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ANNEX

THE REPUBLIC OF NORTH MACEDONIA

EU INSTRUMENT FOR PRE-ACCESSION (IPA)

RURAL DEVELOPMENT PROGRAMME

2021-2027

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ACRONYMS AND ABBREVIATIONS

ACDF	Agricultural Credit Discount Fund
AFSARD	Agency for financial support in agriculture and rural development
AWU	Annual Working Unit
BRC	British Retail Consortium
CAP	Common Agricultural Policy (of the EU)
CEFTA	Central European Free Trade Agreement
CMO	Common Market Organisation
CORINE	Coordinated Information on the European Environment
EARDF	European Agriculture and Rural Development Fund
EIA	Environmental Impact Assessment
ENP	European Neighbourhood Policy
ENI	European Neighbourhood Instrument
EU	European Union
EU 25	European Union of 25 Member States from 1 May 2004 to 31 December 2006 (BE, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, SI, SK, FI, SE, UK)
EU 27	European Union of 27 Member States from 1 January 2007 to 1 July 2013 (BE, BG, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE, UK) and from 1 January 2020 (BE, BG, CZ, DK, DE, EE, IE, EL, ES, FR, HR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE)
EU 28	European Union of 28 Member States from 1 July 2013 to 31 December 2019 (BE, BG, CZ, DK, DE, EE, IE, EL, ES, FR, HR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE, UK)
EUR	European Union Currency
F&V	Fruits and Vegetables
FADN	Farm Accountancy Data Network
FAO	Food and Agriculture Organization (of the UN)
FDI	Foreign Direct Investments
FFRM	Federation of Farmers
FMS	Farm Monitoring System
FTA	Free Trade Agreement

FVA	Food and Veterinary Agency
GAP	Good Agricultural Practice
GDP	Gross Domestic Product
GEF	Global Environment Fund
GHG	Greenhouse gas emission
GIS	Geographic Information System
GIZ	German International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit)
GMO	Genetically Modified Organisms
GSM	Global System for Mobile communications
GTZ	German Technical Cooperation
GVA	Gross value added
GWh	Gigawatt hour
HACCP	Hazard Analysis and Critical Control Points (standard)
HNVF	High Nature Value Farming
IACS	Integrated Administration and Control System
IBRD	International Bank for Reconstruction and Development
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
IPA	Instrument for Pre-Accession assistance
IPA TAIB	Instrument for Pre-Accession assistance – Technical Assistance for Institution Building (also called IPA Component I in the programming period 2007-2013)
IPARD	Instrument for Pre-Accession assistance for rural development (also called IPA Component V in the programming period 2007-2013)
IPARD I	Instrument for Pre-Accession assistance for rural development in the programming period 2007-2013)
IPARD II	Instrument for Pre-Accession assistance for rural development in the programming period 2014-2020)
IPCC	Intergovernmental Panel for Climate Change
IPPC	Integrated Pollution Prevention and Control
ISO	International Organization of Standardization
IUCN	International Union of conservation of nature
JBIC	Japan Biological Informatics Consortium
JICA	Japan International Cooperation Agency
LAU	Local Administrative Units
LAG	Local Action Group
LDS	Local Development Strategy
LEADER	"Liaison Entre Actions de Développement de l'Économie Rurale", meaning 'Links between the rural economy and development actions'
LEE	List of Eligible Expenditures
LFA	Less Favoured Areas
LPIS	Land Parcel Identification System
MAP	North Macedonia’s Association of Processors
MC	Monitoring Committee
MAASP	North Macedonia’s Agriculture Advisory Support Programme
MAFWE	Ministry of Agriculture, Forestry and Water Economy
MK	Country Abbreviation of North Macedonia
MoC	Ministry of Culture

MoE	Ministry of Economy
MoEPP	Ministry of Environment and Physical Planning
MoF	Ministry of Finance
MoH	Ministry of Health
MoLSG	Ministry of Local Self Government
MoLSP	Ministry of Labour and Social Policy
MoES	Ministry of Education and Science
MoTC	Ministry of Transport and Communication
MW	Mega Watts
NAO	National Authorisation Officer
NARDS	National Agricultural and Rural Development Strategy
NCEA	National Classification of Economic Activities
NEA	National Extension Agency
NF	National Fund (Ministry of Finance)
NGO	Non-Governmental Organisation
NIPAC	National IPA Coordinator
NPAA	National Programme for Adoption of Acquis
NRDN	National Rural Development Network
NUTS	Nomenclature of Units for Territorial Statistics
OECD	Organisation for Economic Cooperation and Development
PPP	Public Private Partnership
PRAG	Practical Guide to Contract Procedures for EU External Actions
SAA	Stabilisation and Association Agreement
SEA	Secretariat for European Affairs
SEE	South East Europe(an)
SIDA	Swedish International Development Agency
SMEs	Small and Medium Enterprises
SSO	State Statistical Office
SWOT	Strengths, Weaknesses, Opportunities and Threats analysis
TA	Technical Assistance
TAIEX	Technical Assistance and Information Exchange
TPE	Total Public Expenditures
UAA	Utilized Agriculture Area
UHT	Ultra-high temperature (for milk)
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational Scientific and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
USAID	United States Agency for International Development
VET	Vocational Educational and Training
VAT	Value Added Tax
WB	World Bank

1. TITLE OF RURAL DEVELOPMENT PROGRAMME

IPA Rural Development Programme 2021-2027 (hereinafter referred to as "The Programme").

2. BENEFICIARY COUNTRY

North Macedonia is situated in the South - Western part of the Balkan Peninsula and in the South - Eastern part of Europe. The country has a total territory of 25.713 km^2 out of which water area is 488 km^2 while the land area is 25.225 km^2 (SSO, 2019). The population of the country according to the last Population Census in 2002[1] was 2,02 million people.

According to the national nomenclature of territorial units for statistics - NUTS, the whole country is classified in the NUTS 0, 1 and 2 levels. The national classification and coding of the administrative units is presented in Table 1.

Table 1: Administrative and territorial organization according to NUTS levels

NUTS level	Code	Description
0	MK	Whole territory as administrative unit
1	MK0	Whole territory as administrative unit
2	MK00	Whole territory as administrative unit
3	MK001, MK002, MK003, MK004, MK005, MK006, MK007, MK008	8 non-administrative units - statistical regions derived from grouping the municipalities as administrative units with lower level
4	MK001XX, MK002XX, MK 003XX, MK 004XX, MK 005XX, MK 006XX, MK 007XX, MK 008XX	70 municipalities as administrative units 10 municipalities as administrative units in the City of Skopje
5	MK001XXXX, MK002XXXX, MK 003XXXX, MK 004XXXX, MK 005XXXX, MK 006XXXX, MK 007XXXX, MK 008XXXX	1.784 settlements as administrative units

Source: Nomenclature of Territorial Units for Statistics in North Macedonia - NUTS (Official Gazette no.158/2007 and 10/2014)

The country is divided into 8 non-administrative planning regions (NUTS 3), 80 municipalities (LAU 1) and 1.784 settlements (LAU 2). According to the OECD definition of rural areas[2], there are 6 predominantly rural NUTS 3 regions and 2 - intermediate rural NUTS 3 regions.

2.1 Geographical area covered by the Programme

The Programme will be implemented on the entire territory of North Macedonia.

The definition of rural areas and agricultural regions may be used for territorially based interventions under measures "Farm Diversification and Business Development" and "Agri-environment-climate and organic farming measure" respectively.

[1] The last census was carried out in 2021 with results expected in March 2022. According to the latest estimation of the State Statistical Office (2019), the country has a total population of 2.076.255 (see Chapter 3.1.2)

[2] OECD definition is used to align the socio-economic analysis according to common indicators (http://www.oecd.org/gov/regional-policy/OECD_regional_typology_Nov2012.pdf). According to OECD definition and 2002 census data, six predominantly rural regions (Eastern, Northeaster, Polog, Southeastern, Southwestern and Vardar) and two intermediate regions (Skopje and Pelagonija) are designated. Although Skopje is the capital city, the number of urban population does not exceed 500.000 inhabitants so it is classified as intermediate.

3. DESCRIPTION OF THE CURRENT SITUATION

3.1 General socio-economic context of the geographical area

3.1.1 Definition of areas related to Programme implementation

Rural Areas

For the purpose of the Programme implementation, rural areas are designated on the level of settlements as administrative units (LAU 2) in which the number of inhabitants does not exceed 30.000 inhabitants in accordance to the last official national population census in 2002. Thus rural areas cover 80% of the territory and 59% of the population.

"List of rural areas" is presented in Annex 1 to this Programme. This list shall apply for territorial targeting of the investment activities supported under the Programme.

In case national population census is conducted in the period of duration of this Programme, the Managing Authority will revise the list in accordance to the results of the census not later than one month from the date of publishing of the official results by the SSO.

Mountainous areas

The country is predominantly mountainous with 80% of its territory consisting of hills and mountains and with average elevation of the terrain of 850 meters above sea level.

For the purpose of the Programme implementation, the designation of mountainous areas has been undertaken at the level of settlements (LAU2) above 700 m of altitude where natural handicaps and climatic conditions as well as steep slopes are limiting the opportunities for efficient agriculture activity. Designation is based on the territory belonging to a settlement (cadastral territory), based on average values for the designation criteria - altitude at settlement level. The number of settlements designated as 'mountainous' areas are 737 with total population of around 250 thousand inhabitants[3].

The List of 'Mountainous' area is provided in Annex 2 to this Programme. This list shall apply for higher aid intensities and/or selection criteria for investment projects under the Programme.

Agricultural regions

As a result of the country's topography and climatic conditions, separate agricultural regions are identified, each with its own soil, terrain and micro-climate specifics which influence the choice of agriculture production. The informal division identifies 10 agricultural regions which correspond to the country's geographical valleys: Skopsko Pole, Kumanovsko-Lipkovsko Pole, Kochansko Pole, Ovche Pole, Polog, Pelagonija, Tikvesko Pole, Strumichko pole, Ohrid-Prespa Lake Region and Gevgelisko-Valandovsko Pole. These regions are characterised with intensive agriculture activity and above 90% of the agriculture holdings are performing their activity in these regions.

For the purpose of the Programme implementation, the definition of agricultural regions may apply for territorial targeting of agri-envrionmental payments related to activities for soil and water protection under the measure "Agri-environment-climate and organic farming measure".

[3] According to SSO Population Census Data (2002)

The List of Agricultural Regions is delineated on a municipality level (LAU 1) as provided in Annex 3 to this Programme.

3.1.2 Demographic situation

Given the postponement of the census, data on the demographic situation in North Macedonia are presented based on estimations of the State Statistical Office. According to the latest estimation (2019), the country has a total population of 2.076.255 which counts 7.083 or 0,3% inhabitants more compared to 2014 and 23.533 inhabitants or 1,1% more than 2009. The average population density calculated on the total area of the country (25.713 km^2) is 81 persons per km^2 (indicating low population density compared to EU 27 average of 110 persons per km^2).

In terms of age structure, North Macedonia's population is getting older. In the period from 2009 to 2019, the share of the young population (0-14 years) in the total decreased from 17,7% to 16,2%, and the share of the old population (65 and more years) increased from 11,6% to 14,5%. In 2019 the number of young population reached 338.290 inhabitants and the number of old population reached 296.286 persons.

In 2018, 58,7% of the total population lived in predominantly rural regions[4] (compared to 20,1% in the EU 27). The population density in the predominantly rural regions is lower than the national average (71 vs. 81 inhabitants per km^2 of land area, respectively).

The population was mainly concentrated in the urban centres, with 26,7%, in Skopje-the capital city, 5,3% in Kumanovo, 4,4% in, Bitola, 4,5% in Tetovo, 3% in Veles and 38,2% in other smaller cities-towns (most of which are below 30.000 inhabitants). Most densely inhabited is Skopje region with 347 inhabitants per km^2 or 28% of the total population is situated in this region; the Vardar region (38 inhabitants/km^2) is the least populated region with only 7,6% of the total population.

Table 2: Population, density and Territory of regions

Region	Population (Census 2002)		Population (estimates 31.12.2019)		Cadastral territory		Population Density (Census 2002)
	Number	% of Total	Number	% of Total	km^2	% of Total	Inhabitants / km^2
Vardar region	154.535	7,64%	151.492	7,30%	4.042	15,72	38,2
East region	181.858	8,99%	173.804	8,37%	3.537	13,76	51,4
Southwest region	221.546	10,95%	219.180	10,56%	3.340	12,99	66,3
Southeast region	171.416	8,48%	172.824	8,32%	2.739	10,65	62,6
Pelagonia region	238.136	11,77%	226.837	10,93%	4.717	18,34	50,5
Polog region	304.125	15,04%	322.872	15,55%	2.416	9,40	125,9
Northeast region	172.787	8,54%	175.973	8,48%	2.310	8,98	74,8
Skopje region	578.144	28,58%	633.273	30,50%	1.812	7,05	319,0
Total	**2.022.547**	**100,00**	**2.076.255**	**100,00**	**24.106**	**100,00**	**83,9**

Source: SSO, 2019 (MAFWE calculations, 2020).

[4] According OECD definition North Macedonia has 6 predominantly rural regions: Vardar, Eastern, Southwest, Southeast, Polog and Northeast region. Skopje and Pelagonija region are intermediate regions.

The population in regions of North Macedonia varies. Small increase in population is noticed in Southeast and Northeast, significant increase in Polog and Skopje region and decline in population in Vardar, East and Pelagonia region. **Also, the regions in North Macedonia have problems in retaining the young population.** Unsatisfactory age structure (65+ years old) is particularly found in the Pelagonija, East, Vardar, Southeast and Skopje region.

Table 3: Share of population aged 65+

Year	North Macedonia	Vardar region	East region	Southwest region	Southeast region	Pelagonia region	Polog region	Northeast region	Skopje region
2008	11,4	12,6	12,2	10,5	11,7	15,2	8,3	10,8	11,5
2016	13,1	14,4	15,0	11,5	13,5	15,9	9,1	12,2	14,0
2018	13,9	15,3	16,1	12,2	14,3	16,6	9,6	12,9	14,8

Source: SSO, 2018 (MAFWE calculations, 2020).

The average age of the population in 2018 in North Macedonia is 39,2 years and 69,4% of the population is of working age (between 15 and 64). According to gender structure of the population 70,4% of men are between 15-64 years of age and 68,4% of women being between 15-64 years of age.[5] **The share of the working age population is lower in intermediate regions (Skopje and Pelagonija - 66,9%) than in the predominantly rural regions (Vardar, Eastern, Southwest, Southeast, Polog and Northeast – 71,4%).**

Table 4: Population by Age per region

Region	Population below working age (0-14)		Population at working age (15-64)		Population above working age (65 and above)		Total	
	Population	% of total population	Population	% of total population	Population	% of total population	Population	% of total population
Vardar region	23.741	15,7	103.450	68,3	24.301	16,0	151.492	100
East region	23.491	13,5	120.629	69,4	29.684	17,1	173.804	100
Southwest region	31.382	14,3	159.773	72,9	28.025	12,8	219.180	100
Southeast region	27.422	15,9	119.356	69,1	26.046	15,1	172.824	100
Pelagonia region	34.206	15,1	153.541	67,7	39.090	17,2	226.837	100
Polog region	51.372	15,9	238.813	74,0	32.687	10,1	322.872	100
Northeast region	28.739	16,3	123.383	70,1	23.851	13,6	175.973	100
Skopje region	116.277	18,4	419.865	66,3	97.131	15,3	633.273	100
Total	**336.630**	**16,2**	**1.438.810**	**69,3**	**300.815**	**14,5**	**2.076.255**	**100**

Source: SSO, Annual population estimates for 2019 (MAFWE calculations, 2020).

3.1.3 Administrative system

The country's administrative system is organised on state and local level. In the state governance context, the state powers are separated into legislative (the Parliament), executive (the President of the Republic and the Government) and judicial (Judicial Council of the Republic). The Government of the Republic is located in the capital Skopje. The Government is comprised by Ministries and other state agencies and institutions.

[5] According to SSO (2019), MA calculations

Local governance is organised by local self-government units on municipal level[6]. The Municipality is governed by Municipal Council and the Mayor elected on local elections organised every four years. The individual settlements and towns within the Municipality can establish forms of self-governance of Urban Communities or Local Communities. The city of Skopje is a separate unit of local self-governance because of the specific character of the city as capital of the country[7].

The competences and the work of the local self-governments are regulated under the Law of the local self-governments. Additional competences may be delegated from central (Government level) to the Municipalities according to specific legal acts, such as building, cadastre registry, management of urban land, environment, etc. The local self-governments can cooperate and establish common authorities under the Law of inter-municipal cooperation. The local self-governments are organised in one national association – Association of local self-governments (ZELS) established in 1972.[8]

According to the country's territorial division, municipalities are classified as city-based municipalities (with headquarters in cities) and village-based municipalities (with headquarters in villages) and the city of Skopje as agglomeration of 10 municipalities (with headquarters in the city of Skopje). In accordance to this typology, there are 37 village-based municipalities and 33 city-based municipalities and the city of Skopje (10 municipalities). According the Law on agriculture and rural development, rural area is an area of a municipality in which no settlement has more than 30.000 inhabitants or population density less than or equal to 150 inhabitants/km^2. In municipalities where one or more settlements have more than 30.000 inhabitants or the population density is greater than 150 inhabitants/km^2, only the territories of settlements in the municipality that have less than 30.000 inhabitants or 150 inhabitants/km^2 are considered as rural areas. Having this in mind, 23 of 33 city-based municipalities and all of village-based municipalities are considered as rural areas, making in total 60 municipalities considered as rural areas. Therefore, the total number of settlements in the country is 1.784 out of which 10 settlements are defined as urban areas and 1.774 settlements are defined as villages.

Table 5: Municipalities by Type[9]

Types of Municipalities	Number of Municipalities	Number of inhabitants
Municipalities defined as rural areas	60	854.101
Municipalities defined as urban areas	20	1.214.707
Total	**80**	**2.068.808**

Source: SSO Estimation data, 2020 (MAFWE calculations, 2020).

The average number of the population in municipalities considered as rural areas is 12.119 inhabitants. However, 30 municipalities considered as rural areas have total population of up to 10.000 inhabitants out of which 16 have less than 5.000 inhabitants.

Out of 37 village-based municipalities in total, there are 15 which are surrounding urban centres (out of which only 7 are surrounding the city of Skopje). In general, these municipalities have a better human resource potential and better opportunities for business development based on

[6] According to the Law on territorial organization of the local self-governments
[7] According to the Law of the City of Skopje
[8] http://www.zels.org.mk/
[9] According to the Law on agriculture and rural development

efficient integration with urban centres. The situation, however, varies significantly according to the size and performance of the urban centre as well as the connection infrastructure and distance.

The remoteness from large urban centres, small population and low-population density in these municipalities create additional constraints to socio-economic development. **The rural areas outside urban centres experience higher population decline; have less-educated labour force and experience much higher unemployment rates.** In the village-based municipalities bordering or near the capital, the socio-economic development can be regarded as positive.

Peri-urban pressures on agriculture in the country are still low and occur mainly around the largest cities (Skopje, Tetovo, Bitola, Strumica), which are expanding their urban territory.

3.1.4 Economic Drivers, Productivity and Growth

Since 2006, North Macedonia has developed some of the best practices in the region in attracting foreign direct investment (FDI), reforming its tax system, establishing a "regulatory guillotine" and other business-friendly practices, diversifying its exports and advancing in some other areas of economic reform.

Domestic demand (together with FDI attraction) was one of the economic drivers to support growth. Household consumption benefits from the strong employment market and wage growth, the latter attributable to regular increases in the minimum wage (30% of reported employees are paid at this level) and the small pool of skilled labour. Public investment remains at a decent level with the continued development of the road network (with EBRD assistance), while private investment are mostly directed towards energy (the electricity market was liberalised in 2019) and tourism.

Other economic drivers include: better social protection (by increasing the minimum wage and lowering the poverty rate), stronger support for local companies (by allowing domestic firms to invest in the country's free industrial zones, which so far have been mostly occupied by foreign investors and providing a series of employment and other incentives for local firms), introduction of a more progressive tax system (by increasing the currently flat personal income tax rate of 10 per cent to 18 per cent for high earners), boost the country's investments in road and railway infrastructure, lower energy imports (by relying on better energy efficiency) and diversify gas imports by connecting the country to the Trans Adriatic Pipeline (TAP) gas project, as well as to gas connections with Greece and Bulgaria.

After GDP fall caused by Eurozone debt crisis in 2012, the country experienced three relatively good years, with an average growth rate of 3.5%, helped by rising private consumption and public investment. Growth slowed down considerably in 2017, mainly, due to the political crisis. The prolonged political crisis, which started in 2015, came to affect the country's economic performance by having a measurable negative impact on confidence and investment. The economy was in recession in the first half of the year but recovered somewhat in Q2, leaving growth for the year as a whole at almost 0%. The country overcame its political crisis and a recovery started in 2018, helped by the impact of the rising minimum wage and other social protection measures on private consumption that led to GDP growth of 2%. Credit to the

economy rise further as lending conditions ease amid the accommodative monetary policy. A further rise in exports happened in the short term in light of the strengthening of economic prospects in the EU, the country's key trading partner. As a result, in 2019, growth was 3%, due to continued political stability, the unblocking of further reforms and the arrival of much needed investments.

According to domestic (National Bank, Ministry of Finance) and foreign (IMF, World Bank) projections, due to the outbreak of the COVID-19, GDP growth is expected to fall to -4% in 2020 and pick up to 7% in 2021, subject to the post-pandemic global economic recovery.

Table 6: Macroeconomic data

	2014	2015	2016	2017	2018	2019
GDP in million € (current exchange rate)	8.562	9.072	9.657	10.038	10.698 1)	11.210 1)
GDP (per capita in €)	4.141	4.382	4.659	4.839	5.153 1)	5.399 1)
GDP real growth rate (in %)	3,6	3,9	2,8	1,1	2,7	3,2
Inflation (in %)	-0,3	-0,3	-0,2	1,4	1,5	0,8
Average exchange rate (denar/€)	61,6	61,6	61,6	61,6	61,5	61,5
Unemployment rate (in %)	28	26,1	23,7	22,4	20,7	17,3
Export of goods and services in millions € (current exchange rate)	4.081,2	4.421,7	4.892,0	5.536,1	6.480,8 1)	6.433,3
Import of goods and services in millions € (current exchange rate)	5.555,0	5.893,5	6.326,6	6.926,1	7.826,0 1)	8.441,0
(Net export, in millions €)	-1.473,8	-1.471,8	-1.434,6	-1.390,0	-1.345,2	-2.007,7
Balance of trade in % of GDP	-17,2%	-16,2%	-14,9%	-13,8%	-12,7%	-17,9%

Source: SSO and National Bank of the Republic of North Macedonia, 2020. 1) Preliminary data;

In the economy as a whole in 2019, the primary sector accounted for 9,8% of Gross Value Added (GVA), the secondary sector accounted for 24,4% of GVA and the tertiary sector contributed with 65,8% of GVA. Wholesale and retail trade; repair of motor vehicles and motorcycles; Transportation and storage; Accommodation and food service activities had the highest contribution to the GVA of 23%; Manufacturing; Electricity, gas, steam and air conditioning supply; Water supply; sewerage, waste management and remediation activities – 20%; Public administration and defence; compulsory social security; Education; Human health and social work activities – 14% and Real estate activities contributed with 11%. Agriculture (including forestry, hunting and fisheries) from being the third contributor in GDP has dropped to fifth although its share in GVA has remained steady (around 9%) comparing in the last 6 years.

In terms of the structure of total employment in the country, data for 2019 show that 14,8% of employees were employed in the primary sector (13,9% in agriculture, forestry and fishing), 30,3% in the secondary sector (industry and construction) and 54,9% in the tertiary sector (services and others).

Despite these recent improvements in emerging economic drivers, the country still faces considerable challenges in achieving sustained rapid growth and lowering unemployment caused by the political crisis from 2017 and especially by COVID-19 outbreak.

North Macedonia's economy is largely dependent on external trade, leaving it vulnerable to economic trends in the EU and other major trading partners. The future success of the economy principally depends on the successful implementation of a broad range of structural economic reforms, especially with regards to further improvement of the business environment, enhanced support to innovativeness, entrepreneurship and development of micro, small and medium-sized enterprises, promotion of human capital, as well as increased export support and external promotion. In addition to the structural reforms, the economic growth depends on the increase of public investments including intensive investments in providing the necessary infrastructure to promote private investments and job creation in particular to the sectors with multiplier effects.

According to the SSO, the trend of export growth continued (from 4,1 billion € in 2015 to 6,4 billion € in 2019) as the country has diversified its exports in recent years both in terms of products and destinations. Import growth also continued (from 5,8 billion € in 2015 to 8,4 billion € in 2019). However, coverage of imports by exports increased in past years reaching 76,1% in 2019 from 70,5% in 2015. Export growth is largely driven by an increase in Foreign Direct Investment (FDI) related exports. Most FDI related exports are connected to the automobile industry. Tobacco products, fresh vegetables, and furniture have also significantly contributed to export growth. By contrast, iron, steel, and apparel as traditional export goods, have fallen in importance. Notwithstanding the strong export growth, the country has been running persistent current account deficits, mainly because of high oil and electricity imports.

In the absence of adequate domestic savings, foreign investment provides an important avenue for the development of North Macedonia's economy. Net FDI flows to North Macedonia decreased significantly and reached EUR 326 million in 2019, compared to EUR 613 million one year before[10]. The total FDI stock was estimated at EUR 5,7 billion in 2019. According to figures by the national bank, the main investing countries in terms of stocks are the United Kingdome and Austria, followed by Greece, Netherlands and Slovenia. Manufacturing is the sector that attracts most FDI, ahead of financial and insurance activities. In January 2020, North Macedonia adopted a new law to create more favourable conditions for strategic investments.

North Macedonia's legal and regulatory framework is generally favourable to foreign investors and provides numerous incentives to attract them. Investors benefit from a ten-year tax exemption on personal and corporate income and free access to public services. Labour costs are low, but on the other hand often there is a shortage of skilled labour. The country has made significant efforts to harmonise its legal framework with the criteria, standards and practices of the European Union. A number of challenges remain nonetheless. It is important to continue to strengthen the rule of law, to fight against corruption, improve transparency, customer service, government capacity and communication.

According to a recent OECD-led study[11], SMEs make up 99,8% of all businesses, with a share of employment equal to 76,6%, and they add an estimated two-thirds of the country's total annual value added, a proportion similar to the EU average.

[10] According UNCTAD 2020 World Investment Report (USD values were converted to EUR in accordance with the average exchange rate of the European Central Bank for the years 2019 and 2018)
[11] http://www.oecd.org/countries/albania/sme-policy-index-western-balkans-and-turkey-2016-9789264254473-en.htm

According to the number of employees, 68.830 or 90,1% were micro and small enterprises out of which around 90% are with number of employees between 1-9, which is one of the qualifications for ranging the legal entities as micro enterprises. The number of business entities with 250 or more persons employed have a share of only 0,3% in the total number of enterprises. (Table 7)

Table 7: Number of active business entities by sectors

Sectors of activity	No	%	Number of business entities by number of employs					
			0*	1-9	10-19	20-49	50-249	250 +
Total	**75.914**	**100**	**7.565**	**61.265**	**3.211**	**2.237**	**1.404**	**232**
Agriculture, forestry and fishing	**2.605**	3	180	2.305	53	37	26	4
Mining and quarrying	**221**	0	29	141	28	15	4	4
Manufacturing	**8.362**	11	356	6.535	569	515	326	61
Electricity, gas, steam and air conditioning supply	**224**	0	57	146	8	3	7	3
Water supply, sewerage, waste management and remediation activities	**260**	0	19	150	27	24	30	10
Construction	**5.270**	7	365	4.341	313	185	58	8
Wholesale and retail trade; repair of motor vehicles and motorcycles	**23.140**	31	1,211	20.488	836	427	152	26
Transportation and storage	**5.780**	8	203	5.046	309	158	54	10
Accommodation and food service activities	**4.777**	6	275	3.992	301	170	39	-
Information and communication	**2.041**	3	338	1.403	154	93	46	7
Financial and insurance activities	**470**	1	65	326	24	22	25	8
Real estate activities	**645**	1	166	437	22	14	5	1
Professional, scientific and technical activities	**7.636**	10	451	6.886	184	92	21	2
Administrative and support service activities	**1.962**	3	622	1.148	72	60	41	19

Public administration and defence; compulsory social security	**264**	0	2	24	42	86	83	27
Education	**1.289**	2	88	655	50	170	323	3
Human health and social work activities	**3.241**	4	32	2.836	128	94	124	27
Arts, entertainment and recreation	**1.753**	2	772	842	42	50	36	11
Other service activities	**5.974**	8	2.334	3.564	49	22	4	1

Source: SSO (2019), *0 persons employed or no data available

Out of 74.278 SMEs registered in the country (Table 8), slightly below one third of active enterprises (30,5%) are in the wholesale and retail trade sector. Other important sectors include manufacturing (11%), professional, scientific and technical activities (10,1%), transportation and storage (7,6%) and construction (6,9%). These four sectors comprise over three-quarters of the total number of active enterprises. Above mentioned four sectors in which most business entities are operating are also the biggest contributors to employment (30%).

Table 8: Number of SMEs per region

Region	2015	2016	2017	2018	2019
Vardar region	5.350	5.362	5.265	5.297	5.478
East region	5.486	5.511	5.414	5.439	5.609
Southwest region	7.010	7.206	7.119	7.090	7.401
Southeast region	5.773	5.852	5.848	5.862	6.105
Pelagonia region	7.917	7.906	7.907	7.955	8.166
Polog region	7.458	7.928	8.010	8.158	8.503
Northeast region	4.045	4.004	3.997	3.993	4.090
Skopje region	25.530	26.154	26.241	26.882	28.926
Total	**68.569**	**69.923**	**69.801**	**70.676**	**74.278**

Source: SSO 2019, "Regions in the Republic of North Macedonia 2020"

The national average business density is 37 business entities per thousand inhabitants or 35,8 SME per 1.000 inhabitants. Almost half of the business entities are operating its economic activities in two regions – Skopje and Pelagonija, regarded as intermediate rural regions.

The crafts sector comprises of handicrafts, small scale manufacturing and service companies in construction and other sectors. Law on Craftsmanship have greatly simplified the conditions for start-ups in this category. For registration, it is only necessary to have a crafts diploma and office/work facilities.

In the last five to ten years, the crafts sector has been growing fast and now it is an important sector with more than 6.500 craftsmen and small-scale manufacturing and service companies as performers of craft activities, which number will increase with the adjustment of some companies with the Law on Craftsmanship. Besides the traditional crafts, new, modern crafts have appeared during the years, primarily in the sector of service, such as: electrical services,

auto mechanics, auto electricians, TV and audio services, repair services for electrical home appliances, hairdressing and many more.

Moreover, the professionally educated and skilled craftsmen with knowledge, competencies and skills that offer quality craft products and services according to the needs of the labour market, contribute to increasing job opportunities. In addition, they improve the effectiveness and competitiveness of the economy. Crafts are organised in regional Crafts Chambers (15), the most active of which are those located in Skopje, Strumica, Gevgelija, Prilep, Bitola, Tetovo and Kumanovo i.e. in the urban centres. **Very little registered crafts activity is recorded in the rural areas although potential exists.**

3.1.5 Labour market

The latest official statistics in the third quarter of 2019 shows decrease of the unemployment rate to 17,1% compared to 32,2% in 2009. Out of the total active population in 2019 in the country, 19,4% are unemployed. (Table 9)

Table 9: Employment rate

	2017	2018	2019
Activity rate (15-64) %	63,4	63,5	64,2
Employment rate (15-64) %	49,2	50,1	52,9
Unemployment rate (15-64) %	25,7	25,1	19,4

Source: SSO, 2020

Despite the decrease of the unemployment rate that was result of the governmental policies for employment and self-employment as well the FDI's in the technological and industrial zones in the country, the unemployment rate still does not compare favourably with the EU 28 average of 6,7% in 2019. **The high unemployment rate of young people (15-24) is an additional problem that leads to the out migration of the young labour force from rural areas to urban centres and abroad.**

The regional unemployment rate in 2019 varied between the range of 6,3% in the Southeast region being the lowest to 33,0% in the Northeast region being the highest. **Unemployment rate is worse in predominantly rural (Vardar, Eastern, Southwest, Southeast, Polog and Northeast region) than in the intermediate regions (Skopje and Pelagonija region (Table 10)).** The average unemployment rate in the predominantly rural regions is above the national unemployment rate (18,5% vs. 17,3%) while the unemployment rate in the intermediate rural regions of 13,9% is lower than the national average.

Table 10: Economically active population and employed/unemployed per region

Type of Region	Economically active population	Employment rate	Unemployment Rate
	% of total population	% of total economically active population	%
Vardar region	61,8	55,2	10,8
East region	58,9	54,3	7,8
Southwest region	57,0	43,1	24,4
Southeast region	67,6	63,3	6,3
Pelagonia region	64,5	56,0	13,1
Polog region	51,9	37,1	28,5
Northeast region	55,2	37,0	33,0
Skopje region	53,5	45,6	14,7
Total	**46,4**	**47,4**	**17,3**

Source: SSO, 2019 (MAFWE calculations, 2020).

The rate of unemployment according to gender structure is almost equal between man and women in 2019. Thus, the rate of unemployed man is 16,5% and the unemployment rate of women is 18,4%.

3.1.6 Education system

The education system in North Macedonia consists of preschool, primary (6-14 years), secondary (15-17 / 18 years) and higher education. The literacy rate is high, around 98,8% for men and 96,8% for women (2015). Although the overall literacy situation is good, difference in the educational structure of the population appears between urban and rural areas.

Primary education lasts for nine years and is compulsory and free for all students (aged 6-14). There are 987 primary schools in the country. Compulsory nine-year primary education was introduced in 2007 in accordance with the Concept for nine-year primary education. The Law on Primary Education guarantees free access to this level of education for all children aged 6-14, especially by providing free textbooks and transportation for those students whose permanent residence is more than 2 km away from the nearest school.

From 2007, secondary education is mandatory and free for every citizen in equal conditions determined by the Law on Secondary Education and in accordance with this requirement, the enrolment policy in secondary schools is harmonized. Free textbooks, free transportation or free accommodation in dormitories are provided in order to provide equal access to quality education for all students. Secondary education is divided into four types: high school, secondary vocational education, art education and education for students with special educational needs. Secondary vocational education can last for three years and four years. Of the existing 132 high schools, 116 are public and the remaining 16 are private. Of the public high schools, 27 are gymnasiums; 47 are professional; 33 offer both high school and vocational education; 4 schools are for students with special educational needs; and 5 are art schools.

Secondary education challenges: Vocational education still does not attract a sufficient number of students (except for certain professions in the fields of health, economics and law), especially when it comes to two-year / three-year vocational education; Discrepancy between the supply

of staff from the vocational education system and the demand in the labour market. The system for introducing new qualifications in vocational education and training is inflexible and ineffective, and cooperation with the business sector for specific practical training of students and learning through work is insufficient and inefficient. The dispersion of secondary schools is inadequate (with particularly poor access to schools in the regions) which is accompanied by too many students (up to 40 in a class) in some schools or too few in others.

Secondary education priorities: Harmonisation of vocational education and training with the needs of the labour market; Increasing the scope of vocational education and training; Improving the learning environment and the quality of vocational education and training.

Table 11: Number of primary and secondary schools and students per region in 2019

Region	Primary schools	Primary school students	Secondary schools	Secondary school students
Vardar	81	13.109	11	4.483
East	91	13.059	14	5.462
Southwest	125	17.860	14	6.789
Southeast	118	13.937	9	4.703
Pelagonia	175	19.913	20	7.933
Polog	147	28.982	19	11.110
Northeast	93	15.912	10	6.517
Skopje	157	65.382	35	24.653
Total	**987**	**188.154**	**132**	**71.650**

Source: SSO 2019, "Regions in the Republic of North Macedonia 2019"

Higher education is realised at three levels: undergraduate, master and doctoral studies. There are six state universities, one private-public university, nine private universities and two vocational schools in the country. In 2017 about 58 thousand undergraduate students were enrolled at 122 faculties within the universities. In 2016, there were 3.034 master students and 58,9% of them studied at state universities.

The Center for Adult Education, established in November 2008 and operational in June 2009, has a defined mission to promote a functional adult education system (according to EU standards) that enables high quality learning to gain qualifications, increase employment and developing entrepreneurship, meeting the needs of the labour market, contributing to the economic, social and personal development of individuals.

In 2012, the process of verification of special adult education programs (non-formal learning programs) began, with which a qualification or partial qualification is acquired. In 2018, 77 providers of non-formal training were verified (accredited) and were allowed to issue recognised certificates. Since 2012, about 40 participants have become professional trainers. Recognising the importance of public awareness of the opportunities and benefits of adult education, several promotional activities have been carried out in the past years. Since 2012, Adult Education Days have been regularly organised to promote the concept of lifelong learning as a lifelong education, regardless of age, gender or ethnicity, in order to raise citizens' awareness of the importance of adults' education. .

Challenges of adult education: There is a mismatch between the demand and supply of adult education resulting from a lack of information on labour needs at least in the medium and long term. The low awareness of the population about the opportunities and benefits of adult education contributes to the low motivation of adults to participate in lifelong learning, while another reason for this is the absence of a system for validation of non-formal and informal learning. Apart from companies that are unfamiliar with the benefits of implementing work-based learning, internships or internships, workers are also not sufficiently aware of their educational rights and responsibilities.

3.1.7 Land use and ownership

North Macedonia is a land-locked country with total area of 25.713 km^2 (SSO, 2019). The territory of the country is prevalently mountainous and intersected by large valleys. Hills and mountains account for around 79% of the land area with the balance made up of plains (19%) and natural lakes (2%). (Table 12)

Table 12: Land use

Type	ha (000)	% of total area
1. Land area	2.515	97,8
1.1 Agricultural area	1.264	49,2
1.2 Forests	1.092	42,4
1.3 Other land area (natural parks, water banks, urban etc.)	159	6,2
2. Inland waters including lakes	56	2,2
Total area	**2.571**	**100,0**

Source: SSO, 2020.

Out of the total territory of the country, 1.264 thousand ha or 49% is agricultural land (cultivated land, arable land and gardens, orchards, vineyards, meadows and pastures) 42% are under forests while about 2% are inland waters including lakes.

In 2019, cultivated land represented around 519 thousand ha or about 41% of total agricultural land. From the total cultivated land around 81% are under arable land and gardens, 3% are under orchards, 5% under vineyards, while the meadows represent 11% from total cultivated land. Pastures are represented on 743.991 ha or 59% of total agricultural land. (Table 13)

Table 13: Agricultural land area (in 000 hectares)

Area	2014	2015	2016	2017	2018	2019
1. Agricultural land, out of which	**1.263**	**1.264**	**1.267**	**1.266**	**1.264**	**1.264**
1.1 Cultivated land, out of which	511	513	516	517	519	519
1.1.2 Arable land and gardens	*413*	*415*	*417*	*417*	*418*	*418*
1.1.3 Orchards	*15*	*16*	*16*	*16*	*17*	*17*
1.1.4 Vineyards	*23*	*23*	*24*	*24*	*24*	*24*
1.1.5 Meadows	*60*	*59*	*59*	*60*	*60*	*60*
1.2. Pastures	**751**	**750**	**750**	**748**	**744**	**744**
2. Ponds, riverbeds and fish ponds	**1**	**1**	**1**	**1**	**1**	**1**

Source: SSO, 2020

Only 144,9 thousand ha of UAA can be irrigated, although the irrigation systems are installed for around 164 thousand ha (51,1% of UAA). As reported by the Public enterprise for Water Economy only 7,2% of UAA is actually annually irrigated due to deteriorated irrigation systems.

Land ownership structure in the country is predominantly private. Individual agriculture holdings cultivate 80% of arable land and the rest is cultivated by agriculture enterprises (out of which around 36.000 ha are cultivated by privatized former Agriculture Combinats) and public enterprises. However, still the state owns majority of urban, agriculture (including pastures) and forest land. The management of the state owned resources is centralised except of the urban land which is managed by the local self-governments. MAFWE manages the state-owned land in terms of renting or distributing agriculture land on use-fruct rights to socially vulnerable population. The protected areas (natural parks), pastures and forests are managed by public enterprises. Agriculture enterprises and business entities are the largest users of pastures that are in possession of the state (78%).

According to information from the Cadastral records, with respect to ownership, the total arable agricultural land can be divided into 451.702 ha privately owned and 237.882 ha state-owned land. To date MAFWE has allocated a total of 97.533 ha state-owned agricultural land to a total of 9.263 beneficiaries, or, on average, 10,53 ha per beneficiary. (Table 14)

Table 14: Distribution of state-owned agricultural land

Hectares	Number of users	Allocated area
Up to 10	8.779	30.342
10-50	296	7.235
50-100	70	4.897
100-500	94	16.803
500-1000	16	12.369
1000-5000	7	9.098
Over 5000	1	16.789
Total	**9.263**	**97.533**

Source: MAFWE Department for land policy, 2021

Even though the average size of allocated state-owned land per beneficiary is 10,53 ha, if 8 users are excluded from the calculation i.e. business entities (former Agriculture Combinats) who lease more than 1 000 ha, **the majority of the allocated state owned agriculture land is of the average size of 7,74 ha per beneficiary, mostly to individual agricultural holdings with headquarters in the area where the state owned land is located.**

State owned arable land is also distributed to the education and research institutions and to prisoning-correctional institutions as part of the social rehabilitation and inclusion programmes.

As of 2007, MAFWE has introduced elements of the Integrated Administration and Control System (IACS), including the Single Registry of Agricultural Holdings (referred to as Farm registry) and the Land Parcels Identification System (LPIS). The aerial survey of June 2009 and the initial production of digitalised data for agricultural land purposes have resulted in information about arable agricultural land and the real graphic ortho-photo map of the territory. In 2012, due to the organised campaign MAFWE, all of the registered agriculture holdings have recorded their land production capacities and as of 2013 for the purpose of subsidies payments

“per ha”, the LPIS records are used as a control mechanism of the reference parcel, which at this point is the Cadastre parcel. With the financial support by EU IPA TAIB 2012 program, from January 2017 till October 2018, MAFWE implemented the project: "Production of orthophoto maps and digitization of agricultural land use and IT software development for FR and FADN system and LPIS software upgrade". Within the project scope several outputs were delivered: Aerial images, Orthophoto maps (DOF), Digital Terrain Model (DTM), Digitisation of agricultural land and Upgrade of the LPIS system with a new tools, modules and functionalities. Based on the new 2017 Orthophoto maps, MAFWE has updated the data related to cultivated agricultural land including permanent pastures.

Statistical overview of the digitalized parcels in LPIS shows that, **largest portion of agriculture land belongs to permanent grassland (57%) and arable land plots (36%)** of total digitized area.

Table 15: Land Use based on LPIS

Code	Land use	No. of physical blocks	Area in ha	% of the total area	Average size of physical blocks
200	Arable land – fields	244.358	332.680	36,04	1,36
210	Glasshouses and plastic tunnels	10.397	2.608	0,28	0,25
300	Permanent grassland	190.904	531.508	57,59	2,78
400	Undefined land use – perennial plantations (grape or fruit)	15.663	4.494	0,49	0,29
410	Grape plantations	40.965	31.503	3,41	0,77
420	Orchards	32.674	19.965	2,16	0,61
490	Mixed permanent crops	653	219	0.02	0,34
900	Temporarily non-arable land	555	153	0,0	0,27
Total		**535.614**	**922.977**	**100**	**0,91**

Source: MAFWE, LPIS 2020

The parcel size statistics refer to physical blocks defined according to land use and limited by other physical boundaries in the area. **The average parcel size is very small (high frequency of parcels bellow 0,2ha) and with significant presence of borders in between or dispersed small plots of unorganised agricultural space. Agriculture roads are absent or unorganised in between small parcels.**

Agricultural holdings are organising their production on many parcels, estimated to 5 land parcels per holding. According to MAFWE survey, most of the individual agriculture holdings organise their production on 7-10 parcels. The average size of these parcels is between 0,25 ha – 0,6 ha. Most of the parcels are at distance between each other from 500 m - 2 km, and very often in various cadastral municipalities (approx. 20% of the parcels), hence making their cultivation largely expensive and inefficient. The shape of the agricultural parcels is mostly irregular, usually narrow and long, which has an unfavourable impact on the agricultural activities and use of adequate and contemporary production technologies and machinery.

In order to address this structural impediment to development of agriculture, in 2013 the Strategy for Land consolidation was adopted followed by the Law on Land Consolidation.

In the period from 2014 to 2020, significant progress has been made regarding the implementation of activities related to land consolidation. Namely, with the support of FAO and the EU, but also with a significant increase of the capacities for implementation of MAFWE, the following results have been achieved:

- A National Feasibility Study was conducted for the implementation of projects for consolidation of agricultural land in which all rural areas are ranked in accordance with predetermined criteria and parameters in terms of meeting the preconditions for the implementation of the above instrument,
- Two amendments to the Law on Consolidation of Agricultural Land were made in order to facilitate and clarify the consolidation procedures and three bylaws were prepared / amended,
- A system for recognition of performers in the field of consolidation (private companies) has been established by establishing a Register within the MAFWE,
- An electronic system for collecting data relevant to the process of implementation of consolidation procedures has been established,
- Working procedures have been established for each of the three individual phases for the implementation of consolidation projects (1. feasibility study, 2. allocation, 3. registration in the real estate cadastre and construction of infrastructure),
- 21 potential areas were selected within two open calls for expressions of interest,
- 14 Feasibility Studies were prepared for individual rural areas in the country (according to the selected ones above) and one initial analysis,
- Progress has been made on establishing internal mechanisms for financing consolidation projects through the establishment of support measures in the Agriculture and Rural Development Support Programs,
- In the phase of implementation are 7 consolidation projects with distribution with changing the boundaries of the cadastral parcels, one of which is in the final phase of implementation through the construction of agricultural infrastructure,
- 1 project for distribution without changing the boundaries of the cadastral parcels is in the implementation phase,
- 1 project for distribution without changing the boundaries of the cadastral parcels has been completed,
- Implementation of 2 additional consolidation projects by changing the boundaries of cadastral parcels with EU support is in the planning phase.

3.2. Performance of the agricultural, forestry and food sectors[12]

3.2.1 Competitiveness of Agriculture and Food Processing

Agri-food Economic Development

Agriculture GDP share is around 9% in the period 2014-2018 (compared to the 1,1% in the EU 28 in 2018). The share of the food processing industry including beverages and tobacco in GDP

[12] The data used to present the economic development of agriculture are from SSO unless otherwise referenced in the text.

ranges around 3%. Thus agro-food sector is still being one of the bigger contributors to the national economy accounting for up to 11% in the GDP.

Table 16: Agriculture and food processing economic development indicators

	2014	2015	2016	2017	2018	2019
GDP in million € (current exchange rate)	8.562	9.072	9.657	10.038	10.744	11.209 [2)]
Agriculture value added, at basic prices, in million € (current exchange rate)	871	882	886	790	910	902
Agriculture (GVA in % of GDP)	*10,2%*	*9,7%*	*9,2%*	*7,9%*	*8,5%*	*8,0%*
Food processing, beverages and tobacco value added, at basic prices, in million € (current exchange rate)	243	242	274	286	313	331
Food processing, beverages and tobacco (GVA in % of GDP)	*2,8%*	*2,7%*	*2,8%*	*2,8%*	*2,9%*	*3,0%*
Total employment	**762.506**	**776.746**	**788.919**	**812.321**	**771.806**	**807.362**
Agriculture, forestry and fisheries employment (including seasonal, self-employment and family unpaid labour)	127.438	126.126	120.303	120.311	119.337	111.033
Agriculture employment (% of total employment)	*16,7%*	*16,2%*	*15,2%*	*14,8%*	*15,5%*	*13,7%*
Total exports, in million €	**4.081,2**	**4.421,7**	**4.892,0**	**5.536,1**	**6.480,8 [2)]**	**6.431,5**
Agriculture and food processing (+beverages and tobacco)Exports in millions €	486,7	487,2	531,1	536,4	545,5	624,5
Agri-food exports (% of total exports)	*11,9%*	*11,0%*	*10,9%*	*9,7%*	*8,4%*	*9,7%*
Total imports, in million €	**5.555,0**	**5.893,5**	**6.326,6**	**6.926,1**	**7.826,0 [2)]**	**8.364,5**
Agriculture and food processing (+beverages and tobacco)Imports in millions €	650,4	701,1	718,3	760,6	792,6	837,1
Agri-food imports (% of total imports)	*11,7%*	*11,9%*	*11,4%*	*11,0%*	*10,1%*	*10,0%*
Balance of trade, in million €	-1.473,8	-1.471,8	-1.434,6	-1.390,0	-1.345,2	-1.575,5
Agriculture and food processing (+beverages and tobacco) balance of trade in millions €	-163,7	-213,9	-187,1	-224,2	-247,1	-212,6

Source: SSO GDP statistics, 2019 (MAFWE calculations); [2)] Preliminary data;

Agriculture employment and labour productivity

Agricultural sector, including forestry and fisheries accounts 13,9% in the total employment in 2019, which is three times as much compared to 4,2% of the EU 28 (2016). Out of total 111.033 people engaged in agriculture in 2019, 35% (38.478) are unpaid family workers, 49% are self-employed and around 15% are regularly employed. Around 17% (18.379) of the total engaged labour force in agriculture are engaged as part-time or seasonal basis.

The increase of the overall employment in the country resulted in a decrease of the share of agriculture employment in total employment by -3,0 % in 2019 compared to 2014.

More than half of the total employed persons in agriculture are engaged in the crop sector and the rest are engaged in mixed production, crop and livestock.

Taking into account the amount of time actually worked, the regular agricultural labour force in North Macedonia was estimated to be the equivalent of 151.000 people[13] working full-time (in annual work units). (Table 17)

Table 17: Total agriculture labour input (1000 AWU)

Description	2014	2015	2016	2017	2018
Total agricultural labour input	146	153	150	138	151
Non-salaried agricultural labour input	62	63	61	47	60
Salaried agricultural labour input	84	90	89	91	92

Source: SSO, "Economic accounts for agriculture", 2018

The higher share of family workers indicates the majority of farms being subsistence or semi-subsistence. The net salaries payed in the last year in agriculture, forestry and fisheries amounted to average € 340 per month (approximately about € 15,4 a day) and were 79% of the national net salaries average.

In 2018, labour productivity in agriculture increased by 5% expressing that higher value of agriculture products (GVA) is produced with less labour input (AWU). However, the gross value added per annual work unit in 2018 is significantly lower than the EU 28 average. **Low performance of labour productivity is largely resulting from the small size agriculture holdings, fragmented and scattered land parcels and mixed production choices (see also section 3.1.7 of this Programme).**

One of the major problems in the country's agricultural sector is **the aging of the labour force. About 15% of the employed in agriculture are young (from 15-24 of age). Low incomes and unfavourable working conditions in agriculture, as well as deteriorating living conditions in rural areas discourage young people to start a carrier in agriculture. Young people are more mobile and less emotionally related to the land and country-side.**

According to AFSARD data, however, almost 75% of the total number of agricultural holdings who are recipients of IPARD Programme 2014-2020 under Measure 1 - Investments in physical assets of agricultural holdings[14] are managed/represented by young farmers aged between 18 and 40 years of age.

Also, there is **a clear risk for a shortage of qualified labour force in agriculture, especially for production of labour intensive products. Lack of seasonal labour force particularly in the harvesting season and lack of shepherds labour poses serious threat to future development of the labour intensive agriculture sector, which needs emergent modernisation.**

[13] This represented 1.6% of the full-time equivalent agricultural workforce in the EU 28 in 2016.(source: https://ec.europa.eu/eurostat/documents/3217494/9455154/KS-FK-18-001-EN-N.pdf/)
[14] As of end of June 2020

The majority of the agricultural labour force lacks formal agricultural education, training and managerial and business skills. **More than 60% of the employed in agriculture as wage-earners are working on elementary positions with basic tasks for which higher qualifications and skilled competences are not required.**

Agriculture holdings, farm structure and typology

Over time there has been ongoing slow change (restructuring) in the farm structure of the agriculture holdings with fewer and larger farms, less employment, more specialisation, modernization and concentration of production, and growth in part - time farming. According to recent SSO structural survey in agriculture (2016) there were 178.125 agriculture holdings compared to 170.885 in 2013 and 192.675 agriculture holdings censused in 2007.

Table 18: Number of agriculture holdings and cultivated area/LSU

	Number of agricultural holdings	Total available area of the holdings, ha	Total utilised agricultural area, ha	Forest and other land, ha	Utilised agricultural area by holding, ha	LSU	LSU per ha
Total	**178.125**	**366.462**	**320.738**	**21.899**	**1,80**	**2,14**	**1,19**
Individual Agriculture Holdings	177.845	311.277	271.989	18.099	1,53	2,01	1,32
Agriculture Business entities	280	55.185	48.749	3.800	174,1	82,38	0,47

Source: SSO (2016)

The average size of agriculture holdings in terms of utilised agriculture area is 1,80 ha, which is 3% decrease from the average size recorded in 2013. The average farm size is far below the EU 28 (2016) average of 16,6 ha. The problem of small farm size increases to the fact that 60,8% of total agriculture holdings utilised less than 1 ha of agriculture land.

Not only can agriculture holdings in North Macedonia be characterised as being small in terms of agriculture land area but also in terms of number of livestock. On average, each agriculture holding that had livestock had just 2,14 LSU (which is the equivalent of just over two dairy cows), compared with 22,9 LSU on each agriculture holding that had livestock in the EU 28 in 2016.

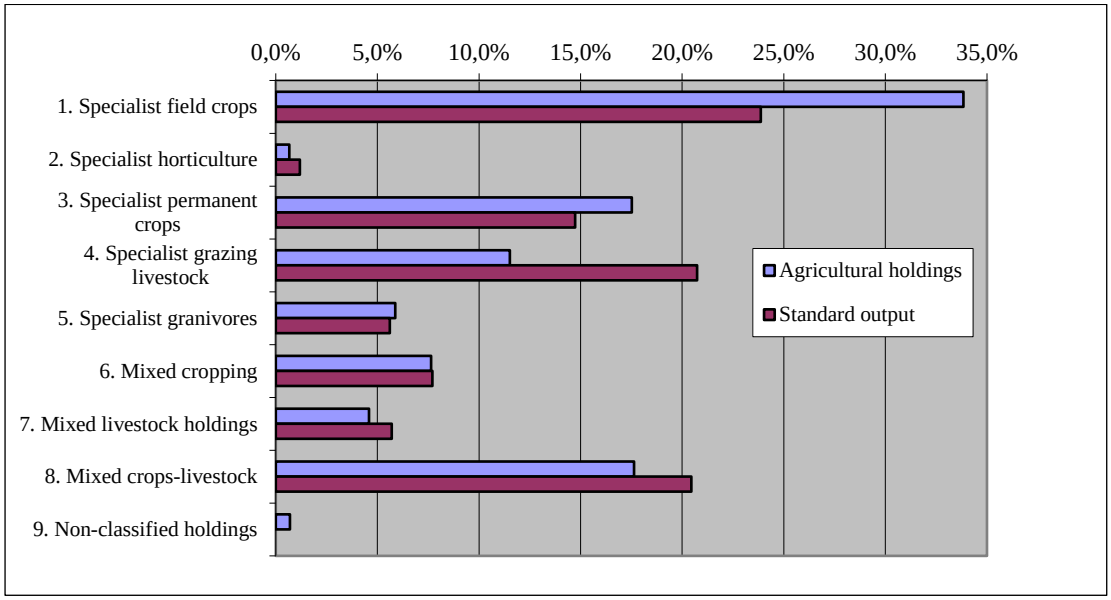
There are stark contrasts between the size of the agriculture holdings managed by the individual agriculture producers and family agriculture holdings and those managed by the business entities (legal entities and cooperatives). While the individual agriculture holdings utilise around 1,75 ha per holding on average, the business entities cultivate around 197 ha per agriculture holding.

Thus, the structure of agriculture holdings in the country can be attributed of large number of very small semi-subsistence farms (< 1,5 ha and < 2 LSU) cultivating 85% of the total available agriculture land and very small number of large agriculture holdings (>100 ha and >100 LSU) cultivating 15% of the agriculture land.

The classification of agricultural holdings based on type of farming and economic size of the holdings, by using standard output coefficients and farm structural data, is last performed by SSO in 2016.[15]

According to last performed classification of agriculture holdings, a little less than one in every five agriculture holdings (18%) are classified as mixed crop-livestock farms, compared with about one in every ten (10,1%) in EU 28. There was also a higher relative share of agricultural holdings classified as mixed crop production (7,7%) compared with 4,7% for the EU 28. By contrast, the proportion of agriculture holdings classified as specialist field crops farms (with cereals, oilseeds and/or protein crops) and specialist permanent crop farms (with vineyards, orchards and olive groves) was almost identical to the EU 28 (33,8% and 17,5% compared with 31,6% and 18,4% respectively). The smallest share of agriculture holdings (0,7%) are specialized in horticulture, and (4%) in grainvores.

Figure 1: Classification of agricultural holdings per type of farming



Source: SSO, "Structure and Typology of Agricultural Holdings", 2016

More than two thirds (69,8%) of the agriculture output in the country was generated from the agriculture holdings specialised in field crops (cereals, industrial crops, forage crops, vegetables, potatoes, fruit and vine), which was much higher proportion than the EU 28 in 2017 (50,6%).

The biggest contributors to the formation of the total standard output are agricultural holdings with specialist field crops production (23,87%), specialist grazing livestock production (20,73%) and with mixed livestock – crop production (20,45%), while the smallest contributors were the agriculture holdings specialised in horticulture with only 1,19%.

While the individual agriculture holdings are characterized by mixed farming (livestock-crop production), **the business entities in agriculture are specialised mainly in livestock breeding, cereals and industrial crops sectors, and therefore their concentration is higher**

[15] Additional source of data is used for comparison of the national farm typology with the EU 28 typology (source: https://ec.europa.eu/eurostat/documents/3217494/9455154/KS-FK-18-001-EN-N.pdf/)

in grain producing regions (Ovce Pole and Pelagonija). The high share of individual agriculture holdings with mixed production indicates to subsistence and semi-subsistent type of farming in the country.

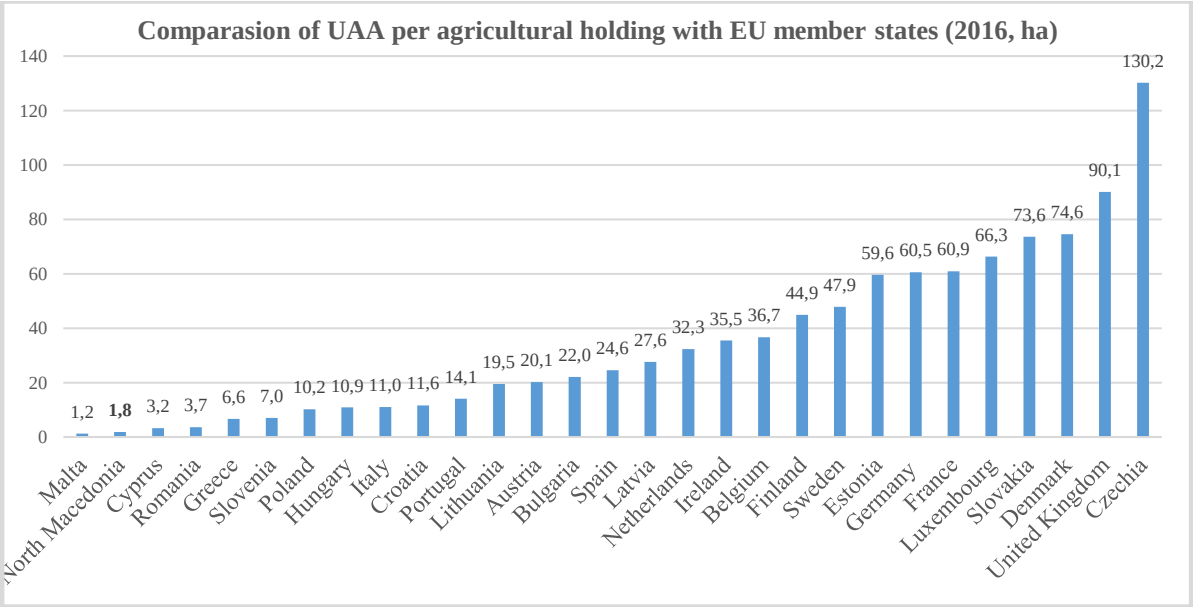
According to the classification by economic size of the agricultural holdings[16], **more than half or 50,2% of the agriculture holdings are classified in the first class of ESU- up to 2.000 EUR**, 19,5% belong to the second class from 2.000 to 4.000 EUR, 16,3% in the third class- 4.000 to 8.000 EUR and 8,4% have economic size from 8.000 to 15.000 EUR. The total standard output in North Macedonia is dominated by agriculture holdings of third class, whereas agriculture holdings of I class make up the smallest share.

Overall the agriculture sector can be regarded as unfavourable farm structure comprised of majority share of individual farming households with mixed production, extensive methods of production (especially in the grain sector), with low cash-flows and low competitiveness in terms of productivity. All of this impedes investment levels in advanced technologies and determines relatively low crop yields.

Despite in increasing trends of farm size per land use, land fragmentation remains a serious structural problem for increasing agriculture productivity and thus competitiveness. Continuous division of logs due to inheritance further feeds the process of fragmentation of parcels as serious structural weakness. Considering that agriculture holdings with less than 1 ha of utilised agricultural area participate with 60.8%, whereas holdings with more than 10 ha account for only 1.5%, there is evident ineffective use of agriculture land which affects the productivity by large.

The fragmentation of the agricultural land is also evident when compared to the EU countries. The country is far below the values of the UAA per agricultural holdings in the EU countries (Figure 2).

Figure 2: Comparison of UAA per agricultural holding with EU countries, (2016, ha)



Source: EUROSTAT, National country statistics (FAO/SWG Study, 2013)

[16] SSO: Structure and typology of agricultural holdings, 2016

Major agricultural products[17]

The total agriculture production value and the value of services in agriculture amounts to 1,37 bn. EUR in 2018, which is increase of about 14% compared to 2012, largely due to the increase of prices at farm level. Although the overall agriculture production quantities has not increased significantly on annual basis, the value of agriculture products increased especially in the production of fruit and vegetables-export oriented crops and milk production due to increase of the demand from the dairy processors but also due to the improvements in the milk quality.

Table 19: Structure of Gross Agricultural Output

Description	Value (in mill EUR)	% of total
Crop output	*1.030,7*	*75,1%*
Livestock output	*308,6*	*22,5%*
Services in agriculture	*6,9*	*0,5%*
Secondary non separated non-agricultural activities	*27,0*	*2,0%*
Gross Agriculture Output	**1.373,2**	**100,0%**

Source: SSO, "Economic accounts for agriculture" 2018

Crop production

According to the share in the agriculture output, crop production has the highest contribution of around 75% in 2018. This high share results from the value of vegetable and production of perennial crops (fruits and wine grape) and the annual increase thereof.

Table 20: Structure of Crop Agricultural Output

	% of total	
Crops	*100%*	
Cereals		10,1%
Vegetables		44,0%
Industrial crops		0,2%
Fodder crops		11,4%
Tobacco		8,0%
Potatoes		4,0%
Fruits		15,8%
Wine Grape		6,5%

Source: SSO, "Economic accounts for agriculture" 2018.

Nearly 40% of the arable land area in 2019 was used for the production of cereals, and the remaining was cultivated for vegetable (12,4%), industrial crops (5,3%), and fodder crops (10%) production. Around 400 ha are used for protected crop production under green houses.

[17] The data used to present the situation in agriculture production are presented in full in Annex 4 Agriculture Production statistics

Table 21: Arable land by crop category of use in '000 hectares

Year	Total Arable land area	Cereals	Industrial crops	Vegetable crops	Fodder crops	Green houses	Fallow and uncultivated arable land
2014	413	163	26	53	36	1	134
2015	415	162	24	53	38	1	137
2016	417	168	22	52	39	1	135
2017	417	161	24	52	40	1	139
2018	418	166	20	52	41	0,4	139
2019	419	160	22	52	42	0,4	143

Source: SSO, 2020.

The pattern of crop production varies by size of the farm. The large agriculture holdings (above 50 ha) are specialised in cereals (mainly wheat) and industrial crops. Small agriculture holdings are very important producers of fresh fruits, vegetables and grapes (i.e. cash crops).

Significant part of the crop production comes from agriculture holdings with a mixed type of farming. According to the Agricultural Census data (2007), mixed agriculture holdings produce half of the cereals and one third of fruit and vegetables quantities on national level.

Cereal production resulted from harvest of total 160 thousand ha of arable land (40% of total arable land in 2019) and yielding on average 3,55 tonnes of cereals per ha. The average yields are slightly below the average of the SEE countries (3,6 tonnes per ha), but far below the average yields of cereals recorded in EU-28 in 2017 (5,6 tonnes per ha)[18].

The majority of the production quantities of cereals result from *wheat production* which in 2019 was recorded in total of 239.916 tonnes harvested from 44% of the harvested land under cereals. The remaining 56% of harvested land under cereals resulted in production of barley (138.453 tonnes), maize (187.676 tonnes), oats (6.715 tonnes), rye (8.628 tonnes) and rice (21.278 tonnes) in 2019. The North-East, East, Polog and Pelagonija Region accounted for about 66% of the total cereal production.

Although modest, the production of rice is very important due to covering the domestic needs and being a major source of additional income to around 5.000 families. *Rice* production area decreased from 5.174 ha in 2014, to 3.555 ha in 2019. The average yield of rice per ha, however, increased within the same period from 5.895 kg/ha to 6.113 kg/ha.

In 2019, the *vegetable production* was harvested from around 9,4% (48.770 ha) of the total arable land not considering the area on which vegetable is produced as inter crop (additional 10.116 ha). The production quantities of vegetables harvested amounted in total of 903.445 tonnes. Major vegetable crops are potatoes (189.023 tonnes or 21% of total production quantities of vegetable), tomatoes (152.348 tonnes or 17% of total vegetable quantities), peppers (185.452 tonnes or 20,5%), onion (59.314 tonnes or 6,6%) and cabbage (128.534 tonnes or 14%). The remaining 21% of the vegetable production quantities is resulting from cultivation of beans, lentils, garlic, cucumbers and melons.

[18] Source: eurostat.ec.europa.eu

Vegetable production is performed mainly in the open field, in greenhouses and under plastic tunnels, with and without heating. About 80% of the vegetable production is concentrated in the South East region of the country, characterized with Mediterranean climate.

According to the SSO Survey on structure and typology of agriculture holdings (2016), 26.674 agricultural producers are engaged in the production of industrial crops, from which around 46% are located in Pelagonija region. In the recent years, tobacco is the most prevailing industrial crop (tobacco is cultivated on 78% of the total sown area under industrial crops).

In the production of major *oil-bearing crops* (seeds and roots) cultivation of sunflower is the major oil-bearing crop produced in the country but slowly decreasing. Since 2014 the sown area under sunflower decreased by 10% (from 5.122 ha in 2014 to 4.677 ha in 2019). Sunflower is cultivated mainly in the Pelagonija region (50-70%). There is insignificant production of oil bearing roots, which are mainly used as source of proteins for livestock feed.

The production and surface under *fodder crops* is stable throughout the years with slight increase of the areas under alfalfa, clover and fodder beet compared to 2014. In 2019 the *fodder crops* are cultivated on only 6,9% of the total arable land. Major forage crop is alfalfa on 19.710 ha with annual production of 107.048 tonnes in 2019.

The area under *perennials* (vineyards and orchards) is around 8% of the total arable land in 2019. In terms of share in the gross agriculture output, fruit and wine grape production are second biggest contributor to the gross agriculture output (vegetable being the first). In terms of planted area under perennials, the **most important perennial crop is vineyards**, which accounted for more than 59% of the total perennial crop area (around 41 thousand ha), but in terms of value **fruit production contributes around 71% of the total agriculture output of perennials).**

About 258.960 tonnes of grapes and 168.869 tonnes of fruits were produced in 2019. The apple production is the main fruit crop accounting for two thirds of the total fruit production volume (53% in 2019). An overall increase in production volumes in the period 2014-2019 is recorded. **Fruit production has growing potential in terms of growing export market demand on new markets.**

The total production of grapes (including wine and table grapes) in the last six years (2014-2019) is relatively stable, with an average production of about 267 thousand tonnes annually. The annual yield is also stable around 11,3 tonnes per ha on average. On the irrigated land parcels, the average yield is significantly higher ranging from 17-23 tonnes per ha. In the structure of the total production of grapes, table grapes accounts for 16% and the remaining 84% are wine grapes[19]. **Table grapes production has growing potential in terms of favourable natural pre-conditions (harvest starts one month earlier than the region), varieties (from early harvest to late harvest) and the growing market demand.** To achieve the growing market potential for table grapes, special focus is needed not just in expanding the area under table grapes but also the choice of variety is crucial (e.g. seedless varieties).

[19] LPIS data (2020)

Almost 60% of vineyards (for wine production) are older than 15 years or are of variety which is not favourable for quality wine production. **Not just the age structure is a problem for wine grape sector development, but the planted varieties as well.** The growing export of the wine industry in terms of high quality bottled wines requires adjustment to the varietal structure of wine plantations to follow the market needs. **Growing export of wine demands also new areas of vineyards for which potential exists on the fallow hilly land areas.**

The country has unused **potential for the production of energy crops as well as quantities of residues from agriculture production.** The main crops currently produced that could be used for the production of bio-fuels are cereals, industrial crops, vegetables and perennials. Approximately 1,7 million tonnes annually remain as a biomass after the harvesting of plant production. Part of it is used for livestock breeding (straw, silage) and the remaining quantity is ploughed in. The regions providing the major quantity of energy crops and plant biomass are: Southwest and Pelagonija. The largest share of plant residues (around 80-85%) comes from cereals, vineyards and orchards. In the recent years great interest of fast-growing trees appears mainly from "newcomers" in the agriculture sector– especially on slope lands in the eastern parts of the country. Nevertheless, the sector is underutilised and significant improvement of actions needs to be stimulated by policy measures as to streamline and benefit the potential.

Livestock production

Livestock production contributed to 23% of the agricultural output in 2018.

Table 22: Structure of Livestock Agricultural Output

Description	% of total	
Livestock	*100%*	
Cattle		18,6%
Pigs		15,7%
Equines		0,0%
Sheep and goats		7,1%
Poultry		3,4%
Milk		49,7%
Eggs		4,7%
Other animal products		0,9%

Source: SSO, "Economic accounts for agriculture" (2018)

According to the SSO Survey on structure and typology of agriculture holdings (2016) around 40% of the total number agriculture holdings were breeding livestock but only half of them are specialised in livestock (22% of all agriculture holdings). The number of agriculture holdings which breed livestock has largely decreased from 2013(56,5% of the total number of agriculture holdings). The total number of livestock units in 2016 is 381.361 and on average, each agriculture holding that had livestock had just 2,14 LSU (which is the equivalent of just over two adult dairy cows). The individual agriculture holdings own 2,01 LSU in comparison with the business entities which own 82,38 LSU.

The number of animals is in constant decrease in the last 6 years. The only significant increase in livestock numbers is recorded for pigs in the period 2014-2018, with a sharp decrease in 2019.

Table 23: Livestock numbers (in heads)

Category	2014	2015	2016	2017	2018	2019
Cattle	241.607	253.442	254.768	255.036	256.181	217.790
Sheep	740.457	733.510	723.295	724.555	726.990	684.558
Pigs	165.053	195.443	202.758	202.197	195.538	135.770
Poultry	1.939.879	1.761.145	1.865.769	1.840.173	1.828.287	1.562.089

Source: SSO, 2020

More than 38 thousands agriculture holdings in the country are breeding **dairy cattle and 60% of the cattle agriculture holdings are breeding less than 6 heads.** Only 11% of the agriculture holdings rear in herd above 20 cows. **On average, agriculture holdings are rearing 10 cows (2020). The structure of size of cattle agriculture holdings has shown improvement in the average size from 7 in 2014 to 10 in 2020. Milking yields are below the EU 28 average (3.077 kg per dairy cow vs. 7.280 kg per dairy cow in EU 28 in 2018).**

Currently, less than 3,2% of raw milk delivered to milk processing establishments is compliant with EU standards. The introduction of higher premium subsidies per quality of milk from 2021/2022, is expected to result in a rapid consolidation of the cattle dairy sector as some of the semi-subsistence producers will further reduce their size and will start producing for their own consumption only, while the number and share of output of commercial oriented farms who have, or are in process of, adapting their businesses to meet European standards, will increase.

Sheep breeding is also concentrated in small-scale agricultural holdings. The average number of sheep per farm ranges between 20 and 200 animals, kept mainly for lamb meat production and milk production (rarely for wool). About 95% of milking sheep are raised by individual agriculture holdings and family agriculture holdings. Sheep-breeding is semi-nomadic and it is performed by grazing during summer. In recent years, there is increasing interest in *goat breeding* due to increased demand for goat dairy products, and there is a potential for development of the sector.

A significant share of the agriculture holdings breed *pigs*, but the majority of them (60%) has 1 to 3 sows or up to a total of 15-20 heads. There are 5 business entities agricultural holdings, which accounted for 60% of the total pig-stock. In 2019, the number of pigs was 135.770, which is decrease of approximately 18% or 29.283 heads compared with 2014.

It is estimated that the production of pig meat covers almost 90% of the domestic demand for fresh pork. However, the domestic production of pig meat does not satisfy the growing demand of the meat processing industry, both in terms of quantity and quality. The lack of pork for meat processing industry is covered by imports of fresh, chilled or frozen pork which is increasing annually. **The sector has a development potential in case the varieties of pigs bred adjust to the quality levels needed for the processing industry and the breeding techniques are applied to timely satisfy the domestic market.**

The total number of *poultry* in 2019 was 1,6 million chickens, of which the number of laying hen is 1million with average annual production of 138 eggs per hen. More than 50% of the total number of laying hens is reared intensively on large poultry farms, with average of 80 to 100 thousand hens per farm and almost double average eggs per hen production compared with the remaining percentage that belongs to individual agriculture holdings. **By adoption and implementation of the salmonella monitoring plans in egg production, the sector can export eggs to the EU. All of the farms need to be aligned to the animal welfare standards for laying hens.**

There is an increased potential on the domestic market for fresh poultry meat bearing in mind the high import dependency (80% of overall market demand). **The sector development is impeded by lack of breeding programmes for producing one-day-old chicks as well as feeding concentrates which are imported.** These problems are making the rearing of broilers inefficient on small scale. There is increasing interest for alternative poultry rearing systems such as "free range" or breeding other birds (geese, turkey and gallus domesticus etc.) which are found as income-attractive by farmers.

The small size of the livestock agriculture holdings, the inadequate breeds and animal housing still poses risks to low productivity of the sector and low quality of the products.

Beekeeping in the country has a long tradition and high potential as the climate is favourable for growing different vegetation and crops, which are a good source of nectar and pollen for honeybees. Statistically, the number of beehives in 2019 was 96.143, which is increase of 22.274 families or about 30% compared with the 2014. The bulk of production (nearly 100%) takes place in the individual sector, with average yield of 6 kg of honey per bee family in 2019. Annual honey production in 2019 was 475 tonnes which is significantly lower than in the neighbouring countries[20].

Investments in agriculture

Investments in assets in agriculture amounted for around 47 mill EUR in 2018.[21] The annual consumption of fixed capital (depreciation) in 2017 is 9% of the agriculture GVA[22]. **The depreciation of the fixed capital in agriculture outweighs the new investments, leading to conclusions that the investment activity in agriculture is still insufficient to modernise the agriculture production.**

The lack of investment in agricultural machinery resulted in the significantly increased use of manual labour and in consequence low labour productivity. In 2013, the total number of tractors in the country was about 92.708 and of harvesters – 1.797. The number of tractors is relatively low – 0,2 tractors per ha of UAA and 0,5 per agriculture holding. Although the average number of tractors is approximately at the EU level (average of 0,6 per agriculture holding), the agricultural machinery is worn out and obsolete as around 70% of the tractors and combine harvesters are more than 20 years old. **Thus, despite the significant support under the**

[20] The production of honey in Serbia amounts around 3 thousand tonnes and around 1,5 thousand tonnes in Bulgaria.
[21] SSO 2020 MAKStat Database (http://makstat.stat.gov.mk/)
[22] SSO, EAA, 2020

national rural development programme and IPARD II for the modernisation of agriculture holdings (more than 600 investments containing tractors approved under IPARD II), further investment is needed. Moreover to the need of investing in new mechanisation, the crop sector is in strong need for investment in agricultural machinery for sowing, fertilizing, protection, irrigation, and other agriculture activities.

In the crop sector the low productivity is determined to a large extent by low level of mechanisation, low quality seeds and seedling material and poor land management practices affected also by high land fragmentation.

Significant investments are needed for improvement of quality of agriculture products at farm level i.e. for harvesting, post harvesting and storage of fruit and vegetable, drying and storage facilities for cereals as well as packaging equipment (especially as regards to rice) for cereals.

Due to the favourable climatic conditions, early vegetable sub-sector has significant potentials for further development on competitive basis. Thus investments are needed for modernisation of "plastic tunnels"[23] into "plastic halls"[24] with drip irrigation system and sustainable heating.

Very little maintenance and investment in technology modernisation has been made in the majority of the glasshouses. Despite the support provided under the IPARD II Programme, the investments in glass-houses were precluded by the regulatory obstacles to legalise the structure and obtain building permits for construction/reconstruction. Currently, the exploitation of the existing 260 ha (most in blocks of 6-24 ha) of glasshouses ranges between 70-75% of the capacity. This is due to inefficient and obsolete heating systems, which substantially raise production costs, and, since there is an acute lack of operating capital to pay for heating, many glasshouses have no advantage with regard to the time of harvesting. The use of thermal waters for heating and other renewables should be further expanded where possible.

To address the consideration of climate change, mitigation and adaptation measures are needed.

Although investments in planting and re-planting of perennials is growing (more than 750 investments approved under IPARD II till June 2020), still more investments are needed due to long period of under-investment, resulting in an unfavourable age and variety structure, but also due to the favourable pre-conditions for fruit and wine growing. In addition, the requirements of the emerging markets and the processing industry relates to high quality standards. Thus, **focus should be put on planting of technologically advanced perennial plantations and replanting of orchards and vineyards, adaptation of the age structure and varietal structure of perennials and investments in post-harvesting at farm level as well as at a level of upstream market channels.** Regional concentration of the production (e.g. wine grapes in Tikves valley, apples in Ohrid-Prespa region etc.) makes a good base for promoting horizontal integration of agriculture holdings with further support in establishing producer groups, as well as specialisation.

[23] Simplest non-permanent construction for early vegetable cultivation in smallest dimensions (high 0,8m and wide 3 meters while the length can differ) from wood or metal construction and covered with plastic sheeting.

[24] Modern permanent construction for vegetable cultivation which is bigger in size (the height is usually 3 meters and the width and length can differ), with a permanent construction and covered with plastic sheeting or plastic panels. It can be used for nurseries and for horticulture production.

In order to utilise the potential for production of bio-fuel and bio-gas from plant products, provision of investments to develop the cultivation of industrial crops is needed as well. Although, the production of industrial crops (other than tobacco) is modest, great potential exists especially for the oil bearing seeds and roots (including soya) for production of bio-fuels which demand is rising. Opportunities exist also in on-farm production of bio-fuel from own resources to mitigate the risks from the rise of the fuel prices which affected highly the agriculture production costs in the recent years. To successfully meet the opportunities, production efficiency of the oil-bearing crops is to be increased and is related to on-farm investments, equally as to the farm management practises. Production of fodder crops and hay is largely linked to the livestock production, but it is still neither sufficient nor modernised to reach sufficient productivity levels which can compensate for the increase in costs of livestock feed. Fodder maize and soya beans as source of feed proteins for livestock are mainly imported.

Furthermore, general weaknesses of the agriculture sector regarded to the unfavourable farm structure, low level of producer's co-operation also hinder the development of competitive crop production. The upstream organisation is still very weak especially in the fruits sector and the horizontal integration is almost absent. Although there are emerging investments in the modernisation of the processing capacities, the logistic networks and marketing channels are inefficient and compound by retailers.

Improvement of the farm management practises is precluding for benefiting the investments and modernisation of the crop production. Promotion of horizontal integration of the agriculture producers is crucial for maintaining growth potential and market trends.

In the livestock sector the harmonisation of national legislation with the Union standards in the area of milk hygiene, environmental protection and animal welfare – particularly in the milk and meat sectors require significant investments. According to FVA assessments, 60 % of the holdings with milking cows have no milking installations. **The enforcement of the new Union animal welfare standards related to egg-laying hens in the poultry branch requires investments in all poultry agriculture holdings in transition period of adjustment. Significant investments must also be made in manure management on the livestock farms due the animal welfare and environmental requirements**.

The milk sector needs an additional restructuring to sustain the increased requirements of quality milk from the processing industry. Low productivity both in meat and dairy farms is also a result of insufficient stocks of genetic potential (in meat sector the stock is dominant by milking cows), low quality of feedstuffs produced on the small-scale farms and, furthermore, poor farm management practices, in general. Strengthening of primary meat production is very important due to the reason that meat processing industry, which is undergoing modernisation in the last years (especially, as concerns the big scale processing units), in fact lacks raw meat material in order to use the full available capacities.

It is worth noting that **the livestock breeding in individual agriculture holdings doesn't meet the UAA requirements.** In the case of sheep and goats, the livestock owners use rented state owned pastures for grazing, while for cattle, pigs and poultry breeding, grain and concentrate feed is purchased which makes the production costs high especially for meat production farms.

Lack of grain and silage storage capacities affects the potential of the livestock production capacities.

Aiming to increase competitiveness of livestock production, there is a need to improve the farm structure as this is of vital importance aiming to increase the productivity which, in fact, can only be a result of a number of actions such as introduction of improved breeds and feedstuffs, etc. Moreover, the investments into physical structures of livestock farms (breeding spaces, milking and cooling equipment, manure and slurry management, etc.) as well as improvement of farm management practices through investments into human capital will result into increased competitiveness.

The honey production meets the need of the domestic market. However, there is an increased potential for export of organic 'forest' and 'meadow' honey. For development of this sector there is a need for establishment of 'bee pastures' planted with 'honey' plants and trees in order to control the 'pasture' of bees as well as to improve the honey quality and certification to organic. Modern equipment on farm is also needed to improve the local products and there placement on local markets. Although honey is the main product from bee breeding, there is a potential for production of other bee products such as pollen, propolis and beebread. Honey products are largely demanded for medicinal and cosmetic purposes.

Organic farming

The *organic farming* sector is developing in North Macedonia and the number of agriculture holdings certified as organic, or in transition, is relatively small (847 agriculture holdings registered in 2019) compared to the total number of registered agriculture holdings in the country. Although the farmers show an increasing interest in organic production, the number of certified organic agriculture holdings, including processors and traders has only doubled since 2014.

The organic production is mainly exported, as the domestic market is still developing and limited. There is a growing export demand for the organic products, such as essential oil plants, herbs, spices, fruits, vegetables and honey. The supply of processed organic products is almost insignificant and there are limited linkages between the organic farmers and processors.

Table 24: Organic production and farm structure

Organic farming per production structure					
2014	2015	2016	2017	2018	2019
Organic crop production (ha)					
2.359	2.632	3.240	2.900	3.909	5.206
Organic livestock production (heads)					
57.896	77.199	86.123	100.917	115.785	115.066
Organic honey production (beehives)					
6.285	6.932	7.760	7.676	8.193	8.894
Number of certified organic agriculture holdings					
2014	2015	2016	2017	2018	2019

Organic crop production					
102	152	214	268	334	240
Organic livestock production					
70	106	155	281	211	132
Organic honey production					
50	57	65	65	67	82
Organic processing and trade					
16	22	27	24	27	28

Source: Register of organic producers, Department for Agriculture, MAFWE, 2020

According to analysis of data of the Register of organic producers (2019), average agriculture holding dealing in livestock organic production breeds 441 heads of sheep, 67 heads of goat or 60 heads of cattle, or 22,7 ha for organic crop production.

The largest share in organic crop production goes to forage (25,52%) followed by grains (16,81%), fruit (12,67%), fresh vegetables (7,31%) and grapes (2,69%). Increased share in the total organic production in the last years is observed for aromatic/medical herbs (8,71%). In livestock production, the leading sector is sheep breeding (52% of certified organic livestock producers). The share of organic goat and cattle breeding is 23-25% each. The organic livestock production is impeded by lack or expensive organic feed. As the sheep breeding practises are mainly nomadic on "clean" mountainous pastures, this sector is much "easer" to be certified as organic.

The organic production is regulated under the Law for organic production applied since 1 January 2010 and aligned with the corresponding EU Regulation No 834/2007 and the Commission Regulation 889/2008.

As to the control system of the organic production in the country, there are two certification bodies (Balkan Biosert and Pro-Cert); authorized by MAFWE for control and certification in organic production. The control bodies conduct expert control and certification in line with the MKC EN 45011 (General requirements for bodies working with product certification systems). The confirmation that control and certification bodies work in accordance with this standard is provided by the Institute of Accreditation of Republic of North Macedonia (IARNM) as a result of the process of accreditation. IARNM is a full member of the European co-operation for Accreditation (EA), and in 2012 it signed the Mutual Recognition Agreement of Accreditation Certificates (EA-MLA) with the European cooperation for Accreditation.[25]

Great advantage for organic production is the existence of autochthonous varieties of crops which are traditionally grown and are best adapted in the area where they are grown. It is very important that large presence of such varieties significantly decreases risk of production failure due to agro-climate conditions.

Growing awareness of the consumers and continuous increase in the demand of organic food will contribute to inevitable increase of the supply of certified organic products. In the past years, on the domestic market consumers were not offered sufficient quantities of

[25] The Agreement allows for documents issued by national accredited bodies referring to compliance assessment (testing and calibration laboratories, inspection and certification bodies for product certification) to be recognised in EU and beyond.

officially certified organic plant products, both fresh as well as processed. Low consumers income and high trade margins imposed by the retail network, make organic products available only to a high income categories of consumers. There are significant weaknesses to be noted and largely remain a barrier to more intensive development of organic plant production. The first weakness worth to be mentioned is the **low supply of input materials for plant production at the domestic market, including seeds and seedlings and protection products allowed for application in organic plant production. Absence of animal feed and appropriate veterinary medicine for organic livestock rearing is a weakness for further development of certified organic meat and milk products.**

Insufficient and discontinued promotion of the advantages of organic production to the environment and human health contributes to low awareness of the consumers for these products. Insufficient education and organisation of organic farmers is yet another barrier to organic plant production development both at local and national level.

Food Processing Industry[26]

The gross value added in the food processing industry (including drinks and tobacco) in 2017 was estimated to EUR 286 million and contributed to 2,8% of the GDP. The employment in 2019 was 24.088 persons, representing 3,0 % of the total number of employed in the country.

According to the last official GDP statistics (production method), in 2017 the food processing industry contributed to 22,6% to the total manufacturing output. Although the share of the food processing industry in total GDP in the period 2014-2017 remains stable at 2,8%, the value of the food processing industry output increased by 18% compared to 2014. In the period 2014-2017 the growth of the food processing industry output can be attributed as slight and constant and resulting as a decrease of the production activities of the other processing branches due to the economic crises. The output developments of food processing industry in this period of growth were achieved without an increase in the number of employed indicating an increase in the labour productivity.

A significant part of the food processing industry growth could be also attributed to the fast growth of the domestic demand and exports. The processed agricultural products accounted for 38,6% % of total imports of agricultural and food products and 20,7% of total exports of agricultural and food products in 2019. The most important export products are un-manufactured tobacco, biscuits and wafers, wine and processed vegetables.

In 2020, 637 enterprises were registered as food operators or processing of agricultural products and food of plant and animal origin and placing food on the market (FVA, 2020). The largest share of the total number of food processing companies belongs to category of SME. The largest share in number of food operators are fruit and vegetables processors (29.8%), meat processors (17.7%), milk and dairy products processors (12.9%) and wine producers (11.9%). Of the total number of approved operators for food from animal origin, total of 25 establishments are approved for export to the EU of which 6 slaughterhouse facilities for

[26] The economic development statistics which are analysed in this section are presented in detail in Table 7 unless stated otherwise.

slaughtering of sheep and/or cattle, 3 meat processing facilities, 6 facilities for calibrating and packaging of eggs, 2 facilities for fish products and 1 facility for processing of snails.

Table 25: Number of approved and registered processing enterprises

F&V	*Wine*	*Milk*	*Meat*	*Mills*	*Eggs*	*Honey*	*Fish*	*Feed*	∑
190	*76*	*82*	*113*	*75*	*67*	*19*	*4*	*6*	*637*

Source: MAFWE (2020) and FVA (2019)

Production output of most of North Macedonia's food processing enterprises is quite low compared to European average (around 2.000 EUR per person employed versus around 40.000 EUR per person employed in food processing sector in EU 27). Consequently, majority of the food processing enterprises sell their products at regional or national level. For instance, 6 out of total 28 slaughterhouses and 7 out of 82 milk processing companies are registered for export to EU. **The small capacity of food processors and low pace of implementation of EU standards are main reasons that hinder the food processing sector from becoming competitive on the mass product markets.** On one hand there are establishments, in the mainly export oriented sectors (wine, F&V and meat), with modern processing equipment that can compete on the single EU market, but they need to expand their capacities to respond to the demanded quantities. On the other hand, some processing establishments do not have the financial resources required to meet the strict hygiene and food safety standards.

The fruit and vegetable processing industry is represented by 190 registered establishments out of which 70% are performing their activity in the rural areas (Table 26).

Table 26: Number of fruit and vegetable processing enterprises and regional distribution

Region	Number of registered enterprises	Region	Number of registered enterprises
Skopje Region	37	Pelagonija Region	29
East Region	28	Vardar Region	21
South - East Region	43	South - West Region	11
North - East Region	8	Polog Region	13
Total	**190**		

Source: FVA (2019), 2020

Fruit and vegetable processing industry features low level of utilisation of production capacities. The average utilisation level was about 46% in 2017 and 52% in 2019. The total installed capacities for processing fruits and vegetables are about 120.000 tons of final product. The low utilization levels of the production capacities are due to several factors, such as: discontinuous supply of quality raw materials, import barriers for import off season raw materials, problematic access to affordable financial resources from banks, general lack of: contract manufacturing with suppliers of raw materials, skilled workers in the processing season, adequate storage facilities for storage of raw materials and finished products, development of new value-added products, well designed common marketing strategy. Despite these facts production of processed fruit and vegetables is slightly increasing, particularly in 2019.

Table 27: Production of processed fruits and vegetable

Year	Total production ('000 t)	Increase in '000 t (compared to previous year)	Increase in % (compared to previous year)	Index (2013 = 100)
2014	52,7	-2,0	-3,7	96,3
2015	56,1	+3,4	+6,5	102,6
2016	54,9	-1,2	-2,2	100,4
2017	55,3	+0,4	+0,7	101,1
2018	55,8	+0,5	+0,9	102,0
2019	62,4	+7,6	+13,9	114,1

Source: MAP, 2020

According to the product classification, 18 enterprises process only vegetables, 7 process only fruits, while 28 enterprises process both groups of agricultural products. Overall, 82% of all activities involve only vegetable processing, while 18% involve fruit processing[27]. As concerning the installed capacities, 68% are for canning, 15% are for freezing, 11% have combined activities and the remaining 6% are for drying and production of other products.[28]

Fruit and vegetable processing industry is of importance for the agro-complex and its development due to the following facts:

- processing raw material (fruits and vegetables) originates mostly from domestic production;
- the industry is export-oriented (80% of total production) to EU and neighbouring markets; and
- it employs significant part of the seasonal workers throughout the year.

Currently, there are 76 registered wineries located in the main grape producing areas in the country. Due to the introduction of more stringent conditions in terms of production facilities and equipment of the wineries, as well as the fulfilment of their contractual obligations towards the grape producers, the number of wineries in 2019 dropped from 86, as were registered in 2010, to 76 wineries that are currently registered in the Ministry's Registry of wine producers. It is expected, however, in near future, an increase in the number of registered "small / family" wineries, as the conditions for their registration were lessened with the enactment of Law amending the law on wine[29].

Table 28: Number of wine producers and regional distribution

Region	Number of registered enterprises	Region	Number of registered enterprises
Skopje Region	11	Pelagonija Region	3
East Region	6	Vardar Region	42
South - East Region	7	South - West Region	3
North - East Region	4	Polog Region	0
Total	**76**		

Source: MAFWE Department for viticulture, wine and orchards (2020)

[27] Average for 2018 and 2019 processing seasons
[28] Source: North Macedonia's Association of Processors (MAP), 2020
[29] Official Gazette no. 235/19.

Total processing capacity is almost twice the annual wine production.

The average annual wine production fluctuates between 90 and 110 million litres. The trend in wine production, however, points to a certain decrease in quantity terms, due to the fact that most of the wineries tend to focus on producing high quality bottled wines through strict selection of varieties, vineyard management and harvesting, transport and delivery practices. They also invest in sophisticated equipment for processing, finalization, bottling and marketing technologies and competitive domestic and foreign markets.

The milling industry is represented by 75 companies operating only on the domestic market. Companies in this industry primarily mill flour from wheat as well as maize, barley and rice and mix prepared flour mixes and dough.

Table 29: Number of milling enterprises and regional distribution

Region	Number of registered enterprises	Region	Number of registered enterprises
Skopje Region	10	Pelagonija Region	6
East Region	9	Vardar Region	6
South - East Region	4	South - West Region	17
North - East Region	15	Polog Region	8
Total	**75**		

Source: FVA, 2020

The milling establishments are mostly micro, small and medium-sized companies, with outdated equipment and much needed modernization of the production in order to remain competitive and meet the growing demand on the market.

According to the FVA data all registered food operators are fulfilling national standards which are completely harmonized with EU food safety legislation.

