex of the rulebook regulating Marking of investment was also amended, which is the obligation of recipients in informing the public about the role of the European Union in the implementation of the IPARD II Programme and in promoting the contribution of the European Union and national rural development funds in the Republic of Serbia.

## IPARD III PROGRAMME DRAFTING

In recent months, the IPARD Managing Authority has been dedicated to the drafting of the IPARD III Programme for the period 2021-2027. In this regard, the communication process with the European Commission was intensified, to which the IPARD Managing Authority presented the prepared chapters and drafts of selected measures of the IPARD III Programme at the meeting held on 30<sup>th</sup> March 2021. This was followed by an exchange of materials and the EC submitted comments and amendments to the submitted chapters of the IPARD III Programme, as well as new chapters of the IPARD III Programme, which include proposals for Measure 1 - Investments in physical assets of agricultural holdings, Measure 3 - Investments in physical assets concerning processing and marketing of agricultural and fishery products, Measure 5 - Implementation of Local Development Strategies - LEADER, Measure 7 - Farm diversification and business development and Measure 9 - Technical assistance with accompanying annexes, resulting from previous sectoral analyzes and experience in the implementation of the IPARD II Programme.





The draft Measure 4 – Agri-environment-climate and organic farming measure and draft Measure 6 – Investments in rural public infrastructure are still preparing intensively and mentioned drafts will be submitted to the European Commission in May, followed by a communication process with all stakeholders and ex-ante evaluation of the IPARD III Programme.

## Challenges in agroecological - climatic measures programming

One of the measures envisaged by the IPARD Managing Authority for entrustment within the IPARD III program is Measure 4 "Agri-environment-climate and organic farming measure". The general objective of this measure is to contribute to the sustainable management of natural resources, as well as to the mitigation and adaptation of the agricultural sector to climate change.

Potential recipients of Measure 4 will be registered agricultural holdings that voluntarily accept the obligation to apply appropriate practices and methods of agricultural production for a period of five years, which exceed the "baseline". "Baseline" means compliance with the requirements of "cross compliance", i.e. good agricultural and environmental conditions and mandatory requirements in terms of environmental protection, human, animal and plant health and animal welfare. The requirements of "cross compliance" in the Republic of Serbia have not been established yet in the manner prescribed by European legislation. For the purposes of programming Measure 4, it will be necessary to define and describe the obligations and conditions that are relevant for selected operations under Measure 4, which are already regulated by national legal acts in the field of agriculture and environmental protection and are equivalent to relevant EU standards.



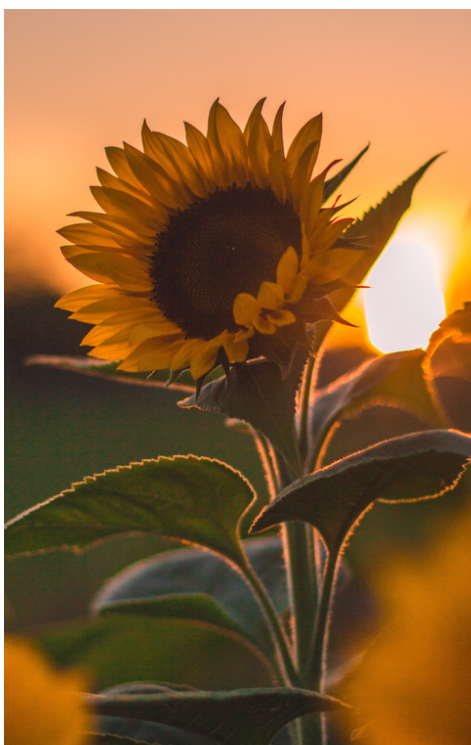
Financial support for farms will be provided in the form of an annual payment per unit area or per head of endangered breed, as compensation for income forgone and costs incurred arising from the implementation of special conditions that exceed the "baseline". A clearly defined "baseline" is a precondition for calculating the amount of compensation that corresponds to the real costs of implementing this measure.





Adequate choice of types of operations within Measure 4 is very important because it should enable agricultural producers to achieve their production goals and to protect and improve the state of the environment on their farm, which is a big challenge for the Managing Authority at the moment. The lack of a fully functional IACS system and an underdeveloped land parcel identification system (LPIS) will greatly affect the choice of types of operations under Measure 4, as payments can only be calculated for the areas of agricultural land on which the measure is implemented. It is necessary to develop a methodology for measuring the acceptable area for each type of operation. Also, the choice of types of operations intended to support areas that need special attention is significantly affected by the lack of data on the degree of threat to natural resources in these areas.

In drafting the IPARD III Programme, the Managing Authority is making great efforts to identify adequate types of operations that will contribute to the protection of land, water and biodiversity, taking into account that sustainable resource management and environmental protection are the basis for stability and quality of domestic agricultural production risks in the global food market.

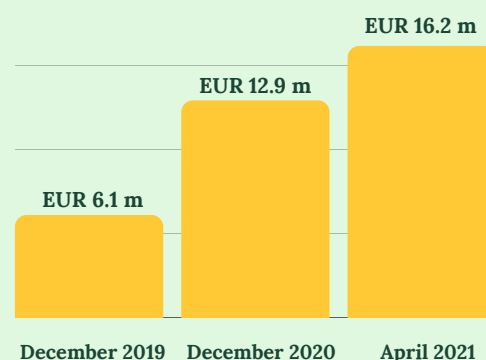


# Annual Implementation Report on IPARD II Programme of the Republic of Serbia for 2020

It our pleasure to announce that the first draft of the Second Annual Implementation Report on the IPARD II Programme of the Republic of Serbia for 2020 has been prepared, comprising information regarding the implementation of IPARD measures. By the end of 2020, out of the total allocated EU funds for the period 2014-2020 (EUR 175.0 m), 20.3% was approved for all measures, out of which 64.6% for Measure 1 and 35.4% for Measure 3. In relation to the First Annual Implementation Report for period 2018-2019, progress has been made and there is a permanent increase in the total number of approved applications (from 20 in 2018 to 320 in 2020).

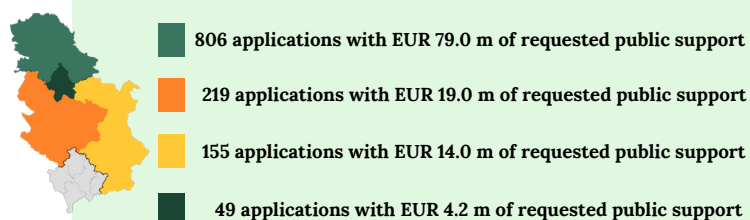
Within Measure 1 and Measure 3, there were no significant changes regarding the share of the group of investments or region in the total number of submitted applications compared to the previous year.

## PAID PUBLIC SUPPORT



## DISTRIBUTION OF SUBMITTED APPLICATIONS AND REQUESTED PUBLIC SUPPORT PER REGION

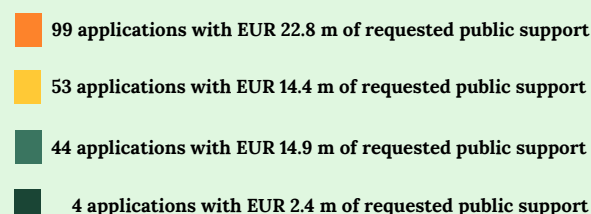
### MEASURE 1



Within Measure 1, the Vojvodina Region has a dominant share in the total number of submitted applications (66%) and the requested public support amounted to EUR 79.0 m. In the total number of submitted applications for project approval, the Region of Šumadija and Western Serbia participates with 18% and the total requested public support amounted to EUR 19.0 m. The Region of Southern and Eastern Serbia achieves a share of 13% with requested public support of EUR 14.0 m, while the Belgrade Region has a share of 4% in total number of submitted applications with requested public support of EUR 4.2 m.

### MEASURE 3

Within Measure 3, the Region of Šumadija and Western Serbia has a dominant share in the total number of submitted applications (50%) and the requested public support amounted to EUR 22.8 m followed by: the Vojvodina Region with the share of 22% in the total number of submitted applications and the amount of requested public support of EUR 14.9 m, the Region of Southern and Eastern Serbia with the share of 27% in the total number of submitted applications and the amount of requested public support of EUR 14.4 m and the Belgrade Region with the lowest values for the analysed indicators (2% and EUR 2.4 m, respectively).





## MEASURE 7



- 163 applications with EUR 25.0 m of requested public support
- 62 applications with EUR 8.5 m of requested public support
- 60 applications with EUR 10.6 m of requested public support
- 10 applications with EUR 1.6 m of requested public support

Within the First Public Call for Measure 7, the dominant share in the total number of submitted applications and requested public support was achieved by Region of Šumadija and Western Serbia (55%) and the requested public support amounted to EUR 25.0 m.

The next region in terms of the total number of submitted applications is Region of Southern and Eastern Serbia (21% with requested total public support in the amount of EUR 8.5 m), Vojvodina Region (20% with requested total public support in the amount of EUR 10.6 m) and the Belgrade Region with the lowest values for the analysed indicators (4% and EUR 1.6 m, respectively).