According to the FVA, there are 63 registered collection centres of raw milk, with capacity of 100 up to 12.000 litres, mostly located in Pelagonija region.

Table 30: Purchased milk quantities

Year	Cow milk (000 litres)	Sheep milk (000 litres)	Goat milk (000 litres)
2015	148.609	10.205	2.229
2016	155.868	8.501	1.796
2017	120.613	8.580	2.565
2018	158.903	7.895	2.164
2019	159.497	9.900	2.568

Source: FVA, 2020

Over the last years, the number of dairy factories is constantly increasing, where most of them work with smaller scale production. Currently there are 82 milk processing facilities approved by FVA, while 50% of the total purchased milk is processed in 3 dairies and other 50% in small

and medium sized facilities, not including the ones located in high-mountain regions of the country.

Table 31: Number of registered dairy establishments and regional distribution

Region	Number of registered enterprises	Region	Number of registered enterprises
Skopje Region	11	Pelagonija Region	11
East Region	11	Vardar Region	12
South - East Region	10	South - West Region	4
North - East Region	7	Polog Region	16
Total	**82**		

Source: FVA, 2020

According to the performed categorization per day capacity, most of the milk processing facilities are of small scale production with daily processing capacity between 1.000 – 5.000 litres, and only 4 of the factories have capacity of over 80.000 litres of milk per day. Around 51% of registered dairy establishments are with the capacity between 1.000 – 15.000 litres per day.

Table 32: Structure of dairy processors per installed daily processing capacities

	Up to 1000l	1000-5000l	5000-15000l	15000-80000l	over 80000l	Total
Number of facilities	16	24	18	20	4	**82**
%	19,5	29	22	24,5	5	**100%**

Source: FVA, 2019

The main dairy products are pasteurized milk, UHT milk, local cheese varieties, yogurt and sour milk. Processing facilities are more interested in getting quality raw milk, meeting the required standards of quality and safety, basically from the specialized farms or smaller farms associated with agricultural cooperatives or organizing a milk collection centres. **Very small livestock farms (1-3 cows) hardly meet the necessary requirements for milk quality.**

Annually around EUR 60 million have been allocated to support livestock production. But, this support does not give the desired result and imports of fresh or frozen meat still remains with over EUR 102 million trade deficits. Statistical data show that in past four years the domestic meat production is reduced around 26% (beef, ship and poultry) and increased by 35% only for pork meat. Annual needs in North Macedonia for fresh meat and meat for processing amount nearly 11 thousand tonnes of pork meat, 20 thousand tonnes of beef meat and around 22 thousand tonnes of poultry. Around two thirds of these quantities are covered from import which is growing annually due to the growth in the meat processing industry in the last 4 years.

Meat capacities in the country satisfy the needs of the domestic market for fresh meat. There are 113 companies in the meat processing industry and 23 slaughterhouses (1 for game animals slaughtering).

Table 33: Number of meat processing enterprises and regional distribution

Meat Processing	
Region	**Number of registered enterprises**
Skopje Region	38
East Region	8
South - East Region	4
North - East Region	17
Pelagonija Region	8
Vardar Region	23
South - West Region	4
Polog Region	11
Total	**113**

Source: FVA, 2019

Table 34: Number of slaughterhouses and regional distribution

Slaughterhouses	
Region	**Number of registered enterprises**
Skopje Region	3
East Region	1
South - East Region	7
North - East Region	2
Pelagonija Region	1
Vardar Region	4
South - West Region	0
Polog Region	5
Total	**23**

Source: FVA, 2019

By contrast, North Macedonia is a net exporter of lamb meat. About 85% of lamb carcasses are exported to EU countries mainly to Italy and Greece, particularly, in the periods around Easter and Christmas. These markets require lambs with a weight of carcass from 7 to 8 kg as fresh chilled meat. Although North Macedonia's export to the EU is released from fees for imports, distinguished "North Macedonia's lamb" is currently under threat as a result of the introduction and interference of different breeds. Therefore, it becomes more difficult to produce uniform slaughtered lamb with the required qualities.

The total production of pork meat in 2019 was around 13.384 tonnes which is an increase of 26% compared to 2012. Pigs for fattening are slaughtered with an approximately 100 kg live weight. It is estimated that about 90% of domestic demand for fresh pork meat is covered by domestic production. Deficiency of pork meat on the domestic market and meat processing industry is covered by import of fresh, chilled or frozen pork meat (in 2019, 11.984 tonnes were imported which is a decrease of about 12% compared to 2018 when 13.574 tonnes of pork meat were imported).

The production of poultry meat is mainly based on slaughtering of chickens-broilers. According to the SSO data the total production of poultry meat in 2019 was around 1.490 tons, which shows increasing for 7,6% compared to 2012. Production is organized in large industrial type farms and in small private farms and on contractual basis. Only three slaughterhouses with a daily capacity between 1.200 to 1.500 heads/hour operate in the country, which limits the development of the poultry industry. The domestic production of chicken meat has a fast growth in the last decade, however covers only 20% of domestic market demand. Therefore, the largest quantity of chicken meat is imported as frozen chicken meat. Import of chicken meat is an important portion of the overall import of agro-food products.

Despite the dynamic investment activity of food processing enterprises in recent years, including under IPARD II (66 investments / 15,6 million Euros approved, of which 44 investments / 6,8 million Euros paid by June 2020), the need for further investments is still

considerable, especially in those sectors that cater to the demand of the domestic market – milling products, meat and milk processing, production of oils and fats of animal and plant origin – as well as in the sectors that are export-bound – fruit and vegetable processing, wine making, processing of medicinal and industrial crops, honey production. For the enterprises that have problems with quantity, quality or the prices of raw materials the investments should be combined with priority measures for increasing the competitiveness of the primary sector.

The level of technical and technological quality, which is of crucial importance for the industry in order to withstand competitive pressures in the enlarged European Union, is still quite low. Food enterprises have also problems with worn-out or inadequate equipment in the processes of quality control, packaging and labelling. In the various technological lines the new equipment of less than 5 years in use comprises less than 10% of all equipment involved. Due to lack of finances for new technologies often the investment decisions in the processing sector are resulting in purchase of used equipment and machinery from EU countries mainly as reportedly the price is half of the price for new technology. Competitive pressures on the domestic market are mounting as substantial part of meat and milk processors do not yet have permission to export to the EU market.

Half of the fruit and vegetable processors are certified under the ISO 9001 and only about 10 companies are certified under ISO 22000. Fruit and vegetable processors and exporters of fresh fruit and vegetable have raised interest in implementing BRC for exports on the UK markets. As for the systems for traceability of products, more than half of all food enterprises reported that they maintain such systems specially the milk and meat companies.

There is still a need for more investment in environmental protection by food processors especially for management of waste from animal origin, as processing of fruit and vegetables is considered a sector with a relatively small share of environmental pollution. There are no enterprises in the meat sector which have rendering facilities and waste disposal poses great pressure on the production activity especially in rural areas where the waste disposal systems are underdeveloped.

The energy efficiency of food industry enterprises is low due to use of energy-inefficient technologies, equipment and buildings. Therefore, special encouragement of energy efficiency measures in food industry is needed to reduce cost and improve competitiveness of enterprises. The food industry enterprises has to be encouraged also to utilise renewable energy sources to increase their efficiency and making them more environmentally friendly.

An important need for the food processing industry enterprises is the improvement of the system for vocational training and increasing the share of workers and managers participating in continuous vocational training. Training related to compliance with EU food safety standards is considered as a key priority. In this respect, in December 2019, the Ministry of Education and Science in North Macedonia established a working group (Financial Expert Group - FEG), with representatives of the Cabinet of the Deputy Prime Minister in charge of economic affairs, key ministries, relevant institutions and employers. FEG has a mandate to propose to the Government of North Macedonia models for improving and innovating the current vocational training financing, with greater involvement of the business sector.

Priority must also be given to funding innovations, the production and marketing of new food products and diversification of the variety of output, which will lead to an increase in the added value of agricultural products.

Foreign Trade in Agri-food Products

In 2019, the overall trade (industrial + agro-food products) (export + import) has increased by 10% compared with 2018. As to the export of agro-food products in 2019 compared to that of 2018, it continued to goes up by 14,5%, reaching for the first time the value of over 0,6 billion EUR (625 million). At the same time, the 2019 value of the agro-food import in comparison to 2018 value increased by 5,7% (from 792,2 million EUR to 837,1 million EUR). The share of export of agro-food and fishery products in total export from North Macedonia in 2019 was 9,72%, while the import of agro-food and fishery products in total import participated with 9,89%.

The trade deficit come to the highest negative values in 2018 of 246,6 million EUR, while in 2019 it got back to the level that is more common for the last years of 212,6 million EUR.

Table 35: Agri-food and fisheries trade

in million €		Total trade (industrial + agricultural products)	Total trade with agricultural, processed and fisheries products	Share of agricultural, processed and fisheries products in total trade
2014	***Export***	3,722.95	486.24	13.06%
	Import	5,484.96	649.02	11.83%
	Balance	-1,762.01	-162.78	9.24%
2015	***Export***	4,051.23	486.7	12.01%
	Import	5,776.93	700.6	12.13%
	Balance	-1,725.70	-213.9	12.39%
2016	***Export***	4,329.27	530.52	12.25%
	Import	6,106.73	718.01	11.76%
	Balance	-1,777.46	-187.49	10.55%
2017	***Export***	5,007.19	536.23	10.71%
	Import	6,824.92	759.84	11.13%
	Balance	-1,817.73	-223.61	12.30%
2018	***Export***	5,860.83	545.50	9.31%
	Import	7,671.95	792.15	10.32%
	Balance	-1,811.12	-246.65	13.61%
2019	***Export***	6.423,70	624.5	9.72%
	Import	8.463,17	837.15	9.89%
	Balance	-2.039,47	-212.65	10.42%

Source: SSO, 2020 (MAFWE calculations 2020)

The EU countries are key Agri-food trade partners in terms of imports and exports respectively. In 2019, the total value of Agri-food and fisheries trade (export + import) with EU-28 countries amounted to 720 million EUR. The share of agro-food and fishery products export to EU-28 in total Agri-food and fishery products export in 2019 was 49,7%, while the share of import from EU-28 in total agro-food and fishery products import in 2019 was 48,9%.

Second important Agri-food trading partner in 2019 are CEFTA countries with total value of trade (export + import) of 457,5 million EUR. The share of agro-food and fishery products export to CEFTA countries in total Agri-food exports was 35,1%, while the share of import from CEFTA countries in total agro-food and fishery products imports was 28,5%. The most important CEFTA trade partner was Serbia with 10,9% share in total export of agro-food and fishery products and 22,8% of total Agri-food and fisheries imports.

The country is net exporter of tobacco (dry oriental), wine, vegetables and lamb carcasses, and net importer of fish and fishery products as well as chilled and frozen meat.

Foreign trade by Agri-food commodity group is presented in Annex 4 to this programme.

3.2.2 Competitiveness of Forestry Sector

The forest area covered 1.019.253 ha[30] of the total land area in 2019. Out of this area, 596.795 ha are deciduous forests, 62.884 ha coniferous, 314.278 ha mixed and 44.376 ha degraded forests. According to origin, the forests are classified as: *High forest* - occupy of 31% of the total forest area and *Low forest* - occupy 69% of the total forest.

Regionally, the richest forest region is Southwest, with around 190 thousand ha, and the poorest is the Northeast region, with around 77 thousand ha. Distribution of forest cover throughout the country is uneven in terms of quantity and quality. High forests with good quality are located along state borders, far from the industrial and inhabited places and human influence. Low-quality coppice forests are located in the central parts of the country, and their condition has resulted partly from climate conditions (e.g. forest fires) and partly from human activities (timber harvest).

The state owns around 87% of the total forest area (total cut wood mass of 71,6%). The private owned forests are around 13% of the total forest area, and their portion of the total cut wood mass in 2019 is 28,3%.[31]. There are more than 200 thousand parcels of forests owned by around 65 thousand households. According to the 1998 Cadastral survey, **the average size of forest parcels is 2.48 hectares, with an average of 0.37 ha in private ownership, and 8.39 hectares in state ownership.**

The share of forestry (logging) in GDP accounts for around 0.34% in 2017. The general contribution of the forestry and wood industry (primary and secondary wood processing, furniture, paper and celluloses, etc.) in the GDP is 1.24%. The employment in the forestry sector is estimated between 0.3%-0.5% of the total employment. These numbers are estimated to increase for the employment in the wood industry. The share of forestry sector (logging and wood industry) in the exports is insignificant since the country is mainly import dependant on import of high value added wood products as well as raw materials for the carpentry and building industry.

The growing stock of all forests amounts to 91,4 million m^3 or 92,8 m^3/ha, while the annual increment is 1,99 million m^3 or 2,0 m^3/ha or 2,15% of growing stock. The annual projected

[30] SSO: http://makstat.stat.gov.mk/
[31] SSO: http://makstat.stat.gov.mk

woodcutting mass is about 1,44 million m³ and is at the level of about two thirds of the annual increment. Annual actual logging volume for 2019 is 759 thousand m^3 in 2019 and is mostly firewood (81%), which is used by households. Logs are used mostly by domestic industry, and only a small part is exported. The country has significant resources of other forest products: medicinal plants, wild mushrooms, forest fruits, and a diverse game. Furthermore, high forests have great potential recreational sport, eco-tourism and recreational hunting. The utilization of forests and the forest products (including game breeding and hunting) is regulated according to the Law on forests and hunting.

Forestry policy is managed by MAFWE. State-owned forests designated as forests for economical use are managed by the Public enterprise "Makedonski sumi" and its 30 regional offices. State-owned forests in protected areas are managed by separate public entities designated with the specific law proclaiming the protected area. In the terms of designation, around 92% of total forest area has been designated as forests for economical use (including protective forests), and around 8% are forests in protected areas.

Private forest owners are organized in association "Association for Protection of the Interests of the Private Forest Owners" established in 1998. The association is crucial stakeholder actively participating in policy design and implementation.

Extent of protected forests

Currently there are three proclaimed national parks in the country: National Park "Pelister" on a forest area of 171,15 km^2, National Park "Galichica" with area under forest of 227 km^2 and National Park "Mavrovo" being the largest national park area in the country of 780 km^2.

Pelister is one of the first protected national parks in the Balkans, obtaining this status in 1948. The five-needle (Pelister) pine - tertiary flora – Molika (Pinus Peuce Griseb), the only such variety in the world, covers an area of about 1,6 thousand hectares. National Park "Galichica" is situated on the slopes of Mount Galichica (between Lake Ohrid and Lake Prespa) and was declared a national park in 1958. National Park "Galichica" is covering an area of 22.750 hectares with nineteen different forest communities. National Park "Mavrovo" was declared as such in 1949. In 1952 it was enlarged to 73.100 hectares out of which around 27 thousand hectares are birch and pine forests.

The "Jasen forest reserve" is proclaimed as special protected area in 1958. It covers an area of 24 thousand hectares and stretches across the mountain massifs of Suva Gora, Suva Planina and Karadzhica. This park falls into the category of special natural reserves protecting many species of flora and fauna and other natural rarities.

There are also forests in two protected areas in the category of monument of nature - "Smolarski Vodopadi" which were proclaimed as such in 2006 and "Vevchanski Izvori", proclaimed in 1999.

Forestry strategy and policy

According to the Sustainable Development Strategy for Forestry, 2006 the main objectives for forest development are: expanding forest area and quality improvement, sustainable development of economically viable forestry, increasing the contribution of forests and related

goods and services to the quality of life in rural areas, enhancing the public and social functions of forests and forestry through valorisation of its general and social functions, and raising the awareness of the environmental and social values of forests.

The strategic objectives are implemented via Program for Expansion and Reproduction of Forest focusing on the measures for afforestation, protection of forests against diseases and pests, prevention of drying of pine forests and prevention of forest fires. Each year with the Program, seedlings of various forest types have been provided and used for afforestation of privately owned bare land (distribution based on official request from owners).

For rising the awareness of the environmental and social values of forests, in the period 2008-2017, the country implemented wide public environmental action under the campaign "Day of the Tree – Plant your Future". The actions are joining the global campaign "Billion Tree Campaign" launched in 2006 by the United Nations Environment Programme (UNEP) as a response to the challenges of global warming. Within the period, it is estimated that around 13.000 ha were afforested with around 35 million trees.

Although the country has great potential for development of forestry, impeding factors are: low quality of local raw materials and shortage of industrial timber. Forest industry is faced with shortage of modern equipment and automation systems which are not produced in the country. Level of investments is very low, especially in foreign direct investments. Research, innovations and technology transfer in the forestry sector are unsatisfactory, and collaborations with Forest faculty and other research institutions are negligible.

Poor forest infrastructure impedes the forest sector development as well. Lack of access to forests affects the timely maintenance of forests (pruning and clearance from branches and bushes) which is one of the prevention measures for forest fires and prevention measures for protection against diseases and pests. Also logging is underdeveloped and done without modern equipment.

Bulk of investments, are needed for improvement of the forest-management, wood felling and improvement of the forest infrastructure. The improvement of the economic value of forests could be achieved by planting appropriate species for timber production, including for biomass production and investing in installations and equipment for processing and utilization of this wood biomass. Presently no complete research has been done regarding the unused biomass capacity of the forests.

The main threats and problems in forest management and governance are: extensive illegal logging, forest fires that have affected an estimated 10 thousand ha in average per year[32], **drying of forests** due to drought and climate change, i**nsect calamities and diseases, low level of management activities in private forests**, due to small size of forest parcels, their fragmentation **and low income from logging activities**.

High share of forest owners' are living in urban areas without motivation to do appropriate and expensive silvicultural activities in their forests. It is also reported by the private forest owners that the over-regulated and controlled logging by the state even in private forests is

[32] Source: State Inspectorate for Forestry and Hunting - Ministry of Agriculture, Forestry and Water Economy

discouraging for further development of their forests. In addition, it was reported that access to trainings for improving knowledge in technical matters of forestry work and sustainable forest management is needed – both for public and private forest management.

Yet, the most significant impact on forest management has been forest fires: according to the statistical records[33], the forest fires in North Macedonia, caused mainly by human factors, destroyed averagely even 0,6% of forest area annually in the period 2010 – 2018. In the last years, there were two pronounced peaks of forest fires, first - in the dry year of 2012 (with 19 thousand ha or 2% of burned forest area),- and second, - in 2017 (with 13 thousand hectares or 1,3% of forest area). One of the contributing factors was climate conditions, i.e. a dramatic heat wave and the highest temperatures ever recorded along with the prolonged dry period pushed the usual summer forest-fire season drastically beyond its usual pattern. It is evident that forest fires not only destroy the biodiversity, change the micro-climate, and create potentials for erosion, but also cause enormous economic losses which will take decades to be recovered.

A national early warning system for forest fires "North Macedonia's Forest Fire Information System"[34] has been developed. The system is built within the framework of the JICA/CMC project: "Development of Integrated System for Prevention and Early Warning of Forest Fires". It is expected that the outcomes of the system will enable the forestry policy to adaptation of measures of prevention and pre-suppression, conduct analysis on forest fire risks, which will lead to decrease in the number of forest fires and burned area.

3.2.3 Competitiveness of Fisheries and aquaculture

Fishery has insignificant share in the national GDP of only 0,3% in 2018. The employment in the fishery sector is also at a very low level, with an annual average of 392 employees in 2019. Employments in the fishery sector are related to fish catching, activity in fish hatcheries and fish farms, as well as fishery related services. As land-locked the country is net importer of fish and fishery products – mainly of sea origin. Share of fish and fish products in the total import of agro-food and fish products from EU-28 for 2019 was 2,3%.

Out of the total area of the country, about 56 thousand ha are suitable for fishing, of which, 46,7 thousand ha are natural lakes, 6,4 thousand ha are artificial lakes and 2,2 thousand ha are rivers. Commercial fishery in fresh waters is primarily conducted in the three natural lakes – Ohrid, Prespa and Dojran as well as in the artificial accumulations. Recreational (sports) fishing is conducted in all water areas.

The production structure of the fishery sector is comprised by aquaculture capacities, commercial fishing in the lakes and recreational fishing. Aquaculture production mainly concern breeding of carp and trout. According to the 2020 data from the Register of aquaculture producers in MAFWE, total of 107 aquaculture capacities are recorded with installed capacity of approximately 4.000 tonnes.

[33] http://makstat.stat.gov.mk/PXWeb/sq/441069c7-efbe-4eea-99b0-325022aafb12
[34] More information available here: http://mkffis.cuk.gov.mk

Table 36: Structure and size of aquaculture capacities

Fish	Number of capacities according to production size in tones				Total number
	Up to 20t	20-50t	50 – 100t	Above 100t	
Trout	33	9	7	3	52
Carp in cages	15	7	3	1	26
Carp in polls	17	1	2	-	20
Mixed	6	3	-	-	9
Total	**71**	**20**	**12**	**4**	**107**

Source: MAFWE, Department for Agriculture – Unit for fisheries (2020)

Total fish production in the country is based on aquaculture production and catch of commercial fishing which is done only in freshwaters. According to the MAFWE records, the production of more important fish species in the period 2014-2019 for both, aquaculture production and catch of commercial fishing was as follows:

Table 37: Aquaculture production and catch of commercial fishing

Fish	2014	2015	2016	2017	2018	2019
	Total/kg.	Total/kg.	Total/kg.	Total/kg.	Total/kg.	Total/kg.
Trout	834.456	822.205	1.142.840	1.128.413	1.155.532	1.132.020
Carp	355.442	381.400	513.819	588.887	613.791	524.343
Catfish	5.187	521	3.207	4.747	5.989	1.849
Eel	3.869	794	905	914	407	352
Others	124.621	106.005	130.953	85.946	97.910	47.215
Total	**1.323.575**	**1.310.925**	**1.791.724**	**1.808.907**	**1.873.629**	**1.705.779**

Source: MAFWE, Department for Agriculture – Unit for fisheries (2020)

Besides aquaculture production and commercial fishing, it is estimated that about 130 to 150 tonnes of all kinds of fish are caught by performing annual recreational fishing.

The aquaculture production has steadily increased in the period, primarily due to intensification and increased capacity via reconstruction of existing old capacities and new investments. North Macedonia is participating to the Eureopan Strategy of Adriatic Ionian Region having a dedicated flagship priority on "Promoting Sustainability, Diversification and Competitiveness in the fisheries and aquaculture sectors through education, research & development, administrative, technological and marketing actions, including the promotion of initiatives on marketing standards and healthy nutritional habits". This offers the opportunity for joint new projects for enhancing the development and resilient if fisheries and aquaculture sectors.

3.2.4 Human capital and knowledge transfer

North Macedonia's Agriculture Knowledge and Information System (AKIS) is comprised of the educational institutions and research institutes, non-formal education institutions and advisory and extension agency and consulting companies. The private sector which provides inputs to farmers by large plays a role in transfer of innovative practices and technological advantages while promoting their products. Farmers associations are involved in the process with limited capacity. Therefore, the system integrates farmers, agricultural educators, researchers and extension to harness knowledge and information from various sources for better farming and improved livelihoods. No formal integrated system is established yet and the actors

are largely demand driven without strategic guidance. However, the establishment of the AKIS is already introduced as part of the NARDS 2021-2027, where it is foreseen the establishment of the national integrated AKIS according to European standards to be regulated by a special Law on System of Knowledge and Innovation in Agriculture which will cover the components, planning, implementation and financing of the system, organized through a separate Program for knowledge and innovation in agriculture.

3.2.5 Agriculture and forestry education

The country's educational system, under the responsibility of the Ministry of Education and Science (MoES), went through reforms towards the modernization and improvement of the curricula and educational activities.

The country's agricultural higher education system includes six educational institutions: Faculty of Agricultural Sciences and Food in Skopje, Faculty of Veterinary Health in Skopje, Faculty of Furniture and Design of materials in Skopje, Faculty of Forestry in Skopje within the University of Ss. "Cyril and Methodius" in Skopje, Faculty of Biotechnical Sciences in Bitola, Faculty of Food Technology within the state University in Tetovo, and Faculty of Agriculture in Stip within the University "Goce Delcev" in Stip. In the period 2016-2018 an average of 302 students per year graduated the abovementioned educational institutions.

Table 38: Number of enrolled students in first year of higher educational system

Faculty	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Public higher educational establishments	15.625	14.364	13.036	12.473	11.479	10.525
Private higher educational establishments	2.728	3.723	3.059	3.167	2.893	2.360
Total	**18.353**	**18.087**	**16.095**	**15.640**	**14.372**	**12.885**

Source: SSO 2020 MAKStat Database (http://makstat.stat.gov.mk/)

Within the educational institutions efforts are put in order to provide effective and modern curricula, educational and qualification standards to the needs of much larger community of small- and emerging medium-scale farmers and agricultural industry and individuals. In addition, the stand-alone nature of the country's agricultural universities in a way hampers the possibility of interdisciplinary studies, which are important in sectors relevant to EU policies (cross-compliance principles, environmental dimension and rural development). At the same time, there is a need for constantly building linkages between schools and businesses.

There are four research institutes, affiliated with the universities – Agriculture Institute, Livestock Institute (including fisheries) based in Skopje, Tobacco Institute based in Prilep and Institute of Southern crops based in Strumica. The only government support to the research institutes are the salaries of the research staff and free of charge state owned agriculture land for research purposes. The research funding of the institutes comes from own resources, thus it is very modest. Agricultural research institutions currently employ some 300 person's fulltime or partly engaged in research, of which about 40% are at graduate or post-graduate levels. Apart from institutes, a smaller portion of research in agriculture is conducted by high educational

institutions in the area of agriculture and by the country's Academy of Sciences and Arts. All these institutions suffer from major institutional deficiencies: low capability to respond to upcoming challenges and support policy reforms in EU approximation process, and to prepare and implement EU funding research projects; insufficient facilities, equipment and materials, and unsatisfactory level of young researchers' ratio in the total number of researchers. Research is still oriented towards large-scale agriculture production rather than based on needs by the wider community of small- and medium-scale farmers. The largest weakness of the agriculture research institutions is the lack of capacities for applied science. Although the institutes are entitled to state owned agriculture land, they lack of finances to further develop demonstrative fields and breeding facilities.

High education in agriculture sector is organized in 10 high schools located in the main agriculture regions. Secondary schools are providing vocational education in the field of agriculture and veterinary. The schools are placed in several larger towns in the country, Strumica, Kavadarci, Bitola, Prilep, Kumanovo, Valandovo, Resen, Sveti Nikole, Tetovo and Skopje. This distribution of the schools in some way enables equal opportunities for enrolling of pupils from the whole country.

The high schools are performing 3 year and 4 year programmes. In the most recent years, the agricultural schools are intensively involved in the creation of conditions for specific adult education programmes in the area of agriculture. These institutions have potential for playing a key role in provision of training to farmer's, bearing in mind their close location of the facilities and human capacity sufficiently skilled for technological production practices. However, they lack of appropriate demonstrative farms to carry out the practical trainings and the human potential lacks of knowledge in EU standards and environmental practices. These schools have also potential to provide advisory services to farmers.

Year by year, there is decreasing interest in agriculture-related professions driven by the labour market. This situation could worsen given the deteriorating trend in the agricultural sector, the low level of professionalism and commercialization of farm production and limited job opportunities. In addition, within the formal education system in the country, when it comes to post-graduate studies in agriculture, the students receives modules for scientific approach (Master of Science), but there are no specialized studies in certain areas (Specialized Master Diploma). Policy related subjects are lacking in the study programmes. Also the education and research institutions have failed to develop potential to support the EU approximation process in agriculture sector. Their involvement in policy design is limited and demand driven instead of proactive and to perform the role of development driver of the sector.

On the side of the farm holders, almost half (45%) of agriculture holdings managers are with primary, incomplete primary education or no education[35]. The situation is even worse if we consider that from all people engaged in agriculture which have obtained secondary or higher education, only 9% are with agricultural, veterinary or other relevant vocation. Absence of organized training system for agriculture producers (owners, workers) is the major weakness in development of the agriculture human potential actually dealing with agriculture production.

[35] SSO: Structure and typology of agricultural holdings, 2016

3.2.6 Advisory services

In the country, agricultural advisory services are primarily provided by public sector institutions and increasingly by the private sector, including farmers associations. The private sector includes different categories service providers. The most relevant, though still limited at country level, are the individual advisors or consulting firms (agricultural engineers, economists, agronomists, soil specialists, plant protection specialists, veterinaries, etc.) that in some cases also avail of laboratories and professional equipment. Usually, the frequency and distribution (number of advisors, range of available specific expertise) of delivered advice by this category is directly related to the level of economic and demographic development of the specific regions, being more concentrated where agriculture is prosperous and economically important in the region. Their target groups are progressive farmers, willing and able to pay for specialist services, and agro-processors. In these regions, advice is also provided by input suppliers (seeds and seedlings, fertilizers, agrochemicals) and machinery and equipment suppliers, as part of pre- and post-sale company policies.

The range and the quality of services provided by the existing farmer associations and producer associations are variable and determined by their internal human and organizational resources and to the availability of international projects and funds. Generally, these still **offer a limited range of services, use insufficiently diversified methods, address limited target groups and have a partial effect in satisfying the advisory needs.**

The advisory system in the country is organised as pluralistic - public and private. The public advisory system is implemented by the National Extension Agency established in 2001 from the former State Bureau for instigation of agriculture. The transformation was facilitated by World Bank loan financed “Farmers Support” Project complemented by grant from the Dutch Government.

The aim of the transformation was to establish a professional demand driven and users managed Agency, securing its operating costs from supply of quality services to farmers. The managing board consists of representatives from MAFWE, education and research in agriculture and the agriculture producer’s organisations. The activities of NEA, after being approved by the managing board, are adopted each year in form of Annual Working Plan by the Government.

NEA is performing its activities via 30 local units and additional 36 mobile units on the whole territory of the country. Around 80 advisors are engaged in NEA. The remaining staff of around 50 is administrative support in the headquarters in Bitola. Among its regular extension activities, the Agency also acts as data collector for FADN system.

The NEA advisory capacity is narrow in scope of advisory services provided to farmers and in terms of advisory methods applied. The activities of NEA can be mostly characterised as extension i.e. acting as info points for information to farmers on the national support policies. The general education level of NEA advisors is relatively good (78% university graduates), but with general lack of skills updating (regular trainings or trainings out of date) their **capacity to fulfil their tasks is inadequate to prepare farmers to the emerging technologies and production standards and towards the EU accession requirements.** There is no competence

on agri-environmental aspects agriculture production or solutions to problems outside those directly related to primary agriculture production technology. Skills related to economic analysis and farm business management are very limited. NEA advisors lack skills in adult education and group training methods, and participatory techniques as well as one-to-one advice. Contacts with research, which could be a way to renew skills and encourage innovation, are very limited and in ad-hoc basis with narrow focus on production technologies, rather than advisory methods, innovations or economic/market analysis.

Presently, private sector is emerging in the area of extension and advisory services, but it is still at the initial phase of development. Some private market-oriented consulting companies, mainly individual-owned enterprises, were established with support provided under the IFAD project. The grant support for establishment of those companies was aiming to complement the lack of specialised expertise in the commercial banks for delivering loans to agriculture. After finishing the IFAD project, these companies had found their role in supporting applicants for IPARD I and IPARD II as well. However, the progress towards developing a vibrant, private commercial agriculture remains unassertive.

In the past experience of IPARD I implementation, the performance of the public and private advisory services has been pointed out as very weak or absent in providing quality support to potential recipients. **Weak advisory services were being also identified as one of the main reasons for high rejection rate of project applications** by the IPARD Agency and one of the factors for de-commitment risks. This situation, however, to a certain extant has been improved under the IPARD II implementation. **Absence of proper information and communication, qualified staff and organizational structure of the advisory services as well as lack of on-going training and information exchange are still identified as areas to be improved.**

Recognising this weaknesses in the advisory system, a draft Law on advisory system was prepared by MAFWE and is due for its initial review in 2022. The draft legislation regulates the areas in which publicly funded advisory packages are to be provided to farmers as well as the role of the public and private institutions to deliver public advisory packages. The role of the agriculture NGO's is also recognised as provider of advisory services. In addition to this, it is expected that an Advisory services support project under IPA II 2019 will commence in the second half of 2021.

3.2.7 Access to credit

The access to credit has been one of the main problems limiting the development and modernisation of agriculture holdings. Although the situation has been improving since 2014, access to credit resources for rural and agricultural activities is very limited since the financial institutions are quite reluctant to invest the area. In total, the national credit exposure to agriculture, fishery and forestry is about EUR 81 million (NBRNM, 2018), which is only 3% of the total business credit exposure in the country.

The major lending risks identified are: ownership problems and seasonality of the production, rural enterprises are generally micro and small-scale, with low managerial and administrative skills. Also, **the low interest of the financial institutions to finance agriculture and rural**

activities is due to a lack of knowledge of the characteristics and performance of the agricultural and rural businesses, lack of proper know-how and skills for appropriate analysis of the agricultural and rural businesses, for risk assessment and cost-effectiveness of the investments, and therefore lack of previous experience in approvals and disbursement of credits in this sector. Furthermore, the high administrative expenses especially connected to the processing of the small loan applications makes the individual farmers and rural businesses less attractive for the banks and saving houses. The economic crises have further impacted the increased risk adverse behaviour by the banks largely avoiding funding of agriculture and micro and SME investments. Due to the recession, banks have tightened their criteria for lending to businesses, which is likely to have undesirable consequences on companies' investments and economic growth. The agriculture and food industry are among the worst affected sectors, since they are considered as risk sectors by the banks. This risk averse behaviour by the financing sector had lesser influence on the performance of the IPARD II compared to IPARD I.

On the borrower's side, **both farmers and rural entrepreneurs have, generally, low educational level, limited knowledge of commercial crediting (interests rates, repayment schedule, grace period, collateral etc.) and preference to borrow funding informally.**

The start of IPARD II implementation in 2017 and permanent growing interest for the IPARD funds has encouraged some of the banks to develop special lending products for small and medium-sized companies, including agricultural producers. To facilitate the access to credit of IPARD potential recipients, the IPARD Agency have negotiated an memorandum of understanding with the association of commercial banks, for mutual recognition of the IPARD application documents and approval procedures as to provide easier access of recipients with the same document package.

The access to credit has been facilitated by the activities of North Macedonia's Development Bank with the aim to support government SME policy and support to agriculture and rural development. In 2010, North Macedonia's Bank for Development Promotion has started administrating an Agricultural Credit Discount Fund (ACDF) - credit line intended for crediting of primary agricultural producers, agro-processing SMEs and agro-export SMEs. This credit line represents significant government instrument aimed to overcome the problems in rural and agricultural financing ACDF loans are disbursed through commercial banks and saving houses. In addition, the Government has introduced a subsidized interest rate as a measure included in the national program that applies to credits raised for IPARD supported investments. With this measure, 50% of the interest is supported, but only if the interest rate does not exceed 8%, and the repayment period is shorter than 10 years.

Yet, **access to credit remains a problem for small and medium-sized agricultural producers and rural entrepreneurs, which limits their investment and reduces demand for grant support.** MAFWE will follow the developments of the credit market, and, where feasible, will propose and implement measures to reduce barriers to credit access. One of the proposals for improving the absorption capacity of the available grant support schemes for investment was to establish a state guarantee instrument for the agriculture and rural businesses and micro-lending schemes.

3.3. Environment and land management

The recent data shows trend of agricultural land abandonment and changes in land usage from agriculture to other land use or transformed to artificial surfaces, followed by the process of marginalization of agriculture.

The soil quality and soil fertility is mostly affected by over use of fertilizers and protective materials (soil pollution), loss of soil organic matter and soil compaction of the upper soil layers due to the both dryness and intensive rainfalls.

The water pollution risks are high in the intensive agricultural regions with mono-cropping patterns near the water sheds and lakes.

The main characteristics of biodiversity in North Macedonia are the richness and heterogeneity of species and ecosystems and the high degree of relativity and endemism.

Agriculture, Forestry and Other Land Use (AFOLU) is unique among the sectors considering the numerous processes leading to emissions and removals of greenhouse gases (GHG), which include emissions associated with Livestock, Forestry and Other Land Use (OLU).

The negative effects of climate change are set to have a greater impact on agriculture than any other sector in the country, significantly reducing the yields of most crops.

High nature value farming (HNF) in the country are: combined system of extensive pasturing on semi-natural grasslands and semi-intensive agriculture, semi-natural meadows or planted meadows, winter pastures, summer pasturing on highland pastures, old extensive or semi-intensive orchards, and system of mosaic formations.

3.3.1 Risks of land abandonment and marginalisation

Due to the characteristics of the land on the territory of North Macedonia, out of 44 possible classifications under the CORINE Land COVER nomenclature, 33 classifications up to 3rd level of the nomenclature have been identified.

According to this nomenclature, the highest percentage of the land, is under forests and semi-natural areas that cover 15.770 km^2, or 61.3% of the total surface area. The category of agricultural areas takes 9.248 km^2 or 36%, the category of water bodies takes 577 km^2 or 2.2%, the category of artificial surfaces takes 464 km^2 or 1.8% of the total area and the smallest area of 22 km^2 or 0.1% of the total area belongs to the category of swamps. According to CORINE Land COVER, differences between 2012 and 2018 occupy a territory of around 28.985 ha or approximately 1.13% of the total national territory.

For the period of 2002-2018, major changes can be noted in artificial areas with 2.302 ha generated in addition. Another negative trend is decreasing of the area of agricultural land by 1.996 ha in 2018 compared to 2002. Other changes are minor from decreasing water bodies for 24 ha, increasing wetlands for 32 ha to decreasing total area of forest and semi-natural areas for 288 ha.

The indicator for number and surface size of designated areas in 2019 represents the total number and the surface size of the various categories of designated areas in North Macedonia, protected based on national legislation and international agreements. The network of protected

areas in North Macedonia includes 86 areas with total surface area of 230 083 ha, which is approximately 8.9% of the total territory of the country.

3.3.2 Climate change impact on agriculture, needs for adaptation and mitigation measures[36]

According to recent research, this country is expected to be amongst the first to experience warmer summers with less rain but with more intense rainfall and an increased number of storms and hail, prolonged heatwaves and more severe droughts and floods. The negative effects of climate change are set to have a greater impact on agriculture than any other sector in the country, significantly reducing the yields of most crops.

Analysis of different climate change scenarios for the country show that the mean annual temperature will increase by 1.0°C by 2025 and 1.9°C by 2050, while mean precipitation is projected to decline by 3% and 5% in the same time periods, meaning a significant increase in aridity.

As overall climate change is projected to have a negative impact in almost all important agricultural regions in the country, there exists a continued need to develop and implement adaptation options to increase the resilience of agricultural systems in North Macedonia.

Vulnerable sub-sectors are: crop production, soils, and animal production. The downside risks for the agricultural sector of North Macedonia outweigh any potential benefits.

The following crops were defined as vulnerable crops:

- Vines/grape as the most important crop in Vardar Region;
- Tomatoes as the most important vegetable crop in a predominantly vegetable growing agriculture in the south-eastern part of the country (Gevgelija – Strumica);
- Winter wheat as the most important cereal in Skopje – Kumanovo and Ovche Pole region; Apples in the Ohrid - Prespa Lake region, especially Resen;
- Alfalfa as a crop with a very high water demand and huge importance in the livestock sector that is vulnerable in all agricultural regions of the country, especially for the Bitola region.

The forestry sector is expected to experience a high level of impact from climate change, especially boreal forests, where those impacts could be dramatic in terms of damage. The major sources of exposure (and associated impacts) for forests in the country are increasing temperatures, precipitation decreases, increasing frequency of forest fires, and changes in forest productivity.

General adaptation options for the agricultural sector of North Macedonia are to invest in research and extension services; to enhance the capacity and delivery of information to the agriculture sector, with particular reference to climate change and the implementation of adaptation options; improve early warning and weather information systems, including frequent publication and distribution of agriculture-specific weather forecasts; invest in the monitoring and detection of new pests and disease for the crop, livestock and forestry sectors

[36] "Third National Plan for Climate Changes"- Ministry of Environment and Physical Planning and World Bank studies (list of references used can be found on http://www.climateadaptation.eu/macedonia/agriculture-and-horticulture/

through improvements in the sanitary and phytosanitary regimes and introduction of a weather-based crop insurance program.

3.3.3 Biodiversity especially as linked with agriculture and forestry

The main characteristics of biodiversity in North Macedonia are the richness and heterogeneity of species and ecosystems and the high degree of relativity and endemism. Despite the fact that the diversity of flora and fauna has not yet been fully explored, it is, according to available information, a tremendous wealth – over 23.019 taxa of which 2.095 species of algae, 2.000 species of fungi, 450 species of lichens, 3.200 vascular plants and 500 species of mosses, 13.379 invertebrate animals and 555 species of vertebrate animals.

A draft national biodiversity monitoring programme is expected to be prepared, together with monitoring protocols for 20 habitats, 20 species and 20 birds of EU interest, harmonized with the requirements of the Habitats and Birds directives. Due to the limited data the available statistics on biodiversity in North Macedonia should be considered rough estimates.

The number of varieties/species used in agricultural production within the country is evidence of great biological diversity. According the National List of indigenous agricultural plants and breeds of livestock, there are 410 indigenous plant varieties of different species. Based on this list, the Minister prescribes the method of monitoring and analysing the situation of indigenous species based on their level of endangerment and provides additional measures for preservation, collection and storage of required genetic stocks and their use for agricultural production. According the Council Regulation (EC) No 870/2004, in 2012 MAFWE established a Commission for protection of indigenous species and prepared the Programme for further protection measures.

In 2020, the Gene bank within the Institute of Agriculture in Skopje is hosting in total 819 accessions of 54 different species.

According to the biological status of the samples, the majority of the gene bank accessions are traditional cultivars/landraces (41,39%). Cereals represent 57,7 % of the seed collection of the Gene-bank, followed by vegetables (28%). The fruit collection consists of 66 accessions conserved ex situ while 26 accessions of pears and 6 accessions of cherries (all of them landraces) are conserved in situ - on farm.

In the Gene bank of Tobacco Institute - Prilep there are 112 different species of oriental tobacco, 10 different species of semi-oriental and 41 different species of large-scale tobacco.

In the Gene bank of Stip there are 23 different species of cereals use in seed production, 49 different species (populations) of industrial crops and 4 different species (Breeder’s line) of vegetable crops and 19 different species of introduced variety.

Table 39: Current status of the Gen bank national collections

Biological status of accessions:	National collections of different crops						Total:
	Cereals	Industrial	Vegetables	Forage	Grapevine (seed)	Fruits	
(100) Wild	-	-	-	7	-	2	**9**
(110) Natural	-	-	-	32	-	-	**32**
(120) Semi-natural/wild	-	-	-	25	-	-	**25**
(200) Weedy	-	-	-	2	-		**2**
(300) Traditional cultivar/landrace	115	10	174	2	-	32	**333**
(400) Breeding/research material	32	-	-	-	-	36	**68**
(410) Breeder's line	90	-	-	-	-	-	**90**
(414) Inbred line – parent of hybrid cultivar	78	-	-	-	-	-	**78**
(420) Mutant/genetic stock	8	-	-	-	-	-	**8**
(500) Advanced/improved cultivar	56	-	-	9	1	13	**79**
Unknown	37	15	28	-	-	-	**80**
Number of species	**7**	**2**	**18**	**16**	**1**	**9**	**53**
Number of accessions	**416**	**25**	**202**	**77**	**1**	**92**	**813**

Source: MAFWE, 2020

The indigenous breeds and varieties of domesticated animals in the country are fully accommodated to local breeding conditions. During the past 50 years, however, new, more productive breeds, have been introduced. Both the original introduced breeds and crosses with local varieties are still present today.

Goals and priorities of biological diversity protection concerning domestic animals in North Macedonia are based on:

a) Global Action Plan adopted at the First International Technical Conference on Animal Genetic Resources held in 2007 in Interlaken – Switzerland, under the auspices of FAO, and

b) Law on Livestock Breeding (2008/2013).

Despite modest data on genetic resources in livestock breeding in North Macedonia, the expert community has affirmed the presence of several domestic breeds or types of the species of cattle, sheep, goats, pigs, bees, buffalos, dog, horse, donkey and poultry (Table 40).

Data collected from the activities implemented so far in relation to biological diversity of domestic animals are summarized in Table 40.

Table 40: State of biological diversity of domestic animals

Species	Breed/type	Status of population	Number of confirmed heads/bee families of native breeds	Number of protected heads		Conserved biological and reproduction material	Genotypization
				Ex situ	In situ		
Cattle	Busha	Stable/ unexplored	600		x		
Sheep	Karakachanska	Critical	100	60		50	Sheep PrP genotype; ISAG DNA sheep microsat- elites
	Ovcepolska	Not threatened	2.800		x	2000 seed doses 14 embryos 10 egg cells	Sheep PrP genotype
	Sharplaninska	Unexplored	200				Sheep PrP genotype
Goats	Balkan goat (local)	Not threatened	60	x			100 samples for microsatellite DNA analysis
Pigs	Local primitive pig	Unexplored	In a process of inventory taking and phenotype characterization				
Bee	Apis mellifera macedonica	Not threatened	2.000				
Buffalos	Local breed	Critical	60	x			
Dogs	Sharplaninec	Not threatened	60	x			100 samples for microsatellite DNA analysis
Horses	Local horse	Unexplored	In a process of inventory taking and phenotype characterization				
Donkeys	Local donkey	Unexplored	In a process of inventory taking and phenotype characterization				
Poultry	Domestic hen	Unexplored	460				

Source: "National biodiversity strategy and Action plan for the period 2018-2023", Skopje 2018

According to Statistical office of North Macedonia the forest covered 1,01 million ha or 39,2% of the country's territory in 2018 Together with other forest land and forest-related bare land this amounts to 1,12 million ha or 43,7 % of the country's territory.

According to these data figures, the forest area has increased for 4.9% from 2010, while the other forest land even for 14,3%. The last is particularly due to natural forest succession on the abandoned agricultural land.

Table 41: Forest land area categories based on statistical data

Year	Total	Forest	Other forest land	Forest bare land
2010	1.057.382	960.431	87.696	9.255
2018	1.122.753	1.007.095	100.207	15.451

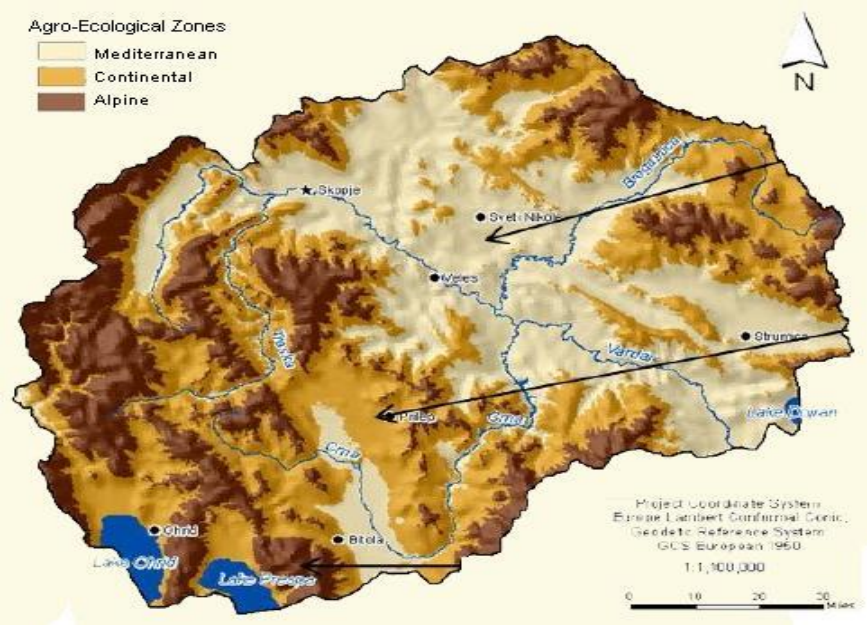
Source: SSO of North Macedonia, 2020

Forest ecosystems cover a large portion of the country and are found in several regions: The "Oak region" is distributed within the lowlands and highlands up to 1.100 m and covers 73% of the total forested area; The "Beech region" covers the mountainous areas between 1.100-

1.700 m (about 22% of the total forested area). The mountain belt spreads between 1.300 and 1.700 m altitude and is formed by various types of Beech, Beech-Fir forests and, in the secondary habitats, forests of White pine, Aspen and Birch are present. The "pre-mountain (subalpine) region" is located between 1.700 m and approximately 2.100 m of altitude. In these areas, the forests are almost destroyed. Forests of Spruce (*Picea abies*), Mountain pine (*Pinus mugo*) and Molika (*P. peuce*), however, as well as heath of *Bruckenthalia spiculifolia*, *Vaccinium myrtillus* etc., can be found.

3.3.4 High nature value farming (HNVF)[37]

The country has a very high biodiversity created and maintained by the low intensity and traditional farming practices. Their distribution in the country is largely determined by the agro-ecological zones.



Mediterranean zone	
Landscape:	Floodplains and undulating hills
Elevation:	50-600 m.a.s.l.
Continental zone	
Landscape:	Transitioning from highland plains to undulating hills and mountain slopes
Elevation:	600-1000 m.a.s.l.
Alpine zone	
Landscape:	Deep and mountainous interspersed with areas of highland plains
Elevation:	1100 m to greater than 2250 m.a.s.l.

The Mediterranean zone has a high potential for irrigated agriculture and more intensive arable production with good conditions for vegetable production and grape growing. Having in mind,

[37] Source: http:// http://see.efncp.org/countries/macedonia/hnv-farming/(different source used in this section will be referenced separately)

the small average size of family farms, the land use represents a particular patchwork. However, it is rarely of high nature value since it makes a full use of the available arable land with little or no landscape features or other semi-natural habitats.

On the other hand, the continental and alpine zones host large farmland areas of high nature value: the majority of pastures are within these two zones which is at least 0,5 million ha of natural and semi-natural grasslands. Both, cattle, sheep and goats graze on pastures from early spring to late autumn. The farming conditions in the continental zone are highly diverse. This zone includes the main regions for cereal production as well as areas for fruit growing, vegetable production and both intensive and extensive livestock production and breeding.

The small scale mosaic landscapes (HNVF type 2) in North Macedonia are mostly found within the continental zone. It comprises family gardens around settlements, small traditional orchards and standing trees, and household vineyards, still managed in a very extensive way. Such systems contrast with the intensive fruit and vegetable production methods which are becoming ever-commoner is some of the flatter valleys of the Southeast region. Traditional orchards represented mainly by pears, apples and plums, and vineyards are grown mostly for own consumption.

The Alpine zone is best utilized for summer grazing for livestock (mainly sheep) and forestry as well as for extensive crop production in lower elevation areas, including oats, rye and potatoes. Cattle, sheep and goats are grazed on large areas of semi-natural and natural pastures almost all of the year. During the winter, flocks and herds are moved to the plain areas in the central part of North Macedonia.

Potential agricultural systems with high nature value in the country are: combined system of extensive pasturing on semi-natural grasslands and semi-intensive agriculture, semi-natural meadows or planted meadows used for hay, winter pastures, summer pasturing on highland pastures, old extensive or semi-intensive orchards, and system of mosaic formations[38].

The good status of the pastures depends on the continuation of the extensive livestock grazing. Currently most of the pastures are under-grazed and abandoned due to the decrease of livestock in the recent years. This decrease led to the expansion of shrubby vegetation (e.g. Juniper and wild blueberry) and loss of the heterogeneity of the grass communities, change in the composition of herbaceous vegetation and degradation of the humus layer.

Sheep farming plays a very important role in the livestock sector. Semi-nomadic, using dual-purpose breeds, sheep are mainly found in the mountain areas on the northern, western and eastern borders. The main products of the traditional sheep system are lambs and processed milk products, such as soft white sheep cheese (sirenje), yellow sheep cheese (kashkaval), sour milk, curds and whey. These systems are clearly HNVF (Type 1).

Another practice which depends on semi-natural areas is the collection of wild berries, mushrooms and plants, which in some areas accounts for up to 85% of the income of the rural population. Whether this could be considered as a farming system is doubtful, but it is certainly a very important socio-economic link between people and HNV farmland and forests.

[38] Agriculture with high natural value and agri-environment payments in North Macedonia, V.Stefanova, Skopje 2012

3.3.5 Water quality and its link with agriculture

Water resources, i.e. ground and surface waters, are relatively clean in their upper course, and rapidly worsen along their middle and lower courses. This situation is the result of unpurified waste water discharged chiefly by human settlements, but also by industry and agriculture.

The corresponding “Book of Regulations” (ordinance) classifies the waters from “purity” to “pollution” in five classes and defines the permitted use criteria of the respective water class. The categorization enumerates the country's waters by river basins, lakes and groundwater and defines which quality class applies in which water course district.

Surface water monitoring of rivers in North Macedonia is performed by the Republic Institute for Health Protection (RIHP)/ Chemicals Hazard Information & Packaging (CIHPs) and the Hydro Meteorological Administration (HMA). While the RIHP/CIHPs focus more on parameters of sanitary importance, namely microbiological parameters, the HMA focuses on hydrological as well as water quality parameters.

The role of the MoH, through the Institute for Health Protection-Skopje, is to monitor the quality of drinking water as well as water used by agriculture producers for irrigation. The Institute for Health protection has 10 regional Institutes with the responsibility to monitor water quality according to the Preventative Health Programme.

In the frame of The River Monitoring System Project in North Macedonia (RIMSYS) 20 automatic measuring stations has been established. The task of this system is monitoring of surface waters quality and monitoring of anthropogenic impact on it. All measuring stations conduct biological monitoring of waters, on 18 rivers belonging to the three river basins, Vardar, Crni Drim and Strumica. Those rivers belong to the Aegean and Adriatic river basin districts, which cover 99,86% of the territory of North Macedonia.

The water pollution risks are high in the intensive agricultural regions with mono-cropping patterns near the water sheds and lakes. Livestock farms are a particular problem for the ground waters. Modernization and intensification of agriculture will further threaten surface and groundwater sources and reservoirs. Polluted water constrains farmers’ crop choices, especially more profitable crops like vegetables and fruit.

3.3.6 Greenhouse gas emission

North Macedonia, as a Non-Annex I Party to the UNFCCC, has been developing Inventory of the anthropogenic emissions by sources and removals by sinks of GHGs emitted to or removed from the atmosphere since 2000 as a part of its National Communications on Climate Change and Biennial Update Reports. Up to now, three National Communications (2003, 2008 and 2014) and two Biennial Update Reports (2015 and 2018) have been delivered to the UNFCCC.

Agriculture, Forestry, and Other Land Use (AFOLU) is unique among the sectors considering the numerous processes leading to emissions and removals of greenhouse gases, which can be widely dispersed in space and highly variable in time.

The GHG emissions from the AFOLU sector include emissions associated with Livestock, Forestry and Other Land Use. Activities related to Livestock production emit CH_4 and N_2O. The CH_4 emission is caused by enteric fermentation during herbal digestion in ruminants but

also N_2O emission occurs during the metabolic processes. Additionally N_2O is emitted as a result of manure storage and processing (management). The total emissions due to livestock activity in 2015 were 821.5 Gg CO_2-eq, while in 2016, 833.5 Gg CO_2-eq. This increase of about 4-5% compared to 2014 (792.7 Gg CO_2-eq) is due to increase in number of heads in cattle (for about 5%) and swine (for 34%), but decrease in sheep, horses and poultry

Forestry sector is the major contributor of GHG sinks in North Macedonia within the Land subsector of AFOLU, with exception of several years when the amount of forest fires (burned areas) were significantly above the annual average. The area of forestland, the species composition (conifers, broadleaved, mixed), as well as the annual increment and removals from the forests are relatively stable. The estimated GHG sinks in this sector for 2015 is estimated on 1,608.3 and in 2016 2,120.6 Gg CO_2 eq.

In North Macedonia, Emissions from forestry sector are product of firewood consumption as well as the forest fires. The most constant producer of CO_2 emission are households that use firewood for heating. Forest fires are the second emitter of CO_2, but they are not constant, and their contribution varies greatly from year to year.

The other land use like cropland, grassland, settlements and other land, participate in the emission of CO_2, and in some years can be considered as a significant source of emissions of this GHG. This emission is mainly result to the conversion of one to another category of land use, when significant amounts of above and below ground biomass is rapidly removed and is considered as a direct loss.

For the non-CO_2 sources of GHG, it can be concluded that there are numerous management practices and inputs resulting in a significant amount of GHG emissions, which when summed up, differ in a small range of 313.1 Gg CO_2-eq in the year 2000 up to 382.3 Gg CO_2-eq, in 1990. The managed soils are a major source of non-CO_2 emissions, which contributes with 55.4% in the total emissions, and up to 62.4 % in 2016.

GHG emissions from livestock activities are consequence of their biological activity and manure management on the farms. Livestock sector as a one of the main sources of GHG with a total emission of CO_2-eq varying in a range of 1,108.11 Gg in 1990, to only 792.68 Gg in 2014. Cattle are the main source of GHG among the ruminants. The majority of methane emission arouses from enteric fermentation while manure management contribute with only 18% of the total CH4 emissions.

The land use class Cropland covers the area used for cultivation of: field crops, and perennial crops, which mainly includes vineyards, orchards and grasses (meadows and loans). The quantities of emitted CO_2 are very low and are mainly due to the changes in perennial crops. In the period 2014-2016 there is a negative trend (removals) of CO_2 which is result to the more intensive establishing of perennial plantations (especially orchards).

The emission from the grassland is mainly caused by land use changes and are in a range between 32.25 Gg CO_2-eq to 25,80 Gg CO_2-eq in 2016.

3.3.7 Soil quality and erosion

Soil-related environmental problems are (a) soil pollution by fertilizers and pesticides (localized particularly in fruit – apple, and vegetable producing regions), (b) loss of soil organic matter (due to mono-cropping, low organic fertilizer use), (c) soil compaction of the upper soil layers due to the both dryness and intensive rainfalls. Contamination of soil results also from local sources: In rural areas and around villages there are numerous unregulated/unorganized waste disposal sites.

Around 96% of the total area is affected by erosion[39]. An area of 9.423 km2 or 36.65% of the total state area is in the highest categories (I-III, extremely high, high and medium). The total annual erosion production for North Macedonia is about 17.000.000 m^3 yr^{-1} or 680 m^3 km-2 yr-1, with about 7.500.000 m^3 yr-1 or 303 m^3 km^{-2} yr^{-1} of sediment are moved away from the site where it is eroded. A significant part of these deposits, about 3.000.000 m^3 yr-1 is not carried through the downstream sections of the rivers to the exit of the state territory, but are deposited in natural lakes and reservoirs.

There are around 1.700 torrent currents in our country, covering an area of 18.229 km^2 (71% of the whole territory). These torrents are divided into five categories of torrential strength, (the first category - the highest coefficient of torrential strength). These categories include the following areas: I - 8.6%; II-13.2%; III - 30.5%; IV - 29.0% and V - 18.7% of the area of torrential courses (watershed areas). The first three categories (excessive, strong and medium-strong erosion) require undertaking of protective measures.

Organic matter reduction is a very important type of soil degradation. Land productivity is an expression of the bio-productivity of all land components and their interaction. According to the calculations, the total area of land degradation productivity (LPD) defined as unacceptable is only 2.35 % of the territory of the country and it seems as to be very small area, but in reality, it is 58.500 ha with negative land productivity dynamic.

Total degraded area (negative status in dynamic of LPD +SOC) in the country cover 589 km^2 out of which 585 km^2 from LPD and 3,5 km^2 with SOC losses. The conversion of forest to cropland (2,6 km^2).

The reduction of areas and the destruction of vegetation in Pelagonija as one of the largest lowlands in North Macedonia annually loses 0.75% of the total amount of humus which shows that the degradation is weak, lower than 1%.

3.3.8 Renewable energy

The total installed capacity for production of electricity in North Macedonia is 2.06 GW with ~48% being thermal power plants, ~34% large and small hydro power plants, ~15% combined natural gas fired plants and ~3% other renewables.

The main entity in North Macedonia for electricity production is a state owned company Power Plants of North Macedonia (ESM), with ~70% of the total installed capacity. ESM is the owner

[39] According to “The Erosion map of Macedonia” (Gorgevic et al, WDI,1993),

of the two large coal fired thermal power plants, Bitola and Oslomej. In recent years, electricity generation from coal has been decreasing steadily to ~60% in 2017.[40]

The country is a signatory to the Energy Community Treaty which aims to align the national legislation in line with the existing EU legislation on energy, environment, competition and renewable energy sources. North Macedonia ratified the UN Framework Convention on Climate Change in 1997 and ratified the Kyoto Protocol in 2004. Also, North Macedonia is included among countries exempted from Annex I, i.e., countries without quantified obligations anticipated under referred international documents. As such country, it can use the Clean Development Mechanism (CDM) to attract foreign investments for projects aimed to reduce greenhouse gas emissions, including projects in the field of renewable energy sources. The country signed the Statute of IRENA (International Renewable Energy Agency – IRENA) which included it among countries founders of this international organisation.

The Strategy for Energy Development of North Macedonia until 2040 (the Strategy) relies on relevant global, EU energy policies and trends, and particularly Energy Community acquis. Specifically, North Macedonia is willing to follow good practice of EU RES and EE policies, as well as decarburization.

The Energy Law stipulates that the Strategy should ensure, among others, promotion of energy efficiency; reduction of the use of fossil fuels for energy generation; promotion of the use of renewable energy sources; protection of public health, the environment and mitigation of climate change from the harmful effects arising from the performance of energy activities and fulfilment of commitments assumed by North Macedonia under ratified international agreements.

The total installed capacity of the power plants in 2019 is 2.087,8 MW, which is 10,9 MW higher than the installed capacity in 2018.

Out of the total installed capacity, thermal power plants, participate with 49.53%, followed by hydro power plants with 33.43%, combined heat and power plants with 13.77% and all others with 3.27%.

Table 42: Installed capacity and production of renewable energy in 2019

Type of power plant	Number of power plants	Installed power (MW)	Rate (%)	Production (GWh)	Rate (%)
Hydro power plants	10	586,65	28,10	920	16,26
Wind power plants	1	36,80	1,76	101,81	1,80
Small hydro power plants	101	111,43	5,34	263	4,65
Photovoltaic power plants	140	23,99	1,15	28,4	0,50
Bio gas power plants	3	6.99	0.34	55.1	0.97
Bio-mass power plants	1	0,60	0,03	0	0

[40] http://economy.gov.mk/Upload/Documents/Adopted%20Energy%20Development%20Strategy_EN.pdf

Total production from renewable energy	256	766,46	36,71	1,369	24,19
TOTAL PRODUCTION	**264**	**2.087,87**	**100**	**5.658,01**	**100,00**

Source: "Annual Report on Energy and Water services of Republic of North Macedonia", 2019[41]

According to the SSO data share of renewable energy in gross final energy consumption count between 15% and 20% in 2017, which represent increasing of around 31%.

Table 43: Share of renewable energy in gross final energy consumption

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
15,0	15,6	17,2	16,5	16,4	18,1	18,5	19,6	19.5	18,0	19,7

Source: SSO, 2020

Hydropower is most exploited renewable source of energy in the country. Production of hydroelectricity in 2017 counts 1.110.270 GWh which covers 56% of total demand for electricity (1.982.545 GWh).

Biomass in the form of wood or coal is used almost exclusively in the domestic sector. The main sources of biomass are: forest residues (including imperfect commercial wood, dead wood etc.) and wood processing wastes, agricultural residues and food processing wastes, energy crops, animal waste and urban organic waste. Biomass is mainly used by households and fulfils 30 – 33% of total energy needs. Around 430 thousand households (76%) use biomass for heating purposes.

There is just one biomass thermal power plant in North Macedonia with installed capacity of 0.60 MW, which counts 0.03% of total installed capacity for production of electricity.

North Macedonia has great potential for use of biogas from animal manure for energy purposes and production of biofuel from oil bearing industrial and vegetable crops.

There are 3-biogas thermal power plants in North Macedonia with installed capacity of 6.99 MW, which counts 0.34% of total installed capacity for production of electricity.

The country has a long-standing experience in terms of use of geothermal energy and has infrastructure for use of geothermal energy for heating and medical/health spa. Nevertheless, the potential of geothermal energy is under used. Use of this potential for energy purposes pertains to local government competences. Having in mind the relatively low temperature (highest temperature recorded is 78ºC in the Kocani region), it is mainly used to meet heating needs.

Although the country has more than 250 sunny days in the year, the use of solar energy is limited to very few systems for heating water. In 2019, there were 140 photovoltaic power plants with installed capacity of 23.99 MW, which counts 1.15% of total installed capacity for production of electricity.

[41] https://www.erc.org.mk/odluki/3RKE%20GI_2019-final.pdf

Wind energy production is limited for regions in which there is evidence of wind with constant direction (to be recorded in three years of measurements of wind speed). There is just one wind power plant in the country with installed capacity of 36.80 MW, which counts 1.76% of total installed capacity for production of electricity.

Although great natural and climate opportunities exist, there is lack of knowledge and investments in use of renewable energy sources for agriculture production.

3.3.9 Use of pesticides and fertilisers

Water pollution by fertilizers, pesticides and organic manures caused by agricultural sources are reported in the country especially in the lake waters.

Use of pesticides and fertilizers (organic and mineral) are consider as diffuse source pollution. There are no reliable databases that show exactly how much and in which areas in pesticides and mineral fertilizers are used in North Macedonia. Since neither pesticides nor mineral fertilizers are produced in the country, a rough picture of the use of pesticides and mineral fertilizers is given by data on their imports.

Table 44: Import of pesticides (kg/year)

Year	2016	2017	2018	2019	2020
Insecticides	27.551	415.983	248.552	364.741	252.118
Fungicides	957.544	847.354	567.842	694.695	883.589
Herbicides	671.852	643.149	639.966	529.359	591.551
Acaricides	0	0.230	0	8.340	0.024
Total	**1.656.947**	**1.906.486**	**1.456.360**	**1.597.135**	**1.727.258**

Source: State Agriculture Inspectorate, 2021

According to the above presented data there was imported 1,668,837 kg of pesticides (on average for last five years), which counts 5.2 kg used pesticides on 1 ha of Utilized agriculture area (Estimation that all imported quantity is sold/used).

Compared to EU countries, Bulgaria had the smallest proportion of pesticide sales per ha with 0.22 kg/ha. Ireland, Estonia, Finland, Denmark, Latvia, Romania, Greece, Sweden and Lithuania all had quantities of sold pesticides under 1 kilogram per ha of UAA. With a value of 9.97 kg/ha, Malta recorded the highest quantity of pesticides per hectare of UAA.

Table 45: Import of fertilizers (kg/year)

Year	2016	2017	2018	2019	2020
NPK	36.828.272	34.217.380	31.412.959	34.552.926	37.205.415
KAN	12.133.313	11.656.336	5.277.639	2.776.157	7.204.222
Superphosphate	659.830	442.050	126.609	168.339	312.098
Urea	9.534.761	8.499.975	9.014.011	7.161.260	9.009.008
Thomas phosphate	0.564	1.100	2.042	19.988.567	0
Ammonium nitrate	216	19.944.160	17.631.026	0	30.548.213
MAP	1.167.366	475.740	565.034	544.540	3.686.116
Foliar fertilizers	342.744	158.848	239.122	156.610	227.357
Liquid mineral fertilizers	206.538	1.017.809	472.466	2.677.176	2.587.615
Potassium chloride	549.967	74.129	104.820	172.113	373.680
Organic fertilize	914.856	770.523	1.238.626	864.253	1.038.464

Total	**62.337.864**	**77.258.050**	**66.084.354**	**69.061.941**	**92.192.188**

Source: State Agriculture Inspectorate, 2021

Presented data for import of fertilizers on a yearly bases show import of 73,386,879 kg on average (last five years), which counts around 229 kg of used fertilizers per 1 ha of UAA. (Estimation that all imported quantity is sold/used).

3.4. Rural Economy and Quality of Life[42]

In 2017, the national GDP was around 10.000 mil. EUR while the average GDP per capita was around 4 850 EUR. In terms of the regional contribution to the national economy, the Skopje Region had the biggest share (42.8%) in the national gross domestic product.

Table 46: Gross Domestic Product, by year, by regions, (2017)

	GDP, in million EUR	Structure of GDP, MK=100	GDP, per capita, in EUR	GDP, per capita, MK= 100
North Macedonia	10.051	100	4.845	100
Vardar region	765	7.6	5.016	103.5
East region	831	8.3	4.722	97.5
Southwest region	853	8.5	3.884	80.2
Southeast region	987	9.8	5.690	117.4
Pelagonia Region	1.079	10.7	4.701	97
Polog region	735	7.3	2.288	47.2
Northeast region	499	5	2.835	58.5
Skopje region	4.302	42.8	6.871	141.8

SSO 2020 MAKStat Database (http://makstat.stat.gov.mk/)

Rural areas are still highly dependent on agriculture. In 2017, the share of agriculture was around 9% in GDP where the Skopje region as predominantly urban is contributing with less than 1%. Still, the non-agricultural sectors (wholesale and retail trade, the processing industry and the construction industry) have the largest share in GDP and generated more than 80% of GVA in rural areas. Taking into account the percentage of gross added value from agricultural production, with modernization of agricultural production and better placement of agricultural products, the possibility of achieving higher economic growth is significant. The agricultural production shall be stimulated especially in the Southeast and Pelagonia region, which record high participation of agricultural production in GDP.

Table 47: Gross value added in agriculture, by region, in million EUR (2017)

	Total	Agriculture, forestry and fishing
North Macedonia	8.711	791
Vardar region	663	99
East region	720	68
Southwest region	740	43

[42] For the purpose of this Programme, the indicators for rural economy drivers have been taken on regional basis according to the available data from the State Statistical Office (reference year 2017).

Southeast region	855	233
Pelagonia Region	935	169
Polog region	637	84
Northeast region	433	29
Skopje region	3.728	67

SSO 2020 MAKStat Database (http://makstat.stat.gov.mk/)

Also, more than 30% of the total engaged labour force in the agricultural sector is located in Pelagonija and Southeast region. This indicator is even higher bearing in mind that the majority of rural population is engaged in the agricultural sector (mainly subsistence/family farming) either as a main sources of income or as additional activity. (Table 48)

Table 48: Agricultural Holdings and Labour Force by Type of Region

Number of agricultural holdings			Agricultural Labour Force (persons)	Agricultural Labour Force (AWU)	UAA (ha)	Average size of the farm / UAA ha
North Macedonia	**Total**	178.125	439.721	242.988	320.738	1.80
Individual agricultural holdings		177.845	435.210	237.552	271.989	1.53
Business entities		280	4.511	5.436	48.749	174.10
Vardar Region	Total	21.944	50.398	29.468	42.708	1.95
Individual agricultural holdings		21.883	48.989	27.592	30.208	1.38
Business entities		61	1.409	1.876	12.500	204.92
East Region	Total	26.003	59.513	26.609	43.949	1.69
Individual agricultural holdings		25.955	58.992	25.839	39.741	1.53
Business entities		48	521	769	4.208	87.67
Southwest Region	Total	17.114	47.393	17.991	17.635	1.03
Individual agricultural holdings		17.098	47.313	17.887	16.938	0.99
Business entities		16	80	104	696	43.50
Southeast Region	Total	25.323	54.813	48.067	32.995	1.30
Individual agricultural holdings		25.291	63.725	46.974	28.609	1.13
Business entities		32	1.088	1.093	4.386	137.06
Pelagonia Region	Total	26.977	75.952	57.583	90.243	3.35
Individual agricultural holdings		26.908	75.072	56.630	71.043	2.64
Business entities		69	880	953	19.201	278.28
Polog Region	Total	21216	55.554	21.051	25.180	1.19
Individual agricultural holdings		21198	55.404	20.874	23.971	1.13
Business entities		18	150	178	1.209	67.17
Northeast Region	Total	22.083	44.572	23.106	43.263	1.96
Individual agricultural holdings		22.066	44.403	22.918	39.690	1.80
Business entities		17	169	189	3.573	210.18
Skopje Region	Total	17.465	41.524	19.112	24.765	1.42
Individual agricultural holdings		17.446	41.310	18.837	21.789	1.25

Business entities	19	214	275	2.976	156.63

Source: SSO, 2016 (MAFWE calculations 2020).

Almost all agriculture holdings and the agriculture labour force are located in the rural regions as around 75% of agriculture holdings are located in the rural regions. There are significant differences between individual agricultural holdings and business entities in terms of average size of agricultural holdings and labour force. The Southwest region is specific by the fragmentation of the arable land, so it is not suitable for intensive agricultural development. Therefore, it have potential for livestock and grape production. (Table 48).

The agriculture sector only serves as social mitigation - mitigate poverty and unemployment, especially, in the circumstances of high unemployment rate outside the agriculture sector. The comparison between exclusively agricultural households, mixed households (engaged in agriculture on private properties, and where at least one member of the family is employed outside agriculture) and households without agricultural properties shows that mixed households produce highest incomes, then the agricultural households. The non-agricultural rural households are the poorest ones.

Some past studies have also shown a trend towards diversification of non-agricultural employment resulting from the economic need (to a lesser extent, attitudes towards agriculture) and confirm the positive correlation between income and number of non-agricultural activities that households undertake. There is no formal evidence of farms diversifying into non-agricultural activities in rural areas. However, it is estimated that around 30% of the farmers or member of the farm household are employed either as self-employed, employment in manufacturing or in the public sector. The employment or self-employment outside agriculture is in trade, construction or services. Majority of rural women are employed in the textile sector.

A critical weakness in the rural economy is the job creation, high costs of starting up new businesses and of employing new workers. This reason is also found as crucial affecting the national labour market from functioning effectively to reduce unemployment from its historically high levels. High long-term unemployment found in rural areas is related to the poor qualification structure and competencies of the unemployed.

The rural economy is largely dependent on the economic performance of the SMEs. The majority of the companies in rural areas operate in the construction or service sector. The service sector is concentrated in wholesale or retail trade and catering. Only 3,4% of the total number of registered enterprises in the country is in the area of agriculture, forestry and fishery (2.605) – of which almost 90% (2.305) are in the rank of micro enterprise, with less than 10 employees. Still there is no precise evidence on the exact number of the registered legal entities located in rural regions.

Table 49: Number of registered legal entities (in agro sector) with number of employees (2019)

	Total	%	0 employees or no evidence	1-9	10-19	20-49	50-249	250 +
Total in all sectors	75.914	100	7.565	61.265	3.211	2.237	1.404	232
Agriculture, Forestry and Fisheries	2.605	3.4	180	2.305	53	37	26	4

SSO 2020, MAKStat Database (http://makstat.stat.gov.mk/)

3.4.1 Rural Tourism potential

There is a good potential for development of *tourism* in rural municipalities but it is still underdeveloped. Specialised surveys show that almost half of the national territory has a large resource potential for developing attractive tourist products. The majority of municipalities have sufficient natural and built resources to develop recreation tourism. However, tourism had a tangible contribution to incomes and employment only in Lake Municipalities (Ohrid, Resen and Dojran) and the city of Skopje, where most of the accommodation capacities are located.

Table 50: Capacity for accommodation, by region (2019)

	Number of rooms	Number of beds	Nights spent by tourists
North Macedonia	29.933	76.942	3.262.398
Vardar Region	663	1.748	48.590
East Region	734	2.088	62.878
Southwest Region	16.943	43.312	1.618.312
Southeast Region	2.467	6.367	562.422
Pelagonia Region	3.666	10.846	183.520
Polog Region	1.240	3.769	84.138
Northeast Region	381	763	14.214
Skopje Region	3.839	8.049	688.324

SSO 2020, MAKStat Database (http://makstat.stat.gov.mk/)

Official statistics do not provide data focused specifically on rural tourism in all its forms. During 2019, the leading tourist destinations were the lake areas, the most important one being the lake of Ohrid, followed by Skopje (22%), mountain areas (10%) and Spa's (4%), vacation and recreation and cultural tourism. Estimated 4% of the total accommodation capacities are located in the rural areas.

Currently rural tourism generates a very small share of the national tourism revenues. It is concentrated in a limited number of regions (mainly in the National Parks, East region and natural lakes). During the last few years a few villages located close to the lake resorts also offer rural tourism accommodation.

Few years ago, due to the government campaigns in promoting the rural tourism potential, *the domestic tourism has increased by more than 100% - mainly one day or weekend tours*. The number of travel agencies that offer rural tourism is small but their experience shows that the demand for rural tourism is growing. Most of the rural sites are visited by domestic tourists during their holidays or during weekends /national holidays. There are rural tourist products

offered to foreign markets as well, but mainly as complementary product to commercial holidays in Ohrid.

Accommodation is a key element of the tourism supply that strongly impacts on the level of tourism development and its impacts on a particular area. The concentration of provision of tourist accommodation is in 8 municipalities (Skopje, Ohrid, Struga, Resen, Berovo, Mavrovo, Krushevo and Gevgelija). Because of this concentration at present tourism development in many areas of the country is hampered by the lack of accommodation, while in others the key gap is the quality/standard of accommodation and the respective accompanying services provided.

Among the greatest obstacles for tourism development in rural areas is **insufficient development of tourism attractions and facilities as well as difficult access to tourism amenities, national parks and tourist sites primarily due to the poor condition of the road infrastructure.**

The highest number of unemployed people with professional qualifications required for work in the tourism is in the Southwest region (1.205) and in the Skopje region (1.307). **There is a significant problem of lack of trained human resources, and of strategic planning and marketing of rural tourism resources and products.** From the available data on the unemployed people in the rural areas, the National Strategy for Rural Tourism 2012 - 2017 estimates that additional training for specific subsectors and services related to rural tourism could greatly add to the development of this sector. The strategy recommends that the trainings target the active population between 15 to 39 years (in all regions) with some qualifications to work in the tourism.

Almost all municipalities have stated rural tourism as one of the objectives in their local development strategies, mainly emphasising its natural and cultural potential as rational. Nearly two-thirds of rural municipalities identified in their strategies specific infrastructure projects for rural tourism development. Thus, there are projects already identified for the development of tourism infrastructure, restoration of historical and cultural monuments, and other tourism related projects. About one-third of these projects are located in smaller rural municipalities, and in settlements with population below 150 inhabitants.

3.4.2 Promotion and development of SME in the rural areas

In the majority of rural regions, however, manufacturing is represented mainly by small companies, serving local/regional markets. Almost all of the food processing industry (except for meat processing and slaughterhouses) is located in rural areas. In all regions, **the development of industry is constrained by the quality of road infrastructure and business related infrastructure and increasingly by the shortages of qualified labour.**

Table 51: Number of Business Entities per region and number of employees (2019)

	Total	0 employees or no evidence	1-9	10-49	50-249	250+
North Macedonia	75.914	7.565	61.265	5.448	1.404	232
Vardar Region	5.595	409	4.713	356	103	14
East Region	5.799	428	4.701	480	172	18
Southwest Region	7.520	558	6.423	420	108	11
Southeast Region	6.233	552	5.042	511	115	13
Pelagonia Region	8.327	624	7.029	513	141	20
Polog Region	8.614	451	7.628	424	103	8
Northeast Region	4.174	260	3.522	308	79	5
Skopje Region	29.652	4.283	22.207	2.436	583	143

Source: SSO (2019), published 2020.

There is an underdeveloped SME sector in rural areas. The business demography indicators (number of business entities per 1.000 inhabitants) indicates that SME density in predominantly rural regions is less than the national average (32 per 1.000 inhabitants) while the SME density is relatively high in the Skopje region (45 per 1.000 inhabitants), reaching the EU 27 average of 45 per 1.000 inhabitants.

Agro-food SMEs in the rural areas work predominantly for the local (municipal/regional) market, except the fruit and vegetable processing and trade enterprises and wine processors which export their products. Specialty/niche food products sector is currently a small one in terms of number of enterprises as it is largely performed at agriculture household level. In the fruit and vegetables sector, the FVA has registered 190 companies out of which around two-thirds are located in rural areas. Of these, only 18 companies processed vegetables, 7 deal only with fruit, while 28 companies have a combined processing (fruits and vegetables). Most of the enterprises for processing of fruits and vegetables are classified as micro (16) and small enterprises (21), and 20% of them (14 enterprises) are specializing in producing special niche products like “ajver”, “pindzur” and “lutenica”. As concerning the installed capacities, 68% are for canning, 15% are for freezing, 11% have combined activities and the remaining 6% are for drying and production of other products. Concerning wine processors, out of total 76 registered wineries in 2020, more than two-thirds have processing capacities located in rural areas.

The access of rural SMEs to business consultancy services is weak. The Ministry of Economy via the Agency for promotion of SME supported the creation of a network of advisors and promoted voucher system of use of consultancy services. To support the self-employment, the Agency for employment runs a soft loan schemes for business establishment and self-employment. The main interest in using this scheme is agriculture, trading and services, and the lowest interest is in crafts.

The efforts to promote entrepreneurship and crafts in rural areas are constrained by the poor educational status of the labour force and lack of professional experience.

The entrepreneurship promotion schemes operated in rural areas to date, revealed that there is a lack of mature business ideas and entrepreneurial skills and knowledge. **Business start-ups are constrained by low incomes/ low purchasing power of rural residents and the saturation of sectors that require low start-up capital (small retail shops, restaurants,**

communal services). Currently the lack of start-up capital is a significant barrier for the development of viable businesses.

3.4.3 Crafts

The crafts sector is relatively small, diversified and spread all over the country. This sector has been identified with a great potential for development on a national level, important in creating income and jobs, especially in the rural areas that are more isolated and not so compelling for the other types of businesses[43]. Still, this sector has been stagnating in the last years and there is a tendency of extinction of some of the traditional craft making.

In terms of employment in the sector, the analysis from the Strategy of Crafts Chamber 2012-2020 shows that majority or 61% from the craftsmen are employing one person only and 35% employ from one to five persons.

In accordance with the legal framework, the following activities are defined as craft activities: Manufacturing and small scale production; Services; Artistic craft; Home base handcraft.

Regarding the type of activity, the biggest share in the total craft activities goes to crafts for which no special education is required and crafts that require premises (15% respectively) followed by food and beverages production with 13%, electrics and machinery (12%), construction (10%), personal services (9%), textile and leather (7%) and minerals (5%). The remaining activities ranging between 1%-3% share are wood manufacturing, paper manufacturing, plastic and rubber, health and personal care and handmade (artisanal) crafts.

According to the Craft Chamber, the major areas of home manufacture in the craft sector are as follows:

- Weaving (Eastern Part of the country, in villages around Delcevo, Berovo, Pehcevo, Kocani, Vinica, Western part of the country, in villages around Tetovo);
- Embroidery, knitting and sewing (Central area of the country, villages around Krusevo, Bitola, Resen);
- Pottery, (villages around Kicevo, Veles, Strumica);
- Woodwork, woodcarving and wood processing (Eastern Part of the country, in villages around Delcevo, Berovo, Pehcevo, Western part of the country, in villages around Tetovo and Gostivar);
- Blacksmiths (South of the country, villages around Strumica);
- Felt production (Eastern Part of the country, in villages around Delcevo, Berovo, Pehcevo, Kocani, Vinica, Probistip).

According to the Strategy of Crafts Chamber 2012-2020, **majority of the constraints for development of the crafts sector are related to taxation, small market and increasing competition from imports and non-registered craftsmen and crafts trade workers, outdated equipment, unfavourable finances and insufficient access to credits, insufficient training and lack of continuous professional improvement and lack of promotion of crafts for employment.**

[43] National Strategy for Crafts Development 2012-2020, Ministry of Economy

3.4.4 Provision of services in rural areas

The population in rural areas is significantly deprived in many respects in comparison to population in urban areas. For those who live in rural areas, the problem of access to banking services face 36%, access to postal services 24% and access to cultural facilities 20%. Basic transportation services are not available or are difficult to access for 22% of the population in rural areas[44]. The need to improve the road network in rural areas is highlighted as a high priority, both in lowland villages (51%) and in the mountain villages (54%).

Accessibility to primary schools is somewhat satisfactory for children from rural areas, in terms of secondary education; distance negatively affects access to education. The telephone network (fixed line and GSM) is covering the entire territory of the state, while the Internet is increasingly used. The spread of the Internet has incredible growth in recent years from 1,5% in 2000, 58,3% of households in 2012, to 81,8 in 2019[45]. National and local television, including cable and satellite, and radio are available throughout the country.

The quality of physical and social infrastructure in rural areas has deteriorated significantly due to under-investment in infrastructure development and maintenance. This results in deterioration in the quality of life and threatens the ability of rural areas to maintain their population and attract investments.

The quality of the infrastructure differs by type and size of settlements. In the country there is a dense network of small rural towns or larger villages (above 3.000 inhabitants) surrounded by rural villages. Not in all municipalities, the rural settlements are grouped around the municipal center. In rural municipalities with larger territories or prevalently mountainous, villages can be of distance above 20 km from the municipal center. The state institutions are located in the municipal center, providing part of the basic services for the rural population – secondary and/or vocational schools, health care, bank offices, etc.

A special problem is the high share of the rural population living in small settlements. Thus, 81% of the rural population lives in settlements bellow 10.000 inhabitants. However, the problem increases as there are 1.573 settlements (89% of total number of settlements in the country) with a population below 1.500 people and in these settlements reside 35% of the total rural population and 19% of the total population. Within this category, about 13% of the rural population lives in very small settlements with below 500 residents.

Table 52: Distribution of Rural Population by Size of the Settlement

Population of the settlement (range)	Number of settlements	Share of settlements %	Number of population	Share of population in total rural % (total national %)
up to 500 residents	1.283	73%	148.649	13% (7%)
500 – 1.499	290	16%	248.286	22% (12%)
1.500 – 4.999	149	8%	379.730	33% (19%)

[44] European Foundation for the Improvement of Living and Working Conditions, "Quality of life in the enlargement countries: Third European survey on quality of life - North Macedonia 2013"
[45] SSO, "Use of information and communication technologies in households and by individuals, 2020"

5.000 – 9.999	23	1%	153.470	13% (8%)
10.000 – 29.999	12	1%	211.564	19% (10%)
Total rural population	**1.757**	**/**	**1.141.699**	**100% (56%)**

Source: SSO, Population Census 2002 (MAFWE calculations 2020). *city of Skopje excluded

Municipalities have significant problems to maintain the quality and access to basic services in small settlements. Given the small size of the population the access to basic services of the population in small settlements is highly dependent on the quality and accessibility of the road infrastructure. It is worthwhile to mention that 158 settlements are without permanent population but owners of the houses are visiting seasonally – usually during summer and those areas are of particular importance for rural tourism.

People living in rural areas are less satisfied with the quality of life than those living in urban areas, which have been a magnet for the migration of young people from the countryside, leaving behind a more vulnerable and poorer population in the villages. Therefore there is a need for rural development policies to increase investment in infrastructure to make the villages once again attractive places for young people and entrepreneurs to live and work. Programmes to promote lifelong learning in rural areas, to establish industrial zones for small manufacturing and service industries, to develop rural cooperatives and social enterprises, and to promote networking of associations and community organizations to build rural social capital are needed to achieve these aims.

3.4.5 Infrastructure provision

Social Infrastructure

There is lack of planned investments in infrastructure in the area of social protection in all municipalities. Municipalities generally invest in capital investments in facilities for preschool children, elementary and secondary schools. All rural municipalities have elementary schools, but lack of pre-school facilities i.e. day care for children and kindergartens. The provision of high schools is in the municipal headquarters and the pupils from villages depend on regular transport or lodging in the public internets if available.

There are almost no investments for construction of centers for early child development[46].

Concerning the health infrastructure, MoH does additional efforts to develop system for the primary health care network and bringing health care system to the population in order to accomplish policy for accessibility of health care. For this purpose 16 new health care facilities are built in rural areas and it is expected between 35-40 thousand people to receive services in primary health care. However, **access to medication supply and pharmaceutical stores is limited in rural areas and is considered as problem by the rural dwellers.**

Technical Infrastructure

The total length of permanent transport infrastructure in the country is 14.410 km public roads of which 899 km are motorways, 3.778 km are regional, and 9.733 km are local roads. Rail transport is poorly developed and includes a network of 699 km of open line tracks, 226 km of tracks in stations and depots and 102 km of industrial tracks[47]. Notwithstanding the ongoing

[46] Ministry of Labour and Social Affairs, "Analysis of the situation in the social care and social inclusion at local level 2010"
[47] National Transport Strategy 2018-2030

government and municipal investments in road infrastructure (modernisation and expansion), more remains to be done, as the condition of the road network is still worse than that of neighbouring countries and EU averages[48].

Table 53: Total length of public roads by type (in km)

Type of road	
TOTAL LENGTH OF ROADS of which asphalt roads and cobblestone roads	14.410 8.958
Total highways	899
Total regional roads	3.778
Total local roads	9.733

Source: National Transport Strategy, 2018-2030.

There is an emerging need to improve physical infrastructure and quality of basic services in the rural areas in order to improve their competitiveness and ability to retain younger and better educated population.

Most of the smaller settlements (e.g. villages in rural areas) do not have any sewage system and septic tanks or uncontrolled discharge of wastewater is used. The share of rural population with public sewage is small and is estimated at 17,7% of total population. The total population in rural areas with no installation for waste water disposal is 8,9% (4% of total population)[49].

The power supply is available to 99,75% of the population in rural areas and is made possible by a well-developed transmission and distribution network with sufficient capacity electrical energy sources (1.430 MW) which provide a regular supply. **Electricity network in dwellings in rural areas is not modernized to withstand regular uninterrupted supply of energy to domestic devices.**

Around 60% - 70% of the population is benefiting from the public system for collecting waste performed by public enterprises, but only 10% of the populations in rural areas receive regular collection services for solid waste. General practice is collection of non-separated communal and non-hazardous industrial waste as well as non-hazardous and hazardous non-separated waste fractions[50].

3.4.6 Cultural heritage and built environment in villages

The cultural heritage - located in the rural areas - has the biggest development potential considering the diversity and quality of cultural and historical treasures and archaeological sites in the country and the increasing interest in cultural tourism on the market. There are 15.123 objects registered as immovable cultural heritage (2.567 monuments from the Neolithic to Ottoman historical period, archaeological sites 5.160, 4.681 memorial monuments, 1.286 objects of urban, rural and commercial architecture, 29 segments of urban and rural complexes, churches and 1.156 monasteries, 61 medieval buildings, forts, bridges, towers, 112 mosques, 71 other objects originating from 15 to 19 century) and 500.000 museum relics. Institutional

[48] World Bank "Country Program Snapshot, April 2014"
[49] SSO, "Census of Population, Households and Dwellings 2002"
[50] Ministry of Environment and Physical Planning, "National Plan for Waste Management (2009 - 2015) of North Macedonia

responsibility for cultural heritage is under the Department for Protection of Cultural Heritage under the Ministry of Culture.

Currently, there are several rural settlements protected as monuments of culture and natural rarities: Village of Galichnik (from 1975), Rural area Kitchinica (from 2004), Rural area Gari (from 2003), Historical area Smilevo (from 2003), Rural Area Zeleznec (from 2004), Urban area of Village Konjsko (from 1979) and Village Gorno Vranovci (from 1981).

According to the National Strategy for cultural development 2018-2022, **strategic aim is to protect the cultural heritage on local level and secure sustainable cultural infrastructure, thus promoting the cultural heritage, tradition and local values and its link to rural tourism. This also requires development of the road infrastructure** as most of the cultural heritage is located in outmost rural areas and the nearby settlements are with less than 150 inhabitants and affected by outward migration.

3.5. Preparation and implementation of local development strategies – LEADER

Experience in local development strategies

Almost every municipality in the country has adopted its own strategy document by which is determined and managed local development such as the Strategic Plan for Sustainable Development, Strategic development plan or Strategies for local economic development (SLED). The largest number of municipalities have already prepared and adopted SLED. Additionally, municipalities (within its legal obligations) have formed Department / Unit for Local Economic Development (LED). Trainings were provided to the core staff on local development planning and project preparations. Among other, these organizational units are responsible for the preparation and implementation of development strategies.

As a common practice, SLED are made with involvement of representatives from various sectors and representatives of local stakeholders through participative planning methods. Preparation processes of local development strategies was partly supported by various donor projects, UNDP being the most active. Needs have been identified based on assessment of the local situation, infrastructure, economic development, from the perspective of the environment or quality of life and measures were defined through a strategic plan - including vision, strategy and development goals, as well as a brief overview of the programs and projects to be implemented through the budget and other funds of the municipality. Local strategies, including SLED were and remain basic municipal strategic documents for defining and management of local development.

LEADER like initiatives

The country, so far, has not implemented LEADER measure under the pre-accession programmes (IPARD I and II). In order to promote LEADER approach and to build capacity for the implementation of LEADER measures, MAFWE initiated or supported several projects that employ LEADER methodology.

Since 2005, the establishment of LEADER type local action groups has been also supported by projects funded by bilateral aid. Several donor organizations such as USAID and UNDP

supported municipalities in developing and implementing their SLED, as to support the country's decentralisation process.

USAID supported total of 32 urban and rural communities. In 20 rural municipalities, they supported preparation of SLED containing five strategic components (infrastructure, local economy, agriculture, tourism and human resources) and introduction of so-called Municipal Planning Board (MPB) with 20 to 100 members from various sectors (PPP). With USAID project, 400 participants were trained in strategic planning, networking and tools for project implementation.

Through the Programme for Regional Economic Development (GIZ RED) in four (East, South East, South West and Polog) of eight regions, Programs for Regional Development were made through a participatory approach involving all stakeholders. Also 70 pilot projects were supported (in nature very similar projects within the LEADER approach), which resulted in the creation of new jobs, better tourist offer and cleaner environment.

North Macedonia's program to support the Agricultural advisory services (MAASP, Phase II, funded by SIDA - Swedish International Development Agency) is the first programme in North Macedonia practically supporting the implementation of initiatives such as LEADER in the previous five pilot municipalities (established in 2007). Supported actions were mostly related to organisation of seminars and local events (e.g. slow food fair, honey fair, handicrafts fair etc.).

The basics for implementing LEADER measure are set down in the Law on Agriculture and Rural Development adopted in compliance to the EU regulation. In accordance to the national legislation, MAFWE is responsible for LAG's registration. Thus, during 2012, a unit responsible for LEADER coordination was created under Department for IPARD management (MA) and a LEADER country strategic approach was prepared. By-laws for recognition of LAG's and preparation of LDS were adopted in the beginning of 2013. The IPARD Managing Authority under MAFWE, in the period March 2015 - August 2016 - with financial support from the European Union - implemented the project "Introduction of new IPARD measures", where one of the activities was to prepare the measure "LEADER approach" as a part of the IPARD opportunities for North Macedonia.

In accordance with the prepared text of the "LEADER approach" measure under IPARD III Programme, appropriate procedures for implementation of the measure were developed, calculations for the necessary allocations of funds as well as manuals and other necessary documentation for the implementation of the measure. Consequently, all prepared documentation was forwarded to the Directorate-General for Agriculture of the European Commission for consultation and comments. The submitted remarks are included in the latest version of the text of the proposed measure in this Programme. Also, within the project, some activities were implemented to strengthen the institutional capacities for implementation of the measure, trainings of those responsible for the implementation of the measure, performance assessments and suggestions for replenishment of human resources.

The project has also estimated that the optimum number of LAGs for the whole country would be around 20 LAGs.

The conclusion in the final report of the project was that North Macedonia is ready to start the accreditation procedure for "LEADER approach" implementation under the IPARD Programme.

In 2018, the Ministry of Agriculture, Forestry and Water Economy in accordance with Article 89 paragraph 6 of the Law on Agriculture and Rural Development (Official Gazette no. 49/10, 53/11, 126/12, 15/13, 69 / 13, 106/13, 177/14, 25/15, 73/15, 83/15, 154/15, 11/16, 53/16, 120/16, 163/16, 74/17) and Article 4 of The Rulebook on conditions for registration of the Local Action Group, the registration procedure, necessary documentation and keeping of the documentation (Official Gazette no. 40/13), has announced Public call No. 01/18 for recognition of the existing initiatives and registration of Local Action Groups (LAGs).

By Minister's decision, a Commission for registration of the Local Action Groups (LAG) and evaluation of LAG strategies was established. The Commission reviewed the submitted requests, required documentation and evaluated LAG Strategies, according to the Rulebook on conditions for registration of the Local Action Group, the registration procedure, necessary documentation and keeping of the documentation (Official Gazette no. 40/13,) and the Rulebook on the content and methodology for preparation of strategies for local development of rural areas and the manner for their approval - Annexes 2 and 3 (Official Gazette no. 40/13), and submitted their final report to the IPARD MA, responsible for keeping records.

Out of 14 applications submitted, 13 LAGs that met the minimum requirements were granted with a LAG Status and received a Decision for registration of the Local Action Group (LAG) which is kept in the Ministry of Agriculture, Forestry and Water Economy.

More than a half of the territory of the country and a total of 47 municipalities are covered by the registered LAGs (population number, map).

From 12.02.2018 to 13.04.2018, the MAFWE, in cooperation with the Ministry of Agriculture, Forestry and Food of Slovenia, has engaged several LEADER experts from Slovenia in order to exchange experiences for rural development and implementation of "LEADER approach" in Slovenia before their accession to EU. Support of Slovenian experts was particularly useful in improving registration procedure of LAGs and evaluation of LAG strategies.

By obtaining a Decision for registering the Local Action Groups (LAG), the LAGs were provided - for the first time – an access to finance for their projects and activities through the national budget, i.e., through the measures of the National Program for financial support of rural development.

For that purpose, in 2019, the Agency for Financial Support of Agriculture and Rural Development published a Public call for submitting applications for use of funds from the National Program for Rural Development for 2019 for Measure 412-Establishment of local action groups (LAG) and Measure 413-Implementation of strategies for local development of rural areas.

Out of 9 LAGs that submitted their requests for use of funds from these measures, contracts were awarded to 7 of them. So far, for both measures, the realization of the projects is still on-going.

The maximum amounts of support for each of the eligible costs per measure are regulated with the Rulebook on additional conditions for support under Rural Development measures, eligible expenditures and total amounts of support per recipient, per measure.

The Local Action Group is fully responsible for the implementation of the approved projects/activities after the signing of the Agreement for financial support with AFSARD and is obliged to conduct public procurement for the planned expenditures in accordance with the Law on Public Procurement.

National Rural Network

There is no formal establishment of National Rural Network in the country. However, MAFWE has supported establishment of civil association - Network for Rural Development of North Macedonia (RDN - established on March 20, 2010) as part of the activities under the SIDA funded program for support of Agricultural advisory services MAASP. Establishing a network for rural development in North Macedonia is a future objective, based on the LEADER principles and on the solid basis of people and knowledge, which are created by implementing activities using the LEADER methodology. RDN continues to support five more municipalities in the process of developing sub-strategies for rural development and continues its mission of capacity building skills and knowledge of the actors from rural areas to enable them to implement their goals, and development programs. At the international level, RDN is a member of the European LEADER Association for Rural development (ELARD) located in Brussels (see Chapter 9 of this Programme).

3.6. Table of Context Indicators[51]

Socio-economic indicators				
1. POPULATION				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
Total –North Macedonia	inhabitants	2.076.255	2019	SSO, Population statistics (2020)
Vardar region	inhabitants	151.492	2019	
	% of total	7,30%	2019	
East region	inhabitants	173.804	2019	
	% of total	8,37%	2019	
Southwest region	inhabitants	219.180	2019	
	% of total	10,56%	2019	
Southeast region	inhabitants	172.824	2019	
	% of total	8,32%	2019	
Pelagonia region	inhabitants	226.837	2019	
	% of total	10,93%	2019	
Polog region	inhabitants	322.872	2019	
	% of total	15,55%	2019	
Northeast region	inhabitants	175.973	2019	
	% of total	8,48%	2019	
Skopje region	inhabitants	633.273	2019	
	% of total	30,50%	2019	
2. AGE STRUCTURE				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
Total <15	persons	336.630	2019	SSO, Population statistics (2020)
	% of total	16,21%		
Total 15-64	persons	1.438.810	2019	
	% of total	69,30%		
Total 64<	persons	300.815	2019	
	% of total	14,49%		
Vardar region <15	persons	23.741	2019	
	% of total	15,67%		
Vardar region 15-64	persons	103.450	2019	

[51] Indicators with missing or old values (e.g., 2013 and 2016) will be addressed by MAFWE and responsible national authorities during the programming period in the context of updating data collection and preparation for accession into the EU

	% of total	68,29%		
Vardar region 64<	persons	24.301	2019	
	% of total	16,04%		
East region <15	persons	23.491	2019	
	% of total	13,52%		
East region 15-64	persons	120.629	2019	
	% of total	69,41%		
East region 64<	persons	29.684	2019	
	% of total	17,08%		
Southwest region <15	persons	31.382	2019	
	% of total	14,32%		
Southwest region 15-64	persons	159.773	2019	
	% of total	72,90%		
Southwest region 64<	persons	28.025	2019	
	% of total	12,79%		
Southeast region <15	persons	27.422	2019	
	% of total	15,87%		
Southeast region 15-64	persons	119.356	2019	
	% of total	69,06%		
Southeast region 64<	persons	26.046	2019	
	% of total	15,07%		
Pelagonia region <15	persons	34.206	2019	
	% of total	15,08%		
Pelagonia region 15-64	persons	153.541	2019	
	% of total	67,69%		
Pelagonia region 64<	persons	39.090	2019	
	% of total	17,23%		
Polog region <15	persons	51.372	2019	
	% of total	15,91%		
Polog region 15-64	persons	238.813	2019	
	% of total	73,97%		
Polog region 64<	persons	32.687	2019	
	% of total	10,12%		
Northeast region <15	persons	28.739	2019	
	% of total	16,33%		
Northeast region 15-64	persons	123.383	2019	
	% of total	70,11%		

Northeast region 64<	persons	23.851	2019	
	% of total	13,55%		
Skopje region <15	persons	116.277	2019	
	% of total	18,36%		
Skopje region 15-64	persons	419.865	2019	
	% of total	66,30%		
Skopje region 64<	persons	97.131	2019	
	% of total	15,34%		

3. TERRITORY

Indicator	Measurement	Indicator Value	Year of reference	Data sources
Total	km^2	25.713	2020	Ministry of Local Self Government, (2020)
Vardar region	km^2	4.042		
	% of total	15,72%		
East region	km^2	3.537		
	% of total	13,76%		
Southwest region	km^2	3.340		
	% of total	12,99%		
Southeast region	km^2	2.739		
	% of total	10,65%		
Pelagonia region	km^2	4.717		
	% of total	18,34%		
Polog region	km^2	2.416		
	% of total	9,40%		
Northeast region	km^2	2.310		
	% of total	8,98%		
Skopje region	km^2	1.812		
	% of total	7,05%		

4. POPULATION DENSITY

Indicator	Measurement	Indicator Value	Year of reference	Data sources
Total	inhabitants/km^2	83.4	30.06.2019	SSO, Regional Yearbook “Regions in the Republic of North Macedonia”, 2020
Vardar region	inhabitants/km^2	37.6	30.06.2019	
East region	inhabitants/km^2	49.3	30.06.2019	
Southwest region	inhabitants/km^2	65.7	30.06.2019	
Southeast region	inhabitants/km^2	63.2	30.06.2019	
Pelagonia region	inhabitants/km^2	48.2	30.06.2019	
Polog region	inhabitants/km^2	133.5	30.06.2019	

Northeast region	inhabitants/km^2	76.2	30.06.2019	
Skopje region	inhabitants/km^2	348.6	30.06.2019	
5. EMPLOYMENT RATE				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
Employed persons	persons	797.651	2019	SSO, Labour Force Survey (2019)
Employed persons – male	persons	477.437	2019	
Employed persons - female	persons	320.124	2019	
Employed persons aged 15 - 64	persons	788.216	2019	
Share of total population aged 15 - 64	% of total population aged 15 - 64	54,78%	2019	
Employed persons aged 20 - 64	persons	782.591	2019	
Share of total population aged 20 - 64	% of total population aged 20 - 64	59,27%	2019	
Employment rate – Country level	Employed persons as a percentage of the population of working age (15- 64 years)	47,3	2019	SSO, "Regions of the Republic of North Macedonia" (2020)
Vardar region	Employed persons as a percentage of the population of working age (15- 64 years)	55,2	2019	SSO, "Regions of the Republic of North Macedonia" (2020)
East region	Employed persons as a percentage of the population of working age (15- 64 years)	54,3	2019	SSO, "Regions of the Republic of North Macedonia" (2020)
Southwest region	Employed persons as a percentage of the population of working age (15- 64 years)	43,1	2019	SSO, "Regions of the Republic of North Macedonia" (2020)
Southeast region	Employed persons as a percentage of the population of working age (15- 64 years)	63,3	2019	SSO, "Regions of the Republic of North Macedonia" (2020)
Pelagonia region	Employed persons as a percentage of the population of working age (15- 64 years)	56,0	2019	SSO, "Regions of the Republic of North Macedonia" (2020)
Polog region	Employed persons as a percentage of the population of working age (15- 64 years)	37,1	2019	SSO, "Regions of the Republic of North Macedonia" (2020)
Northeast region	Employed persons as a percentage of the population of working age (15- 64 years)	37,0	2019	SSO, "Regions of the Republic of North Macedonia" (2020)

Skopje region	Employed persons as a percentage of the population of working age (15- 64 years)	45,6	2019	SSO, "Regions of the Republic of North Macedonia" (2020)

6. UNEMPLOYMENT RATE

Indicator	Measurement	Indicator Value	Year of reference	Data sources
Unemployed persons	persons	166.363	2019	SSO, Labour force survey, 2020
Unemployed persons - male	persons	94.198	2019	
Unemployed persons - female	persons	72.165	2019	
Unemployed persons aged 15 - 24	persons	28.881	2019	
Unemployed persons aged 24 - 74	persons	137.454	2019	
Unemployment rate - Total	Unemployed persons as a percentage of the labour force	17,3	2019	SSO, "Regions of the Republic of North Macedonia" (2020)
Vardar region	Unemployed persons as a percentage of the labour force	10,8	2019	
East region	Unemployed persons as a percentage of the labour force	7,8	2019	
Southwest region	Unemployed persons as a percentage of the labour force	24,4	2019	
Southeast region	Unemployed persons as a percentage of the labour force	6,3	2019	
Pelagonia region	Unemployed persons as a percentage of the labour force	13,1	2019	
Polog region	Unemployed persons as a percentage of the labour force	28,5	2019	
Northeast region	Unemployed persons as a percentage of the labour force	33,0	2019	
Skopje region	Unemployed persons as a percentage of the labour force	14,7	2019	

7. GDP PER CAPITA

Indicator	Measurement	Indicator Value	Year of reference	Data sources
National	EUR	5.176	2018	SSO, Regional Yearbook "Regions in the Republic of North Macedonia", 2020
Vardar region	EUR	5.415	2018	
East region	EUR	5.057	2018	
Southwest region	EUR	4.080	2018	
Southeast region	EUR	5.806	2018	
Pelagonia region	EUR	5.264	2018	
Polog region	EUR	2.419	2018	

Northeast region	EUR	2.995	2018	
Skopje region	EUR	7.349	2018	
8. STRUCTURE OF THE ECONOMY				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
Total GVA	EUR mill.	9.726,8	2019	SSO 2020
Primary sector	EUR mill	902,1	2019	
	% of total GVA	9,3	2019	
Secondary sector	EUR mill	2.634,4	2019	
	% of total GVA	27,1	2019	
Tertiary sector	EUR mill	6.190,5	2019	
	% of total GVA	63,6	2019	
9. STRUCTURE OF THE EMPLOYMENT				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
Total	1 000 persons	797,6	2019	SSO 2020
Primary sector	1 000 persons	111,0	2019	
	% in total employment	13,9	2019	
Secondary sector	1 000 persons	220,4	2019	
	% in total employment	27,6	2019	
Tertiary sector	1 000 persons	466,1	2019	
	% in total employment	58,5	2019	
10. LABOUR PRODUCTIVITY BY ECONOMIC SECTOR				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
Total	GVA (EUR)/persons employed	12.193	2019	SSO 2020 MAFWE calculations
Primary sector	GVA (EUR)/persons employed	8.126	2019	
Secondary sector	GVA (EUR)/persons employed	11.973	2019	
Tertiary sector	GVA (EUR)/persons employed	13.284	2019	
Sectorial indicators				
11. EMPLOYMENT BY ECONOMIC ACTIVITY				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
Agriculture	1 000 persons	111,0	2019	SSO, Labour Force Survey, 2020
	% of total	13,9	2019	
Forestry	1 000 persons	4,2	2019	
	% of total	0,5	2019	
Food industry	1 000 persons	24,1	2019	
	% of total	3,0	2019	

Tourism	1 000 persons	34,3	2019	
	% of total	4,3	2019	

12. LABOUR PRODUCTIVITY IN AGRICULTURE

Indicator	Measurement	Indicator Value	Year of reference	Data sources
Total GVA per full-time employed person in agriculture	EUR/person employed	7.106,3	2019	SSO, 2020, MAFWE calculations

13. STRUCTURE OF AGRICULTURE PRODUCTION

Indicator	Measurement	Indicator Value	Year of reference	Data sources
Total value of agriculture production	GAO (EUR million)	1.346,5	2018	SSO, EAA (2020)
- cereals	% in total GAO	7,8	2018	
- vegetables	% in total GAO	33,7	2018	
- perennials	% in total GAO	12,1	2018	
- industrial crops	% in total GAO	6,2	2018	
- fodder crops	% in total GAO	8,7	2018	
- livestock & livestock products	% in total GAO	22,9	2018	

14. LABOUR PRODUCTIVITY IN FOOD PROCESSING

Indicator	Measurement	Indicator Value	Year of reference	Data sources
Total GVA per person employed	GVA(EUR)/per person	9.010	2019	SSO (2020), MAFWE calculations

15. AGRICULTURE HOLDINGS

Indicator	Measurement	Indicator Value	Year of reference	Data sources
Total	1 000 agriculture holdings	178	2016	SSO, Farm Structure Survey (2016)
Average farm size	ha UAA/holding	1,80	2016	
Farm size ≤ 0.5 ha	1 000 agriculture holdings	73,92	2016	
	% of total	41,50%	2016	
Farm size > 0.5 ≤ 1 ha	1 000 agriculture holdings	34,44	2016	
	% of total	19,33 %	2016	
Farm size > 1 ≤ 3 ha	1 000 agriculture holdings	47,76	2016	
	% of total	26,81%	2016	
Farm size > 3 ≤ 5 ha	1 000 agriculture holdings	13,61	2016	
	% of total	7,64%	2016	
Farm size > 5 ≤ 8 ha	1 000 agriculture holdings	4,24	2016	
	% of total	2,48%	2016	
Farm size > 8 ≤ 10 ha	1 000 agriculture holdings	1,34	2016	
	% of total	0,75%	2016	
Farm size > 10 ha	1 000 agriculture holdings	2,62	2016	

	% of total	1,47%	2016	
16. AGRICULTURE AREA				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
Total UAA	1 000 ha	1.265	2019	SSO, Agriculture statistics (2019)
Arable land and gardens	1 000 ha	419	2019	
	% of total UAA	33.1	2019	
Permanent grassland and meadow	1 000 ha	804	2019	
	% of total UAA	63.6	2019	
Permanent crops	1 000 ha	41	2019	
	% of total UAA	3.3	2019	
17. AGRICULTURE AREA UNDER ORGANIC FARMING				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
Total	In ha	3.168	2013	MAFWE (2014)
	% of total UAA	0,25	2013	SSO, Sustainable development
18. IRRIGATED LAND				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
Total irrigated area	1 000 ha	84,4	2016	SSO, Agriculture statistics
	% of total UAA	26,3	2016	MAFWE calculation
19. ANIMAL HUSBANDRY				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
Total	Livestock units (LU)	381.361	2016	SSO, Farm Structure Survey (2016)
Average farm size	LU/per agriculture holding	2,14	2016	
Cattle	number	217.790	2019	SSO, Livestock statistics (2020)
Sheep	number	684.558	2019	
Goats	number	87.581	2019	
Pigs	number	135.770	2019	
Poultry	number	1.562.089	2019	
Beehives	number	96.143	2019	
20. FARM LABOUR FORCE				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
Total labour force:	1 000 persons	120	2017	SSO, Labour Force Survey (2017)
male	*1 000 persons*	*67*	2017	
female	*1 000 persons*	*53*	2017	
Family labour force	1 000 persons	43,4	2017	

Self-employed	1 000 persons	52,9	2017	
Employed	1 000 persons	17.0	2017	
Total AWU	1 000 AWU	242,9	2016	SSO, EAA (2016)
Non-salaried labour input	*1 000 AWU*	*61*	2016	
Salaried labour input	*1 000 AWU*	*89*	2016	

21. AGE STRUCTURE OF FARM MANAGERS

Indicator	Measurement	Indicator Value	Year of reference	Data sources
Total farm managers by age	persons	178.125	2016	SSO, Farm structure survey, 2016
35 years or less	persons	7.088	2016	SSO, Farm structure survey, 2016
	% of total	4,0	2016	SSO, Farm structure survey, 2016
35 – 55 years	persons	60.733	2016	SSO, Farm structure survey, 2016
	% of total	34,1	2016	SSO, Farm structure survey, 2016
more than 55 years	persons	110.304	2016	SSO, Farm structure survey, 2016
	% of total	61,9	2016	SSO, Farm structure survey, 2016

22. AGRICULTURAL TRAINING OF FARM MANAGERS

Indicator	Measurement	Indicator Value	Year of reference	Data sources
Farm managers with basic training	persons	1.597	2016	SSO, Farm structure survey, 2016
35 years or less	persons	164	2016	SSO, Farm structure survey, 2016
	% of total	10,3	2016	SSO, Farm structure survey, 2016
35 – 55 years	persons	723	2016	SSO, Farm structure survey, 2016
	% of total	45,3	2016	SSO, Farm structure survey, 2016
more than 55 years	persons	710	2016	SSO, Farm structure survey, 2016
	% of total	44,5	2016	SSO, Farm structure survey, 2016
Farm managers with practical experience only	persons	172.320	2016	SSO, Farm structure survey, 2016
35 years or less	*persons*	6.741	2016	SSO, Farm structure survey, 2016
	% of total	3,9	2016	SSO, Farm structure survey, 2016
35 – 55 years	*persons*	58.721	2016	SSO, Farm structure survey, 2016
	% of total	34,1	2016	SSO, Farm structure survey, 2016
more than 55 years	*persons*	106.858	2016	SSO, Farm structure survey, 2016
	% of total	62,0	2016	SSO, Farm structure survey, 2016
Farm managers with full agriculture training	persons	2.122	2016	SSO, Farm structure survey, 2016
35 years or less	*persons*	98	2016	SSO, Farm structure survey, 2016
	% of total	4,6	2016	SSO, Farm structure survey, 2016
35 – 55 years	*persons*	680	2016	SSO, Farm structure survey, 2016

	% of total	32,0	2016	SSO, Farm structure survey, 2016
more than 55 years	*persons*	1.344	2016	SSO, Farm structure survey, 2016
	% of total	63,3	2016	SSO, Farm structure survey, 2016

23. GROSS FIXED CAPITAL FORMATION IN AGRICULTURE

Indicator	Measurement	Indicator Value	Year of reference	Data sources
Investments in assets (crop and animal production, and related service activities)	EUR million	11,1	2017	SSO, GDP and investments (2017)
	% of GVA in agriculture	1,5	2017	SSO, GDP and investments (2017)

24. FOREST AND OTHER WOODED LAND (FOWL)

Indicator	Measurement	Indicator Value	Year of reference	Data sources
Total	1000 ha	1.131	2019	SSO, Agriculture statistics (2020)
	% of total land area	44%	2019	

25. TOURISM INFRASTRUCTURE INCLUDING AGRITOURISM INFRASTRUCTURE

Indicator	Measurement	Indicator Value	Year of reference	Data sources
Total	number of rooms	29.933	2019	SSO, Tourism and catering (2020)
	number of beds	76.942	2019	

Environment indicators

26. LAND COVER

Indicator	Measurement	Indicator Value	Year of reference	Data sources
Agricultural area	% of total area	49,7	2019	Regulars surveys, Statistical yearbook 2019
Forest area and semi-natural areas	% of total area	40,7	2019	Regulars surveys, Statistical yearbook 2019
Wetlands	% of total area	0,11	2019	Mapping of marshes and wetland areas in North Macedonia, Saint Cyril and Methodius University of Skopje, Faculty of natural sciences, Institute of geography, 2019
Artificial area	% of total area	6,04	2019	Statistical yearbook 2019
Other area (includes lakes and inland waters)	% of total area	3,45	2019	Statistical yearbook 2019

27. FARM LAND BIRDS INDEX

Indicator	Measurement	Indicator Value	Year of reference	Data sources
Total Farm Birds Index (FBI)	index 2000 = 100	n/a	n/a	n/a

28. CONVERSION STATUS OF AGRICULTURAL HABITATS (GRASSLAND)				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
favourable	1 000 ha	n/a	n/a	n/a
	% of total area	n/a	n/a	n/a
unfavourable - bad	1 000 ha	n/a	n/a	n/a
	% of total area	n/a	n/a	n/a
unfavourable - inadequate	1 000 ha	n/a	n/a	n/a
	% of total area	n/a	n/a	n/a

29. PROTECTED FORESTS				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
Total Protected FOWL	1 000 ha	75,3	2013	MAFWE, Forestry Department
	% of total FOWL	7,6	2013	MAFWE, Forestry Department

30. WATER QUALITY				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
Gross Nutrient Balance	kg N/ha/year (nitrogen)	n/a	n/a	n/a
	kg P/ha/year (phosphorus)	n/a	n/a	n/a
Nitrates in freshwater – Surface waters:				
High quality	*% of monitoring sites*	*n/a*	*n/a*	*n/a*
Moderate quality	*% of monitoring sites*	*n/a*	*n/a*	*n/a*
Low quality	*% of monitoring sites*	*n/a*	*n/a*	*n/a*
Nitrates in freshwater – Ground waters:				
High quality	*% of monitoring sites*	*n/a*	*n/a*	*n/a*
Moderate quality	*% of monitoring sites*	*n/a*	*n/a*	*n/a*
Low quality	*% of monitoring sites*	*n/a*	*n/a*	*n/a*

31. SOIL ORGANIC MATTER IN ARABLE LAND				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
Total estimated Soil Organic Carbon (SOC) stock in top 30 cm of the top soil	Mega tonnes	n/a	n/a	n/a
Mean SOC concentration	g/kg	n/a	n/a	n/a

32. SOIL EROSION BY WATER				
Indicator	**Measurement**	**Indicator Value**	**Year of reference**	**Data sources**
Rate of soil loss by water erosion	tonnes/ha/year	n/a	n/a	n/a

Total agricultural areas at risk of soil erosion by water:	in ha	n/a	n/a	n/a
	% of total agricultural area	n/a	n/a	n/a
arable and permanent crop area	*in ha*	*n/a*	*n/a*	*n/a*
	% of total agricultural area	*n/a*	*n/a*	*n/a*
permanent meadows and pasture	*in ha*	*n/a*	*n/a*	*n/a*
	% of total agricultural area	*n/a*	*n/a*	*n/a*

33. PRODUCTION OF RENEWABLE ENERGY FROM AGRICULTURE AND FORESTRY

Indicator	Measurement	Indicator Value	Year of reference	Data sources
Total production of renewable energy	kToe	333	2018	SSO, Energy statistics (2019)
	% of total energy production	29,4	2018	SSO, Energy statistics (2019)
from Agriculture	*kToe*	*n/a*	*n/a*	*n/a*
	% of total	*n/a*	*n/a*	*n/a*
from Forestry	*kToe*	*n/a*	*n/a*	*n/a*
	% of total	*n/a*	*n/a*	*n/a*

4. STRENGHTS, WEAKNESSES, OPPORTUNITIES AND THREATS

The table below summarises the key problems and challenges identified in the description of the current situation. The problems and challenges are structured according to the logic of the description of the current situation.

4.1. Agriculture, forestry and food industry	
Strengths	• Stable share of agriculture, forestry and food processing sector accounts for an important part in the national GDP; • Ownership of agricultural land and assets attributed mainly to private farmers; • Location of the processing capacities near the urban centres benefits labour mobility (availability of transport and services network); • Prominent role of the small and medium food processing enterprises as more flexible and competitive economic agents; • Long tradition in the production of various primary products and processed foods ; • Positive efforts in establishing horizontal links among processors and primary producers (contract farming); • High natural potential for timber production; • Well-established and active associations of agriculture producers; food processors, private forest owners and Chambers of Commerce, as well as system of socio-economic dialogue (through sub-sectoral groups); • Strong Government commitment for agriculture development with complete set of governing rules, registers and increasing budgetary support for sector development aligned with the key elements of the European CAP.

Weaknesses	• Unfavourable farming structure with mixed agriculture production on small and scattered land plots; • Low efficiency and productivity of agriculture and food sector; • Low use of agricultural machinery and highly depreciated mechanisation; • Weak farm management practices in terms of utilization of fertilizers and crop protection and use of quality certified seeds/planting material; • High labour intensiveness (dependence on family labour); • Absence of post harvesting capacities and marketing skills at farm level; • Poor integration of food chains and lack of vertical integration; • Low liquidity and lack of capital for small holder farmers to undertake new investments; • Seasonal supply of raw materials contributing to over-capacities in the food processing establishments; • Considerable number of agriculture livestock farms and food processing capacities non-compliant with the EU relevant standards; • Lack of innovations and technology transfers • Great degree of small-scale farms, many of them producing mainly for self-subsistence and economically not viable; • Lack of interests for establishment of cooperatives and other forms of associative entities by the small-holder farmers; • Poor market position of small producers depending on vendors to market their products, long market chains and lack of marketing services including information; • Over regulated forestry sector and underdeveloped management of state forests; • Lack of machinery for forest management; • Weak forest management practices in terms of forest protection and utilisation; • Underdeveloped system for adult vocational training in agriculture, food industry and forestry and insufficient outreach of the extension services and advisory services; • Poor integration of research capacities for development of agriculture and forestry and slow pace of innovation in the agri-food sector; • Underdeveloped input and output markets and market infrastructure.
Opportunities	• Increasing business interest in agriculture and food processing; • Good access and distribution links to the European markets and main European transport corridors; • Good climatic conditions for agriculture and variety of regions with diverse opportunities for agriculture production; • Favourable natural conditions and experience for development of the crop and livestock sectors; • High demand for agriculture and food products on the local/regional markets; • Growing demand for investments in agriculture machinery and equipment, perennials establishment and improvement of varieties; • Potential for structural improvement (land consolidation, producer groups, cooperatives); • Introduction of new products and technologies in agriculture, food processing industry and forestry; • Promoting changes of production and product ranges to match increasing market and quality requirements; • Growing SME's potential for their development and diversification of activities in agriculture; • Strengthening of the role of extension and advisory services and research; • Increasing urge for introduction of advanced quality standards HACCP, ISO, among the food processing enterprises.

Threats	• High land fragmentation of agriculture and forest land plots; • Ageing labour force in agriculture and unskilled labour; • Lack of seasonal labour in harvesting period and in food – processing seasonal peaks; • Still modest efforts of commercial banks for agriculture finance; High collaterals; • Increase in the labour, input and land costs; • Increased competition on the domestic market; • Limited providers of new agriculture and food processing machinery; • High costs of research and small market opportunities.

4.2. Environment	
Strengths	• Significant level of natural resources and biodiversity; • Untapped reserves of bio-energy and renewal energy sources; • High agro-ecological potential; • Animal genetic resources protected and supported; • Relatively low use of pesticides and fertilizers in agriculture; • Monitoring of surface waters quality system established; • High diversity of landscape structure; • Existence of traditional extensive nature friendly practices; • Well-established and active environmental associations and organic farming; • Established structures for forest management; • Good management of natural parks.
Weaknesses	• Inappropriate water and soil protection and management practises; • Insufficient use and protection of natural resources; Degradation of agricultural land and soil; • Irrational use of water for irrigation; • Poor communal waste management and inadequate waste management at farm level; • Lack of private afforestation interest at farm level; Lack of investments in private forests; • Weak awareness for conservation of natural resources and environmental protection; • Low environmental and climate change awareness; • Low use of renewable resources for energy and water-heating at farm and processing level and by rural dwellers; • Insufficient level of knowledge on sustainable land and forest management; • Absent or underdeveloped road network for access to agriculture land and forests; • Unclear division of authorities for agri-environment; • Lack of agri-environment statistics; • Insufficient advisory support and lack of training sources for agri-environment and climate change actions.
Opportunities	• Increasing awareness on environmental protection and conservation of natural resources; • Encouraging potential for cultivation of oil-bearing crops for biofuel production; • High potential for growing energy crops and biomass availability; • High interest for use of energy saving technologies and renewable energy; • Great existing potential for organic farming , high nature value farming and maintenance of high nature value grasslands ; • Existence of initial skilled human potential for provision of extension and advisory services to farmers for agri-environmental practises and climate change adaptation and mitigation practices; • Implementation of the sustainable use of pesticides standards; • Existing market for provision of inputs for organic production (seeds, organic fertilisers etc.); • Introduction of environment conditions to agriculture support; • Alignment with the EU Green Deal and the Green Agenda.

Threats	• Depopulation of rural areas, land abandonment and loss of agricultural genetic resources; • Habitats endangered by infrastructure projects and open pit mineral ore extraction; • Agriculture and forest area highly affected to climate change, related to natural disasters (fires, floods, droughts, heat waves, etc.); • Pollution caused by poor waste management systems; • Large focus of government policies on economic development; • Lack of finances for implementation of costly environment protection projects; • Luck of public investments in erosion control activities; • Lack of investments in afforestation of the forests damaged by fire; • High risk for damaging agriculture and forest plants by pest and diseases; • Disappearing knowledge of traditional, organic production methods; • Increased pollution due to intensification of agriculture, industrial activities, transport and tourism; • Increased urbanisation dynamic leads to permanent loss of natural resources.

4.3. Rural Economy and Quality of Life	
Strengths	• Existence of traditional skills, crafts and food production; • Geographic diversity and rich historical traditions in culture, customs, traditional events; • Successful experiences in village re-vitalization, restoration of historical monuments and wine tourism; • Large number of preserved vital rural communes with rich historical and cultural traditions; • Natural resources; • Presence of major road infrastructure with feeder roads to relatively smaller settlements in rural areas; • Low cost of living; • High spirit of hospitality.
Weaknesses	• Low share of rural economy in national GDP; • Lower educational level causing high unemployment rate, • Low engagement into non-agriculture economic activities and other alternative businesses and over dependency on agricultural activities in rural areas; • Depreciated or poor rural technical infrastructure (water supply, sewerage, waste disposal, rural roads, internet, etc.); • Poorly developed services in rural areas; • Passive or absence of relevant rural organisations to represent the interests of rural communities and promote training; • Low number of active SMEs in rural areas; • Still not sufficiently developed rural communities, lack of LEADER initiatives; • Lack of financial resources to run local organizations; • Weak capacity of local authorities in local planning, and management and implementation of projects; • Lack of infrastructure and services and underpopulated areas with rural tourism potential; • Implementation of the licensing and categorization for rural tourism is unsatisfactory.

Opportunities	• Growing demand for rural tourism and rural attractions (landscapes, traditional villages, hunting, fishing, SPA resorts, etc.); • Proximity to populous areas; • Rich cultural heritage within rural areas and diverse natural potential; • Existing tradition in production of local specialty food products and rural specific products; • High potential for development of alternative agriculture activities (horticulture, game breeding etc.); • Openness of the municipalities to cooperate with the rural actors; • Potential for foreign investments; Location of technological investment zones in rural areas; • Rural infrastructural projects are priority of the municipal authorities; • Government support for business, entrepreneurship, infrastructural and human resource development in rural areas; • Low regulatory burdens and fiscal benefits for SME development and crafts; • Low cost affordable housing; • Re-use of existing buildings.
Threats	• Ageing of rural population and emigration of youth from rural areas (out-migration of young, women and economically active population); • Shortage of 'start-up' capital (low support for enterprises, shortage of information, incubators, low availability of credit); • Low employment opportunities and equality; • Increasing disparities between rural and urban areas in education and access to basic services; • Insufficient offer of life - learning trainings and qualification trainings; • Underdeveloped and small-size of rural markets; • Communities that are stagnant / stuck in the past; • Land banking (landowners not bringing forward sites for development); • Limited financial resources (no cheap loans), primary capital; • Reliance on car; • Tourism focussed on car travel; • Increased interest and incentive of tourists to travel to other neighbouring recreation areas.

4.4. Preparation and implementation of Local Development Strategies - LEADER

Strengths	• Established knowledgeable human capacity and processes in IPARD implementation; • 13 LAGs established and registered in the MAFWE register, good spread within the LAG territories and basic human capacities; • LEADER/like measure implemented under NRDP; • Knowledge in capacity building, LDS creation, support and establishment of LAGs; • National Rural Development Network – envisioned part of IPARD; • Legal set up for LEADER implementation established; • Involvement of the existing LAGs in IPARD programme preparation; • Municipalities are coordinating municipal programs with LDS.

Weaknesses	• Lack of administrative staff to work on LEADER; • Lack of coordination between institutions; • Lack of continuous funding for operational costs for the Local Action Groups; • Lack of human capacities and experience in management of LDS; • Lack of knowledge in the Municipalities related to their role in the LAGs; • National Rural Development Network – not established yet; • Lack of transparent procedures among the main actors (creating synergy, systems for communication and decision making). • Lack of pro-activeness of Local Action Groups to communicate with MAFWE and PA.
Opportunities	• Draft LEADER measure fiche prepared for IPARD III programming period; • Provision of funds to LAGs under IPARD TA to strengthen their capacities; • Provision of financial support to approved LAG projects under NRDP; • Expressed interest to regularly adjust the NRDP according LEADER principles as part of IPARD; • Basic animation of local population in process; • Municipalities are generally supportive in implementation of LAG LDS; • IPARD LEADER measure simulated under NRDP; • New NARDS 2021-2027 provides strategic continuity to support the LEADER approach; • Sound capacity of the Rural Development Network to coordinate the process of IPARD LEADER implementation and facilitate the networking in the process of LEADER operations.
Threats	• Frequent changes of the management structure and postponing employment of new staff in relevant institutions (PA); • Not enough LEADER support from the NRDP; • Not adapting the LEADER measures according IPARD; • Lack of continuous support to Local Action Groups for operational costs; • Political influences from municipal management and local elections; • Unfavourable economic environment because of the situation with COVID-19. This can drastically slow down the planned activities. The situation may also halt the process of accreditation of new IPARD measures including LEADER and this will have a negative effect on the progress of the LEADER process; • Slow process for accreditation of the LEADER measure within IPARD.

5. MAIN RESULTS OF PREVIOUS INTERVENTION

5.1. Main results of previous national intervention

Based on the recognized importance of the agricultural sector and in accordance with both National Strategies for Agriculture and Rural Development for 2007–2013 and 2014-2020, the Government of North Macedonia has included agriculture in one of its economic priorities, further implementing complementary and comprehensive policies.

The improved competitiveness in the past period expressed through the continuous increase of the export of North Macedonia's products which exceeded half a billion euros is encouraging, but significant improvement of the general competitiveness of the sector and utilization of the real development potential is impossible without changing the existing structure, especially in terms of size of available production facilities in the agricultural holdings, technical-technological modernization of equipment, horizontal and vertical integration.

From the aspect of the perspective inclusion of North Macedonia's agriculture in the internal market with EU membership, such a structure under unchanged conditions will pose a serious threat to the further survival of most of North Macedonia's agricultural holdings. Hence, having in mind the primary strategic priority of the National Strategy for Agriculture and Rural Development (2014 – 2020) remains:

"Increasing the competitiveness of North Macedonia's agricultural production and food industry, development of rural areas and sustainable management of natural resources".

In order to achieve the strategic goal in the next period the agricultural sector needs to be fully oriented to the needs of consumers and market signals, to increase its own operational efficiency, economies of scale and adaptability to changes in the direction of providing a higher value-added of the production making it attractive and qualitatively different from the competition.

The total amount earmarked for direct financial support policies in agriculture and rural areas for the entire strategic period (2014-2020) is EUR 1.040 million. Together with the funds intended for the functioning of the institutions in the agricultural sector, the total allocations of the state for agriculture will amount to at least 5% of the budget annually. Proportionally most of the funds to support agriculture and rural development, approximately 90%, are allocated to direct payments policies, while the rest is used for the newly introduced measures for rural development for co-financing of the investments for increasing of the volume of production and modernization of agricultural holdings and processing facilities. Besides the financial support, the agricultural holdings were supported by granting of state-owned agricultural land, profit tax exemption or reduction and preferential social payments, VAT decrease, legalization of buildings and perennials as well as providing free advisory services. Particularly significant for supporting the farmers in the last period are the government's efforts to help the formation of cooperatives, to strengthen contractual production and to launch important agricultural land consolidation policies. In the last two years, much attention is paid to improving of the marketing infrastructure with providing conditions for investment in new purchase and logistic centers, which should help the sale of the agricultural products, particularly those from small producers.

However, the biggest pillar in terms of financial resources dedicated was the financial support in agriculture (direct support policy). In 2020, around 70 thousand agriculture holdings are registered beneficiaries for direct support. The number of beneficiaries of the support measures is 40% of the total number of around 175 thousand active agricultural holdings registered in the Farm register in 2020.

In the last period, thanks to the received support, the agriculture gradually converted from buffer of the negative social and economic effects of the transition period and the decline of industrial production, into constant and predominant economic activity of providing regular income for most of the economic entities involved.

In the ambient of sharp competition due to reduced purchasing power and amplified world interventionism, the measures of the national policy have managed to maintain or contributed to increase of the level of market participation on the external markets. Without the regular and intervention measures of financial support for agriculture, the current situation in the agriculture would have been much worse and they would affect mostly the most vulnerable group, the still untransformed small holder farmers who are still dominant category.

5.2. Main results of EU assistance

5.2.1 Overview of IPA-TAIB and TAIEX assistance

Appropriate set of technical assistance activities under IPA and TAIEX are being realized, or are secured in the pipeline, covering broad range of integration activities.

From the Training Map for TAIEX 2019, 4 applications are realized (2 study visits and 2 experts missions), and 2 more were approved and it's planned to be implemented in 2020.

The realized TAIEX events are the following: TAIEX study visit for promotion of honey and bee products, where MAFWE employee's defined the responsibilities for implementation of national provisions regarding CMO of honey and bee products, and visit of cooperative (organization) of honey producers as positive example of successful and organized marketing.

Through the study visit for preparation of control plans, check lists and determining degrees of compliance, directions for implementation of procedures for registration of third countries products of as PDO, PGI and TSG were given, under EU quality schemes.

Expert Mission on Alignment with EU Regulation in the Area of Fishery and Aquaculture in order to achieve organizational set up and procedures for the implementation of EU Regulation in area of fishery and aquaculture. Expert mission on calculating the water feeds for irrigation and drainage, which provided directions in the process of creation of document on calculation the water fees for irrigation in irrigation sector.

Additionally, 2 applications from TAIEX Agri Map which were realized in 2020 are the following: Expert mission on Data collection - Aligned national with EU Regulation in area of fishery and aquaculture to and Expert Mission on Support in proper defining rules and procedure for calculation of 'Type of crop' code for crop category "Fresh vegetables, melons and strawberries" within FADN software, according to RI/CC 1680, Farm Return Data Definitions.

Status of projects being realized or to be financed through the IPA I – TAIB is presented below:					
No.	Project title	Type	IPA Programme	Status	Total value in mill. €
1.	IACS/LPIS	Service	2008	realized	0,64
2.	CMO	Service		realized	0,54
3.	Agri Environment	Service		realized	0,70
4.	Computers	Supply		realized	0,12
5.	Computer equipment	Supply		realized	0,08
6.	Vehicles	Supply		realized	0,10
7.	Organic & Quality	Twinning	2009	realized	0,65
8.	IACS/LPIS	Service		realized	0,73
9.	Cross Compliance	Twinning		realized	0,95
10.	Laboratory equipment	Supply		realized	0,45
11.	AIS – ISSAM	Service	2011	realized	0,70
12.	Paying Agency	Twinning		realized	1,65
13.	AMIS equipment	Supply		realized	0,15
14.	PA equipment	Supply		realized	0,43
15.	Support for the preparation and implementation of IPA 5th Component (IPARD) beyond 2013	Service	2012	Not contracted	1,21
16.	Production of ortho-photo maps and digitalization of agriculture land use	Service	2012	realized	1.2 contracted on 879.000 €
17.	Quality control of produced ortho-photo maps and digitized agriculture land use layers	Framework	2012	realized	0,08
18.	Finalization of the Farm Accountancy Data Network	Twinning	2013	realized	0,8
19.	Building the basis for the reform of the tobacco sector	Service	2013	realized	0,95 contracted on 864.000 €
20.	Supply of IT equipment, vehicles for agriculture and rural development	Supply	2013	realized	1.534.837 € contracted on Lot 1 1.149.683 € Lot 2 222.858 €
21.	Small-scale, low-cost, environment friendly irrigation schemes: sites selection and preparation of full work tender dossier	Service	2013 CENTRALIZED	On going	1.63
IPA 2 – 2013					
1.	Evaluation of the impact of IPA and national funds on the reforms in the sector of Agriculture and Rural Development	Framework	Contract with DEU	Realized	0.128
IPA 2 – EUIF					
1.	Functional assessment of MAFWE	Framework Agreement	Administrative contract with World Bank	Realized	0.5
Status of projects being realized or to be financed through the IPA II is presented below:					
1.	Support to Implementation of Land consolidation policy actions (Administrative contract with FAO)	Service contract or grants scheme to provide technical assistance	2015 CENTRALIZED	On going	2,5
2.	Support in establishment of new market viable Cooperatives	Grant scheme	2015 CENTRALIZED	On going	1.8

3.	Support to investments in small-scale irrigation schemes	Works Constructions Supervision (service-framework)	2015 CENTRALIZED	On going	2.150 0.158
4.	Introduction and implementation of Common Market Organization measures in North Macedonia	Service contract	2015 CENTRALIZED	Completed	0.896
5.	Improvement of interoperability and effectiveness of IACS	Service contract+ Supply	2015 CENTRALIZED	On going	1.160
6	Improved implementation of animal health, food safety and phytosanitary legislation and corresponding information systems	Service contract	2015 CENTRALIZED	Completed	1.592
7	Supply of equipment for the Phytosanitary authorities	Supply	2015 CENTRALIZED	Completed	
8	Construction of Veterinary and Phytosanitary border inspection facilities at the Border Inspection Post Blace	Service contract	2015 CENTRALIZED	Completed	
9	Supervision of construction works of veterinary and phytosanitary border inspection facilities at BIP Blace	Service contract	2015 CENTRALIZED	Completed	
FWC SIEA ; 2018 – LOT1: Sustainable Management of Natural Resources and Resilience (centralized management)					
	Review of forestry sector /Preparation of 2019 IPA project for forestry	Framework contract - service	CENTRALIZED	Realized	0.12
IPA 2019					
1.	Water Management and Irrigation (A4)	Works Service	DIRECT MANAGEMENT	Process of preparation of Tender Dossier	5.0 total, 3.4 EU contribution 0.2
2	Supporting the reforms in forestry	Grant	DIRECT MANAGEMENT	In tendering phase	1.3
3	Construction of a Rendering Plant	Service	DIRECT MANAGEMENT	On going	
4	Support for improving human, animal and plant health (FVA) (Improvements of food safety standards, legislation and control systems)	Service	DIRECT MANAGEMENT	On going	
5	Improving physical capacities for plant protection	Service	DIRECT MANAGEMENT		
6	Towards a modern protection of plants and biodiversity (Twinning title: Improvement of the administrative and operational capacities of the plant protection authorities)	Twinning	DIRECT MANAGEMENT	On going	

Source: Department for EU Integration, MAFWE 2020

IPA III Programming

In the framework of the annual / multi-year programming approach of IPA 3 the technical draft of the **IPA III STRATEGIC RESPONSE** was prepared by the Ministry of Agriculture and Water Economy and other relevant institution (Food and Veterinary Agency, Phytosanitary Directorate, etc.). The consultations were channelled through the sector working group on agriculture and rural development, which gathers the relevant national authorities, donors and

civil society at the table of discussions and is chaired by the Minister of Agriculture. The Government further approved the Strategic Response.

Key thematic priorities included in the draft version of IPA III STRATEGIC RESPONSE;

In line with its strategic priorities, North Macedonia seeks the EU financial assistance to achieve the following objective:

- To prepare the country for participation in the EU Common Agricultural Policy, harmonies the legislation with the acquis and the European standards in the areas of agriculture, food, veterinary, animal welfare, hygiene and environment and build the necessary administrative and institutional capacities;
- To increase the competitiveness of North Macedonia's agricultural production and agro-food industry at the international markets;
- To eliminate the risks to public health;
- To decrease the negative impact of agricultural activities on environment;
- To promote territorially balanced and sustainable development in rural areas;
- To improve the fishery policy and its alignment with the EU acquis;
- To prevent IUU fishing and to promote competitiveness of the sector.

In the next phase, **Action Documents** for **2021** and **2022** will have to be prepared, where the EU / DG NEAR will evaluate the projects according to their relevance and maturity.

5.2.2 Overview of IPARD II implementation

In the previous programming period (2014-2020), the country benefited as a pre-accession country from support under IPARD.

The assistance was distributed on the basis of IPA Rural Development Programme 2014–2020 (IPARD II Programme) under Regulation 447/2014 in 2014, and it was adopted by the European Commission on 13th of February 2015 in accordance to the Commission Decision C(2015)760.

The IPARD Programme was prepared in line with the three main government programme documents (Accession Partnership, National Programme for the Adoption of the Acquis Communautaire and the National Strategy for Agriculture and Rural Development for the period 2014-2020 – NSARD 2014-2020).

Even though the Programme potentially serves more than one objective under IPA II and its consistency with the NSARD 2014-2020, the objectives can be 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.

The Programme offered opportunities to implement 11 measures, yet the implementation of the Programme started with 5 measures. These measures were implemented in the entire programming period 2014-2020, with the exception of measure "Investment in rural public infrastructure" which will be implemented after accreditation.

The implementation of the Programme started in April 2017 with announcement of the first public call. By the end of 2020, six public calls were announced.

Table 54: Overview of announced public calls under IPRAD II Programme

	Public call	Applications						Time for application processing
		Submitted		Contracted		Paid		
		No.	EU contribution	No.	EU contribution	No.	EU contribution	
1	01/2017[52]	1.648	72.329.985	899	16.099.845	859	11.139.357	15 months
2	01/2018[53]	65	15.306.651	38	6.700.036	25	1.929.367	4 months
3	02/2018[54]	1.099	18.335.969	640	6.319.986	400	1.272.017	6 months
4	01/2019[55]	261	43.821.070	36	2.332.025	/	/	7 months
5	02/2019[56]	61	16.763.734	32	6.272.419	/	/	6 months
6	01/2020[57]	748	21.011.113	/	/	/	/	/
Total		**3.073**	**187.710.870**	**1.657**	**37.724.311**	**1.292**	**14.340.741**	**/**

Source: IPARD Managing Authority, December 2020

The process of processing and approving the applications submitted at the first public call took a lot of time. Delays in the process of approving requests limit the possibility of publishing new public calls. The reasons for this situation are the significant number of incomplete applications and time needed to send completion requests and receive missing documents (in many cases applications were incomplete even after Agency has asked for their completion). According information by the IPARD Agency, the control of reference price in the database Unit takes at least two months and in some cases, depending on availability of information and willingness of suppliers to provide the data, even more. Also, lack of staff in the IPARD Agency, the extensive procedures for controlling the standards, especially the time needed for checking the price of the offers were among the main reasons for long process of approval of applications.

Table 55: Financial performance (EU expenditure) against last approved financial plan

Measure	EU part contracted (A)	EU part paid (B)	IPARD Programme financial plan (EU part)[58] (C)	Financial performance contracted (A/C)	Financial performance paid (B/C)
Measure 1	14.207.820	7.413.174	9.080.000	156 %	82 %
Measure 3	17.952.392	6.264.792	8.330.000	216 %	75 %
Measure 7	5.564.099	662.775	3.410.000	163 %	19 %
Measure 9	148.188	21.126	180.000	82 %	12 %
Total	**37.872.499**	**14.361.867**	**21.000.000**	**180 %**	**68 %**

Source: IPARD Managing Authority, December 2020

[52] Public call measures 1, 3 and 7.
[53] Public call for measure 3.
[54] Public call for measure 1.
[55] Public call for measure 7.
[56] Public call for measure 3.
[57] Public call for measure 1.
[58] Allocations from 2014, 2015, 2016 and 2017 taken into consideration

Main factors that influenced the implementation of IPARD II Programme

1. Insufficient administrative capacity of the IPARD structure to handle with realization of funds and in same time to provide an adequate level of control in specified deadlines and in particular the introduction (accreditation) of new measures.
2. Low level of implementation of national legislation especially the one adjusted with EU legislation, particularly in the fields of environment and health and animal welfare.
3. Low quality level of registers and lack of electronic access.
4. Need for continuous and improved involvement of the research and extension system to assist farmers in administrative, technical and marketing fields. Projects have been generally successful when private entrepreneurs and farmer and industrial associations were involved, and when pilot operations were understood as potential higher income generators or could secure/maintain domestic and export markets. Projects have shown however that associations are still weak and require to be strengthened.
5. Strictness of the selection process and uncertainty of the outcome until final reimbursement is awarded. Many potential beneficiaries (even successful ones) consider the selection process too strict, especially for verification of expenditures eligibility and assessment of economic and financial viability (the value of the eligible expenditures is verified if it corresponds to the market value of the concerned items proven via three independent offers from suppliers (for goods with value above 10.000 EUR), against reference values set by the IPARD Agency or against standard costs).

5.2.2 Lessons learnt of IPARD II implementation

The selection process is identified as the most crucial element of the Programme and its success. Many potential final beneficiaries (and successful ones) still consider it too strict, and its outcome uncertain until the final reimbursement is awarded. Improvements over the required documentation for applicants have been introduced in the recent years, but in spite of such efforts the burden on the shoulder of applicants still seems too heavy, often causing them not to complete the application, and quit their participation to the Programme.

Access to finance was a problem highlighted in previous evaluation reports and continues to be reported by the beneficiaries interviewed in this evaluation. Communication between the applicants and the banks is reported still to have scope for improvement. A long standing problem is reported to be the unwillingness of Banks to accept agricultural assets as collateral to secure short term credit.

In the entire period of implementation of the Programme, analysis indicated that two types of factors caused bottlenecks and limited level of execution of funds available under the IPARD II.

INTERNAL FACTORS:

1. IPA Regulation provisions and subsequent agreements that effect on the degree of utilization (e.g. very demanding EU standards, slow accreditation process, lack of clear definitions regarding certain principles of sound financial management).

2. Insufficient administrative capacity of the IPARD structures to handle with realization of funds and in same time to provide an adequate level of control in specified deadlines and in particular the introduction (accreditation) of new measures.

EXTERNAL FACTORS:

1. Level of implementation of national legislation especially the one adjusted with EU legislation, particularly in the fields of environment and health and animal welfare.
2. Still limited quality level of registers and lack of electronic access.
3. Weak administrative capacity of the institutions related to the implementation of national legislation harmonized with EU in IPARD related field.
4. Absence of involvement of other institutions that can contribute to the delivery of appropriate information and support to potential recipients as the Employment Agency, the Agency for Promotion of Entrepreneurship, Agency for Foreign Investments Promotion and Agency of Tourism.

IPARD II was clearly consistent with national policies and final recipients' priorities. Successful applicants confirmed that IPARD investment met their expectations, in terms of support to their typical activities. There was no overlapping between national scheme for support in rural development and IPARD II, although some types of investments had been "diverted" from national programs to IPARD, in order to maintain a full separation. The priorities of the sector have been clearly defined in national strategic documents and the IPARD programming documents maintaining consistency between them. All documents regarding strategy and programming recognize the need, in the event of an accession, for adjustments in the agricultural and food sectors. The IPARD Programme was designed to be very comprehensive which can be observed under the specific priorities of the measures and sub-measures. The main interest of farmers ("wants") is apparently tractors or small pieces of agricultural mechanization whereas the "need", identified in the Programme for the sector, is a broader, wider range of activities. At this stage of sector transition interest for investments in agricultural mechanization and equipment prevails over interest for investments expected to contribute to greater compliance with EU *acquis* and standards related to food safety, animal welfare, and environmental protection or for Good Agricultural Practices. The general nature of the Programme should be more focused and designed to meet the needs rather than the wants of the farming community.

The IPARD Agency should explore ways to speed up the selection process, so to minimize uncertainty on outcomes from the applicant's side. The manual processing of IPARD applications so far has proven to be time consuming and a burden on the Agency's staff. Finding a way for electronic submission and processing of requests to the Sector for approval of projects and the Sector for authorization of payments can have remarkably positive impact on the implementation of the Programme and the absorption of funds. The importance for the Managing Authority is to hold user (read-only) access to standard sets of reports, as well as reports upon request, and indicators related to the implementation of the IPARD investment measures, so to be able to generate customized reports from individual sub-modules such as module for project approval and payment authorization. These standard sets of reports and

indicators are specified for annual reporting and monitoring of IPARD Programme implementation.

The Managing Authority together with the National Fund should consider a mechanism for pre-financing support (revolving fund, guarantee fund, direct financial management of loans), in order to alleviate the financial burden of applicants, who are without access to either special or favourable credit.

The databases of the Managing Authority, the IPARD Agency, the NEA and the technical bodies such as the Food and Veterinary Agency, as well as those belonging to the professional associations could be used to better identify the pool of potential applicants. The Managing Authority should pursue a policy of obtaining the practical agreement of stakeholders to ensure interconnectivity of their databases. Information activities at this mature stage of the Programme implementation could be more focused on each subsector. In this respect, experience gained with the implementation of Technical Assistance measure indicates on positive impact over the management of involved stakeholders and technical bodies. Technical Assistance measure provided logistical and expert support to meetings organization, which resulted with share of general information about the Programme and technical guidance. In this way, challenges and open issues (documentation the applicant is required to submit and start the process of drafting outline applications) were immediately tackled. Managing Authority is encouraged to increase the use of Technical Assistance measure in order to mitigate open issues in this manner, involving representatives from IPARD Agency, NAO and NEA.

The IPARD Agency should provide feedback to potential recipients, municipalities and NEA regarding reasons for approved, rejected, and cancelled projects, and "best" and "worst" practices. This will serve to strengthen the ownership and commitment towards the Programme and its recipients.

5.3. Main results of bilateral and multilateral assistance conducted

The country has benefited from a number donor–funded aid programs. However, after the IPA start (from 2007) the number of bilateral and multilateral donors have decreased and their budgets for agriculture and rural development have seized.

In the sector agriculture and rural development, the following programmes financed by different donors are under implementation:

Donor	Value of the support	Addressed issues	Implementation period
FAO Technical Cooperation Programme TCP			
FAO	401,000$	**Support to Mainstreaming of the National Land Consolidation Programme**	1/1/2020 8/31/2021
FAO	100,00 $	**Support to privatization of state-owned land**	6/15/2018 7/31/2020
FAO	275,000 $	**Support to Integrated Community Development**	15/05/2019 14/05/2021
FAO	64,000 $	**TCPF: Food Safety and Quality Standards in the Dairy Sector**	4/1/2020 4/1/2021
FAO	93,000 $	**TCPF: Strengthening of Agriculture and Rural Development Policy Analysis and Programming**	9/1/2019 3/11/2021

FAO	280,000 $	**Increased resilience of agriculture sector through promotion of climate smart agriculture practices**	1/1/2020 12/31/2021
REGIONAL FAO TCP Projects			
FAO – Regional project in: North Macedonia, Albania, Armenia, Moldova	320,000 $	**Strategies for Food Loss and Waste Reduction**	1/8/2018 12/31/2020
FAO - Regional project in: North Macedonia, Ukraine, Armenia, Belarus, Bosnia and Herzegovina, Georgia Moldova	388,000 $	**Support for the enhancement of national plant pest surveillance and phytosanitary certification systems**	2/1/2019 12/31/2020
FAO (Regional project in: North Macedonia, Albania, Bosnia and Herzegovina, Montenegro, Serbia	500,000 $	**African Swine Fever Emergency preparedness in the Balkans**	11/1/2018 12/31/2020
FAO - Regional project in: North Macedonia, Albania, Montenegro	320,000 $	**Improved data methodology for sustainable management of inland fisheries resources in the West Balkans**	11/8/2018 12/31/2020
FAO – Regional project in: North Macedonia, Tajikistan, Armenia, Kyrgyzstan	405,000 $	**Creating enabling environments for enhanced climate resilience in agriculture**	4/15/2020 4/14/2022
FAO – Regional project in: North Macedonia, Albania, Armenia, Belarus, Kyrgyzstan Russian Federation, Tajikistan, Uzbekistan	420,000 $	**Strengthening Capacity in Price and Market Information Systems and Policy Monitoring in Response to COVID-19 and Other Shocks**	5/15/2020 5/14/2022
Donor funded (Trust Funds/GCP), implemented by FAO			
FAOGCP/MCD/002/EC (Entity: 640031) (donor: European Union/IPA)	2,653,928 $	**Mainstreaming of the National Land Consolidation Programme (MAINLAND)**	1/3/2017 31/08/2020, expected extension of 1 year
FAO - GCP/MCD/006/GCR (donor: Green Climate Fund)	611,285$	**Strengthening country capacities for climate change adaptation and mitigation and finalization of country work programme for North Macedonia**.	12/19/2019 6/18/2021
FAO-GCP/GLO/893/MUL (donor: Codex Trust Fund	95,100 $	**Strengthening the national Codex structures in the country**	2/27/2019 8/31/2021
UNDP	150,000$	**Climate resilient irrigation infrastructure in Bregalnica River Basin – Feasibility Study for improvement of irrigation scheme in Bregalnica River Basin**	10/2020 12/2021
World Bank	World Bank 50.500,000$ EU 4,400,000$ Total 54,900,000$	**Agriculture Modernization Project**	2/12/2020 5/20/2026
KfW	KfW Bank (loan) - €10.250.000 KfW Bank (grant) - €4.000.000 MAFWE contribution - €7.000.000 (minimum) Total - €21.250.000 (minimum)	**Irrigation Programme South Vardar Valley - Phase 2**	03/2019 05/2021

Source: MAFWE Department for International Cooperation, 2020

Results from implementing past EU assistance as well as assistance provided by bilateral and multilateral donors have been mixed during the period, with some centres of excellence and some with weaker impacts. The main lessons learned from the programs related to legal, administrative and institutional reform are that:

- Absorption capacity of the MAFWE has been low in the past, although it is steadily growing. The administrative weakness lies essentially in the lack of sufficient numbers of qualified human resources to deal with the new tasks required by the legislative alignment process and poor capacity to invest in technical resources (premises and equipment).
- A number of EU harmonised primary and secondary legislation has been adopted, but additional work still lies ahead to achieve full alignment in the different fields (veterinary, phytosanitary, food safety, environmental, and other) and improve enforcement capability to EU requirements.
- There is a need for continued and improved involvement of the research and extension system to assist farmers in administrative, technical and marketing fields.

The main lessons learned from programs focussing on pilot operations in different agricultural sub-sectors, and including transfer of knowledge, technology, hardware and software are that:

- Projects have been generally successful when private entrepreneurs and farmer and industrial associations were involved, and when pilot operations were understood as potential higher income generators or could secure/maintain domestic and export markets. Projects have shown however that associations are still weak and require to be strengthened.
- The Rural credit programs have been very successful, showing that there is a need to favour the expansion of the rural credit, and to combine advisory services (business plan preparation, etc.) to applicants and to the lending institutions (banks) in loan processing.

6. DESCRIPTION OF THE STRATEGY AND OBJECTIVES OF THE PROGRAMME

6.1. Description of the existing national rural development strategy

The National Strategy for Agriculture and Rural Development for the period 2021-2027 (NSARD 2021-2027), adopted by the Government of North Macedonia on January 16, 2021, reflects the continuity of country's priorities for development of the agriculture and the rural areas, and to provide support to the agricultural sector to achieve sufficient level of competitiveness to cope with challenges of the open and changeable market and, also to boost the development of rural areas.

In order to address the identified needs of the sector, national agricultural policy interventions in the upcoming strategic period 2021-2027 within the NSARD defines the following overall objectives for the period 2021-2027:

- improving the competitiveness of the agri-food sector, the economic sustainability and the income of the agricultural holdings,
- application of environmental practices in production that would lead to mitigation and adaptation to climate change; and
- ensuring sustainable development of rural areas.

These objectives will be complemented by the horizontal objective of modernizing the sector by encouraging and sharing knowledge, innovation and digitalization in agriculture and rural areas and encouraging their acceptance by farmers and other stakeholders in the sector.

The achievement of the set strategic objectives will be achieved through targeted agricultural policy interventions in nine specific areas that are presented as specific goals. The specific goals, i.e. the areas of policy intervention for the period 2021-2027 are given in successive text, where the connection between them and the three main objectives of the strategy is presented.

Improving the competitiveness of the agri-food sector, the economic sustainability and the income of the agricultural holdings

SG1: Supporting the sustainable income of agricultural holdings due to their contribution to improving the security of food supply - in conditions of continuous variability of prices on the markets of agricultural products, the agricultural activity realizes significantly lower incomes than the average in the country. Due to this, the support of supplementing the income of the farmers realized from the markets through direct payments will continue. In order to ensure revenue stability, instruments for income stabilization and risk management will be applied, such as insurance, establishment of private mutual funds, private storage and limited market interventions.

SG2: Strengthen market orientation and increase competitiveness, with a special focus on research, technology and digitalization - In the past period, the productivity of the factors of production has a positive trend and in a good part of the sectors it maintains the production in conditions of structural adjustments and reduced total capacities. However, compared to the European level, and even in the regional context, there is a need for further

improvement. With limited resources, increasing productivity is the only way to increase the level of income of economies and in that direction policy interventions will co-finance capital investments to optimize production costs and rationalize labour. Special emphasis will be placed on the introduction of policies that have been neglected in the past aimed at training human capacity to apply new technologies. The newly established Knowledge and Innovation System should connect all stakeholders in innovation creation, knowledge transfer and digitalization and enable the exchange of digital technologies, smart farming and production methods based on knowledge and good governance.

SG3: Improving the position of farmers in the value added chain of agricultural products - Restructuring and consolidation of holdings is a long process, so improving the position of farmers in the value chain in the short term is possible only through their association in cooperatives. This will continue to be supported by rural development policies by supporting the establishment and operation of agricultural cooperatives. Additionally, a new policy intervention will be introduced to recognize producer organizations and inter-branch organizations and implement the activities of their operational programs.

Application of environmental practices in production that would lead to mitigation and adaptation to climate change

SG4. Contributing to climate change mitigation and adaptation, as well as greater use of sustainable energy - Climate change has a serious impact on North Macedonia's agriculture through reduced yields, the need for additional irrigation or drainage and increased incidence of atypical plant and animal diseases. In order to mitigate and adapt to climate change, practices that do not affect the climate will be stimulated through their introduction in cross-compliance requirements and with increased intensity of co-financing of necessary investments. The negative impact of the changes will be mitigated by supporting the procurement of protective equipment, efficient water use systems, as well as encouraging the change of varieties appropriate to the future climate regime, especially for the most sensitive subsectors. Special attention will be paid to stimulating investments in the production of energy from sustainable sources of the economy and improving energy efficiency.

SG5. Encouraging sustainable development and efficient management of natural resources such as water, soil and air - Soil is the most important natural resource and basis for agricultural production and the provision of sufficient food for the population depends on healthy and fertile soil. Policy interventions to protect the soil from degradation will be strict adherence to cross-compliance requirements for soil cover, erosion protection, investment support for precision agriculture using sensors for optimal application of agro-technical measures and providing financial support for agri-environmental measures. Precise agriculture that doses the use of water and fertilizers as needed will be promoted through the operational programs of producer organizations and supported by the System for Knowledge and Innovation in Agriculture through tailored advice and training.

SG6. Contributing to biodiversity protection, improving ecosystem services and preserving natural habitats and landscape - Agricultural activity depends on many different types of biodiversity, but also plays an important role in conserving the habitats and species found on agricultural land. The policy interventions that will be undertaken towards achieving the set goal are financial support for the preservation and protection of indigenous breeding breeds of animals and plant varieties and the application of agro-ecological practices relevant to biodiversity, as well as the imposition of obligations on producers of biodiversity protection that are part of cross-compliance, support of livestock activities which with low-intensive grazing of animals and application of improved agro-technical practices (e.g. growing different crops, natural pest control, soil conservation measures) and technologies such as precision and digital farming that achieve solid yields with less use of water, fertilizers and pesticides (through AKIS).

Ensuring sustainable development of rural areas

SG7. Attracting young farmers and facilitating the development of businesses in rural areas - Attracting young farmers to start an agricultural activity will be stimulated through a package of benefits offered through several policies, such as: additional direct payments, grant for investments to start an agricultural business with an increased amount, facilitated access to agricultural land and mandatory training and advisory support in the area of their activities.

SG8. Promoting employment, growth, social inclusion and local development in rural areas, including bio-economy and sustainable forestry - Rural areas are characterized by higher poverty and unemployment rates than urban areas, especially among the young population. Rural development measures aimed at creating businesses or diversifying economic activities in rural areas that do not necessarily have to be related to agriculture (rural tourism, woodworking, services, crafts and processing) will continue to create jobs, especially in areas where agriculture is mostly an additional activity or a restructuring process is taking place.

SG9. Improving agriculture's response to society's demands for food health aspects, including food safety, nutritional composition and sustainability, food ending up as waste, and animal welfare - The established food safety system will be raised to a higher level towards achieving a sustainable food system, which, together with the economic ones, should bring environmental, health and social benefits and ensure a sustainable existence for the primary producers. In the next period, food safety policies should ensure the provision of sufficient quantities of quality and safe food for the needs of domestic consumers and foreign markets, as well as animal welfare.

IPARD Programme 2021-2027 will effectively influence all of the strategic objectives envisaged under NARDS 2012-2027. Selected measures under IPARD Programme 2021-2027 shall directly impact the attainment of 7 of the specific goals foreseen under NARDS 2012-2027 and indirectly impact 2 of the goals (SG2 and SG9).

6.2. Identification of the needs and summary of overall strategy

While there are evident positive trends in agriculture, forestry, food processing and rural areas achieved in the past period, still the development of agriculture and rural development are impeded by structural difficulties and inefficiencies as identified in the SWOT, which need further intervention in the forthcoming period.

The SWOT analysis singled out a number of needs which have to be addressed by the Programme:

1. Agriculture, forestry and food industry
Need 1.1: To improve farm labour productivity and efficiency of the agriculture production, as well as the post-harvesting and marketing of agriculture products, aiming at increased competitiveness via investments; **Need 1.2:** To improve the utilization of processing capacities in terms of efficiency and production technology improvements as well as marketing activities at the same time promoting innovations, and aiming at full alignment to the EU food safety standards; **Need 1.3:** To support the creation of the economic cooperation between agriculture producers and promote marketing linkages; shortening the market chain with promotion of contract farming and solid direct relations with processors, traders and exporters; **Need 1.4:** To establish strong linkages between education and research and extension for effective knowledge transfer; to improve co-ordination and integration of advisory services and strengthen their human capacity; **Need 1.5:** To improve the skills and qualifications of agriculture producers and workers and their farm management capabilities as to enable them to adapt the agriculture production toward market demands and climate changes; **Need 1.6:** To introduce sustainable and economically viable forest management practices for protection and utilization of forests and biomass thereof; **Need 1.7:** To strengthen the investment abilities of small holder farmers (and their collective forms) to undertake reconstruction, modernisation and new investment (including collective investments) and better provision of finances for capital investments.

2. Environment
Need 2.1: To involve agriculture producers to introduce and practise water and soil protection management practises and organic farming aiming to halt the decline in biodiversity, address the negative impacts of land abandonment , decreased activities in HNV areas and climate change mitigation and adaptation practices; **Need 2.2:** To strengthen the advisory service to support farmers and forest owners/managers in implementing agri-environmental practises, climate change mitigation and adaptation practices and forest management and ensure provision of training to farmers and forest owners/managers on agri-environmental practises, climate change mitigation and adaptation practices and forest management; **Need 2.3:** To increase the use of energy crops and to promote use of renewable energy at farm level and at processing level as well as to increase the overall energy use from renewable resources at national level; **Need 2.4:** To improve the communal waste management and access to communal services of the rural population; **Need 2.5:** To improve forest management practises to prevent forest fire risks and degradation of forests and utilisation of forest bio-mass as renewable.

3. Rural Economy and Quality of Life
Need 3.1: To support development of existing and new rural businesses for economic development and employment; to develop rural tourism potential; **Need 3.2:** To develop physical infrastructure, upgrade village spaces and increased provision of services and rural accommodation, for tourism and business development in rural areas and improved living conditions in rural areas; **Need 3.3:** To train municipal authorities in local development planning and project implementation to actively implement rural public infrastructure projects; **Need 3.4:** To increase the voice of rural people and mobilise local organisations which represent the needs and interests of rural dwellers and rural businesses to actively participate in local development planning. **Need 3.5:** To support production and use of renewable energy in order to protect the environment and lower the costs for electricity, heating and cooling.

The overall strategy of the Programme is derived by linking the objectives of IPA III assistance within IPA III Strategic Response, under Window 4 – Competitiveness and inclusive growth rural development programmes in *Thematic Priority 3: Agriculture and Rural Development* and *Thematic Priority 4: Fishery*, the needs for intervention were identified through the SWOT exercise and the corresponding measures, as provided in the table below:

Objective 1. Enhancing farm viability and competitiveness of all types of agriculture and primary food-processing, while progressively aligning with the Union standards	
Measure "Investment in physical assets of agricultural holdings"	Need 1.1, 1.5, 2.1, 2.3, 3.5
Measure "Support for the setting-up of producer groups"[59]	Need 1.3
Measure "Investments in physical assets concerning processing and marketing of agricultural and fishery products"	Need 1.2, 1.3, 2.3, 3.5
Objective 2. Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry and adaptation and mitigation to climate change	
Measure "Agri-environment-climate and organic farming measure"[60]	Need 2.1
Measure "Establishment and protection of forests"[61]	Need 1.6, 2.5
Objective 3. Promoting balanced territorial development in rural areas	
Measure "Improvement and development of rural infrastructure"	Need 2.3, 2.4, 2.5, 3.2, 3.5
Measure "Farm diversification and business development"	Need 3.1, 3.2, 2.4, 3.5
Measure "Implementation of Local Development Strategies - LEADER Approach"[62]	Need 3.3, 3.4
Objective 4 Transfer of knowledge and innovation in agriculture, forestry and rural areas and strengthening public administration capacity in implementation of rural development programmes.	
Measure "Improvement of skills and competences"[63]	Need 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.1, 2.2
Measure "Advisory services"[64]	Need 1.1, 1.3, 1.4, 1.5, 1.6, 1.7, 2.1, 2.2, 3.1

The measure "Technical Assistance" is a horizontal measure which supports the successful implementation of the whole programme, therefore this measure could not be directly linked to a special need and it is not listed in the above table (see measure fiche "Technical Assistance" in section 8.3. of this Programme).

The IPARD measures listed are non-inclusive to address all the needs for intervention and the potential for agriculture and rural development. Thus complementary actions will be implemented either via national support and policy, or supported by IPA technical assistance or other multilateral or bilateral donors.

Tabular presentation is provided bellow to indicate the potential use of other complementary sources for addressing the identified needs:

[59] In order to address need 1.3, measure 2 – Support for the setting-up of producer groups - can be introduced in IPARD III Programme during 2021-2027 programming period.
[60] Measure is under preparation for the entrustment and introduced in the IPARD III Programme for information
[61] Measure is under preparation for the entrustment and introduced in the IPARD III Programme for information
[62] Measure is under preparation for the entrustment and introduced in the IPARD III Programme for information
[63] In order to address need 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.1, 2.2, measure 8 – Improvement of skills and competences - can be introduced in IPARD III Programme during 2021-2027 programming period.
[64] Measure is under preparation for the entrustment and introduced in the IPARD III Programme for information

Need	IPARD Measure	IPA (Yes/No)	Other donor assistance, IFI's (Yes/No)	National (Yes/No)
1. Agriculture, forestry and food industry				
Need 1.1: To improve farm labour productivity and efficiency of the agriculture production, as well as the post-harvesting and marketing of agriculture products, aiming at increased competitiveness via investments	Measure "Investment in physical assets of agricultural holdings" Measure "Improvement of skills and competences" Measure "Advisory services"	**YES** (land consolidation, irrigation rehabilitation)	**YES** (land consolidation, irrigation rehabilitation)	**YES** (Grant support scheme for young farmers entering agriculture, favourable lending scheme for pre-financing of investments)
Need 1.2: To improve the utilization of processing capacities in terms of efficiency and production technology improvements as well as marketing activities at the same time promoting innovations, and aiming at full alignment to the EU food safety standards.	Measure "Investments in physical assets concerning processing and marketing of agriculture and fishery products Measure "Improvement of skills and competences"	**NO**	**NO**	**YES** (Favourable lending scheme to provide pre-financing of investments)
Need 1.3: To support the creation of the economic cooperation between agriculture producers and promote marketing linkages; shortening the market chain with promotion of contract farming and solid direct relations with processors, traders and exporters	Measure "Support for the setting-up of producer groups" Measure "Investments in physical assets concerning processing and marketing of agriculture and fishery products" Measure "Improvement of skills and competences" Measure "Advisory services"	**YES** (Technical Assistance on capacity building, studies and analysis)	**YES** (UNDP, FAO etc.)	**YES** (Support policy for establishment and functioning of agriculture cooperatives)

Need 1.4: To establish strong linkages between education and research and extension for effective knowledge transfer; to improve co-ordination and integration of advisory services and strengthen their human capacity;	Measure "Improvement of skills and competences" Measure "Advisory services"	**YES** (Institution and capacity building, infrastructure, equipment, etc.)	**NO**	**YES** (Support policy for establishment and functioning of advisory services and training providers, research in agriculture and forestry etc.)
Need 1.5: To improve the skills and qualifications of agriculture producers and workers and their farm management capabilities as to enable them to adapt the agriculture production toward market demands and climate changes;	Measure "Investment in physical assets of agricultural holdings" Measure "Improvement of skills and competences" Measure "Advisory services"	**YES** (Institution and capacity building, infrastructure, equipment, etc. for establishment of vocational training in agriculture, forestry, rural etc.	**NO**	**YES** (Support policy for establishment and functioning of advisory services and training providers, for provision of seminars and trainings)
Need 1.6: To introduce sustainable and economically viable forest management practices for protection and utilization of forests and biomass thereof	Measure "Establishment and protection of forests" Measure "Improvement of skills and competences" Measure "Advisory services"	**YES** (Technical Assistance on capacity building, studies and analysis)	**YES** (potential donor, IFI's support)	**NO**
Need 1.7: To strengthen the investment abilities of small holder farmers (and their collective forms)to undertake reconstruction, modernisation and new investment (including collective investments) and better provision of finances for capital investments	Measure "Improvement of skills and competences" Measure "Advisory services"	**YES** (Technical Assistance on establishment of rural credit facility)	**YES** (Potential donor, IFI's support for provision of loans, refinancing schemes, guarantees, etc.)	**YES** (Support policy for provision of favourable loans for agriculture investments and operating capital)
2. Environment				
Need 2.1: To involve agriculture producers to introduce and practise water and soil protection management practises and organic	Measure "Investment in physical assets of agricultural holdings"	**YES** (Technical Assistance on organic production	**YES** (UNDP, USAID, GEF etc.)	**YES** (Support is provided for organic production,

farming aiming to halt the decline in biodiversity, address the negative impacts of land abandonment , decreased activities in HNV areas and climate change mitigation and adaptation practices.	Measure "Agri-environment-climate and Organic Farming" Measure "Improvement of skills and competences" Measure "Advisory services"	standards, capacity building of associations for agri-environment and HNVF etc.,)		nomadic sheep breeding, public investments in pastures, promotion of organic products etc.)
Need 2.2: To strengthen the advisory service to support farmers and forest owners/managers in implementing agri-environmental practises, climate change mitigation and adaptation practices and forest management and ensure provision of training to farmers and forest owners/managers on agri-environmental practises, climate change mitigation and adaptation practices and forest management.	Measure "Improvement of skills and competences" Measure "Advisory services"	**YES** (Technical Assistance on capacity building and strengthening of advisory services)	**NO**	**YES** (Support policy for establishment and functioning of advisory services and training providers)
Need 2.3: To increase the use of energy crops and to promote use of renewable energy at farm level and at processing level as well as to increase the overall energy use from renewable resources at national level;	Measure "Investment in physical assets of agricultural holdings" Measure "Investments in physical assets concerning processing and marketing of agriculture and fishery products" Measure "Improvement and development of rural infrastructure"	**NO**	**NO**	**YES** (Direct support – area payments for energy crops)
Need 2.4: To improve the communal waste management and access to communal services of the rural population	Measure "Farm diversification and business development" Measure "Improvement and development of rural infrastructure"	**YES** (IPA Environment sector for settlements > 10 000 inhabitants)	**YES** (WB)	**NO**
Need 2.5: To improve forest management practises to prevent forest fire risks and degradation of forests and utilisation of forest bio-mass as renewable	Measure "Establishment and protection of forests" Measure "Farm diversification and business development" Measure "Improvement and development of rural infrastructure"	**NO**	**NO**	**YES** (National Programme for afforestation, public campaign Tree-day – Plant your Future)

3. Rural Economy and Quality of Life				
Need 3.1: To support development of existing and new rural businesses for economic development and employment; to develop rural tourism potential	Measure "Farm diversification and business development" Measure "Advisory services"	**NO**	**NO**	**NO**
Need 3.2: To develop physical infrastructure, upgrade village spaces and increased provision of services and rural accommodation, for tourism and business development in rural areas and improved living conditions in rural areas	Measure "Farm diversification and business development" Measure "Improvement and development of rural infrastructure"	**NO**	**NO**	**NO**
Need 3.3: To train municipal authorities in local development planning and project implementation to actively implement rural public infrastructure projects	Measure "Improvement and development of rural infrastructure"	**YES** (Technical Assistance for capacity building of IPARD Agency and municipalities.)	**NO**	**NO**
Need 3.4: To increase the voice of rural people and mobilise local organisations which represent the needs and interests of rural dwellers and rural businesses to actively participate in local development planning	Measure "Implementation of Local Development Strategies - Leader Approach"	**YES** (Technical Assistance for setting up National Rural Development Network, LEADER preparations)	**YES** (UNDP, USAID, etc.)	**YES** (support NRDN actions related to other national policies and measures)
Need 3.5: To support production and use of renewable energy in order to protect the environment and lower the costs for electricity, heating and cooling.	Measure "Investment in physical assets of agricultural holdings" Measure "Investments in physical assets concerning processing and marketing of agriculture and fishery products" Measure "Improvement and development of rural infrastructure" Measure "Farm diversification and business development"	**NO**	**NO**	**NO**

6.3. Objectives of the programme

Within the context of the overall IPARD objectives, as well as the objectives of the National Agriculture and Rural Development Strategy 2021-2027 and IPA III Programing Framework and Strategic Response, taking into consideration results of the SWOT analysis and prioritisation made in North Macedonia, the following objectives were selected for the IPARD Programme 2021-2027.

6.3.1. Enhancing farm viability and competitiveness of agriculture and food processing

Actions to be implemented **to enhance the viability and competitiveness of all types of agricultural and primary food-processing, while progressively aligning with the Union standards'** aim at improving the level of modernisation and technology and innovation within primary, processing in agriculture, fishery and forestry sectors in order to ensure that farms are adapting their practises to the EU animal welfare and environmental requirements and food processors gradually align to European food safety standards.

The need to improve the agricultural technology, level of modernisation, infrastructure within the farm is to mitigate the labour intensiveness and achieve higher productivity and efficiency of agriculture production, by using modern machinery, technology and varietal adaptation, as well as use of biomass, alternative and renewable sources of energy that are strongly encouraged to meet environmental requirements and the need to adapt to climate changes.. It is also expected that due to support available for alternative agriculture activities and primary processing at farm level, some of the semi-subsistence farmers will upgrade their farm income via diversifying and adding value to primary products.

Furthermore, alongside with measures promoting modernisation of farms, support will be provided to encourage cooperation of farmers through support of formation and operations of producer groups and other associative legal entities and indirectly by promoting cooperation projects by farmers and collaboration with processors and registered purchases.

The actions under this priority objective indirectly address the problems of farmer ageing and unfavourable farm structure through promoting investment projects by young farmers and increased aid rates and promoting projects submitted by semi-subsistence farms.

As regards processing industry, it is planned to give priority for modernisation of processing enterprises, as the level of modernisation in these processing units is still not sufficient. In order to promote innovations, support will be provided for implementation of innovative practices or new products.

In addition, support will be provided to strengthen the marketing of agricultural products both within internal and international markets.

In relation to forestry development, there is a need to invest in forest management practises in terms of forest utilisation and protection in more economic and environmentally sustainable manner.

6.3.2 Restoring, preserving and enhancing ecosystems dependent on agriculture, fishery and forestry

The activities to be financed for **'restoring, preserving and enhancing ecosystems dependent on agriculture, fishery and forestry'** will be focused on promoting use of environmentally friendly farming practices, protection and enhancement of biodiversity, landscape, water and soil, both within high nature value and traditional agrarian areas, as well as mitigation of climate change.

Due to the fact that soil erosion and acidity also possess serious problems both to the environment as well as farming conditions, it is foreseen to implement adequate agro-environmental schemes eliminating these problems to the extent possible. In addition, promotion of organic agricultural production will have a positive impact to the environment (soil, water, biodiversity, air) and will also result into higher value agricultural production.

Finally, as regards climate change, support for modernisation of agriculture holdings (such as investment in efficient irrigation systems, promotion of bio fuel, production and use of alternative and renewable energy sources, implementation of manure handling practises etc.) and also the support under the measures designed for the encouragement of rural infrastructure investment in waste management and sewerage systems in rural areas will address the cross-cutting objective for climate change adaptation and mitigation.

6.3.3 Promoting balanced territorial development in rural areas

The priority area for **"Promoting balanced territorial development in rural areas"** will be reached through implementation of actions with the aim of increasing the employment possibilities and at the same time creating alternative income sources for rural population. In addition, attractiveness of rural areas is impossible without having improved the living conditions (physical rural infrastructure), security of life and private property.

Entrepreneurship in rural areas is hindered by the high level of risk related to operation on small markets, lack of capital and insufficient access to business development and advice services. Business companies in rural areas face additional territorial disadvantages related to the lower purchasing power of the local population and stagnating local rural economies.

The support for investments in new business start-ups and for development of established micro and small enterprises is an important tool for improving the competitiveness and job creation potential of rural economy. It will benefit rural areas by creating more and better quality jobs and will help to diversify the rural economy which is still highly dependent on agriculture. Actions for farm diversification and business development are formulated to address the need to minimise the dependence of rural population on income from agriculture, to create alternative jobs and to increase the level of income in rural areas.

The competitiveness of rural areas is constrained by inadequate quality and access to basic infrastructure and services for the economy and rural population. Thus, actions for establishment and restoring road infrastructure, water supply and sewerage systems in rural areas as well as provision of infrastructure for access to agriculture and forest land, will be given priority for investments.

The actions under "Implementation of local development strategies – LEADER" approach aim at promoting local initiatives and partnership through involvement of local communities as well as representatives of business and local government, since there is an obvious need to encourage and develop capacities of rural population to act together in order to develop and implement the integrated local development strategies through combination of the resources, knowledge and skills of representatives of public sector, economy and social sector, which form the basis of local action groups.

6.3.4 Transfer of knowledge and innovation in agriculture, forestry and rural areas

None of the above - mentioned objectives, could be achieved without substantial investments into human capital. Therefore, actions foreseen for "*Transfer of knowledge and innovation in agriculture, forestry and rural areas and strengthening public administration capacity in implementation of rural development programmes"* aim at strengthen human capital within rural areas and thereby addressing the problem of narrow scope and insufficient training, lack of information. Even though farmers and rural dwellers have a good access to the consultations of general nature in the area of traditional production methods, farm economy and accountancy, legal advice, there is a lack of specialised consultations and training in the field of improving production technology, productivity, agri-environmental farming and implementation of environmental and other requirements, community development and partnership, in the field of marketing and diversification of economic activities. Therefore, it is important in the future to ensure the provision of such type consultations to rural people.

6.3.5 Horizontal and cross-cutting priorities

In line with the objectives of this Programme, set of horizontal and cross-cutting priorities will be taken into consideration during programme implementation.

Thus, the horizontal and cross-cutting priorities in providing support are (random listing):

- projects promoted by women and young entrepreneurs (between 18 and 40 years of age)
- active agriculture holdings;
- activities benefiting the environment and mitigating climate change effects;
- implementation of innovations and new products;
- development of entrepreneurship and job creation;
- joined initiatives and collective investments;
- diversification of activities in the less economically developed areas (rural areas, mountainous areas, near bordering areas and areas within least developed regions);
- rural tourism promotion in areas regarded as cultural heritage, near archaeological sites or natural parks or nature monuments;
- preservation and promotion of traditions and heritage;
- actions strengthening human capital in rural areas and promoting local initiatives;
- actions strengthening the business development skills and abilities.

The horizontal and cross-cutting priorities will be applied regardless of these programme objectives. In practical terms it means that in the Programme these will be reflected in the ranking to be applied during the actual project selection processes per measures where applicable or will be implemented through higher aid intensities.

6.4. Consistency between proposed IPARD intervention and IPA III Programing Framework and Strategic Response (IPA III SR)

According to **IPA III SR**[65], for the upcoming programming period of 2021-2027, the main objectives in the agricultural sector will remain as follows:

- to prepare the country for participation in the EU Common Agricultural Policy, harmonise the legislation with the acquis and the European standards in the areas of agriculture, food, veterinary, animal welfare, hygiene and environment and build the necessary administrative and institutional capacities;
- to increase the competitiveness of North Macedonia's agricultural production and agro-food industry at the international markets;
- to decrease the negative impact of agricultural activities on environment;
- to eliminate the risks plant, animal and to public health;
- to promote territorially balanced and sustainable development in rural areas;

IPARD will continue to provide support for the restructuring and modernization of farms and of the agri-food sector. Specific attention will be given to small-scale agriculture holdings, responsible for the bulk of the national production, in order to be more market oriented, and to sub-sectors for which the country has a comparative advantage.

In complementarity with IPARD, support will be provided to key transversal issues, such as land consolidation, farmer groups and collective investments, extension services, access to finance, environment friendly irrigation systems, in order to stimulate private investments and increase the competitiveness of the sector.

In order to contribute to climate changes mitigation, foster sustainable management of natural resources and decrease the negative impact of agriculture activities on environment, along to the progressive introduction of cross compliance into direct payments, the "Agri-environment-climate and organic farming measure" will be introduced.

The continuation of the "Technical Assistance" IPARD measure will allow to strengthen the capacities necessary for successful implementation of the programme and further develop the monitoring and evaluation of the programme.

Rural infrastructure will also be supported with IPARD funds with the objectives to create an enabling environment for rural economic growth, to raise the quality of life in rural communities, and promote territorially balanced and sustainable development in rural areas; this will include physical assets (e.g. village/agriculture roads, water management, waste management, energy supply, etc.).

IPARD will facilitate business development, growth and employment in rural areas, improve farmers' position within the value chain and attract young farmers into agriculture. Also the

[65] WINDOW 4 – COMPETITIVENESS AND INCLUSIVE GROWTH *(Thematic Priority 3: Agriculture and Rural Development and Thematic Priority 4: Fishery)*

diversification of economic activities, including rural tourism, will continue to be promoted through a specific IPARD measure.

The involvement of the civil society in the local planning and development process will be promoted through the setting up Local Action Groups.

In the cross-cutting issues area, IPA III will promote the sustainable economic development of North Macedonia. The EU funds will be channelled to greening, recovering and modernising the economy through establishing the "Greening Business" Facility and enhancing the cooperation and position of farmers in the supply chain. EU funds will also enhance the competitiveness of the agricultural sector in line with the revised Common Agricultural Policy. They will support the establishment of a Common Market Organisation as a safety net for the country's farmers while laying down the marketing standards for certain products. The Action will also contribute to the implementation of the Green Agenda for the Western Balkans and achieving the country's objectives on the size of green economy, increase the number of green jobs and trigger a gradual shift to a circular climate-neutral economy. In addition to this, IPARD Managing Authority and other operating structures will strive to establish prolific cooperation with other governmental authorities, in order to further integrate the actions of the IPARD III Programme with the related 2021-2027 Interreg IPA Cross-border cooperation programmes (Greece-North Macedonia, Bulgaria-North Macedonia), Interreg IPA Transnational programmes (IPA Adrion, Euro-MED), as well as the European Strategy of Adriatic Ionian Region (EUSAIR)..

In the framework of the preparation of the management of EU agricultural and rural development funds, support will be further provided for achieving full-functionality and interoperability of the Integrated Administration and Control System (IACS).

Finally, capacity buildings activities will address two important issues for agriculture and rural development. First, support will be provided to enhance the quality of farm advisory services in the country. Secondly, IPARD will improve community development and social capital in rural areas and build-up modern public administrations for agriculture and rural development, respecting good governance principles. Results to be achieved include: i) improved competitiveness, efficiency and sustainability of agri-food sector, providing better response for societal demands for safe, nutritious and sustainable food, ii) strengthened territorially balanced and sustainable development of rural areas and, iii) decreased negative impact of agricultural activities on environment, through climate change mitigation and sustainable management of natural resources. Free movement of safe food and protection of human, animal and plant health has been completed.

6.5. Alignment of the selected measures and selection criteria to the main elements of the EU Green Deal and the Green Agenda for the Western Balkans

IPARD III programme integrated in all measures different activities to contribute to the achievement of the main goals of the Green Agenda for the Western Balkans: boosting the efficient use of resources by moving to a clean, circular economy, restoration of biodiversity, cutting pollution and horizontal goal on strengthening knowledge for sustainable and

innovative development. This applies to all sectors, primary agricultural production, food processing and marketing, as well as to all phases, from production, use and final disposal of waste. Activities under IPARD III will cover mainly the area of farming and food production, but will also significantly reflect upon decarbonisation, depollution of air, water and soil, circular economy, and protecting biodiversity. In that respect, economic growth and new business opportunities under IPARD III are linked to more sustainable consumption and production patterns, including promotion of a circular economy, conservation of scarce resources, and better re-use of waste products. It is, therefore, expected IPARD III to boost rural economies, the restructuring of agri-food sectors and reduction of waste, while contributing towards circular and bio-economy, and making rural areas more vibrant spaces to live and more resilient to challenges such as climate change and loss of biodiversity.

The country's legislation in terms of animal and plant health, food safety and animal welfare has already been harmonized with the respected EU Regulations. Hence, the challenge that needs to be addressed now with the IPARD support is to make "food establishments" follow and respect the legal provisions and bring them into conformity with EU standards. Therefore, with the IPARD III Programme the higher aid intensity is given to the investments related to effluent and waste management, renewable energy and circular economy-type investments (efficient reuse of waste materials) and processing of alternative agriculture products. The investments on establishing and developing short supply chains and local markets are foreseen, including animation costs, which should improve the farmers' position in market.

The implementation of the "Agri-environment-climate and Organic Farming" measure, which includes organic farming and other interventions, will contribute to the increased climate ambition, preservation of biodiversity, reduce of use of pesticides, excessive nutrients and degradation of soil caused by erosion. Investments in wastewater treatment in rural communities will contribute to better water management and better water quality.

Using IPARD funds each recipient must satisfy EU standard for supported investment which means that agricultural products and food are safe, plentiful, nutritious and of high quality.

IPARD investment measures contribute to the competitiveness of the agri-food sector, which leads to the creation of new jobs and vibrant rural communities. While the support to local communities in rural areas via the "LEADER approach", dissemination of good practices and innovations, and networking will enable rural communities to better respond to the above mentioned challenges.