## DISTRIBUTION OF SUBMITTED APPLICATIONS PER TYPE OF INVESTMENT

### MEASURE 1



Within Measure 1 it is continued trend regarding purchase of new tractors. Out of the total number of submitted applications (1,235), in 2020 the largest number of applications referred on this type of investment (830 applications or 67%), while other types of investments in the total number of submitted applications have a significantly lower share: equipment and machinery (excluding tractors) 20%, construction/modernization of facilities 11%.

### MEASURE 3

Within Measure 3, out of the total number of submitted applications (202), in 2020 the largest number of applications referred to the modernisation of processing and packaging equipment (35%), construction/reconstruction and modernisation of facilities for processing (32%), production of energy from renewable sources (9%) and modernization of slaughterhouses and meat processing facilities (7%), while other types of investments in the total number of submitted applications have a significantly lower share.



### MEASURE 7

Within Measure 7, out of the total number of submitted applications (311), the largest number of applications referred to setting of tourist homesteads and recreational zones (64%), modernisation of existing tourist facilities (16%), facilities and equipment for leisure fishing, hunting and horse riding (4%), while other types of investments have a significantly lower share in the total number of submitted applications.



## Review of question and answers for IPARD measures

**Under Measure 7 the project can be submitted for a maximum of 30 beds. I am having doubts about whether this number also includes beds for future employees within the planned investment or only for categorized beds that will be rented to tourists? Specifically, is it possible to submit a project for 36 beds, out of which 30 beds would be rented and 6 beds would be planned for accommodation of staff i.e. employees?**

The Rulebook prescribes that the total capacity of a categorized touristic catering facility does not exceed 30 individual beds per user, whereby the total number of individual beds in all categorized touristic catering facilities, that the user owns in the territory of the Republic of Serbia, does not exceed 30. Beds for two people are counted as two individual beds, in accordance with the law governing hospitality. In line with that, only categorized beds, for which in accordance with the List of Eligible Expenditures is envisaged financing from the IPARD Programme, are counted. Construction and equipping of premises for accommodation of employees is not an eligible investment, but the number of planned beds for employees should correspond to the real situation.

When processing the application for project approval, special attention will be paid to checking the artificially created conditions - all actions that the applicant and the recipient of IPARD support take to meet the conditions and gain an unfair advantage in the market and during the procedure for being eligible for IPARD support. The artificially created conditions cause sanctions, so the advice is to pay special attention to the accurate and complete presentation of data.

**Are subsidized loans from the Ministry of Agriculture, Forestry and Water Management an eligible source of funding for IPARD projects?**

MAFWM recognized the importance of creating and using favorable ways of financing in the process of realization of IPARD investments. Subsidized MAFWM loans are also available to farmers and other eligible IPARD recipients, especially if the amounts and values of investments for which IPARD support is requested are taken into account. In this way, we want to facilitate for the recipients the realization of IPARD investments that require significant financial resources, for better absorption of IPARD funds as well.

### The example of a good project:

Within the IPARD support for Measure 1, women farm managers can be supported in the amount of 60%. If they are younger than 40 years old, the amount of subsidies is 65%, which is the case of Dragana Đurić (38), who renewed her mechanisation by purchasing a new, modern tractor through IPARD support.





The story of this young woman, who decided to stay in a village near Sombor with her family - husband and two children and to develop an inherited family farm, is a real example of a wise investment in production and usage of opportunities and support available to farmers. Dragana procured the first mechanisation through the programme for young farmers in 2017 and later she procured additional equipment and mechanisation, needed for crop production, through the support from the National Programme for Rural Development. In 2018 she diversified her production with the production of hazelnuts by raising a modern hazelnut plantation.

Dragana was supported for a new John Deere tractor within the First IPARD Public Call for the purchase of a new tractor. As she says, without the IPARD support of 65%, she would not have dared to undertake such a brave venture and purchase of a tractor in the value of almost 8 million dinars. After the positive experiences, Dragana would apply again for IPARD support, because, as she says: "It's really not difficult, I suggest to all young people to get well informed. The subsidies exist, you just need to choose the right measure and to plan every step well."



## One click to first-hand information

For the newest information on events, announcements, calls and rules regarding the implementation of the IPARD II Programme in Serbia, follow the official IPARD Managing Authority accounts - on Instagram (@ipardnadlanu) and Facebook (IPARD na dlanu).

### DO YOU HAVE A QUESTION FOR US?

For prompt answer, please contact us through e-mail [ipardnadlanu@minpolj.gov.rs](mailto:ipardnadlanu@minpolj.gov.rs) or Instagram and Facebook pages!



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