Initiative for introduction of Advisory services measure will facilitate transfer to innovative and environmentally friendly technologies and farming methods and will improve cooperation among scientific/research bodies, extension services and producers in the agri-food sector. Another horizontal issue on strengthening knowledge for sustainable and innovative development is ensured through the implementation of measures for training and informing of IPARD recipients.

It is also important to inform the general public about the role and significance of sustainable agri-food systems for the preservation of environment and nature, contribution to whole community and general sustainability.

6.6. Summary table of the intervention logic showing the measures selected for IPARD, the quantified measure targets and Programme targets

Measures	Measure targets	Programme targets
Measure – 1 "Investment in physical assets of agricultural holdings"	• Number of farms and agri-food processing enterprises supported by IPARD in modernisation (1.800) • Number of farms and food processing enterprises receiving IPARD investment support to progressively align with the EU hygiene and animal welfare standards (1.000) • Number of jobs created (250) • Number of young farmers receiving IPARD support for investment (800) • Number of supported producer groups/organisations (10) • Number of farmers participating in supported Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes (120) • Number of collective investments (15) • Number of IPARD recipients with support in investments related to care for the environment or climate change (1.000) • Number of IPARD recipients with support in investments related with manure management (70) • Number of IPARD recipients with support in investments in waste treatment or management (140) • Number of IPARD recipients with support in investments in renewable energy production (200) • Total investment on farms and agri-food sector in modernization (64,8 mill. EUR)	• Number of projects having received IPA support in agri-food sector and rural development (2.867) • Total investment generated via IPA in agri-food sector and rural development (184,9 mill. EUR) • Number of economic entities performing modernisation projects in agri-food sector (2.000) • Number of economic entities progressively upgrading towards EU standards (1.120) • Number of jobs created (gross) (965) • Number of agricultural holdings/enterprises developing additional or diversified sources of income in rural areas (50)
Measure – 2 "Support for the setting-up of producer groups"		
Measure – 3 "Investments in physical assets concerning processing and marketing of	• Number of farms and agri-food and fishery processing enterprises supported by IPARD in modernization (120)	

agriculture and fishery products”	• Number of farms and food and fishery processing enterprises receiving IPARD investment support to progressively aling with the EU hygiene and animal welfare standards (120) • Number of supported producer groups/organisations (8) • Number of farmers participating in supported Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes (100) • Number of collective investments (3) • Number of IPARD recipients with support in investments related to care for the environment or climate change (60) • Number of IPARD recipients with support in investments in waste treatment or management (40) • Number of IPARD recipients with support in investments in renewable energy production (30) • Number of jobs created (400) • Number of projects with circular economy-type investments (8) • Total investment on farms and agri-food sector in modernisation (79,4 mill. EUR)	
Measure – 4 “Agri-environment-climate and organic farming measure”	• Number of contracts (500); • Total agricultural land (ha) under environmental or/and climate contracts (1.000 ha); • Total area (ha) per type of operation included in the following categories: – management of inputs (including integrated production, reduction in fertilisers use and in pesticides use, comprising precision farming, manure management, etc.) (1.000 ha); – (b) cultivation practices (including crop rotation, crop diversification, soil management through conservation or no tillage, soil cover, etc.) (700 ha); – (c) organic farming) (300 ha). • Number of holdings supported for: – conversion into organic farming (50); – maintenance of organic farming (100); • Total area supported for:	

	– conversion into organic farming (100 ha); – maintenance of organic farming (200 ha).	
Measure – 5 "Implementation of Local Development Strategies – LEADER Approach"	• Number of LAGs operating in rural areas (10) • Population covered by LAGs (500.000) • Number of jobs created (gross) (10) • Number of small projects (50)	
Measure – 6 "Investments in rural public infrastructure"	• Total investment in rural diversification, business development and infrastructure (16,7 mill. EUR) • Number of new jobs created (5) • Number of supported local infrastructures (30) • Number of IPARD recipients with support in investments related to care for the environment or climate change (10)	
Measure -7 "Farm diversification and business development"	• Number of farms and agri-food processing enterprises supported by IPARD in modernisation (80) • Total investment on farms and agri-food sector in modernisation (8 mill. EUR) • Number of recipients of IPARD investment support in rural diversification and business development (200) • Total invesment in rural diversification, business development and infrastructure (40,7 mill. EUR) • Number of new jobs created (300) • Number of young farmers receiving IPARD support for investment (40) • Number of supported producer groups/organisations (0) • Number of farmers participating in supported Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes (0) • Number of collective investments (2) • Number of IPARD recipients with support in investments related to care for the environment or climate change (50) • Number of IPARD recipients with support in investments in waste treatment or management (10) • Number of IPARD recipients with support in investments in renewable energy production (2)	

Measure – 8 "Improvement of skills and competences"		
Measure – 9 "Technical assistance"	• Number of promotion materials for general information of all interested parties (leaflets, brochures etc.) (250.000); • Number of actions in publicity campaigns (3); • Number of expert assignments supported (15); • Number of workshops, conferences, seminars (100); • Number of meetings of the Monitoring Committee (14); • Number of studies on elaboration and implementation of Programme measures (8); • Number of Programme evaluation reports (5); • Number of rural networking actions supported (7); • Number of potential LAGs supported (15)	
Measure – 10 "Advisory services"	• Number of recipients of group advice (1.000) • Number of recipients of one-to-one advice (300) • Number of advice provided on IPARD (100) • Number of advice provided on Environment (60) • Number of advice provided on Public health (60) • Number of advice provided on Animal welfare (60)	
Measure – 11 "Establishment and protection of forests"		

7. AN OVERALL FINACIAL TABLES

7.1. Maximum EU Contribution for IPARD funds 2021-2027, in EUR[66]

Year	2021	2022	2023	2024	2025	2026	2027	TOTAL
IPA Agriculture and Rural Development	7.000.000	8.000.000	12.000.000	15.000.000	17.000.000	18.000.000	20.000.000	**97.000.000**

7.2. Financial Plan per measure 2021-2027, in EUR

	Total public aid	Total public aid	EU Contribution	EU contribution rate	National contribution	National contribution rate
(1)	(2)	%	(3)	(4=3/2)%	(5)	(6=5/2)%
Investments in physical assets of agricultural holdings	**38.866.667**	60%	**29.150.000**	75%	**9.716.667**	25%
Support for the setting-up of producer groups[67]	**0**		**0**		**0**	
Investments in physical assets concerning processing and marketing of agricultural and fishery products	**39.706.667**	50%	**29.780.000**	75%	**9.926.667**	25%
Agri-environment- climate and organic farming measure	**1.647.059**	100%	**1.400.000**	85%	**247.059**	15%
Implementation of local development strategies - LEADER approach	**2.166.667**	100%	**1.950.000**	90%	**216.667**	10%
Investments in rural public infrastructure	**16.733.333**	100%	**12.550.000**	75%	**4.183.333**	25%
Farm diversification and business development	**24.400.000**	60%	**18.300.000**	75%	**6.100.000**	25%
Improvement of skills and competences	**0**		**0**		**0**	
Technical assistance	**2.905.882**	100%	**2.470.000**	85%	**435.882**	15%
Advisory services	**1.647.059**	100%	**1.400.000**	85%	**247.059**	15%
Establishment and protection of forests	**0**		**0**		**0**	
TOTAL	**128.073.333**		**97.000.000**		**31.073.333**	

[66] The annual contributions are indicative as the actual amounts will be decided annually in the framework of EU budget

[67] Budget for this measure as well as measure Improvement of skills and competences and Establishment and protection of forests will be introduced after the entrustment of the measures.

7.3. Indicative budget breakdown by measure 2021-2027, in EUR

MEASURES	Total public aid	Private contribution	Total expenditures
(1)	(2)	(3)	(4=2+3)
Investments in physical assets of agricultural holdings	38.866.667	25.911.111	64.777.778
Support for the setting-up of producer groups	0	0	0
Investments in physical assets concerning processing and marketing of agricultural and fishery products	39.706.667	39.706.667	79.413.333
Agri-environment- climate and organic farming measure	1.647.059		1.647.059
Implementation of local development strategies - LEADER approach	2.166.667	0	2.166.667
Investments in rural public infrastructure	16.733.333	0	16.733.333
Farm diversification and business development	24.400.000	16.266.667	40.666.667
Improvement of skills and competences	0	0	0
Technical assistance	2.905.882	0	2.905.882
Advisory services	1.647.059	0	1.647.059
Establishment and protection of forests	0		0
TOTAL	**128.073.333**	**81.884.444**	**209.957.778**

7.4 Budget of EU Contribution by measure 2021-2027, in EUR (for monitoring purposes only)

MEASURES	EU Contribution								
	2021	2022	2023	2024	2025	2026	2027	2021-2027	
Investments in physical assets of agricultural holdings	2.940.000	2.560.000	4.920.000	3.750.000	5.100.000	4.680.000	5.200.000	29.150.000	30%
Support for the setting-up of producer groups	0	0	0	0	0	0	0	0	0%
Investments in physical assets concerning processing and marketing of agricultural and fishery products	3.150.000	3.040.000	4.320.000	3.750.000	5.100.000	5.220.000	5.200.000	29.780.000	31%
Agri-environment- climate and organic farming measure	0	0	0	300.000	340.000	360.000	400.000	1.400.000	1%
Implementation of local development strategies - LEADER approach	0	0	0	300.000	510.000	540.000	600.000	1.950.000	2%
Investments in rural public infrastructure	0	0	0	3.300.000	2.550.000	2.700.000	4.000.000	12.550.000	13%
Farm diversification and business development	910.000	2.240.000	2.400.000	3.000.000	2.550.000	3.600.000	3.600.000	18.300.000	19%
Improvement of skills and competences	0	0	0	0	0	0	0	0	0%
Technical assistance	0	160.000	360.000	300.000	510.000	540.000	600.000	2.470.000	3%
Advisory services	0	0	0	300.000	340.000	360.000	400.000	1.400.000	1%
Establishment and protection of forests	0	0	0	0	0	0	0	0	0%
TOTAL	**7.000.000**	**8.000.000**	**12.000.000**	**15.000.000**	**17.000.000**	**18.000.000**	**20.000.000**	**97.000.000**	**100%**

7.5 Percentage allocation of EU contribution by measure 2021-2027

MEASURES	EU Contribution						
	2021	2022	2023	2024	2025	2026	2027
	%	%	%	%	%	%	%
Investments in physical assets of agricultural holdings	42%	32%	41%	25%	30%	26%	26%
Support for the setting up of producer groups	0%	0%	0%	0%	0%	0%	0%
Investments in physical assets concerning processing and marketing of agricultural and fishery products	45%	38%	36%	25%	30%	29%	26%
Agri-environment- climate and organic farming measure	0%	0%	0%	2%	2%	2%	2%
Implementation of local development strategies - LEADER approach	0%	0%	0%	2%	3%	3%	3%
Investments in rural public infrastructure	0%	0%	0%	22%	15%	15%	20%
Farm diversification and business development	13%	28%	20%	20%	15%	20%	18%
Improvement of skills and competences	0%	0%	0%	0%	0%	0%	0%
Technical assistance	0%	2%	3%	2%	3%	3%	3%
Advisory services	0%	0%	0%	2%	2%	2%	2%
Establishment and protection of forests	0%	0%	0%	0%	0%	0%	0%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

8. DESCRIPTION OF EACH OF THE MEASURES SELECTED

8.1. Requirements concerning all or several measures

8.1.1 Recipients eligible for support

The eligible recipients are detailed in the measure fiches.

There are 12 groups of eligible recipients under the Programme:

1. Agriculture holdings registered in the Farm Registry established within MAFWE in accordance with the Law on Agriculture and Rural Development;

2. Forestry owners, public forest enterprise, national parks, and education and research institutions dealing in forestry.

3. Associative legal entities (producer groups, cooperatives etc.) registered at MAFWE according to the Law on Agriculture and Rural Development.

4. Food operators (processing and/or marketing of agricultural and fishery products) registered under Law on Trade companies or Law on cooperatives and Law on food safety.

5. Non-agricultural enterprises registered under Law on Trade companies, Law on cooperatives or Law on Crafts.

6. Natural persons and legal entities registered under Law on catering or Law on auto-camps.

7. Municipalities or authorities/enterprises established by municipalities.

8. Non-Profit Legal entities registered under the Law on Civil Associations or Law on Trade companies.

9. Local Action Groups registered at MAFWE according to the Law on Agriculture and Rural Development.

10. National Extension Agency established by Law for founding Agency for instigation of agriculture.

11. Scientific and educational institutions and training providers established and/or recognised according to the national legislation.

12. Public enterprises established by the Law on public enterprises, or separate legislation for proclaiming national parks, public authorities established by municipalities in accordance to the Law on municipal cooperation.

8.1.2 National standards relevant to the programme and in compliance with the EU standards

Operations supported shall comply with the relevant provisions of the IPA legal framework, provisions of the Framework and Sectoral Agreements and the national law relating to its application.

In order to be eligible for support, investment operations shall be subject to an assessment of the expected environmental impact in accordance with law specific to that kind of investment.

Recipients supported under IPARD III should meet the relevant national standards as regards registration of the farm, recognition of the producer organisations or other associative forms, animal welfare and environmental protection, food and feed hygiene as well as identification and registration of animals. The recipient shall be acquainted with the list of requirements, which he/she shall respect. No later than before final payment of the investment, the entire holding/enterprise must comply with relevant national standards in force and applicable to the respective measure.

The investment, when concluded, must respect the relevant European Union standards as regards environmental protection and animal welfare for measure 1 and environmental protection, public health, animal welfare, and occupational safety for measure 3. If the national standards are similar to the Union standards, in duly justified cases, derogation from this rule may be approved by the European Commission.

In case a collective investment is implemented by a legally established entity on behalf of their members, the national standards shall apply to the assets of the entity and not to the assets owned by each participant/member of this entity.

Full and updated list of all relevant national standards in force and their compliance with the relevant EU standards, established by the Managing Authority with relevance to the eligible investment activities and priority sector under separate measures under the Programme is provided in Annex 15 to this Programme.

8.1.3 Eligible expenditure

- Supported investments in production and/or processing and/or marketing of products (Measures 1 and 3) must be covered by Annex I to the TFEU, including fishery products, and/or the development of new products, processes and technologies linked to products covered by Annex I to the TFEU, including fishery products. The output of the production process may be a product not covered by the Annex.
- The following expenditure is considered eligible for investments in line with the Sectoral Agreement:
    a. construction or improvement of immovable property shall be eligible, up to the market value of the asset, as established in accordance with Article 11(2)(f) and Article 11(3)(d);
    b. the purchase of new machinery and equipment, including computer hardware and software, shall be eligible, up to the market value of the asset, as established in accordance with Article 11(2)(f) and Article 11(3)(d);
    c. general costs linked to expenditure referred to in points (a) and (b) such as architects', engineers' and other consultation fees and feasibility studies shall be eligible up to a ceiling of 10% of the costs referred to in those points (a) and (b) under the following conditions:

i. the eligible amount of the general costs shall not exceed the reasonable cost established in accordance with Article 11(2)(f) and Article 11(3)(d);

ii. for projects with eligible expenditure of the investments referred to in points (a) and (b) of more than EUR 3 million, the business plan preparation costs shall not exceed 3% of the eligible expenditure of these investments;

iii. for projects with eligible expenditure of the investments referred to in points (a) and (b) of at least EUR 1 million and no more than EUR 3 million, the business plan preparation costs shall not exceed 4% of the eligible expenditure of these investments;

iv. for projects with eligible expenditure of the investments referred to in points (a) and (b) of less than EUR 1 million, the business plan preparation costs shall not exceed 5% of the eligible expenditure of these investments.

- The complete lists of eligible expenditures for each measure under IPARD programme will be drawn up separately by each country and sent to the European Commission for acceptance.
- Any contracts and addenda signed or expenditure incurred by the recipients and payments made by the country is not be eligible for funding under the IPARD III programme before the signature of the relevant Financing Agreement. This principle does not apply to actions under the Technical Assistance measure and to expenditure relating to general costs, provided that the expenditure is incurred by the recipients after 1 January 2021.
- For other measures, costs are considered eligible for co-financing if incurred after the contract for project co-financing between the recipient and the IPARD Agency has been concluded.
- General costs may occur before the contract for project co-financing between the recipient and the IPARD Agency is concluded or the decision on approving the project for implementation is issued, but not earlier than 1 January 2021. The general costs can only be considered eligible for co-financing if the applicant has requested support for general costs in the application providing detailed documentation justifying the reality and validity of the costs and if the project to which they relate is actually selected and contracted by the IPARD Agency.
- Costs for information and publicity activities at project level, which are of the responsibility of the recipients will be considered eligible for co-financing if the activities are in compliance with the publicity and visibility rules applicable for the Programme.
- The recipient has to provide detailed documentation justifying the reality and validity of the costs with the claim for payment/s submitted to the IPARD Agency. The IPARD Agency is responsible to check the reality and validity of the costs and to publish in the recipients guidelines the set of requirements and documents needed for justification of costs by the applicant/recipient.

- For investments in renewable energy plants, for the measures 1 and 3, the selling of electricity into the grid is allowed as far as the "self-consumption" limit is respected (i.e. electricity sold into the grid equals on average the electricity taken out. This is justified by the fact that, as electricity cannot be stored, it must, unless wasted, be sold into the grid; the electricity grid can be conceived as a storage place for electricity where it is introduced and withdrawn during the year in the similar amount and at a different rhythm. The concept of "self-consumption" should be checked at the stage at which a project is submitted. The investment is considered eligible when the (theoretical) power capacity of the renewable energy plant ("the investment") does not exceed 120% of the 3 years-average (self-) consumption of the farm.
- For an investment in irrigation system water metering enabling measurement of water use at the level of the supported investment (except when the supported investment is connected to collective irrigation scheme) shall be in place or shall be put in place as part of that investment.

8.1.4. Application of durability condition

The investment for which the recipient has received support must not undergo a substantial modification within five years from the date when the final payment is received.

Substantial modifications to an investment are those which result in:

- a cessation or relocation of a productive activity co-financed outside the programme area.
- a change in ownership of an item of infrastructure which gives to a firm or public body an undue advantage; or
- a substantial change affecting its nature, objectives or implementation conditions which would result in undermining/changing its original objectives.

In case of exceptional situations that might affect the investments (e.g. fire or flooding) or force major (e.g. pandemic), the recipient must inform the IPARD Agency within deadlines according to the Sectoral Agreement or the Contract for co-financing.

The recipients are obliged to keep all accounting records at least 7 years after the investments take place as well as to collaborate and provide any requested information to the officials of MAFWE, IPARD Agency or European Commission authorised to control and audit the implementation of the project as well as NAO/NF and Auditing Authority and to other organisations and institutions upon request from the IPARD Agency.

The financing conditions will be stipulated and further elaborated in the contract for project co-financing between the recipient and the IPARD Agency.

8.1.5. Ineligible expenditure for support under the programme

In line with Article XXX of the Sectoral Agreement, the following expenditures shall not be eligible under the IPARD III Programme:

(a) taxes, including value added taxes;

(b) purchase, rent or leasing of land and existing buildings, irrespective of whether the lease results in ownership being transferred to the lessee unless the provisions of the IPARD III programme provide for it;

(c) fines, financial penalties and expenses of litigation;

(d) operating costs, except where duly justified by the nature of the measure in the IPARD III programme or in the case of force majeure or exceptional circumstances;

(e) second hand machinery and equipment;

(f) bank charges, costs of guarantees and similar charges;

(g) conversion costs, charges and exchange losses associated with the IPARD euro account, as well as other purely financial expenses;

(h) contributions in kind;

(i) the purchase of agricultural production rights, animals, annual plants and their planting;

(j) any maintenance, depreciation and rental costs, except where duly justified by the nature of the measure in the IPARD III programme or in the case of force majeure or exceptional circumstances;

(k) any cost incurred and any payments made by the public administration in managing and implementing assistance, including those of the management and operating structure and, in particular, overheads, rentals and salaries of staff employed on activities of management, implementation, monitoring and control, except where duly justified by the nature of the measure in the IPARD III programme.

Unless the European Commission expressly and explicitly decides otherwise, the following expenditure shall also not be eligible:

(a) expenditure on projects which, before completion, have charged fees to users or participants unless the fees received have been deducted from the costs claimed;

(b) promotional costs, other than in the collective interest. Promotional costs are not eligible unless a 'collective interest' can be claimed. Collective interest should be understood as an interest bigger than the individual interest of the recipient.

(c) expenditure incurred by a recipient of whose capital more than 25% is held by a public body or bodies unless the European Commission has so decided in a specific case on the basis of a complete reasoned request from the country. The European Commission shall take its decision within three months of receiving the request. This exclusion is only valid for measure 1, 2, 3, 4 and 7. The rule is not applicable for measure 11.

Investment in the tobacco sector is not eligible under IPARD.

8.1.6. Rules of origin

In accordance with Article XXX of Regulation (EU) No. XXX of the European Parliament and of the Council laying down common rules and procedures for the implementation of the Union's instruments for financing external action":

1. Tenderers, applicants and candidates from the following countries shall be eligible for funding

a. Member States, recipients listed in Annex I to Regulation (EU) No. 231/2014, contracting parties to the Agreement on the European Economic Area and partner countries covered by the ENI, and

b. countries for which reciprocal access to external assistance is established by the European Commission under the conditions laid down in point (e) of Article 9(1).

2. Tenderers, applicants and candidates from non-eligible countries or goods from a non-eligible origin may be accepted as eligible by the European Commission in cases involving an urgency or the unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where application of the eligibility rules would make the realization of a project, programme or action impossible or exceedingly difficult.

All supplies purchased under this Programme funds shall originate from an eligible country. However, they may originate from any country when the amount of the supplies to be purchased is below the threshold for the use of the competitive negotiated procedure (currently EUR 100 000). For the purposes of this Programme funds, the term ‘origin’ is defined in the relevant EU legislation on rules of origin for customs purposes: the Customs Code (Council Regulation (EEC) No 2913/9258), and in particular its Articles 22 to 24, and the Code's implementing provisions (Commission Regulation (EEC) No 2454/9359). These references should be read as reference to the Article 60 of Regulation (EU) no. 952/2013 (Union Custom Code).

8.1.7. Economic viability

The economic viability of the recipient making an investment is an eligibility condition for measure 1, 3 and 7.

Eligible for support are recipients who are economically viable at the end of the realisation of their investment. The viability should be demonstrated and proven at the application stage, through the business plan for the whole holding considered as a single legal and economic entity, otherwise the application will not be considered eligible. Further details are given in chapter 8.1.11, relevant measure fiches for measures 1, 3 and 7, and Annex 13.

The purpose of the viability check is to ensure the investment can be feasibly financed by the recipient and that the recipient can sustain the economic activity related to the supported investment for the life span of the project (typically at least 5 years past the final payment).

Economic viability of the recipient making an investment is assessed on the basis of a business plan. Main criteria for the assessment of business plans in the IPARD programme are explained in Annex 13 of this Programme.

The IPARD funds granted to the recipient are taken into account when calculating the economic viability of the recipient.

Ex-post verifications will be carried out on investment operations in order to verify whether substantial modifications were made to the project. As a check of economic viability, it is verified whether the project is operational and operating or not.

8.1.8. Rules applied for payment of instalments and advanced payments

The eligible investment activities have to take place after the signature of the contract with the IPARD Agency. The payment of the public aid will be made on the base of payment claim and justifying documents, which prove the accomplishing of the activities and their eligibility. The form of payment claim is established by the IPARD Agency as specific to the contract provisions and activities concerned. The contract specific payment claim shall be annexed to the contract.

Concerning purchase of machinery and equipment, the payment will be made as a single payment at the end of the investment. For private investments, which involve construction/reconstruction activities, the payment can be made in maximum two instalments according to recipient' choice, stipulated in the contract. In this case, the first instalment shall be paid after the finalisation of the construction or reconstruction works and the second instalment after the installation of the equipment, i.e., at the end of the investments. General costs related to project implementation will also be paid as part of the second instalment.

In case of public investments under measure "Investments in rural public infrastructure" implemented by public recipient (municipalities and public enterprises), the number of instalments may be extended to the number of construction phases, according to public recipients' choice, stipulated in the contract.

Advance payments to recipients may be provided from the budget of this Programme, according to rules and conditions of advance payments being established on the basis of the Sectoral Agreement. Payments of advances qualify as eligible expenditure up to 50% of the public aid related to the investment and shall be subject to the establishment of a bank guarantee or an equivalent guarantee corresponding to 110% of the amount of the advance.

8.1.9. Deadweight

In order to lower the inefficiency in public financing under the Programme, deadweight spending is addressed throughout the Programme, particularly for the investments with a potential to be implemented without the public financing. Those investments/recipients should be excluded by a tailored procedure, through:

- Targeting of recipients, e.g. by wealth/size,
- Prioritising of economic unattractive types of investments (environmental protection, mitigation/adaptation to climate change etc.), and
- Prioritising investments towards territories with structural disadvantages resulting in underinvestment and slow or negative growth rates.

The deadweight loss risk, thereby, will be reduced by focusing the Programme resources on the investments that would not be implemented without public financing under the Programme.

8.1.10. Use of simplified cost options

Under the "Agri-environment-climate and organic farming measure" public aid is given in a form of support compensating additional costs and income foregone resulting from commitments made to implement the supported operations. The additional costs and income foregone as well as the rates of support to be applied under the measure shall be calculated by an independent institution from the MAFWE.

In the case of measure "Establishment and protection of forests", the calculation of standard costs shall be calculated by Forestry Faculty. The Faculty is an independent institution from the MAFWE.

Where aid is granted on the basis of the simplified costs options or additional costs and income foregone, the Agency shall ensure that the relevant calculations are adequate and accurate and established in advance on the basis of a fair, equitable and verifiable calculation. To this end, a body that is functionally independent from the authorities responsible for the IPARD III programme implementation and possess the appropriate expertise shall confirm the adequacy and accuracy of the calculations. The relevant documents shall be provided to the European Commission in advance of the implementation of the simplified costs options, for acceptance of the calculation and the methodology.

The calculation methodology for establishment of payments compensating for additional costs incurred or income foregone shall be provided as part of the description of the measures except for the investment measures for which the methodology and calculations shall take part of the implementing rules of the IPARD Agency and be subject to approval by the European Commission.

8.1.11. Requirements for applying for support

The following general requirements shall be applicable, unless otherwise provided in the description of the measure:

- All recipients when applying for support must submit measure specific application form issued by the IPARD Agency (and published within the relevant public call) together with a set of mandatory required documents. The application must concern eligible activities and expenditures related to the measure for which is submitted.
- Single recipient may submit concurrent proposals under different measures of this Programme. However, the recipient may only submit one application at a time under the same measure. If the application under one measure is approved, the applicant will have to complete that project and submit the claim for payment before being able to submit another application under the same measure. The recipient cannot sign the contract for the second application before claim for final payment is submitted for the previous application of the same measure. In case a recipient submits several applications under the same measure of a public call, the first application shall be processed by the IPARD Agency, while the rest shall be rejected.

The recipients who are pursuing business objectives under investment measures "Investment in physical assets of agricultural holdings", "Investments in physical assets concerning

processing and marketing of agriculture and fishery products" and "Farm diversification and business development" will have to submit a technical project proposal or a business plan (see also Chapter 8.1.7).

The following conditions will also apply for investment measures and the recipients will have to prove their fulfilment with appropriate mandatory document:

(a) The recipient must prove that he/she is the owner of the land/building/s relating to the investment or they have the right to use it for a minimum of 7 years counting from the date when the application is submitted.

(b) In case of construction/reconstruction activities on agriculture land, recipients have to submit the municipality's approval of the proposed construction/reconstruction activities (construction permit), copies of basic design drawings and certified bill of quantities by authorised architects/civil engineers, indicating the estimated quantity of the envisaged works and materials. In case of construction/reconstruction activities on construction land, the IPARD Agency will use "E-Building permit information system" (www.gradezna-dozvola.mk) to obtain the municipality's approval of the proposed construction/reconstruction activities by the IPARD recipient, as well as all technical documentation related to the construction/reconstruction. The construction permit must be uploaded on the website www.gradezna-dozvola.mk not later than the end date of the public call. The construction/reconstruction activities must be in compliance with the specified building standards of the Municipality in accordance to the urban and spatial plans and/or to other standards acceptable to the Municipality.

(c) The recipient (legal entity) must not be in the process of liquidation or bankruptcy at the time of submitting the application, while the natural persons or the responsible person in the legal entity must not be legally prohibited from performing business activity;

(d) The recipient must not have outstanding liabilities against the state in terms of fiscal obligations to the health, social and pension insurance funds and tax authorities. Recipients renting state-owned agriculture land must not have outstanding liabilities against MAFWE;

(e) Natural person applying for support under the investment measures must prove appropriate professional education, attended training or at least three years of experience in the activity to which the investment is related, while legal entities must have at least one full-time employee (or more if required by law) to satisfy the same requirement. This document shall be submitted together with the payment request;

(f) As part of the application package the recipient shall submit two offers from the supplier/offeror for each item/group of items (functional dependent) that amounts of less than EUR 10.000, or three offers for each item/group of items (functional dependent) amounting more than EUR 10.000. The offers shall be accompanied by detailed technical specification/s and declaration for country of origin for each item/group of items. In case of submitting offers from foreign suppliers a document containing data on the ownership structure of the supplier/offeror shall also be provided. In case the IPARD Agency has established two methods for checking the reasonableness of the costs, in accordance with Article 11(2)(f) of the SA, the three offer rule shall not be applied.

(g) Eligible for support are investments that are economically and financially viable at the end of the realisation of the investment. The economic and financial viability shall be assessed at the application stage, on the basis of Business Plan. In the case of projects having a total budget below 80.000 euro, the prospect of financial viability must be demonstrated via Simplified Business Plan containing perspective data on financing indicators in terms of generating sufficient income to meet the operating costs and debt commitments. While, in the case of projects having a total budget exceeding 80.000 euro and in cases that the recipient is agriculture cooperative, the prospect of economic viability must be demonstrated via Business Plan. The criteria that will be used by the IPARD Agency to assess the viability of investment is provided in Annex 13 of the Programme.

(h) In case of investment in irrigation system the recipient must submit a licence for water use for irrigation issued by relevant authority;

(i) In case of investments for production of energy from renewable resources the recipient must have established activities supported by one of the measures in this programme (for which the electricity will be used). under measures 1 and 3, investments for production of energy from renewable energy sources are eligible if they concern the energy needs of the holding i.e. it respects the principles of "self-consumption" whereby certain selling of electricity into the grid is allowed as far as the "self-consumption" limit is respected (i.e. electricity sold into the grid equals on average the electricity taken out by the holding in the course of the year). Investments for production and sell of energy from renewable resources under the measure 7 are considered eligible when the (theoretical) power capacity of the renewable energy plant ("the investment") exceeds the 3 years-average (self-) consumption of the recipient.

8.2. Administrative procedure

8.2.1. Controllability and verifiability of the measures

In line with Article 8 and Article 9 of the SA, the Managing Authority based on an opinion of the IPARD Agency confirms that verifiability and controllability of measures has been ensured.

Under the Programme, the controllability and verifiability of the measures will be ensured by following:

- Definition and application of clear, quantifiable and transparent eligibility and selection criteria, which can be measured and controlled.
- Selection process based on the pre-defined and publicised criteria with transparent and well-documented procedures (audit trails) and administrative capacity, ensuring compliance with the principles of sound financial management, including selection of applications, administrative and on-the-spot verification of eligibility of expenditure, verification of compliance with the principle of value for money and public procurement legislation and adequate IT systems.
- The reasonableness of the costs proposed, will be evaluated based on a suitable evaluation system, such as reference costs, standard unit costs, a comparison of different offers or an evaluation committee.

- Proper documentation management and verification of documents – recipient shall be required to keep records of operations, invoices and accounting records.
- *Ex-post* verifications carried out on investment operations to verify the respect of commitments laid down in the IPARD III Programme. The *ex-post* verifications shall be carried out within 5 years of the date of final payment to the recipient. Agri-environment projects are normally carried out for the duration of 5 years. Therefore, verifications for agri-environment are in this period. All investments shall be checked at least once during the five-year period. The ex-post verifications, carried out throughout the five-year period, shall be based on an analysis of the risks and financial impact of different operations, groups of operations or measures.

The risk of errors will be reduced by the following measures:

- Well established internal control system, guaranteeing that controls described in procedure manuals are actually applied in the way that they are accredited and supervisory personnel reviews the functioning of controls.
- Use of simplified cost options based on adequate, accurate and established in advance on the basis of a fair, equitable and verifiable calculation. The calculations will be verified for adequacy and accuracy, and confirmed by a body that is functionally independent from the authorities responsible for the IPARD III programme. The relevant documents shall be provided to the European Commission in advance of the implementation of the simplified costs options.
- Publication and wide dissemination of guidance documents to potential applicants, describing clearly the eligibility criteria and requirements for application, criteria for selection, rules for implementation of projects and preparation of payment claims.
- Training and issuing of guidelines to beneficiaries on eligibility, implementation and preparation of payment claims.
- Regular training of IPARD Agency staff and technical bodies on procedures for verification of eligibility of applicants, applications, and payments claims, irregularities prevention and detection.

The controllability and verifiability of the measures to be *ex-ante* assessed jointly by the MA and IPARD Agency during the process of preparation of the Programme and the assessment will be updated during the implementation based on results of controls, audit findings or after modification of measures or inclusion of new measures.

8.2.2. General requirements for implementation of the measures

The implementation of the measures under this Programme starts with published Public calls from the IPARD Agency. The Public calls will be published in the Official Gazette, at least two national newspapers in Macedonian language and one in Albanian language and its publishing and deadlines (if applicable) will be announced through national media and in local media.

Measure specific application packages (including application forms, list of documents required, and templates of technical project proposal/business plans including guidance for

filling the forms and other guidelines for recipients etc.) will be published electronically on the web-site of the IPARD Agency and printed in paper form.

The application packages shall be made available for the potential recipients at the IPARD Agency, NEA regional and local offices, MAFWE Regional offices, Managing Authority and at the agriculture associations, economic chambers etc.

Recipients may send applications to the IPARD Agency by registered post or deliver them to the IPARD Agency's reception office, or apply electronically if applicable.

The IPARD Agency processes the received applications for approval in accordance to the internal procedures of the IPARD Agency whilst respecting the rules for protection of personal information provisions in accordance with the provisions of the FFPA (Article 26).[68]

8.2.3 Administrative checks

After the application is opened, the fulfilment of the basic eligibility criteria (such as type of recipient and type of eligible investments, total requested amount for financial support) will be checked in parallel with the completeness check. Completeness checks weather the application contains all the necessary supporting documents being required as mandatory shall be performed first. Compliance checks on fulfilment of the general and specific eligibility criteria under specific measure are performed only on complete applications.

The IPARD Agency shall be responsible for the cross-checks aiming at avoiding double-financing between the Programme and the national support schemes for agriculture and rural development. Every investment project under the IPARD Programme, which may fall under the scope of the national support schemes, will be checked for possible double financing before its approval (of the project and of the final payment). The IPARD Agency will ensure that future double financing is avoided by stamping the received invoices for investment with clear "IPARD" stamp by an authorised official before payment.

8.2.4 Verification of expenditures eligibility and assessment of economic and financial viability

Complete applications shall be subject to further assessment of the eligibility of expenditures and assessment of the economic and financial viability of the proposed investment/project. Eligibility of expenditures will be checked against the list of eligible expenditures approved by the European Commission. The value of the eligible expenditures shall be further verified if it corresponds to the market value of the concerned items proven via three independent offers from different suppliers (for goods/services with value above EUR 10.000), against reference values set by the IPARD Agency, against standard costs or through evaluation committee. The total eligible expenditures shall be assessed against applicable minimum and maximum thresholds set for projects in the measure fiches. If the total eligible expenditure is below the minimum the project will be rejected. If the total eligible expenditure is above the threshold, the application shall be considered as eligible but the expenditures shall be proportionally deducted.

[68] Any personal data shall be processed in accordance with the requirements of Regulation (EC) No 45/2001

Assessment of the economic-financial viability will be done for projects fulfilling the eligible criteria and having complete documentation. The assessment shall be performed according to the methodology of the IPARD Agency for calculating the values of indicators for economic and financial viability criteria.

8.2.5 On the spot controls

The economically and financially viable and eligible projects will be subject to on-the-spot controls to verify the factual situation against the proposal for investments, if the investment has already started and expenditures occurred, if the information in the submitted documents corresponds to on the spot real situation and other measurements.

8.2.6 Scoring and ranking of projects

Ranking of eligible projects according to total points received shall be performed in cases when the requested amount for financial support in the received applications is beyond the available financial budget committed to the particular measure. In order to be sure that the investment meets the objectives of the measure the eligible projects will be granted points according defined priorities under different measure in the programme. Scoring shall be performed to dedicate points to all complete projects prior the eligibility check and final decision for approval of project is adopted before contracting.

8.2.7 Approval of projects and contracting

The procedure for approval of projects shall not exceed 6 months from the date of submission of application.

The recipient is notified for his/her proposal being approved via decision for approval of the application issued by the IPARD Agency. Together with the decision for allocation of funds, the recipient is invited to sign contract for project co-financing within 30 days upon reception of the decision. The decision for allocation of funds is accompanied with 1 copy of the respected contract for the recipient. The recipient may not sign the contract or reject, without being obliged to state the reasons for such decision.

In case of public investments made by municipalities and/or public bodies, together with the decision for approval of the application, the recipient is invited to sign pre-contract or memorandum of understanding or other form of agreement in which the rules of procurement and project implementation are specified and agreed as minimum. Once the procurement procedure is successfully finalised (subject to assessment of the IPARD Agency), financing decision will be issued as well as invitation for signing financing contract within 30 days upon reception of the decision and/or the invitation.

8.2.8 Rejection of projects

Recipients shall be rejected if:

- the application is incomplete;
- they fail to meet the eligibility criteria;
- the expenditures cannot be verified as eligible;
- the project/investment is assessed as deadweight;

- the project is assessed as economically and financially not viable.

In addition to the above, the recipients which applied for public investment shall be also rejected if they fail to perform the procurement process according to the applicable rules for procurement.

The recipient is notified for his/her project being rejected via decision for rejection of the application issued by the IPARD Agency. The decision for rejection contains detail elaboration of each of the reasons that contributed to such decision.

It is possible to lodge an appeal against a decision for rejection issued from the IPARD Agency. The appeal procedure shall be elaborated in the Guidelines for recipients.

8.2.9 Project implementation

The project implementation starts after the contract for co-financing is signed and can have duration of maximum 2 years or longer depending on the specifics of the investment. The IPARD Agency services or the institutions to which the IPARD Agency can delegate the responsibility, will conduct monitoring and supervision of the execution of projects. Monitoring of project implementation may also be done via reporting obligations of the recipient on the progress of the project's implementation or via reports from technical supervision during construction.

The project implementation which concerns public investments starts after the procurement procedure is finalised and financing contract is signed and can have duration of maximum 2 years or longer depending on the specifics of the investment.

8.2.10 Approval of payment

Payment to the final recipient shall be done on the basis of payment claim/s based on declarations of expenditure incurred by the final recipient and evidenced by original receipted invoices. The contract specific payment claim and list of accompanying documents shall be annexed to the contract.

Payment claim and the accompanying document shall be subject to completeness and compliance checks. Eligibility of the expenditures incurred shall be checked against documents, the provisions in the contract and via on-the spot controls prior the payment is approved.

After approval, the payment shall be made in national currency to the account of the final recipient (s) or to their assignee(s) (see more in section 8.1 chapter “Payment of Instalments and Advances for Investment Support”).

No payment shall be made in favour of a claimant or to their assignee(s) for which it is established that they artificially created the conditions required for obtaining such payments with a view to obtaining an advantage contrary to the objectives of the support.

Also, financial support shall not be granted/paid to recipients that whose payment claim is 10% lower than the minimum threshold for eligible projects under respected measure.

Ex-post controls will be ensured in line with relevant conditions set in chapter 8.2.1.

8.3. Description by Measure

Measure INVESTMENTS IN PHYSICAL ASSETS OF AGRICULTURAL HOLDINGS

1. Legal basis[69]

- Article 2(1) of the Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action
- Article 27(1) of the IPARD Sectoral Agreement;
- Annex 4 the IPARD Sectoral Agreement

2. Rationale

Most of the fixed assets and perennials available in the country's agricultural sector have been depreciated and new investments made are not sufficient to overweigh relatively high fixed capital consumption rate. Labour intensive agriculture, worsens the situation. With no financial support and difficulties with access to credits, most domestic small holdings find it difficult to invest and practise efficient farming. Additionally, the development of agriculture is precluded by the underdeveloped research capacities. The research institutions suffer from major deficiencies in terms of low capability to respond to upcoming challenges of farmers towards the EU, insufficient facilities and equipment, especially for applied science.

The country's accession to the European Union 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 European Union standards especially the ones 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; production of energy from renewable resources and efficient water use practises at farm level; transition from conventional to organic farming and upkeep of organic production; as well as overall improvement of farm management capacities and human potential.

3. General objectives

- To increase the efficiency, competitiveness and more sustainable agricultural production in the agri-food sector, e.g., by progressive alignment to the Union

[69] Legal references will be clarified once their adoption and conclusion of binding Agreements will be finalised.

standards, enhancing the position of farmers in the food chain and supporting young farmers.

- To support economic, social and territorial development;
- To improve the response of the agri-food sector to public demand for high-quality, safe, climate-friendly, nutritious and sustainable food as well as animal welfare;
- To contribute to climate change mitigation as well as sustainable energy and foster sustainable management of natural resources, such as water, soil and air.

3.1. Specific Objectives

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 and fishery products;
- To add and increase value to the production and marketing;
- To promote a smart, sustainable and inclusive growth, through the development of physical capital.
- To ensure progressive alignment to the Union standards, enhancing the position of farmers in the food chain and supporting young farmers;
- To promote the respect of EU standards and improvement of conditions on the agricultural holdings, especially related to environment protection and animal welfare;
- To foster sustainable management of natural resources, such as water, soil and air
- To increase primary energy consumption from renewable energy resources.

4. Linkage to other measures in the program and to national measures

In particular, this measure is linked to the measure "Investments in physical assets concerning processing and marketing of agricultural and fishery products" as the output of primary agricultural production and the quality of farming products have a positive effect on the operating capacity of the processing industry. Limited-scope projects on on-farm post-harvesting activities (for example handling, grading, packing, storage and etc.) of agriculture products and processing and direct marketing shall be supported under this measure[70], while larger projects shall be supported under the measure "Investments in physical assets concerning processing and marketing of agricultural and fishery products". While the measure "Investments in physical assets of agricultural holdings" is promoting horizontal integration of agriculture producers, the measure "Investments in physical assets concerning processing and marketing of agricultural and fishery products" is complementing the actions by promoting

[70] In accordance with Rulebook on the requirements for conditions and hygiene for the production and placing on the market of food of animal origin intended for direct supply, localized activity, in geographical or economic constraints, as well as general and special requirements for the application of traditional methods of production, processing and distribution of food with traditional characteristics ("Official Journal of RNM" no. 144/19) and Rulebook on exemptions from the special hygiene measures for small businesses, the manner and requirements to be met during the direct supply of food from producer to final consumer, the conditions for the premises, materials, instruments and equipment in the facilities they produce as well as the manner of production of food with traditional characteristics ("Official Journal of RNM" no. 152/20)

investments in collection and distribution of agriculture and fishery products to strengthen the vertical cooperation (which can be also proposed by agriculture cooperatives). Both measures together shall contribute to the increased value added in agriculture and processing and strengthening the agriculture market chains.

The measure "Investments in physical assets of agricultural holdings" is linked with the investment support provided under the measure "Farm diversification and business development". Under the measure "Investments in physical assets of agricultural holdings" support shall be granted for primary agriculture production and small projects for on-farm post-harvesting, processing and direct marketing capacities of own production of the agriculture holding. Meanwhile under the measure "Farm diversification and business development" support shall be granted for primary agriculture production and investments for on-farm processing and direct marketing of own production for alternative agriculture production, as defined under Measure 7 and for processing of agriculture products not listed in Annex I of the Treaty. The measure "Farm diversification and business development" is supplementing the measure "Investments in physical assets of agricultural holdings" as it supports investments into non-agriculture activities and range of activities for provision of services to agriculture population in the rural areas and for facilitating the agriculture production. Bringing together, both measures shall foremost contribute to the increased income of the agriculture holdings from non-agriculture activities and provision of rural and agriculture services.

The measure "Investments in physical assets of agricultural holdings" also contributes to the implementation of the measure "Agri-environment-climate and organic farming measure" by promoting investments proposed by certified organic agriculture producer and investments to improve efficiency of fertiliser use (e.g. reduced use, equipment, precision agriculture). Also recipients under this measure may benefit from support, i.e. is entitled for payment under "Agri-environment-climate and organic farming measure".

The support under this measure is complemented by the measures "Advisory services" and "Improvement of training", which aim to help farmers to successfully implement investment projects under this measure. Coordination of the measures "Investments in physical assets of agricultural holdings", "Advisory Services" and "Improvement of skills and competences" shall improve the professional expertise and knowledge of recipients in particular related to farm management, agri-environmental practises and the EU standards implementation.

On-farm investments in road connections (of property or with right to use by the agriculture holding) supported under the measure "Investments in physical assets of agricultural holdings" are complementing the support provided for investments in public agriculture connection roads, provision of electricity in agriculture fields and local roads under the measure "Investments in rural public infrastructure" as crucial for increase of competitiveness of agriculture production.

The scope of aid granted under measure "Investments in physical assets of agricultural holdings" will not overlap with the scope of aid granted under the national support schemes for agriculture and rural development.

5. Recipients

5.1. Types of recipients

The following types of recipients can apply and benefit the support under this measure:

I. Agriculture holdings
II. Cooperatives
III. Associative legal entities

I. Agriculture holding which is registered in the Single register of Agriculture Holdings at MAFWE (herein after referred to as "the Farm Register") in accordance with the Law on Agriculture and Rural Development may apply and benefit the support under this measure.

Agriculture holding can be registered in the Farm Register as family agriculture holding represented by a natural person or an individual agriculture producer or as agriculture holding represented by a legal entity.

Family agriculture holding is represented by a natural person who is member of an agriculture household. The natural person is authorized to represent the Agriculture Holding in front of authorities by all the other members of the agriculture household and for farm management.

Individual Agriculture Producer is a natural person who is only dealing in agriculture on his/her own account being the owner of a farm or who has the right to use the farm obtained through a legal agreement by the owner and is registered in the Register of Agriculture Producers in MAFWE or as Individual Agriculture Producer in the Pension Fund. The Individual Agriculture Producer is registered in the Farm Register.

When the recipient is not the owner of the holding where the investment is carried out, a contract which includes provisions allowing for the structural effects of the project during at least 7 years after its conclusion should be established between the parties concerned.

The legal entity which represents the agriculture holding must be registered in the Central Registry according to Law on trade companies.

II. Cooperative which is registered as such in the Central registry primarily dealing with agricultural activities, processing of agricultural products and/or services connected directly with agricultural activities.

III. Associative legal entities (for collective investments) which are controlled by agricultural producers and are recognized as such according to the law. The following types of associative legal entities can apply and benefit the extra aid support under this measure:

- Cooperative,
- Producer groups and producer organisations recognized as such in accordance with the Law on agriculture and rural development and registered in the Register of producer groups and/or Register of producer organizations maintained by MAFWE,
- Private company with primary activity in agriculture or agriculture processing founded by authorized representatives of family agriculture holding registered in Farm Register, and

- Private company with primary activity in agriculture or agriculture processing founded by an association of agriculture producers.

Minimum number of agriculture producers engaged under any of the above entities is at least 10.

5.2. Limitations and demarcation

In order to better target the investment support and to achieve demarcation among measures under this programme, the recipients shall be subject to the following limitations/demarcation criteria under this measure:

1. Investment support for post-harvesting, on-farm processing and direct marketing under this measure will be granted only for own agriculture production produced by the agriculture holding (or agriculture production of the members/cooperants of the cooperative, or Associative legal entity) - to be assessed by the IPARD Agency on the basis of Technical Project Proposal/Business Plan and via ex-post controls.

2. Cooperatives, associative legal entities and agriculture holdings represented by legal entity which have benefited support in post-harvesting, processing and direct marketing activities under this measure can further apply for the same investment activity under the measure "Investments in physical assets concerning processing and marketing of agricultural and fishery products".

3. Support cannot be granted to agriculture holdings represented by legal entity in case their capital is held by a public body or bodies or by the state of more than 25%. In specific cases where deemed appropriate based on the national legislation, the Managing Authority may ask the European Commission to decide via submission of reasoned request.

4. In case the recipient has previously benefited from EU support for tractor, it cannot further apply for investment in tractor under this Programme. This limitation shall not apply for cooperatives and/or associative legal entities for the purpose of promoting rational use of agriculture machinery and equipment through service rendering to the agriculture holdings – members and/or cooperants.

5. Investment support for on-farm renewable energy plants (biomass, wind, solar etc. and/or through processing of plant and animal products from primary and secondary biomass, covered by Annex I to the Treaty) with a capacity of production exceeding the annual self-consumption of the recipient, as defined under point 10 of part 7 Specific eligibility criteria of this measure, shall not be eligible under this measure as it is supported under the measure "Farm diversification and business development".

6. The demarcation between collective investments under measures 1 and 7 of this Programme is attained through the relevant sectors for the investments, whereby this measure covers collective investments of all sectors under Annex I to the Treaty, including fishery, while measure 7 covers collective investments for production of alternative agriculture products (medicinal and aromatic plants, mushrooms, honey, ornamental plants etc.).

6. Common Eligibility Criteria

1. All recipients applying for investments related to crop production at the time of submitting the application must demonstrate existence of agriculture land registered in the Farm Registry, in minimum size depending on the crop production subject to investment, as follows:

- minimum 0,02 ha of agriculture land in case of investments related to soil-less cultivation and other innovative production systems;
- minimum 0,3 ha of agriculture land in case of investments related to greenhouses;
- minimum 1 ha of agriculture land in case of investments related to perennials, open-field vegetable production, cereals, industrial crop and fodder crop production;

Recipients with lower agriculture land than the minimum thresholds mentioned above with intentions to start crop production are also eligible to apply and benefit the support if the minimum threshold (mentioned above) depending on the crop production is reached at the end of the investment and registered as such in the Farm Register before submission of the final claim for payment. In case of non-fulfilment of this criteria before submission of the final claim for payment, they will become ineligible for support.

2. All recipients applying for investments related to livestock production activities must demonstrate existence of minimum LU[71] registered in the FVA "Animal Identification and Registration System" in minimum size depending on the livestock production activity subject to investment, as follows:

- 10 LU in case of investments related to bovine animals; and/or
- 10 LU in case of investments related to sheep and/or goats; and/or
- 8 LU in case of investments related to pig rearing; and/or
- 10 LU in case of investments related to poultry rearing (excluding ducks, geese, turkey, capercaillie, ostriches and emus and guinea fowls).

Recipients with lower LU than the minimum thresholds mentioned above or with intentions to start livestock production are also eligible to apply and benefit the support if they commit to reach the minimum LU at the end of the investment, i.e. before submission of the final claim for payment. In case of non-fulfilment of this criteria before submission of the final claim for payment, they will become ineligible for support.

3. All recipients applying for investments related to fish production/aquaculture activities must demonstrate existence of minimum production capacities of 20 tons registered in MAFWE's Register of fish producers. Recipients with lower production capacities or with intentions to start fish production are also eligible to apply and benefit the support if they commit to reach the minimum production capacity at the end of the investment i.e. before submission of the final claim for payment. In case of non-fulfilment of this criteria before submission of the final claim for payment, they will become ineligible for support.

4. Recipient – cooperative can prove their minimum size of agriculture production capacity with regards to the production capacities of their members-agriculture holdings and/or permanent cooperants agreements.

[71] Livestock Units (LU) according to the coefficients presented as Annex 11 to the Programme

5. Recipients are obliged to record any change of the production capacities in the Farm Register, Land Parcel Identification System, Register of fish producers and/or in the "Animal Identification and Registration System" especially resulting from the investment before submission of final payment claim and within the whole duration of the contract.

6. All recipients have to submit application accompanied with set of required documents and Technical Project Proposal or Business Plan as part of the application. These required documents, as well as the rules on procedures and verifications for completeness and eligibility will be published in the Guideline for recipients and noted in the public call announcement. All received applications missing one or more of the required documents will be rejected.

6.1. Type of eligible holdings

I. Agriculture holding

1. The recipient – agriculture holding as well as all production capacities of the agriculture holding (production plan) must be registered as agricultural holding in the Farm Register prior applying for support. Recipients proposing projects to start livestock production must be registered as agricultural holding in the Farm Register and in the "Animal Identification and Registration System" before submission of the final claim for payment. Recipients proposing projects to start fish/fishery production must be registered in the Register of fish producers in MAFWE before submission of the final claim for payment.

2. Recipient – agriculture holding that invested in on farm processing and marketing must be registered as a food operator according to the Law on food safety at FVA before submission of final claim for payment.

II. Cooperatives

1. The recipient – cooperative has to be registered in Central Registry as dealing with agricultural activities, processing of agricultural products and/or services connected directly with agricultural activities.

III. Associative legal entities

1. The recipient – associative legal entity has to be recognized as such according to the law and its production capacity will be calculated as a sum of the production capacities of its members/founders. The minimum number of agriculture producers founding or engaging in an associative legal entity has to be at least 10.

6.2. Economic viability of the agriculture holding

Aid can be granted to recipients whose investment projects present prospect of financial/economic viability. The economic and financial viability shall be assessed on the basis of Technical Project Proposal (Simplified Business Plan) or Business Plan.

In the case of projects having a total budget below 80.000 euro, the prospect of financial viability must be demonstrated via Technical Project Proposal (Simplified Business Plan) containing perspective data on financing indicators in terms of generating sufficient income to meet the farm operating costs and debt commitments.

In the case of projects having a total budget exceeding 80.000 euro and in cases that the recipient is agriculture cooperative or associative legal entity (for collective investments), the prospect of economic viability must be demonstrated via Business Plan. The business plan must contain a detailed description of planned investments and activities (including marketing). Also, the business plan has to demonstrate in what way the implementation of the project will lead to the improvement of the overall performance of the agricultural holding via presentation of prospect of financial/economic viability.

The recipient must demonstrate prospect of continuity of operations during at least five years following the realization of the investment. The assessment of the financial/economic viability and the prospect of continuity of operations shall be assessed by IPARD Agency. To ensure the selection of the highest quality projects in terms of financial/economic viability, the IPARD Agency in consultation with the Managing Authority may set lowest/highest values of assessment of economic and financial viability criteria.

The templates for the Technical Project Proposal and Business Plan accompanied by guidance note for filling the templates and, possibly, lowest/highest values of financial and economic viability criteria with the methodology of calculation shall be prepared and published by the IPARD Agency as part of the measure specific application packages.

6.3. National and EU standards to be respected

The national minimum standards on environment protection and animal welfare in the area of agriculture production and food processing are aligned with the EU relevant standards.

Not later than at the end of the project (before a final clam for payment is submitted), the agriculture holding must comply with the main relevant national minimum standards in force regarding environment protection, Good Agricultural Practices (GAP) and animal welfare. Thus for the purpose of this measure implementation, documents confirming the respect of applicable national minimum standards forms an obligatory part of the final claim for payment submitted by the recipient to the IPARD Agency or obtained ex-officio by the IPARD Agency.

When submitting the final claim for payment, the recipients will have to submit documents issued by the responsible authorities as follows:

– FVA for respect of animal welfare standards according to the Law on animal welfare (only applicable to livestock production and on-farm processing in terms of slaughtering); and/or

– Municipal environmental authorities or MoEPP for environmental protection standards according to Law on environmental protection.

The issued documents assessing the compliance of the investment with respect of applicable EU standards must be made on the basis of prior assessment of the investment.

Where relevant, the IPARD Agency may obtain the document confirming the respect of applicable national minimum standards (and corresponding EU standards) administratively i.e. via access to electronic records or in written via request to the authorities responsible for the standard in concern. The list of documents confirming the respect of applicable national minimum standards, which the IPARD Agency is obtaining administratively, shall form part of the Guidelines for recipients.

Full and updated list of all relevant national standards in force and their compliance with the relevant EU standards, established by the Managing Authority with relevance to the eligible investment activities and priority sector under this measure is provided in Annex 15 to this Programme. The updated list shall form part of the Guidelines for recipients.

6.4. Other eligibility criteria

1. The investments must be implemented on the property owned by the recipient. In case of investment projects, which are realized on the property not owned by the recipient, contract or other supporting document must be submitted proving the right to use the property concerned by the investment for period of minimum 7 years from the date of applying for support.

2. The recipient shall prove minimum secondary school education by diploma/certificate or minimum 3 years' experience in dealing with agriculture production, processing or services related to agriculture (proven via professional working record or via record on users of national support schemes in agriculture and rural development or other acceptable written proofs).

Recipients that fail to meet the above skills and competences shall at the end of the investment provide training certificate issued by relevant vocational training institutions, educational and research institutions or public advisory services including the list of attended training modules with relevance to the investment.

3. At least one responsible person of the legal entity representing the agriculture holding or agriculture cooperative is permanently employed or is engaged under contract with duration not shorter than 5 years from the date of the submission of the application. Sole proprietors and individual agriculture producers shall be permanently employed. In case of new investments[72] this requirement shall be achieved prior the submissions of final claim for payment.

7. Specific eligibility criteria

1. Investments related to irrigation are limited to establishing new and/or rehabilitation/upgrading of the existing irrigation system on the property of the agriculture holding (owned or with right to use).

2. Recipients proposing investments in establishing new irrigation system must elaborate in the Technical Project Proposal/Business Plan the effectiveness of irrigation and in which way the use of newly established irrigation system will promote more efficient production.

3. Recipients proposing investments in upgrading/rehabilitation of an existing on farm irrigation system, must elaborate in the Technical Project Proposal/Business Plan the existing irrigation system and it's inefficiencies in terms of water consumption and in which way the use of more efficient irrigation systems will promote more effective use of water and water savings.

4. Recipients proposing investments in establishing new irrigation system or upgrading/rehabilitation of an existing on farm irrigation system has to provide an

[72] New investment means investment proposed by newly registered company which has not yet filed an annual tax return form or an existing company that offers investment in new activity.

authorization for irrigation with submission of the application. An authorisation for irrigation may take form of an agreement with the AD Water economy or a license issued by the MoEPP.

5. In case of investments in establishing new irrigation system or in upgrading/rehabilitation of an existing on farm irrigation system where the recipient is part of a collective schemes, the recipient shall produce a documentary proof with project application and before the final payment certifying the fulfilment of obligations concerning payment of water fees.

6. Projects related to setting up or modernization of facilities for protected cultivation of vegetable are limited to investments in permanent structures – "plastic halls" and glasshouses (temporary "plastic tunnels" are excluded from support as non-permanent greenhouse structures).

7. The vines or vine planting material must be in accordance with the National Variety List according to Law on seed and propagating material and Law on wine or EU Common catalogue of varieties of vine and of varieties of vine-rootstocks valid at the time of announcing the Call for proposals. The varieties of Noah, Othello, Isabelle, Jacquez, Clinton and Herbemont are considered as hybrids and are not allowed for planting according to Law on wine, thus ineligible under the measure.

8. The vineyards owned or rented by the recipient must be registered in the National vineyard register prior the submissions of final claim for payment.

9. The animal/poultry housing must be able to provide adequate space and facilities for an appropriate rearing area and additional space. The minimal size of space allowances per animal (cows, sheep, goats, pigs and their offspring, poultry rearing for meat - broilers and laying hens) must be in accordance to the "Book of rules for protection and animal welfare of farm animals" at the end of the investment.

10. Investments for production of energy from renewable energy sources are eligible if they concern the energy needs of the agriculture holding i.e. it respects the principles of "self-consumption" whereby certain selling of electricity into the grid is allowed as far as the "self-consumption" limit is respected (i.e. electricity sold into the grid equals on average the electricity taken out by the agriculture holding in the course of the year)[73].

11. In the case where the recipient is family agriculture holding, investments for production of energy from renewable energy sources are eligible if they concern the energy needs of the agriculture holding, including the house of the recipient in the rural area.

12. Recipients proposing investments in livestock production must elaborate in the Technical Project Proposal/Business Plan that the livestock rearing buildings are complemented with manure clearing, handling and storage systems according to the options provided in Annex 10 to this Programme or propose investments to establish and upgrade the manure handling and manure storage facilities up to the described options as minimum.

13. Recipients which are dealing with intensive rearing of pigs with more than 2.000 places for production pigs (over 30 kg) or 750 places for sows or for the intensive rearing of poultry

[73] In line with DG AGRI guidance of Ares(2018)6385137-12/12/2018

installations with more than 40.000 places for poultry[74], may propose investments to implement activities from the operating plans for establishing integrated environmental requirements. Document proving that the operating plans are agreed/approved by the MoEPP should be submitted when applying for support and a document providing positive assessment of the implemented activities issued by MoEPP should be submitted at the end of the investment with the final payment claim.

8. Eligible expenditure

8.1. Type of eligible investments

The support is granted for investments in physical assets that will enable the sector to respond to a wide range of policy challenges, including the need for more modern and efficient production tools and infrastructure for performing agriculture activity, animal health and welfare issues. Moreover to the supporting increased efficiency of holdings and animal health and welfare, the areas for investment will contribute to environmental and climate change issues. The areas of support are presented in detail in the following sub-sections of this section.

8.2. Priority sectors

The measure is open to all sectors under Annex I to the Treaty (as presented in Annex 12 to the Programme) except the "tobacco" sector. The eligible projects shall refer to:

1. Crop sector: (i) cereals, (ii) industrial and fodder crops, (iii) vegetables (including potatoes, strawberries), (iv) perennial crops (orchards, including table grapes and olive trees,), (v) vineyards, (vi) other Annex I crops not supported under Measure 7.

2. Livestock sector: (i) bovines (of which for: dairy, fattening), (ii) pigs (of which for: reproduction, fattening), (iii) sheep and goats (of which for: dairy, fattening), (iv) poultry (of which for: laying hens, chicken kept for meat production - broilers), (v) other Annex I livestock not supported under Measure 7.

3. Fisheries sector: aquaculture farms for freshwater fish.

4. On-farm processing and direct marketing of own agriculture production[75]: (i) Milk and dairy products, (ii) Eggs, meat and meat products; (iii) Fruits and vegetables including potatoes, and leguminous crops; (iv) Cereal, miller's and starch products; (v) Vegetable and animal oils and fats; (vi) Grape must, grape juice, wine, other fermented beverages, spirits and vinegar; (vii) Fish and fishery products; (viii) Fodder and forage production.

5. Production of energy from renewable resources for self-consumption, through processing of plant and animal products from primary and secondary biomass for production of biogas and/or biofuels, use of solar energy, windmills, geo-thermal energy etc.

8.3. Examples of eligible investments

1. Construction or reconstruction of buildings and other immovable property for agriculture and fishery production (*such as livestock rearing buildings, feed storages, reproduction*

[74] In accordance with Law on Environmental Protection
[75] Direct marketing refers to activities related to agriculture products preparation, direct sales and other marketing activities at farm gate (including for the on-farm processed products)

stations, greenhouses and/or glasshouses and nurseries, aquaculture facilities, post-harvesting facilities, etc.), auxiliary facilities (*for example feed and fodder storage, silage, hey and grain barns/silo etc.),* including that used for housing the agriculture machinery and equipment, for occupational safety of agriculture workers, for environmental protection (*for example manure and septic pits, biomass storehouses, immovable property for water/sewage/slurry treatment, silage storehouses, storage facilities for plant protection products and fertilisers, etc.)* and equipment required.

2. Construction or reconstruction of buildings and other immovable property used for post-harvesting, on farm processing and marketing of agriculture and fishery products (*such as post harvesting stores, cooling, calibrating, packing facilities, production spaces, packing, storages, selling points etc.*), auxiliary facilities (*for example raw material preparation facilities, grain storehouses etc.)* including that used for occupational safety, for environmental protection (*for example waste treatment, biomass storehouses, immovable property for water/sewage treatment, etc.)* and equipment required.
3. Planting/re-planting of perennial trees and plants (excluding seeds for perennials and plants), including fruit bearing trees and bushes and table grapes, olive trees, vineyards including supporting installations;
4. Purchase and/or installing of new machinery, agriculture mechanisation and equipment/instruments for improvement of on farm agricultural and fishery production activities;
5. Purchase and/or installing of new machinery and/or equipment for improvement of animal welfare standards (*provision of sufficient space allowances for rearing, regular access to fresh water, feeding, off-spring housing and rearing, clearing of manure, outdoor rest area etc.)*
6. Purchase and/or installing of new machinery and equipment/instruments for on farm post-harvesting, processing and direct marketing, including:
   - for grading, collecting, storing and cooling (including manipulation);
   - for processing, packaging, cooling, freezing, drying, etc. and storage (including manipulation);
   - for production of new products, introduction of new technologies and processes;
   - for improvement and control of quality and safety of raw materials and foods.
7. Purchase and/or installing of new machinery and/or equipment for environmental protection (*energy efficiency, controlled climate conditions, manure handling and storage, waste and by-product treatment, water treatment etc.*), including climate change mitigation (*protection covers, shades etc.*), including for provision of electricity and/or heating using renewable resources to meet the needs of the holding for its agricultural production activities:
8. Investments in on-farm irrigation facilities and equipment (including *new reservoirs, tanks, pipelines, drop-systems, mist systems, sprinkling installations, pump stations, etc.);*

9. Purchase of specialised agricultural transport trailers and vehicles, such as *agriculture trailers, bulk milk tankers, cooling trailers for transporting production, for transporting live animals and poultry, specialized manure transportation equipment, transportation equipment for biomass* etc.;
10. Development of holding's infrastructure including construction and reconstruction of on farm roads and pathways, installation of electricity supply, water-supply and sewage systems, drainage, artesian boreholes, fencing etc. and other improvements of outdoor areas on the property of the recipient to meet the needs of the agriculture holding for its agricultural activities.
11. Examples of eligible expenditures under collective projects are as follows: *sharing facilities, machines, equipment and other infrastructure for production of agricultural products so as to achieve the EU standards, establishing and developing short supply chains and local markets (market stall vehicle for direct sales; equipment for market stalls; fridges and other equipment for direct sale).*

8.4. Eligible expenditures shall be limited to

(a) Tangible investments

- Building materials and elements for construction or reconstruction of buildings and facilities
- New agriculture mechanization, machinery and equipment
- Perennial trees and plants (other than hybrids)

(b) Non-tangible investments (linked to expenditures under point a)

- Acquisition of patent rights and licenses
- Computer software including software license
- Transportation and installation of the equipment (excluding repairmen)
- Construction/reconstruction services (including technical supervision)
- Planting/re-planting services

In addition, expenditures linked to the collective investments could be extended to additionally cover:

- Studies on the specification for the hygiene standards and the method of production of quality products;
- Product development and marketing study for new products or similar studies for other produce;
- Animation costs of not more than 10% for creating and running short value chain of a certain product delivered to a local supermarket.

(c) General costs linked to expenditures under point (a) and (b)

- Preparation of the technical documentation, construction plans and supporting studies

- Preparation of the technical project proposal/business plan: cost calculations, analyses, market analyses, marketing analyses
- Preparation of environmental assessment
- Project management

(d) Cost for specific information and publicity activities at project level which are of the responsibility of the final recipients

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- Billboards
- Plaques
- Stickers, etc.

The eligible expenditures shall be specified and detailed in the List of eligible Expenditures as accepted by the European Commission after the Decision for adoption of the Programme is issued.

Rules on eligibility of expenditures, non-eligible expenditures and rules of origin are specified in Section 8.1 of the Programme.

9. Selection criteria

In order to be sure that the investment meets the objectives of the measure the eligible projects will be granted points according the following priorities:

Priority shall be given to projects related to <u>environment protection and animal welfare</u>:

- Investments concerning manure handling systems (*storing, treatment, further use etc.*) for environment protection, including/or investments to improve efficiency of fertiliser use (e.g. reduced use, equipment, precision agriculture etc.), or application of Integrated Pest Management (IPM) **(20 points)**
- Investment supports for introduction of on-farm energy production from renewable resources (*for example biogas, solar energy, wind turbines, geo-thermal energy, etc.)* and/or efficient water use and water saving practices (*for example drip irrigation systems, systems of adapting the animals with the ration water consumption and minimising the water losses such as drinking troughs with constant level etc.*) **(20 points)**
- Investments in achieving animal welfare standards (**15 points**) OR
- Investments aiming at mitigation of / adaptation to climate change effects (*protection nets and covers, etc.*) (**20 points**)

SUB-TOTAL POINTS: maximum 60 points

Priority shall be given to <u>recipient</u>:

- certified organic producer or in conversion to obtain certification for organic farming for the proposed investment (**15 points**)

- agriculture cooperatives that are eligible or are using national support for establishment and running of agriculture cooperatives (according to IPARD Agency records) (**15 points**) OR
- the legal entity is an associative legal entity undertaking collective investment (**15 points**) OR
- the legal entity (agriculture holding) is primarily dealing with agriculture activity, processing of agriculture products (**15 points**) OR
- family agriculture holdings represented by woman or young farmers who are at least 18 and less than 40 years of age at the date submitting the application. (**15 points**)

SUB-TOTAL POINTS: maximum 30 points

Priority shall be given to <u>recipient</u>:

- that are located in rural areas that belong to a Planning Region that has development index between 60 - 80 (**10 points**) OR
- that are located in rural areas that belong to a Planning Region[76] that has development index[77] between 81 - 100 (**5 points**)

SUB-TOTAL POINTS: max. 10 points

GRAND TOTAL POINTS: 100 points

Scoring will be used for selection of projects via ranking in cases when the requested amount for financing support of the eligible investment is beyond the available financial budget committed to this measure.

Reports on scored projects will be used for Programme monitoring purposes to assess if the projects submitted and approved are in accordance to the set of operational objectives for this Measure.

Projects with 0 points may be approved when the requested amount for financing support is below the available financial budget committed to this Measure and the eligibility requirements are fulfilled.

10. Aid intensity

Total public expenditure (75% EU funds + 25% national co-financing) will not exceed a ceiling of 60% of the total eligible expenditure of the investment. This ceiling shall be raised up to:

- 65 % for investments in agricultural holdings in mountain areas (as listed in Annex 2 to this Programme).
- 70 % for investments in agricultural holdings made by young farmers[78] and/or agricultural holdings/farmers certified as organic for the proposed investment;

[76] Law on balanced regional development (Official Gazzete, no. 24/2021)
[77] Decision on classification of planning regions according to their level of development for the period from 2018 to 2023 (Official Gazzete, no. 234/2018)
[78] who are at least 18 and less than 40 years of age at the date when the application for support is submitted.

The maximum aid intensity rate will be increased by 10 percentage points for:

- Investments in manure management systems (treatment, further use etc.),
- Investments in buildings/equipment for production of energy from renewable energy sources to meet the own energy needs of the agriculture holding respecting the principle of "self-consumption";
- Investments in buildings/equipment for waste water/sewerage treatment; and
- Collective investments - extra aid support under this measure is applicable to fruit and vegetable sector, wine sector, milk, dairy and meat sector as well as to collective investments for quality products with prospects to be registered as products with designation of origin and/or geographical indication.

The maximum cumulative/combined level of aid should not exceed 75%.

To receive support under this measure, the minimum total eligible expenditure for the investment project shall be EUR 10.000.

The maximum total financial support to be granted to single recipient under this measure is EUR 1.500.000 for the whole period of the Programme implementation.

The maximum financial support to be granted to newly established legal entities (legal entity which has not submitted annual tax report for the last fiscal year preceding the year of the public call) under this measure is EUR 100.000.

The maximum total financial support to be granted to single project under this measure is EUR 750.000.

Single recipient may submit several projects under this measure during the Programme implementation period, provided that the maximum financial support is not exceeded and the final payment claim for previous project has been submitted. The next project contract will be signed once the implemented project is approved (authorized) for payment.

11. Indicative budget

Table 56: Indicative Financial Plan

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution			
	EUR	EUR	%	EUR	75%	EUR	25%	EUR	%
1	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2021	6.533.333	3.920.000	60%	2.940.000	75%	980.000	25%	2.613.333	40%
2022	5.688.889	3.413.333	60%	2.560.000	75%	853.333	25%	2.275.556	40%
2023	10.933.333	6.560.000	60%	4.920.000	75%	1.640.000	25%	4.373.333	40%
2024	8.333.333	5.000.000	60%	3.750.000	75%	1.250.000	25%	3.333.333	40%
2025	11.333.333	6.800.000	60%	5.100.000	75%	1.700.000	25%	4.533.333	40%
2026	10.400.000	6.240.000	60%	4.680.000	75%	1.560.000	25%	4.160.000	40%
2027	11.555.556	6.933.333	60%	5.200.000	75%	1.733.333	25%	4.622.222	40%
Total	**64.777.778**	**38.866.667**	**60%**	**29.150.000**	**75%**	**9.716.667**	**25%**	**25.911.111**	**40%**

The distribution of the public funds for agriculture mechanisation – tractors including its equipment (excluding attachments) shall not exceed 20% of the total available initial financial budget for this measure for the whole period of the Programme implementation.

12. Indicators

Indicator	Target value by 2027
Number of farms and agri-food and fishery processing enterprises supported by IPARD in modernisation	1.800
Total investment on farms and agri-food sector in modernisation	64,8 mill. EUR
Number of farms and food and fishery processing enterprises receiving IPARD investment support to progressively align with the EU hygiene and animal welfare standards	1.000
Number of jobs created	250
Number of young farmers receiving IPARD support for investment	800
Number of supported producer groups/organisations	10
Number of farmers participating in supported Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes	120
Number of collective investments	15
Number of IPARD recipients with support in investments related to care for the environment or climate change	1.000
Number of IPARD recipients with support in investments related with manure management	70
Number of IPARD recipients with support in investments in waste treatment or management	140
Number of IPARD recipients with support in investments in renewable energy production	200
Number of projects with circular economy-type investments	10

13. Administrative procedure

Minimum steps of the administrative procedure for implementation of this measure are elaborated in section 8.2 of this Programme. This measure will be implemented according to internal procedures for management and control established by the IPARD Agency, accredited by NAO and “entrustment of budget implementation tasks” by the European Commission.

14. Geographic scope

This measure is applicable for the whole country.

Measure INVESTMENTS IN PHYSICAL ASSETS CONCERNING PROCESSING AND MARKETING OF AGRICULTURAL AND FISHERY PRODUCTS

1. Legal basis[79]

- Article 2 (1) of IPA Regulation No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action
- Article 27(1) of the Sectoral Agreement
- Annex 4, of the Sectoral Agreement

2. Rationale

At the present time, the food processing sector is still characterised by a low level of productivity, and by outdated equipment and premises contributing to low competitiveness and inability to expand to economy of scale. Structural weaknesses related to seasonality of the primary agriculture production, fragmented supply (many small producers) impede the food processing industry to adjust to market demands. As a result, of this reduced competitiveness of domestic companies, insufficient supply of raw materials and poor supply of competitive and quality products the domestic market is flooded by imported food in almost all the sectors (milk and dairy, dried and frozen fruit and vegetable, flour and dried cereals, cooking oil, meat and meat products, fish and fishery products etc.).

In the conditions of a food market with predominantly imported foodstuffs, the competitiveness of the domestic food processing enterprises is challenged. In order to successfully deal with the imported high quality goods at reasonable prices on the domestic market as well as to promote growing exports, these companies 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 operators which do not comply with the EU food safety standards will be closed on recommendation of the Food and Veterinary Agency (FVA) or they can choose to limit their sales on sub-regional local markets. The assessment of the compliance of the existing establishments processing agriculture products of animal origin is performed by the FVA according to the provisions in the Law on Food Safety.

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

[79] Legal references will be clarified once their adoption and conclusion of binding Agreements will be finalised.

capacities, their efficient use and to eliminate the supply chain malfunctions, manifested on agriculture markets.

These 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 pork meat, beef and poultry. 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.

3. General objectives

- This measure will support the development of human and physical assets, increase ability of the agri-food sector to cope with competitive pressure and market forces as well as help the sector to progressively align with the EU standards.
- The measure will also help addressing the challenge of climate change, by promoting resource efficiency and renewable energy.
- Some actions in the measure will also contribute to reinforcing the farmers' position in the food chain, by encouraging them to cooperate in short supply chains and produce higher added value products.

3.1. Specific objectives

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, and
- achievement of compliance with EU standards

This measure will also help in addressing the challenge of climate change, by:

- promoting renewable energy, and
- promoting investments in circular economy.

Certain actions in this measure will contribute towards reinforcement of the farmers' position in the food chain through:

- collective investments, and
- establishing and development of short supply chains and local markets.

4. Linkage to other IPARD measures in the programme and national measures

In particular, this measure is linked to the measure "Investments in physical assets of agricultural holdings" as the output of primary agricultural production and the quality of farming products have a positive effect on the operating capacity of the processing industry and its rational and efficient use. The measure "Investments in physical assets concerning

processing and marketing of agricultural and fishery products" supports the food operators while under the measure "Investments in physical assets of agricultural holdings" small-scale projects on on-farm post-harvesting activities (for example handling, grading, packing, and etc.) of agriculture products and processing and direct marketing shall be supported.

Meanwhile under the measure "Farm diversification and business development" support shall be granted for investments in processing of alternative agriculture products and support of investments in processing of agriculture products not listed in Annex I of the Treaty.

The measure "Agri-environment-climate and organic farming measure" also contributes to the implementation of this measure by promoting organic farming for production of processed organic products for which there is growing demand on domestic and EU markets.

The measure "Investments in physical assets concerning processing and marketing of agricultural and fishery products" is supplemented by investments in public infrastructure in rural areas such as improvement of connection roads, provision of electricity, public water supply and sewerage systems and other local roads under the measure "Investments in rural public infrastructure" as crucial to increase the competitiveness of food processing industry located and operating in rural areas.

The scope of aid granted under this measure will not overlap with the scope of aid granted under the national support schemes for agriculture and rural development.

4.1. Limitations and demarcation

In order to better target the investment support and to achieve demarcation among recipients for different measures under this Programme, the recipients shall be subject to the following limitations/demarcation criteria under this measure:

1. Cooperatives, associative legal entities and agriculture holdings represented by legal entity which have benefited support in post-harvesting, on-farm processing and direct marketing activities under the measure "Investments in physical assets of agricultural holdings" can further apply for the same investment activity under this measure.

2. Support cannot be granted to enterprises represented by legal entity in case their capital is held by a public body or bodies or by the state of more than 25%. In specific cases where deemed appropriate based on the national legislation, the Managing Authority may ask the European Commission to decide via submission of reasoned request.

3. Legal entities – enterprises whose production line is approved for export in the EU are eligible for support only in investments in other production lines (part of the enterprise).

4. Investment support for renewable energy plants (biomass, wind, solar, etc. and/or through processing of plant and animal products from primary and secondary biomass, covered by Annex I to the Treaty) with a capacity of production exceeding the annual self-consumption of the recipient, shall not be eligible under this measure as it is supported under the measure "Farm diversification and business development".

5. The demarcation between collective investments under measures 3 and 7 of this Programme is attained through the priority sectors which are supported.

5. Recipients

5.1. Types of recipients

The following types of recipients can apply and benefit the support under this measure:

I. Legal entities
II. Cooperatives
III. Associative legal entities

I. Legal entities which are registered in the Central registry as legal entities according to Law on trade companies in the range of SMEs (see Annex 9)[80].

Enterprises not covered by the SME definition, but which employ fewer than 750 employees and which have an annual turnover not exceeding EUR 200 million, can also be eligible, however, in this case support can only be granted for investments specifically intended to make the entire establishment fully compliant with the relevant EU standards.

The assessment of the size of the recipients is performed by the IPARD Agency. Newly established enterprises shall be assessed on the basis of expression of their expected size to be reached proposed in the business plan.

II. Cooperative which is registered as such in the Central registry primarily dealing with agricultural activities, processing of agricultural products and/or services connected directly with agricultural activities.

III. Associative legal entities. (for collective investments) which are controlled by agricultural producers and are recognized as such according to the law. The following types of associative legal entities can apply and benefit the extra aid support under this measure:

- Cooperative that is registered in the Central Registry as dealing with agricultural activities, processing of agricultural products and/or services connected directly with agricultural activities,
- Producer groups and producer organisations recognized as such in accordance with the Law on agriculture and rural development and registered in the Register of producer groups and/or Register of producer organizations maintained by MAFWE,
- Private company with primary activity in agriculture or agriculture processing founded by authorized representative of family agriculture holding registered in Farm Register, and
- Private company with primary activity in agriculture or agriculture processing founded by an association of agriculture producers.

Minimum number of agriculture producers engaged under any of the above entities is at least 10.

[80] Annex 9 of this Programme

6. Common eligibility criteria

6.1. Types of enterprises and producer organisations supported

I. Legal entities must be registered in the Central registry prior applying for support and in the FVA as food operators or for recording the change caused by the concerned investment according to the Law on food safety at the end of the investment.

II. Cooperative which is registered as such in the Central registry primarily dealing with agricultural activities, processing of agricultural products and/or services connected directly with agricultural activities also has to be registered in the FVA as food operator according to the Law on food safety at the end of the investment.

III. Associative legal entities have to be recognized as such according to the law and its production capacity will be calculated as a sum of the production capacities of its members/founders. The minimum number of agriculture producers founding or engaging in an associative legal entity has to be at least 10.

All recipients have to submit application accompanied with set of required documents and Business Plan as part of the application. These required documents, as well as the rules on procedures and verifications for completeness and eligibility will be published in the Guideline for recipients and noted in the public call announcement. All received applications missing one or more of the required documents will be rejected.

Aid can be granted to recipients which investment projects present prospect of financial/economic viability. The economic and financial viability shall be assessed on the basis of a Business Plan.

The business plan must contain a detailed description of the existing technological process, existing and/or future organisation of the production system and planned investments and activities (including marketing).

Also, the Business Plan has to demonstrate in what way the implementation of the project will lead to the improvement of the overall performance of the recipient via presentation of prospect of economic viability or will lead to the improvement of the overall performance of the agricultural holdings of the members of the agriculture cooperative.

The recipient must demonstrate prospect of continuity of operations during at least five years following the realization of the investment. The assessment of the financial/economic viability and the prospect of continuity of operations shall be done by IPARD Agency. To ensure the selection of the highest quality projects in terms of financial/economic viability, the IPARD Agency in consultation with the Managing Authority may set lowest/highest values of assessment of economic and financial viability criteria.

The templates for the Business Plan accompanied by guidance note for filling the templates and, possibly, lowest/highest values of economic viability criteria with the methodology of calculation shall be prepared and published by the IPARD Agency and form part of the measure specific application package.

6.2. National and EU standards to be respected

The national minimum standards on environment protection, public health, animal welfare and occupational safety in the area of food processing are aligned with the EU relevant standards.

Not later than at the end of the project (before a final claim for payment is submitted), the establishment must comply with the main relevant national minimum standards in force regarding environmental protection, public health, animal welfare, and occupational safety. Thus for the purpose of this measure implementation, documents confirming the respect of applicable national minimum standards forms an obligatory part of the final claim for payment submitted by the recipient to the IPARD Agency.

In case the collective investment is implemented by a legally established entity on behalf of their members, the national standards apply to the assets of the entity and not to the assets owned by each participant/member of this entity.

When submitting the final claim for payment, the recipients will have to submit documents issued by the responsible authorities as follows:

– FVA for respect of public health according to the Law on food safety applicable for all sectors under this measure and animal welfare standards according to the Law on animal welfare (only applicable to meat processing industry and slaughter houses); and/or

– Municipal environmental authorities or MoEPP for environmental protection standards according to Law on environmental protection; and/or

– Labour inspectorate for achieving the occupational safety standards.

However, before submission of the application to the IPARD Agency, the relevant national veterinary and environment authorities should assess whether (i) the national relevant standards by the recipients' enterprise and (ii) the relevant EU standards applicable to the investment will be attained at the end of the project.

The issued documents assessing the compliance of the investment with respect of applicable EU standards must be made on the basis of prior assessment of the investment project where appropriate.

Where relevant, the IPARD Agency may obtain the document confirming the respect of applicable national minimum standards (and corresponding EU standards) administratively i.e. via access to electronic records or in written via request to the authorities responsible for the standard concerned. The list of documents confirming the respect of applicable national minimum standards (and corresponding EU standards), which the IPARD Agency is obtaining administratively shall form part of the Guidelines for recipients.

Full and updated list of national minimum standards in force and their compliance with the relevant EU standards, established by the Managing Authority with relevance to the eligible investment activities and priority sector is provided in Annex 15 to this Programme. A full and updated list of these main relevant standards must be kept by the IPARD Agency and made available to the recipients. The updated list shall form part of the Guidelines for recipients.

6.3. Other common eligibility criteria

1. The investments must be implemented on the property owned by the recipient. In case of investment projects, which are realized on property not owned by the recipient, contract or other supporting document must be submitted proving the right to use the property concerned by the investment for period of minimum 7 years from the date of applying for support.

2. All recipients must be registered in the national VAT system.

3. Prior the submission of final claim for payment at least one responsible person of the legal entity representing the establishment is permanently employed in the legal entity or is engaged under contract with duration not shorter that the Contract granting financial support under this Programme.

7. Specific eligibility criteria

1. The recipient proposing investments in the wine sector, must be registered in the Register of wine producers at MAFWE prior the date of submission of final claim for payment.

2. The recipient proposing investments in the collection and distribution centre for fruit and vegetables, cereals and milk must be registered in the Register of purchasers at MAFWE, prior the date of submission of final claim for payment.

8. Eligible expenditure

8.1. Type of eligible investments

The support is granted for investments in physical assets that lead to the improvement of the overall performance of the enterprises, to meet the relevant national and EU standards which are applicable to the investments concerned, in particular environment, food safety and animal welfare.

Also, support will be granted for introduction and development of new products, processes and technologies for products covered by Annex I to the Treaty, including fishery products and products produced based on products covered by Annex I to the Treaty, as well as establishment of new and/or modernization of the existing facilities and improvement of their use.

Support will be granted for introduction of energy efficient practices and buildings and production and use of energy from renewable resources for self-consumption. Support could also be used for the management of the waste accumulated during processing into biomass and its further use as source of energy or it's valorisation into other products – circular economy.

Support for construction/modernisation of private laboratories in the ownership of an enterprise, is eligible only if it is situated on the premises of the enterprise and used primarily for the enterprise's own products (elaborated in the business plan and verified during ex-post controls by the IPARD Agency).

8.2. Priority sectors

The support will be granted to projects of processing and/or marketing of products covered by Annex I to the Treaty, including fishery products, and/or the development of new products,

processes and technologies linked to products covered by Annex I to the Treaty, including fishery products, to improve the added value of such products. The following sectors related to processing and/or marketing of products, covered by Annex I to the Treaty (as listed Annex 12 to the Programme), are eligible for support (agricultural products):

1. Milk and dairy products
2. Meat and meat products (including eggs and poultry);
3. Fruits and vegetables (including potatoes and leguminous crops);
4. Cereal, milling and starch products;
5. Vegetable and animal oils and fats;
6. Grape must, wine, other fermented beverages, spirits and vinegar;
7. Fish and fishery products;
8. Livestock feed and fodder products;
9. Other products produced based on products covered by Annex I to the Treaty;
10. Production of energy through processing of plant and animal products from primary and secondary biomass.

Support for the production of other Annex I products not covered above i.e. sectors for processing and adding value to the other agricultural products (such as honey, herbs, spices, aromatic and pharmaceutical plants, mushrooms and ornamental plants and forestry, etc.) as well as production of processed agriculture products not listed in Annex I of the Treaty will be supported under the measure “Farm diversification and business development”.

Investments for production of energy from renewable energy sources and/or through processing of plant and animal products from primary and secondary biomass, covered by Annex I to the Treaty are eligible if they concern the energy needs of the manufacturing enterprise i.e. it respects the principles of “self-consumption” whereby certain selling of electricity into the grid is allowed as far as the "self-consumption" limit is respected (i.e. electricity sold into the grid equals on average the electricity taken out by the enterprise in the course of the year).

8.3. Examples of eligible investments

1. Construction or reconstruction of buildings and other immovable property used for processing and marketing of agriculture products (*such as production buildings, storages, collection and distribution centres, etc*.), auxiliary facilities (*for example laboratories needed for the enterprise raw material preparation facilities, silo, grain storehouses etc.)* including that used for occupational safety, for environmental protection (*for example waste treatment, biomass storehouses, immovable property for water/sewage treatment, etc.)* and equipment required.
2. Purchase and/or installing of new machinery and equipment/instruments, including:
    - for grading, collecting, storing and cooling at collection points;

- for processing, packaging, cooling, freezing, drying, etc. and storage (including manipulation);
- for production of new products, introduction of new technologies and processes;
- for environmental protection;
- for production of energy from renewable energy sources,
- for improvement and control of quality and safety of raw materials and foods;

3. Purchase of specialised transport tanks and trailers for transporting raw materials and/or outputs *(such as bulk milk tankers, cooling trailers for transporting production, transportation equipment for biomass, etc.)* including trailers for transporting live *animals*;
4. Purchase and/or installing of new machinery and/or equipment for improvement of animal welfare standards (*provision of regular access to fresh water, feeding, animal housing pre-slaughtering, clearing of manure, etc.)*
5. Purchase and/or installing of new machinery and/or equipment for environmental protection (energy efficiency, controlled climate conditions, waste and by-product treatment and valorisation, water/sewerage treatment, processing of animal or plant primary and secondary biomass etc.), including for provision of electricity and/or heating using renewable resources;
6. Development of establishment's infrastructure including construction and reconstruction of intra-connection roads, installation of electricity supply, water-supply and sewage systems, pump stations, artesian boreholes, etc. on the property of the enterprise to meet the needs for its processing and marketing activities;
7. Examples of eligible expenditures under collective projects are as follows: *(joint use of agricultural machines, milk coolers, grading and packing equipment, sharing facilities, machines, equipment and other infrastructure for processing of agricultural products so as to achieve the EU standards, joint use of packing/bottling/processing machines in the fruit and vegetable and wine sector; cool storage facility in fruit and vegetable sector; milk collection centre, and establishing and developing short supply chains and local markets (market stall vehicle for direct sales; equipment for market stalls; fridges and other equipment for direct sale).*

8.4. Eligible expenditures shall be limited to

(a) Tangible investments

- Purchase of building materials and elements for construction or reconstruction of buildings and facilities
- Purchase of new machinery and equipment.

(b) Non-tangible investments (linked to expenditures under point a)

- Achieving compliance with internationally recognized standards[81] such as:
  - Introduction of management systems in the enterprises (for example - ISO 9000:2005; ISO 9001:2000; ISO 14001:2004 (EMAS); ISO 900; ISO/TR 10013:2001; ISO 19011:2002; ISO 27001; including IT-based systems, etc.);
  - Preparation for certification under the HACCP (Hazard Analysis and Critical Control Point) or other [82];
  - Implementing Good Manufacturing Practices (GMPs) in enterprises.
- Acquisition of patent rights and licenses
- Computer software including software license
- Transportation and installation of the equipment (excluding repairmen)
- Construction/reconstruction services (including technical supervision)

In addition, expenditures linked to the collective investments could be extended to additionally cover:

- Studies on the specification for the hygiene standards and the method of production of quality products;
- Product development and marketing study for new products or similar studies for other produce;
- Animation costs of not more than 10% for creating and running short value chain of a certain product delivered to a local supermarket.

(c) General costs (linked to expenditures under point (a) and (b)

- Preparation of the technical documentation, construction plans and supporting studies
- Preparation of the business plan: cost calculations, analyses, market analyses, marketing analyses
- Preparation of environmental assessment
- Project management

(d) Cost for specific information and publicity activities at project level which are of the responsibility of the final recipients

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- Billboards
- Plaques
- Stickers, etc.

The eligible expenditures shall be specified and detailed in the List of eligible Expenditures as accepted by the European Commission after the Decision for adoption of the Programme is issued.

[81] Investments for achieving compliance with internationally recognized standards, which are also obligatory under EU legislation, are eligible

[82] The certification under the HACCP is not eligible for support under the measure.

Detail rules on eligibility of expenditures, non-eligible expenditures and rules of origin are specified in Section 8.1 of the Programme.

9. Selection criteria

In order to be sure that the investment meets the objectives of the measure the eligible projects will be granted points according the following priorities:

Priority shall be given to projects related to environmental protection:

- Investment support for introduction of energy production from renewable resources (*for example biomass, biogas, solar energy, windmills, etc.)* including processing of animal or plant primary and secondary biomass **(30 points) OR**
- Investments aimed at decreasing negative impact on the environment through energy efficiency, waste and by-product treatment and valorisation (circular economy), water/sewerage/air treatment **(25 points)**

SUB-TOTAL POINTS: max. 30 points

Priority shall be given to projects promoting integration of agriculture producers and processors:

- Investments are aimed at setting-up or modernisation of collection and distribution centres **(10 points) AND/OR**
- Existing contractual relationships with primary agriculture producers (at least annual contracts) covering at least 30% of the supplies of raw materials for processing **(10 points)**

SUB-TOTAL POINTS: max. 20 points

Priority shall be given to recipients:

- the legal entity is an associative legal entity undertaking collective investment (**10 points**)
- the legal entity is primarily dealing with processing of agriculture products (**10 points**) OR
- headquarters are located in the rural areas (as listed in Annex 1 to this Programme) (**10 points**)

SUB-TOTAL POINTS: max. 30 points

Priority shall be given to recipients:

- that are located in rural areas that belong to a Planning Region that has development index between 60 - 80 (**20 points**) OR

- that are located in rural areas that belong to a Planning Region[83] that has development index[84] between 81 - 100 (**10 points**)

SUB-TOTAL POINTS: max. 20 points

GRAND TOTAL POINTS: 100 points

Scoring will be used for selection of projects via ranking in cases when the requested amount for financing support in the received applications is beyond the available financial budget committed to this measure.

Reports on scored projects will be used for Programme monitoring purposes to assess if the projects submitted and approved are in accordance to the set of operational objectives for this Measure.

Projects with 0 points may be approved when the requested amount for financing support is below the available financial budget committed to this Measure and the eligibility requirements are fulfilled.

10. Aid intensity and EU contribution rate

Total public expenditure (75% EU funds + 25% national co-financing) shall not exceed a ceiling of 50% of the total eligible costs of the investment.

However, that ceiling shall be raised by 10 percentage points for:

- Investments in buildings/equipment whose purpose is to improve energy efficiency (e.g. use of construction materials which reduce heat loss);

- Investments in buildings/equipment for production of bio-energy in case of processing products (raw materials) covered by Annex I to the Treaty (processing of animal or plant primary and secondary biomass);

- Investments in buildings/equipment for production of energy from other renewable energy sources to meet the own energy needs of processing enterprises;

- Investments in buildings/equipment for waste, water/sewerage treatment;

- Investments in productive use of waste materials – circular economy.

- Collective investments - Extra aid support under this measure is applicable to fruit and vegetable sector, wine sector, milk and dairy sector, as well as to collective investments for quality products with prospects to be registered as products with designation of origin and/or geographical indication.

The maximum level of aid for collective investments is 70%.

To receive support under this measure, the minimum total eligible expenditures proposed for the investment project shall be EUR 20.000.

[83] Law on balanced regional development (Official Gazzete, no. 24/2021)
[84] Decision on classification of planning regions according to their level of development for the period from 2018 to 2023 (Official Gazzete, no. 234/2018)

The maximum total financial support to a single recipient under this measure must not exceed EUR 3.000.000 for the whole period of the Programme implementation.

The maximum financial support to be granted to newly established legal entities (legal entity which has not submitted annual tax report for the last fiscal year preceding the year of the public call) under this measure is EUR 100.000.

The maximum total financial support to be granted to single project under this measure is EUR 1.500.000.

Recipients may submit several projects under this measure during the Programme implementation period, provided that the maximum total financial support is not exceeded and previous projects have been successfully finalized i.e. the final payment claim for previous project has been submitted. The next project contract will be signed once the implemented project is approved (authorized) for payment.

11. Indicative budget

Table 57: Indicative Financial Plan

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution			
	EUR	EUR	%	EUR	%	EUR	%	EUR	%
1	2=3+9	3=5+7	4=3/2	5	75%	7	25%	9	10=9/2
2021	8.400.000	4.200.000	50%	3.150.000	75%	1.050.000	25%	4.200.000	50%
2022	8.106.667	4.053.333	50%	3.040.000	75%	1.013.333	25%	4.053.333	50%
2023	11.520.000	5.760.000	50%	4.320.000	75%	1.440.000	25%	5.760.000	50%
2024	10.000.000	5.000.000	50%	3.750.000	75%	1.250.000	25%	5.000.000	50%
2025	13.600.000	6.800.000	50%	5.100.000	75%	1.700.000	25%	6.800.000	50%
2026	13.920.000	6.960.000	50%	5.220.000	75%	1.740.000	25%	6.960.000	50%
2027	13.866.667	6.933.333	50%	5.200.000	75%	1.733.333	25%	6.933.333	50%
Total	**79.413.333**	**39.706.667**	**50%**	**29.780.000**	**75%**	**9.926.667**	**25%**	**39.706.667**	**50%**

12. Indicators

Indicator	Target value by 2027
Number of farms and agri-food processing enterprises supported by IPARD in modernisation	120
Total investment on farms and agri-food sector in modernisation	EUR 79,4 mill.
Number of farms and food processing enterprises receiving IPARD investment support to progressively align with the EU hygiene and animal welfare standards	120
Number of jobs created	400
Number of supported producer groups/organisations	8
Number of farmers participating in supported Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes	100
Number of collective investments	3

Number of IPARD recipients with support in investments related to care for the environment or climate change	60
Number of IPARD recipients with support in investments in waste treatment or management	40
Number of IPARD recipients with support in investments in renewable energy production	30
Number of projects with circular economy-type investments	8

13. Administrative procedure

Minimum steps of the administrative procedure for implementation of this measure are elaborated in section 8.2 of this Programme. This measure will be implemented according to internal procedures for management and control established by the IPARD Agency, accredited by NAO and "entrustment of budget implementation tasks" by the European Commission.

14. Geographic scope of the measure

This measure is applicable for the whole country.

Measure AGRI-ENVIRONMENT-CLIMATE AND ORGANIC FARMING MEASURE[85]

1. Legal basis[86]

- Article xy of the Regulation (EU) No xy of the European Parliament and of the Council of xy laying down common rules and procedures for the implementation of the Union's instruments for financing external action
- Article xy of the IPARD Sectoral Agreement;
- Annex xy of the IPARD Sectoral Agreement

2. Rationale

Nature and environment protection, as an overall objective of the country, has a common social value which will reflect in a relatively well-preserved and diverse environment, favourable species and habitats status and favourable environmental conditions for environmentally-friendly farming. Agri-environment-climate measures are designed to encourage farmers to protect and enhance the environment on their farmland. As a general rule, recipients who, on a voluntary basis, make an agri-environment-climate commitment(s) going beyond relevant mandatory standards, will be granted annual payments to compensate for costs incurred and income forgone resulting from the commitment(s) made.

The measure is aimed at balancing agricultural production and protection of nature and the environment. Agri-environmental-climate type of operations are diverse, but broadly speaking each operation has at least one of two broad objectives: reducing environmental risks associated with modern farming on the one hand, and preserving nature and cultivated landscapes on the other hand.

To minimise weakness related to environment and nature preservation there is a need to address the main areas such as pollution and degradation of agricultural land, soil and water pollution and insufficient control of use of pesticides and fertilizers.

Due to the fact that soil and water pollution resulted with over use of fertilizers possess serious problems to the environment, it is foreseen to implement green cover of permanent crops eliminating these problems to the extent possible. Introduction of green cover in orchards is one of the basic type of operations that will contribute to reducing soil erosion and water pollution and will lead to the improvement of the soil quality and quantity. Also this type of operation will decrees the evaporation of the water and could be considered as a climate change adaptation measure, which will reduce water need for irrigation.

Monoculture has a negative impact on the physical, chemical and microbiological properties of soil and leads to a permanent reduction in yields. Crop rotation of vegetables is considered as a type of operation which improve soil quality and fertility (by controlling deficient or excess

[85] The measure description is provided for informative purposes as it is not entrusted yet. It's amendment could be required before submitting it for the entrustment.
[86] Legal references will be clarified once their adoption and conclusion of binding Agreements will be finalised.

nutrients). Different crops are attacked by different pests and crop rotation reduces their potential for infection and thus reduces the need to use pesticides.

Organic farming contributes towards improvement of all relevant issues relating to agriculture and environment and land management: environmental pollution, loss of biodiversity, water quality and land management, by preventing the use chemical pesticides, fertilizers, genetically modified organisms and products consisting of or derived from genetically modified organisms, loss of soil fertility. It reduces emission of greenhouse gases and ammonia, which contributes to the improvement of air quality and mitigation of climate change.

3. General objectives

The general objective of interventions in scope of AEC measure is to

- Contribute to sustainable management of natural resources and climate change adaptation and mitigation by the application of agricultural production methods compatible with the protection and improvement of the environment, natural resources, including water, air, soil, biodiversity, the landscape and its features, as well as genetic diversity, going beyond relevant mandatory standards;
- Contribute to the development of organic farming through expanding the area under organic farming;
- Educate farmers and administration for implementation of environmentally friendly agricultural practices and activities;
- Contribute to the preparation of North Macedonia for the future implementation of the Agri-environment-climate measure under the RDP after the accession.

3.1. Specific Objectives

The AEC measure is designed to achieve the following specific objectives:

- reduce the discharges of chemical substances into the environment (soil, water, air);
- improve soil quality and fertility;
- preserve pollution of the water resources from agricultural sources;
- support for introduction and maintenance of organic agricultural production methods.

4. Linkage to other IPARD measures and national measures

The “Agri-environment-climate and organic farming measure“ contributes to the implementation of the measure "Investments in physical assets of agricultural holdings” by promoting investments proposed by certified organic agriculture producer and investments to improve efficiency of fertiliser use (e.g. reduced use, equipment, precision agriculture).

Also, recipients under this measure may benefit from support under measure "Investments in physical assets of agricultural holdings”.

The support under this measure shall be complemented by the measures “Advisory services” and “Improvement of skills and competences”, related to transfer of knowledge, provision of guidelines, advice and training specific to the measure’s content.

Coordination of the measures “Agri-environment-climate and organic farming measure“, “Advisory Services” and “Improvement of skills and competences” shall improve the

professional expertise and knowledge of recipients related to agri-environmental, climate and organic farming practises.

Upgraded processing and marketing conditions which are supported by measure "Investments in physical assets concerning processing and marketing of agricultural and fishery products" could act as a driver to improve primary production of specific products with added value. This should lead to the improved quality and food safety of raw materials needed for the processing industry which will be result by the implementation of the “Agri-environment-climate and organic farming measure”

Implementation of the measure “Agri-environment-climate and organic farming measure“ is linked with the implementation of the measure “Farm diversification and business development” by promoting environmentally friendly practices and organic production for produced local agriculture/food products offered for rural tourism purposes.

“Agri-environment-climate and organic farming measure“ is also linked and contributes to the implementation of the local development strategies through implementation of LEADER approach measure.

5. Recipients

The following types of recipients can apply and benefit the support under this measure:

I. Agriculture holdings
II. Cooperatives
III. Associative legal entities

I. Agriculture holding which is registered in the Single register of Agriculture Holdings at MAFWE (herein after referred to as “the Farm Register”) in accordance with the Law on Agriculture and Rural Development may apply and benefit the support under this measure.

Agriculture holding can be registered in the Farm Registry as family agriculture holding represented by a natural person or an individual agriculture producer or as agriculture holding represented by a legal entity.

Family agriculture holding is represented by a natural person who is member of an agriculture household. The natural person is authorized to represent the Agriculture Holding in front of authorities by all the other members of the agriculture household and for farm management.

Individual Agriculture Producer is a natural person who is only dealing in agriculture on his/her own account being the owner of a farm or who has the right to use the farm obtained through a legal agreement by the owner and is registered in the Register of Agriculture Producers in MAFWE or as Individual Agriculture Producer in the Pension Fund. The Individual Agriculture Producer is registered in the Farm Register.

The legal entity which represents the agriculture holding must be registered in the Central Registry according to Law on trade companies.

II. Cooperative which is registered as such in the Central registry primarily dealing with agricultural activities, processing of agricultural products and/or services connected directly with agricultural activities.

III. Associative legal entities (for collective investments) which are controlled by agricultural producers and are recognized as such according to the law. The following types of associative legal entities can apply and benefit the extra aid support under this measure:

- Cooperative,
- Producer groups and producer organisations recognized as such in accordance with the Law on agriculture and rural development and registered in the Register of producer groups and/or Register of producer organizations maintained by MAFWE,
- Private company with primary activity in agriculture or agriculture processing founded by authorized representatives of family agriculture holding registered in Farm Register, and
- Private company with primary activity in agriculture or agriculture processing founded by an association of agriculture producers.

Minimum number of agriculture producers engaged under any of the above entities is at least 10.

6. Common eligibility criteria

6.1. Type of operations

Support will be provided for the following types of operations**:**

- Green cover;
- Crop rotation of vegetables;
- Organic farming.

In addition to fulfilling the conditions under individual agri-environmental-climate type of operation, the recipient shall further meet the following requirements:

- Individual agri-environmental-climate type of operation shall be implemented on the same parcels for which they apply for the whole duration of the commitment. The number of initial hectares to which a commitment applies may be increased or reduced for 10% each year during the commitment period;
- In implementing agri-environmental-climate type of operations, the recipients shall comply with the applicable agricultural legislation as well as the legislation governing environmental protection, health and veterinary medicine and meet other legal provisions, as well as with minimum requirements listed to point 6.2. In case of amendments to the national and Community legislation the existing agri-environmental-climate commitments shall be harmonised accordingly;
- On areas not included in the agri-environmental-climate payments scheme, agricultural production on these land areas shouldn't have negative impacts on the environment or impair the efficiency of the sub-measures on the areas that are included in agri-environmental-climate payments;
- Manure and liquid manure are not to be used in winter and early spring between October (November) 15 and March (February) 15 because they cannot be absorbed by the soil;

- In any case the use of sewage sludge is not permitted on areas included in the agri-environment-climate payments scheme;
- The recipient undertakes to implement the type of operation(s) with which he entered the agri-environmental-climate scheme in accordance with the conditions set for the whole duration of the commitment;
- For the whole duration of the commitment, the recipient applying for payments under agri-environmental and climate type of operation(s) shall continuously keep mandatory and up-to-date records of all activities conducted within the scope of the type of operation(s) selected. Farmers shall keep the records on working activities or notes. For the organic farming type of operation, records defined by a control certified body for the control of organic agricultural products and foodstuffs, shall apply;
- During the commitment period, recipient eligible for payments under agri-environmental-climate sub-measures shall participate in a training programme of a minimum of 8 hours duration annually during the commitment period. After concluding the training process the recipient will receive confirmation of attendance, detailing the content, operator and the number of hours of training;
- The recipient obtaining payments under the agri-environmental-climate sub-measures is committed to keep all documentation (application copies, other claims and required enclosures, confirmation on concluded training) and all records (crop rotation plan, records on work tasks) throughout the commitment period and for a further five years following the date of the last payments obtained;
- By entering the agri-environmental-climate payments scheme, the recipient has to sign a contract for a minimum duration of 5 years during which he is obligated to respect the commitments defined in the contract. Commitments are also have to respected if the next programming period has started during that 5 contracted years;

If a recipient receives payment under a measure but is then shown not to have met one or more of the eligibility criteria, the reduction or withdrawal of payment is 100%.

6.2. Baseline

Eligible for this measure will be the recipients who will voluntarily undertake, for the period of 5 years, the type of operation(s), which go beyond relevant mandatory national and EU standards and conditions (baseline). The recipients will have to respect the relevant mandatory standards and conditions on the entire holding.

The relevant mandatory standards are defined in accordance with the following legislation:

- Law on agriculture and rural development;
- Law on environment protection;
- Law on nature protection;
- Law on use of pesticides;
- Law on plant health;
- Law on fertilizers;
- Law on waters;

– GAEC.

Recipients shall respect the relevant mandatory standards that are defined in the national rules which are notably addressing compulsory GAEC standards as defined in the Rulebook on the List of Special Minimal Conditions for Good Agricultural Practices and Environment Protection, (Official Gazette no. 178/2015), which prescribes special minimum requirements on:

- good agricultural practice and soil protection;
- good agricultural practice and water protection;
- good agricultural practice and plant protection;
- good agricultural practice for animal husbandry.

6.3. Relevant knowledge

Provision of guidance, advice and training specific to the measure's content will be implemented by the National Extension Agency.

Each recipient before undertaking any type of operation(s) has to possess relevant knowledge and necessary information under this measure, which will be transferred through different forms:

- Organizing and supporting a compulsory training/advice for the recipients on the issues of direct relevance to the type of operation(s) and commitments concerned;
- Setting the requirement on the recipient to develop an agro-environment-climate plan, which shall be prepared in a close consultation with an advisor.
- Involving specific stakeholders, such as e.g., water or nature protection bodies, with adequate knowledge in providing expertise and information to the recipients on the understanding and implementation of the type of operation(s).

7. Specific eligibility criteria

7.1. Green cover of permanent crops

7.1.1 Description of the type of operation

Fruit producers fertilise their orchards intensively and use a lot of plant protection materials to increase the value of their products. In the areas with high density of orchards, significant impact to the environment, especially water bodies, has been detected (increased content of agrochemicals - nitrates, phosphates and pesticides).

The introduction of the legislation related to Good Agricultural Practice relevant for soil and water protection is a good step towards achieving the aim of reducing the pollution in these areas. At the same time there is a need to encourage all farmers to go beyond Good Agricultural Practices by adopting agri-environment practices which ensure a higher level of soil and water protection. Introduction of green cover in orchards is one of the basic measures that will contribute to reducing soil erosion and water pollution and will lead to the improvement of the soil quality and quantity.

The implementation of this measure will be of benefit to fulfilling the requirements of the Water Framework Directive, especially the Nitrate Directive and Ground Water Directive. The support is granted to recipients who will green cover their permanent crop by clover-grass or grass-clover mixtures, thereby continuing towards achieving bellow mentioned general and specific objectives.

7.1.2 General objective of the type of operation

Soil conservation and water protection from pollution from agricultural activities

7.1.3 Specific objectives of the type of operation

- Reduced soil erosion,
- Lower usage of pesticides and fertilisers,
- Reduced water pollution as result of reduced transport of pollutants by erosion, as well as by leaching (less nitrogen and pesticides will be applied),
- Increased organic matter content in soil as well as improvement of physical and chemical properties.

7.1.4 Specific eligibility criteria

- Have a minimum 0.5 hectares of orchards,
- Develop and implement a five-year Agro environmental and climate plan including fertilization plan respecting the nitrogen content of clover-grass or grass-clover mixtures,
- A minimum of 2 soil tests in a 5 year period (one in the first year of the contract and the second before the end of the commitment),
- The green cover shall be in place, before the end of September of the first year of the commitment,
- The area between the rows within the permanent plantation must be covered with a clover-grass or grass-clover mixture at least 1 metre wide (herbicides are not allowed to be used in this area),
- Herbicides could be used only in the cultivated area between the trees,
- Maintain the area between rows by mowing or mulching at least 3 times a year,
- The permitted amount of nitrogen from manure is up to 170 kg N / ha.

7.1.5 Type and amount of support

Support is in the form of annual grant per hectare. The recipient will get compensation for extra costs resulting from maintaining clover-grass mixtures or grass clover mixtures between the rows, comparing to conventional agriculture with no grass between the rows. Calculations will be done per ha by a competent body (scientific/research institute, relevant faculty) independent from MAFWE.

7.2. Crop rotation of vegetables

7.2.1 Description of the type of operation

Implementation of crop rotation results with reduction of the negative impacts of agricultural production on the environment, diversified crop production and consequently better food quality (less chemical residues in foodstuffs) and preserved habitats.

Crop rotation helps to maintain soil structure and nutrient levels and to prevent soil borne pests from getting a foothold in the soil. Monoculture has a negative impact on the physical, chemical and microbiological properties of soil and leads to a permanent reduction in yields, especially if combined with intensive application of fertilizers. Each crop type has a different nutrient interaction with the soil, and each of them releases and absorb different types of nutrients.

Because of this, crop rotation increases soil fertility by controlling deficient or excess nutrients because it replenishes nutrients that are not available or absorb nutrients that are in abundance. Crop rotation also helps reduce raindrop impact on the soil and general erosion by water because the roots of the plants hold the top layer soil together. Because different crops are attacked by different pests, crop rotation reduces their potential for infection and thus reduces the need to use pesticides.

The support is granted to recipients who applying crop rotation in vegetables production.

7.2.2 General objective of the type of operation

- Soil conservation and water protection,
- Preservation of the soil structure,
- Reduction of pesticide use.

7.2.3 Specific objectives of the type of operation

- Introduction of different crops and prevention of monoculture,
- Reduced pesticide input,
- Increased organic matter content as well as improved soil physical and chemical properties.

7.2.4 Specific eligibility criteria

- Have a minimum 0.3 hectares of vegetables,
- Recipients should prepare and apply a Agro environmental and climate plan including Crop rotation plan made by a competent expert,
- At least three different vegetables being included in the five-year cycle as the main crop,
- Subsequent crops do not constitute one of the three different agricultural crops to be included in the five-year cycle,
- Crop rotation should include rotation with fodder and other crops with favourable impact on soil fertility.

7.2.5 Type and amount of support

Support is in the form of annual grant per hectare. Calculations will be done per ha by a competent body (scientific/research institute, relevant faculty) independent from MAFWE.

7.3. Organic farming

7.3.1 Description of the type of operation

Organic agriculture should sustain and enhance the health of soils, plants, animals, humans and ecosystems in a way that takes into account the entirety and interrelationships of these systems; it is a holistic approach to farming. Organic agriculture must be adapted to local conditions,

ecology, culture and scale. Inputs should be managed carefully and reduced, if possible, by reuse, recycling and the efficient use of materials and energy.

Under this type of operation two sub-types are eligible:

Conversion to organic production

The sub-type of operation "Conversion to organic production" aims to encourage farmers who are engaged in agricultural production based on the conventional methods to convert to organic farming.

The support is granted to recipients who are registered in the Register of organic producers as an organic producer in conversion period or as an organic producer.

Maintenance of organic production

Sub-type of operation "Maintenance of organic production" aims to support those farmers already engaged in organic farming to continue applying environmentally friendly methods of organic farming.

The support is granted to recipients who are registered in the Register of organic producers as an organic producer.

7.3.2 General objective of the type of operation

- Contribution to the sustainable management of natural resources and climate change adaptation and mitigation by the application of agricultural production methods compatible with the protection and improvement of the environment;
- Contribution to the preparation of the country for the future implementation of similar measures under the CAP relevant programmes for Member States.

7.3.3 Specific objectives of the type of operation

- Support for introduction and maintenance of organic agricultural production methods
- Increased number of organic farms;
- Reduction in the use of fertilizers and pesticides on agricultural land;
- Contribute to sustainable management of soils;
- Increased area of agricultural land under organic production;
- Restoration and preservation of habitats on organic farms.
- Increasing organic production.

7.3.4 Specific eligibility criteria

- The recipient is registered in the Register of operators in organic production (***Maintenance of organic production)*** or registered in the Register of organic producers as an organic producer in conversion period or as an organic producer (***Conversion to organic production***),
- All plots on the farm on which the same crop is grown must be in the system of organic production.

- All hectares which the recipient declared for conversion to organic farming payments must be recognized by the authorized certification body.
- Recipients must comply with the minimum requirements for fertilizers and pesticides, which include rules for fertilizing and using pesticides in accordance with national legislation on organic production prescribed in the agro-environment-climate plan prepared by a competent expert.
- Support would not be granted for areas where the conversion to organic farming practices and methods has been established, but for which the conversion period has been extended during the mandatory period, including the one-year mandatory period, due to non-compliance with organic production rules in accordance with national organic production legislation.
- Support would not be granted for areas where the maintenance of organic farming practices and methods has been established, but which during the mandatory period, including the one-year mandatory period, have been returned to "conversion" status for non-compliance with organic production rules in accordance with national organic production legislation.

7.3.5 Obligations of control bodies

The control body for organic agricultural production shall submit to the AFSARD data on the areas on which organic farming has been confirmed for each recipient of support for type of operation, on the basis of the record of the performed expert control for the year of application. That data the control body shall submit to the AFSARD in electronic form no later than 1 February of the n+1 year of control.

7.3.6 Type and amount of support

Support is in the form of a grant as an annual payment per hectare.

Support for sub-type of operation “Conversion to organic production” should, in principle, be increased by certain % compared to sub-type of operation “Maintenance of organic production” considering that the yield during the conversion from conventional to organic farming is reduced, and the recipient cannot sell his/her products with organic label during the conversion period. Calculations will be done per ha by a competent body (scientific/research institute, relevant faculty) independent from MAFWE.

8. Eligible expenditure – payments calculations

8.1. Principles and methodology

Recipients will be compensated for costs incurred and income forgone resulting from the commitments made within the selected type of operation(s).

For each type of operation, a calculation is prepared that will constitute a basis to establish a payment level for this type of operation. The difference between the additional costs and income forgone is compensated by the payment (premium) which will cover also transaction cost. The calculations for agri-environmental, climate and organic farming types of operations were designed and confirmed by a competent body (scientific/research institute, relevant faculty) independent from MAFWE.

Description of methodology and calculations applied for each type of operations are given in Annex 16 “Methodology applied for calculation of payment level for type(s) of operation under Agri-environment-climate and organic farming measure” of the programme.

All calculations shall be verified by the MAFWE.

8.2. Payments calculations

Specific elements of calculation of the payments under the different type of operation(s).

Conservation of soil and water through green cover - the methodology is based on the higher cost associated with:

- perennial crops: production costs, costs of maintenance of surface under the trees (total green cover), and time spent on training and keeping of records on work tasks;
- green cover costs, costs of the year-round green cover (costs of ploughing, harrowing, machinery application, sowing of clover-grass mixture, and mulching - applied three times).

Crop rotation - the calculation is based on the income forgone through the introduction of a five-year crop rotation as envisaged in the type of operation for three vegetable crops: tomato, pepper and watermelon. The calculation amount considers the introduction of legumes (alfalfa) and wheat and other crops (different from the vegetable ones). Payment rates are the result of the income forgone through introducing crop rotation, compared to the monoculture production of tomatoes, peppers or watermelons.

Organic farming - the calculation is based on the direct comparison of the cost and income forgone for conventional farming compared to organic farming. Calculation should also include the % of payment increase for conversion to organic farming

9. Selection criteria

N/A

10. Aid intensity and EU contribution rate

Aid intensity (public aid) will be at the level of 100% of the total eligible costs. The EU contribution rate shall be 85% of public expenditure the remaining 15% will be covered by the national budget.

The units for payment are hectares.

11. Indicative budget

Table 58: Indicative Financial Plan

Year	Total eligible cost	Public expenditure					
		Total		EU contribution		National contribution	
	EUR	EUR	%	EUR	%	EUR	%
1	2=3+9	3=5+7	4=3/2	5	85	7	15%
2021	-	-		-		-	
2022	-	-		-		-	
2023	-	-		-		-	

2024	352.941	352.941	100%	300.000	85%	52.941	15%
2025	400.000	400.000	100%	340.000	85%	60.000	15%
2026	423.529	423.529	100%	360.000	85%	63.529	15%
2027	470.588	470.588	100%	400.000	85%	70.588	15%
Total	**1.647.059**	**1.647.059**	**100%**	**1.400.000**	**85%**	**247.059**	**15%**

12. Indicators

Indicator	Target value by 2027
Number of contracts;	500
Total agricultural land (ha) under environmental or/and climate contracts;	1.000 ha
Total area (ha) per type of operation included in the following categories:	
management of inputs (including integrated production, reduction in fertilisers use and in pesticides use, comprising precision farming, manure management, etc.);	1.000 ha
cultivation practices (including crop rotation, crop diversification, soil management through conservation or no tillage, soil cover, etc.);	700 ha
organic farming;	300 ha
Number of holdings supported for:	
conversion into organic farming;	50
maintenance of organic farming;	100
Total area supported for:	
conversion into organic farming;	100 ha
maintenance of organic farming.	200 ha

13. Administrative procedure

Recipients for agri-environment-climate and organic farming measure should submit the application form to AFSARD every year. In that manner they participate in the agri-environmental-climate and organic farming measures on a voluntary basis and become obliged to fulfil all conditions and criteria during the commitment period. The manner of submitting the application for participation in agri- environmental-climate and organic farming measures as well as criteria under each type of operation will be described in the by-law that will regulate agri- environmental-climate and organic farming payments on a yearly basis.

AFSARD will conduct administrative, eligibility checks according to criteria defined for each type of operation. Verification of the eligibility criteria consists of administrative and on-the-spot checks undertaken for all applications for approval and shall cover all elements that are possible and appropriate to control.

13.1. Administrative checks

Administrative checks shall be undertaken for 100% of all applications for approval that were submitted to AFSARD every year. The administrative control will include the completeness check and eligibility check on all received applications according to the criteria defined for each type of operation.

Administrative checks will be carried out in line with AFSARD's written procedures. In checking of obligatory participation, the recipient submits a certificate of participation in

training, individual advice, demonstration activity to the AFSARD. Cross check will be possible with the training, individual advice or demonstration activity providers.

AFSARD will ensure an audit trail for all implemented activities related to approval, accounting and authorization of payments.

13.2. On the spot control

The sector for control within AFSARD will be responsible for implementation of on-the-spot checks. In certain cases AFSARD can delegate control functions to other institutions, provided that the following conditions are fulfilled: written agreement shall be concluded for implementing on-the-spot check, trainings are prepared and implemented and are conducted regular, supervision/quality control of the implementation of the controls performed by delegated body.

AFSARD will establish the control system according to the special characteristic of the agri-environmental measures, having in mind yearly vegetation (for area based payment or livestock unit). Preparation of the control system will be according to European Union guidelines. Implementation of the on-the-spot control will be described in detail within written procedures of AFSARD.

Controllers will implement on-the-spot control according to prepared control reports and check lists. The eligibility checks will be carried out in a way that controllers will receive sufficient instructions and training.

The reference parcel claimed will be identified with respect to the full extent of their boundaries. The eligibility of the agricultural parcel area claimed will then be checked against the reference parcel. Inspections of crops will be carried out before or soon after harvest in order to reliably check the crop or cultivation or that the set-aside requirements have been fulfilled. Where the whole (100%) of the claim will not be examined, a sample of at least half of the agricultural parcels will be selected for examination.

Agricultural parcel areas will be determined by the measurement. In order to provide a result to the appropriate precision and, thus, to ensure effective verification, the controller will have access to appropriate claim data (including map information) and measuring equipment (GNSS techniques). Every on-the-spot check will be the subject of a control report.

13.3. Deviations

Deviations from the commitment are only allowed in the following cases:

- Recipients can increase the area under AEC commitments by up to 10%, during the duration of the commitment;
- Recipients are allowed to reduce the area participating in the AEC measure for maximum of 10% for the whole duration of the commitment;
- When the area of an agricultural holding decreases during the duration of the commitment and this does not impair the efficiency of the implementation and supervision of agri-environmental-climate sub-measures;

- When the acreage of agricultural land or farming practices on an agricultural holding has changed independently of the recipient (land consolidation, land development operations, denationalisation proceedings, compulsory auction, inheritance);
- When entering into the obligation, the changes affecting the later implementation of the sub-measures are not yet known, or in case of force majeure, as referred to in this Chapter;
- In cases of meteorological disasters (drought, hail, flood) the recipient may withdraw the implementation of the sub-measure for the current year.

If the recipient proves deviation from the commitment as a result of the aforementioned circumstances, his commitment is suspended without the obligation to reimburse the funds obtained.

The deviation system is set out and applies to all deviations concerning implementation of the AEC type of operations as describe in this Chapter. Detailed description and the amount of possible sanctions per deviation will be adopted in separate national regulation.

Any deviation from the obligations is dealt with on an individual basis based on an appropriate application submitted by the recipient to AFSARD.

If a recipient submits evidence for force majeure, any required commitments that are unfulfilled do not imply violation of the contract and there are no sanctions.

In the case of force majeure or the aforementioned circumstances, the recipient shall inform AFSARD thereof in writing and provide appropriate evidence within 10 days from the day he is able to do so.

13.4. Sanctions

The sanctions system is set out and applies to all irregularities concerning implementation of the AEC type of operations as describe in this Chapter. Detailed description and the amount of sanctions per irregularity will be adopted in separate national regulation.

14. Geographic scope

This measure will be implemented on the whole territory of North Macedonia.

Measure Implementation of Local Development Strategies - LEADER Approach[87]

1. Legal basis[88]

- Article 2 (1) of IPA Regulation No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action;
- Article 27(1)(5) of the Sectoral Agreement;
- Annex 4 of the Sectoral Agreement.

2. Rationale

The overall aim of the measure is to promote a more integrated and coherent approach to local development that involves community and local government organisations in leadership roles, guiding a more integrated and coordinated approach to the delivery of available IPARD funding at a sub-regional level. The measure will provide financial support to assist with animation of stakeholders involved in the implementation of local development strategies. IPARD Technical Assistance funds will be used to support and facilitate the formation of public-private partnerships, to be known as Local Action Groups (LAGs), and the development of Local Development Strategies (LDSs) at sub-regional level. Partnership formation and local strategy development will be guided by the skills and expertise of local public and private socio-economic interests, local authorities, community and voluntary organisations, in consultation with the wider local rural population who will identify the strategic priorities that will provide the basis for programme-specific development initiatives. The IPARD LEADER measure will provide support for: the training and capacity building of approved Local Action Groups (LAGs); animation of potential recipients in the individual LAG territories; running costs of the LAGs; funding for small scale projects; and promotion of cooperation between regions within the country and with local partnerships established in other countries. The option of providing further support for funding of larger scale projects through national funds will also be made available to mature LAGs meeting certain pre-conditions, in line with agreed Local Development Strategies for their individual territories.

The IPARD III SWOT analysis on rural development and quality of life identifies a wide range of challenges and opportunities in rural North Macedonia for which a community-led local development methodology such as LEADER provides an appropriate delivery mechanism to respond. Past donor project support for the introduction of a LEADER approach to local development in various parts of the country provide a positive foundation for the launch of a LEADER measure. There are 13 registered LAGs and 3 initiatives in North Macedonia. Nine of the registered LAGs have already received national support in the first public call lunched in 2019, under the National programme for Rural Development. This is expected to continue in the forthcoming period until the accreditation of the IPARD LEADER measure.

[87] The measure description is provided for informative purposes as it is not entrusted yet. It's amendment could be required before submitting it for the entrustment.
[88] Legal references will be updated once the adoption and conclusion of binding Agreements will be finalised.

Furthermore, it represents a good base for preparation and development of experience of the registered LAGs and the administration for implementation of LEADER under IPARD. The design of the LEADER measure has taken this past and current experience into account.

The measure design also takes account of the various factors that influence territorial coherence that can be used to guide the definition of sub-regional territories. This is based on consideration of existing national research on spatial development and planning factors, as defined in the Spatial Plan of the country (2004), which provides an assessment of factors such as usage and protection of natural resources, population and habitats, transportation and connectivity, protection of environment, natural and cultural heritage and tourism development.

3. General objectives

The general objective of the LEADER measure under IPARD III is to "improve community development, enhance the social capital and contribute to economic, social, cultural and environmental improvements of local areas, by engaging a wide range of multi-sectoral private and public partners and valorising community resources at the local level".

This will be achieved through the animation and capacity-building of local rural communities and stakeholders, the implementation of projects contributing to the realisation of objectives laid down in the local development strategies and the IPARD III Programme, as well as cooperation projects to achieve the LEADER objectives related to local capacity building, the development of the rural economy and improvement of the quality of life.

3.1 Specific objectives

The specific objectives of the LEADER measure will be:

i. Improvement of social capital and local governance by creating private-public partnerships (LAGs - Local Action Groups), which establish and implement bottom up Local Development Strategies;

ii. Animation of the territory and capacity building of the local population and the Local Action Groups;

iii. Contribution to rural economy, rural tourism, boosting cultural and social life of the community, improvement of public spaces in villages, improvement of environmental standards in LAGs' areas as the main themes for the Local Development Strategies;

iv. Networking with other LAGs, exchange of best practice, dissemination of IPARD programme and learning new approaches to rural development nationally and with other candidate countries and with the Member States.

4. Links with other IPARD measures in the programme and to national measures

The implementation of the LEADER measure is closely linked with the implementation of the following measures: (i) Measures under National Programme for Agriculture and Rural Development (M412, 413); (ii) IPARD Technical Assistance measure; (iii) Other IPARD III

measures including: Improvement of training; Investments in rural public infrastructure; and Farm diversification and business development.

4.1. Linkages to National measures

The rules related to the selection of Local Action Groups, Local Development Strategies and selection procedures will be harmonized between this Programme and the National Programme to ensure consistency in approach and systems adopted by the main institutions, but also complementarity and demarcation.

4.2. IPARD III Technical Assistance measure

The IPARD III Technical Assistance measure will provide support for the following actions (i) support the preparatory actions for LEADER, namely to facilitate capacity building of public-private partnerships and the formation of Local Action Groups; (ii) support and assist these public-private partnerships in the preparation of their Local Development Strategies. Funds will be provided on a first-come first-served basis, thereby providing an incentive to all LAGs and their partners to develop robust management system and capacities.

The IPARD III Technical Assistance measure will also play an important complementary role, initially by providing support for communication activities to promote general awareness-raising of the LEADER measure, as part of an integrated Programme Communications Plan, with a particular focus upon those areas of the country where there have been no LEADER promotional activities.

In addition, following the registration of LAGs and approval of their Local Development Strategies, Technical Assistance support will be provided to assist in capacity building of LAG management, anticipated to include provision of training in: project cycle management; financial management and accounting; procurement and contracting; and monitoring and evaluation.

Technical assistance support for LAGs will also ensure that the process of LAG development and LDS implementation follows closely National, MA and IPARD Agency guidelines.

4.3. Other IPARD measures

Projects funded under the LEADER measure should not duplicate those projects that could be funded under other IPARD measures. However, implementation of activities and projects funded under other IPARD III measures, namely for: "Improvement of training", "Investments in rural public infrastructure", and "Farm diversification and business development[89]" may be implemented in a LAG territory as complementary actions.

Limitations and demarcation with other IPARD measures

Improvement of skills and competences - Selected Local Action Groups will be able to include training as an activity within their Local Development Strategies. This is anticipated to include information and training sessions on LEADER, local development strategic planning, project elaboration and procurement. Training and animation activities will be essential for stimulating

[89] Based on reference in IPARD III Programme.

the local development process. However, financing of these activities under this measure must be proportionate in relation to the project development needs identified by the LAGs under their respective local development strategy. These activities will not be financed under the IPARD III measure "Improvement of Training".

Advisory Services - LAGs will be able to provide information and advice to all interested parties for support under IPARD III. However, the LAG cannot be a direct recipient of the advisory service measure.

Investments in rural public infrastructure and Farm Diversification and Business Development - Projects funded under the LEADER measure in a LAG Territory, included in the Local Development Strategy should be separate and distinct from those projects that could be funded under other IPARD III measures. No duplication of projects that could be funded under other IPARD III measures will be permitted. However, projects funded under IPARD III measures "Investments in rural public infrastructure", and "Farm diversification and business development" should ensure complementarity with Local Development Strategies.

5. Recipients

Local Action Groups, selected trough competitive procedure (see Section 8).

6. LEADER implementation under IPARD

The LEADER approach under this Programme comprise the following elements:

(a) Area-based local development strategies intended for well-identified sub-regional rural territories;

(b) Local public-private partnerships (Local Action Groups);

(c) Bottom-up approach with a decision-making power for local action groups concerning the elaboration and implementation of local development strategies;

(d) Multi-sectoral design and implementation of the strategy based on the interaction between actors and projects of different sectors of the local economy;

(e) Networking of local partnerships;

(f) Implementation of innovative approaches.

Local Action Groups (LAGs) shall develop and implement a Local Development Strategy (LDS), which can contain one or more of the following six priority themes:

- **Rural economy:** development of short supply chains and added value products including quality products, crafts and other activities for diversification of rural economy;
- **Rural tourism:** development of rural tourism products based on the use of local, natural, and cultural resources;
- **Community:** boosting the cultural and social life of the community and supporting collective local organisations, associations and NGOs;
- **Public spaces:** improvement of public space in villages;
- **Environment:** improvement of environmental standards in LAG's areas and promotion of renewable energy use by the local community;

- **Networking:** networking of LAGs, best practice exchange, dissemination of IPARD programme and learning new approaches to rural development.

The implementation of the Local Development Strategy covers: animation and capacity building activities, small projects and running costs for the LAG. The activities must be linked with the selected priority themes outlined above.

Local Action Groups shall satisfy the following conditions:

- Must propose an integrated local development strategy based on the LEADER characteristics as defined under 6 (a) to (f);
- They must consist of a group representing partners from the various locally based socio-economic sectors in the territory concerned. The gender equality should be ensured by women's participation at a decision-making level. A minimum numbers of members representing the different socio-economic interests, minority groups and gender equality such as women, youths, senior citizens and persons with special needs are defined under section 8.Eligibility criteria.
- They must show an ability to define and implement a Local Development Strategy (LDS) for the area;
- Local Action Group must have a legal form (association of citizens);
- Ability to administer public funds: In the process of selection and registration the LAG must prove their ability to administer correctly public funds and guarantee the satisfactory operation of the partnership.

Requirements for the LAG area covered by the Local Development Strategy (LDS):

- The LAG area shall be coherent and offer sufficient critical mass in terms of human, financial and economic resources to support a viable development strategy.
- The population of each area must be, as a general rule, greater than 10 000 inhabitants and not exceed 150 000 inhabitants, including settlements with a population of less than 25 000. A derogation from this rule shall apply for Kavadarci, Kicevo and Kocani for which the maximum settlement population shall be 30 000. This will be verified in accordance to the population census of 2002 (SSO).
- The same location must not belong to more than one LAG, meaning one partnership, one strategy, one territory.
- The LEADER approach measure will be implemented in the rural areas of the country listed in Annex 1 of this Programme and territorial aspects and criteria for selecting the Local Action Groups and the areas they represent are further elaborated under section 8.Eligible criteria (point c.).

Minimum content of the Local Development Strategy (LDS):

- Definition of the area and population covered by the LDS, including coherence and sufficient critical mass in terms of human, financial and economic resources.
- Analysis of the development needs and potential of the area, including an analysis of strengths, weaknesses, opportunities and threats (SWOT) – LAGs should take into consideration not only statistics, but also views of local actors.

- Description of the strategy and its objectives – LAGs shall define the vision and objectives in line with the IPARD priority themes.
- Description of the process of community involvement in the strategy preparation, the partnership structure and the internal decision-making rules.
- Action plan – the "heart" of the LDS. All proposed activities are linked to the selected priority themes. The Action Plan sets out the minimum (binding) level of activities (minimum level of targets). The Action Plan is later translated into more detailed Annual Plans.
- Financial plan with an indicative budget for the period of LDS duration broken down into: LAG's running costs, animation / capacity building, small projects.

Detailed requirements for the Local Development Strategy will be provided in the guidelines by the Managing Authority.

7. Eligible activities

The following activities are supported under measure "Implementation of local development strategies – LEADER approach":

a) Activity 1 - "Acquisition of skills and animating the inhabitants of LAG territories" for capacity building and animation of selected LAGs;
b) Activity 2 - "Running costs": Implementation of local development strategies for running the selected LAGs;
c) Activity 3 – "Small projects" - implementation of small scale projects;
d) Activity 4 - "Cooperation projects" for inter territorial or transnational projects. This activity should be implemented in the latest phase of implementation, by the most advanced LAGs, with gained experiences. The relevant procedure for applying for this activity will be later developed by the Managing Authority and described in the programme.

7.1. Acquisition of skills and animating the inhabitants of LAG territories

The proposed activities under this point shall involve:

- Animation, organisation of informational and publicity events including preparation of promotional materials (seminars, workshops, meetings, publicity materials, creation of LAG website and its maintenance costs, etc.);
- Training and education (preparation of business plans, preparation of project applications, accounting, etc.);
- Preparation of relevant studies of the area for further development (socio-economic, regional, marketing, etc.);
- Networking, participation in national and international seminars, workshops, meetings, study visits, including events of national and the European Network for Rural Development.

Examples of Eligible expenditure (non-exhaustive list):

- LEADER expert services (local and international) including facilitators and communication experts to engage in capacity building activities and promotion of LEADER across the LAG territories;

- Translation and interpretation services;
- Travel expenses, including accommodation and daily subsistence allowances;
- Coverage of training course expenses including participation in seminars, workshops and fairs, subscription and acquisition of publications, other animation activities, etc.;
- Rental of facilities and equipment for events and catering;
- Materials for the delivery of trainings and animation.

At least 30% of the budget for the implementation of the Local Development Strategy (LDS) should be allocated to these activities.

7.2. Running costs

In order for LAGs to be able to implement the Local Development Strategies running costs will be made available to support an effective and efficient management of the strategy including its monitoring.

Examples of Eligible expenditure (non-exhaustive list)

- Salaries for the LAG manager and/or other LAG employees;
- Office rent and overheads;
- Office materials (stationery etc.);
- Purchase of equipment, including IT equipment, office furnish;
- Costs linked to communication including fixed telephone and mobile phone calls;
- Travelling costs local and abroad including the use of own cars;
- Services (IT specialists, accountants, legal, consultancy fees, notarial fees, costs of technical or financial experts, as long as they are directly linked to the co-financed operations;
- Overheads, provided they are based on real costs attributable to the implementation of the operations concerned;
- Costs for project management and controls linked to approval of projects;
- Monitoring and evaluation costs of the LDS at a LAG level

The LAG manager salary and travel costs of the LAG will be governed by the rules and procedures for public service set in the Law on Administrative Servants (Official Gazette no. 27/14) and the Labour Relations Law (Official Gazette no. 167/15).

7.3. Small projects

The LDS shall contain actions to support small-scale initiatives/projects e.g. cultural events, promotion of local products, renovation or construction of cultural and natural heritage, investment in cultural goods, etc. Selection and management of small projects shall be explained in LDSs and proposed actions shall be in line with LDS. The project size will be up to 5.000 euros. The budget can overpass 5.000 EUR if other partners or donors contribute to the small project. Further eligibility conditions specific to the priorities proposed in the LDS may be defined by the LAG as part of the LDS.
Examples of small projects:

- Events (such as village festivals, contests, participations in fairs, and similar actions);

- Purchase of materials and equipment (such as computers, packing and marketing equipment, publicity and marketing materials, tourism information boards, signs, solar panels, composters, materials for cultural and youth groups, furniture and equipment for community rooms and similar items);
- Small scale refurbishing of community buildings, improvements of public spaces and tourist trails and small scale infrastructure (i.e., playgrounds) and similar actions;
- Design plans for the restoration of historic buildings.

Once the LDS is approved the LAG must present a detailed annual proposal for finance of those actions, as part of the annual operation plan of the LAG

Examples of Eligible expenditure (non-exhaustive list)

- Procurement of venues/ Space rent and facilities to hold events and fairs including animation and catering services;
- Promotional and marketing (e.g. audio, video, websites, flyers, leaflets, posters, audio and video commercials, billboards, sign posting, social network sites and their maintenance, interactive and non -interactive IT features, software development, educational games, mobile applications, forums, IT platforms, etc.)
- Transportation and travel costs (local and international);
- Translation services;
- Consultants/ experts engaged to prepare the projects and their delivery;
- Professional technical support (workers, companies engaged to assemble equipment, materials, builders, etc.)
- Costs for construction/ reconstruction;
- Purchase and/or rental of equipment;
- Development of infrastructure
- Studies (on environment impact, on development of certain features of the area, and other analyses to be performed related to the small projects implementation)

Conditions for support for the activities 1, 2 and 3

Once the Strategy is approved Local Action Groups may proceed with the implementation however the following conditions must be fulfilled:

1. Training, capacity building actions and communication activities that will be undertaken by the LAG must be defined in the LDS.
2. Once the LDS is approved the LAG must present a detailed annual proposal for finance of those actions, as part of the annual operation plan of the LAG.
3. Only those type of actions, which have been presented as part of the LDS, will be eligible.
4. Running and animation costs must have a direct relevance to the implementation of the strategy and will target specific activities aimed to consolidate LAG capacity. This will be checked and assessed on the basis of the LDS financial plan;
5. Once the LAGs are contracted an annual operational plan, containing activities for acquisition of skills and animating the inhabitants of LAG territories, running costs and

small projects must be prepared by the LAG and this should be limited to those eligible activities as stipulated under the respective Activity (7.1; 7.2 and 7.3).

6. The budget of the Operational plan cannot exceed the amounts approved during the Evaluation of the Strategy and subsequently contracted by the IPARD Agency.
7. Changes in the annual operational budget plan can be effected by the LAG as long as these are limited to shifting of funds from one activity to another within the same budget plan.

7.4. Cooperation Projects

Cooperation activities are to allow for exchanges that will enhance knowledge development through sharing of experiences and good practices, enhance capacity building if the LAG and its members and promote innovation and new networks and partners from countries within and outside the European Union.

Specific eligibility criteria for Cooperation projects

I. LAGs may integrate possible fields of cooperation and cooperation actions into the LDS which are complementary to the main priorities of the LDS.
II. The scope and nature of the cooperation could be defined and established in the LDS.
III. Preparatory costs will be limited to not more than 5% of the total project value.
IV. Cooperation projects may only take place after the 3rd Year of LEADER implementation.
V. In case of cooperation with LAGs originating from non-EU Member States the partnership must have the same form of a LAG as stipulated in this measure.
VI. LAGs will be the recipients of this sub-measure, however LAGs can involve other stakeholders operating within the LAG territory depending on the nature of the project and respective activities; Preparatory actions will not necessarily lead to a cooperation agreement with other LAGs. In such instances the expenditure incurred for preparatory activities will still be considered as eligible.
VII. In case an agreement is reached with other LAGs Cooperation and Partnership Agreement must be prepared by the LAGs. This will define the roles and responsibilities of each partner and include an agreed budget, project objectives, the activities for joint implementation, the role of each partner, and the final financial contribution of each partner within the project.
VIII. In case the local LAG is not the lead partner of the project it must present the letter of approval of the project from the leading LAG Country of Origin. This will be required to demonstrate the commitment of the other LAG partners to the project.
IX. Procurement of goods and services by the LAG for all actions and activities are to follow PRAG Procurement Rules.
X. The project should not involve any construction works.

Actions under the “Cooperation projects” activity can cover:

- Preparatory costs for the preparation of the cooperation project;
- Travel, and accommodation for preparatory project pre-agreement and implementation;
- Preparation and delivery of trainings and events,

- Preparation of publications, and dissemination;
- Expenses related to actions defined and approved in the project proposal (tangible or intangible nature).

Examples of Eligible expenditure (non-exhaustive list)

- Travel costs and Per Diems;
- Costs linked to communication and information actions including the creation of dedicated project web-pages/sites, printed materials, audio-visuals promotional materials;
- Trainings locally and abroad;
- Rental of small-scale equipment.
- Event hosting and participation (locally and abroad);
- Services and experts e.g. Project leader, coordinator, etc.

8. Procedure for selecting Local Action Groups

Eligible partnerships will be assessed against the selection criteria related to Local Action Groups and Local Development Strategies, in particular the quality of their LDSs, by an Evaluation committee established by the Managing Authority. Members of the Evaluation Committee will be appointed by the Minister, upon the proposal of the Managing Authority. Based on the submitted applications, LAGs selected by the Managing Authority will be checked for eligibility criteria by the IPARD Agency. The IPARD Agency will sign funding contracts with selected LAGs. The funding contracts shall include the definition of LAG tasks and relevant procedures, as well as relevant reporting requirements and reference to the framework for LAG performance reviews.

8.1. Eligibility criteria

The following are the general conditions that will have to be met in order to be eligible for support under the LEADER measure. These conditions will be verified and validated as part of the evaluation of the Local Development Strategy:

a) Territory:

In order for a public-private partnership to be recognized as a Local Action Group and access LEADER funds under this measure they must prepare an integrated local development strategy for their territory.

- An eligible area, covered by the LDS of the LAG shall be:

  i. Located in the rural areas as defined by the national definition in the IPARD III Programme (see Annex 1 of the Programme). The territory will be defined by the boundaries of cadastral municipalities in accordance to the Law on territorial division for local self-government;

  ii. Cover territories with sufficient coherence and critical mass. The population within the territory must be between 10 000 – 150 000. In addition the LAG territory shall include settlements of less than 25 000. A derogation from this rule shall apply for Kavadarci, Kicevo and Kocani for which the maximum settlement population shall

be 30 000. This will be verified in accordance to the population census of 2002 (SSO). All three settlements are administrative centres of predominant rural regions. The majority of the population in these settlements is engaged in agriculture as a major source of income. The inclusion of these settlements as eligible to join LAGs' territories will provide urban rural linkages and contribute to the development of the regions in general. Territorial cohesion indicators are making these settlements integral part of the areas where they might join a LAG;

iii. The territory must be constituted from places belonging to at least two municipalities, which will be verified through the Agency for real estate cadastre;

iv. The LAG territory must be constituted from a contiguous area with a clearly defined physical geographical boundary, which will be verified through the Agency for real estate cadastre;

v. The LAG will allow citizens and entities operating or active in settlement/s' communities that fall within the geographical boundary of a LAG to participate in consultations, trainings and animation and undertake project activities in these settlements;

Public authorities representing non-member areas cannot benefit from LAG activities unless they are enrolled as formal members of the LAG. Checks to identify if settlements are officially members of the LAG will be undertaken on the basis of the list of members stipulated in the LAG statute.

vi. Potential Local Action Groups with territorial overlaps will be rejected. Geographical boundaries will be checked and verified on the basis of information from the Agency for Real Estate Cadastre.

b) Legal form and Partnership:

Upon approval of the Strategy the Public-Private Partnership will be recognised as a LAG and will be entrusted to implement the Strategy within the Local Action Group Territory:

i. The partnership should be composed of representatives from public and private local socio-economic interests from a defined geographical area (the LAG territory);

ii. These should come together under a common structure, which is regulated by either a memorandum of understanding, which is legally registered in the first instance or as an Association of Citizens in conformity with the Law on Association of Citizens and Foundations (Official Gazette no. 135/2011);

iii. Once an LDS is approved a public-private partnership must be registered as an "Association of Citizens" in conformity with the Law on Association of Citizens and Foundations (Official Gazette no. 135/2011) in order for it to be contracted under the LEADER measure.

iv. The eligibility of partnerships will be verified on the basis of the Memorandum of Understanding whilst in the case of Associations of Citizens this will be done on the basis of the LAG statute and certificate of registration as an Association issued by the Central Register;

v. A decision-making board must be set-up by the Local Action Group from elected members and will have at least 10 members representing the different socio-economic interests, including both public and private sector in the territory covered by the LAG which will be verified on the basis of the LAG statute and decision for appointment of the board;

vi. The representation of minority groups and gender equality such as women, youths (<40 years old), senior citizens and persons with special needs must be ensured. Compliance will be checked against the statute and the decision for appointment of the LAG board members;

vii. There must be no conflicts of interests both as individuals as well as any close relationships (family or business) by any of the LAG board members. Each member must fill in a declaration of conflict of interest which will be used to verify such impartiality;

viii. Once formed the LAG board must demonstrate that at the decision-making level neither public authorities, nor any single interest group represents more than 49% of the voting rights. Moreover, minimum 20% shall be representatives of the local authorities. Verification will be effected on the basis of the LAG statute and decision for appointment of the LAG board. In order to be eligible for support the Local Action Group must satisfy the following conditions.

c) The Local Development Strategy has to include the following minimum content:

i. The definition of the area and population covered by the strategy;

ii. A SWOT analysis of the development of the area and the identification of potential needs;

iii. A description of the strategy and its objectives. The strategy shall be coherent with the IPARD II programme.

iv. A description of the process of community involvement in the development of the strategy; as well as LAG's partnership and internal decision making rules;

v. A description of actions demonstrating how objectives are translated into expected activities and type of projects supported

vi. The financial plan of the strategy, including expenditure on acquisition of skills and animation, running costs and small projects;

vii. A description of the procedure related to the recommendation of the local projects under IPARD III measures.

9. Selection criteria

The following principles for selection criteria will be used to assess the quality of LAG's local development strategies:

a) Area based approach and coherence of the LDS with covered territory;

b) Content of the LDS and its conformity with the objectives of the IPARD III Programme;

c) Complementarity with National and/or Regional Policies and Strategies;

d) Capability of the LAG to manage the implementation of LDS;

e) Quality of the partnership;

f) Proposals for utilization of complementary and alternative funding other than IPARD (this will be considered as an added value. However double funding must be avoided).

g) Age diversity and gender equality in the LAG.

10. Aid intensity and EU contribution rate

Aid intensity expressed as the share of total public expenditure to the eligible costs is 100%.

The EU contribution is 90% of the total public expenditure.

Contracted LAGs may receive an advance to start-up activities from the national funding, but this in no case is considered as costs incurred to be reimbursed by the European Commission via IPARD. The amount of the advances shall not exceed 50% of the annual allocation of the public support related to the running cost, animation costs and small projects.

11. Indicative budget

Table 59: Indicative Financial Plan

Year	Total eligible cost	Public expenditure					
		Total		EU contribution		National contribution	
	EUR	EUR	%	EUR	90%	EUR	10%
2021	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-
2024	333.333	333.333	100%	300.000	90%	33.333	10%
2025	566.667	566.667	100%	510.000	90%	56.667	10%
2026	600.000	600.000	100%	540.000	90%	60.000	10%
2027	666.667	666.667	100%	600.000	90%	66.667	10%
Total	2.166.667	2.166.667	100%	1.950.000	90%	216.667	10%

12. Indicators

Indicators	Targets
Number of local development strategies (LEADER)	10
Population covered by LAGs	500.000
Number of new jobs created	10
Number of small projects paid	50

13. Administrative procedures

The LAGs will be selected through an open call for applications open to all rural areas. The MA will plan and launch the Call for proposals after preparatory tasks related to capacity building activities are completed.

The MA will receive and register the applications. All applications will be assessed for administrative compliance and quality by an Evaluation Committee. The Evaluation Committee will be set up by an Order of the Minister upon proposal of the MA. The members of the Evaluation Committee will be from the MA, other MAFWE services and representatives of rural stakeholders with proven relevant knowledge and capacity.

All administratively compliant applications will be assessed for quality using selection criteria outlined in Section 7. The detailed selection criteria and weightings will be developed by the MA prior the launch of the Call for proposals and will available as a part of the guidelines for the implementation of the measure LEADER approach.

The Evaluation Committee will rank applications based on the score received in the technical evaluation and the highest ranked applications up to the limit of the available budget will be recommended to MA for approval.

The applications approved by the MA will be checked for eligibility and contracted by the IPARD Agency. The LAGs will sign a contract with the IPARD Agency, setting rights and of obligations of LAGs, reporting requirements, etc.

Each year LAGs will prepare and submit for approval to the IPARD agency an *annual operational plan*, presenting a detailed plan of activities and budget estimation for costs for animation, running costs and small projects. The first Annual operational plan will be sent to the IPARD Agency in one month after the signature of the contract. The budget of the operational plans cannot exceed the amounts approved during the evaluation of the Strategy and subsequently contracted by the IPARD Agency. The IPARD Agency will review the LAG *annual operational plan* and will inform the LAG of its approval and will send a copy of the approved to the MA.

LAG will submit quarterly or semi-annually to IPARD Agency a payment claim for reimbursement of capacity building costs, running costs and small projects.

IPARD Agency controls the LAG with respect to the contract commitments (administrative and on-the-spot control).

IPARD Agency executes the payments to LAGs based on controlled and approved payment claims.

As regards local projects under IPARD measures, LAG issues a letter of recommendation confirming that the project is in line with its LDS, following a procedure defined in the LDS.

LAG shall monitor the implementation of the LDS and the operations supported and shall regularly report on progress. The format and the frequency of reporting is stipulated in the Contract between the IPARD Agency and the LAG.

14. Geographical scope of the measure

The LEADER approach measure will be implemented in the rural areas of the country listed in Annex 1 of this Programme.

Measure INVESTMENTS IN RURAL PUBLIC INFRASTRUCTURE[90]

1. Legal basis[91]

- Article 2(1) of the Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action
- Article 27(1) of the IPARD Sectoral Agreement;
- Annex 4 of the IPARD Sectoral Agreement

2. Rationale

Rural areas in the country have low population densities, scattered settlements, limited resources and available finances, and are particularly hard hit to comply with the environmental rules. The competitiveness of country's rural areas is constrained by inadequate quality and access to basic infrastructure and services for the economy and rural population. Development and improvement of the basic infrastructure is one of the preconditions 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. In particular, the development of local road infrastructure in rural areas including improving access roads to agriculture land and improvement of quality of life in rural areas of the rural population.

The physical accessibility of rural areas is deteriorated due to the poor quality of local roads, which are important for connecting settlements within municipalities. This has been caused by the inadequate level of investment in road maintenance and renovation works due to chronic budgetary constraints faced by the local self-governments. At present, major regional differences as well as urban-rural disparities prevail in terms of quantity and quality aspects of the existing local infrastructure. The country's road (regional roads and motorways including the network of feeder roads) infrastructure is fairly developed but the local (unclassified) roads network is underdeveloped and of low quality (around 40% are either soil based or unimproved at all and regular maintenance and extraordinary repair are a problem). The territories with scattered settlements suffer from insufficient infrastructures and services also being an obstacle for development of entrepreneurship. Improved access is a key condition for economic growth and diversification in rural areas e.g. for developing of rural economy and rural tourism potential.

The main problems of rural population are often related to water supply and sewerage, electricity networks, heating and waste collection and disposal. Thus the great majority of rural villages in the country do not have any sewerage system and utilise septic tanks or uncontrolled wastewater discharge. In addition, only 10% of rural population is covered by public municipal collection of solid waste. The supply of electrical power to the rural settlements and dwellings is not modernised to sustain the regular uninterrupted supply of the energy to the domestic appliances. Public heating system is provided only in the capital city of Skopje and, partly, in

[90] The measure description is provided for informative purposes as it is not entrusted yet. It's amendment could be required before submitting it for the entrustment.
[91] Legal references will be updated once the adoption and conclusion of binding Agreements will be finalised.

the remaining bigger cities. All rural households are organising their heating individually (based on wood, coal or heating oil). The available renewable energy sources are underutilised.

Besides traditional components of infrastructure, renewal of villages in terms of public investments for general upgrading of the rural livelihoods is needed, to enhance the economic and social attractiveness of villages, small towns and the countryside. Particular problems are linked to intra-settlements infrastructure (e.g. village streets, pavements, atmospheric sewerage and street lights). Often only the main street of the village is surfaced with asphalt and the remaining streets are “macadam” and rarely stone paved. The green areas, streets and squares in rural areas have a strong impact on the quality of life of their citizens. Well-maintained village streets, green areas and parks may become the most preferred and typical features of rural areas.

Rural settlements are also affected by climate changes and lack of investments in flood management (e.g. maintenance of river beds) at local level as well as protection of the rural areas affected or prone by landslides pose threat to living and working conditions.

In addition, the competitiveness of agriculture and forestry is impeded by poor public access to agriculture or forest areas and poor network to access the agriculture and forest land parcels. Provision of access of electricity on agriculture land is needed to sustain the modernisation investments of the agriculture production systems (i.e. automated irrigation systems for efficient water use).

Thus, this measure will target investments for establishment and improvement of physical infrastructure in rural areas needed for economic and social development, as well as for development of agriculture and forestry.

3. General objectives

- 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.

3.1. Specific Objectives

The specific objectives of this measure are as follows (random listed):

- 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.

4. Linkage to other measures in the program and to national measures

In particular, this measure is linked to the measures "Investments in physical assets of agricultural holdings”, "Investments in physical assets concerning processing and marketing of agricultural and fishery products" and “Farm diversification and business development”. These measures promote investments in the construction and reconstruction of private infrastructure

including internal roads, electricity, water supply and waste treatment related to development of economic activities of agricultural holdings, processing establishments or rural enterprises, whilst the measure "Investments in rural public infrastructure" aims to construction and reconstruction of public infrastructure in the rural and agriculture areas.

Public investments under this measure complement the actions supported under the measure "Establishment and protection of forests" to improve the access to forest for performing supported activities related to afforestation, economic use of forests, applying actions for protection of forests against fire and diseases etc.

The scope of aid granted under this measure will not overlap with the scope of aid granted under the national support schemes for agriculture and rural development.

5. Recipients

5.1. Types of recipients

The following types of recipients can apply for support under this measure:

Local administrative units (LAU 1 – Municipalities) defined according to the Law on territorial organization of local self-governments on the behalf of settlements (LAU 2) < 10.000 inhabitants (listed in Annex 5 to this Programme) as recipients of the investment.

6. Common Eligibility Criteria

6.1. General requirements for support

1. Recipient must submit an Application Form supported with a set of required documents.

2. Construction (basic) plans and technical drawings including bill of quantities prepared with respect to the Law on building and other local building standards officially established by the Municipality must be also submitted together with the application form.

3. Recipients – municipalities have to submit decision taken by the municipal council on the priority of the project for the development of the municipality and in accordance with the local development plans where applicable.

4. Recipients – municipalities which intend to invest in settlement for which the Law on culture is applied (cultural heritage, etc.) have to submit approval obtained from the MoC and/or MoTC.

5. Recipients – municipalities which intend to invest in settlements area for which the Law on environmental protection is applied (natural reserve, etc.) have to submit approval obtained from the MoEPP;

6. The maintenance of the project must be provided by the final recipient until at least five years after the final payment of the project. However, maintenance costs are not eligible for EU co-financing.

6.2. National and EU standards to be respected

Each project must comply with the national minimum standards on environment protection, building, energy and culture with relevance to the project, before submission of the final claim for payment to the IPARD Agency.

6.3. Other common eligibility criteria

The investments must be implemented in public property (state or municipal property). In case of investment projects, which are realized in the private property not owned by the recipient, the Law on expropriation or concession shall be respected prior applying for support.

7. Specific eligibility criteria

1. The investment projects for water supply, sewage and waste disposal have to be coordinated by the local public enterprises established for management of the public activity.

2. Investments for production of energy from renewable energy sources are eligible if they concern the energy needs of the eligible recipient – municipality and/or settlements.

3. In case of investments in access roads to forest land, the forest must be classified as high risk for forest fires, and confirmed by MAFWE.

8. Eligible expenditure

8.1. Type of eligible investments

The support is granted for investments in physical assets that lead to the improvement of the economic and social development of rural areas settlements below 10.000 inhabitants in terms of establishment and/or improvement of community roads, local access to roads of particular importance for the local economic development, access to agriculture and forest land, energy supply, heating and waste and water management.

The support under this measure also targets investments for improvement of opportunities for recreation and attractiveness or rural areas – creating/recovery of intra-connection roads and streets. Support will be granted for production and use of energy from renewable resources for the benefit of the rural population.

The areas of support are presented in detail in the following sub-sections of this section “8. Eligible expenditure”:

8.2. Eligible investments

The eligible projects shall refer to:

1. Energy supply and energy efficiency, including:

- Construction/reconstruction/rehabilitation and equipping of renewable energy plants and public distribution installations from renewables;
- Construction/reconstruction/rehabilitation of renewable energy installations for supplying of municipal owned buildings and/or buildings which are used for provision of community services (as well as education and health);

- Improvement of local public distribution networks for energy/heat supply in municipal settlements and/or agriculture areas including pastures;
- Investments for improvement of energy efficiency in municipal and other buildings used for provision of community services (as well as education and health).

2. Water management, including:

- Construction/reconstruction/rehabilitation of the water supply system, installations and related facilities (e.g. purification, filtration, etc.);
- Construction/reconstruction/rehabilitation of the sewage system, installations and related facilities (e.g. treatment of waste water discharge, etc.).

3. Waste management, including:

- Construction/reconstruction/rehabilitation of small infrastructure for waste management (e.g. dumping sites and/or waste collection points, etc. according to environmental standards);
- Purchase and installation of waste collection equipment (e.g. containers, transport trailers and specialized vehicles, etc.).

4. Roads, including:

- Construction/reconstruction/rehabilitation of existing municipal roads and bridges (e.g. *roads linking settlements to main roads, between settlements connections, public access roads to businesses, farms, tourism facilities, buildings or outdoor areas of local cultural, traditional or natural importance, agriculture land, forests, etc*.) including levelling and landscaping of surrounding;
- Construction/reconstruction/rehabilitation of agriculture and forest road network (including fire prevention passages).

8.3. Demarcation of assistance

Detailed rules on demarcation of the assistance under this measure and the other related IPA assistance are elaborated in Section 10.1 of the Programme.

8.4. Eligible expenditures shall be limited to

(a) Tangible investments

- Purchase of building materials and elements for construction or reconstruction of buildings and infrastructure
- Purchase of mechanization, machinery and equipment.
- Purchase of perennials

(b) Non-tangible investments (linked to expenditures under point a)

- Computer software including software license
- Transportation and installation of the equipment (excluding repairmen)

- Construction/reconstruction services (including technical supervision)
- Planting, landscape services

(c) General costs linked to expenditures under point (a) and (b)

- Preparation of the technical documentation, construction plans and supporting studies
- Preparation of the business plan: cost calculations, analyses, market analyses, marketing analyses
- Preparation of environmental assessment
- Project management

(d) Cost for specific information and publicity activities at project level which are of the responsibility of the recipients

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- Billboards
- Plaques
- Stickers, etc.

EU-co-financing shall not cover ordinary maintenance interventions.

The eligible expenditures shall be specified and detailed in the List of eligible Expenditures as accepted by the European Commission after the Decision for adoption of the Programme is issued.

Detailed rules on eligibility of expenditures, non-eligible expenditures and rules of origin are specified in Section 8.1 of the Programme.

9. Selection criteria

In order to be sure that the investment meets the objectives of the measure the eligible projects will be granted points according the following priorities:

Priority shall be given to <u>projects</u> related to:

- water management/sewerage and waste management **(40 points)** OR
- energy supply and energy efficiency **(30 points)** OR
- roads **(25 points)**

SUB-TOTAL POINTS: maximum 40 points

Priority shall be given to <u>recipients</u>:

- Municipality with up to 10.000 inhabitants according to the last official population census (**30 points**) OR
- Municipality with up to 20.000 inhabitants according to the last official population census (**20 points**) OR
- Municipality above 20.000 inhabitants according to the last official population census (**15 points**)

SUB-TOTAL POINTS: maximum 30 points

Priority shall be given for investments located in:

- mountainous areas[92] **(20 points)** OR
- remote areas[93] **(10 points)**
- rural areas that belong to a Planning Region[94] that has development index[95] between 60 - 80 (**10 points**) OR
- rural areas that belong to a Planning Region that has development index between 81 - 100 (**5 points**)

SUB-TOTAL POINTS: maximum 30 points

GRAND TOTAL POINTS: 100 points

Scoring will be used for selection of projects via ranking in cases when the requested amount for financing support in the received applications is beyond the available financial budget committed to this measure.

Reports on scored projects will be used for Programme monitoring purposes to assess if the projects submitted and approved are in accordance to the set of operational objectives for this Measure.

Projects with 0 points may not be approved for support.

10. Aid intensity

Total public expenditure (75% EU funds + 25% national co-financing) will not exceed a ceiling of:

- 100% of the total eligible expenditure of the investments not of a nature to generate substantial net revenue[96].
- 50% of the total eligible expenditure for other eligible investments in rural infrastructure.

EU contribution rate is 75% of the public aid.

To receive support under this measure, the minimum total eligible expenditures proposed for the investment project is EUR 20.000.

[92] Settlements listed in Annex 2 to this Programme
[93] Municipal settlements located at distance of more than 50 km from the municipality centre
[94] Law on balanced regional development (Official Gazette no. 24/2021)
[95] Decision on classification of planning regions according to their level of development for the period from 2018 to 2023 (Official Gazette no. 234/2018)
[96] See Article 61 of REGULATION (EU) No 1303/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Council Regulation (EC) No 1083/2006.

The maximum total eligible expenditure per investment project will be EUR 1.000.000 for projects of municipalities.

Recipients may submit several projects under this measure during the Programme implementation period, but not more than one per public call, provided that the previous projects have been successfully finalized i.e. the final payment is received.

11. Indicative budget

Table 60: Indicative Financial Plan

Year	Total eligible cost	Public expenditure					
		Total		EU contribution		National contribution	
	EUR	EUR	%	EUR	%	EUR	%
1	**2=3+9**	**3=5+7**	**4=3/2**	**5**	**75%**	**7**	**25%**
2021	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-
2024	4.400.000	4.400.000	100%	3.300.000	75%	1.100.000	25%
2025	3.400.000	3.400.000	100%	2.550.000	75%	850.000	25%
2026	3.600.000	3.600.000	100%	2.700.000	75%	900.000	25%
2027	5.333.333	5.333.333	100%	4.000.000	75%	1.333.333	25%
Total	16.733.333	16.733.333	100%	12.550.000	75%	4.183.333	25%

12. Indicators

Indicator	Target value by 2027
Total investment in rural diversification, business development and infrastructure	16,7 mill. EUR
Number of new jobs created	5
Number of supported local infrastructures	30
Number of IPARD recipients with support in investments related to care for the environment or climate change	10

13. Administrative procedure

Minimum steps of the administrative procedure for implementation of this measure are elaborated in section 8.2 of this Programme. This measure will be implemented according to internal procedures for management and control established by the IPARD Agency, accredited by NAO and approved by the European Commission.

All projects must be procured in accordance with the rules for external aid of the European Commission contained in the Financial Regulation. For this purpose the application of PRAG could be adapted to the specifics of the national public procurement legislation in that way to respect the main Treaty principle such as: transparency, proportionality, equal treatment, non-discrimination and should ensure sound financial management (value for money). In case the recipient does not have capacity to perform the public procurement according to the public procurement rules applicable for this measure, public procurement may be done on behalf of

the recipient by a centralized competent public authority (to be decided during accreditation of this measure).

14. Geographic scope

The investment supported under this measure must take place on the territory of settlement(s) with fewer than 10.000 inhabitants as listed in Annex 5 to this Programme.

Measure FARM DIVERSIFICATION AND BUSINESS DEVELOPMENT

1. Legal basis[97]

- Article 2(1) of the Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action;
- Article 27(1) of the IPARD Sectoral Agreement;
- Annex 4 of the IPARD Sectoral Agreement.

2. Rationale

The structure of the rural economy is diverse and trading service and manufacturing has larger proportion of value added, but agriculture still remains a major source of income for rural dwellers. Agricultural activities alone are not able to provide suitable income to the rural inhabitants because of structural shortcomings; therefore, diversifying of the agriculture income with introducing different economic activities in the rural areas is envisaged. 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 risk for development of rural areas. On the longer run there is an expectation that the small agriculture holdings are the ones at risk to cease their activity due to pressure of commercial farming and development of processing sector and market chains imposing strict quality requirements.

Entrepreneurship in rural areas is hindered by lack of capital and insufficient access to business development. Limited investment potential of rural actors, underdeveloped versatile cooperation forms, 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 impedes 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 economy and rural population. Service provision is an indicator for quality of life of rural population as well.

Thus the support of the new business start-ups 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 (which is dominated by trade activities and construction) 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,

[97] Legal references will be updated once the adoption and conclusion of binding Agreements will be finalised.

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. The development of the rural tourism is envisaged through: development of typical rural tourism facilities, development of outdoor activities, development of activities related to the customs, crafts and typical food and better management of the natural resources.

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.

3. General objectives

The overall objective of this measure is

- fostering employment by creation of new jobs and maintaining the existing jobs,
- raising the economic activity level of rural areas,
- improving the quality of life, and
- reversing rural depopulation.

Economic growth and farm diversification are necessary for business development, employment and sustainable development in rural areas, and thereby contributing to a better territorial balance, both in economic and social terms, by increasing directly the farm households' income. The measure should improve the farmers' position in the value chain. Through support to renewable energy investments, the measure contributes to climate change mitigation. The measure should also assist young farmers who wish to diversify into new economic activities, while still keeping the farm production.

3.1. Specific Objectives

Specific objectives of the measure are to support:

- alternative agriculture production;
- processing of alternative agriculture products;
- production of food and beverages;
- processing of non-food products;
- craft activities;
- services for the rural population;
- services for the agriculture;
- rural tourism;
- production and sale of renewable energy.

4. Linkage to other IPARD measures in the programme and national measures

In particular, this measure is linked to the measures “Investments in physical assets of agricultural holdings” and "Investments in physical assets concerning processing and marketing of agricultural and fishery products". Under the measure “Investments in physical assets of agricultural holdings” support shall be granted for primary agriculture production and investments for on-farm processing and direct marketing of own production of the agriculture holding, while under the measure “Farm diversification and business development” support shall be granted for primary agriculture production of alternative agriculture products and investments for on-farm processing and direct marketing of own production for alternative agriculture products. The measure "Investments in physical assets concerning processing and marketing of agricultural and fishery products" is supporting investments in selected Annex I priority sectors. Meanwhile under the measure “Farm diversification and business development” support shall be granted to support of investments in processing of alternative agriculture products under priority sector for alternative agriculture production and production of food products and beverages for human consumption which are not eligible for support under measure 1 and measure 3. The measure “Farm diversification and business development” is supplementing the measure “Investments in physical assets of agricultural holdings” as it supports investments into non-agriculture activities and range of activities for provision of services to agriculture population in the rural areas and for facilitating the agriculture production. Bringing together, both measures shall foremost contribute to the increased income of the agriculture holdings from non-agriculture activities and provision of rural and agriculture services.

Once the measures “Advisory services” and “Improvement of skills and competences” are included as part of this Programme, their implementation will complement the measure “Farm diversification and business development” specifically by helping rural dwellers and rural economic actors in provision of information for business development. Coordination with the measures “Advisory Services” and “Improvement of skills and competences” shall improve the professional expertise and knowledge of recipients in this measure implementation in particular.

The measure “Farm diversification and business development” is supplemented by investments in public connection roads, provision of electricity and public water and sewerage systems in rural areas under the measure “Public investments in rural infrastructure” as crucial for increase of competitiveness of the rural economy and quality of life of rural population.

The scope of aid granted under this measure will not overlap with the scope of aid granted under the national support schemes for agriculture and rural development.

5. Recipients

5.1. Types of recipients

The following types of recipients can apply and benefit the support under this measure:

I. Natural persons;

II. Legal entities;
III. Cooperatives;
IV. Associative legal entities.

I. Natural persons who are registered as living in rural area and/or have registered economic activity in the rural area, such as:

- registered as craftsmen in the Crafts registry according to Law on crafts for the activities for which the investment is proposed,
- registered as catering (including provision of accommodation) in the Catering registry according to Law on catering for the activities for which the investment is proposed,
- registered as sole proprietor in the Central registry according to Law on trade.
- registered in the Farm Register as representative of Family agriculture holding.
- registered as Individual agriculture producer in the Register of Agriculture Producers in MAFWE or in the Pension and Disability Insurance Fund.

Natural persons who are proposing new investments for entering into economic activities in rural areas (e.g. for self-employment) are eligible for support under this measure subject to fulfilling the specific requirements at the end of the investment, in particular if he/she is:

- possessing proven professional competences and skills via secondary education by diploma or 3 years' experience in dealing with agriculture production, processing or services related to agriculture (proven via professional working record or via record on users of national support schemes in agriculture and rural development), or other professionally recognised certificate for the individual economic non-agriculture activity (priority sectors: 2, 3, 4, 5, 6, 7 and 8).
- committed that at the end of the investment (before submission of the final claim for payment) he/she will register the economic activity as craftsmen, catering or sole proprietor or legal entity in the municipality where the rural area is located.

II. Legal entities which are registered in the Central registry in the range of micro and small enterprises[98].

The assessment of the size of the enterprises is performed by the IPARD Agency. Newly established enterprises shall be assessed on the basis of expression of their expected size to be reached proposed in the Technical project proposal or Business Plan, after realization of the investment.

III. Cooperative has to be registered in the Central registry.

IV. Associative legal entities (for collective investments) which are controlled by agricultural producers and are recognized as such according to the law. The following types of associative legal entities can apply and benefit the extra aid support under this measure:

- Cooperative,

[98] Described in Annex 9 to this Programme

- Producer groups and producer organisations recognized as such in accordance with the Law on agriculture and rural development and registered in the Register of producer groups and/or Register of producer organizations maintained by MAFWE,
- Private company with primary activity in agriculture or agriculture processing founded by authorized representatives of family agriculture holding registered in Farm Register, and
- Private company with primary activity in agriculture or agriculture processing founded by an association of agriculture producers.

Minimum number of agriculture producers engaged under any of the above entities is at least 10.

When the recipient is not the owner of the holding where the investment is carried out, a contract which includes provisions allowing for the structural effects of the project during at least 5 years after its conclusion should be established between the parties concerned.

5.2. Limitations and demarcation

In order to better target the investment support and to achieve demarcation among measures under this programme, the final recipients shall be subject to the following limitations according to the eligible investment activities under this measure:

1. Cooperatives and agriculture holdings represented by legal entity are not eligible for investment support for processing and marketing of agriculture products for which support is provided under the measures "Investments in physical assets of agricultural holdings" and "Investments in physical assets concerning processing and marketing of agricultural and fishery products".

2. Support cannot be granted to legal entities in case their capital is held by a public body or bodies or when more than 25% is owned by the state. In specific cases where deemed appropriate based on the national legislation, the Managing Authority may ask the European Commission to decide via submission of reasoned request.

6. Common Eligibility Criteria

6.1. Type of farmers, enterprises and producer organisations to be supported

1. The recipient – natural person representative of the Family agriculture holding when applying for support should be registered as such in the Farm Register at MAFWE.
2. The recipient – natural person craftsmen when applying for support shall submit document for being registered in the crafts registry for dealing with the economic activity related to the project before the date of submission of the application.
3. The recipient – natural person registered for catering (including provision of tourist accommodation) when applying for support shall submit document for being register for catering before the date of submission of the application.
4. The recipient – natural person who are proposing new investments for entering into economic activities in rural areas (e.g. for self-employment) shall submit legal or notary statement for commitments to register the economic activity as craftsmen, catering or

sole proprietor or legal entity in the municipality where the rural area is located, before submission of final claim for payment.

5. The recipient – legal entity must be registered as such in the Central Registry before the date of submission of the application.
6. The recipient – cooperative must be registered as cooperative in the Central Registry before the date of submission of the application. Before submission of final claim for payment, the cooperative must be registered in the Central Registry for the economic activity subject to the approved investment/project.

6.2. Economic viability of the recipient

Aid can be granted to recipients which investment projects present prospect of financial/economic viability. The economic and financial viability shall be assessed on the basis of Technical Project Proposal (Simplified Business Plan) or Business Plan.

In the case of projects having a total budget bellow 80.000 euro, the prospect of financial viability must be demonstrated via Technical Project Proposal (Simplified Business Plan) containing perspective data on financing indicators in terms of generating sufficient income to meet the operating costs and debt commitments.

In the case of projects having a total budget exceeding 80.000 euro, the prospect of economic viability must be demonstrated via Business Plan.

The business plan must contain a detailed description of planned investments and activities (including marketing). Also, the business plan has to demonstrate in what way the implementation of the project will lead to the improvement of the overall performance of the business activity via presentation of prospect of financial and economic viability.

The recipient must demonstrate prospect of continuity of operations during at least five years following the realization of the investment. The assessment of the financial/economic viability and the prospect of continuity of operations shall be assessed by IPARD Agency. To ensure the selection of the highest quality projects in terms of financial/economic viability, the IPARD Agency in consultation with the Managing Authority may set lowest/highest values of assessment of economic and financial viability criteria.

The templates for the Technical Project Proposal (Simplified Business Plan) and Business Plan accompanied by guidance note for filling the templates and lowest/highest values of financial and economic viability criteria with the methodology of calculation shall be prepared and published by the IPARD Agency as part of the measure specific application packages.

6.3. National standards/EU standards

In relation to specific supported economic activity, the following minimum national standards will apply:

- For the investment project related to alternative agriculture production the requirements in national legislation for registration in Farm Register for alternative agriculture production will apply;

- For the investment project related to support processing of alternative agriculture products, food and beverages including processing of forest products the requirements in the national legislation for food safety will apply;
- For investment projects related to collection of forest products (other than processing of forest products) and logging, the requirement in the national legislation on forestry will apply;
- For the investment project related to support processing of non-food products the requirements in the national legislation will apply;
- For investment projects related to crafts the requirement in the national legislation on crafts will apply;
- For the investment projects related to support services for the agriculture, the requirement in the national legislation will apply;
- For the investment projects related to support services for the rural population the requirement in the national legislation will apply;
- For the investment projects related to rural tourism, the requirements in the national legislation for tourism, catering and food safety will apply;
- For the investment projects related to support production and sale of renewable energy, the requirement in the national legislation will apply.

Not later than at the end of the project (before a final clam for payment is submitted), the investment must comply with the main relevant national minimum standards in force. Thus for the purpose of this measure implementation, document confirming the respect of applicable national minimum standards forms an obligatory part of the final claim for payment submitted by the recipient to the IPARD Agency or obtained ex-officio by the IPARD Agency.

The documents assessing the compliance or confirming the respect of applicable national minimum standards shall be issued by the following responsible authorities:

– FVA for respect of public health according to the Law on food safety applicable for processing of alternative agriculture products, production of food and beverages including processing of forest products (food), and catering and Law on safety of cosmetic products for non-food investments and manufacturing and Law on veterinary health for investments in veterinary services under this measure; and/or

– Municipal environmental authorities or MoEPP for environmental protection standards according to Law on environmental protection; and/or

– MoE for processing of non-food products, rural tourism and catering, energy production plants from renewable resources subject to requirements in the legislation on energy; and/or

– Labour inspectorate at MoLSP for achieving the occupational safety standards.

The issued documents assessing the compliance of the investment/project with respect of applicable national minimum standards must be made on the basis of prior assessment of the project and on the recipient itself where appropriate.

Where deemed appropriate, the IPARD Agency may obtain the document assessing the compliance or confirming the respect of applicable national minimum standards administratively i.e. via access to electronic records or in written via request to the authorities

responsible for the standard concerned. The list of documents confirming the respect of applicable national minimum standards, which the IPARD Agency is obtaining administratively, shall form part of the Guidelines for recipients.

Full and updated list of all relevant national standards in force established by the Managing Authority with relevance to the eligible investment activities and priority sector under this measure is provided in Annex 15 to this Programme. The updated list shall form part of the Guidelines for recipients.

6.4. Other common eligibility criteria

1. The investments must be implemented on the property owned by the recipient. In case of investment projects, which take place in the property not owned by the recipient, contract or other supporting document must be submitted proving the right to use of the property concerned by the investment for period of minimum 7 years from the date of applying for support.

2. Recipient - shall provide certificate document for proven professional competences and skills by secondary education diploma or higher education or vocational education or vocational training by diploma/certificate.

Recipients that fail to meet the above skills and competences shall at the end of the investment provide training certificate issued by relevant vocational training institutions, educational and research institutions or public advisory services including the list of attended training modules with relevance to the investment.

3. At least one responsible person of the individual agriculture producer, legal entity or cooperative is permanently employed or is engaged under contract with duration not shorter than 5 years from the date of the submission of the application. In case of new investments (newly established company which has not submitted annual tax report or company which start with new economic activity) this requirement shall be achieved prior the submission of final claim for payment.

7. Specific Eligibility Criteria

1. Projects concerning investments in construction/reconstruction of buildings for rural tourism purposes should be carried out adopting the traditional architecture style or to follow the architecture style that fits the landscape (surrounding area) demonstrated via technical drawings designed by an authorized architect and elaborated in the Business Plan.

2. In case of investments in rural tourism and/or catering are being proposed by natural person, the capacity achieved for indoor accommodation must be not more than 10 rooms to accommodate maximum 20 people (excluding additional beds for children), for outdoor accommodation the capacity achieved must be maximum 10 accommodation units or to accommodate 30 guests (excluding additional beds for children) at once and to serve 50 people for catering.

3. In case of investments in rural tourism and/or catering are being proposed by legal entity, the capacity achieved for indoor accommodation must be not more than 20 rooms to accommodate maximum 30 people (excluding additional beds for children), for outdoor

accommodation the capacity achieved must be maximum 15 accommodation units or to accommodate 30 guests at once (excluding additional beds for children) and to serve maximum 150 guests for catering.

4. In the case of investment in a sector renewable energy, the investment is considered eligible when the (theoretical) power capacity of the renewable energy plant ("the investment") exceeds the 3 years-average (self-) consumption of the recipient.

5. In case where the renewable energy investment is an integrated part of a project (for example solar panels in rural tourism), the "self-consumption" limit does not apply and does not need to be checked.

6. In the case of new investments or in the case of business activities which have substantially changed the size of their operations in the last three years, the expected consumption should be estimated by the IPARD Agency. The same concerns expected power consumption increases due to the new investments to be made as part of the same application by the potential recipient.

7. The recipients applying for investments related to alternative agriculture production at the end of investment but before submission of final claim for payment must be registered depending of the alternative agriculture production as follows:

- In the farm register for cultivation of mushrooms and truffles (MAFWE);
- In the farm register for cultivation of flowers and flower buds, decorative plants (MAFWE);
- In the register for nurseries/seed and sidling material (MAFWE);
- In the register for other species of animals (rabbit, snail, bees, poultry (ducks, geese, turkey, capercaillie, ostriches and emus and guinea fowls) (FVA);
- In the register for game animals (FVA);
- In the farm register for cultivation of herbs, seeds, and other spices and aromatic crops;
- In the farm register for plantations of trees for timber and bio-mass (fast growing).

8. Eligible expenditure

The support is granted for investments in physical assets of alternative agriculture production and for on farm processing of alternative agriculture products. Support will be granted to investments proposed for diversifying the economic activities in rural areas related to forestry and food processing, which are not supported under measures “Investments in physical assets of agricultural holdings” and "Investments in physical assets concerning processing and marketing of agricultural and fishery products".

Investment support under this measure also concerns manufacturing, provision of agriculture and rural services, development of crafts activities, catering and rural tourism.

Support will also be granted for production and sale of energy from renewable resources (biomass, bio fuel, wind and solar).

The areas of support are presented in detail in the following sub-sections of this section:

8.1. Eligible activities and examples of eligible investment

The measure is open to areas of diversification and business development, as follows:

1. **Alternative agriculture production (not supported under measures 1 and 3),** including
   - cultivation of mushrooms and truffles;
   - horticulture (nurseries and cultivation of flowers and flower buds, decorative plants, trees);
   - melliferous trees (for honey production), trees for timber, short rotation coppice and other fast-growing tree species for bio energy purposes;
   - production of seed and seedling material;
   - rabbit breeding;
   - snail breeding;
   - breeding of birds for eggs and meat – ducks, geese, turkey, capercaillie, ostriches and emus and guinea fowls;
   - raising of game animals;
   - bee-keeping;
   - cultivation of herbs, seeds, and other spices and aromatic and pharmaceutical crops;
   - plantations of trees for timber and bio-mass (fast growing).
2. **Processing of alternative agriculture products (not supported under measures 1 and 3)**
   - processing and marketing of mushrooms and truffles;
   - slaughtering, processing and marketing of rabbit meat;
   - processing and marketing of snails;
   - slaughtering, processing and marketing of birds for meat – ducks, geese, turkey, capercaillie, ostriches and emus and guinea fowls;
   - marketing (selection, package, labelling etc.) of eggs from – ducks, geese, turkey, capercaillie, ostriches and emus and guinea fowls
   - slaughtering, processing and marketing of game animals;
   - processing and marketing of honey and bee-keeping products;
   - processing and marketing of herbs, seeds, and other spices and aromatic crops.
3. **Production of food products and beverages**
   Under this sector eligible is supporting of investments for production of food products and beverages for human consumption according to the Law on food safety, which are not eligible for support under measure 1 and measure 3.

4. **Manufacturing of non-food products (for all activities described in Annex 14 to this Programme)**
5. **Support of crafts activities** dealing with economic activities according to the Book of rules on defining the activities which can be performed by crafts.
6. **Support of services for the rural population, including**
   - repair and maintenance services;
   - landscape services;
   - pet care services;
   - residential nursing care services (homes for the elderly, convalescent homes, etc.);
   - child day-care services;
   - training and education centres for any profession, hobby or self-development purposes, sports and recreation, educational support services, IT centres;
   - transport services;
   - cinema, local broadcasting.
7. **Support of services to agriculture**, including
   - establishment and upgrading of veterinary services;
   - establishment and renovation of workshops for maintenance and repair of agriculture mechanisation, machinery and equipment;
   - establishment of services for renting agriculture mechanisation, machinery and equipment.

     Eligible recipient for establishment of services for renting agriculture mechanisation are legal entities, cooperatives and associative legal entities with headquarters in rural municipalities according to the Annex 1 of this programme.
8. **Support of rural tourism,** including
   - tourist accommodation - indoor accommodation (rooms, apartments, Bed&Breakfast, self-catering cottages) and outdoor accommodation (camping sites, bungalows, trailer camps);
   - catering service (cooking and serving food);
   - combined services – accommodation and catering service;
   - provision of tasting rooms/selling points for direct marketing of products;
   - rural museums (buildings and exhibition items expressing historical, natural, traditional, educational, agricultural etc. amenities of the rural area, as well as botanical and zoological gardens);
   - provision of facilities for seminars and trainings, educational farms;
   - provision of recreational activities for tourists.

9. **Production and sale of renewable energy,** including

- processing of plant and animal products from primary and secondary biomass, except biomass from fishery products;
- processing of agriculture products for bio-fuel production;
- processing of forestry bio-mass;
- production of energy from renewable resources (solar and wind).

Eligible expenditures shall be limited to:

- Purchase of building materials and elements for construction or reconstruction of buildings and facilities;
- Purchase of new machinery and equipment;
- Purchase of new agriculture mechanization;
- Purchase of perennials (other than hybrids).

(a) Non-tangible investments (linked to expenditures under point a)

- Achieving compliance with internationally recognized standards[99] such as:
  - Introduction of management systems in the enterprises (for example - ISO 9000:2005; ISO 9001:2000; ISO 14001:2004 (EMAS); ISO 900; ISO/TR 10013:2001; ISO 19011:2002; ISO 27001; including IT-based systems, etc.);
  - Preparation for certification under the HACCP (Hazard Analysis and Critical Control Point)[100];
  - Implementing Good Manufacturing Practices (GMPs) in enterprises.
- Acquisition of patent rights and licenses
- Computer software including software license
- Transportation and installation of the machinery and equipment (excluding repairmen)
- Construction/reconstruction services (including technical supervision)
- Planting/re-planting services

In addition, expenditures linked to the collective investments could be extended to additionally cover:

- Studies on the specification for the hygiene standards and the method of production of quality products;
- Product development and marketing study for new products or similar studies for other produce;
- Animation costs of not more than 10% for creating and running short value chain of a certain product delivered to a local supermarket.

[99] Investments for achieving compliance with internationally recognized standards, which are also obligatory under EU legislation, are eligible

[100] The certification under the HACCP is not eligible for support under the measure.

(b) General costs (linked to expenditures under point (a) and (b)

- Preparation of the technical documentation, construction plans and supporting studies
- Preparation of the business plan: cost calculations, analyses, market analyses, marketing analyses
- Preparation of environmental assessment
- Project management

(c) Cost for specific information and publicity activities at project level which are of the responsibility of the final recipients

- Billboards
- Plaques
- Stickers, etc.

The eligible expenditures shall be specified and detailed in the List of eligible Expenditures as accepted by the European Commission after the Decision for adoption of the Programme is issued.

Detail rules on eligibility of expenditures, non-eligible expenditures and rules of origin are specified in Section 8.1 of the Programme.

Examples of eligible investment

1. Construction or reconstruction of buildings and other immovable property used for the eligible economic activities (*such as for breeding/cultivation/processing/production buildings, storages, service buildings, accommodation, catering etc*.), auxiliary facilities (*for example raw material storages, material preparation facilities, selling points, sanitary requirements etc.),*including that used for occupational safety, for environmental protection (*for example waste treatment, biomass storehouses, immovable property for water/sewage treatment, etc.)* and equipment required.

2. Purchase and/or installing of new machinery, agriculture mechanisation and equipment/instruments, related to the eligible economic activity.

3. Purchase of specialised transport tanks and trailers for transporting raw materials and/or outputs (*such as cooling trailers for transporting production, transportation equipment for biomass*, etc.);

4. Purchase of perennial trees and plants (excluding planting seeds, seedling material and mycelium), including melliferous trees (for honey production), cultivation of herbs, seeds, and other spices and aromatic crops, trees for timber, short rotation coppice and other fast-growing tree species for bio energy purposes, decorative plants and decorative trees (including supporting installations);

5. Purchase and/or installing of new machinery and/or equipment for environmental protection (energy efficiency, controlled climate conditions, waste and by-product treatment and valorisation, water/sewerage treatment, processing of animal or plant primary and secondary biomass etc.), including for provision of electricity and/or heating using renewable resources;

6. Development of establishment's infrastructure including construction and reconstruction of intra-connection roads, pathways, installation of electricity supply, water-supply and sewage systems, pump stations, artesian boreholes, fencing etc. and improvement of outdoor areas on the property of the recipient to meet the needs for the economic activities and services.

7. Examples of eligible expenditures under collective projects are as follows: sharing facilities, machines, equipment and other infrastructure used for production or service processes so as to achieve the EU standards, establishing and developing short supply chains and local markets.

9. Selection criteria

In order to be sure that the investment meets the objectives of the measure the eligible projects will be granted points according the following priorities:

Priority shall be given to projects related to <u>environment protection</u>:

- Investment under priority sector for production and sale of renewable energy **(20 points)** OR
- Investment which includes eligible costs for production energy from renewable resources for the needs of the recipient **(15 points)**

SUB-TOTAL POINTS: max 20 points

Priority shall be given to projects related to <u>job creation</u>:

- Projects promoting self-employment and/or employment of members of family agriculture holding (**10 points**) OR
- Projects promoting job creation (employments) in rural areas (**5 points**)

SUB-TOTAL POINTS: max 10 points

Priority shall be given to projects implemented on <u>rural territory</u>:

- if the investment is located in municipalities with rural centres **(30 points)**
- located in rural areas that belong to a Planning Region that has development index between 60 - 80 (**10 points**) OR
- located in rural areas that belong to a Planning Region[101] that has development index[102] between 81 - 100 (**5 points**)

SUB-TOTAL POINTS: max 40 points

Priority shall be given to <u>recipients</u>:

- natural person representing family agriculture holding (**20 points**) OR
- cooperative register in the Central registry (**15 points**) OR

[101] Law on balanced regional development (Official Gazette no. 24/2021)
[102] Decision on classification of planning regions according to their level of development for the period from 2018 to 2023 (Official Gazette no. 234/2018)

- the legal entity is an associative legal entity undertaking collective investment (**10 points**)
- micro and small enterprises with headquarters in villages (**10 points**)
- natural person who are at least 18 and less than 40 years of age at the date when the application for support is submitted or women (or representative of the legal entity) (**10 points**)

SUB-TOTAL POINTS: 30 points

GRAND TOTAL POINTS: 100 points

Scoring will be used for selection of projects via ranking in cases when the requested amount for financing support in the received applications is beyond the available financial budget committed to this measure.

Reports on scored projects will be used for Programme monitoring purposes to assess if the projects submitted and approved are in accordance to the set of operational objectives for this Measure.

Projects with 0 points may be approved when the requested amount for financing support is below the available financial budget committed to this Measure and the eligibility requirements are fulfilled.

10. Aid intensity

Total public expenditure (75% EU funds + 25% national co-financing) will not exceed a ceiling of 60% of the total eligible costs of the investment.

It can be increased up to 70% for:

- investments made by young farmers and/or certified organic farmers,
- collective investments.

An additional 10% can be given for:

- investments related to effluent and waste management, renewable energy and circular economy-type investments (efficient reuse of waste materials).

For the above types of investments, maximum aid intensity cannot exceed 75%.

To receive support under this measure, the minimum total eligible expenditures proposed for the investment project is EUR 5.000.

The maximum total financial support to be granted to recipient under this measure is EUR 1.500.000 for the whole period of the Programme implementation.

The maximum financial support to be granted to newly established legal entities (legal entity which has not submitted annual tax report for the last fiscal year preceding the year of the public call) under this measure is EUR 100.000.

The maximum total financial support to be granted to single project under this measure is EUR 600.000.

Recipients may submit several projects under this measure during the Programme implementation period, provided that the maximum financial support is not exceeded and the final payment claim for previous project has been submitted. The next project contract will be signed once the implemented project is approved (authorized) for payment.

11. Indicative budget

Table 61: Indicative Financial Plan

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution			
	EUR	EUR	%	EUR	%	EUR	%	EUR	%
1	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2021	2.022.222	1.213.333	60%	910.000	75%	303.333	25%	808.889	40%
2022	4.977.778	2.986.667	60%	2.240.000	75%	746.667	25%	1.991.111	40%
2023	5.333.333	3.200.000	60%	2.400.000	75%	800.000	25%	2.133.333	40%
2024	6.666.667	4.000.000	60%	3.000.000	75%	1.000.000	25%	2.666.667	40%
2025	5.666.667	3.400.000	60%	2.550.000	75%	850.000	25%	2.266.667	40%
2026	8.000.000	4.800.000	60%	3.600.000	75%	1.200.000	25%	3.200.000	40%
2027	8.000.000	4.800.000	60%	3.600.000	75%	1.200.000	25%	3.200.000	40%
Total	**40.666.667**	**24.400.000**	**60%**	**18.300.000**	**75%**	**6.100.000**	**25%**	**16.266.667**	**40%**

12. Indicators

Indicator	Target value by 2027
1.1 Number of farms and agri-food processing enterprises supported by IPARD in modernisation	80
1.2. Total investment on farms and agri-food sector in modernisation	8 mill. EUR
2.1. Number of recipients of IPARD investment support in rural diversification and business development	200
2.2. Total invesment in rural diversification, business development and infrastructure (EUR)	40,7 mill. EUR
2.3. Number of new jobs created	300
2.4. Number of young farmers receiving IPARD support for investment	40
2.5. Number of supported producer groups/organisations	0
2.6. Number of farmers participating in supported Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes	0
2.8. Number of collective investments	2
3.1. Number of IPARD recipients with support in investments related to care for the environment or climate change	50
3.2. Number of IPARD recipients with support in investments in waste treatment or management	10

3.3. Number of IPARD recipients with support in investments in renewable energy production	2
3.4. Number of organic farms with IPARD support to investments	10

13. Administrative procedure

Minimum steps of the administrative procedure for implementation of this measure are elaborated in section 8.2 of this Programme. This measure will be implemented according to internal procedures for management and control established by the IPARD Agency, accredited by NAO and "entrustment of budget implementation tasks" by the European Commission.

14. Geographic scope

The investment supported under this measure must take place in the rural areas listed in Annex 1 to this Programme.

Measure TECHNICAL ASSISTANCE

1. Legal basis[103]

- Article 2(1) of the Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action
- Article 27(1) of the IPARD Sectoral Agreement;
- Annex 4 of the IPARD Sectoral Agreement.

2. Rationale

The measure covers the provision of technical assistance (TA) and supports costs associated with implementation of the Programme.

Technical assistance measure provides the resources required for effective management and implementation of this Programme. It will be used for actions related to the preparation, management, monitoring and evaluation, communication and networking activities, and control and audit functions of programme assistance only.

Overall, the objectives of this measure are to cover preparation, management, monitoring, evaluation, administrative support, information and communication, networking, and control and audit activities.

The technical assistance measure may also be used to support actions for the reduction of administrative burden for recipients and actions to reinforce the capacity of the national authorities and recipients to administer and use the funds.

These actions may concern preceding and subsequent programming periods.

3. General objectives

The general objective is to build-up modern public administration for agriculture and rural development in the country, respecting good governance principles and improve community development and social capital in rural areas.

3.1. Specific objectives

The aim of this measure is to assist in particular in implementation and monitoring of the programme and its possible subsequent modifications. In support of this aim, the objectives include:

- providing support for the monitoring and evaluation of the programme;
- ensuring an adequate flow of information and publicity;
- supporting studies, trainings, visits and seminars to improve the capacity of IPARD administrations and of recipients;
- providing support for external expertise;
- support for establishment and preparation of potential LAGs;

[103] Legal references will be updated once the adoption and conclusion of binding Agreements will be finalised.

- providing support for the improvement of the capacity of the national advisory services;
- improving the capacity of local entities (e.g. municipalities, regional entities) supporting the implementation of the IPARD programme;
- strengthening the national administrations managing the IPARD programme.

4. Linkage to other IPARD measures in the programme and national measures

This measure will provide coverage of technical assistance needs for all the measures of the programme.

In particular the support under this measure will complement the implementation of measures "Advisory services" and "Improvement of skills and competences" before their implementation starts, by supporting actions for the reduction of administrative burden for recipients and actions to reinforce the capacity of the recipients to administer and use the funds (trainings, advisory support etc.).

This measure is well suited for an implementation in close connection with the measure "Implementation of local development strategies - LEADER approach", as it will support activities for acquisition of skills and animating the inhabitants of LAG territories. This shall be done via organising meetings, holding seminars, trainings and capacity building of the potential LAG members and inhabitants of LAG territories, supporting information and promotion activities regarding the LEADER measure.

The scope of aid granted under this measure will not overlap with the scope of aid granted under the national support schemes for agriculture and rural development.

5. Recipients

The recipient under this measure is the Managing Authority. Other IPARD III entities and related bodies (operating structure, management structure, advisory services, technical bodies, potential local action groups (LAG's) and national rural (development) networks) can benefit from the Technical Assistance activities via the Managing Authority.

6. Common eligibility criteria

Eligible expenditure is based on real costs which are linked to the implementation of the co-financed operation and must relate to payments effected by the recipient, supported by receipted invoices or accounting documents of equivalent probative value[104]. Simplified cost options can also be used as an alternative for real costs.

All projects must be procured in accordance with the rules for external aid of the European Commission contained in the Financial Regulation. For this purpose, the application of PRAG could be adapted to the specificities of the beneficiary country. The implementation of the Technical Assistance actions shall be compliant with public procurement.

[104] 'accounting document of equivalent probative value' means any document submitted to prove that the book entry gives a true and fair view of the actual transaction in accordance with current accountancy law.

Eligible expenditure shall be reported in the context of the annual implementation report. The expenditure may be based also on flat rate amounts (such as per diem), in accordance with the terms and rates applied in the country for similar actions where no EU co-financing is involved. All expenditure as regards experts and other participants will be limited to those from and going to candidate countries and Member States.

For this measure actions financed or foreseen to be financed within twinning covenants or other projects supported under other IPA components will not be eligible.

Technical assistance to support the setting up of management and control systems is eligible prior to the initial "entrustment of budget implementation tasks", for expenditure incurred after 1 January 2021.

7. Specific eligibility criteria

N/A

8. Eligible expenditure

The following actions are eligible under this measure, provided that they are covered by an indicative 'Technical Assistance Annual plan', previously approved by the Monitoring Committee:

a) Expenditure on meetings of the monitoring committee, including the costs of all experts and other participants, where their presence is considered to be necessary to ensure the effective work of the committee.
b) Other expenditure necessary to discharge the responsibilities of the monitoring committee which falls under the following categories:
   - expert assistance to consider and review programme baselines and indicators;
   - expert assistance or advise to the monitoring committee concerning implementation and functioning of the monitoring arrangements;
   - expenditure associated with meetings and ancillary tasks of working groups;
   - seminars.
c) Expenditure on information and publicity campaigns, including costs of printing and distribution.
d) Cost of translation and interpretation of documents mentioned in the framework, sectoral and financing agreements and those requested by the European Commission.
e) Expenditure associated with trainings, visits and seminars for administration officials. Seminars supported shall require the submission of a timely written report to the monitoring committee.
f) Expenditure associated with "acquisition of skills" to prepare potential LAGs for the implementation of the measure "Preparation and implementation of local rural development strategies – Leader approach".
g) Expenditure associated with the preparation, reduction of the administrative burden for recipients or streamlining of implementation of measures in the programme to ensure their effectiveness, including pilot projects for those measures where entrustment/implementation is foreseen at a later stage.

h) Expenditure for evaluations of the programme.
i) Expenditure associated with the establishment and operation of a national network for rural development. This can also cover expenditure associated with the establishment of a national rural development network in line with the EU rules for Member States as well as the expenditure linked to participation in the European Network for Rural Development.
j) Expenditure associated with the purchase of IT equipment and software licences (up to 5% of the TA budget) for the purpose of IPARD implementation.
k) Expenditure associated with the implementation of a sustainable human resources policy in the IPARD III entities. Introduction of this expenditure can only be done after prior approval of the European Commission and may be limited in time.
l) Expenditure associated with capacity building of the national advisory services to perform tasks associated with implementation of IPARD.
m) Expenditure associated with the establishment and operation of pilot projects in setting up cooperation in short value chains and value chains for quality products.

The eligible expenditure may be further detailed in the 'list of eligible expenditure'.

Technical assistance should not be used for capacity building actions which are not linked to the administration and implementation of the IPARD programme.

9. Selection criteria

N/A

10. Aid intensity

Aid intensity, expressed as the share of public support in the eligible expenditures amounts up to 100%, where the EU contribution rate is 85% and 15% is national contribution.

11. Indicative budget

Table 62: Indicative Financial Plan

Year	Total eligible cost	Public expenditure					
		Total		EU contribution		National contribution	
	EUR	EUR	%	EUR	85%	EUR	15%
1	2=3	3=5+7	4=3/2	5	6=5/3	7	8=7/3
2021	-	-	-	-	-	-	-
2022	188.235	188.235	100%	160.000	85%	28.235	15%
2023	423.529	423.529	100%	360.000	85%	63.529	15%
2024	352.941	352.941	100%	300.000	85%	52.941	15%
2025	600.000	600.000	100%	510.000	85%	90.000	15%
2026	635.294	635.294	100%	540.000	85%	95.294	15%
2027	705.882	705.882	100%	600.000	85%	105.882	15%
Total	**2.905.882**	**2.905.882**	**100%**	**2.470.000**	**85%**	**435.882**	**15%**

12. Indicators

Indicator	Target value by 2027
Number of promotion materials for general information of all interested parties (leaflets, brochures etc.);	250.000 pieces
Number of publicity campaigns;	3
Number of expert assignments supported;	15
Number of workshops, conferences, seminars;	100
Number of meetings of the Monitoring Committee;	14
Number of studies on elaboration and implementation of Programme measures;	8
Number of Programme evaluation reports;	5
Number of rural networking actions supported;	7
Number of potential LAGs supported.	15

13. Administrative procedure

The Managing Authority shall each year draw up indicative action plan for the operations envisaged under the Technical Assistance measure which shall be submitted to the IPARD Monitoring Committee for agreement. Each action plan, as well as its amendments, shall be the subject of a consultation with the European Commission prior to submission to the IPARD monitoring committee. The outline of the action plan is as follows:

ACTION	ACTIVITY	INDICATIVE DATE / NUMBER OF ACTIVITIES	ESTIMATED VALUE OF CONTRACT (in €)	TYPE OF PROCUREMENT PROCEDURE	INDICATIVE ALLOCATION OF EU FUNDS	
					% of total	in €

This measure will be implemented according to internal procedures for management and control established by the IPARD Agency, accredited by NAO and "entrustment of budget implementation tasks" by the European Commission.

All projects must be procured in accordance with the rules for external aid of the European Commission contained in the Financial Regulation. For this purpose the application of PRAG could be adapted to the specificities of the beneficiary country. However, public procurement may be done on behalf of the recipient by a centralized competent public authority.

On-the-spot verifications could be performed by alternative means, such as, photography, video, etc.

Where funding benefits the IPARD Agency, a segregation of duties will be ensured.

14. Geographical scope of the measure

N/A

15. Transitional arrangements

Technical assistance actions supported under the programming period 2021-2027 may concern preceding and subsequent programming periods. Therefore, the technical assistance allocated for the programming period 2021-2027 may be used to facilitate e.g. the closure of the preceding programming periods, especially as regards the ex post evaluations of 2014-2020 programmes or the preparation for the programming period post 2027.

Measure ADVISORY SERVICES[105]

1. Legal basis[106]

- Article 2(1) of the Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action
- Article 27(1) of the IPARD Sectoral Agreement;
- Annex 4 the IPARD Sectoral Agreement

2. Rational

The measure is designed to help farmers, forest holders and micro enterprises to make the best use of available IPARD support in order to improve the sustainable management, economic and environmental performance of their holdings. The measure will also stimulate knowledge exchange and innovation, and help promote social and economic inclusion by supporting in particular smaller farmers and microenterprises performing activities in rural areas and promote a transition to sustainable and climate friendly food economy, more innovative solutions or collective efforts.

The country has been supported by a number of donor projects over the last decade or more which have assisted in elaborating various strategies and models to develop advisory services, each of which resulted in enhancement of advisory service provider capacities through a wide range of training, information and resourcing, targeted at both public and private advisors. A pool of trained experts and service providers were developed throughout the country as a result of these interventions, which now represent an important resource base upon which the future development of an effective advisory service can be based.

During the last period agricultural advisory services in the country have been mostly dominated by the National Extension Agency (NEA), which is the main public agency focusing on farmer support. The services offered, both in type and quality have been limited so far, primarily due to constraints in funding and trained expertise.

In the past experience of IPARD I implementation, the performance of the public and private advisory services has been pointed out as very weak or absent in providing quality support to potential recipients. Weak advisory services were being also identified as one of the main reasons for high rejection rate by the IPARD Agency and one of the factors for de-commitment risks. This situation, however, to a certain extant has been improved under the IPARD II implementation. Absence of proper information and communication, qualified staff and organizational structure of the advisory services as well as lack of on-going training and information exchange are still identified as areas to be improved.

Findings demonstrated that the models in place, the delivery mechanisms adopted and the types of advice offered are still not sufficiently effective, sustainable or viable to support current and

[105] The measure description is provided for informative purposes as it is not entrusted yet. It's amendment could be required before submitting it for the entrustment.
[106] Legal references will be updated once the adoption and conclusion of binding Agreements will be finalised.

evolving agricultural and rural development needs in the country and in order to advise on the best use of IPARD funds that could complement such needs.

In this regards, the advisory service measure will be an effective tool to address these challenges by investing in the advisors on the proper processes for IPARD application preparation, project management and support whilst ensuring a sound knowledge of the opportunities arising from the various measures within the programme so that they can adequately advise farmers and other measure recipients on appropriate investment plans, project proposals and observation of National and EU obligatory standards.

Knowledgeable advisors are the key for a successful service and thus the provision of training will be a very strong component under the Technical Assistance measure, in order to ensure a quality-based advisory service through skilled expertise. This will enhance the quality, type and effectiveness of the advice offered.

3. General objectives

The Advisory Service Measure will contribute to the overall IPARD objectives through the development of the human and physical capital, increase the ability of the agricultural sector to cope with competitive pressure and market forces as well as to progressively align with the Union standards, while pursuing economic, social and environmental goals in the balanced territorial development of rural areas. It will facilitate business development, growth and employment in rural areas, improve farmers' position in the producers` organization and in the value chain and attract young farmers. The measure will also contribute towards climate change mitigation and foster sustainable management of natural resources.

The measure is complementary to the general and specific objectives set out in the National Agricultural and Rural Development Strategy for 2021-2027 (NARDS).

3.1. Specific Objectives

The specific objectives of the measure have been defined as a result of various needs assessments and gap analysis undertaken by the Managing Authority as part of the measure design process. On the basis of these findings the measure will:

i) Provide advice to ensure a wider uptake of IPARD funds through better quality and diverse projects for the selected measures to the benefit of a spectrum of sectors and farmers, forest holders and micro enterprises operating in rural areas;

ii) Reinforce the advisory services, and in particular public organisations and their involvement in the agricultural knowledge and innovation systems (AKIS) as well as strengthen their connections with research and end users (farmers and rural businesses) within AKIS.

iii) Contribute to economic development, competitiveness and sustainability of those farmers and enterprises active in agriculture;

iv) Support a gradual integration of National and EU Standards related to agriculture and rural development and other relevant minimum obligatory conditions in the country.

4. Linkage to other measures in the program and to national measures

4.1 Complementarity with other measures

The advisory service measure is considered as a horizontal measure relevant in contributing towards a more effective implementation and uptake of a number of measures under this programme. Along with the "Improvement of Training", this measure contributes towards the development and knowledge transfer in agriculture and rural areas.

The main aim of the measure is to facilitate the access to finance for potential IPARD recipients under the "Investments in physical assets of agricultural holdings" measure.

This scope of advisory services support may be extended once the following measures are introduced under the programme and/or entrustment of budget implementation tasks is received by the European Commission:

- Support for the setting-up of producer groups;
- Agri-environment-climate and organic farming;
- Establishment and protection of forests.

4.2 Demarcation with other IPARD measures

"Improvement of skills and competences" and "Innovation and knowledge transfer" measures

The demarcation between the advisory services and the above two "training" measures lies within the scope of the actions supported under each respective measure and respective recipients. Namely, the *Improvement of skills and competences* measure will focus on (a) Vocational training and skills acquisition actions; (b) Demonstration projects and (c) Short-term farm and forest management exchanges and farm and forest visits, while the *Promotion of cooperation for innovation and knowledge transfer* measure will aim to ensure sustainable development of cooperation among different stakeholders and promote innovation in sectors covered by IPARD Programme through Innovation partnership (IP) Operational Groups.

The Advisory Service measure will alternatively focus on the provision of advice. All services provided will be structured to ensure that any information and/or training is provided as a bi-product, to complement and support the delivery of the main advisory topic/issue. In the case of group advice the focus will be advice on meeting the obligations arising from EU and National mandatory standards and specific technical issues which are of a common interest to small groups of farmers, while the one-to-one advice will support recipients to apply for funds under the IPARD measures. These actions will not be covered under the above mentioned "training" measures. Thus, whilst complementary to each other there is a clear demarcation between the three measures. In addition, the *Technical Assistance* measure will provide support for the improvement of the capacity of the national advisory services to be able to provide advice under this measure 10 'advisory services' in IPARD programme.

Agri-Environmental-Climate and Organic Farming Measure

Recipients under the Agri-Environment-Climate and Organic Farming Measure (AEMs) can seek support under the advisory services measure. This support will primarily ensure that the

land managers are adequately informed on the measure obligations and commitments especially when it comes to meeting of EU and National Standards. This service will assist in reducing the incidence of infringements arising from non-respect of minimum standards. Calculation of the premiums under the AEMs will not include costs for receipt of advice, thus there is no risk of double funding.

General Cost support under IPARD

The IPARD programme allows for support of general costs such as architects, engineers and consultancy fees together with feasibility studies, the acquisition of patent rights and licenses. On the other hand the advisory service measure will not cover costs or services of the above with the exception of consultancy services that support the preparation of a technical project proposal or a business plan (including project management costs). The Agency for Support of Agriculture (NEA) is not an eligible beneficiary under the General Costs. In this regards requests for support in relation to similar activities eligible under general costs will not be possible. There is no risk of double funding for group advice, as this type of action is not supported under general costs.

National Programme Measures

For ensuring demarcation and complementarity of the advisory service measure with the measures supported under the National Programme the provisions and methodology described in Section 10 of this programme shall apply.

5. Final Recipients

5.1. Types of recipients

The recipient of support (in terms of the reception of funds) under this measure will be the "Agency for Supporting the Development of Agriculture" also referred to as the National Extension Agency (NEA) established by means of the Law on Establishment of an Agency for supporting the development of agriculture (Official Gazette no. 3/98, 43/14, 64/18 and 27/19). While private firms and consultants are not eligible, the private extension services sub-contracted by the Ministry as a part of national advisory system can be eligible.

5.2. Types of actions

Sub-measure – Provision of Advice

Advice will cover the support required to improve the economic, agricultural and environmental performance of farmers and micro enterprises. This will be offered following the "**One-to-one" advice** approach.

A. "One-to-one" advice will offer two advisory packages. The first package will support the preparation of applications for the IPARD measure "Investment in Physical Assets of Agricultural Holdings". The second package will support contracted projects under the same measure to ensure a successful project implementation. The services on offer under each package will be constituted of the following activities:

Package A1: Preparatory Support for IPARD applications

This service will start with a mandatory preliminary check of the agricultural holding in order

to determine the eligibility of the project and recipient. This will start with a documentary check and in case eligibility is confirmed the service will continue with an on-site visit for a more detailed diagnostic of the situation in the farm followed by the preparation of an application for support under the respective IPARD measure.

Sub-Package 1a. Diagnostic of the Agricultural Holding: Services will include preliminary consultation regarding advisory service package (ASP) content and requirements, the definition of general farm data, assessment of compliance with National and EU standards related to the sector of activity and investment proposal, review of practices and technologies applied complemented with a screening of available resources such as labour, land, stock, machinery and equipment and structures. It will also include the development of an intermediate report containing: detailed findings, SWOT analysis, and final opinion and recommendations.

Sub-Package 1b. Preparation of the application: Services will comprise of drafting of the application form, technical project proposal or business plan (as required), verification of completeness and eligibility of required supporting documentation and other support required in case of clarification required by the IPARD Agency. It will also include development of final report for provided package through updating of intermediate report.

Package A2: Support for IPARD Post-Contract Management

This second one-to-one package will support contracted recipients under the "Investments in physical assets of agricultural holdings" measure with project management and support. The services offered will ensure a correct and timely implementation of the project including preparation of payment claims to the IPARD Agency. The focus will be that the realization of the investment is in line with the relevant national and EU standards.

The service will include analysing and maintaining of a project file with all relevant project implementation documentation, support and supervise the execution of the project in line with the contractual obligations and approved project proposal, prepare project intermediate progress report/reports, support the preparation of payment claims and assist recipients during on-the-spot controls carried out by the IPARD Agency prior to the signing of the contract and before finalization of the investment. It will also include development of final report for provided packages through updating of intermediate report/reports.

Sub-measure – Group Advisory

Advice will cover the support required to improve the economic, agricultural and environmental performance of farmers and micro and small enterprises in the rural areas and will prioritise sectors supported in the IPARD programme and the participation of young farmers and producer organisations (e.g., on joint use of production infrastructure, processing, quality products and short value chains). This will be offered following the "**Group advisory" advice** approach.

B. "Group Advice" will comprise of two advisory packages. These will comprise of both technical and practical hands-on advice where participants will have the opportunity to visualize and share experiences and opinions on good practices and approaches.

Package B1- Sustainable Agriculture

The services will comprise of advice for potential recipients of the "Investments in physical assets of agricultural holdings" measure. The service will focus on advice on obligations emanating from National and EU standards relevant to the "Investment in in physical assets of agricultural holdings measure and Cross Compliance obligations and will be linked to the findings from the diagnostic of the agricultural holdings undertaken as part of the one to-one service. Farmers may receive further advice and support to deal with compliance issues and challenges and to become more aware of the relationship between agricultural practices and management of farms on the one hand, and standards relating to the environment, climate change, good agricultural condition of land, food safety, occupational safety, public health, animal health, plant health and animal welfare on the other.

Package B2 – Advice on new techniques, technologies or processes in Agriculture

The services under this package will focus on agricultural and economic issues surrounding those sectors that are eligible under this programme. In this case farmers encountering common issues can make a joint request for advice, which will be addressed through a group advisory session specific to the issue. Examples of tailor made advice include milk hygiene, land fragmentation and consolidation, diversification of agricultural activities, etc.

Further details on each advisory service package are presented in Annex 17 of this programme.

6. Common Eligibility Criteria

The following are the conditions that will have to be met by the Agency for Supporting the Development of Agriculture (NEA). These requirements have to be demonstrated as part of an Annual Implementation Programme that will have to be prepared by the agency and submitted for approval by the Managing Authority on an annual basis. The Managing Authority will elaborate the details of the Annual Plan and respective supporting documentation to be presented for assessment as part of separate guidelines.

In principle the eligibility will be verified on the basis of the following elements:

1. Qualifications of advisors:
    i. University Degree in one of the following: agriculture (agronomy and/or livestock production), economy or management which have to be proven by copies of original certificates;
    ii. The Managing Authority will assess the eligibility of the advisors. This will be done as part of the evaluation of the Annual Implementation Programme;
    iii. Advisors will be obliged to attend training offered under the Technical Assistance measure. The Managing Authority will inform the agency of the contracted service providers for the training of advisors so as to ensure participation of all the advisors in the training courses on offer;
    iv. A certificate of attendance will be provided to each advisor completing the training. The IPARD Agency will verify this obligation as part of the on-the-spot controls on the agency.

2. Number of Advisors:

   i) The list of advisors who may be used to deliver the services supported under this measure will be notified to the MA as part of the Annual Implementation Programme;
   ii) In case there is a need to replace advisors the Agency (NEA) may do so without the need to notify the Managing Authority or IPARD Agency. It must however ensure that the minimum qualification requirements are respected and that the overall number of advisors as stated in the Annual Implementation Programme is maintained. Compliance with these requirements will be verified as part of the on-the-spot controls undertaken by the IPARD Agency on NEA prior to authorize payments to the Agency.

3. Capacity of the organization to provide the advice:

   i) The Managing Authority will assess the capacity of the service providers on an annual basis. The assessment will be based on the Annual Implementation Programme that will be prepared by the agency. The programme shall include as a minimum information on the following:

      - The internal set-up and structure of the agency;
      - The Internal rules for implementation of NEA activities under the measure;
      - The List and description of qualification of advisors who may be used to deliver the services supported under this measure;
      - Resources and facilities to deliver the services e.g. transportation, premises, IT, etc.;
      - Template of report for providing advisory services;
      - Template for application form by recipients who want to receive advisory service;
      - Template of registers which will be used by NEA;
      - Indicative training needs plan for advisors;
      - Communication plan to reach potential recipients of advice.

7. Specific eligibility criteria

In the case of "One-to-One" Advice the following conditions are to be met:

1. One-to-one advice can only be conducted to eligible recipients as defined under the Measure "Investment in Physical Assets on Agricultural Holdings";
2. The preliminary check of the project proposal and the recipient are mandatory. Upon confirmation of eligibility, the service may pursue with detailed diagnostic including an on-site visit and the preparation of the application;
3. Advice will be provided to those recipients whose total project value does not exceed €300.000. For the purpose of this measure a small project will be considered to be of a total value not exceeding €80.000 whilst a medium sized project will be up to a maximum of €300.000.

In the case of Group Advice the following conditions are to be met:

1. Group advice on National and EU standards is limited to potential recipients of the measure "Investment in Physical Assets on Agricultural Holdings". The service will focus on addressing the needs identified during the farm diagnostic;
2. Farmers who are not applying for the Investments in Physical assets measure may still request group advice on "Package B2 – Advice on New Techniques, Technologies or Processes in Agriculture". The topic for advice must be linked to a common issue pertaining to a group of 3-5 farmers.
3. Recipients of Group advice can only attend once for the same type of session and up to twice per year for "Package B2 – Advice on New Techniques, Technologies or Processes in Agriculture" sessions.
4. In order to facilitate and encourage farmers to come forward for group advice the Agency for Supporting the Development of Agriculture (NEA) must organize group advisory sessions in the proximity of where the eligible recipients reside (60km for both outbound and inbound journeys). This will be verified on the basis of the residential address of the participants in comparison to the site where the training will be delivered.

8. Eligible expenditure

The following is a description of the type of eligible expenditure and type of support for Group and One-to-One advice:

A standard unit cost will be applied for all services offered under both group advice and one-to-one advice. The rate is a combination of standard costing's and a flat rate application in line with the rules for simplified cost options.

The standard cost for both Group and One-to-One advice will comprise of the following elements:

(i) Advisor fee (Labour cost per hour)
(ii) Travel costs for advisors (per Km)
(iii) Travel cost for participants in the case of Group Advise (per Km)
(iv) Materials (Paper and printing costs for delivery of the services) (Unit rate per paper);
(v) Couriers and delivery services costs;
(vi) Lunch and coffee break costs for participants in the case of Group Advise

In addition to the above and according to EU Guidance on Simplified Cost Options (SCOs) a flat rate of 15% of the value of the fees (labour cost) will be included as part of the overall cost of the package. The flat rate will support administrative and organizational costs linked to the delivery of the advice. This flat rate will cover expenses linked to postal services, telephone and mobile calls, renting of facilities, management costs, costs for the staff, which is not directly connected with activity, printing of materials for information and publicity of the services, amongst other needs.

In line with the provisions of the Sectoral Agreement an independent body has duly verified the adequacy and accuracy of the calculations. The methodology including explanation of the applicable rates per package and the certification of costing's presented in Annex 17.

Advice shall be free of charge to eligible recipients of the Investment in Physical Assets on Agriculture Holdings measure of this programme.

9. Selection criteria

Since there is a single recipient under this measure, the NEA has to submit an Annual Implementation Programme with all the supportive documents (on annual basis, until 15th December at latest for the following year) to IPARD Managing Authority. The content and structure of the Annual Plan and respective supporting documentation will be a part of separate guidelines prepared by the IPARD Managing Authority. Assessment of the Annual Programme will be conducted by Evaluation Committee (MA staff) appointed by the Head of MA. The basic criteria that have to be checked are number and qualifications of the advisors and the capacity of NEA for providing the services.

10. Aid intensity

The Public contribution (EU + National share) to this measure will amount to 100% of the total eligible expenditure. The EU contribution amounts to 85%, whilst the Government of North Macedonia will contribute the remaining 15%. There will be no private co-financing.

The standard rates applicable for each package will be as follows:

Package №	Description	Total Standard Cost for the delivery of one package (EUR)
A 1	1.1. Preparation of an application for projects with a value up to €80.000 which comprise only of investments for the purchase of agricultural machinery and equipment including irrigation facilities and equipment, trailers and vehicles in line with the eligibility requirements set in Measure - Investment in Physical Assets of Agriculture Holdings;	**302**
	1.2. Preparation of an application for projects with a value equal or above €80.000 which comprise only of investments for the purchase of agricultural machinery and equipment including irrigation facilities and equipment, trailers and vehicles in line with the eligibility requirements set in Measure - Investment in Physical Assets of Agriculture Holdings;	**350**
	1.3. Preparation of an application for projects with a value up to €80.000 including only or partially investments for construction or reconstruction activities, development of the agricultural holding's infrastructure and planting/re-planting of perennial trees and plants;	**334**
	1.4. Preparation of an application for projects with a value equal or above €80.000 including only or partially investments for construction or reconstruction activities, development of the agricultural holding's infrastructure and planting/re-planting of perennial trees and plants;	**449**

Package №	Description	Total Standard Cost for the delivery of one package (EUR)
A 2	2.1.Support contracted recipients under Measure - Investment in Physical Assets of Agriculture Holdings with project management and implementation including preparation of payment claims to the IPARD Agency - for approved projects for investments for purchase of agriculture machinery and equipment including irrigation facilities and equipment, trailers and vehicles;	**237**
	2.2. Support contracted recipients under Measure - Investment in Physical Assets of Agriculture Holdings with project management and implementation including preparation of payment claims to the IPARD Agency - for approved projects including only or partially investments for construction or reconstruction activities, development of agricultural holding's infrastructure and planting/re-planting of perennial trees and plants.	**366**
B 1	Group advice on National and EU standards for potential recipients of the Measure - Investment in Physical Assets of Agriculture Holdings for one of next sub-packages:	
	- Environment sub-package (**for one participant**);	**106.30**
	- Public health sub-package (**for one participant**);	**106.30**
	- Animal welfare sub-package (**for one participant**).	**106.30**
B 2	Group Advice on agricultural and economic issues surrounding those sectors that are eligible under IPARD (**for one participant**)	**106.30**

In case the project includes both (1.1 and 1.3) i.e. purchase of machinery/equipment and construction/reconstruction activities then the rate for package 1.3 shall apply. The same will apply for combined investment activities under 1.2 and 1.4 where the rate for 1.4 will be taken into consideration.

Note: (*) In case the project seeking support under the measure "Investment in Physical Assets of Agriculture Holdings" is approved (a decision for approval is signed by the IPARD Agency) the full amount of the reference standard cost rate is to be authorized.

If the recipient receiving advisory service support for preparation of the application for measure "Investment in Physical Assets of Agriculture Holdings" do not submit the application to the IPARD Agency, the total standard cost which will be paid to NEA will be decreased by 40%.

If the project under the measure "Investments in Physical Assets on Agricultural Holdings" is rejected because of insufficient budget the full amount of the reference standard cost rate is still to be authorized.

If the project under the measure "Investments in Physical Assets on Agricultural Holdings" is rejected because of ineligibility, no amount of the reference standard cost rate is to be authorized.

11. Indicative budget

Table 63: Indicative Financial Plan

Year	Total Eligible Cost	Total Eligible Cost			
		EU contribution (85%)		National contribution (15%)	
	EUR	EUR	%	EUR	%
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	352.941	300.000	85%	52.941	15%
2025	400.000	340.000	85%	60.000	15%
2026	423.529	360.000	85%	63.529	15%
2027	470.588	400.000	85%	70.588	15%
Total	**1.647.059**	**1.400.000**	**85%**	**247.059**	**15%**

12. Indicators

Indicator	Target
Number of recipients of group advice	1.000
Number of recipients of one-to-one advice	300
Number of advice provided on IPARD	100
Number of advice provided on Environment	60
Number of advice provided on Public health	60
Number of advice provided on Animal welfare	60

13. Administrative procedure

The implementation of the advisory service measure will follow the minimum steps of the administrative procedures elaborated in section 8.2 of this Programme. This measure will be implemented according to internal procedures for management and control established by the IPARD Agency, accredited by NAO and "entrustment of budget implementation tasks" by the European Commission. Specific arrangements for this measure will consist of the following:

- The Agency for Supporting the Development of Agriculture (NEA) will be the sole recipient of the sub-measure "Provision of Advice".
- The Managing Authority is responsible for the approval of the Annual Implementation Programme.
- The Managing Authority will sign contracts for both sub-measures.
- Service providers under both sub-measures will be subject to controls undertaken by both the Managing Authority and the IPARD Agency to ensure that the minimum eligibility conditions set in the measure and the tender terms of reference are fulfilled.
- Advisory service provider can present payment claims on a quarterly basis to the IPARD Agency who in turn will effect reimbursements on a regular basis.

- Verification of payment claims and controls by the IPARD Agency will follow the principles outlined in the EC guidelines on simplified cost options.

14. Geographic scope

The provision of advisory services to farmers will be eligible across the whole Country whilst in the case of enterprises this will be limited to rural areas in which they operate as defined under this programme.

9. NATIONAL RURAL NETWORK

The National Rural Network (NRN) in the country will operate in line with the national context and IPARD III Programme priorities, and the administrative and social culture of the stakeholders on local, regional and national level. The NRN will be a partner of MAFWE in determining the priorities in rural development and the changes that have to be made in operational policy with a view to improving the effect of its implementation; improving the dialogue with the civil society and expanding its participation in decision-making; as well as in the process of planning, programming, monitoring and implementation of the rural development policy.

Organizations and public authorities forming part of the NRN

The main principle for participation in the NRN is the organized and representative membership of the organizations and institutions engaged in sustainable local and regional development, promotion of employment and improvement of the quality of life in rural areas. The other main principle that predetermines the type of participants in the Network relates to the representation of all groups of potential recipients under the IPARD Programme.

Provisionally, the participants in the NRN will be organizations representing potential recipients under all 4 objectives of the IPARD Programme and the responsible administration:

a. competent national, regional, local, rural and other public authorities (the MAFWE, the IPARD Agency, NEA, other ministries and agencies related to the development of rural areas and municipalities' councils, etc.);
b. economic and social partners representing potential IPARD recipients and rural business (farmer associations, cooperatives, chambers, etc.); and
c. bodies representing civil society, including environmental partners, non-governmental organizations, education and research institutions and bodies responsible for promoting equality and non-discrimination.

Procedure and time schedule for establishing the NRN

The preparatory activities for the establishment of NRN started in 2015 under the provision of technical assistance financed by IPA TAIB for support to Managing Authority for establishment of NRN. The provision of extensive information about the opportunities presented by the NRN and thus motivation for actively joining in and participation of interested socioeconomic partners was promoted with the support of the technical assistance via 8 regional workshops. A concept for establishment of NRN was prepared and discussed during a dedicated Workshop held in May 2016 with the participation of the Managing Authority, other MAFWE services, NEA, rural stakeholders, local representatives and NGOs. Furthermore, the Concept for the establishment of the NRN needs to be updated outlining the thematic areas of work and Action Plan for 2021-2027.

The NRN will be open and transparent to enable the participation of all representative stakeholder organizations with a direct or indirect interest in rural development.

The procedure for participation in the NRN will be by open invitation and in public registry.

Management of activities related to NRN

The strategic decisions on activities related to NRN shall be made by the IPARD III Monitoring Committee. IPARD III Monitoring Committee shall decide on the type of information/communication means to be used, the forums to be run, the scope of thematic work to be performed under the auspices of NRN. These shall be set in an NRN action plan.

MAFWE, through the IPARD MA, will be responsible for overall implementation (management) of the NRN and the IPARD Network Support Unit (NSU) including: (1) launching the initial call for NRN members; (2) setting up an maintenance of the member database; (3) ensuring that adopted NRN strategy and work plan is in line with RDP priorities; (4) launching and managing the NSU contracts. The Managing Authority maintains the overall responsibility for the management of the network as this relates to use of EU funds. In that sense, a NRN Co-ordinator (contact point) from the Managing Authority staff will be appointed with a ministerial decision.

For operational coordination of the NRN activities an IPARD Network Steering Group (NSG) with advisory functions will be set up. The members of the NSG will be representatives of the Managing Authority, other MAFWE departments and relevant stakeholders. The Network Steering Group will be established by a Decision of the IPARD III Monitoring Committee upon proposal of the Managing Authority. Network Steering Group will have up to 15 members. A key function of the Network Steering Group will be to advice on and monitor the preparation and the implementation of the NRN Action Plan. The group will meet at least 4 times per year (chaired by the NRN coordinator) and, if necessary, may form smaller working groups that meet more frequently to address specific issues. The Secretariat will be provided by the NSU.

Technical support, operative and information coordination between the participants in the NRN will thus be carried out by NSU, which will provide the necessary human resources and expertise. NSU will be out-sourced to an external service provider(s) through a contract issued according to IPARD Technical Assistance measure procurement rules (PRAG) using a restricted tender procedure for services.

The NRN Co-ordinator will manage and control the core tasks of the IPARD Network Support Unit e.g. preparation and implementation of Action Plan, maintenance of basic website, management of membership database, organization of first Thematic Working Groups, publicity campaigns and materials, etc.

Eligible expenditure

The NRN operations will be financed from TA measure under this programme and the following types of expenditure will be covered:

- Preparation of the action plan and its implementation.
- Operative functioning of the NSU including establishment of communication means, exchanging platforms etc.;
- Selection of Networking service provider(s) to support the specific NRN tasks.

Budget for the NRN

The budget will be used to cover the costs needed to run the network and the costs for implementation of the Action plan (NSU tasks). The amount to cover the costs needed to run the network shall not exceed 25% of the overall NRN budget.

10. INFORMATION ON COMPLEMENTARITY OF IPARD WITH THE MEASURES FINANCED BY OTHER (NATIONAL OR INTERNATIONAL) SOURCES

10.1. Demarcation criteria of IPARD with support under other IPA III Programming Framework Windows or within the same Window

The closest interaction of this Programme is expected with the Programme and actions related to regional competitiveness in tourism, environment and transport. Close coordination shall be established between the Managing Authority, MoEPP, MoTC and the MoLS at programming level and with the IPARD Agency at project level (potentially exchanging data reports on selected project for funding).

Demarcation criteria in relation with the sectors environment, transport and local and regional competitiveness under IPA III Programming Framework Windows 3, 4 and 5 (3. Green agenda and sustainable connectivity; 4. Competitiveness and inclusive growth and 5. Territorial and cross border cooperation) will be based on the following main principles:

1) by type of territories concerned – urban/rural;
2) by the size of settlements / municipalities;
3) by type of recipients;
4) by type and/or the size of actions selected under each policy;
5) by establishment of administrative co-ordination mechanisms on programme level to ensure consistency.

The investment part of the regional competitiveness actions complements and has very close links with the priority areas "promoting balanced territorial rural development" and "transfer of knowledge and innovations in agriculture, forestry and rural areas" of this Programme (see section 6.3.3 and 6.3.4 of this Programme). The operations under local and regional competitiveness programme/actions will focus on improving the public education, health care, business related infrastructure on regional and national level which is outside the scope of interventions under this programme.

The general demarcation criterion for activities potentially falling within the scope of the regional competitiveness and this Programme will be by type of territory concern. The regional competitiveness actions will cover regions at NUTS 3 level (8 statistical regions) and in the urban agglomeration areas (cities and their surrounding settlements) while this Programme will cover the local administrative units at LAU 1 and LAU 2 (see list in Annex 1, Annex 2, Annex 3 and Annex 5 to this Programme).

Programmes related to environment actions, as defined under IPA III Strategic response for Window 3 - Green agenda and sustainable connectivity *(Thematic Priority 1: Environment and climate change)*, and this Programme support common actions in waste water collection and treatment and waste management systems. Thus the demarcation criteria between environment actions under IPA III and this Programme actions related to waste water and waste management

will be by the size of settlements and municipality and by the types of territories concerned. IPA III environment actions will support public investments in wastewater collection and treatment for large agglomerations (>10.000 population equivalents) in sensitive areas and their catchment areas and in compliance with the UWWT Directive 91/271/EEC[107]; and support investments in integrated waste management systems on regional level, compliant with the Waste framework directive 2000/60/EC[108]. This Programme will cover the administrative units at LAU 2 with up to 10.000 inhabitants according to the last population census (see list in Annex 5 to this Programme)[109].

Concerning the support related to climate change mitigation actions falling under the scope of IPA III environment actions and this Programme, the demarcation criteria will be by type of recipients and size of actions. Programmes related to environment will support the increase of renewable energy share and low-emission technologies, energy efficiency, disaster risk reduction activities and investments towards "greening" of the industry, while this Programme supports actions in introduction of renewable energy for own consumption of the recipients and investments in renewable energy plants with total eligible support of up to 1,5 mill EUR. Management of river beds and other flood prevention activities and landslides prevention outside the settlement areas may be foreseen under the environment actions to be implemented by MoEPP, as this Programme supports this type of activities at a level of a settlement in the scope of responsibility of the Municipality where the settlement is located.

Programmes/actions related to transport infrastructure, as defined under IPA III Strategic response for Window 3 - Green agenda and sustainable connectivity *(Thematic priority 2: Transport, digital economy and society, and energy),* and this Programme will support similar public actions which will be demarcated by type of action and/or the size of actions selected. Thus, actions related to transport infrastructure under IPA III will support large scale railway and road infrastructure projects including regional road infrastructure, motorways, main corridors, railways and connected infrastructure. This Programme will support investments in local road infrastructure and unclassified roads and other road infrastructure which is in the responsibility of the local self-governments as recipients. IPA III transport investments will be implemented by the state public enterprises responsible for road or railway public services or the MoTC, while under this Programme; municipalities will implement infrastructure projects for the benefits of the settlements, local businesses and overall local development.

Demarcation with IPA III actions related in particular to culture will be achieved by type of actions as this Programme will support investments in local facilities and areas of cultural interest for the settlements, and projects for cultural monuments of national importance on the entire territory of the country will be provided under the other IPA assistance related to actions for preserving the heritage.

[107] Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment

[108] Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy

[109] In case national population census is conducted in the period of duration of this Programme, the Managing Authority will revise the list in accordance to the results of the census not later than one month from the date of publishing of the official results by the SSO.

Actions potentially falling under IPA III Window 5: Territorial and Cross-border Cooperation are mainly related to environmental issues and increasing resilience to climate change, as well as tourism and cultural and natural heritage in bordering regions. In terms of environmental issues IPA III will promote investment to address specific risks and will strengthen civil protection mechanisms to ensure disaster resilience. As to tourism and cultural and natural heritage IPA III will promote a common, sustainable approach to enhance and sustainably utilize the natural and cultural heritage through public bodies / organizations / institutions, whereas recipients for tourism actions under the measures of this Programme can only be registered agricultural producers, natural persons dealing with economic activities in rural areas and rural micro and small enterprises for private tourism actions in rural municipalities.

Demarcation criteria in relation with the human resource development under IPA III will be based on the type of recipients and on the type and/or the size of actions selected.

The support for vocational training under this Programme is related to agriculture and forestry and it is only for agricultural producers, forest owners as well as for those employed in their holdings. All other types of vocational training will be supported by the IPA III actions (including for those employed in the food processing sector, and training needed to promote economic diversification in rural areas in sectors other than agriculture/forestry, independent of whether the person trained is involved in the agricultural/forestry sector or not).

Training activities for local and regional authorities regarding the general principles related to receiving financial assistance from the EU IPA funds, such as public procurement, audit trail, verification of expenditures, financial management and control, horizontal principles, etc. are included under the capacity building actions under IPA.

For the purposes of avoidance of double funding and effective management and monitoring of the IPA funds, the authorities plan to set-up Management Information System. The MIS is based on a client/server platform and provides access to all programme authorities (e.g. managing authorities, intermediate bodies, paying agencies, monitoring committee members) to the central project data base at the CFCD in the MoF. The system will be accessible by all institutions, participating in the management, implementation, monitoring of the EU financial instruments in the country.

Cross-representation of Managing Authority representatives and the various IPA Monitoring Committees will also be ensured, in order to facilitate co-ordination between the different programmes and EU financial instruments.

Concerning the technical assistance actions for capacity building under IPA related to agriculture and rural development, the MAFWE Department for EU integration is responsible for monitoring of contracts related to other IPA support granted for agriculture and rural development sectors and thus it’s responsible to cross-check the possible overlap in cases of request of the Managing Authority and the IPARD Agency. MAFWE Department for EU integration shall involve both the Managing Authority and the IPARD Agency in the process of planning of the IPA III assistance to largest extent possible as to avoid any potential overlap between the project actions and this Programme and to target the assistance to complement this Programme actions.

The Managing Authority is responsible to monitor the other related IPA activities in the agriculture and rural development sectors as to cross-check their complementarity and to avoid overlapping at Programme level.

10.2. Complementarity of IPARD with other donor and IFI's instruments

Concerning the related donor and IFI's activities in the agriculture and rural development sectors, the MAFWE Department for International Cooperation is responsible for monitoring of contracts and thus it's responsible to cross-check the possible overlap in cases of request of the Managing Authority and the IPARD Agency.

The Managing Authority is responsible to monitor the related donor and IFI's activities in the agriculture and rural development sectors as to cross-check their complementarity and to avoid overlapping at Programme level. For this purpose Managing Authority and MAFWE Department for International Cooperation shall exchange planning and programme information and ensure representation in the related steering or monitoring committees of projects and this Programme.

MAFWE Department for International Cooperation shall involve both the Managing Authority and the IPARD Agency in the process of planning of the donor and IFI's assistance to largest extent possible as to avoid any potential overlap between the project actions and this Programme and to target the assistance to complement this Programme actions.

The IPARD Agency will ensure that future double financing from donor and IFI's activities is avoided by stamping the received invoices or other financial documents with clear "IPARD" stamp by an authorised official before any payment is made under this Programme.

As regards employment of young people in North Macedonia, IPARD III could contribute to the implementation of the Youth Guarantee scheme that is implemented countrywide under the leadership of the Ministry of Labour and Social Policy. Particularly relevant in this context are measures "Implementation of Local Development Strategies – LEADER approach" and "Farm Diversification and Business Development". It will be important to coordinate with the Head of Labour Market Unit, who is a national Youth Guarantee coordinator, and to possibly contribute the work of the Expert Group and the Multi-stakeholder Group that are following the implementation of the Youth Guarantee.

10.3. Demarcation criteria and complementarity of IPARD measures with national policy

The scope of aid granted under this Programme will not overlap with the scope of aid granted under the national support schemes for agriculture and rural development. This shall be achieved at programme and at project level. Demarcation criteria under this Programme and national programme are drawn on the level of total eligible investment, particularly for the investment measures under the Programme (1, 3 and 7), whereby minimum level of investment is set under the Programme. Investments below this minimum level will be supported under the national programme.

The Managing Authority is responsible to monitor the related national policies in the agriculture and rural development sectors as to cross-check their complementarity and to avoid overlapping *at Programme level*. Whenever potential overlapping in applied measures is identified, the Managing Authority shall inform the Minister to avoid the situation.

The IPARD Agency is responsible for implementation of the national measures in agriculture and rural development. Thus it shall be responsible for the cross-checks in their data bases aiming at avoiding double-financing between the Programme and the national support schemes for agriculture and rural development *at project level*. Every project under the IPARD Programme, which potentially may fall under the scope of the national support schemes, will be checked for possible double financing before its approval (during selection of the project and before payments approval).

11. SUMMARY DESCRIPTION OF MANAGEMENT AND CONTROL STRUCTURES[110]

The operating structure to be established in accordance with Article 10 of the FFPA shall, for Rural Development Programmes, consist of the following separate authorities operating in close cooperation:
(a) the Managing Authority, being a public body acting at national level, to be in charge of preparing and implementing the programmes, including selection of measures and publicity, coordination, evaluation, monitoring and reporting of the programme concerned and managed by a senior official with exclusive responsibilities; and

(b) the IPA Rural Development Agency with functions of a similar nature as a paying agency in the Member States being in charge of publicity, selection of projects as well as authorisation, control and accounting of commitments and payments and execution of payments.

11.1. National IPA Coordinator (NIPAC)

The NIPAC is established in the capacity of the Vice Prime Minister responsible for EU integrations as the main counterpart of the European Commission for the overall process of: strategic planning, coordination of programming, monitoring of implementation, evaluation and reporting of IPA 2021 - 2027 assistance. According to Annex A of the FFPA, NIPAC shall:

(a) take measures to ensure that the objectives set out in the actions or programmes for which budget implementation tasks have been entrusted are appropriately addressed during the implementation of the pre-accession assistance.

(b) coordinate the drawing up of an evaluation plan in consultation with the European Commission presenting the evaluation activities to be carried out in the different phases of the implementation.

NIPAC shall also be responsible to endeavour that the IPA 2021 - 2027 administration takes all necessary steps to facilitate the implementation of the IPA 2021 - 2027 related programmes.

The implementation of the NIPAC functions are supported by Secretariat established within administrative department/unit in the Secretariat for European Affairs (NIPAC Secretariat).

11.2. National Authorisation Officer (NAO)

According to Article 9 of the IPA 2021 - 2027 Implementing Regulation[111], the NAO shall bear the overall responsibility for the financial management of IPA 2021 - 2027 assistance and for ensuring the legality and regularity of expenditure. The functions of NAO are designated in the capacity of nominated capacity of senior official within the Ministry of Finance.

The NAO shall act as the sole interlocutor with the European Commission for all questions relating to IPARD.

[110] Legal references and the text (if required) will be updated once the related Agreements will be adopted and concluded.
[111] Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 1529/2021 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA III)

The NAO shall assess any proposed changes in the implementing or paying arrangements of the operating structure and management structure. The NAO shall inform the European Commission, with copy to the Audit Authority, of any substantial change, including NAO's assessment, appropriate explanations, justifications and supporting documents for examination and approval in advance of their implementation.

According to Article 10 of the FFPA for the purpose of implementing the functions, NAO shall establish a management structure composed of an IPA Funds Management department and a support office for the NAO.

The IPA Funds Management department is a body located in the Ministry of Finance and has central budgetary competence and act as central treasury entity. The IPA Management Department is in charge of tasks of financial management of assistance under IPA, under the responsibility of the NAO. It shall support the NAO in fulfilling his/her tasks, in particular those of management of IPA 2021-2027 accounts and financial operations and shall be in charge of tasks of financial management of IPA 2021-2027 assistance, under the responsibility of the NAO.

The IPA Funds Management Department in particular is in charge of organising the bank accounts, requesting funds from the European Commission, authorising the transfer of funds from the European Commission to the operating structures or to the final recipients, returning funds to the Union budget following recovery orders issued by the European Commission and the financial reporting to the European Commission.

12. DESCRIPTION OF THE OPERATING STRUCTURE, INCLUDING MONITORING AND EVALUATION[112]

12.1. Description of the operating structure (Managing Authority and IPARD Agency) and their main functions

The operating structure to be established in accordance with Article 10 of the FFPA shall, for Rural Development Programmes, consist of the following separate authorities operating in close cooperation:

(a) the Managing Authority, being a public body acting at national level, to be in charge of preparing and implementing the programmes, including selection of measures and publicity, coordination, evaluation, monitoring and reporting of the programme concerned and managed by a senior official with exclusive responsibilities; and

(b) the IPA Rural Development Agency with functions of a similar nature as a paying agency in the Member States being in charge of publicity, selection of projects as well as authorisation, control and accounting of commitments and payments and execution of payments.

12.1.1. Managing Authority

Pursuant to the Law on Agriculture and Rural Development, MAFWE is responsible for management and coordination of the rural development policies.

The Department for management of IPARD funds within MAFWE is the administrative unit acting as Managing Authority (MA) of this Programme designated in accordance with Article 8 of the Sectoral Agreement and Article 10 of the FFPA, with main responsibilities for preparing and implementing IPARD Programme 2021-2027.

The Managing Authority is responsible for the efficient, effective and correct management and implementation of the Programme. The Managing Authority is particularly responsible for:

a. drafting of the IPARD Programme 2021-2027 and any amendments to it;
b. controllability and verifiability of the measures defined in the IPARD Programme 2021-2027 in cooperation with the IPARD Agency;
c. selection of measures in the IPARD Programme 2021-2027 under each call for application under the IPARD Programme 2021-2027 and their timing, the eligibility conditions and the financial allocations per measure, per call. The decisions will be made in agreement with IPARD Agency;
d. ensuring that appropriate national legal basis for IPARD Programme 2021-2027 implementation is in place and updated;
e. assisting the work of the IPARD Programme 2021-2027 Monitoring Committee, notably by providing the documents necessary for monitoring the quality of implementation of the IPARD Programme 2021-2027;
f. drawing up the annual, and after their examination by the IPARD Programme 2021-2027 Monitoring Committee, submitting to the European Commission;
g. setting up, maintaining and updating the monitoring, reporting and information system;

[112] Legal references and the text (if required) will be updated once the related Agreements will be adopted and concluded.

h. publicity of the Programme in compliance with Community publicity requirements;

The Managing Authority is responsible for providing secretariat functions for the Monitoring Committee and preparing documents needed for the work of the Monitoring Committee. It will draw up the Annual Reports for Programme implementation and final implementation reports and, following consultation with the IPARD Agency, after approval by the IPARD 2021-2027 Monitoring Committee, will submit them to the European Commission the National IPA Co-ordinator (NIPAC) and the NAO.

The Head of the Managing Authority is appointed senior official with exclusive responsibilities to perform the management functions for managing the IPARD Programme 2021-2027. The Secretariat of the Monitoring Committee is dedicated to unit within the Department for management of IPARD funds responsible for coordination of the Programme Monitoring Committee. The secretariat is operated by the Head of the Unit and is responsible to the Head of the Managing Authority. The secretariat is responsible for the overall operational coordination at Programme level and provides administrative support to the Monitoring Committee and to its Chairperson as well.

At the **operational level** functions of the Managing Authority are performed by Units in the Department for management of IPARD funds, organised to perform the management functions (programming, monitoring, evaluation, reporting, coordination of the work of the MC and publicity). The organisational structure of the Managing Authority shall be elaborated in the internal organisation rules of MAFWE adopted by the Minister. For the efficient work of the Managing Authority written operating procedures will be prepared and endorsed by Head of the Managing Authority to be approved by the Minister subject to obtaining previous approval (national accreditation) by the National Authorising Officer. The organisation and functioning of the Managing Authority shall be subject to accreditation by the National Authorising Officer according to set of accreditation criteria in the Sectoral Agreement.

The implementation of the Programme is carried out by the **Managing Authority and the IPARD Agency**. The **close cooperation between the Managing Authority and the IPARD Agency** and ensuring appropriate flow of information via Implementing Agreement signed by both Heads in which all concrete obligations/delegation/division of functions/activities concerning the implementation of the IPARD Programme 2021-2027 are described in detail. The content and periodicity of reporting by the IPARD Agency to the Managing Authority are also specified in the agreement.

Managing Authority is involved in the implementation of the measures “Implementation of local development strategies - LEADER approach”, “Improvement of trainings” and “Technical assistance”.

The obligations and responsibilities between the Managing Authority and the IPARD Agency in the implementation of certain measures under this Programme shall be subject to separate cooperation agreements.

The Managing Authority may delegate part of its tasks to another body. When parts of its tasks are delegated to another body, Managing Authority shall retain full responsibility for the efficiency and correctness of management and implementation of those tasks.

12.1.2. IPARD Agency

For the purpose of implementation of the IPARD Programme 2021-2027 and disbursement of funds, the Agency for Financial Support in Agriculture and Rural Development shall act as IPARD Agency. The IPARD Agency is established as an independent body of the state administration with a status of legal entity located in Skopje[113]. The Agency shall perform activities within its authorities on the basis of the principles of legality, competency, professionalism, responsibility, efficiency and transparency.

For the purpose of implementation of the IPARD Programme 2021-2027 the IPARD Agency shall receive an accreditation from the National Authorizing Officer and "entrustment of budget implementation tasks" by the European Commission. The manner and procedure on receiving accreditation from the National Authorizing Officer shall be closely regulated by the Sectoral Agreement and in national legislation, and the manner and procedure on receiving "entrustment of budget implementation tasks" by the European Commission shall be governed by bilateral agreements between the country and the European Union (Framework Agreement, Sectoral Agreement and Financing Agreements).

In accordance with Article 10 of the FFPA and Article 9 of the Sectoral Agreement the IPARD Agency shall carry out, inter alia the following implementing and paying tasks:

a. making calls for applications and publicising terms and conditions for eligibility;
b. selecting the projects to be implemented in accordance with the criteria and mechanisms applicable to the IPARD Programme 2021-2027, and complying with the relevant Union and national rules;
c. laying down contractual obligations in writing between the IPARD Agency and the final recipients including information on possible sanctions in the event of non-compliance with those obligations and, where necessary, the issue of approval to commence work;
d. making payments to, and recovery from, the final recipient;
e. execution of on-the-spot checks to establish eligibility both prior to and following project approval;
f. carrying out checks to ensure that the expenditure declared has actually been incurred in accordance with applicable rules, the products or services have been delivered in accordance with the approval decision, and the payment requests by the final recipient are correct. These checks shall cover financial, administrative, technical and physical aspects of operations, as appropriate;
g. follow-up action to ensure progress of projects being implemented;
h. reporting of progress of measures being implemented against indicators;
i. ensuring that the final recipient is made aware of the Union contribution to the project;
j. ensuring irregularity reporting;
k. ensuring that the National Authorising Officer, the National Fund and the Managing Authority receive all information necessary for them to perform their tasks.

[113] Law for establishing Agency for Financial Support in Agriculture and Rural Development, Official Gazette no. 72/07, 5/09, 43/14, 193/15, 39/16, 164/18 and 190/19

The IPARD Agency is managed by a Director, appointed by the Government. The appointment of the Director is made on the basis of his/her expertise and competence. The mandate of the Director is four years.

The functions of the IPARD Agency are divided into three core paying functions:

1. Authorization and control of commitments and payments - to establish that the amounts to be paid to a claimant are in conformity with the Union rules, including administrative control and control on-the-spot;

2. Execution of payments - to pay the authorized amount to the claimant (or his/her assignee), or in case of rural development, the Union and national co-financing part;

3. Accounting for commitment and payment – to record all payments in the IPARD Agency's separate accounts for IPARD expenditure in the form of an information system.

4. Debt management – to record all the due amounts in debtor ledger including irregularities.

In order to fulfil these functions, the IPARD Agency is structured in such a way as to provide a clear distinction of the rights and responsibilities at all operational levels and division of the four functions mentioned above.

12.2. Description of monitoring and evaluation systems, including the envisaged composition of the Monitoring Committee

The monitoring and evaluation system has the objective of providing to the institutions and stakeholders, engaged in the IPARD Programme 2021-2027 management and implementation, reliable information about programme outputs, results and impacts so as to enable them to take pertinent management decisions.

The progress, efficiency and effectiveness of the IPARD 2021-2027 Programme in relation to its objectives will be measured by indicators relating to the baseline situation as well as progress with regard to financial execution in accordance with Article 51 of the Sectoral Agreement.

Thus, monitoring will collect information about budgetary inputs, activities/investments financed and immediate project outputs. The indicators may be supplemented, where relevant, with limited number of additional indicators specific to the Programme.

The overall responsibility for the monitoring of the Programme will rest with the Department for management of IPARD funds, as Managing Authority and the IPARD 2021–2027 Monitoring Committee. Within the framework of the monitoring tasks Managing Authority and the IPARD 2021-2027 Monitoring Committee will monitor the effectiveness and the quality of the programme implementation and will report to the IPA 2021-2027 Monitoring Committee and to the European Commission on progress of the measures.

The monitoring activity will be based on the indicators presented in the Programme. The IPARD Agency will do the necessary arrangements to build up a monitoring system in such way to collect, control and ensure provision of project data (input/output/target) for monitoring purposes to the Managing Authority. The data collected by the IPARD Agency shall be transferred in an agreed compatible format to the Monitoring System at the Managing

Authority where the data shall be aggregated and monitoring indicator tables will be produced. The Managing Authority shall also instruct the IPARD Agency as regards the required monitoring data, definition of the data and periodicity of data submission. At the same time there should be agreed on the form and periodicity of data collection from the recipient by the IPARD Agency. Templates of tables for reporting the monitoring indicator will be provided by the Managing Authority to the IPARD Agency. Monitoring indicator tables required from the Managing Authority shall be provided by the European Commission.

With regard to context indicators, the Managing Authority will define, in consultation with the State Statistical Office and if necessary with other data suppliers the format, manner and periodicity of data collection and provision for the baseline indicators and rural area indicators. Support for surveys could be provided under the measure "Technical Assistance". As regards to the context indicators not fully available at the starting phase of the implementation of the programme, further efforts will be undertaken to include within the monitoring system some indicators which more fully capture the context, outputs, results and impacts of the Programme.

The IPARD Programme 2021–2027 shall be subject to ex-ante and ex-post and, where considered as appropriate by the European Commission, interim evaluations carried out by independent evaluators under the responsibility of the Managing Authority. Evaluations may be carried out at policy, strategic, thematic, sectoral, programme and operational level as well as at country or regional level. The European Commission shall develop evaluation methods, including quality standards and objective and measurable indicators to be followed by the Managing Authority.

The evaluations shall examine:

- the degree of utilisation of resources
- the effectiveness and efficiency of the programming
- the socio-economic impact and impact on the defined objectives and priorities.

In particular the effectiveness of the measures of the IPARD Programme 2021-2027 shall be assessed on the basis of their overall impact on:

a. contributing to the preparation of the country for the implementation of the acquis communautaire concerning the Common Agricultural Policy and related polices;
b. contributing to the sustainable adaptation of the agricultural sector and rural areas in the country
c. the objectives in the IPARD Programme 2021-2027.

The evaluations shall cover the goals of the IPARD 2021 - 2027 Programme and aim to draw lessons concerning rural development policy. They shall identify the factors which contributed to the success or failure of the implementation of the IPARD 2021 - 2027 Programme, including the sustainability of actions and identifications of best practices. Evaluation reports shall explain the methodology applied, and include an assessment of the quality of the data and the findings.

The evaluation of this Programme shall be performed with engagement of external evaluation expertise financed via the measure "Technical Assistance" and in accordance to Evaluation

plan to be developed by the Managing Authority according to Article 56 of the Sectoral Agreement. The evaluation plan will be submitted to the IPARD 2021-2027 Monitoring Committee no later than one year after the adoption by the European Commission of the IPARD Programme 2021-2027. The planned structure of the evaluation plan is:

- management and coordination of evaluation: management arrangements from the part of the Managing Authority on who to organise and conduct evaluation, description of procedures, actors
- evaluation topics (ex-ante, on-going for different highlighted topics, ex-post)
- data and information need description to fulfil the data need of evaluations, if no data available, arrangements to ensure the availability of data
- timeline: plan the time of the planned evaluations according to the planned phases of the implementation of the programme
- communication of the evaluations which should be made available for the public
- resources in terms of human resources, administrative needs and financial resources needed to ensure the implementation of the evaluations.

The Managing Authority will report each year on the results achieved under the evaluation plan to the IPARD 2021-2027 Monitoring Committee with copies to the Audit Authority. A summary of the findings and activities shall be included in the Annual Report of the Programme.

The quality and implications of evaluations will be assessed by the Managing Authority, the IPARD 2021-2027 Monitoring Committee and the European Commission and will be made public.
The data from the programme monitoring and the on-going and mid-term evaluation reports shall help the Managing Authority to prepare summary reports on the progress made in implementing the Programme.

Progress on implementation of the Programme will be reported to the European Commission annually through annual implementation reports, and in the frame of a final report prepared by the Department for management of IPARD funds and approved by the IPARD Monitoring Committee. The content of the reports will be in line with Article 59(5) of the Sectoral Agreement.

The annual reports shall be submitted by 30th of June each year, with the first one due by 30th of June, in the year following a full calendar year of implementation of the IPARD Programme 2021 - 2027. The annual implementation reports shall cover the previous calendar year and shall include data related to the calendar year before and the cumulative financial and monitoring data for the whole period of implementation of the IPARD Programme as well as aggregated monitoring tables.

The Managing Authority shall draw up a final report on the implementation of the IPARD Programme 2021-2027. The final report shall be submitted at the latest six months after the final date of eligibility of expenditure under the IPARD Programme 2021-2027 in accordance with Article 29(4) of the FFPA. The final report on implementation of the IPARD Programme

2021-2027 shall cover the whole period of implementation and will include the last annual implementation report.

12.3. The envisaged composition of the Monitoring Committee

The Managing Authority according to Article 52 of the Sectoral Agreement will establish the Monitoring Committee for IPARD 2021-2027.

The IPARD 2021-2027 Monitoring Committee (MC) oversees the effectiveness and the quality of Programme implementation with regard to Programme objectives and therefore shall examine the results of the IPARD Programme 2021–2027 in particular the achievement of the targets set for the different measures and the progress on utilisation of the financial allocations to those measures based on the information provided by the Managing Authority. In particular the MC:

- shall be consulted, within four months of the decision approving the Programme, on the selection criteria for financed operations. The selection criteria shall be revised according to programming needs;
- shall periodically review progress made towards achieving the specific targets of the programme, on the basis of the documents submitted by the Managing Authority;
- shall examine the results of implementation, particularly achievement of the targets set for each axis and ongoing evaluations;
- shall consider and approve the Annual Report and the Final Progress Report before they are sent to the European Commission;
- may propose to the Managing Authority any adjustment or review of the Programme aimed at achieving the set of objectives or improving its management, including its financial management;
- shall examine the evaluations of the IPARD Programme 2021-2027;
- shall consider and approve the plan of visibility and communication activities as well as any subsequent updates of the plan;
- shall be consulted on the technical assistance activities under the IPARD Programme 2021-2027. It shall consider and approve each year an indicative annual action plan for the implementation of technical assistance activities including indicative amounts for information purposes;
- shall consider and approve any proposal to amend the Programme financial plan.

The MC will be established by Government or Ministerial decision. The MC of this Programme will be established not later than three months after this Programme is adopted by the European Commission (i.e. from the date of issuing Commission Decision approving this Programme). The MC involves all key partners in rural development (with voting rights):

- Economic and social partners;
- Competent regional, local and other public authorities;
- The European Commission, at its own initiative, may participate in the Committee in an advisory capacity;
- Other appropriate bodies representing civil society, non-governmental organisations (including environmental organisations and those responsible for promoting equality).

The European Commission, the Operating Structure, the NAO and the NIPAC shall participate in the work of the IPARD 2021-2027 monitoring committee without voting right.

It is anticipated that the institutions members of MC of the IPARD Programme 2021-2027 will form the basis of the MC of this Programme. The MC will be chaired by appointed high official of MAFWE via Minister's Decision. Deputy Chairperson will be the Head of the Managing Authority.

The MC shall work according to its Rules of Procedure to be adopted on the constitutional meeting (provisionally to take place in spring 2022).

The MC shall meet at least twice a year, possibly in the spring and autumn. Ad-hoc meetings may be convened if there are urgent issues to be reviewed. At the spring meeting the MC shall review the progress achieved in the previous year and shall approve the Programme implementation report for that year. At the autumn meeting the MC will review the progress achieved by June 30th of the current year. If it is necessary for the MC to decide on any particular issue prior to the date of the next regular meeting, a written procedure shall be organized for the purpose.

The Managing Authority will publish all final outcomes of IPARD 2021-2027 Monitoring Committee meetings on the web-site of the Programme (www.ipard.gov.mk).

13. RESULTS OF CONSULTATIONS ON PROGRAMMING AND PROVISIONS TO INVOLVE RELEVANT AUTHORITIES AND BODIES AS WELL AS APPROPRIATE ECONOMIC, SOCIAL AND ENVIRONMENTAL PARTNERS[114]

13.1. Provision adopted for associating the relevant authorities, bodies and partners

In accordance with Article 55 of IPA III Implementing Regulation[115], programming of assistance in agriculture and rural development has to be prepared in close consultations with all appropriate interested parties (socio-economic partners as defined by the national legislation).

All appropriate interested parties for this Programme are competent state, regional, local authorities and other public authorities, the economic and social partners and any other appropriate bodies representing civil society, non-governmental organisations, including environmental organisations, minority group representatives, stakeholders and bodies responsible for promoting equality between men and women.

The process of preparation of the Programme was carried out under the competence of the Managing Authority in cooperation with the IPARD Agency and in continuous consultation with all relevant stakeholders.

A five-pronged approach is adopted for the process of consultation.

1) On-going consultation via permanent subsector groups

Permanent sub-sector groups are set up in accordance with Article 22 of the Law on Agriculture and Rural Development to provide a continuous and a structured way of side-by-side cooperation between the administration and partners to draft programming documents for agriculture and rural development. On-going consultation is done in written and on meetings. Secretariat support to these groups is provided by relevant MAFWE Departments (e.g. for arable crops, fruit and vegetable, for wine and grapes, for milk and meat, for eggs and poultry).

Consultation process of the programme preparation via permanent subsector working groups started in July 2021. Two rounds of meetings were organised. First round of meetings were with objective to define the SWOT and to consult the members on the updated sub-sector analysis. Second round of consultations was for the purpose of consulting on the first draft of measure fiches which were submitted in written to all members. The secretariat of the subsector groups for cereals, vegetables, horticulture, fruit, wine, honey,, milk and meat, eggs and poultry have provided a continuous and structured cooperation with the Managing Authority in drafting the programming document.

[114] Legal references and the text (if required) will be updated once the related Agreements will be adopted and concluded.
[115] Commission Implementing Regulation (EU) No. 447/2014 of 2 May 2014 on the specific rules for implementing the Regulation (EU) No 1529/2021 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA III)

Improved draft measure fiches have been sent for comments/suggestions to all members of the permanent subsector groups in the period from 15th to 31st of July 2021.

2) Stakeholder workshops

Stakeholder workshops were convened to debate and forge broad consensus on the core aspects of rural development policy in the period 2021-2027 and the programming document for IPARD 2021-2027. In the period from 19th to 23rd of July 2021, five stakeholder workshops took place throughout the country at which the preliminary conditions and requirements of the selected measures were discussed. Prior to the workshops, the draft measure fiches were sent to all invited participants (81). The workshops were intended for the agriculture producers and the rural population as potential recipients of measure "Investments in physical assets of agricultural holdings", "Investments in physical assets concerning processing and marketing of agricultural and fishery products" and measure "Farm diversification and business development". All socio-economic partners relevant for the subsectors of arable crops, fruit and vegetable, wine and grapes, milk and meat and eggs and poultry were participating. The workshop of 21th of September was specifically intended for the measure "Farm diversification and business development". On this workshop, chambers of commerce, tourism associations, craft associations, alternative agriculture production associations and representatives of local governments and bodies were invited. Additionally, during the workshop held on 21st of July 2021, the measure "Implementation of local development strategies - LEADER approach" was discussed with representatives of all 13 registers LAGs in North Macedonia, as well as representatives of potential LAGs to be registered, National Extension Agency and National Rural Network.

3) Public forums

A public forum on the draft Programme, through the National Convention on the EU, was held on 29th of September with participation of more than 50 participants representing various stakeholders – farmers associations, relevant NGOs, LAGs, cooperatives, scientific and educational bodies, Assembly of North Macedonia and governmental institutions.

4) The draft IPARD Programme 2021-2027 is published on the IPARD MA web-site[116] where the general public has an opportunity for comments on proposed measures, selected sectors, eligible investments, defined recipients, requirements and criteria for support, selection criteria, as well as proposed total minimum and maximum eligible investment per project/recipient. **Consultation via focus group discussions**

In the period July-November, 2021 round of focus group meetings, targeting the various sub-sectors to be supported by IPARD 2021-2027, were performed on a sector level meat, milk, cereals, fruit and vegetable, craftsmen, wine, etc. with participation of the economic operators – potential recipients of the assistance under this Programme.

5) Inter-government consultation

In the period of January – July, 2021 Managing Authority held separate meetings with IPARD Agency and NAO/NF on the developed Programme versions. Besides the meetings, the IPARD

[116] www.ipard.gov.mk

Agency provided detailed comments focusing on the measure fiches and general conditions (February 2021). The comments made by the IPARD Agency are taken into consideration.

The Programme strategy, financial plan and the selected measures have officially entered the inter-governmental consultations in September - October, 2021 together with the results from the overall consultation process. In addition, one workshop was held on 28th of September 2021, with participation of all governmental institutions relevant for the Programme.

13.2. Designation of the partners consulted – summary

Public authorities, economic and social partners, bodies representing civil society, including environmental partners, and education and research organisations, have been and will be further involved in the consultation process.

A detailed List of the consulted partners is presented in Annex 7 of this Programme.

Majority of the above mentioned consulted parties, were previously consulted on the following papers that have high relevance for the programme itself:

- all sub sectoral analyses relevant for the programme (October 2020 – June 2021);
- National Strategy on Agriculture and Rural Development 2021-2027 (November - December 2020); and
- IPA III Strategic Response (May 2020 – August 2021)

13.3. Results of consultations – summary

Summary of results from the consultations held so far, are presented in Annex 8 of this Programme.

14. THE RESULTS AND RECOMMENDATIONS OF THE EX-ANTE EVALUATION OF THE PROGRAMME

14.1. Description of the process

The Ex-ante Evaluation of the draft Programme was carried out in the period August 2021 - October 2021 by a team of international experts engaged under the Technical Assistance Measure of the IPARD 2014-2020 Programme[117].

The methodology used follows the procedures set out in the "Guidelines for Ex ante Evaluation" issued by DG-AGRI in October, 2020 (Ares/2020/5299790 – 07/10/2020).

The preliminary ex-ante evaluation report was based on the September 2021 version of the Programme and its subsequent improvements in October, 2021. The final ex-ante report was finalised in October, 2021. Until that date, the evaluation team considered the findings from the on-going evaluation of the IPARD Programme 2014-2020 and evaluate the new IPARD III Programme against the recommendations derived from the conclusion during on-going evaluation. In addition, the evaluation team consulted the NSARD 2021-2027 as to evaluate the strategy of the programme and it's compliance to the national objectives. Furthermore, due to the Covid-19 pandemic, the evaluation team conducted a series of interviews with wide range of relevant stakeholders who are involved in developing and implementing agriculture and/or rural development programmes and projects in the country, as well as programme recipients, to assess the relevance of the proposed programme in the context of the actual situation in the agriculture sector and rural areas.

The final report of the Ex-ante Evaluation of the draft IPARD III Programme can be found at the following link:

https://ipard.gov.mk/wp-content/uploads/2021/11/Final-Ex-ante-Report-IPARD-2021-2027-NM.pdf

[117] Ex-Ante Evaluation of IPARD Programme 2021-2027, North Macedonia (Contract No. IPARDMA/03/2020)

14.2. Overview of the recommendations

The overview of the Ex-ante recommendations on the draft IPARD III Programme are summarized below:

Date	Topic	Recommendation	How recommendation has been addressed, or justification as to why not taken into account
The SWOT analysis, needs assessment			
October 25, 2021.	Context analysis Chapter 3	It is recommended to enhance and validate data used in the context analysis, including inconsistent data on core economic indicators such as employment, AWU and GVA for agriculture and for the food industry.	Accepted.
October 25, 2021.	Organic production Chapter 3	It is recommended to give a short description of market situation of organic products in North Macedonia. If no reliable data are available, it is recommended to provide a short qualitative description.	Not accepted. No reliable data[118].
October 25, 2021.	Access to credit Chapter 3	It is recommended to add a small text indicating more precisely when and how the financial instruments (state guarantee fund and micro-lending schemes) will be made available and under which circumstances.	Not accepted. There is no information on potential availability of these schemes[117].
October 25, 2021.	SWOT Chapter 4	It is recommended to edit the SWOT and take the basic SWOT principles described in this report into consideration when the SWOT is edited. It is recommended to elaborate a short text summarizing the SWOT tables. The text can be used in chapter 6, where the needs are identified.	Accepted. Accepted.
October 25, 2021.	Identification of needs Chapter 6.2	It is recommended to use a prioritization model and make transparent the prioritization of the needs and the distribution of funds on the individual measures.	Accepted.
Construction of the intervention logic			
October 25, 2021.	AKIS Chapter 3	It is recommended to initiate steps to develop a formal AKIS system and a strategy for its operations.	Accepted.
October 25, 2021.	Lessons learnt Chapter 5	It is recommended to insert a text referring to the evaluation of IPARD I, or to refer to the challenges for programme implementation identified in the evaluation.	Accepted.

[118] Missing data will be addressed by MAFWE and responsible national authorities during the programming period in the context of updating data collection and preparation for EU accession

Date	Topic	Recommendation	How recommendation has been addressed, or justification as to why not taken into account
October 25, 2021.	Lessons learnt Chapter 5	It is recommended to insert a text regarding achieved effects from previous interventions, primarily for beneficiaries of the project support, from direct payments and other forms of support to the sector, if this information is available.	Not accepted. Information not available[119].
October 25, 2021.	Measure 1 and 3 Chapter 8	It is recommended to insert a maximum level of eligible investment per project and not only per beneficiary.	Accepted.
October 25, 2021.	Measure 4 Chapter 8	It is recommended to better explain which problems the selected operations (Green cover of permanent crops; Crop rotation on vegetables and Organic Farming) will address, and how they will be addressed.	Accepted.
October 25, 2021.	Measure 5 Chapter 8	It is recommended to insert maximum value of annual public support per selected LAG and activity.	Accepted.
October 25, 2021.	Measure 6 Chapter 8	It is recommended to improve the rationale addressing the missing topics.	Accepted.
October 25, 2021.	Measure 6 Chapter 8	Outline experiences and lessons learned from the relevant national and foreign donors funding.	Not accepted. Reliable information not available[118].
October 25, 2021.	Measure 6 Chapter 8	Check with EC about the eligibility of the expenditures listed in this evaluation report as these are questionable.	Accepted.
October 25, 2021.	Measure 10 Chapter 8	It is recommended to make the following revisions: Prepare a plan of acquisition of skills and trainings of advisors for “non-traditional” advisory subjects. Clarify complementarity and demarcation with other IPARD measures, notably regarding the three non-existing measures. Provide target values for each of the six indicators.	 Not accepted. Will be prepared under the forthcoming IPA funded project on Advisory services. Not accepted. It is premature to do that at this stage Accepted

[119] Missing data will be addressed by MAFWE and responsible national authorities during the programming period in the context of updating data collection and preparation for EU accession

Date	Topic	Recommendation	How recommendation has been addressed, or justification as to why not taken into account
October 25, 2021.	Quality and the extent of partnership arrangements. Chapter 13, Annex 7, and Annex 8.	It is recommended to make the following revisions: - Complete the text by adding missing information indicated with question marks (“?”). - Clarify if “Public forum”, “Consultation via focus group discussions“ and “Inter-government consultations” were already held, or are still to be held – and correct the text accordingly.	Accepted. Accepted.
Establishment of targets, distribution of financial allocations			
October 25, 2021.	IPARD strategy and financial plan Chapter 6	The balance of the programme can be improved with reallocations of funds in particularly to measure 4 environment and climate change and measure 10 advisory services. If conferral by EC for these measures is reached and implementation starts as foreseen, these financial allocations can be introduced with programme modification.	Accepted.
October 25, 2021.	Quantified targets table Chapter 6.6	It is recommended to fill in the missing targets, where it is relevant and to state where targets will be quantified at a later stage for measures implemented later in the programme period.	Accepted.
October 25, 2021.	Measure 1 and 3 Chapter 8	It is recommended to reassess the quantified targets for the measure and correct the financial frame in the indicator table.	Accepted.
October 25, 2021.	Measure 6 Chapter 8	Provide baseline and target values by 2027 for all four indicators.	Accepted
October 25, 2021.	Measure 9 Chapter 6	Add baseline and target values by 2027 for all nine indicators.	Accepted
Programme implementing, monitoring, evaluation, and financial arrangements			
October 25, 2021.	Context indicator table Chapter 3.6	It is recommended to complete the context indicator table. If this is not possible due to lack of data or other reasons, it is recommended to indicate in the table what MAFWE will do to collect the data, if the process is on-going, or if not, what the reason for this is.	Accepted.
October 25, 2021.	National instrument Chapter 10	It is recommended to prepare a text and/or a table describing the objective and measurable demarcation lines between IPARD III and national instruments.	Accepted

Date	Topic	Recommendation	How recommendation has been addressed, or justification as to why not taken into account
October 25, 2021.	Managing Authority - functioning Chapter 12	Push forward to recruit vacant positions according to the WLA. Improve the monitoring tables so that they can provide a full overview of the financial situation of the programme implementation (by a glance) Improve the competences in MA regarding programme evaluation and utilize existing and future evaluation results.	Accepted.
October 25, 2021.	Monitoring and evaluation Chapter 12	It is recommended to establish a comprehensive monitoring and evaluation system in MAFWE covering both IPARD III and national instruments.	Accepted.
October 25, 2021.	IPARD Agency – functioning Chapter 12	Push forward to finalise the recruitment of staff to vacant positions according to the WLA.	Accepted.
October 25, 2021.	IPARD Agency – functioning Chapter 12	Provide a Training Needs Assessment (TNA) and conduct relevant training programmes for staff.	Accepted.
October 25, 2021.	IPARD Agency – functioning Chapter 12	Take steps to assess the effectiveness of existing work processes in IA, if relevant.	Accepted.
October 25, 2021.	IPARD Agency – functioning Chapter 12	Continue the work updating the price reference database.	Accepted.
October 25, 2021.	Deadweight Chapter 12	It is recommended to consider using the proposed tool for assessing of the risk for deadweight.	Accepted.
Other			
October 25, 2021.		None.	

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https://ipard.gov.mk/wp-content/uploads/2021/11/Final-Ex-ante-Report-IPARD-2021-2027-NM.pdf

15. PUBLICITY, VISIBILITY AND TRANSPARENCY IN ACCORDANCE WITH IPA LEGISLATION[120]

In accordance with the rules, laid down in Article ??? and ??? of the FFPA and further detailed in Article ??? and ??? of the Sectoral Agreement, the set of activities and adequate procedures, will be introduced to ensure transparent implementation and available information, publicity and visibility of support under IPARD Programme 2021-2027.

The publicity and communication of this Programme shall be done with respect to the Plan of visibility and communication activities prepared by Managing Authority in agreement with the European Commission.

This Plan of visibility and communication activities shall be appraised by the IPARD III Monitoring Committee and shall set out:

- the aims and target groups;
- the content and strategy of the communication and information measures, stating the measures to be taken;
- its indicative budget;
- the administrative departments or bodies responsible for implementation;
- the criteria to be used to evaluate the impact of the information and publicity measures in terms of transparency, awareness of the IPARD III Programme and the role played by the Union.

This plan covers the whole period of the IPARD III Programme, and is implemented by an annual list of actions, in particular the initiatives taken and those to be taken, with regard to informing the general public about the role played by the EU in the IPARD III Programme and its results.

The Managing Authority is responsible for the overall monitoring and implementation of the Plan for visibility and communication and prepares reports on progress in implementing the information and publicity activities. The results of the visibility and communication actions shall be reported at the meetings of the IPARD III Monitoring Committee, providing the Committee members with examples of such activities.

The Managing Authority will ensure that all information and publicity actions will contain the following mandatory elements:

- The European flag and the "IPARD EU4 Rural Areas" logo in accordance with their graphic standards, as well as short description of European Community's role.
- All publications about the IPARD III Programme have to contain a clear indication on the title page of the EU participation, as well as the Community emblem if the national or local emblem will be used. This also applies to the information being provided by electronic means.

[120] Legal references and the text (if required) will be updated once all IPA(IPARD) related regulations and Agreements will be adopted and concluded.

The following will be part of the contractual obligations to the recipients in order to ensure information and publicity:

- If a project supported by the Programme has a total investment cost above EUR 50.000, the recipient shall place an explanatory plaque.
- An explanatory plaque must also be installed in the locations of LAGs financed by measure "Implementation of local development strategies – LEADER approach".
- A billboard shall be erected at the sites of building/object placement in case the total cost of investment exceeds EUR 500.000.

The implementation of the visibility and communication actions shall be contracted to independent professional organizations, under the measure Technical Assistance within the scope of this Programme. Professional expertise may be contracted under the measure Technical Assistance to further develop and refine the overall approach, content and information channels to be used under the Plan for visibility and communication, and to assist with its effective delivery.

The National Rural Development Network can also be involved in implementing visibility and communication activities once its management unit is operational. The Managing Authority can also involve other bodies and partners can act as information relays - local and regional authorities, professional organisations, economic and social partners, non-governmental organisations (especially bodies working to protect the environment).

15.1. Actions foreseen to inform potential recipients, professional organisations, economic, social and environmental partners, bodies involved in promoting equality between men and women and NGOs about possibilities offered by the programme and rules of gaining access to funding

The Managing Authority will aim to target the use of the following information actions to ensure that they reach the intended audience:

Information seminars

Information seminars i.e. so called "Info-days" will be held all over the country. The opportunities for support under the IPARD Programme 2021-2027 will be presented to the potential recipients including:

- conditions for applying and eligibility criteria;
- application documents needed for the measures;
- contacts (e-mails or telephone numbers) from the MAFWE, IPARD Agency and the respective services related to the Programme implementation.

Information Points

All interested parties in gaining more information related to the possibilities offered under the IPARD Programme 2021- 2027 and its implementation process have access to assistance, in the form of information materials and expert consultations, through a special information desk within MAFWE and through the regional/municipal offices of NEA.

Special attention will be put to the wide circulation of print materials and use of local mass media in the case of rural areas where access to Internet is still limited.

15.2 Actions foreseen to inform the recipients of the EU contribution

In order to ensure transparency concerning received support under this Programme, the IPARD Agency shall be responsible for the publication of the list of the operations and recipients of IPARD III Programme assistance in accordance with the conditions established by Article 23(2)?? of the FFPA. The publication shall be available in a spreadsheet data format, which allows data to be sorted, searched, extracted, compared and easily published on the internet, for instance in CSV or XML format. The list of operations shall be accessible through the single website or the single website portal. The list of operations shall contain the following data fields:

- recipient name;
- operation name and summary;
- operation start date and end date (expected date for physical completion or full implementation of the operation);
- total eligible expenditure allocated to the operation;
- Union co-financing rate, as per priority axis;
- operation postcode; or other appropriate location indicator;
- name of category of intervention for the operation;
- date of last update of the list of operations.

The list of operations and recipients shall be updated at least every six months. In accordance with Article 23(3) of the FFPA, only contract award notices for public procurement contracts subject to an 'international open call for tender' procedure shall be prepared and send to the European Commission for publication.

The IPARD Agency is also responsible for undertaking publicity action in particular preparing to inform the recipients of IPARD III assistance of the EU contribution, publishing announcements for Calls under this Programme, prepare and publicise Guidelines for recipients on terms and conditions for eligibility, including information on contractual obligations and possible sanctions in the event of non-compliance with those obligations and, where necessary, the issue of approval to commence work.

In addition, the IPARD Agency shall regularly publicise list of most “frequent questions and answers” and “most common mistakes during application”. The IPARD Agency maintains its own data base of visibility and communication actions. For all undertaken actions under the Plan for visibility and communication, the IPARD Agency shall report periodically to the Managing Authority.

Guidelines for recipients under the IPARD III Programme measures shall also be prepared in order to facilitate the application procedure. The Guidelines will be subject to scrutiny after each call as to improve their quality in a reader-friendly and understandable manner for the potential recipients.

Specific visibility rules applicable to this Programme will be prepared by the Managing Authority and once agreed with the European Commission, they will take part of the Guidelines

for recipients. The fulfilment of the visibility rules will be subject to contractual obligations between the recipient and the IPARD Agency and further subject to controls. Costs borne by the final recipients for ensuring visibility of the investments and activities under this Programme, will be subject to co-financing as general costs (see section 8.1.6 of this Programme).

15.3. Actions to inform the general public about the role of EU in the programmes and the results thereof

The Managing Authority shall ensure that the general public and potential recipients are informed about and acquainted with the Programme and the EU contribution to the granted support.

As to inform the general public about the role of EU, information shall be provided by way of:

Internet

Full and comprehensive information on the Programme will be continually posted on the website of the Programme (www.ipard.gov.mk) as single web-site. This website will be arranged to contain the full range of eligible activities under the measures, as well as the full text of the Programme. The website will also be regularly updated with detailed information on the progress in the implementation of the IPARD Programme 2021-2027, including necessary guidelines for acquiring documents from other institutions related to implementation of the measures. The site shall include pointers/hyperlinks to useful information related to the IPARD Programme 2021-2027. The web-site shall be also used to announce and report on the implementation of the actions foreseen in the Plan for visibility and communication (e.g. schedules for seminars, workshops, web-publishing of printed materials, visibility guidelines for operations, etc.)

Printing of information materials

The Managing Authority, in cooperation with IPARD Agency and partner organizations, will publish various technical materials – guidelines, application forms, booklets, leaflets, newsletters and other printed materials to facilitate the Programme implementation (for recipients) and to disseminate information on the IPARD Programme III results (for the general public).

Mass media

The Managing Authority will provide specialized materials and press releases, to TV and radio channels related to the IPARD Programme III such as:

- making of information videos;
- participation of experts of Managing Authority /IPARD Agency in specialized TV or radio broadcasts;
- providing information to assist the publicizing of materials – articles or interviews for printed editions.

16. EQUALITY BETWEEN MEN AND WOMEN AND NON-DISCRIMINATION PROMOTED AT VARIOUS STAGES OF PROGRAMME (DESIGN, IMPLEMENTATION, MONITORING AND EVALUATION)

16.1. Description of how equality between men and women will be promoted at various stages of programme (design, implementation, monitoring and evaluation)

The general priority of the Government's Work Program 2020-2024 reads that the Government of North Macedonia shall carry out a policy of promoting women's rights, and of increasing their participation in the political, economic and public life. The equality in society shall be secured by ensuring equal rights and entitlements to human, social, economic and cultural development, as well as an equal voice in civil and political life for women and men.

This equality principle has been taken into consideration in the preparation of the IPARD Programme 2021-2027 according to provisions deriving from the Constitution where fundamental liberties and rights cannot be discriminated on the basis of gender, race, colour of skin, language, religion, national or social background, material or social status.

The gender issues were taken into consideration in the process of preparation and design of the individual measures for support by giving extra points to entrepreneurial women and young farmers in the selection criteria of the measures. Investments for disability access are also supported under the projects.

IPARD Managing Authority, during the preparation of the IPARD Programme 2021-2027 consulted appropriate bodies responsible for promoting equality between men and women (UN WOMEN in North Macedonia, Equal opportunities Department within the Ministry of Labour and Social Policy, Network of Woman Farmers within the National Federation of Farmers, Rural Women's Lobby within the Rural Coalition Association etc.). All recommendations provided were taken into account and are part of the Programme.

Among the other objectives it is ensured that the implementation of the LEADER measure will contribute to promoting equality between women and men in access to employment and career progression, by combating gender stereotypes in education and training, reducing gender-based segregation in the labour market, developing female entrepreneurship and promoting reconciliation of work and personal life for women and men. Moreover, the programme ensures integration of rural women organizations in the public private partnership of LAGs, and ensures gender equality and non-discrimination in the Local Action Groups managing body.

Where relevant, under the IPARD Programme 2021-2027, monitoring indicators data will be collected on the numbers of men and women participating in/benefiting directly from the Programme. This data will be reported to the Monitoring Committee.

In addition, the IPARD Programme 2021-2027 evaluations will seek to establish the extent to which equal opportunities has been provided in the implementation of the project, measure or Programme.

17. TECHNICAL AND ADVISORY SERVICES

In order to ensure that sufficient technical and advisory capacity is available to support the potential recipients to apply under this Programme, the Managing Authority together with the IPARD Agency experts will organise workshops, seminars, courses and trainings of trainers. These training events will comprise detailed description of all eligible investments (activities by measures, investment information), opportunities for applying for financial support, eligibility criteria and all documents that needs to be provided by the recipients. The workshops, seminars, courses and trainings will be aimed at:

- agencies and regional offices of MAFWE and NEA;
- private/commercial farm advisory providers;
- local self-government units;
- members of non-governmental organizations;
- producers' associations;
- chambers of agriculture;
- commercial banks;
- other socio-economic partners and organisations representing potential recipients under the IPARD III Programme.

Special courses will be organised for private consultants to provide them the detailed information on the IPARD Programme 2021-2027 and to prepare quality applications. Public info e-mail addresses of the Managing Authority and the IPARD Agency will be published and free phone line for assistance during preparation of applications will be established. In both Managing Authority and IPARD Agency questions posted by the interested recipients will be replied in not more than 48 hours depending on the complexity of the question. After each call the IPARD Agency will summarise and publish List of most common mistakes and List of frequently asked questions (including answers). The lists will be discussed on the courses and seminars organised for the private advisors and NEA staff. The Managing Authority and the IPARD Agency shall continuously provide expert advice to recipients on the basis of the measure implementation ordinances and the guidelines for recipients. The NEA will put special focus on providing extension to the potential recipients and support during preparation of application packages by the agriculture producers.

The costs for organisation and implementation of the training events and related training material shall be financed under the measure Technical Assistance within the scope of this Programme. Professional expertise may be contracted under the measure Technical Assistance to develop the training materials.

18. ANNEXES

Annex 1: List of rural areas

Municipality	Settlements designated as Rural areas List of settlement on the level of the municipality with ≤ 30 000 inhabitants (Law on the territorial organization of the local self-government in North Macedonia)
Aerodrom	Village: Dolno Lisiche.
Arachinovo	Villages: Arachinovo, Grushino, Mojanci and Orlanci.
Berovo	City: Berovo and villages: Budinarci, Vladimirovo, Dvorishte, Machevo, Mitrashinci, Ratevo, Rusinovo and Smojmirovo.
Bitola	Villages: Bareshani, Bistrica, Bratin Dol, Brusnik, Bukovo, Velushina, Gabalavci, Gopesh, Gorno Egri, Gorno Orizari, Graeshnica, Dihovo, Dolenci, Dolno Egri, Dolno Orizari, Dragarino, Dragozani, Dragosh, Drevenik, Gjavato, Zabeni, Zlokukjani, Kazani, Kanino, Karamani, Kishava, Kravari, Krklino, Kremenica, Krstoar, Kukurechani, Lavci, Lazec, Lera, Lisolaj, Logovardi, Lopatica, Magarevo, Malovishte, Metimir, Medzitlija, Nizepole, Novo Zmirnovo, Oblakovo, Oleveni, Optichari, Orehovo, Ostrec, Poeshevo, Porodin, Ramna, Rashtani, Rotino, Svinishte, Sekirani, Snegovo, Sredno Egri, Srpci, Staro Zmirnovo, Strezevo, Trn, Trnovo, Capari, Crnobuki and Crnovec.
Bogdanci	City: Bogdanci and villages: Gjavato, Selemli and Stojakovo.
Bogovinje	Villages: Bogovinje, Gorno Palchishte, Gorno Sedlarce, Dolno Palchishte, Jelovjane, Kalnik, Kamenjane, Zerovjane, Novake, Novo Selo, Pirok, Rakovec, Selce Kech, Sinichane, Chiflik and Urvich.
Bosilovo	Villages: Borievo, Bosilovo, Gecherlija, Drvosh, Ednokukevo, Ilovica, Monospitovo, Petralinci, Radovo, Robovo, Saraj, Sekirnik, Staro Baldovci, Turnovo, Hamzali and Shtuka.
Brvenica	Villages: Blace, Brvenica, Volkovija, Gurgurnica, Dolno Sedlarce, Miletino, Radiovce, Stenche, Tenovo and Chelopek.
Butel	Villages: Vizbegovo, Ljubanci, Ljuboten and Radishani.
Valandovo	City: Valandovo and villages: Ajranli, Arazli, Bajrambos, Balinci, Barakli, Bashali, Bashibos, Brajkrvci, Buluntuli, Vejseli, Gorna Maala, Gradec, Grchishte, Dedeli, Gjuleli, Josifovo, Kazandol, Kalkovo, Kochuli, Marvinci, Pirava, Plavush, Prsten, Rabrovo, Sobri, Tatarli, Terzeli, Udovo, Chalakli and Chestevo.
Vasilevo	Villages: Angelci, Varvarica, Vasilevo, Visoka Maala, Vladievci, Gradoshorci, Dobroshinci, Dukatino, Edrenikovo, Kushkulija, Nivichino, Nova Maala, Piperevo, Radichevo, Sedlarci, Sushevo, Trebichino and Chanaklija.
Vevchani	Village: Vevchani.
Veles	Villages: Bashino Selo, Beleshtevica, Buzalkovo, Vetersko, Gorno Kalaslari, Gorno Orizari, Dolno Kalaslari, Dolno Orizari, Ivankovci, Karabunjishte, Klukovec, Krushje, Kumarino, Lugunci, Mamutchevo, Novachani, Novo Selo, Oraovec, Otovica, Rashtani, Rlevci, Rudnik, Selp, Slivnik, Sojaklari, Sopot, Crkvino, Chaloshevo and Dzidimirci.
Vinica	City: Vinica and villages: Blatec, Vinichka Krshla, Gradec, Grljani, Dragobrashte, Istibanja, Jakimovo, Kalimanci, Krushevo, Laki, Leski, Lipec, Pekljani, Trsino, Trstija and Crn Kamen.
Vrapchishte	Villages: Vranovci, Vrapchishte, Galate, Gradec, Gorjane, Dobri Dol, Gjurgjevishte, Zubovce, Kalishte, Lomnica, Negotino-Poloshko, Novo Selo, Pozarane, Senokos and Toplica.
Gazi Baba	Villages: Brnjarci, Bulachani, Viniche, Goce Delchev, Idrizovo, Indzikovo, Jurumleri, Kolonija, Rashtak, Singelik, Smiljkovci, Stajkovci, Strachinci, Creshevo and Trubarevo.

Gevgelija	City: Gevgelija and villages: Bogorodica, Gabrovo, Davidovo, Kovanec, Konjsko, Moin, Miletkovo, Miravci, Mrzenci, Negorci, Novo Konsko, Petrovo, Prdejci, Sermenin, Smokvica and Uma.
Gostivar	Villages: Balin Dol, Belovishte, Brodec, Vrutok, Gorna Banjica, Gorno Jelovce, Gorna Gjonovica, Debreshe, Dolna Banjica, Dolno Jelovce, Dolna Gjonovica, Zelezna Reka, Zdunje, Korito, Kunovo, Lakavica, Leshnica, Malo Turchane, Mirdita, Mitroj Krsti, Padalishte, Pechkovo, Simnica, Srbinovo, Sushica, Strajane, Raven, Rechane, Trnovo, Tumchevishte, Kafa, Forino, Chajle and Chegrane.
Gradsko	Villages: Vinichani, Vodovrati, Gorno Chichevo, Gradsko, Grnchishte, Dvorishte, Dolno Chichevo, Zgropolci, Kochilari, Kuridere, Nogaevci, Podles, Svekani, Skachinci, Ubogo and Ulanci.
Debar	City: Debar and villages: Banishte, Bomovo, Gari, Gorno Kosovrasti, Dolno Kosovrasti, Konjari, Krivci, Mogorche, Osoj, Otishani, Rajchica, Selokuki, Spas, Tatar Elevci, Trnanik, Hame and Dzepishte.
Debrca	Villages: Arbinovo, Belchishta, Botun, Brezani, Velmej, Volino, Vrbjani, Godivje, Gorenci, Gorno Sredorechie, Grko Pole, Dolno Sredorechie, Zlesti, Izdeglavje, Klimeshtani, Laktinje, Leshani, Mesheishta, Mramorec, Novo Selo, Ozdoleni, Orovnik, Pesochani, Slatino, Slatinski Chiflik, Slivovo, Soshani, Trebenishta, Turje and Crvena Voda.
Delchevo	City: Delchevo and villages: Bigla, Vetren, Virche, Vratislavci, Gabrovo, Grad, Dramche, Zvegor, Iliovo, Kiselica, Kosovo Dabje, Nov Istevnik, Ochipala, Poleto, Razlovci, Selnik, Stamer, Star Istevnik, Trabotivishte, Turija and Chiflik.
Demir Kapija	City: Demir Kapija and villages: Barovo, Besvica, Bistrenci, Drachevica, Dren, Iberli, Klisura, Kosharka, Koprishnica, Koreshnica, Przdevo, Strmashevo, Chelevec and Chiflik.
Demir Hisar	City: Demir Hisar and villages: Babino, Bazernik, Barakovo, Belche, Boishte, Brezovo, Vardino, Velmevci, Virovo, Golemo Ilino, Graishte, Dolenci, Edinakovci, Zvan, Zeleznec, Zurche, Zagoriche, Zashle, Kochishte, Kutretino, Leskovo, Malo Ilino, Mrenoga, Novo Selo, Obednik, Pribilci, Radovo, Rakitnica, Rastojca, Sveta, Sladuevo, Slepche, Sloeshtica, Smilevo, Sopotnica, Strugovo, Suvo Grlo, Suvodol, Utovo and Cerovo.
Dojran	Villages: Durutli, Gjopcheli, Kurtamzali, Nikolik, Nov Dojran, Organdzali, Sevendekli, Sretenovo, Star Dojran, Furka, Crnichani, Chaushli and Dzumabos.
Dolneni	Villages: Belo Pole, Brailovo, Vranche, Gorno Selo, Gostirazni, Dabjani, Debreshte, Desovo, Dolgaec, Dolneni, Drenovci, Dupjachani, Zabjani, Zitoshe, Zabrchani, Zapolzani, Zrze, Kostinci, Koshino, Kutleshevo, Lazani, Lokveni, Malo Mramorani, Margari, Nebregovo, Novoselani, Peshtalevo, Rilevo, Ropotovo, Sarandinovo, Sekirci, Senokos, Slepche, Slivje, Sredorek, Strovija and Crnilishte.
Gjorche Petrov	Villages: Volkovo, Grachani, Kisela Jabuka, Kuchkovo, Nikishtane, Novo Selo and Orman.
Zelino	Villages: Gorna Leshnica, Grupchin, Dobarce, Dolna Leshnica, Zelino, Kopachin Dol, Larce, Lukovica, Merovo, Novo Selo, Ozormishte, Palatica, Rogle, Sedlarevo, Strimnica, Trebosh, Cerovo and Chiflik.
Zelenikovo	Villages: Vrazale, Gradovci, Gumalevo, Dejkovec, Dobrino, Zelenikovo, Novo Selo, Oreshani, Pakoshevo, Paligrad, Smesnica, Strahojadica, Taor and Tisovica.
Zrnovci	Villages: Vidovishte, Zrnovci and Morodvis.
Ilinden	Villages: Ajvatovci, Bujkovci, Bunardzik, Buchinci, Deljadrovci, Ilinden, Kadino, Marino, Miladinovci, Mralino, Mrshevci and Tekija.
Jegunovce	Villages: Belovishte, Vratnica, Zilche, Jazince, Janchishte, Jegunovce, Kopance, Orashje, Podbrege, Preljubishte, Raotince, Ratae, Rogachevo, Sirichino, Staro Selo, Tudence and Shemshevo.

Kavadarci	City: Kavadarci and villages: Begnishte, Bojanchishte, Bohula, Brushani, Bunarche, Vatasha, Vozarci, Galishte, Garnikovo, Glishik, Gorna Boshava, Grbovec, Dabnishte, Dobrotino, Dolna Boshava, Dragozel, Dradnja, Drenovo, Kesendre, Klinovo, Konopishte, Koshani, Krnjevo, Kumanichevo, Majden, Marena, Mrezichko, Pravednik, Rezanovo, Radnja, Raec, Resava, Rozden, Sopot, Stragovo, Farish, Chemersko, Sheshkovo and Shivec.
Karbinci	Villages: Argulica, Batanje, Vrteshka, Golem Gaber, Gorni Balvan, Gorno Trogerci, Dolni Balvan, Dolno Trogerci, Ebeplija, Junuzlija, Kalauzlija, Karbinci, Kepekchelija, Kozjak, Krupishte, Kurfalija, Kuchilat, Kuchica, Mal Gaber, Michak, Muratlija, Nov Karaorman, Odzalija, Pripechani, Prnalija, Radanje, Ruljak, Tarinci and Crvulevo.
Karposh	Villages: Bardovci and Gorno Nerezi.
Kisela Voda	Villages: Drachevo and Usje.
Kichevo	City: Kichevo and villages: Knezino, Lazarovci, Mamudovci, Osoj, Rashtani, Trapchin Dol, Atishta, Bigor Dolenci, Vraneshtica, Dupjani, Karbunica, Kozichino, Krushica, Miokazi, Orlanci, Patec, Rabetino, Rechani- Chelopechko, Svetorache, Staroec, Chelopeci, Belica, Brzdani, Vidrani, Golemo Crsko, Gorna Dushegubica, Gorno Dobrenoec, Dolna Dushegubica, Dolno Dobrenoec, Drugovo, Ehloec, Ivanchishta, Izvor, Javorec, Judovo, Kladnik, Klenoec, Kozica, Lavchani, Malkoec, Malo Crsko, Manastirsko Dolenci, Podvis, Popoec, Popolzani, Prostranje, Svinjishte, Srbjani, Cer, Bachishta, Bukojchani, Gorno Strogomishte, Greshnica, Dlapkin Dol, Dolno Strogomishte, Zajas, Kolari, Kolibari, Leshnica, Midinci, Rechani – Zajasko, Tajmishte, Arangel, Berikovo, Garani, Zubrino, Jagol, Jagol Dolenci, Novo Selo, Oslomej, Papradishte, Popovjani, Premka, Srbica, Strelci, Tuin, Crvivci and Shutovo.
Konche	Villages: Gabrevci, Garvan, Gorna Vrashtica, Gorni Lipovik, Dedino, Dolna Vrashtica, Dolni Lipovik, Dolni Radesh, Zagorci, Konche, Lubnica, Negrenovci, Rakitec and Skorusha.
Kochani	City: Kochani and villages: Bezikovo, Beli, Vraninci, Gorni Podlog, Gorno Gradche, Glavovica, Grdovci, Dolni Podlog, Dolno Gradche, Jastrebnik, Kostin Dol, Leshki, Mojanci, Nebojani, Nivichani, Novo Selo, Orizari, Pantelej, Pashadzikovo, Polaki, Preseka, Pribachevo, Pripor, Rajchani, Rechani, Trkanje and Crvena Niva.
Kratovo	City: Kratovo and villages: Blizanci, Vakuf, Gorno Kratovo, Dimonce, Emirica, Zeleznica, Zivalevo, Kavrak, Ketenovo, Knezevo,Kojkovo, Konjuh, Krilatica, Kuklica, Kunovo, Lukovo, Mushkovo, Nezilovo, Pendak, Prikovci, Sekulica, Stracin, Talashmance, Tatomir, Topolovik, Trnovac, Turalevo, Filipovci, Shlegovo and Shopshko Rudare.
Kriva Palanka	City: Kriva Palanka and villages: Bes, Bastevo, Borovo, Varovishte, Gabar, Golema Crcorija, Gradec, Dlabochica, Dobrovnica, Drenak, Drenje, Durachka Reka, Zidilovo, Kiselica, Konopnica, Kostur, Koshari, Krklja, Krstov Dol, Lozanovo, Luke, Mala Crcorija, Martinica, Metezevo, Mozdivnjak, Nerav, Ogut, Osiche, Podrzi Konj, Stanci, Telminci, Trnovo and Uzem.
Krivogashtani	Villages: Bela Crkva, Borotino, Vogjani, Vrbjani, Godivle, Korenica, Krivogashtani, Krusheani, Mirche Acev, Obrshani, Pashino, Ruvci, Podvis and Slavej.
Krushevo	City: Krushevo and villages: Aldanci, Arilevo, Belushino, Birino, Borino, Buchin, Vrboec, Gorno Divjaci, Dolno Divjaci, Jakrenovo, Miloshevo, Norovo, Ostrilci, Presil, Pusta Reka, Sazdevo, Sveto Mitrani and Selce.
Kumanovo	Villages: Agino Selo, Bedinje, Beljakovce, Biljanovce, Brzak, Vakev, Vince, Voinovikj, Gabresh, Gorno Konjare, Gradishte, Delga, Dobroshane, Dovezence, Dolno Konjare, Zivinje, Zubovce, Jachince, Karabichane, Klechevce, Kokoshinje, Kolicko, Kosmatac, Kosturnik, Kutlibeg, Kuchkarevo, Keshanje, Lopate,

	Ljubodrag, Murgash, Novo Selo, Novoseljane, Orashac, Pezovo, Proevce, Pchinja, Rezanovce, Rechica, Romanovce, Skachkovce, Sopot, Studena Bara, Sushevo, Tabanovce, Tromegja, Umin Dol, Cherkezi, Chetirce and Shuplji Kamen.
Lipkovo	Villages: Alashevce, Belanovce, Vaksince, Vishtica, Glaznja, Goshince, Dumanovce, Zlokukjane, Izvor, Lipkovo, Lojane, Lukare, Matejche, Nikushtak, Opae, Orizari, Otlja, Renkovce, Ropalce, Runica, Slupchane, Straza and Strima.
Lozovo	Villages: Adzibegovo, Adzimatovo, Bekirlija, Dorfulija, Gjuzemelci, Karatmanovo, Kishino, Lozovo, Milino, Saramzalino and Koselari.
Mavrovo and Rostushe	Villages: Adzievci, Belichica, Bibaj, Bitushe, Bogdevo, Boletin, Velebrdo, Volkovija, Vidushe, Vrben, Vrbjani, Galichnik, Grekaj, Duf, Zirovnica, Zuznje, Janche, Akchilnica, Krakornica, Leunovo, Lazaropole, Mavrovi Anovi, Mavrovo, Nivishte, Nikiforovo, Nistrovo, Nichpur, Novo Selo, Orkushe, Prisojnica, Rosoki, Rostushe, Ribnica, Selce, Sence, Skudrinje, Sretkovo, Sushica, Tanushe, Trebishte, Tresonche and Cerovo.
Makedonska Kamenica	City: Makedonska Kamenica and villages: Dulica, Kosevica, Kostin Dol, Lukovica, Moshtica, Sasa, Todorovci and Cera.
Makedonski Brod	City: Makedonski Brod and villages: Belica, Benche, Bitovo, Blizansko, Breznica, Brest, Vir, Volche, Gorni Manastirec, Gorno Botushje, Gorno Krushje, Greshnica, Devich, Dolni Manastirec, Dolno Botushje, Dolno Krushje, Dragov Dol, Drenovo, Zagrad, Zvechan, Zdunje, Zrkle, Izishte, Inche, Kalugjerec, Kovach, Kovche, Kosovo, Krapa, Lag, Latovo, Lokvica, Lupshte, Mogilec, Modrishte, Oreovec, Ramne, Rastesh, Rusjaci, Samokov, Slansko, Slatina, Staro Selo, Suvodol, Sushica, Tazevo, Tomino Selo, Topolnica, Trebino, Trebovlje and Creshnevo.
Mogila	Villages: Alinci, Beranci, Budakovo, Vasharejca, Gorna Charlija, Dolna Charlija, Dedebalci, Dobrushevo, Dolno Srpci, Ivanjevci, Loznani, Mogila, Mojno, Musinci, Novoselani, Noshpal, Podino, Puturus, Radobor, Sveto Todori, Trap, Trnovci and Crnichani.
Negotino	City: Negotino and villages: Brusnik, Veshje, Vojshanci, Gorni Disan, Dolni Disan, Dubrovo, Janoshevo, Kalanjevo, Krivolak, Kurija, Lipa, Pepelishte, Peshternica, Timjanik, Tremnik, Crveni Bregovi, Dzidimirci and Sheoba.
Novaci	Villages: Armatush, Baldovenci, Bach, Biljanik, Brnik, Brod, Budimirci, Veleselo, Vranjevci, Germijan, Gneotino, Gnilesh, Gorno Aglarci, Gradeshnica, Grumazi, Grunishta, Dalbegovci, Dobroveni, Dobromiri, Dolno Aglarci, Dolno Orehovo, Zivojno, Zovik 1, Zovik 2, Iveni, Makovo, Meglenci, Novaci, Novo Selo, Orle, Paralovo, Petalino, Polog, Rapesh, Ribarci, Skochivir, Slivica, Sovik, Staravina, Suvo Dol and Tepavci.
Novo Selo	Villages: Badolen, Bajkovo, Barbarevo, Borisovo, Drazevo, Zubovo, Koleshino, Mokrievo, Mokrino, Novo Konjarevo, Novo Selo, Samoilovo, Smolari, Staro Konjarevo, Stinik and Sushica.
Ohrid	Villages: Vapila, Velgoshti, Velestovo, Gorno Lakocherej, Dolno Konjsko, Dolno Lakocherej, Elshani, Zavoj, Konjsko, Kosel, Kuratica, Lagadin, Leskoec, Livoishta, Ljubanishta, Openica, Orman, Peshtani, Plake, Podmolje, Ramne, Rasino, Rechica, Svinishta, Sirula, Skrebatno, Trpejca and Shipokno.
Petrovec	Villages: Badar, Blace, Breznica, Gorno Konjari, Gradmanci, Divlje, Dolno Konjari, Katlanovo, Kozle, Letevci, Ognjandzi, Petrovec, R'zanichino, Sredno Konjari, Sushica, Chiflik and Kojlija.
Pehcevo	City: Pehcevo and villages: Negrevo, Pancharevo, Robovo, Spikovo, Umlena, Crnik and Chiflik.
Plasnica	Villages: Dvorci, Lisichani, Plasnica and Preglovo.
Prilep	Villages: Alinci, Belovodica, Berovci, Besishte, Bonche, Veprchani, Veselchani, Vitolishte, Volkovo, Vrpsko, Galichani, Golem Radobil, Golemo Konjari, Gugjakovo, Dabnica, Dren, Dunje, Erekovci, Zivovo, Zagorani, Kadino Selo, Kalen, Kanatlarci, Klepach, Kokre, Krushevica, Krstec, Lenishta, Lopatica,

	Mazuchishte, Mal Radobil, Malo Konjari, Malo Ruvci, Manastir, Marul, Nikodin, Novo Lagovo, Oreovec, Peshtani, Pletvar, Podmol, Polchishte, Prilepec, Prisad, Rakle, Selce, Smolani, Staro Lagovo, Toplica, Trojaci, Topolchani, Trojkrsti, Carevik, Chanishte, Chepigovo, Chumovo, Sheleverci and Shtavica.
Probishtip	City: Probishtip and villages: Bunesh, Buchishte, Gajranci, Gorni Stubol, Gorno Barbarevo, Grizilevci, Gujnovci, Dobrevo, Dolni Stubol, Dolno Barbarevo, Dreveno, Drenak, Zarapinci, Zelengrad, Zletovo, Jamishte, Kalnishte, Kukovo, Kundino, Lezovo, Lesnovo, Marchino, Neokazi, Pestrishino, Petrshino, Pishica, Pleshenci, Puzderci, Ratavica, Strisovci, Strmosh, Tripatanci, Troolo, Tursko Rudari and Shtalkovica.
Radovish	City: Radovish and villages: Ali Koch, Ali Lobasi, Buchim, Voislavci, Damjan, Drzani, Durutlija, Zleovo, Injevo, Jargulica, Kalauzlija, Kalugjerica, Karalobosi, Karadzalar, Kozbunar, Kodzalija, Novo Selo, Oraovica, Papavnica, Pogulevo, Podaresh, Pokrajchevo, Prnalija, Raklish, Sarigjol, Smilanci, Suldurci, Supurge, Topolnica, Koselija, Hudaverlija, Cheshme Maale, Shaintash, Shipkovica and Shturovo.
Rankovce	Villages: Baratlija, Vetunica, Vrzogrnci, German, Ginovci, Gulinci, Krivi Kamen, Ljubinci, Milutince, Odreno, Opila, Otoshnica, Peklishte, Petralica, Psacha, Radibush, Rankovce and Stancha.
Rosoman	Villages: Debrishte, Kamen Dol, Krushevica, Manastirec, Mrzen Oraovec, Palikura, Ribarci, Rosoman, Sirkovo and Trstenik.
Resen	City: Resen and villages: Arvati, Asamati, Bolno, Brajchino, Volkoderi, Gorna Bela Crkva, Gorno Dupeni, Gorno Krushje, Grnchari, Dolna Bela Crkva, Dolno Dupeni, Dolno Perovo, Drmeni, Evla, Ezerani, Zlatari, Izbishta, Ilino, Jankovec, Kozjak, Konjsko, Krani, Kriveni, Kurbinovo, Lavci, Leva Reka, Leskoec, Ljubojno, Nakolec, Oteshevo, Petrino, Podmochani, Pokrvenik, Preljubje, Pretor, Rajca, Slivnica, Sopotsko, Stenje, Stipona, Carev Dvor, Shtrbovo and Shurlenci.
Saraj	Villages: Arnakija, Bojane, Bukovik, Glumovo, Gorna Arnakija, Gorno Svilare, Grchec, Dvorce, Dolno Svilare, Kondovo, Kopanica, Krushopek, Laskarci, Ljubin, Matka, Panichari, Radusha, Raovik, Rasche, Rudnik Radusha, Semenishte, Chajlane and Shishevo.
Sveti Nikole	City: Sveti Nikole and villages: Alakinci, Amzabegovo, Arbashanci, Bogoslovec, Burilovci, Gorno Gjugjanci, Gorno Crnilishte, Gorobinci, Delisinci, Dolno Gjugjanci, Dolno Crnilishte, Erdzelija, Kadrifakovo, Knezje, Krushica, Makresh, Malino, Mezdra, Mechkuevci, Mustafino, Nemanjici, Orel, Pavleshenci, Patetino, Peshirovo, Preod, Ranchenci, Sopot, Stanulovci, Stanjevci, Stroimanci and Trstenik.
Sopishte	Villages: Barovo, Govrlevo, Gorno Sonje, Dobri Dol, Dolno Sonje, Drzilovo, Jabolci, Nova Breznica, Patishka Reka, Rakotinci, Sveta Petka, Sopishte and Chiflik.
Staro Nagorichane	Villages: Algunja, Aljince, Arbanashko, Bajlovce, Breshko, Bukovljane, Vojnik, Vragoturce, Vrachevce, Dejlovce, Dlabochica, Dobracha, Dragomance, Drenok, Zegljane, Zeljuvino, Kanarevo, Karlovce, Koince, Kokino, Meglence, Makresh, Malotino, Mlado Nagorichane, Nikuljane, Oblavce, Orah, Osice, Pelince, Puzajka, Ramno, Rugjince, Staro Nagorichane, Stepance, Strezovce, Strnovac, Cvetishnica, Cvilance and Chelopek.
Studenichani	Villages: Aldinci, Batinci, Vrtekica, Gorno Kolichani, Dolno Kolichani, Drachevica, Elovo, Kaldirec, Malchishte, Markova Sushica, Morani, Osinchani, Pagarusha, Ramni Gaber, Studenichani, Umovo, Cvetovo, Crvena Voda and Crn Vrv.
Struga	City: Struga and villages: Bezovo, Bidzevo, Bogojci, Boroec, Brchevo, Burinec, Veleshta, Vishni, Vranishta, Globochica, Gorna Belica, Gorno Tateshi, Dolna Belica, Delogozdi, Dobovjani, Dolno Tateshi, Draslajca, Drenok, Zagrachani,

	Zbazdi, Jablanica, Kalishta, Korosishta, Labunishta, Lakaica, Livada, Lozani, Lokov, Lukovo, Mali Vlaj, Misleshevo, Mislodezda, Modrich, Moroishta, Nerezi, Novo Selo, Oktisi, Radozda, Radolishta, Frangovo, Shum, Piskupshtina, Podgorci, Poum, Prisovjani, Rezanovo,Selci, Tashmarunishta, Toska and Dzepin.
Strumica	Villages: Banica, Bansko, Belotino, Veljusa, Vodocha, Gabrovo, Gradsko Baldovci, Dabilje, Dobrejci, Dorlombos, Zleshevo, Kosturino, Kuklish, Memeshli, Murtino, Ormanli, Popchevo, Prosenikovo, Raborci, Ric, Sachevo, Svidovica, Tri Vodi and Chepeli.
Tearce	Villages: Brezno, Varvara, Glogji, Dobroshte, Jeloshnik, Leshok, Neproshteno, Nerashte, Odri, Prvce, Prshovce, Slatino and Tearce.
Tetovo	Villages: Bozovce, Brodec, Vejce, Veshala, Gajre, Golema Rechica, Gjermo, Jedoarce, Lavce, Lisec, Mala Rechica, Otunje, Poroj, Sarakino, Selce, Setole, Falishe, Dzepchishte and Shipkovica.
Centar Zupa	Villages: Bajramovci, Balanci, Breshtani, Broshtica, Vlasiki, Golem Papradnik, Gorno Melnichani, Gorenci, Dolgash, Dolno Melnichani, Evla, Elevci, Zitineni, Kochishta, Kodzadzik, Mal Papradnik, Novak, Osolnica, Odzovci, Pareshi, Pralenik, Centar Zupa and Crno Boci.
Chashka	Villages: Banjica, Bistrica, Bogomila, Busilci, Vladilovci, Vitanci, Vojnica, Gabrovnik, Golozinci, Gorno Vranovci, Gorno Jabolchishte, Dolno Vranovci, Dolno Jabolchishte, Drenovo, Elovec, Izvor, Kapinovo, Krajnici, Kriva Krusha, Krnino, Lisiche, Martolci, Melnica, Mokreni, Nezilovo, Novo Selo, Kormorani, Oraov Dol, Oreshe, Otishtino, Papradishte, Plevenje, Pomenovo, Popadija, Rakovec, Smilovci, Sogle, Stari Grad, Stepanci, Teovo, Creshnevo and Chashka.
Cheshinovo - Obleshevo	Villages: Banja, Burilchevo, Vrbica, Ziganci, Kuchicino, Lepopelci, Novo Selani, Obleshevo, Sokolarci, Spanchevo, Teranci, Ularci, Cheshinovo and Chiflik.
Chucher-Sandevo	Villages: Banjane, Blace, Brazda, Brest, Brodec, Gluvo, Gornjane, Kuchevishte, Mirkovci, Pobozje, Tanushevci and Chucher-Sandevo.
Shtip	Villages: Baltalija, Brest, Vrsakovo, Gorachino, Dobroshani, Dolani, Dragoevo, Edeklerci, Jamujarci, Kalapetrovci, Koshevo, Krivi Dol, Lakavica, Leskovica, Lipov Dol, Ljuboten, Nikoman, Novo Selo, Penush, Piperovo, Pochivalo, Puhche, Sarchievo, Selce, Skandalci, Sofilari, Star Karaorman, Stepanci, Suvo Grlo, Sudik, Sushevo, Tanatarci, Testemelci, Toplik, Tri Cheshmi, Hadzi-Redzepli, Hadzi-Sejdeli, Hadzi-Hamzali, Creshka, Chardaklija, Chiflik, Shashavarlija and Shopur.
Shuto Orizari	Village: Gorno Orizari.
Total rural settlements designated	**1774**

Annex 2: List of 'Mountainous' areas

Municipality	Settlements designated as 'Mountainous' areas (>700m)
Berovo	City: **Berovo** and villages: Budinarci, Vladimirovo, Dvorishte, Machevo, Mitrashinci, Ratevo, Rusinovo and Smojmirovo.
Bitola	Villages: Bratin Dol, Brusnik, Bukovo, Gopesh, Graeshnica, Dihovo, Dolenci, Dragos, Drevenik, Gjavato, Zlokukani, Kazani, Kisava, Krklino, Lavci, Lera, Lisolaj, Lopatica, Magarevo, Maloviste, Metimir, Nizepole, Oblakovo, Orehovo, Ostrec, Ramna, Rotino, Svinishte, Snegovo, Srpci, Staro Zmirnovo, Strezevo, Trnovo, Capari.
Bogovinje	Villages: Gorno Palchiste, Jelovjane, Novakje, Novo Selo, Rakovec, Selce Kec, Sinichane and Urvic.
Brvenica	Village: Gurgurnica
Butel	Village : Ljubanci
Vasilevo	Villages: Kushkulija, Nivichino.
Vevchani	Village: Vevchani
Veles	Village: Novo Selo
Vinica	Villages: Grljani, Kalimanci, Laki, Trsino, Trstija.
Vrapchishte	Villages: Vranovci, Gorjane, Novo Selo, Gurgjevishte, Kalishte, Lomnica, Pozarane.
Gevgelija	Village: Uma
Gostivar	Villages:Brodec, Vrutok, Gorno Jelovce, Gorna Djonovica, Dolno Jelovce, Dolna Djonovica , Zelezna Reka, Korito, Kunovo, Leshnica, Merdita, Mitroj Krsti, Padalishte, Pechkovo, Simnica, Srbinovo, Strajane, Rechane, Trnovo, Kafa.
Gradsko	Village: Dvorishte
Debar	Villages: Banishte, Gari, Gorno Kosovrasti, Krivci, Mogorche, Osoj, Rajchica, Tatar Elevci, Hame, Dzepishte.
Debrca	Villages: Arbinovo, Brezani, Vrbjani, Godivje, Gorno Sredorecie, GrkoPole, Dolno Sredorecie, Zlesti, Klimeshtani, Laktinje, Mramorec, Slatino, Slatinski Ciflik, Slivovo, Soshani, Turje, CrvenaVoda, Belchista, Botun, Velmej, Izdeglavje, Leshani, Novo Selo, Ozdoleni, Pesocani, Volino, Orovnik, Trebenista, Gorenci, Mesheishta
Delchevo	Villages: Bigla, Vetren, Vratislavci, Dramce, Kiselica, Grad, Nov Istevnik, Selnik, Stamer, Star Istevnik, Turija, Virce, Gabrovo, Zvegor, Razlovci, Ciflik
Demir Hisar	Villages: Babino, Bazernik, Boiste, Brezovo, Velmevci, Virovo, Golemo Ilino, Zeleznec, Zashle, Leskovo, Malo Ilino, Mrenoga, Radovo, Rastojca, Smilevo,Suvo Grlo, Cerovo, Kochishte, Obednik, Zvan, Sloeshntica, Strugovo,Zurce , Zagorice, Novo Selo, Rakitnica, Sopotnica, Suvo Dol, Utovo, Dolenci
Dolneni	Villages: Zrze, Margari, Gorno Selo, Gostirazni, Drenovci,Dolgaec, Strovija, Kosino, Nebregovo, Slepce
Zelino	Villages: Gorna Lesnica, Lukovica, Sedlarevo,Merovo, Cerevo
Zelenikovo	Village: Paligrad
Jegunovce	Villages: Belovishte, Vratnica, Jazince, Rogachevo, Staro Selo.
Kavadarci	Villages: Bojancishte, Bohula, Galiste, Klinovo, Kumanichevo, Majden, R'zanovo, Radnja, Rozden, Stragovo, Bunarce Pravednik, Konopiste
Karbinci	Villages: Vrteshka, Ebeplija, Junuzlija, Micak, Kepekcelija, Kurfalija, Kucica, Muratlija, Pripecani, Prnalija, Kucilat, Kalauzlija

Kichevo	Villages: Bacista, Bukojcani, Lesnica, Midinci, Recani-Zajasko, Tajmiste, Gorno Strogomiste, Dlapkin Dol, Zajas,Dolno Strogomiste, Kolari, Gresnica, Knezino, Osoj,Rastani, Belica, Brzhdani, Vidrani, Golemo Crsko, Gorna Dusegubica, Gorno Dobrenoec, Dolna Dushegubica,Dolno Dobrenoec, Manastirsko Dolenci, Ivancista, Izvor, Javorec, Judovo, Kladnik, Klenoec, Kozica,Lavcani, Malkoec, Malo Crsko, Podvis, Popoec, Popolzhani,Prostranje, Cer, Drugovo, Ehlovec, Sviniste,Berikovo,Jagol Dolenci, Novo Selo, Papradiste, Garani, Jagol, Premka, Srbica, Zubrino, Tuin, Shutovo, Arangel, Oslomej, Popovjani, Dupjani,Kozicino, Krusica, Orlanci, Pates, Robetino, Svetorace, Karbunica, Vranestica, Recani-Celopecko
Konche	Villages: Gorni Lipovik, Negrenovci
Kochani	Villages: Bezikovo, Gorno Gradce, Glavovica, Jastrebnik, Kostin Dol, Leski ,Nebojani, Nivicani, Novo Selo, Polaki, Trkanje, Preseka, Pantelej, Rajcani, Pasadzikovo, Recani, Dolno Gradce
Kratovo	Villages: Gorno Kratovo, Emirica, Kavrak, Knezevo, Kojkovo, Kunovo, Lukovo, Mushkovo, Nezilovo, Blizanci,Stracin, Prikovci, Tatomir, Shlegovo, Ketenovo.
Kriva Palanka	City: Kriva Palanka and villages: B's, Bashtevo, Borovo, Varoviste, Gabar, Golema Crcorija, Gradec, Dlabocica, Dobrovnica, Drenak, Drenje,Duracka Reka, Zidilovo, Kiselica, Konopnica, Kostur,Koshari Krklja , Krstov Dol, Lozanovo, Luke, Mala Crcorija, Martinica, Metezevo, Nerav, Ogut, Osice,Podrzi konj, Stanci, Trnovo, Uzem, Kostur, Mozdivnjak.
Krushevo	City: Krushevo and villages : Arilevo, Belushino, Birino,Gorno Divjaci, Dolno Divjaci, Ostrilci, Pusta Reka,Selce ,Norovo, Jakrenovo, Vrboec, Borino
Lipkovo	Villages: Belanovce, Glaznja, Goshince, Zlokukane, Izvor, Lukare, R"nkovce, Straza, Strima.
Mavrovo i Rostushe	Villages: Adzievci, Belicica, Bibaj, Bituse, Bogdevo,Boletin, Velebrdo, Volkovija, Viduse, Vrben,Vrbjani, Galicnik, Grekaj,Duf, Zirovnica , Zuznje,Jance , Kicinica, Krakornica, Leunovo, Lazaropole, Mavrovi Anovi, Nivishte, Nikiforovo, Nistrovo,Nicpur, Novo Selo, Orkuse, Prisojnica,Rosoki, Rostushe, Ribnica, Selce, Sence, Skudrinje, Sretkovo, Tanuse, Trebiste, Tresonce, Cerovo,Mavrovo, Susica
Makedonska Kamenica	Villages:Dulica, Kosevica, Kostin Dol, Moshtica, Sasa, Cera
Makedonski Brod	Villages: Bence, Bitovo, Breznica, Brest, Volce, Dolni Manastirec, Gorno Botusje, Gorno Krusje, Dolnono Botusje, Dolno Krusje, Drenovo, Zagrad, Zvecan,Ince, Kovac, Kosovo, Lupste, Staro Selo, Ramne,Rastes, Slansko, Susica, Tazevo, Tomino Selo, Trebovlje, Cresnevo, Krapa, Lokvica, Mogilec, Rusjaci, Vir
Mogila	Villages: Mojno, Crnichani
Novaci	Villages: Brnik, Budimirci, Gnilesh, Grumazi, Grunista, Iveni, Meglenci, Orle, Petalino, Polog, Zovich ,Staravina,Armatush, Makovo, Gradesnica, Dolno Orehovo, Zivojno,Paralovo, Tepavci, Zovik 2, Veleselo
Novo Selo	Villages: Barbarevo, Badolen, Stinik.
Ohrid	Villages: Vapila, Velestovo, Elsani, Zavoj, Konjsko, Kuratica, Livoista, Ljubanista, Ramne, Plake, Rasino, Recica, Svinista,Sirula, Skrebatno, Sipokno, Dolno Lakocerej, Gorno Lakocerej, Orman, Velgosti, Dolno Konjsko, Kosel, Trpejca, Openica, Pestani, Leskoec, Podmolje
Petrovec	Village: Divlje
Pehcevo	City: **Pehcevo** and villages: Negrevo,Pancarevo, Crnik, Ciflik, Robovo, Spikovo, Umlena
Plasnica	Village: Preglovo.

Prilep	Villages: Belovodica, Beshishte, Bonce, Veprcani, Vitoliste, Volkovo, Dabnica,Zivovo, Kokre, Krusevica, Krstec,Lopatica, Pletvar, Polciste, Prilepec, Prisad, Oreovac, Shtavica, Pestani, Leniste, Malo Ruvci, Marul,Selce, Cumovo
Probishtip	City: **Probistip** and Vilages: Grizilevci, Zelengrad, Jamishte, Kundino, Lesnovo, Marcino, Gorni Stubol, Dobrevo, Dreveno, Shtalkovica
Radovish	Villages: Ali Koch, Ali Lobasi, Kozbunar, Kodzalija, Novo Selo, Papavnica, Smilanci, Shaintas, Shipkovica, Shturkovo, Drzani, Karalobosi, Karadzaral, Hudaverlija, Durutlija, Koselija, Supurge, Cesme Maale
Rankovce	Villages: Baratlija, German, Milutince, P'kliste, Stanca, Gulince, Krivi Kamen, Petralica, Psaca, Radibus, Odreno,Otosnica
Resen	City: **Resen** and villages: Arvati, Bolno, Brajcino, Gorno Krusje, Evla, Zlatari, Izbista, Ilino, Konjsko, Kriveni, Lavci, Leva Reka, Grncari, Dolno Dupeni, Podmocani, Rajca, Gorno Dupeni, Stenje, Jankovec, Krani, Sopotsko, Leskoec, Ljubojno, Otesevo, Petrino, Pokrvenik, Stipona, Shurlenci, Kurbinovo, Preljublje, Shtrbovo, Slivnica, Dolna Bela Crkva, Dolno Perovo, Nakolec, Asamati, Pretor, Drmeni, Ezerani, Carev Dvor, Gorna Bela Crkva,Volkoderi, Kozjak
Saraj	Village: Raovik
Sveti Nikole	Village: Stoimanci
Sopishte	Villages: Drzilovo, Sveta Petka, Nova Breznica, Patishka Reka, Gorno Sonje
Studenichani	Villages: Aldinci, Elovo, Kaldirec, Ramni Gaber, Cvetovo, Crn Vrv
Staro Nagoricane	Villages: Arbanashko, Dlabocica, Dejlovce, Aljince, Kokino, M"glence, Malotino, Osiche, Ramno, Bukovljane, Cvetishnica
Struga	Villages: Bezovo, Bogojci, Boroec, Brcevo, Burinec, Visni, Gorna Belica, Drenok, Zbazdi, Jablanica, Labunista, Lakavica, Lokov, Mali Vlaj, Mislodezda, Modric, Nerezi, Piskupstina, Frangovo, Podgorci, Poum, Prisovjani, R'zanovo, Selci, Toska, Lukovo, Oktisi, Tasmarunista, Vranishta, Globocica, Draslajca, Novo Selo, Shum, Livada,Veleshta, Dolno Tatesi, Gorno Tatesi, Dzepin, Zagracani, Koroshishta, Radolishta, Radozda, Dolna Belica, Dobovjani, Delogozdi
Tearce	Villages: Brezno, Varvara, Jelosnik
Tetovo	Villages: Bozovce, Brodec, Vejce, Veshala, Gajre, Djermo, Lavce, Lisec, Otunje, Selce, Setole, Sipkovica,Jedoarce
Centar Zupa	Villages: Bajramovci, Brestani, Gorno Melnicani, Gorenci, Dolgas, Dolno Melnicani, Elevci, Zitineni, Kocista, Kodzadzik, Novak, Osolnica, Odzovci, Pareshi, Balanci, Crno Boci, Evla, Mal Papradnik, Pralenik, Centar Zupa
Chashka	Villages: Gorno Jabolciste, Gorno Vranovci, Papradiste,Popadija, Cresnovo, Dolno Jabolciste, Oreshe, Plevenje, Nezilovo, Krnino, Kapinovo
Chucher-Sandevo	Villages: Blace, Brest, Brodec, Tanusevci.
Stip	Villages: Kalapetrovci, Kosevo, Nikoman, Pocivalo, Sasavarlija, Suvo Grlo
Total designated settlements	**737**

Annex 3: List of Agricultural Regions

#	Agricultural regions	Municipalities (LAU 1)
1.	**Skopsko Pole**	Saraj, Suto Orizari, Karposh, Kisela Voda, Gjorce Petrov, Gazi Baba, Butel, Aerodrom, Sopiste, Studenicani, Zelenikovo, Petrovec, Ilinden, Aracinovo, Cucer Sandevo, Studenicani
2.	**Kumanovsko-Lipkovsko Pole**	Kratovo, Kriva Palanka, Rankovce, Staro Nagoricane, Kumanovo, Lipkovo
3.	**Kocansko Pole**	Vinica, Zrnovci, Cesinovo-Oblesevo, Kocani
4.	**Ovce Pole i Malesevija**	Stip, Lozovo, Sveti Nikole, Probistip, Karbinci, Berovo, Pehcevo, Delcevo
5.	**Polog**	Jagunovce, Tearce, Tetovo, Zelino, Bogovinje, Brvenica, Vrapciste, Gostivar
6.	**Pelagonija**	Bitola, Dolneni, Krusevo, Krivogastani, Demir Hisar, Bitola, Mogila, Novaci, Prilep, Makedonski brod
7.	**Tikvesko Pole**	Veles, Gradsko, Kavadarci, Demir Kapija, Negotino, Rosoman,
8.	**Strumicko (Radovisko) Pole**	Strumica, Novo Selo, Bosilovo, Vasilevo, Konce, Radovis
9.	**Ohrid-Prespa Lake Region**	Debarca, Struga, Vevcani, Ohrid, Resen
10.	**Gevgelisko-Valandovsko Pole**	Gevgelija, Bogdanci, Dojran, Valandovo

Annex 4: Agriculture production statistics and Agri-food trade

Area and production of cereals, 2015 - 2019

	Area, in hectares		Production		Area, in hectares		Production	
	sown	harvested	total, in tonnes	kg, per hectare	sown	harvested	total, in tonnes	kg, per hectare
	Wheat				**Rye**			
2015	73.979	73.060	201.218	2.754	3.760	3.758	7.747	2.061
2016	79.898	79.832	306.433	3.838	4.490	4.483	10.210	2.277
2017	72.965	72.965	200.112	2.746	4.071	4.065	8.416	2.070
2018	73.072	73.072	241.106	3.396	3.838	3.836	9.379	2.445
2019	68.959	68.847	239.916	3.485	3.834	3.808	8.628	2.265
	Barley				**Oats**			
2015	41.763	41.160	101.677	2.470	3.107	3.070	5.652	1.841
2016	41.339	41.297	144.832	3.507	3.609	3.607	7.612	2.110
2017	43.973	43.816	93.666	2.138	3.480	3.415	5.421	1.587
2018	44.772	42.331	130.028	3.072	3.600	3.591	7.338	2.043
2019	44.098	43.941	138.453	3.151	3.649	3.640	6.715	1.845
	Maize				**Rice**			
2015	31.807	31.651	133.771	4.226	5.018	4.985	30.527	6.124
2016	31.083	31.045	143.823	4.633	5.040	5.040	24.792	4.919
2017	31.429	31.287	120.156	3.840	3.500	3.274	17.080	5.217
2018	36.417	36.340	187.676	5.164	3.222	3.222	19.732	6.124
2019	34.123	33.967	145.278	4.277	3.555	3.481	21.278	6.113

Source: SSO, 2020

Area and production of vegetables, 2015 - 2019

	Area, in hectares		Production		Area, in hectares		Production	
	sown	harvested	total, in tonnes	kg, per hectare	sown	harvested	total, in tonnes	kg, per hectare
	Potatoes				**Beans-single main crop**			
2015	13.360	13.360	189.408	14.177	4.783	4.783	5.569	1.164
2016	13.279	13.273	197.138	14.853	4.887	4.817	6.251	1.298
2017	13.189	13.188	177.721	13.476	4.703	4.703	4.867	1.035
2018	12.406	12.403	180.424	14.547	4.599	4.577	4.992	1.091
2019	12.946	12.939	189.023	14.609	4.533	4.504	4.886	1.085
	Cabbage				**Cabbage-interfield**			
2015	4.815	4.800	144.931	30.194	1.300	1.300	48.865	37.588
2016	4.597	4.593	139.873	30.454	1.199	1.199	45.354	37.826
2017	4.505	4.499	132.821	29.522	1.239	1.239	48.518	39.159
2018	4.510	4.502	127.856	28.400	1.237	1.237	45.285	36.608
2019	4.639	4.627	127.856	28.400	1.275	1.275	45.138	35.402
	Tomatoes				**Peppers**			
2015	5.657	5.642	173.434	30.740	8.622	8.617	189.443	21.985
2016	5.609	5.604	161.951	28.899	8.766	8.751	181.852	20.781
2017	5.608	5.597	159.721	28.537	8.930	8.927	175.100	19.615
2018	5.570	5.569	161.621	29.021	9.196	9.179	182.872	19.923
2019	5.520	5.497	152.348	27.715	9.407	9.390	185.452	19.750
	Garlic				**Onions**			
2015	980	980	4.214	4.300	3.606	3.606	59.542	16.512
2016	978	978	4.221	4.316	3.584	3.581	60.958	17.022
2017	948	947	4.214	4.450	3.639	3.633	56.259	15.485

2018	959	950	4.134	4.352	3.635	3.627	59.030	16.275
2019	908	904	4.515	4.995	3.580	3.562	59.314	16.652
Melons and watermelons					**Lentils**			
2015	5.562	5.509	131.039	23786	84	84	68	810
2016	5.506	5.445	139.679	25653	84	84	110	1.312
2017	5.401	5.385	121.168	22501	87	86	96	1.119
2018	5.281	5.281	132.091	25013	89	81	107	1.325
2019	5.138	5.132	126.223	24595	74	74	98	1.330
Potatoes-interfield					**Beans-interfield**			
2015	/	224	998	4.456	8.795	8.795	7.789	886
2016	/	1.391	4950	4.950	8.663	8.663	6.709	774
2017	/	248	1230	4.960	8.472	8.472	5.095	601
2018	/	288	1507	5.233	8.545	8.545	7.256	849
2019	/	330	1504	4.558	8.551	8.551	5.933	697

Source: SSO, 2020

Area and production of industrial crops, 2015 - 2019

	Area, in hectares		Production		Area, in hectares		Production	
	sown	harvested	total, in tonnes	kg, per hectare	sown	harvested	total, in tonnes	kg, per hectare
	Sunflower				**Tobacco**			
2015	5.562	5.542	8.499	1.534	16.128	16.128	24.237	1.503
2016	3.974	3.896	6.266	1.608	16.379	16.376	25.443	1.554
2017	4.073	4.022	6.178	1.536	15.961	15.959	22.885	1.434
2018	2.386	2.346	3.379	1.440	16.582	16.582	25.547	1.541
2019	4.677	4.605	6.539	1.420	16.719	16.679	26.234	1.573

Source: SSO, 2020

Area and production of fodder crops, 2015 - 2019

	Area, in hectares		Production		Area, in hectares		Production	
	sown	harvested	total, in tonnes	kg, per hectare	sown	harvested	total, in tonnes	kg, per hectare
	Clover				**Alfalfa**			
2015	3.544	3.544	15.781	4.453	19.405	19.301	111.143	5.758
2016	3.727	3.725	17.720	4.757	19.628	19.579	111.731	5.707
2017	3.716	3.716	14.829	4.757	19.511	19.487	98.083	5.033
2018	3.707	3.685	20.314	5.513	19.738	19.698	115.975	5.888
2019	3.927	3.922	20.501	5.227	19.710	19.455	107.048	5.502
	Vetches-hay				**Fodder peas-hay**			
2015	2.034	2.034	7.010	3.447	1.484	1.472	4.193	2.849
2016	1.922	1.922	7.052	3.669	1.269	1.253	4.210	3.360
2017	2.180	2.180	6.633	3.043	1.675	1.640	5.557	3.389
2018	2.065	2.065	7.865	3.804	1.647	1.428	4.976	3.484
2019	2.018	2.018	6.464	3.203	1.646	1.639	4.684	2.858
	Fodder maize				**Fodder beet**			
2015	5.136	5.125	119.985	23.412	386	386	3.051	7.905
2016	6.385	6.378	193.708	30.371	387	387	3.596	9.293
2017	6.388	6.384	137.186	21.489	383	382	3.468	9.079
2018	6.245	6.196	176.656	28.511	376	376	3.481	9.257
2019	8.261	8.231	187.246	22.749	475	475	4.151	8.739

Source: SSO, 2020

Area and production on meadows and pastures, 2015 – 2019

	Meadows Production			Pastures Production		
	Harvested area, ha	total, in tonnes	kg, per hectare	Harvested area, ha	total, in tonnes	kg, per hectare
2015	59.464	106.802	1.796	750.359	514.967	686
2016	59.437	112.597	1.894	749.772	493.377	658
2017	59.912	96.622	1.894	748.413	512.518	685
2018	59.685	107.347	1.799	744.667	512.336	688
2019	59.773	98.445	1.647	743.991	504.105	678

Source: SSO, 2020

Vineyards and production of grapes, 2015 - 2019

	Area of vineyards, in hectares	Number of vines in '000		Production	
		total	grape-bearing	total, in tonnes	kg per hectare
2015	22.918	86.313	84.781	324.769	14.171
2016	23.192	87.668	85.950	333.319	14.372
2017	23.398	87.945	86.330	180.349	7.708
2018	23.670	88.356	86.591	294.497	12.442
2019	23.996	88.520	86.387	258.960	10.792

Source: SSO, 2020

Fruit-bearing trees and production of fruit, 2015 - 2019

	Trees in '000		Production		Trees in '000		Production	
	total	fruit-bearing	total, in tonnes	kg, per tree	total	fruit-bearing	total, in tonnes	kg, per tree
	Apples				**Pears**			
2015	4.082	3.811	136.931	36	414	395	9.016	23
2016	4.165	3.855	101.088	26	446	408	7.207	18
2017	4.498	4.345	43.366	10	456	415	5.052	12
2018	4.875	4.724	140.296	30	493	453	8.055	18
2019	4.892	4.788	88.701	19	496	461	8.048	17
	Plums				**Cherries**			
2015	1.734	1.625	41.477	26	214	193	6.248	32
2016	1.772	1.656	33.684	20	244	200	5.574	28
2017	1.733	1.659	17.880	11	236	216	4.061	19
2018	1.732	1.670	37.719	23	256	231	5.824	25
2019	1.745	1.672	32.303	19	258	237	6.045	25
	Apricots				**Peaches**			
2015	201	179	3.255	18	585	558	12.006	21
2016	210	194	3.471	18	618	574	12.108	21
2017	208	198	3.992	20	657	617	11.509	19
2018	218	202	3.904	19	588	553	13.128	24
2019	215	209	6.070	29	600	555	12.003	22
	Sour cherries				**Walnuts**			
2015	1.049	908	8.483	9	204	172	5.790	34
2016	1.092	892	8.483	9	203	172	5.147	30
2017	1.153	982	4.408	4	201	167	2.341	14
2018	1.206	1.017	10.538	10	206	171	4.826	28
2019	1.102	981	8.695	9	210	172	5.014	29

Source: SSO, 2020

Livestock, poultry and beehives number, 2015 - 2019

	Cattle		Pigs		Sheep		Goats	Horses	Poultry	Beehives
	Total	Cows and heifers in calf	Total	Sows and first farrow sows	Total	Ewes for breeding				
2015	253.442	/	193.840	/	755.356	/	88.064	18.784	1.761.145	73.960
2016	254.768	139.181	190.552	27.494	778.404	555.932	101.669	19.263	1.865.769	81.476
2017	255.036	135.703	196.570	25.714	766.631	565.063	107.466	17.951	1.840.173	75.406
2018	256.181	143.040	176.920	23.191	732.338	579.747	117.447	10.041	1.828.287	81.197
2019	217.790	121.141	167.492	16.331	731.828	533.393	87.581	8.952	1.562.089	96.143

Source: SSO, 2020

Production of milk, eggs and honey, 2015 - 2019

	Total production of milk, in '000 litres	Cow's milk		Sheep's milk		Eggs		Honey	
		total, in '000 litres	litres, per dairy cow	total, in '000 litres	litres, per sheep	total, in '000,000 pieces	per hen, pieces	total, in tonnes	kg per beehive
2015	401.820	361.072	/	40.748	/	/	/	688	9
2016	444.110	403.044	3.218	41.066	74	177	131	/	/
2017	429.504	394.140	3.215	35.364	63	224	153	/	/
2018	440.789	404.230	3.123	36.559	63	181	132	/	/
2019	425.991	390.903	3.517	35.088	66	141	138	/	/

Source: SSO, 2020

Production of meat and raw fats, 2015 - 2019

	Meat in tones				
	total	beef	pork	mutton	poultry
2015	21.410	4.875	10.826	3.980	1.729
2016	21.994	3.962	12.786	3.737	1.509
2017	22.879	4.636	13.105	3.422	1.716
2018	22.255	4.381	12.929	3.446	1.499
2019	22.349	4.083	13.384	3.392	1.490

Source: SSO, 2020

Foreign Trade by Commodity Group with EU 28

Tariff code	Products	MK Export into EU-28		MK Export into EU-28		MK Import from EU-28		MK Import from EU-28		Trade balance	
		2018	2018	2019	2019	2018	2018	2019	2019	**2018**	**2019**
		value euros	share of value	value euros	share of value	value euros	share of value	value euros	share of value	value euros	
01	Live animals	83.717	0,0%	84.777	0,0%	1.951.667	0,5%	3.965.863	1,0%	-1.867.950	-3.881.086
02	Meat and edible meat offal's	8.850.441	3,2%	8.486.608	2,7%	74.834.683	19,0%	77.081.424	18,8%	-65.984.242	-68.594.816
04	Dairy produce; birds' eggs; natural honey	609.540	0,2%	418.445	0,1%	30.352.395	7,7%	32.786.888	8,0%	-29.742.854	-32.368.443
05	Products of animal origin, not elsewhere specified or included	20.198	0,0%	36.617	0,0%	1.916.988	0,5%	1.748.194	0,4%	-1.896.791	-1.711.578
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	15.322.936	5,6%	18.281.816	5,9%	6.021.856	1,5%	5.285.712	1,3%	9.301.080	12.996.104
07	Edible vegetables and certain roots and tubers	34.822.039	12,6%	44.667.937	14,4%	2.871.986	0,7%	3.039.770	0,7%	31.950.053	41.628.167
08	Edible fruit and nuts; peel of citrus fruits or melons	12.810.620	4,6%	16.169.909	5,2%	7.760.797	2,0%	7.571.462	1,8%	5.049.823	8.598.447
09	Coffee, tea, mati and spices	2.315.902	0,8%	2.965.162	1,0%	8.259.606	2,1%	8.770.015	2,1%	-5.943.703	-5.804.854
10	Cereals	5.119.155	1,9%	4.291.254	1,4%	4.652.237	1,2%	5.428.835	1,3%	466.919	-1.137.581
11	Products of the milling industry; malt; starches; inulin; wheat gluten	15.248	0,0%	22.282	0,0%	7.052.384	1,8%	7.299.448	1,8%	-7.037.136	-7.277.166
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	1.420.050	0,5%	1.259.005	0,4%	3.365.401	0,9%	4.092.979	1,0%	-1.945.351	-2.833.974
13	Lac; gums, resins and other vegetable saps and extracts	0	0,0%	21.111	0,0%	258.491	0,1%	241.825	0,1%	-258.491	-220.714
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0
15	Animal or vegetables fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	90.939	0,0%	586.414	0,2%	20.137.849	5,1%	20.415.410	5,0%	-20.046.911	-19.828.996
16	Preparations of meat	0	0,0%	0	0,0%	13.103.130	3,3%	13.520.233	3,3%	-13.103.130	-13.520.233
17	Sugar and sugar confectionery	24.978	0,0%	44.816	0,0%	14.126.145	3,6%	7.396.605	1,8%	-14.101.167	-7.351.789

18	Cocoa and cocoa preparations	18.882	0,0%	0	0,0%	40	0,0%	87	0,0%	18.842	-87
19	Preparations of cereals, flour, starch or milk; pastry cooks' products	0	0,0%	0	0,0%	12.959	0,0%	2.383	0,0%	-12.959	-2.383
20	Preparations of vegetables, fruit, nuts or other parts of plants	24.193.754	8,8%	25.674.194	8,3%	16.497.198	4,2%	16.444.363	4,0%	7.696.556	9.229.830
21	Miscellaneous edible preparations	11.288	0,0%	6.961	0,0%	160.362	0,0%	158.184	0,0%	-149.074	-151.223
22	Beverages, spirits and vinegar	27.405.592	9,9%	26.108.904	8,4%	1.135.285	0,3%	1.832.426	0,4%	26.270.307	24.276.478
23	Residues and waste from the food industries; prepared animal fodder	89.819	0,0%	127.327	0,0%	12.708.976	3,2%	13.089.406	3,2%	-12.619.157	-12.962.080
24	Tobacco and manufactured tobacco substitutes	82.761.961	30,0%	95.612.304	30,8%	13.673.010	3,5%	11.352.949	2,8%	69.088.951	84.259.354
33	Essential oils and resinoids	364.664	0,1%	430.254	0,1%	38.326	0,0%	21.071	0,0%	326.338	409.183
35	Albuminoidal substances; modified starches; glues; enzymes	7.590	0,0%	21.918	0,0%	496.303	0,1%	577.921	0,1%	-488.713	-556.002
41	Raw hides and skins (other than fur skins) and leather	464.316	0,2%	557.255	0,2%	188.836	0,0%	121.770	0,0%	275.480	435.486
43	Fur skins and artificial fur; manufactures thereof	0	0,0%	0	0,0%	2.896	0,0%	9.244	0,0%	-2.896	-9.244
50	Silk	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	24.465	0,0%	28.440	0,0%	135.651	0,0%	2.865	0,0%	-111.186	25.575
52	Cotton	0	0,0%	0	0,0%	238	0,0%	36.310	0,0%	-238	-36.310
53	Other vegetable textile fibbers	0	0,0%	0	0,0%	35.596	0,0%	18.000	0,0%	-35.596	-18.000
Total Basic Agricultural Products		216.848.095	78,6%	245.903.708	79,2%	241.751.290	61,3%	242.311.642	59,2%	-24.903.195	3.592.066
04	Dairy produce; birds' eggs; natural honey	0	0,0%	153	0,0%	2.152.434	0,5%	2.410.040	0,6%	-2.152.434	-2.409.887
05	Products of animal origin, not elsewhere specified or included	4.226	0,0%	13.596	0,0%	1.966	0,0%	6.442	0,0%	2.260	7.154
07	Edible vegetables and certain roots and tubers	0	0,0%	0	0,0%	5.768	0,0%	6.642	0,0%	-5.768	-6.642
09	Coffee, tea, mati and spices	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	0	0,0%	0	0,0%	0	0,0%	3.343	0,0%	0	-3.343
13	Lac; gums, resins and other vegetable saps and extracts	36.872	0,0%	314	0,0%	1.351.155	0,3%	1.899.446	0,5%	-1.314.283	-1.899.132

14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	0	0,0%	3.446	0,0%	261	0,0%	4.377	0,0%	-261	-931
15	Animal or vegetables fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	634.366	0,2%	646.614	0,2%	145.995	0,0%	169.161	0,0%	488.371	477.453
17	Sugar and sugar confectionery	3.198.032	1,2%	2.743.411	0,9%	3.291.810	0,8%	3.789.894	0,9%	-93.778	-1.046.483
18	Cocoa and cocoa preparations	4.535.995	1,6%	5.029.863	1,6%	25.822.922	6,5%	27.762.275	6,8%	-21.286.927	-22.732.412
19	Preparations of cereals, flour, starch or milk; pastry cooks' products	33.903.403	12,3%	34.034.912	11,0%	30.103.625	7,6%	32.068.178	7,8%	3.799.778	1.966.733
20	Preparations of vegetables, fruit, nuts or other parts of plants	46.728	0,0%	20.796	0,0%	518.864	0,1%	611.717	0,1%	-472.136	-590.921
21	Miscellaneous edible preparations	8.748.138	3,2%	9.011.594	2,9%	56.133.823	14,2%	61.553.164	15,0%	-47.385.686	-52.541.570
22	Beverages, spirits and vinegar	3.628.611	1,3%	4.183.587	1,3%	19.737.830	5,0%	21.001.100	5,1%	-16.109.219	-16.817.513
24	Tobacco and manufactured tobacco substitutes	4.019.927	1,5%	8.746.207	2,8%	4.750.675	1,2%	5.063.576	1,2%	-730.748	3.682.630
29	Organic chemicals	0	0,0%	0	0,0%	121.964	0,0%	154.825	0,0%	-121.964	-154.825
33	Essential oils and resinoids	1.000	0,0%	0	0,0%	29.190	0,0%	61.710	0,0%	-28.190	-61.710
35	Albuminoidal substances; modified starches; glues; enzymes	1.542	0,0%	5.338	0,0%	1.049.366	0,3%	1.277.925	0,3%	-1.047.824	-1.272.587
38	Miscellaneous chemical products	0	0,0%	0	0,0%	6.924	0,0%	0	0,0%	-6.924	0
Total process agricultural products		58.758.840	21,3%	64.439.830	20,7%	145.224.571	36,8%	157.843.816	38,6%	-86.465.732	-93.403.986
03	Fish and crustaceans, molluscs and aquatic invertebrates	150.964	0,1%	67.687	0,0%	5.443.831	1,4%	6.292.205	1,5%	-5.292.867	-6.224.518
16	Prepared or preserved fish and crustaceans, molluscs and aquatic invertebrates	2	0,0%	234.753	0,1%	2.134.103	0,5%	2.986.324	0,7%	-2.134.102	-2.751.571
Total fish and fish products		150.965	0,1%	302.440	0,1%	7.577.934	1,9%	9.278.529	2,3%	-7.426.969	-8.976.089
Total Basic, PAP's and Fishery products		**275.757.900**	**100,0%**	**310.645.978**	**100,0%**	**394.553.795**	**100,0%**	**409.433.987**	**100,0%**	**-118.795.895**	**-98.788.009**

Source: SSO, 2020 (MAFWE calculations).

Annex 5: List of local administrative units eligible under « Investments in rural public infrastructure » measure

Municipality in which settlements are located	**List of settlements with < 10 000 inhabitants** (Law on the territorial organization of the local self-government in North Macedonia)
Aerodrom	Village: Dolno Lisiche.
Arachinovo	Villages: Arachinovo, Grushino, Mojanci and Orlanci.
Berovo	City: Berovo and villages: Budinarci, Vladimirovo, Dvorishte, Machevo, Mitrashinci, Ratevo, Rusinovo and Smojmirovo.
Bitola	Villages: Bareshani, Bistrica, Bratin Dol, Brusnik, Bukovo, Velushina, Gabalavci, Gopesh, Gorno Egri, Gorno Orizari, Graeshnica, Dihovo, Dolenci, Dolno Egri, Dolno Orizari, Dragarino, Dragozani, Dragosh, Drevenik, Gjavato, Zabeni, Zlokukjani, Kazani, Kanino, Karamani, Kishava, Kravari, Krklino, Kremenica, Krstoar, Kukurechani, Lavci, Lazec, Lera, Lisolaj, Logovardi, Lopatica, Magarevo, Malovishte, Metimir, Medzitlija, Nizepole, Novo Zmirnovo, Oblakovo, Oleveni, Optichari, Orehovo, Ostrec, Poeshevo, Porodin, Ramna, Rashtani, Rotino, Svinishte, Sekirani, Snegovo, Sredno Egri, Srpci, Staro Zmirnovo, Strezevo, Trn, Trnovo, Capari, Crnobuki and Crnovec.
Bogdanci	City: Bogdanci and villages: Gjavato, Selemli and Stojakovo.
Bogovinje	Villages: Bogovinje, Gorno Palchishte, Gorno Sedlarce, Dolno Palchishte, Jelovjane, Kalnik, Kamenjane, Zerovjane, Novake, Novo Selo, Pirok, Rakovec, Selce Kech, Sinichane, Chiflik and Urvich.
Bosilovo	Villages: Borievo, Bosilovo, Gecherlija, Drvosh, Ednokukevo, Ilovica, Monospitovo, Petralinci, Radovo, Robovo, Saraj, Sekirnik, Staro Baldovci, Turnovo, Hamzali and Shtuka.
Brvenica	Villages: Blace, Brvenica, Volkovija, Gurgurnica, Dolno Sedlarce, Miletino, Radiovce, Stenche, Tenovo and Chelopek.
Butel	Villages: Vizbegovo, Ljubanci, Ljuboten and Radishani.
Valandovo	City: Valandovo and villages: Ajranli, Arazli, Bajrambos, Balinci, Barakli, Bashali, Bashibos, Brajkrvci, Buluntuli, Vejseli, Gorna Maala, Gradec, Grchishte, Dedeli, Gjuleli, Josifovo, Kazandol, Kalkovo, Kochuli, Marvinci, Pirava, Plavush, Prsten, Rabrovo, Sobri, Tatarli, Terzeli, Udovo, Chalakli and Chestevo.
Vasilevo	Villages: Angelci, Varvarica, Vasilevo, Visoka Maala, Vladievci, Gradoshorci, Dobroshinci, Dukatino, Edrenikovo, Kushkulija, Nivichino, Nova Maala, Piperevo, Radichevo, Sedlarci, Sushevo, Trebichino and Chanaklija.
Vevchani	Village: Vevchani.
Veles	Villages: Bashino Selo, Beleshtevica, Buzalkovo, Vetersko, Gorno Kalaslari, Gorno Orizari, Dolno Kalaslari, Dolno Orizari, Ivankovci, Karabunjishte, Klukovec, Krushje, Kumarino, Lugunci, Mamutchevo, Novachani, Novo Selo, Oraovec, Otovica, Rashtani, Rlevci, Rudnik, Selp, Slivnik, Sojaklari, Sopot, Crkvino, Chaloshevo and Dzidimirci.
Vinica	Villages: Blatec, Vinichka Krshla, Gradec, Grljani, Dragobrashte, Istibanja, Jakimovo, Kalimanci, Krushevo, Laki, Leski, Lipec, Pekljani, Trsino, Trstija and Crn Kamen.

Vrapchishte	Villages: Vranovci, Vrapchishte, Galate, Gradec, Gorjane, Dobri Dol, Gurgjevishte, Zubovce, Kalishte, Lomnica, Negotino-Poloshko, Novo Selo, Pozarane, Senokos and Toplica.
Gazi Baba	Villages: Brnjarci, Bulachani, Viniche, Goce Delchev, Idrizovo, Indzikovo, Jurumleri, Kolonija, Rashtak, Smiljkovci, Stajkovci, Strachinci, Creshevo and Trubarevo.
Gevgelija	Villages: Bogorodica, Gabrovo, Davidovo, Kovanec, Konjsko, Moin, Miletkovo, Miravci, Mrzenci, Negorci, Novo Konsko, Petrovo, Prdejci, Sermenin, Smokvica and Uma.
Gostivar	Villages: Balin Dol, Belovishte, Brodec, Vrutok, Gorna Banjica, Gorno Jelovce, Gorna Gjonovica, Debreshe, Dolna Banjica, Dolno Jelovce, Dolna Gjonovica, Zelezna Reka, Zdunje, Korito, Kunovo, Lakavica, Leshnica, Malo Turchane, Mirdita, Mitroj Krsti, Padalishte, Pechkovo, Simnica, Srbinovo, Sushica, Strajane, Raven, Rechane, Trnovo, Tumchevishte, Kafa, Forino, Chajle and Chegrane.
Gradsko	Villages: Vinichani, Vodovrati, Gorno Chichevo, Gradsko, Grnchishte, Dvorishte, Dolno Chichevo, Zgropolci, Kochilari, Kuridere, Nogaevci, Podles, Svekani, Skachinci, Ubogo and Ulanci.
Debar	Villages: Banishte, Bomovo, Gari, Gorno Kosovrasti, Dolno Kosovrasti, Konjari, Krivci, Mogorche, Osoj, Otishani, Rajchica, Selokuki, Spas, Tatar Elevci, Trnanik, Hame and Dzepishte.
Debrca	Villages: Arbinovo, Belchishta, Botun, Brezani, Velmej, Volino, Vrbjani, Godivje, Gorenci, Gorno Sredorechie, Grko Pole, Dolno Sredorechie, Zlesti, Izdeglavje, Klimeshtani, Laktinje, Leshani, Mesheishta, Mramorec, Novo Selo, Ozdoleni, Orovnik, Pesochani, Slatino, Slatinski Chiflik, Slivovo, Soshani, Trebenishta, Turje and Crvena Voda.
Delchevo	Villages: Bigla, Vetren, Virche, Vratislavci, Gabrovo, Grad, Dramche, Zvegor, Iliovo, Kiselica, Kosovo Dabje, Nov Istevnik, Ochipala, Poleto, Razlovci, Selnik, Stamer, Star Istevnik, Trabotivishte, Turija and Chiflik.
Demir Kapija	City: Demir Kapija and villages: Barovo, Besvica, Bistrenci, Drachevica, Dren, Iberli, Klisura, Kosharka, Koprishnica, Koreshnica, Przdevo, Strmashevo, Chelevec and Chiflik.
Demir Hisar	City: Demir Hisar and villages: Babino, Bazernik, Barakovo, Belche, Boishte, Brezovo, Vardino, Velmevci, Virovo, Golemo Ilino, Graishte, Dolenci, Edinakovci, Zvan, Zeleznec, Zurche, Zagoriche, Zashle, Kochishte, Kutretino, Leskovo, Malo Ilino, Mrenoga, Novo Selo, Obednik, Pribilci, Radovo, Rakitnica, Rastojca, Sveta, Sladuevo, Slepche, Sloeshtica, Smilevo, Sopotnica, Strugovo, Suvo Grlo, Suvodol, Utovo and Cerovo.
Dojran	Villages: Durutli, Gjopcheli, Kurtamzali, Nikolik, Nov Dojran, Organdzali, Sevendekli, Sretenovo, Star Dojran, Furka, Crnichani, Chaushli and Dzumabos.
Dolneni	Villages: Belo Pole, Brailovo, Vranche, Gorno Selo, Gostirazni, Dabjani, Debreshte, Desovo, Dolgaec, Dolneni, Drenovci, Dupjachani, Zabjani, Zitoshe, Zabrchani, Zapolzani, Zrze, Kostinci, Koshino, Kutleshevo, Lazani, Lokveni, Malo Mramorani, Margari, Nebregovo, Novoselani, Peshtalevo, Rilevo, Ropotovo, Sarandinovo, Sekirci, Senokos, Slepche, Slivje, Sredorek, Strovija and Crnilishte.
Gjorche Petrov	Villages: Volkovo, Grachani, Kisela Jabuka, Kuchkovo, Nikishtane, Novo Selo and Orman.
Zelino	Villages: Gorna Leshnica, Grupchin, Dobarce, Dolna Leshnica, Zelino, Kopachin Dol, Larce, Lukovica, Merovo, Novo Selo, Ozormishte, Palatica, Rogle, Sedlarevo, Strimnica, Trebosh, Cerovo and Chiflik.

Zelenikovo	Villages: Vrazale, Gradovci, Gumalevo, Dejkovec, Dobrino, Zelenikovo, Novo Selo, Oreshani, Pakoshevo, Paligrad, Smesnica, Strahojadica, Taor and Tisovica.
Zrnovci	Villages: Vidovishte, Zrnovci and Morodvis.
Ilinden	Villages: Ajvatovci, Bujkovci, Bunardzik, Buchinci, Deljadrovci, Ilinden, Kadino, Marino, Miladinovci, Mralino, Mrshevci and Tekija.
Jegunovce	Villages: Belovishte, Vratnica, Zilche, Jazince, Janchishte, Jegunovce, Kopance, Orashje, Podbrege, Preljubishte, Raotince, Ratae, Rogachevo, Sirichino, Staro Selo, Tudence and Shemshevo.
Kavadarci	Villages: Begnishte, Bojanchishte, Bohula, Brushani, Bunarche, Vatasha, Vozarci, Galishte, Garnikovo, Glishik, Gorna Boshava, Grbovec, Dabnishte, Dobrotino, Dolna Boshava, Dragozel, Dradnja, Drenovo, Kesendre, Klinovo, Konopishte, Koshani, Krnjevo, Kumanichevo, Majden, Marena, Mrezichko, Pravednik, Rezanovo, Radnja, Raec, Resava, Rozden, Sopot, Stragovo, Farish, Chemersko, Sheshkovo and Shivec.
Karbinci	Villages: Argulica, Batanje, Vrteshka, Golem Gaber, Gorni Balvan, Gorno Trogerci, Dolni Balvan, Dolno Trogerci, Ebeplija, Junuzlija, Kalauzlija, Karbinci, Kepekchelija, Kozjak, Krupishte, Kurfalija, Kuchilat, Kuchica, Mal Gaber, Michak, Muratlija, Nov Karaorman, Odzalija, Pripechani, Prnalija, Radanje, Ruljak, Tarinci and Crvulevo.
Karposh	Villages: Bardovci and Gorno Nerezi.
Kisela Voda	Villages: Drachevo and Usje.
Kichevo	Villages: Knezino, Lazarovci, Mamudovci, Osoj, Rashtani, Trapchin Dol, Atishta, Bigor Dolenci, Vraneshtica, Dupjani, Karbunica, Kozichino, Krushica, Miokazi, Orlanci, Patec, Rabetino, Rechani- Chelopechko, Svetorache, Staroec, Chelopeci, Belica, Brzdani, Vidrani, Golemo Crsko, Gorna Dushegubica, Gorno Dobrenoec, Dolna Dushegubica, Dolno Dobrenoec, Drugovo, Ehloec, Ivanchishta, Izvor, Javorec, Judovo, Kladnik, Klenoec, Kozica, Lavchani, Malkoec, Malo Crsko, Manastirsko Dolenci, Podvis, Popoec, Popolzani, Prostranje, Svinjishte, Srbjani, Cer, Bachishta, Bukojchani, Gorno Strogomishte, Greshnica, Dlapkin Dol, Dolno Strogomishte, Zajas, Kolari, Kolibari, Leshnica, Midinci, Rechani – Zajasko, Tajmishte, Arangel, Berikovo, Garani, Zubrino, Jagol, Jagol Dolenci, Novo Selo, Oslomej, Papradishte, Popovjani, Premka, Srbica, Strelci, Tuin, Crvivci and Shutovo
Konche	Villages: Gabrevci, Garvan, Gorna Vrashtica, Gorni Lipovik, Dedino, Dolna Vrashtica, Dolni Lipovik, Dolni Radesh, Zagorci, Konche, Lubnica, Negrenovci, Rakitec and Skorusha.
Kochani	Villages: Bezikovo, Beli, Vraninci, Gorni Podlog, Gorno Gradche, Glavovica, Grdovci, Dolni Podlog, Dolno Gradche, Jastrebnik, Kostin Dol, Leshki, Mojanci, Nebojani, Nivichani, Novo Selo, Orizari, Pantelej, Pashadzikovo, Polaki, Preseka, Pribachevo, Pripor, Rajchani, Rechani, Trkanje and Crvena Niva.
Kratovo	City: Kratovo and villages: Blizanci, Vakuf, Gorno Kratovo, Dimonce, Emirica, Zeleznica, Zivalevo, Kavrak, Ketenovo, Knezevo,Kojkovo, Konjuh, Krilatica, Kuklica, Kunovo, Lukovo, Mushkovo, Nezilovo, Pendak, Prikovci, Sekulica, Stracin, Talashmance, Tatomir, Topolovik, Trnovac, Turalevo, Filipovci, Shlegovo and Shopshko Rudare.
Kriva Palanka	Villages: Bes, Bastevo, Borovo, Varovishte, Gabar, Golema Crcorija, Gradec, Dlabochica, Dobrovnica, Drenak, Drenje, Durachka Reka, Zidilovo, Kiselica, Konopnica, Kostur, Koshari, Krklja, Krstov Dol, Lozanovo, Luke, Mala Crcorija, Martinica, Metezevo, Mozdivnjak, Nerav, Ogut, Osiche, Podrzi Konj, Stanci, Telminci, Trnovo and Uzem.

Krivogashtani	Villages: Bela Crkva, Borotino, Vogjani, Vrbjani, Godivle, Korenica, Krivogashtani, Krusheani, Mirche Acev, Obrshani, Pashino, Ruvci, Podvis and Slavej.
Krushevo	City: Krushevo and villages: Aldanci, Arilevo, Belushino, Birino, Borino, Buchin, Vrboec, Gorno Divjaci, Dolno Divjaci, Jakrenovo, Miloshevo, Norovo, Ostrilci, Presil, Pusta Reka, Sazdevo, Sveto Mitrani and Selce.
Kumanovo	Villages: Agino Selo, Bedinje, Beljakovce, Biljanovce, Brzak, Vakev, Vince, Voinovikj, Gabresh, Gorno Konjare, Gradishte, Delga, Dobroshane, Dovezence, Dolno Konjare, Zivinje, Zubovce, Jachince, Karabichane, Klechevce, Kokoshinje, Kolicko, Kosmatac, Kosturnik, Kutlibeg, Kuchkarevo, Keshanje, Lopate, Ljubodrag, Murgash, Novo Selo, Novoseljane, Orashac, Pezovo, Proevce, Pchinja, Rezanovce, Rechica, Romanovce, Skachkovce, Sopot, Studena Bara, Sushevo, Tabanovce, Tromegja, Umin Dol, Cherkezi, Chetirce and Shuplji Kamen.
Lipkovo	Villages: Alashevce, Belanovce, Vaksince, Vishtica, Glaznja, Goshince, Dumanovce, Zlokukjane, Izvor, Lipkovo, Lojane, Lukare, Matejche, Nikushtak, Opae, Orizari, Otlja, Renkovce, Ropalce, Runica, Slupchane, Straza and Strima.
Lozovo	Villages: Adzibegovo, Adzimatovo, Bekirlija, Dorfulija, Gjuzemelci, Karatmanovo, Kishino, Lozovo, Milino, Saramzalino and Koselari.
Mavrovo and Rostushe	Villages: Adzievci, Belichica, Bibaj, Bitushe, Bogdevo, Boletin, Velebrdo, Volkovija, Vidushe, Vrben, Vrbjani, Galichnik, Grekaj, Duf, Zirovnica, Zuznje, Janche, Akchilnica, Krakornica, Leunovo, Lazaropole, Mavrovi Anovi, Mavrovo, Nivishte, Nikiforovo, Nistrovo, Nichpur, Novo Selo, Orkushe, Prisojnica, Rosoki, Rostushe, Ribnica, Selce, Sence, Skudrinje, Sretkovo, Sushica, Tanushe, Trebishte, Tresonche and Cerovo.
Makedonska Kamenica	City: Makedonska Kamenica and villages: Dulica, Kosevica, Kostin Dol, Lukovica, Moshtica, Sasa, Todorovci and Cera.
Makedonski Brod	City: Makedonski Brod and villages: Belica, Benche, Bitovo, Blizansko, Breznica, Brest, Vir, Volche, Gorni Manastirec, Gorno Botushje, Gorno Krushje, Greshnica, Devich, Dolni Manastirec, Dolno Botushje, Dolno Krushje, Dragov Dol, Drenovo, Zagrad, Zvechan, Zdunje, Zrkle, Izishte, Inche, Kalugjerec, Kovach, Kovche, Kosovo, Krapa, Lag, Latovo, Lokvica, Lupshte, Mogilec, Modrishte, Oreovec, Ramne, Rastesh, Rusjaci, Samokov, Slansko, Slatina, Staro Selo, Suvodol, Sushica, Tazevo, Tomino Selo, Topolnica, Trebino, Trebovlje and Creshnevo.
Mogila	Villages: Alinci, Beranci, Budakovo, Vasharejca, Gorna Charlija, Dolna Charlija, Dedebalci, Dobrushevo, Dolno Srpci, Ivanjevci, Loznani, Mogila, Mojno, Musinci, Novoselani, Noshpal, Podino, Puturus, Radobor, Sveto Todori, Trap, Trnovci and Crnichani.
Negotino	Villages: Brusnik, Veshje, Vojshanci, Gorni Disan, Dolni Disan, Dubrovo, Janoshevo, Kalanjevo, Krivolak, Kurija, Lipa, Pepelishte, Peshternica, Timjanik, Tremnik, Crveni Bregovi, Dzidimirci and Sheoba.
Novaci	Villages: Armatush, Baldovenci, Bach, Biljanik, Brnik, Brod, Budimirci, Veleselo, Vranjevci, Germijan, Gneotino, Gnilesh, Gorno Aglarci, Gradeshnica, Grumazi, Grunishta, Dalbegovci, Dobroveni, Dobromiri, Dolno Aglarci, Dolno Orehovo, Zivojno, Zovik 1, Zovik 2, Iveni, Makovo, Meglenci, Novaci, Novo Selo, Orle, Paralovo, Petalino, Polog, Rapesh, Ribarci, Skochivir, Slivica, Sovik, Staravina, Suvo Dol and Tepavci.
Novo Selo	Villages: Badolen, Bajkovo, Barbarevo, Borisovo, Drazevo, Zubovo, Koleshino, Mokrievo, Mokrino, Novo Konjarevo, Novo Selo, Samoilovo, Smolari, Staro Konjarevo, Stinik and Sushica.

Ohrid	Villages: Vapila, Velgoshti, Velestovo, Gorno Lakocherej, Dolno Konjsko, Dolno Lakocherej, Elshani, Zavoj, Konjsko, Kosel, Kuratica, Lagadin, Leskoec, Livoishta, Ljubanishta, Openica, Orman, Peshtani, Plake, Podmolje, Ramne, Rasino, Rechica, Svinishta, Sirula, Skrebatno, Trpejca and Shipokno.
Petrovec	Villages: Badar, Blace, Breznica, Gorno Konjari, Gradmanci, Divlje, Dolno Konjari, Katlanovo, Kozle, Letevci, Ognjandzi, Petrovec, R'zanichino, Sredno Konjari, Sushica, Chiflik and Kojlija.
Pehcevo	City: Pehcevo and villages: Negrevo, Pancharevo, Robovo, Spikovo, Umlena, Crnik and Chiflik.
Plasnica	Villages: Dvorci, Lisichani, Plasnica and Preglovo.
Prilep	Villages: Alinci, Belovodica, Berovci, Besishte, Bonche, Veprchani, Veselchani, Vitolishte, Volkovo, Vrpsko, Galichani, Golem Radobil, Golemo Konjari, Gugjakovo, Dabnica, Dren, Dunje, Erekovci, Zivovo, Zagorani, Kadino Selo, Kalen, Kanatlarci, Klepach, Kokre, Krushevica, Krstec, Lenishta, Lopatica, Mazuchishte, Mal Radobil, Malo Konjari, Malo Ruvci, Manastir, Marul, Nikodin, Novo Lagovo, Oreovec, Peshtani, Pletvar, Podmol, Polchishte, Prilepec, Prisad, Rakle, Selce, Smolani, Staro Lagovo, Toplica, Trojaci, Topolchani, Trojkrsti, Carevik, Chanishte, Chepigovo, Chumovo, Sheleverci and Shtavica.
Probishtip	City: Probishtip and villages: Bunesh, Buchishte, Gajranci, Gorni Stubol, Gorno Barbarevo, Grizilevci, Gujnovci, Dobrevo, Dolni Stubol, Dolno Barbarevo, Dreveno, Drenak, Zarapinci, Zelengrad, Zletovo, Jamishte, Kalnishte, Kukovo, Kundino, Lezovo, Lesnovo, Marchino, Neokazi, Pestrishino, Petrshino, Pishica, Pleshenci, Puzderci, Ratavica, Strisovci, Strmosh, Tripatanci, Troolo, Tursko Rudari and Shtalkovica.
Radovish	Villages: Ali Koch, Ali Lobasi, Buchim, Voislavci, Damjan, Drzani, Durutlija, Zleovo, Injevo, Jargulica, Kalauzlija, Kalugjerica, Karalobosi, Karadzalar, Kozbunar, Kodzalija, Novo Selo, Oraovica, Papavnica, Pogulevo, Podaresh, Pokrajchevo, Prnalija, Raklish, Sarigjol, Smilanci, Suldurci, Supurge, Topolnica, Koselija, Hudaverlija, Cheshme Maale, Shaintash, Shipkovica and Shturovo.
Rankovce	Villages: Baratlija, Vetunica, Vrzogrnci, German, Ginovci, Gulinci, Krivi Kamen, Ljubinci, Milutince, Odreno, Opila, Otoshnica, Peklishte, Petralica, Psacha, Radibush, Rankovce and Stancha.
Rosoman	Villages: Debrishte, Kamen Dol, Krushevica, Manastirec, Mrzen Oraovec, Palikura, Ribarci, Rosoman, Sirkovo and Trstenik.
Resen	City: Resen and villages: Arvati, Asamati, Bolno, Brajchino, Volkoderi, Gorna Bela Crkva, Gorno Dupeni, Gorno Krushje, Grnchari, Dolna Bela Crkva, Dolno Dupeni, Dolno Perovo, Drmeni, Evla, Ezerani, Zlatari, Izbishta, Ilino, Jankovec, Kozjak, Konjsko, Krani, Kriveni, Kurbinovo, Lavci, Leva Reka, Leskoec, Ljubojno, Nakolec, Oteshevo, Petrino, Podmochani, Pokrvenik, Preljubje, Pretor, Rajca, Slivnica, Sopotsko, Stenje, Stipona, Carev Dvor, Shtrbovo and Shurlenci.
Saraj	Villages: Arnakija, Bojane, Bukovik, Glumovo, Gorna Arnakija, Gorno Svilare, Grchec, Dvorce, Dolno Svilare, Kondovo, Kopanica, Krushopek, Laskarci, Ljubin, Matka, Panichari, Radusha, Raovik, Rasche, Rudnik Radusha, Semenishte, Chajlane and Shishevo.
Sveti Nikole	Villages: Alakinci, Amzabegovo, Arbashanci, Bogoslovec, Burilovci, Gorno Gjugjanci, Gorno Crnilishte, Gorobinci, Delisinci, Dolno Gjugjanci, Dolno Crnilishte, Erdzelija, Kadrifakovo, Knezje, Krushica, Makresh, Malino, Mezdra, Mechkuevci, Mustafino, Nemanjici, Orel,

	Pavleshenci, Patetino, Peshirovo, Preod, Ranchenci, Sopot, Stanulovci, Stanjevci, Stroimanci and Trstenik.
Sopishte	Villages: Barovo, Govrlevo, Gorno Sonje, Dobri Dol, Dolno Sonje, Drzilovo, Jabolci, Nova Breznica, Patishka Reka, Rakotinci, Sveta Petka, Sopishte and Chiflik.
Staro Nagorichane	Villages: Algunja, Aljince, Arbanashko, Bajlovce, Breshko, Bukovljane, Vojnik, Vragoturce, Vrachevce, Dejlovce, Dlabochica, Dobracha, Dragomance, Drenok, Zegljane, Zeljuvino, Kanarevo, Karlovce, Koince, Kokino, Meglence, Makresh, Malotino, Mlado Nagorichane, Nikuljane, Oblavce, Orah, Osice, Pelince, Puzajka, Ramno, Rugjince, Staro Nagorichane, Stepance, Strezovce, Strnovac, Cvetishnica, Cvilance and Chelopek.
Studenichani	Villages: Aldinci, Batinci, Vrtekica, Gorno Kolichani, Dolno Kolichani, Drachevica, Elovo, Kaldirec, Malchishte, Markova Sushica, Morani, Osinchani, Pagarusha, Ramni Gaber, Studenichani, Umovo, Cvetovo, Crvena Voda and Crn Vrv.
Struga	Villages: Bezovo, Bidzevo, Bogojci, Boroec, Brchevo, Burinec, Veleshta, Vishni, Vranishta, Globochica, Gorna Belica, Gorno Tateshi, Dolna Belica, Delogozdi, Dobovjani, Dolno Tateshi, Draslajca, Drenok, Zagrachani, Zbazdi, Jablanica, Kalishta, Korosishta, Labunishta, Lakaica, Livada, Lozani, Lokov, Lukovo, Mali Vlaj, Misleshevo, Mislodezda, Modrich, Moroishta, Nerezi, Novo Selo, Oktisi, Radozda, Radolishta, Frangovo, Shum, Piskupshtina, Podgorci, Poum, Prisovjani, Rezanovo,Selci, Tashmarunishta, Toska and Dzepin.
Strumica	Villages: Banica, Bansko, Belotino, Veljusa, Vodocha, Gabrovo, Gradsko Baldovci, Dabilje, Dobrejci, Dorlombos, Zleshevo, Kosturino, Kuklish, Memeshli, Murtino, Ormanli, Popchevo, Prosenikovo, Raborci, Ric, Sachevo, Svidovica, Tri Vodi and Chepeli.
Tearce	Villages: Brezno, Varvara, Glogji, Dobroshte, Jeloshnik, Leshok, Neproshteno, Nerashte, Odri, Prvce, Prshovce, Slatino and Tearce.
Tetovo	Villages: Bozovce, Brodec, Vejce, Veshala, Gajre, Golema Rechica, Gjermo, Jedoarce, Lavce, Lisec, Mala Rechica, Otunje, Poroj, Sarakino, Selce, Setole, Falishe, Dzepchishte and Shipkovica.
Centar Zupa	Villages: Bajramovci, Balanci, Breshtani, Broshtica, Vlasiki, Golem Papradnik, Gorno Melnichani, Gorenci, Dolgash, Dolno Melnichani, Evla, Elevci, Zitineni, Kochishta, Kodzadzik, Mal Papradnik, Novak, Osolnica, Odzovci, Pareshi, Pralenik, Centar Zupa and Crno Boci.
Chashka	Villages: Banjica, Bistrica, Bogomila, Busilci, Vladilovci, Vitanci, Vojnica, Gabrovnik, Golozinci, Gorno Vranovci, Gorno Jabolchishte, Dolno Vranovci, Dolno Jabolchishte, Drenovo, Elovec, Izvor, Kapinovo, Krajnici, Kriva Krusha, Krnino, Lisiche, Martolci, Melnica, Mokreni, Nezilovo, Novo Selo, Kormorani, Oraov Dol, Oreshe, Otishtino, Papradishte, Plevenje, Pomenovo, Popadija, Rakovec, Smilovci, Sogle, Stari Grad, Stepanci, Teovo, Creshnevo and Chashka.
Cheshinovo - Obleshevo	Villages: Banja, Burilchevo, Vrbica, Ziganci, Kuchicino, Lepopelci, Novo Selani, Obleshevo, Sokolarci, Spanchevo, Teranci, Ularci, Cheshinovo and Chiflik.
Chucher- Sandevo	Villages: Banjane, Blace, Brazda, Brest, Brodec, Gluvo, Gornjane, Kuchevishte, Mirkovci, Pobozje, Tanushevci and Chucher-Sandevo.
Stip	Villages: Baltalija, Brest, Vrsakovo, Gorachino, Dobroshani, Dolani, Dragoevo, Edeklerci, Jamujarci, Kalapetrovci, Koshevo, Krivi Dol, Lakavica, Leskovica, Lipov Dol, Ljuboten, Nikoman, Novo Selo, Penush,

	Piperovo, Pochivalo, Puhche, Sarchievo, Selce, Skandalci, Sofilari, Star Karaorman, Stepanci, Suvo Grlo, Sudik, Sushevo, Tanatarci, Testemelci, Toplik, Tri Cheshmi, Hadzi-Redzepli, Hadzi-Sejdeli, Hadzi-Hamzali, Creshka, Chardaklija, Chiflik, Shashavarlija and Shopur.
Shuto Orizari	Village: Gorno Orizari.
Total settlements	**1761**

Annex 6: Summary of the *Ex-ante* evaluation report

Overall, the draft IPARD III Programme assessed was considered to be presented in a very clear and consistent style, defining a transparent red line between needs, objectives and proposed interventions and is therefore a sound framework for further development. The document is of a good quality and largely conforms to the EC requirements. The description of measures is generally good, but improvements of text and explanations can still lead to even better measure descriptions. The implementing structures are well described and are in place to facilitate an effective implementation of the programme.

General characteristics of the IPARD III Programme are well described. The data used are to a large extent solid. Most inconsistencies in the economic data for core indicators presented in the earlier drafts of the programme have been fixed and improved in the final version of the programme. The frequent use of references to EU data and to regional data is appreciated.

The four summary SWOT tables follow the structure of the analysis of the current situation. The tables are appropriate regarding detailed information, and present SWOT elements that are described in chapter 3, which is appreciated. The needs are in compliance with the SWOT in chapter 4 and the analysis of the current situation in chapter 3. The needs will be addressed with the help of 8 selected IPARD III measures, and the draft programme presents in a fine table, how each measure will address specific needs under four overall objectives.

The overall objectives of the IPARD III programme are in line with the objectives of the National Strategy for Agriculture and Rural Development 2021-2027, the CAP, the IPA framework and Strategic response, as well as the Green Deal and to the Green Agenda for the Western Balkans.

The description of the selected measures in chapter 8 is good and only few comments are made, to each of the measure descriptions, including comments to lack of quantification of targets. The chosen measures to be implemented from the start of the programme period in 2022 will contribute to addressing the needs.

The expected economic, environmental, and social impacts of IPARD III are summarized. Increase of agriculture production and food processing, more intensified agricultural production and diversification and development of economic activities in rural areas may lead to additional pressures and negative impacts on nature and environment. However, enforcement and compliance with National Minimum Standards and EU standards will have important positive impact on the environment and nature. Social impacts will include increased welfare and economic opportunities in rural areas for those able to take advantage of the possibilities provided by the IPARD III programme.

Increased effectiveness is anticipated in MA and IPARD Agency due to recruitment of additional staff in compliance with the WLA. Also, dynamic effects due to increased experiences, learning by doing and planned training will contribute to higher effectiveness. The turnover rate of staff in MA and IPARD Agency will be reduced with the help of improved retention policies and better working environments.

Monitoring and Evaluation (M&E) will be improved due to better digitalization of data systems, and to better competences in MA and IPARD Agency regarding M&E. The risk for deadweight of supported investments must be avoided with the help of appropriate tools reducing the risk for deadweight.

The information about the process of consultation with relevant stakeholders on IPARD III programming and provisions, and its results are provided in Chapter 13, Annex 7, and Annex 8. From this information, it can be concluded that a good, participatory, and an inclusive consultation process was undertaken.

The ex-ante evaluator has received the draft final IPARD III programme dated 02.11.2021 from MAFWE and have had the opportunity to check to what extent the proposed recommendations in this ex-ante report have been addressed. The ex-ante evaluator can conclude that most recommendations are addressed, and it is justified by MAFWE, why a few recommendations were not followed.

The final report of the Ex-ante Evaluation of the draft IPARD III Programme can be found at the following link:

https://ipard.gov.mk/wp-content/uploads/2021/11/Final-Ex-ante-Report-IPARD-2021-2027-NM.pdf

Annex 7: List of consulted socio-economic partners

Name of organisation / institution	Competence/Expertise	Name of the contact Person
Association of the units of local self-government	Promotion of principles of local self-government	Natasha Vrteska
National federation of farmers	Representation and protection of interests of farmers - NGO	Vaska Mojsovska
Association of fruit producers "Blagoj A. Kotlarovski" Resen	Representation and protection of interests of fruit producers - NGO	Frosina Gjorgievska
Local Action Group "Agro Leader"	LEADER and local development aproach	Daniela Cvetanovska
Sub-sectoral working group on fruits and table grapes	Representation and protection of interests of fruit and table grape producers	Nikola Derebanov
Sub-sectoral working group on grapes and wine	Representation and protection of interests of wine producers	Ivan Vangelov
Sub-sectoral working group on cereals	National federation of farmers Representation and protection of interests of farmers	Stevance Jordanovski
Association of wine producers "Wines of Macedonia"	Representation and protection of interests of wine producers	Pero Mocan
Sub-sectoral working group on vegetables	North Macedonia's association of agricultural cooperatives Representation and protection of interests vegetable producers	Dragi Pamukov
Sub-sectoral working group on milk	Representation and protection of interests of milk producers -	Pandele Pandeleski; Nenad Stanojkovic; Gjorgi Petrusev
Sub-sectoral working group on meat	Assocation of poultry producers Representation and protection of poultry producers	Aleksandar Dovlev
Sub-sectoral working group on laying poultry	Representation and protection of interests of laying poultry	Ivan Markovski
Union of sheep breeders	Representation and protection of interests of sheep breeders - NGO	Aleksandar Dimovski
Rural development network	Union of civil associations of the rural communities in North Macedonia .	Petar Georgievski
Rural Coalition	Rural Development issues - NGO	Liljana Jonoski

North Macedonia's Association of Agricultural Cooperatives	Representation and protection of interests of agricultural cooperatives - NGO	Mende Ivanovski
North Macedonia's Association of Processors (MAP)	Representation and protection of interests of processors of fruit and vegetables - NGO	Saso Ristovski
Nature Conservation Programme - Farmahem	Environment protection and conservation	Katerina Ivanovska
Association "Aquatika"	Representation and protection of interests of the fish producers and aquaculture	Dimitar Janevski
Association of beekeepers	Representation and protection of the interest of women farmers-NGO	Pavle Boshkovski
North Macedonia's ecological society	Science of ecology, protection of the environment and biological and ecologically use of natural resources. NGO	Aleksandra Todorovska-Apostolova
Faculty for Agricultural Sciences and Food in Skopje	Science and education	Ana Kotevska
Faculty of Veterinary Medicine	Science and education	Vladimir Petkov
University Goce Delcev Stip	Science and education	Daniela Dimovska
Institute of Agriculture	Science and education	Klime Beleski
Institute of Animal Science	Science and education	Daniela Belichovska
Institute of Sociology	Science and education	Konstantin Minoski
North Macedonia's Chamber of Commerce	Representation and protection of interests of business entities	Vasko Ristovski
Chamber of Commerce for tourism	Representation and protection of interests of business entities in the tourism	Ferkan Berberi
Craft chamber	Representation and protection of interests of crafts producers	Olivija Tasic
Chamber of Commerce of North-West of North Macedonia	Representation and protection of interests of business entities in North-West region	Arden Halili

List of government institutions consulted in the inter-government consultations

Name of institution	Competence/Expertise	Name of the Contact Person
Secretariat for European Affairs	Management and coordination of EU integration process / NIPAC Secretariat	Sinisha Cvetanovski Evgenija Kirkovski
Ministry of Environment and Physical Planning	Governance of environment policy and regulation	Zaklina Kamceva
National Extension Agency	Public advisory service	Elgafar Jusufi
Agency for food and veterinary	Food safety, animal welfare, veterinary	Melita Trajkovska; Dimitar Terziovski
Agency for financial support of agriculture and rural development (AFSARD)	IPARD Agency	Nikica Bachovski
Ministry of Economy	Governance of industrial and investments policy and regulation	Jasmina Majstorovska Marina Arsovska
Ministry of Finance	National Fund	Aleksandra Simjanovska
Ministry of Environmental and Physical Planning	Governance of Environmental and Physical Planning	Aleksandar Petkovski; Bekim Muaremi; Suat Abazi
Ministry of Labour and social affairs	Governance of labour and social policy	Sanela Shkrielj

Annex 8: Summary results from the consultation process

Subject of the consultation	Date of the consultation	Time given to comment	Names of institutions/bodies/persons consulted	Summary of the results
Perception of difficulties faced by the potential recipients in applying for funds from the IPARD Programme 2014-2020 and consultation of the draft IPARD 2021-2027 Programme	December 2020 – September 2021	September 2021	National Federation of Farmers, Association of Farmers, (producers and processors of arable crops, fruit and vegetable, wine and grapes, milk and meat, eggs and poultry)	**General conclusions from the discussions not directly related with IPARD Programme:** ➢ Reduce land fragmentation and increase average land size per farm, ➢ Increase co-operation between farmers, ➢ Strong support for more integrated and facilitated delivery approach in new RDP and precise demarcation and synergy/interaction between IPARD Programme and National RDP, ➢ Need for guidance and support to prepare applications according to the IPARD Agency requirements, ➢ Accessibility to land and legalization of agriculture objects issue needs to be resolved, ➢ Need for even better promotion and marketing, ➢ Improve communication and co-operation between all stakeholders including government entities. ➢ Harmonization of the criteria from the legislation for animal welfare and food safety to the actual situation in the county. **General conclusions from the discussions directly related with IPARD Programme:** ➢ Problems to collect three offers from independent suppliers, due to lack of understanding on the comparability rules and independence of supplier, ➢ Harmonisation of time of project approval in accordance with the seasons of planting or introducing the possibility to start the investment before signing of the Agreement with PA,

Subject of the consultation	Date of the consultation	Time given to comment	Names of institutions/bodies/persons consulted	Summary of the results
				➢ Possibility of advances for the investment up to 50% of eligible expenditure very much appreciated; ➢ Addition of "Associative legal entities" as a potential recipients and "collective investments" was welcomed; ➢ The increase of the minimum capacity UAA in crop production and livestock units in livestock production and the increase of the minimum total eligible expenditure were greeted; ➢ Positive response to the increase of total amount of the investment/project for drafting TPP or BP;
Focus group discussions on the draft measures of IPARD Programme 2021-2027 (measures 1 and 3)	11 July 2014	16 July 2014	Sub-sector Working Groups according to the LARD (producers and processors of arable crops, fruit and vegetable, wine and grapes, milk and meat, eggs and poultry) Chambers of commerce	➢ Suggestion to simplify and ease the procedure of checking the reasonables of the cost to speed up the overall approval procedure; ➢ Proposal to change the requirement of 3 comparable offers to 2; ➢ "Ceilings for power of tractor per sector and size/capacity" (Annex 1 of the LEE for M1) to be revised and improved; ➢ The inclusion of the sector for animal food and feed in the M3 (instead in M&) was welcomed; ➢ Positive response for increasing of the minimum Total eligible Investment per project in measure 1 and measure 3; ➢ The introduction of the fishery sector in M1 and M3 (in IPARD II was in M7) was welcomed; ➢ The possibility to extend the use of produced renewable energy for self-consumption under M1 to households of the family farms was appreciated; ➢ Various discussions and proposals for modification and improvement of the LEE for M1 and M3.

Subject of the consultation	Date of the consultation	Time given to comment	Names of institutions/bodies/persons consulted	Summary of the results
Focus group discussions on the draft measures of IPARD Programme 2021-2027 (measure 7)	17 September	21 September		➢ Addition of "other bee-keeping products" as eligible activity under the investment in processing of alternative agriculture products; ➢ Adjusting Annex 14 of the Programme "Manufacturing of non-food products" in accordance with the experience of IPARD II implementation; ➢ Positive response for increasing of the minimum Total eligible Investment per project in measure 7.
Focus group discussions on the draft measures of IPARD Programme 2021-2027 (measure "Implementation of local development strategies - LEADER approach")	14 July 2021	21 July 2021	registered LAGs, potential LAGs to be registered, National Extension Agency and National Rural Network	➢ Amendments and modification to national legislation (Rulebooks related to LAGs under the LARD) in order to further facilitate the process of LAGs registration and implementation of both, national and IPARD measures; ➢ Necessity to upgrade and/or prepare new strategies; ➢ Provision of technical assistance, under the IPARD Technical assistance measure, for the preparation of strategies, definition of LAG territories, animation etc. ➢ Adaptation/consolidation of all document forms for implementation of Local Development measures under the National Rural Development Program with the forms that will be used for IPARD in order to pilot support for LAG through NPRD in accordance with the terms of IPARD
Focus group discussions on the draft measures of IPARD Programme 2021-2027 (measure "Advisory services")	13 September	16 September	National Extension Agency	➢ Refining the criteria for the NEA advisors, in terms of education, to take into account developments related to revised Fields of Science and Technology of the Frascati Manual ➢ To explore the possibility of advances for the expenditures of the Annual Implementation plan ➢ Review the calculations of the expenditures related to provision of advise

Subject of the consultation	Date of the consultation	Time given to comment	Names of institutions/bodies/persons consulted	Summary of the results
Public forum on draft IPARD 2021-2027	22 September 2021	29 September 2021	Public Institutions Science/ Education institutions Farmers Associations Chambers of commerce All civil organizations that are targeted/relevant for IPARD	**Concluding observations/remarks** **1. Whether the selected sectors for support as well as the type of eligible investment correspond with the actual needs?** ➢ Positive opinion received; ➢ Demarcation and synergy/interaction between IPARD and National RDP welcomed. **2. Whether the general and specific criteria in the measures are attainable and realistic? (general positive opinion received)** ➢ The burdensome documentation for applying for IPARD to be further simplified and to increase the provision of the documents directly by the IPARD Agency from relevant public institution **3. The proposed investment value (minimum and maximum) in the measures correspond to the needs and are generally acceptable** **4. The definition of the recipients is well suited to the actual situation and the agriculture production and the rural areas, with general observations that the bigger farms and enterprises should be encouraged to apply for IPARD.** ➢ To continue with the policy of stimulating young farmers and young entrepreneurs in the rural areas **5. Whether the budget allocation per measure is acceptable and is it considered that the same can be adequately used? general positive opinion received)** ➢ To increase the budget allocation for the investment measures (M1, M3 and M7) and Investments in rural public infrastructure **6. Other measures to be included in the Programme** ➢ Establishment and protection of forests;

Subject of the consultation	Date of the consultation	Time given to comment	Names of institutions/bodies/persons consulted	Summary of the results
				7. Improvement of skills and competences **Suggestions/ proposals to improve the absorption of the available IPARD funds** ➢ To improve the knowledge/skills of the farmers ➢ To lessen the land fragmentation and to improve the access of information as well as the issues with legalization of the agricultural objects to be overcome. ➢ To simplify the procedure of checking the reasonables of the cost. ➢ To introduce the possibility to start the investment before signing of the Agreement with PA, ➢ To improve the quality of the advisory services in the process of application for IPARD funds, but as well as in the implementation of the investment. ➢ To implement the advances possibility of up to 50%.

Annex 9: Definition of small and medium enterprises

Enterprises qualify as micro and small sized enterprises if they fulfil the criteria laid down in the Recommendation 2003/361/EC which are summarized in the table below. In addition to the staff headcount ceiling, an enterprise qualifies as an SME if it meets either the turnover ceiling or the balance sheet ceiling, but not necessarily both.

Enterprise category	**Headcount**	**Turnover or Balance sheet total**
medium	< 250	≤ € 50 million ≤ € 43 million
small	< 50	≤ € 10 million ≤ € 10 million
micro	< 10	≤ € 2 million ≤ € 2 million

The size of the company is established considering the linked and partner national and international companies.

Newly established enterprises shall be assessed on the basis of expression of their expected size of headcount, turnover or balance sheet total to be reached as proposed in the Technical Project Proposal/Business Plan, but not exceeding the range of SME enterprises.

The assessment of the recipients is performed by the IPARD Agency.

Annex 10: Storage and handling of Manure

Manure storage structures shall be designed and managed to contain manure (including wastewater, contaminated runoff, and manure mixed with litter or bedding) without any discharge to the ground and in waters;

The following options are to be considered by the recipients as minimum requirements:

a. *Minimum requirements for storage of solid manure:*

In case of storing manure in solid state, outdoor pad with at least three side walls where the manure is stacked must be envisaged, following these recommendations:

- levelled ground for solid manure heaps should be placed on elevated grounds to prevent flooding.
- the ground and walls must be made of waterproof material which prior to stocking must be covered with layer of absorbing material (substratum of chopped straw, leaves etc.) in order to absorb remains of liquid manure. Draining impermeable canals connected with urine depot or tank may be envisaged for drainage of the remaining liquid (applicable only for cattle and pigs).
- the heaps must be covered with material (with film or with thick layer of peat, chopped straw etc.) for odour protection and/or roofed for rain and sun protection.
- manure heaps must be at least 30 m from any well and must not be on a shore or bank of a water body, protected zone of a water intake. Also they should not be attached or close to the breeding stables.
- the capacity of the pad should be to store solid manure for at least 24 weeks.

b. *Minimum requirements for storage of semi-solid or liquid manure:*

In case of storing manure in semi-solid or liquid state above ground tanks or storages or below ground tanks or storages may be used, following these recommendations:

- in case of above ground tank, the tank must be covered (floating membrane or air-proof tent or other) and contain provision for aeration to avoid accumulation of lethal gases and pumping;
- in case of above ground tank and below ground storages, the floors and walls must be waterproof and any possibility of leakage must be prevented.
- the ground site where the storage is located must be fenced with at least 1,5 m high fence and properly marked with warning sign for danger and restriction for non-authorised access.
- the semi-solid or liquid manure must not be directed to the main sewage system;
- the capacity of the tank should be to store semi-solid or liquid manure for at least 24 weeks.

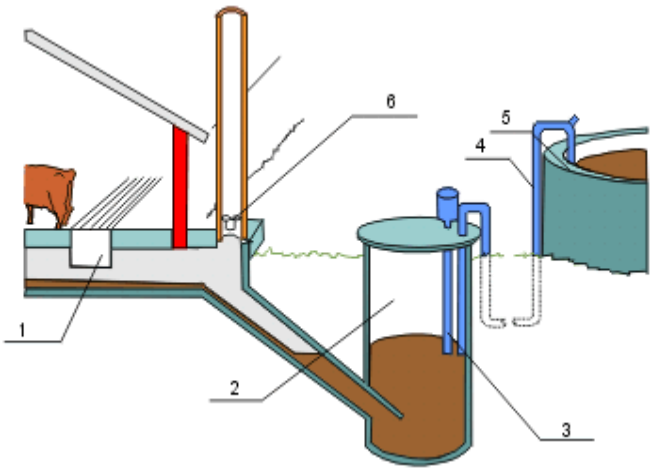
c. *Minimum requirements for storage of semi-solid or liquid manure with deep pits under the breeding space:*

In case of storing manure in semi-solid or liquid state with deep pits under the breeding space may be used, following these recommendations:

- the deep pits under the building floor housing the animals must be farther from milking parlour or processing facility.

- in case of storing manure in semi-solid or liquid state above ground tank storages or below ground storages for slurry and suitable pumping/mixing system if necessary must be envisaged.
- In case of above ground tank for slurry, the tank must be covered (example: floating membrane or air-proof tent or other) and contain provision for aeration to avoid accumulation of lethal gases and pumping/mixing;
- in case of bellow ground storages, the floors and walls must be waterproof and any possibility of leakage must be prevented.
- the ground site where the storage is located must be fenced with at least 1,5 m high fence and properly marked with warning sign for danger and restriction for non-authorised access.
- the liquid manure must not be directed to the main sewage system.
- the capacity of the tank should be to store liquid manure for at least 24 weeks.

Example of manure storage and handling system in case of deep pits under the building floor housing the animals for storage of liquid manure:



Slurry removal system: 1 – slurry channel; 2 - pit for pumping over; 3 - pump; 4 - rising pipe of slurry; 5 - slurry reservoir; 6 – ventilator

Annex 11: Livestock Unit Coefficients (LAU)

Bovine animals	Under 1 year old	0,400
	1 but less than 2 years old	0,700
	Male, 2 years old and over	1,000
	Heifers, 2 years old and over	0,800
	Dairy cows	1,000
	Other cows, 2 years old and over	0,800
Sheep and goats		0,100
Equidae		0,800
Pigs	Piglets having a live weight of under 20 kg	0,027
	Breeding sows weighing 50 kg and over	0,500
	Other pigs	0,300
Poultry	Broilers	0,007
	Laying hens	0,014
	Ostriches	0,350
	Other poultry	0,030
Rabbits, breeding females		0,020

Annex 12: List of Annex I products from the Treaty

LIST referred to in Article 32 of the Treaty

(1) No in the Brussels nomenclature	(2) Description of products
Chapter 1	Live animals
Chapter 2	Meat and edible meat offal
Chapter 3	Fish, crustaceans and molluscs
Chapter 4	Dairy produce; birds' eggs; natural honey
Chapter 5	
05.04	Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof
05.15	Animal products not elsewhere specified or included; dead animals of Chapter 1 or Chapter 3, unfit for human consumption
Chapter 6	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage
Chapter 7	Edible vegetables and certain roots and tubers
Chapter 8	Edible fruit and nuts; peel of melons or citrus fruit
Chapter 9	Coffee, tea and spices, excluding maté (heading No 0903)
Chapter 10	Cereals
Chapter 11	Products of the milling industry; malt and starches; gluten; inulin
Chapter 12	Oil seeds and oleaginous fruit; miscellaneous grains, seeds and fruit; industrial and medical plants; straw and fodder
Chapter 13	
ex13.03	Pectin
Chapter 15	
15.01	Lard and other rendered pig fat; rendered poultry fat
15.02	Unrendered fats of bovine cattle, sheep or goats; tallow (including "premier jus") produced from those fats
15.03	Lard stearin, oleostearin and tallow stearin; lard oil, oleo-oil and tallow oil, not emulsified or mixed or prepared in any way
15.04	Fats and oil, of fish and marine mammals, whether or not refined
15.07	Fixed vegetable oils, fluid or solid, crude, refined or purified
15.12	Animal or vegetable fats and oils, hydrogenated, whether or not refined, but not further prepared
15.13	Margarine, imitation lard and other prepared edible fats
15.17	Residues resulting from the treatment of fatty substances or animal or vegetable waxes
Chapter 16	Preparations of meat, of fish, of crustaceans or molluscs
Chapter 17	
17.01	Beet sugar and cane sugar, solid
17.02	Other sugars; sugar syrups; artificial honey (whether or not mixed with natural honey); caramel

17.03	Molasses, whether or not decolourised
17.05(1)	Flavoured or coloured sugars, syrups and molasses, but not including fruit juices containing added sugar in any proportion
Chapter 18	
18.01	Cocoa beans, whole or broken, raw or roasted
18.02	Cocoa shells, husks, skins and waste
Chapter 20	Preparations of vegetables, fruit or other parts of plants
Chapter 22	
22.04	Grape must, in fermentation or with fermentation arrested otherwise than by the addition of alcohol
22.05	Wine of fresh grapes; grape must with fermentation arrested by the addition of alcohol
22.07	Other fermented beverages (for example, cider, perry and mead)
ex22.08(1) ex22.09(1)	Ethyl alcohol or neutral spirits, whether or not denatured, of any strength, obtained from agricultural products listed in Annex I to the Treaty, excluding liqueurs and other spirituous beverages and compound alcoholic preparations (known as "concentrated extracts") for the manufacture of beverages
ex22.10(1)	Vinegar and substitutes for vinegar
Chapter 23	Residues and waste from the food industries; prepared animal fodder
Chapter 24	
24.01	Unmanufactured tobacco, tobacco refuse
Chapter 45	
45.01	Natural cork, unworked, crushed, granulated or ground; waste cork
Chapter 54	
54.01	Flax, raw or processed but not spun; flax tow and waste (including pulled or garnetted rags)
Chapter 57	
57.01	True hemp (Cannabis sativa), raw or processed but not spun; tow and waste of true hemp (including pulled or garnetted rags or ropes)
(1) Heading added by Article 1 of Regulation No 7a of the Council of the European Economic Community, of 18 December 1959 (OJ 7, 30.1.1961, p. 71 — Special edition (English edition) 1959 to 1962, p. 68).	

Annex 13: Description of methodology for assessment of economic viability of the projects

Assessment of financial / economic viability of the project is performed depending on the total budget of the project:

- For projects having a total budget bellow 80.000 euro, the prospect of financial viability must be demonstrated via Technical Project Proposal (Simplified Business Plan) containing perspective data on financing indicators in terms of generating sufficient income to meet the operating costs and debt commitments;
- For projects having a total budget exceeding 80.000 euro and in cases that the recipient is cooperative or associative legal entity (for collective investments) the prospect of economic/ financial viability must be demonstrated via business plan (BP).

The used indicators are presented in following tables:

Table1: Technical Project Proposal (Simplified Business Plan) indicator for economic viability of the project

THE TECHNICAL PROJECT PROPOSAL (SIMPLIFIED BUSINESS PLAN) FOR INVESTMENTS UP TO 80.000 EUR	
Total Cumulative Balance between income and cost for the last fiscal year and 5 projected years	This value must be positive in order to consider that the project is economic viable

Table 2: Business plan indicators for economic / financial viability of the project:

THE BUSINESS PLAN FOR INVESTMENTS ABOVE 80.000 EUR	
Indicator	**Reference value for economic viable project**
Internal rate of the return (IRR)	0% or greater
Net present value (NPV)	Value greater than 0 (zero)
Repayment period of the investment (RP)	Maximum of 10 years or less

In order to consider that the proposed project is economic / financial viable, all three indicators (defined in Table 2) at the same time should be in their borders of economic /financial viability.

Annex 14: List of non-food processing activities eligible under the measure Farm Diversification and Business Development

Codes in accordance with the valid National Classification of Activities	Eligible production activities under the measure Diversification and Business Development (Manufacturing of non-food products)
Activities under the group 10 Subclass 10.92	 Manufacture of prepared food for pets
All activities under the group 13	Textile production
All activities under the group 14	Clothing production
All activities under the group 15	Production of leather and leather products
All activities under the group 16	Processing of wood and wood products
All activities under the group 17	Processing of paper and paper products
Activities under the group 20 Subclass 20.42 Subclass 20.53	 Production of perfumes and toilette preparations Production of essential oils
All activities under the group 22	Production of rubber and plastic products
All activities under the group 23	Production of other mineral non-metal products
All activities under the group 25 Except class 25.4	Manufacture of fabricated metal products (except machinery and equipment and manufacture of weapons)
All activities under the group 26	Production of computer, electronic and optic products
Activities under the group 30 Subclass 30.92 Subclass 30.99	 Production of bicycles and wheelchairs Production of other transport means
All activities under the group 31	Production of furniture
Activities under the group 32 Class 32.1 Class 32.2 Class 32.3 Class 32.4	Other manufacturing industry Production of jewellery and related products Production of musical instruments Manufacture of sports equipment Manufacture of games and toys

Annex 15: List of national minimum standards in force

Measure 1: INVESTMENTS IN PHYSICAL ASSETS OF AGRICULTURAL HOLDINGS

IPARD investment and priority sector	Legislation prescribing national minimum standards in force
ENVIRONMENT	
Livestock - Cattle breeding (milk and meet) - Pigs for reproduction and fattening - Sheep and goat breeding for milk and fattening - Production of eggs and broilers	**Law on environment** (Official Gazette no. 53/05, 81/05, 24/07, 159/08, 83/09, 47/10, 124/10, 51/11, 123/12, 93/13, 187/13, 42/14, 44/15, 129/15, 192/15, 39/16 and 99/18) **Decree on determining the projects and the criteria based on which the need for conducting the procedure for environmental impact assessment is determined** (Official Gazette no. 74/05, 109/09, 164/12 and 202/16) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the mayor of the municipality, the mayor of the city of Skopje and the mayor of the municipalities in the city of Skopje** (Official Gazette no. 80/09 and 32/12) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the body for qualified services in the field of environment** (Official Gazette no. 80/09 and 36/12) **Rulebook on the procedure for obtaining a B-integrated environmental permit** (Official Gazette no. 112/14 and 42/16) **Rulebook on the procedure for obtaining a A-integrated environmental permit** (Official Gazette no. 4/06, 116/14 and 31/16) **Law on waters** (Official Gazette no. 87/08, 6/09, 161/09, 83/10, 51/11, 44/12, 23/13, 163/13, 180/14, 146/15, 52/16 and 151/21)
Fisheries	**Law on environment** (Official Gazette no. 53/05, 81/05, 24/07, 159/08, 83/09, 47/10, 124/10, 51/11, 123/12, 93/13, 187/13, 42/14, 44/15, 129/15, 192/15, 39/16 and 99/18) **Decree on determining the projects and the criteria based on which the need for conducting the procedure for environmental impact assessment is determined** (Official Gazette no. 74/05, 109/09, 164/12 and 202/16) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the mayor of the municipality, the mayor of the city of Skopje and the mayor of the municipalities in the city of Skopje** (Official Gazette no. 80/09 and 32/12) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the body for qualified services in the field of environment** (Official Gazette no. 80/09 and 36/12) **Rulebook on the procedure for obtaining a B-integrated environmental permit** (Official Gazette no. 112/14 and 42/16) **Rulebook on the procedure for obtaining a A-integrated environmental permit** (Official Gazette no. 4/06, 116/14 and 31/16) **Law on waters** (Official Gazette no. 87/08, 6/09, 161/09, 83/10, 51/11, 44/12, 23/13, 163/13, 180/14, 146/15, 52/16 and 151/21)
Post-harvest activities and on-farm processing of agriculture products	**Law on environment** (Official Gazette no. 53/05, 81/05, 24/07, 159/08, 83/09, 47/10, 124/10, 51/11, 123/12, 93/13, 187/13, 42/14, 44/15, 129/15, 192/15, 39/16 and 99/18) **Decree on determining the projects and the criteria based on which the need for conducting the procedure for environmental impact assessment is determined** (Official Gazette no. 74/05, 109/09, 164/12 and 202/16) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the mayor of the municipality, the mayor of the city of Skopje and the mayor of the municipalities in the city of Skopje** (Official Gazette no. 80/09 and 32/12)

	Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the body for qualified services in the field of environment (Official Gazette no. 80/09 and 36/12) **Rulebook on the procedure for obtaining a B-integrated environmental permit** (Official Gazette no. 112/14 and 42/16) **Rulebook on the procedure for obtaining a A-integrated environmental permit** (Official Gazette no. 4/06, 116/14 and 31/16)
Production of energy from renewable sources for own consumption	**Law on environment** (Official Gazette no. 53/05, 81/05, 24/07, 159/08, 83/09, 47/10, 124/10, 51/11, 123/12, 93/13, 187/13, 42/14, 44/15, 129/15, 192/15, 39/16 and 99/18) **Decree on determining the projects and the criteria based on which the need for conducting the procedure for environmental impact assessment is determined** (Official Gazette no. 74/05, 109/09, 164/12 and 202/16) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the mayor of the municipality, the mayor of the city of Skopje and the mayor of the municipalities in the city of Skopje** (Official Gazette no. 80/09 and 32/12) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the body for qualified services in the field of environment** (Official Gazette no. 80/09 and 36/12) **Rulebook on the procedure for obtaining a B-integrated environmental permit** (Official Gazette no. 112/14 and 42/16) **Rulebook on the procedure for obtaining a A-integrated environmental permit** (Official Gazette no. 4/06, 116/14 and 31/16)
Plant production - Cereals - Industrial and fodder crops - Vegetable crops (including potato) - Perennial crops (orchards, vineyard, melliferous trees, olive trees)	**Law on safety and quality of fertilizers, bio stimulants and soil properties improvers** (Official Gazette no. 27/14, 154/15, 39/16 and 150/21) **Law on waters** (Official Gazette no. 87/08, 6/09, 161/09, 83/10, 51/11, 44/12, 23/13, 163/13, 180/14, 146/15, 52/16 and 151/21) **Law on agriculture and rural development** (Official Gazette no. 49/10, 53/11, 126/12, 15/13, 69/13, 106/13, 177/14, 25/15, 73/15, 83/15, 154/15, 11/16, 53/16, 120/16, 163/16, 74/17, 83/18, 27/19, 152/19, 244/19, 275/19 and 110/21) **Rulebook on the list of special minimum requirements for good agricultural practice and environmental protection** (Official Gazette no. 178/15)
Plant production - Plastic halls - Greenhouses	**Law on safety and quality of fertilizers, bio stimulants and soil properties improvers** (Official Gazette no. 27/14, 154/15, 39/16 and 150/21) **Law on waters** (Official Gazette no. 87/08, 6/09, 161/09, 83/10, 51/11, 44/12, 23/13, 163/13, 180/14, 146/15, 52/16 and 151/21) **Law on agriculture and rural development** (Official Gazette no. 49/10, 53/11, 126/12, 15/13, 69/13, 106/13, 177/14, 25/15, 73/15, 83/15, 154/15, 11/16, 53/16, 120/16, 163/16, 74/17, 83/18, 27/19, 152/19, 244/19, 275/19 and 110/21) **Rulebook on the list of special minimum requirements for good agricultural practice and environmental protection** (Official Gazette no. 178/15) **Law on environment** (Official Gazette no. 53/05, 81/05, 24/07, 159/08, 83/09, 47/10, 124/10, 51/11, 123/12, 93/13, 187/13, 42/14, 44/15, 129/15, 192/15, 39/16 and 99/18) **Decree on determining the projects and the criteria based on which the need for conducting the procedure for environmental impact assessment is determined** (Official Gazette no. 74/05, 109/09, 164/12 and 202/16) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the mayor of the municipality, the mayor of the city of Skopje and the mayor of the municipalities in the city of Skopje** (Official Gazette no. 80/09 and 32/12)

	Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the body for qualified services in the field of environment (Official Gazette no. 80/09 and 36/12) **Rulebook on the procedure for obtaining a B-integrated environmental permit** (Official Gazette no. 112/14 and 42/16) **Rulebook on the procedure for obtaining a A-integrated environmental permit** (Official Gazette no. 4/06, 116/14 and 31/16)
PUBLIC HEALTH	
Post-harvest activities and on-farm processing of agriculture products	**Law on food safety** (Official Gazette no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 129/15, 213/15, 39/16 and 64/18) **Rulebook on special requirements for food of animal origin** (Official Gazette no. 28/16, 166/17, 77/19 and 18/20) **Rulebook on the requirements regarding the quality of processed fruit and vegetable products as well as mushrooms and products thereof** (Official Gazette no. 69/14) **Rulebook on the requirements for conditions and hygiene for production and placing on the market of food of animal origin intended for direct supply, localized activity, in geographical or economic constraints, as well as general and special requirements for application of traditional methods of production, processing and distribution of food with traditional characteristics** (Official Gazette no. 144/19) **Rulebook on deviations from the special hygiene measures for small businesses, the manner and requirements to be met during the direct supply of food from producer to final consumer, the conditions for the premises, materials, instruments and equipment in the facilities they produce and the manner of production of food with traditional characteristics** (Official Gazette no. 152/20)
Livestock Cattle breeding (milk and meet)	**Law on food safety** (Official Gazette no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 129/15, 213/15, 39/16 and 64/18) **Rulebook on special requirements for safety and hygiene and the manner and procedure for performing official controls on milk and dairy products** (Official Gazette no. 26/12, 145/14, 59/16, 197/16 and 16/19) **Rulebook on general requirements for primary production and associated operations as well as general food requirements** (Official Gazette no. 12/12 and 236/20) **Law on Veterinary Health** (Official Gazette no. 113/07, 24/11, 136/11, 123/12, 154/15 and 53/16) **Law on identification and registration of animals** (Official Gazette no. 95/12, 27/14, 149/15, 53/16 and 150/21) **Rulebook on identification and registration of bovine animals** (Official Gazette 68/14)
Livestock Pigs for reproduction and fattening	**Law on food safety** (Official Gazette no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 129/15, 213/15, 39/16 and 64/18) **Law on Veterinary Health** (Official Gazette no. 113/07, 24/11, 136/11, 123/12, 154/15 and 53/16) **Law on identification and registration of animals** (Official Gazette no. 95/12, 27/14, 149/15, 53/16 and 150/21) **Rulebook on identification and registration of pigs** (Official Gazette no. 63/13 and 91/20)
Livestock Poultry (broilers and hens)	**Law on food safety** (Official Gazette no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 129/15, 213/15, 39/16 and 64/18) **Law on Veterinary Health** (Official Gazette no. 113/07, 24/11, 136/11, 123/12, 154/15 and 53/16)
Livestock	**Law on Veterinary Health** (Official Gazette no. 113/07, 24/11, 136/11, 123/12, 154/15 and 53/16)

Sheep and goats (dairy, fattening)	**Law on identification and registration of animals** (Official Gazette no. 95/12, 27/14, 149/15, 53/16 and 150/21) **Rulebook on identification and registration of sheep and goat animals** (Official Gazette 37/14 and 91/21) **Law on food safety** (Official Gazette no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 129/15, 213/15, 39/16 and 64/18) **Rulebook on special requirements for safety and hygiene and the manner and procedure for performing official controls on milk and dairy products** (Official Gazette no. 26/12, 145/14, 59/16, 197/16 and 16/19)
Fisheries	**Law on food safety** (Official Gazette no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 129/15, 213/15, 39/16 and 64/18) **Rulebook on special requirements for food of animal origin** (Official Gazette no. 28/16, 166/17, 77/19 and 18/20)
Plant production - Cereals - Industrial and fodder crops - Vegetable crops (including potato) - Perennial crops (orchards, vineyard, melliferous trees, olive trees)	**Law on plant protection products** (Official Gazette no. 110/07, 20/09, 17/11, 53/11, 69/13, 10/15, 129/15 and 39/16) **Law on plant health** (Official Gazette no. 29/05, 81/08, 20/09, 57/10, 17/11, 148/11, 69/13, 43/14, 158/14, 149/15, 39/16, 83/18 and 150/21)
ANIMAL WELFARE	
Livestock - Bovines (dairy, fattening) - Pigs (reproduction, fattening) - Sheep and goats (dairy, fattening) - Poultry (laying hens, broilers)	**Law on protection and welfare of animals** (Official Gazette no. 149/14, 149/15 and 53/16) **Rulebook on protection and welfare of animals kept for farming purposes** (Official Gazette no. 3/17)
Fisheries	**Law on protection and welfare of animals** (Official Gazette no. 149/14, 149/15 and 53/16) **Rulebook on handling animals during slaughter** (Official Gazette no. 163/10)

Measure 3: INVESTMENTS IN PHYSICAL ASSETS CONCERNING PROCESSING AND MARKETING OF AGRICULTURAL AND FISHERY PRODUCTS

IPARD investment and priority sector	Legislation prescribing national minimum standards in force
ENVIRONMENT	
For all priority sectors	**Law on environment** (Official Gazette no. 53/05, 81/05, 24/07, 159/08, 83/09, 47/10, 124/10, 51/11, 123/12, 93/13, 187/13, 42/14, 44/15, 129/15, 192/15, 39/16 and 99/18) **Decree on determining the projects and the criteria based on which the need for conducting the procedure for environmental impact assessment is determined** (Official Gazette no. 74/05, 109/09, 164/12 and 202/16) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the mayor of the municipality, the mayor of the city of Skopje and the mayor of the municipalities in the city of Skopje** (Official Gazette no. 80/09 and 32/12) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the body for qualified services in the field of environment** (Official Gazette no. 80/09 and 36/12) **Rulebook on the procedure for obtaining a B-integrated environmental permit** (Official Gazette no. 112/14 and 42/16) **Rulebook on the procedure for obtaining a A-integrated environmental permit** (Official Gazette no. 4/06, 116/14 and 31/16) **Law on waters** (Official Gazette no. 87/08, 6/09, 161/09, 83/10, 51/11, 44/12, 23/13, 163/13, 180/14, 146/15, 52/16 and 151/21)
PUBLIC HEALTH	
Milk and dairy products	**Law on food safety** (Official Gazette no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 129/15, 213/15, 39/16 and 64/18) **Rulebook on general requirements for primary production and associated operations as well as general food requirements** (Official Gazette no. 12/12 and 236/20) **Rulebook on special requirements for safety and hygiene and the manner and procedure for performing official controls on milk and dairy products** (Official Gazette no. 26/12, 145/14, 59/16, 197/16 and 16/19) **Rulebook on special requirements for food of animal origin** (Official Gazette no. 28/16, 166/17, 77/19 and 18/20)
Processing of meat and meat products (including eggs and poultry)	**Law on food safety** (Official Gazette no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 129/15, 213/15, 39/16 and 64/18) **Rulebook on general requirements for primary production and associated operations as well as general food requirements** (Official Gazette no. 12/12 and 236/20) **Rulebook on special requirements for food of animal origin** (Official Gazette no. 28/16, 166/17, 77/19 and 18/20)
Processing of fruits and vegetables (including potatoes, mushrooms and leguminous crops)	**Law on food safety** (Official Gazette no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 129/15, 213/15, 39/16 and 64/18) **Rulebook on information related to food** (Official Gazette no. 150/15 and 241/20) **Rulebook on general food safety requirements regarding the maximum levels of certain contaminants** (Official Gazette no. 102/13 and 175/18) **Rulebook on the special requirements concerning food microbiological criteria** (Official Gazette no. 100/13, 145/14, 37/17, 173/18 and 229/20) **Rulebook on special safety requirements for fruit juices and certain similar products** (Official Gazette no. 51/13) **Rulebook on special requirements for the safety of fast frozen food** (Official Gazette no. 16/13)

	Rulebook on general requirements for primary production and associated operations as well as general food requirements (Official Gazette no. 12/12 and 236/20) **Rulebook on the general requirements for food safety in relation to the maximum permitted levels of pesticide residues in or on food and feed of plant and animal origin** (Official Gazette no. 95/21)
Cereal, milling and starch products	**Law on food safety** (Official Gazette no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 129/15, 213/15, 39/16 and 64/18) **Rulebook on information related to food** (Official Gazette no. 150/15 and 241/20) **Rulebook on general food safety requirements regarding the maximum levels of certain contaminants** (Official Gazette no. 102/13 and 175/18) **Rulebook on special requirements relating to microbiological criteria for food** (Official Gazette no. 100/13, 145/14, 37/17, 173/18 and 229/20) **Rulebook on additives used in food production** (Official Gazette no. 31/12 and 114/13) **Rulebook on general requirements for primary production and associated operations as well as general food requirements** (Official Gazette no. 12/12 and 236/20) **Rulebook on the general requirements for food safety in relation to the maximum permitted levels of pesticide residues in or on food and feed of plant and animal origin** (Official Gazette no. 95/21) **Rulebook on general food safety requirements regarding the maximum levels of certain contaminants** (Official Gazette no. 102/13 and 175/18) **Rulebook on the composition and labelling of food for persons gluten intolerant** (Official Gazette no. 62/12)
Vegetable and animal oils and fats	**Law on food safety** (Official Gazette no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 129/15, 213/15, 39/16 and 64/18) **Rulebook on the special requirements for the extraction agents that can be used in the production of food and food ingredients, the conditions for their use in relation to the production process of the food category and the maximum allowed levels of residues of the extraction agents in the final products and the maximum allowed levels of residues of extraction agents in aromas obtained from natural aroma sources** (Official Gazette no. 59/16 and 189/19) **Rulebook on information related to food** (Official Gazette no. 150/15 and 241/20) **Rulebook on general food safety requirements regarding the maximum levels of certain contaminants** (Official Gazette no. 102/13 and 175/2018) **Rulebook on the requirements regarding the quality of vegetable edible oils and fats of vegetable origin, margarine, mayonnaise and related products** (Official Gazette no. 127/12) **Rulebook on additives used in food production** (Official Gazette no. 31/12 and 114/13) **Rulebook on general requirements for primary production and associated operations as well as general food requirements** (Official Gazette no. 12/12 and 236/20) **Rulebook on the general requirements for food safety in relation to the maximum permitted levels of pesticide residues in or on food and feed of plant and animal origin** (Official Gazette. 95/21) **Rulebook on special requirements relating to microbiological criteria for food** (Official Gazette no. 100/13, 145/14, 37/17, 173/18 and 229/20)
Grape must, wine and vinegar	**Law on food safety** (Official Gazette no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 129/15, 213/15, 39/16 and 64/18) **Rulebook on information related to food** (Official Gazette no. 150/15 and 241/20) **Rulebook on general food safety requirements regarding the maximum levels of certain contaminants** (Official Gazette no. 102/13 and 175/2018) **Rulebook on the special requirements for the extraction agents that can be used in the production of food and food ingredients, the conditions for**

	their use in relation to the production process of the food category and the maximum allowed levels of residues of the extraction agents in the final products and the maximum allowed levels of residues of extraction agents in aromas obtained from natural aroma sources (Official Gazette no. 59/16 and 189/19) **Rulebook on special safety requirements for fruit juices and certain similar products** (Official Gazette no. 51/13) **Rulebook on additives used in food production** (Official Gazette no. 31/12 and 114/13) **Rulebook on the general requirements for food safety in relation to the maximum permitted levels of pesticide residues in or on food and feed of plant and animal origin** (Official Gazette no. 95/21) **Rulebook on general requirements for primary production and associated operations as well as general food requirements** (Official Gazette no. 12/12 and 236/20) **Rulebook on special requirements relating to microbiological criteria for food** (Official Gazette no. 100/13, 145/14, 37/17, 173/18 and 229/20) **Rulebook on the requirements regarding the quality of processed fruit and vegetable products as well as mushrooms and products thereof** (Official Gazette no. 69/14)
Fish and fishery products	**Law on food safety** (Official Gazette no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 129/15, 213/15, 39/16 and 64/18) **Rulebook on special requirements for food of animal origin** (Official Gazette no. 28/16, 166/17, 77/19 and 18/20)
ANIMAL WELFARE	
Slaughter houses and fish processing facilities	**Law on protection and welfare of animals** (Official Gazette no. 149/14, 149/15 and 53/16) **Rulebook on handling animals during slaughter** (Official Gazette no. 163/10)
OCCUPATIONAL SAFETY	
All processing capacities	**Law on safety and health at work** (Official Gazette no. 92/07, 136/11, 23/13, 25/13, 137/13 164/13, 158/14, 15/15, 129/15, 192/15, 30/16 and 18/20) **Rulebook on the minimum requirements for safety and health of employees at work premises** (Official Gazette no. 154/08) **Rulebook on signs for safety and health at work** (Official Gazette no. 127/07 and 238/19) **Rulebook on the manner of keeping records in the field of occupational safety and health** (Official Gazette no. 136/07)

Measure 4: AGRI-ENVIRONMENT-CLIMATE AND ORGANIC FARMING MEASURE

Specific IPARD investment	Legislation prescribing national minimum standards in force
Green cover	**Law on agriculture and rural development** (Official Gazette no. 49/10, 53/11, 126/12, 15/13, 69/13, 106/13, 177/14, 25/15, 73/15, 83/15, 154/15, 11/16, 53/16, 120/16, 163/16, 74/17, 83/18, 27/19, 152/19, 244/19, 275/19 and 110/21) **Rulebook on the list of special minimum requirements for good agricultural practice and environmental protection** (Official Gazette no. 178/15)
Crop rotation	**Law on agriculture and rural development** (Official Gazette no. 49/10, 53/11, 126/12, 15/13, 69/13, 106/13, 177/14, 25/15, 73/15, 83/15, 154/15, 11/16, 53/16, 120/16, 163/16, 74/17, 83/18, 27/19, 152/19, 244/19, 275/19 and 110/21) **Rulebook on the list of special minimum requirements for good agricultural practice and environmental protection** (Official Gazette no. 178/15)
Organic production	**Law on organic agriculture production** (Official Gazette no. 146/09, 53/11, 149/15, 39/16, 132/16 and 150/21) **Rulebook on rules and procedures in beekeeping** (Official Gazette no. 163/10) **Rulebook on breeding procedures, minimum areas for accommodation of different species of animals and maximum number of animals per hectare** (Official Gazette no. 162/10) **Rulebook on the procedures for production of organic processed food** (Official Gazette no. 163/10) **Rulebook on rules and procedures for plant organic production** (Official Gazette no. 163/10) **Rulebook on breeding aquatic animals, feeding and preventing the occurrence of diseases and veterinary treatment in aquatic animals and the means for cleaning and disinfection that are additionally used in the breeding of aquatic animals** (Official Gazette no. 188/20) **List of products and substances used in the production of organic processed food** (Official Gazette no. 163/10) **List of plant protection products** (Official Gazette no. 163/10) **Leaves of fodder raw materials** (Official Gazette no. 163/10) **List of cleaners and disinfectants** (Official Gazette no. 163/10) **List of fertilizers and means for improving soil properties** (Official Gazette no. 163/10) **List of feed additives and other substances used in animal nutrition** (Official Gazette no. 162/10)

Measure 5: IMPLEMENTATION OF LOCAL DEVELOPMENT STRATEGIES - LEADER APPROACH

Specific IPARD investment	Applicable Legislation
All activities	**Law on agriculture and rural development** (Official Gazette no. 49/10, 53/11, 126/12, 15/13, 69/13, 106/13, 177/14, 25/15, 73/15, 83/15, 154/15, 11/16, 53/16, 120/16, 163/16, 74/17, 83/18, 27/19, 152/19, 244/19, 275/19 and 110/21) **Rulebook on the content and methodology for preparation of local development strategies for rural areas and the manner of their approval** (Official Gazette no. 40/13) **Rulebook on closer requirements for enrolment in the records of the Local Action Group, the procedure for registration and necessary documentation, and the manner of maintaining the records** (Official Gazette no. 40/13)

Measure 6: INVESTMENTS IN RURAL PUBLIC INFRASTRUCTURE

Specific IPARD investment	Legislation prescribing national minimum standards in force
All activities	**Law on environment** (Official Gazette no. 53/05, 81/05, 24/07, 159/08, 83/09, 47/10, 124/10, 51/11, 123/12, 93/13, 187/13, 42/14, 44/15, 129/15, 192/15, 39/16 and 99/18) **Decree on determining the projects and the criteria based on which the need for conducting the procedure for environmental impact assessment is determined** (Official Gazette no. 74/05, 109/09, 164/12 and 202/16) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the mayor of the municipality, the mayor of the city of Skopje and the mayor of the municipalities in the city of Skopje** (Official Gazette no. 80/09 and 32/12) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the body for qualified services in the field of environment** (Official Gazette no. 80/09 and 36/12) **Rulebook on the procedure for obtaining a B-integrated environmental permit** (Official Gazette no. 112/14 and 42/16) **Rulebook on the procedure for obtaining a A-integrated environmental permit** (Official Gazette no. 4/06, 116/14 and 31/16) **Law on construction** (Official Gazette no. 130/09, 124/10, 18/11, 36/11, 54/11, 13/12, 144/12, 25/13, 79/13, 137/13, 163/13, 27/14, 28/14, 42/14, 115/14, 149/14, 187/14, 44/15, 129/15, 217/15, 226/15, 30/16, 31/16, 39/16, 71/16, 132/16, 35/18, 64/18, 168/18, 244/19, 18/20 and 279/20) **Law on urban planning** (Official Gazette no. 32/20) **Law on protection of cultural heritage** (Official Gazette no. 20/04, 71/04, 115/07, 18/11, 148/11, 23/13, 137/13, 164/13, 38/14, 44/14, 199/14, 104/15, 154/15, 192/15, 39/16, 11/18 and 20/19) **Law on safety and health at work** (Official Gazette no. 92/07, 136/11, 23/13, 25/13, 137/13 164/13, 158/14, 15/15, 129/15, 192/15, 30/16 and 18/20) **Rulebook on the minimum requirements for safety and health of employees at work premises** (Official Gazette no. 154/08) **Rulebook on signs for safety and health at work** (Official Gazette no. 127/07 and 238/19) **Rulebook on the manner of keeping records in the field of occupational safety and health** (Official Gazette no. 136/07)

Measure 7: FARM DIVERSIFICATION AND BUSINESS DEVELOPMENT

Specific IPARD investment	Legislation prescribing national minimum standards in force
Rural tourism	**Law on environment** (Official Gazette no. 53/05, 81/05, 24/07, 159/08, 83/09, 47/10, 124/10, 51/11, 123/12, 93/13, 187/13, 42/14, 44/15, 129/15, 192/15, 39/16 and 99/18) **Decree on determining the projects and the criteria based on which the need for conducting the procedure for environmental impact assessment is determined** (Official Gazette no. 74/05, 109/09, 164/12 and 202/16) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the mayor of the municipality, the mayor of the city of Skopje and the mayor of the municipalities in the city of Skopje** (Official Gazette no. 80/09 and 32/12) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the body for qualified services in the field of environment** (Official Gazette no. 80/09 and 36/12) **Rulebook on the procedure for obtaining a B-integrated environmental permit** (Official Gazette no. 112/14 and 42/16) **Rulebook on the procedure for obtaining a A-integrated environmental permit** (Official Gazette no. 4/06, 116/14 and 31/16) **Law on food safety** (Official Gazette no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 129/15, 213/15, 39/16 and 64/18) **Rulebook on the form and content of the register of food facilities and operators and the manner and procedure for registration of facilities and food operators** (Official Gazette no. 19/08) **Law on safety and health at work** (Official Gazette no. 92/07, 136/11, 23/13, 25/13, 137/13 164/13, 158/14, 15/15, 129/15, 192/15, 30/16 and 18/20) **Rulebook on the minimum requirements for safety and health of employees at work premises** (Official Gazette no. 154/08) **Rulebook on signs for safety and health at work** (Official Gazette no. 127/07 and 238/19) **Rulebook on the manner of keeping records in the field of occupational safety and health** (Official Gazette no. 136/07) **Law on tourism activity** (Official Gazette no. 62/04, 89/08, 12/09, 17/11, 47/11, 53/11, 123/12, 164/13, 27/14, 116/15, 192/15, 53/16 and 31/20) **Law on catering service** (Official Gazette no. 62/04, 89/08, 115/10, 53/11, 141/12, 164/13, 187/13, 166/14, 199/14, 129/15, 192/15, 39/16, 53/16, 71/16 and 31/20) **Rulebook on the minimum technical conditions for performing the catering activity** (Official Gazette no. 16/06 and 44/13) **Rulebook on conditions for categorization of facilities for performing catering activity** (Official Gazette no. 16/06, 87/12 and 41/13) **Rulebook on the form and content of the form of the label national restaurant - tavern and the manner and detailed criteria for obtaining the label national restaurant - tavern** (Official Gazette no. 149/14) **Rules on the method and criteria for receiving the designation in rural households in rural areas, and the form and content of the indication** (Official Gazette no. 169/14)
Food production	**Law on environment** (Official Gazette no. 53/05, 81/05, 24/07, 159/08, 83/09, 47/10, 124/10, 51/11, 123/12, 93/13, 187/13, 42/14, 44/15, 129/15, 192/15, 39/16 and 99/18) **Decree on determining the projects and the criteria based on which the need for conducting the procedure for environmental impact assessment is determined** (Official Gazette no. 74/05, 109/09, 164/12 and 202/16)

	Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the mayor of the municipality, the mayor of the city of Skopje and the mayor of the municipalities in the city of Skopje (Official Gazette no. 80/09 and 32/12) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the body for qualified services in the field of environment** (Official Gazette no. 80/09 and 36/12) **Rulebook on the procedure for obtaining a B-integrated environmental permit** (Official Gazette no. 112/14 and 42/16) **Rulebook on the procedure for obtaining a A-integrated environmental permit** (Official Gazette no. 4/06, 116/14 and 31/16) **Law on food safety** (Official Gazette no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 129/15, 213/15, 39/16 and 64/18) **Rulebook on the manner of issuing the approval and the necessary documentation for production of food for special nutritional use and food produced with innovative technologies** (Official Gazette no. 3/07) **Rulebook on special requirements for food safety produced with innovative technologies** (Official Gazette no. 173/20) **Rulebook on the form and content of the register of food facilities and operators and the manner and procedure for registration of facilities and food operators** (Official Gazette no. 19/08) **Law on safety and health at work** (Official Gazette no. 92/07, 136/11, 23/13, 25/13, 137/13 164/13, 158/14, 15/15, 129/15, 192/15, 30/16 and 18/20) **Rulebook on the minimum requirements for safety and health of employees at work premises** (Official Gazetteno. 154/08) **Rulebook on signs for safety and health at work** (Official Gazette no. 127/07 and 238/19) **Rulebook on the manner of keeping records in the field of occupational safety and health** (Official Gazette no. 136/07)
Craftsmanship	**Law on environment** (Official Gazette no. 53/05, 81/05, 24/07, 159/08, 83/09, 47/10, 124/10, 51/11, 123/12, 93/13, 187/13, 42/14, 44/15, 129/15, 192/15, 39/16 and 99/18) **Decree on determining the projects and the criteria based on which the need for conducting the procedure for environmental impact assessment is determined** (Official Gazette no. 74/05, 109/09, 164/12 and 202/16) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the mayor of the municipality, the mayor of the city of Skopje and the mayor of the municipalities in the city of Skopje** (Official Gazette no. 80/09 and 32/12) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the body for qualified services in the field of environment** (Official Gazette no. 80/09 and 36/12) **Rulebook on the procedure for obtaining a B-integrated environmental permit** (Official Gazette no. 112/14 and 42/16) **Rulebook on the procedure for obtaining a A-integrated environmental permit** (Official Gazette no. 4/06, 116/14 and 31/16) **Law on safety and health at work** (Official Gazette no. 92/07, 136/11, 23/13, 25/13, 137/13 164/13, 158/14, 15/15, 129/15, 192/15, 30/16 and 18/20) **Rulebook on the minimum requirements for safety and health of employees at work premises** (Official Gazette no. 154/08) **Rulebook on signs for safety and health at work** (Official Gazette no. 127/07 and 238/19) **Rulebook on the manner of keeping records in the field of occupational safety and health** (Official Gazette no. 136/07) **Law on Crafts** (Official Gazette no. 215/15)

	Rulebook on the minimum technical requirements to be met by the premises in which the craft activity is performed (Official Gazette no. 104/17) **Rulebook for determining the craft activities that must be performed in premises** (Official Gazette no. 104/17) **Rulebook for determining the craft activities for the performance of which no appropriate professional education or appropriate professional training is required** (Official Gazette no. 104/17)
Collection of forest products	**Law on forests** (Official Gazette no. 64/09, 24/11, 53/11, 25/13, 79/13, 147/13, 43/14, 160/14, 33/15, 44/15, 147/15, 7/16 and 39/16) **Rulebook on the types of other forest products and the manner of use and collection of other forest products** (Official Gazette no. 155/11)
Veterinary services	**Law on Veterinary Health** (Official Gazette no. 113/07, 24/11, 136/11, 123/12, 154/15 and 53/16) **Rulebook on the form and content and the manner of issuance and revocation of the official identification card and the form of the badge of the official veterinarian as well as the form and content and the manner of issuance and revocation of the official identification card of the authorized veterinarian** (Official Gazette no. 52/08) **Rulebook on the conditions to be met by the veterinary service on the farm holding** (Official Gazette no. 54/08) **Rulebook on the form and content of the request for issuance of a decision for authorization of the veterinary services of the farm holding for performing the activities in the field of animal health protection** (Official Gazette no. 160/11)
Manufacturing of cosmetic products	**Law on safety of cosmetic products** (Official Gazette no. 55/07, 47/11 and 150/15) **Law on environment** (Official Gazette no. 53/05, 81/05, 24/07, 159/08, 83/09, 47/10, 124/10, 51/11, 123/12, 93/13, 187/13, 42/14, 44/15, 129/15, 192/15, 39/16 and 99/18) **Decree on determining the projects and the criteria based on which the need for conducting the procedure for environmental impact assessment is determined** (Official Gazette no. 74/05, 109/09, 164/12 and 202/16) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the mayor of the municipality, the mayor of the city of Skopje and the mayor of the municipalities in the city of Skopje** (Official Gazette no. 80/09 and 32/12) **Decree on occupations and activities for which an elaborate is obligatory, the approval of which is under the competence of the body for qualified services in the field of environment** (Official Gazette no. 80/09 and 36/12) **Rulebook on the procedure for obtaining a B-integrated environmental permit** (Official Gazette no. 112/14 and 42/16) **Rulebook on the procedure for obtaining a A-integrated environmental permit** (Official Gazette no. 4/06, 116/14 and 31/16) **Law on safety and health at work** (Official Gazette no. 92/07, 136/11, 23/13, 25/13, 137/13 164/13, 158/14, 15/15, 129/15, 192/15, 30/16 and 18/20) **Rulebook on the minimum requirements for safety and health of employees at work premises** (Official Gazette no. 154/08) **Rulebook on signs for safety and health at work** (Official Gazette no. 127/07 and 238/19) **Rulebook on the manner of keeping records in the field of occupational safety and health** (Official Gazette no. 136/07)

Measure 10: ADVISORY SERVICES

Specific IPARD activity	Legislation in force
All activities	**Law establishing the Agency to enhance agricultural development – National Extension Agency** (Official Gazette no. 3/98, 43/14, 64/18 and 27/19) **Law on agriculture and rural development** (Official Gazette no. 49/10, 53/11, 126/12, 15/13, 69/13, 106/13, 177/14, 25/15, 73/15, 83/15, 154/15, 11/16, 53/16, 120/16, 163/16, 74/17, 83/18, 27/19, 152/19, 244/19, 275/19 and 110/21) **Rulebook on the manner of registration of advisory services providers in the evidences the necessary documentation for entering the evidence and the manner of maintaining the evidence** (Official Gazette no. 138/10)

Annex 16: Methodology applied for calculation of payment level for type(s) of operation under Agri-environment-climate and organic farming measure[121]

1. General overview

The methodology and model calculations for setting payment amounts for agri-environmental sub-measures were designed and confirmed by an independent institution: The Faculty of Agriculture Science and Food, Ss. Cyril and Methodius University in Skopje.

Calculations were prepared in accordance to the agri-environmental sub-measure activities, with the support of the following scientific representatives:

Scientific representatives that prepared calculations

Scheme	Sub-schemes	Sub - measures	Scientific Institution/ Expert
Soil and water protection through sustainable methods of farming	**Green cover in orchards**	Green cover in orchards	Faculty of Agriculture Science and Food, Ss. Cyril and Methodius University in Skopje Department for soil science and land reclamation Prof. Dr. Ordan Cukaliev
	Crop rotation	Crop rotation in vegetables in	Institute for Agriculture Ss. Cyril and Methodius University in Skopje Department for vegetable production Prof. Dr. Gordana Popsimonova
Organic farming	**Organic crop production**	Organic farming of vegetable crops	Institute for Agriculture Ss. Cyril and Methodius University in Skopje Department for vegetable production Prof. Dr. Gordana Popsimonova Prof. Dr Rukie Agic
		Organic farming of cultivated medicine and aromatic crops	

All calculations were verified by the Ministry of Agriculture and Water Economy (MAFWE).

Maximum levels of payments laid down in the Annex I of Regulation 1698/2005[122] are respected as follows:

- Annual crops: 600 EUR/ha
- Specialised perennial crops: 900 EUR/ha
- Other land uses: 450 EUR/ha
- Local breeds in danger of being lost: 200 EUR/LSU.

The calculation is based on a comparison between the baseline practice and the voluntary agri-environment commitments to be taken by the farmers.

[121] The methodology is provided for information only as the Measure has not been entrusted. Further amendments can be introduced before submitting the measure for the entrustment.

[122] Commission Regulation (EC) no. Article 177 718/2007 implementing Council Regulation (EC) no. 1085/2006 on the introduction of the Instrument for Pre-Accession Assistance (IPA)

The payments cover:

- Income foregone as a result of reduced production intensity or resulting from preserved extensiveness of production and/or
- Additional costs resulting from activities carried out over and above usual farming practice;
- Costs savings resulting from not undertaking certain activities;
- Additional income based on the higher prices of the quality products.

2. Baseline for agri-environmental payment

The existing methodology for calculating payment amounts for agri-environmental measures under the programme for implementation of the IPARD Agri-environmental, climate and organic farming measure is set up under the guidance to the administration by the EC services.

The general principle for calculating the payment is a comparison between a baseline based on realistic elements, quantified in economic terms and a voluntary agri-environmental commitment based on scientific evidence.

Standard Gross Margin calculations were used in the comparison between the base line and the commitment requested in the management requirements.

The difference between the additional costs and income forgone is compensated by the payment (premium) which will cover also transaction cost.

3. Methodology

The method used in the calculation of the agri-environmental budget is based on partial budgeting. Partial budgeting is a planning and decision-making framework used to compare the costs and benefits of alternatives. It focuses only on the changes in income and expenses that would result from implementing a specific alternative. Thus, all aspects of farm profits that are unchanged are excluded. In general, the fixed costs are regarded as equal, and change is foreseen in the variable costs and in the yield/producer price level.

The technology to be supported by an agri-environmental measure is compared to an average common practice.

4. General elements of the calculation

The agri-environmental calculations are in general based on data available from the official statistical sources (State Statistical Office year books and www.stat.gov.mk), the Annual reports of MAFWE, relevant studies and technological references.

4.1. Specific elements of calculation of the payments under the different sub-measures

Conservation of soil and water through green cover

The methodology is based on the higher cost associated with:

- perennial crops: production costs, costs of maintenance of surface under the trees (total green cover), and time spent on training and keeping of records on work tasks;

- greening costs, costs of the year-round green cover (costs of ploughing, harrowing, machinery application, sowing of clover-grass mixture, and mulching - applied three times.

Conservation of soil and water through crop rotation in

The calculation is based on the income forgone through the introduction of a three-year crop rotation as envisaged in the sub-measure for three vegetable crops: tomato, pepper and watermelon. The calculation amount considers the introduction of legumes (alfalfa) and wheat and other crops (different from the vegetable ones). Payment rates are the result of the income forgone through introducing crop rotation, compared to the monoculture production of tomatoes, peppers or watermelons.

The information about the crop yields is obtained from the Farm Monitoring system at the National Extension Agency.

Organic farming of vegetables, medicinal and aromatic crops

The calculation is based on the direct comparison of the cost and income forgone for conventional farming compared to organic vegetable crops.

The information about crop yields is obtained from the Farm Monitoring system at the National Extension Agency.

The prices for the analysed crops are taken from the Agricultural Information System at MAFWE and the buy-out prices for MAPs are sourced from Ms Maja Stefkova from ALKALOID Skopje.

Rate of aid for agri-environmental sub-measures

Measure	**Sub-measure**	**Calculated payment amount under the model of calculation**	**Maximum possible payment under Annex to Regulation 1698/2005**	**Target payment value**
Green cover in orchards	• Green cover in orchards	411 EUR per hectare	450 EUR per hectare	411 EUR per hectare
Crop rotation	• Crop rotation of vegetables	207 EUR per hectare	450 EUR per hectare	207 EUR per hectare
Organic crop production	• Organic farming	382 EUR per hectare	900 EUR per hectare	382 EUR per hectare

Annex 17: Methodology applied for calculation of payment level for advisory service package(s) under Advisory Service measure[123]

1. Legal Base

The IPARD II Advisory Services measure guidelines, stipulate that for the sub-measure 'Provision of Advice', simplified costs options are to be used in accordance with Article 36 (2) b-d of the Sectoral Agreement and with Article 36 of the FFPA.

These documents set out the provisions for the management and implementation of union financial assistance to North Macedonia under the Instrument for pre-accession assistance in the policy area 'Agriculture and rural development' (IPARD).

2. Description of the approach

The services on offer under the sub-measure 'Provision of Advice' are clustered in distinct packages, which will form the basis for calculation of simplified costs in order to determine standardised costs, by type of service.

The methodology used is constituted of the following approach:

1. Definition of the scope of every package;
2. Definition of the activities under every package;
3. Definition of the costs for every activity.

There are also indirect costs required for the delivery of each package. These include management costs, costs for the staff, which is not directly connected with the activity such as clerks, telephone and mobile calls, water and electricity expenses, postal services costs, cost for printing of materials and information and publicity of the services amongst others needs and so on. It is impossible for these costs to be determined precisely and even more to determine the amount attributable to each specific activity.

Thus, in accordance with the EU Guidance on Simplified Cost Options (SCOs) a flat rate of 15 % of the total eligible direct staff costs will be applied.

3. Determination of the scope of Advisory Services Packages

Under the sub-measure 'Provision of Advice' the services will be offered through 4 Packages, as follows:

3.1 Package 1 - Preparatory Support for IPARD applications (One-to-One Advice)

This package will support the preparation of applications for IPARD Measure 101 "Investment in Physical Assets of Agricultural Holdings". The services are split in two parts:

1a: Diagnostic of the Holding – constitutes a preliminary check of the farm or enterprise as to determine the eligibility of the project and applicant and an on-site visit for a more detailed diagnostic of the situation in the agricultural holding.

[123] The methodology is provided for information only as the Measure has not been entrusted. Further amendments can be introduced before submitting the measure for the entrustment.

1b: Preparation of the Application - preparation of an application for support under the IPARD Measure 1.

For the purpose of calculation this package is divided into four sub-packages as follows:

1.1. Preparation of an application for projects with a value up to €50,000 which comprise only of investments for the purchase of agricultural machinery and equipment including irrigation facilities and equipment, trailers and vehicles in line with the eligibility requirements set in Measure 1.

1.2. Preparation of an application for projects with a value equal or above €50,000 which comprise only of investments for the purchase of agricultural machinery and equipment including irrigation facilities and equipment, trailers and vehicles in line with the eligibility requirements set in Measure 1.

1.3. Preparation of an application for projects with a value up to €50,000 including only or partially investments for construction or reconstruction activities, development of the agricultural holding's infrastructure and planting/re-planting of perennial trees and plants.

1.4. Preparation of an application for projects with a value equal or above €50,000 including only or partially investments for construction or reconstruction activities, development of the agricultural holding's infrastructure and planting/re-planting of perennial trees and plants.

3.2 Package 2 - Support for IPARD Post-Contract Management (One-to-One Advice)

The services under this package will be devoted to support contracted beneficiaries under Measure 1 with project management and implementation including the preparation of payment claims to the IPARD Agency.

For the purpose of calculation this package is divided into two sub-packages as follows:

2.1. Support contracted beneficiaries under Measure 1 with project management and implementation including preparation of payment claims to the IPARD Agency - for approved projects for investments for purchase of agriculture machinery and equipment including irrigation facilities and equipment, trailers and vehicles.

2.2. Support contracted beneficiaries under Measure 1 with project management and implementation including preparation of payment claims to the IPARD Agency - for approved projects including only or partially investments for construction or reconstruction activities, development of agricultural holding's infrastructure and planting/re-planting of perennial trees and plants.

3.3 Package 3 – Group Advice on Sustainable Agriculture (Group Advice)

The services on offer under this package consist of group advice on National and EU standards for beneficiaries of the Measure 101. This package is divided into three sub-packages as follows:

- Environment sub- package;
- Public health sub-package;
- Animal welfare sub-package.

The measure stipulates that group advice will be limited to 3-5 participants, thus for the purpose of cost calculation an average of 4 participants will be used.

3.4 Package 4- Advice on New Techniques, Technologies or Processes in Agriculture

This package offers Group Advice on agricultural and economic issues surrounding those sectors that are eligible under IPARD.

The measure stipulates that group advice will be limited to 3-5 participants, thus for the purpose of cost calculation an average of 4 participants will be used.

4. Description of activities for provision of Advisory Service Packages (ASP) and associated costs under each package.

4.1 Package 1 - Preparatory Support for IPARD applications (One-to-One Advice)

1a: Diagnostic of the Holding:

These activities will be implemented by the Regional or Branch offices of the Advisory Service provider and will include the following:

Description of Activity		Detail of Inputs
1	A preliminary consultation regarding the advisory service package (ASP) content and requirements for farmers who want to receive the package.	Labour (advisor fee) costs
2	Registration and the preliminary checks of the application form and documents regarding to farmer eligibility for receiving of ASP and project and applicant eligibility under M 1.	Labour (advisor fee) and paper cost. The Labour costs include the time required for the preparation of the Advisory Service Organization internal documentation connected with the provision of ASP.
3	Interview with the farmer for collection of data and information	Labour (advisor fee) costs under this activity
4	Farm visit for collection of data and information, assessment of compliance with standards related with production/activity, checks on existing resources – labour, land, mechanization, animals, buildings, etc. and a review of practices and technologies applied.	Labour (advisor fee), paper and transport costs.
5	Review of farm production, activities, inputs, outputs and relative profit margin.	Labour (advisor fee) and paper costs.
6	Analysis of strengths, weaknesses, opportunities and threats according to collected data.	Labour (advisor fee) and paper costs.
7	Drafting of intermediate report containing: detailed findings, SWOT analysis, and final opinion and recommendations in regards to minimum requirements to meet EU and national standards and investments requested/required.	Labour (advisor fee) and paper costs.

1b: Preparation of the Application

Description of Activity		Detail of Inputs
1	Registration and preliminary checks of application form and documents regarding to farmer eligibility for receiving of ASP	Labour (advisor fee) and paper cost. The Labour costs include the time required for the preparation of the Advisory Service

		Organization internal documentation connected with the provision of ASP.
2	Preparation of Supporting Documentation	Labour (advisor fee) and paper costs.
3	Filling of application form	Labour (advisor fee) and paper costs.
4	Preparation of Business Plan / Technical Project Proposal	Labour (advisor fee) and paper costs.
5	Drafting of final report for providing packages	Labour (advisor fee) and paper costs.
6	Check for correct development of written report	Labour (advisor fee) and paper costs.
7	Giving / sending the report to farmer	Labour (advisor fee) and courier/postal and delivery service costs.
8	Completion of documentation for provided ASP and filling an electronic data file for farmer and sending of documentation to the Central office of Advisory Service Body	Labour (advisor fee) and courier/postal and delivery service costs.
Activities implemented by Central office of the Advisory Service Body		
9	Check, safe-keeping and registration of related ASP documentation received by regional office	Labour (advisor fee) and paper costs.
10	Preparation and submission in PA of payment claim for provided ASP	Labour (advisor fee) and paper costs.
11	Accounting the cost for provided ASP	Labour (advisor fee) and paper costs.

Note: The calculation of costs for this activity will be divided and differentiated according to (i) project value and (ii) type of investments, as follows:

a) Preparation of the application for projects with value up to €80,000 - only for investments for purchase of agriculture machinery and equipment including irrigation facilities and equipment and trailers and vehicles;
b) Preparation of the application for projects with value equal or above €80,000 - only for investments for purchase of agriculture machinery and equipment including irrigation facilities and equipment and trailers and vehicles;
c) Preparation of the application for projects with value up to €80,000 - including only or partially investments for construction or reconstruction activities, development of holding's infrastructure and planting/re-planting of perennial trees and plants;
d) Preparation of the application for projects with value equal or above €80,000 - including only or partially investments for construction or reconstruction activities, development of holding's infrastructure and planting/re-planting of perennial trees and plants.

4.2 Package 2 - Support for IPARD Post-Contract Management (One-to-One Advice)

Activities implemented by the Regional office of the Advisory Service Provider		
	Description of Activity	**Detail of Inputs**
1	Analysing of project file with all documents of the farmer	Labour (advisor fee) costs.
2	Monitoring contractual commitments and implementation and providing advice on project implementation. Support for collection of new quotes and for correspondence with the IPARD Agency in case of project changes.	Labour (advisor fee) and paper costs.
3	Drafting of intermediate report/reports on project schedule and achievements including recommendation for correct project implementation	Labour (advisor fee) and paper costs.
4	Farm visit/visits for support farmer for on-the-spot check by Paying Agency	Labour (advisor fee), paper and transport costs.
5	Maintain a payment file of farmer and preparation the payment claim/claims	Labour (advisor fee) and paper costs.
6	Drafting of final report for providing packages	Labour (advisor fee) and paper costs.

7	Check for correct development of written report	Labour (advisor fee) costs.
8	Giving / sending the report to farmer	Labour (advisor fee) and courier/postal and delivery service costs.
9	Completion of documentation for the services rendered and filling of electronic data file on farmer and sending of documentation to the Central office of Advisory Service Provider	Labour (advisor fee) and courier/postal and delivery service costs.
Activities implemented by Central office of the Advisory Service Body		
10	Check, safe-keeping and registration of related ASP documentation received by regional office	Labour (advisor fee) and paper costs.
11	Preparation and submission in PA of payment claim for provided ASP	Labour (advisor fee) and paper costs.
12	Accounting the cost for provided ASP	Labour (advisor fee) and paper costs.

The calculation of costs in relation to activities connected with the monitoring and support of project implementation is divided and differentiated according to project type, as follow:

a) Approved projects for investments for purchase of agriculture machinery and equipment including irrigation facilities and equipment and trailers and vehicles;
b) Approved projects including only or partially investments for construction or reconstruction activities, development of holding's infrastructure and planting/re-planting of perennial trees and plants.

4.3 Package 3 – Group Advice on "Sustainable Agriculture" (Group Advice)

Activities implemented by the Central office of the Advisory Service Provider		
	Description of Activity	**Detail of Inputs**
1	Registration and the preliminary check of application form and documents regarding to farmer eligibility for receiving of ASP	Labour (advisor fee) and paper cost. The Labour costs include the time required for the preparation of the Advisory Service Organization internal documentation connected with the provision of ASP.
2	Preparation for group advice including: • Distribution of farmers in respective group; • Definition of appropriate advisors; • Drafting the agenda for group advice; • Preparation information materials; • Determination of place and venue for the theoretical advice and contraction of contract for use the premises (if it is necessary); • Determination of farm/farms for practical advice and organization transport to it /them.	Labour (advisor fee) costs.
3	Check, safe-keeping and registration of related ASP documentation received by regional office	Labour (advisor fee) and paper costs.
4	Preparation and submission in PA of payment claim for provided ASP	Labour (advisor fee) and paper costs.
5	Accounting the cost for provided ASP	Labour (advisor fee) and paper costs.
Activities implemented by Regional Office/s of the Advisory Service Body		
6	Providing of theoretical group advice	Labour, paper, transport, rent, lunch and coffee break costs
7	Providing of practical advice on farm/farms	Labour, paper, transport, lunch and coffee break costs
8	Drafting of final report for providing packages	Labour (advisor fee) and paper costs.

9	Check for correct development of written report	Labour (advisor fee) costs.
10	Giving / sending the report to farmers	Labour (advisor fee) and courier/postal and delivery service costs.
11	Completion of documentation for the services rendered and filling of electronic data file on farmer and sending of documentation to the Central office of Advisory Service Provider	Labour (advisor fee) and courier/postal and delivery service costs.

4.4 Package 4- Advice on "New Techniques, Technologies or Processes in Agriculture" (Group Advice)

Activities implemented by the Central office of the Advisory Service Provider		
	Description of Activity	**Detail of Inputs**
1	Registration and the preliminary check of application form and documents regarding to farmer eligibility for receiving of ASP	Labour (advisor fee) and paper cost. The Labour costs include the time required for the preparation of the Advisory Service Organization internal documentation connected with the provision of ASP.
2	Preparation for group advice including: • Distribution of farmers in respective group; • Definition of appropriate advisors; • Drafting the agenda for group advice; • Preparation information materials; • Determination of place and venue for the theoretical advice and contraction of contract for use the premises (if it is necessary); • Determination of farm/farms for practical advice and organization transport to it /them.	Labour (advisor fee) costs.
3	Check, safe-keeping and registration of related ASP documentation received by regional office	Labour (advisor fee) and paper costs.
4	Preparation and submission in PA of payment claim for provided ASP	Labour (advisor fee) and paper costs.
5	Accounting the cost for provided ASP	Labour (advisor fee) and paper costs.
Activities implemented by Regional Office/s of the Advisory Service Body		
6	Providing of theoretical group advice	Labour, paper, transport, rent, lunch and coffee break costs
7	Providing of practical advice on farm/farms	Labour, paper, transport, lunch and coffee break costs
8	Drafting of final report for providing packages	Labour (advisor fee) and paper costs.
9	Check for correct development of written report	Labour (advisor fee) costs.
10	Giving / sending the report to farmers	Labour (advisor fee) and courier/postal and delivery service costs.
11	Completion of documentation for the services rendered and filling of electronic data file on farmer and sending of documentation to the Central office of Advisory Service Provider	Labour (advisor fee) and courier/postal and delivery service costs.

5. Calculation of Standard Unit Costs

The standard costs are calculated on the basis of detailed calculations associated with the activities described under every package. All details are included in underneath Calculations

and the standard cost for every advisory service package are included in the Measure description.

6. Data Sources utilised for Calculation of Standard Unit Costs

The standard costs for all activities forming part of the cost calculations for every advisory service package are defined on the basis of reference data and information as explained below. In addition these calculations have been verified as adequate and accurate and are developed on the basis of a fair, equitable and verifiable calculation.

For every basic cost is defined the next unit values:

Cost type	Measure unit	Unit value	Source
Labour (staff) cost	Working hour (Gross)	3.58€	Ministry of Finance http://www.finance.gov.mk/files/upatstvo_bruto_plata.pdf Agency for Development of the Agriculture (NEA)
Travel Distance	Km per trip one way	20km	Review of Average distances travelled by advisors for each Regional Centre. (See Annex 2)
Transport cost *(Fuel together with amortisation)*	Km	19c/km	General Collective Agreement for Public Administration http://www.mtsp.gov.mk/wbstorage/files/opstkolektiven.pdf
Paper and print *(black & white, single-sided)*	Page	0.02€	Printing Company - MagnaSken, Skopje http://www.magnasken.com.mk/magna.html
Courier and delivery services – for parcels up to 1 kg	Per parcel	0.85€	Post of North Macedonia (as at Jan 2016) http://www.posta.mk/ceni/cenovnici_2015.html
Courier and delivery services – for parcels from 1 kg up to 3 kg	Per parcel	1.04€	Post of North Macedonia (as at Jan 2016) http://www.posta.mk/ceni/cenovnici_2015.html
Rent of meeting room *(For up to 10 persons)*	Per day	75€	Average based on several seminars and events held by MA
Refreshments	Per person	10€	Average based on several seminars and events held by MA

Calculations of Standard Cost for Package 1 "The preparation of applications for IPARD Measure 1 “Investment in Physical Assets”"						
Basic elements / activities under the package	**Cost type**	**Measure unit**	**Necessary quantity**	**Unit value (EUR)**	**Total**	**Note**
1. Diagnostic part						
Preliminary consultation regarding advisory service package **(ASP)** content and requirements for farmer who want to receive the package	Labour (Staff)	Working hour (WH)	0.5	3.58	1.79	
Registration and the preliminary check of application form and documents regarding to farmer eligibility for receiving of ASP and project and applicant eligibility under M1	Labour (Staff)	WH	1.5	3.58	5.37	It is also included the Labour (Staff) cost for preparation of internal documentation of advisory service organization for ASP providing
	Paper	Number of lists	20	0.02	0.40	The costs for printing of one list are also included under the calculation
Interview with the farmer for collection of data and information	Labour (Staff)	WH	1	3.58	3.58	
Farm visit for: -collection of data and information; -assessment of compliance with standards related with production/activity; -checks on existing resources – labour, land, mechanization, animals, buildings, etc.; -review of practices and technologies applied;	Labour (Staff)	WH	8	3.58	28.64	The next labour (staff) costs are included: 0.5 WH for farm visit preparation, 1.5 WH for travel to farm and 6 WH for the visit in the farm
	Paper	Number of lists	20	0.02	0.40	The costs for printing of one list are also included under the calculation
	Transport costs	km	40	0.19	7.60	40 km. is average distance and it includes going and return from the farm
Review of farm production, activities, inputs, outputs and relative profit margin	Labour (Staff)	WH	3	3.58	10.74	The working time is long because it is necessary detailed assessment of farm production / activities, inputs and outputs, and calculation of relative profit margin
	Paper	Number of lists	20	0.02	0.40	The costs for printing of one list are also included under the calculation
Analysis of strengths, weaknesses, opportunities and threats according to collected data	Labour (Staff)	WH	2	3.58	7.16	
	Paper	Number of lists	20	0.02	0.40	The costs for printing of one list are also included under the calculation
Drafting of intermediate report containing: detailed findings, SWOT analysis, and final opinion and recommendations in regards to: -Minimum requirements to meet EU and national	Labour (Staff)	WH	10	3.58	35.80	
	Paper	Number of lists	100	0.02	2.00	The costs for printing of one list are also included under the calculation. It is assumed that the report will be printed in 2 copies.

standards -Investments requested/required						
2. Preparation of the Application						
2.1. Preparation of an application for projects which comprise only of investments for the purchase of agricultural machinery and equipment including irrigation facilities and equipment, trailers and vehicles in line with the eligibility requirements set in Measure 1						
2.1.1. For projects with value up to €50,000						
Preparation of Supporting Documentation	Labour (Staff)	WH	12	3.58	42.96	
	Paper	Number of lists	100	0.02	2.00	
Filling of application form	Labour (Staff)	WH	8	3.58	28.64	
	Paper	Number of lists	50	0.02	1.00	
Preparation of Technical Project Proposal	Labour (Staff)	WH	8	3.58	28.64	
	Paper	Number of lists	100	0.02	2.00	
2.1.2. For projects with value equal or above €50,000						
Preparation of Supporting Documentation	Labour (Staff)	WH	16	3.58	57.28	
	Paper	Number of lists	100	0.02	2.00	
Filling of application form	Labour (Staff)	WH	8	3.58	28.64	
	Paper	Number of lists	50	0.02	1.00	
Preparation of Business Plan	Labour (Staff)	WH	16	3.58	57.28	
	Paper	Number of lists	100	0.02	2.00	
2.2.Preparation of an application for projects including only or partially investments for construction or reconstruction activities, development of the agricultural holding's infrastructure and planting/re-planting of perennial trees and plants						
2.2.1. For projects with value up to €50,000						
Preparation of Supporting Documentation	Labour (Staff)	WH	16	3.58	57.28	
	Paper	Number of lists	100	0.02	2.00	
Filling of application form	Labour (Staff)	WH	8	3.58	28.64	
	Paper	Number of lists	50	0.02	1.00	
Preparation of Technical Project Proposal	Labour (Staff)	WH	12	3.58	42.96	
	Paper	Number of lists	100	0.02	2.00	
2.2.2. For projects with value equal or above €50,000						
Preparation of Supporting Documentation	Labour (Staff)	WH	16	3.58	57.28	
	Paper	Number of lists	100	0.02	2.00	
Filling of application form	Labour (Staff)	WH	8	3.58	28.64	
	Paper	Number of lists	50	0.02	1.00	
Preparation of Business Plan	Labour (Staff)	WH	40	3.58	143.20	
	Paper	Number of lists	100	0.02	2.00	
3. Drafting of final report						
Drafting of final report for providing packages	Labour (Staff)	WH	5.5	3.58	19.69	

	Paper	Number of lists	180	0.02	3.60	The costs for printing of one list are also included under the calculation. It is assumed that the report will be printed in 3 copies.
Check for correct development of written report	Labour (Staff)	WH	1.5	3.58	5.37	The check will be done by the office manager
Giving / sending the report to farmer	Labour (Staff)	WH	1	3.58	3.58	
	Couriers and delivery services – for parcels up to 1 kg	Number of parcels	2	0.85	1.70	The return of written report (signed by the farmer) is at advisory service body expense
Completion of documentation for provided ASP and filling an electronic data file for farmer and sending of documentation to the Central office of Advisory Service Body	Labour (Staff)	WH	2	3.58	7.16	The working time is longer because of completion of big number of documents necessary for application
	Paper	Number of lists	10	0.02	0.20	The costs for printing of one list are also included under the calculation
	Couriers and delivery services – for parcels up to 1 kg	Number of parcels	1	0.85	0.85	
4. The activities implemented by the Central office of Advisory Service Body in connection to providing ASP including:						
Check, safe-keeping and registration of related ASP documentation received by regional office	Labour (Staff)	WH	2	3.58	7.16	
	Paper	Number of lists	10	0.02	0.20	
Preparation and submission in PA of payment claim for provided ASP	Labour (Staff)	WH	0.5	3.58	1.79	
	Paper	Number of lists	60	0.02	1.20	
Accounting the cost for provided ASP	Labour (Staff)	WH	1	3.58	3.58	
	Paper	Number of lists	20	0.02	0.40	
5. Summarization						
1. Preparation of an application for projects with a value up to €50,000 which comprise only of investments for the purchase of agricultural machinery and equipment including irrigation facilities and equipment, trailers and vehicles in line with the eligibility requirements set in Measure 1;	Total direct costs				266.00	
	Total direct staff costs				241.65	
	Indirect costs - flat rate of 15 % of eligible direct staff costs				36.00	
	Total standard cost for 1 package				**302.00**	
2. Preparation of an application for projects with a value equal or above €50,000 which comprise only of investments for the purchase of agricultural	Total direct costs				308.96	
	Total direct staff costs				284.61	
	Indirect costs - flat rate of 15 % of eligible direct staff costs				42.00	

machinery and equipment including irrigation facilities and equipment, trailers and vehicles in line with the eligibility requirements set in Measure 1;	**Total standard cost for 1 package**	**350.00**	
3. Preparation of an application for projects with a value up to €50,000 including only or partially investments for construction or reconstruction activities, development of the agricultural holding's infrastructure and planting/re-planting of perennial trees and plants;	Total direct costs	294.64	
	Total direct staff costs	270.29	
	Indirect costs - flat rate of 15 % of eligible direct staff costs	40.00	
	Total standard cost for 1 package	**334.00**	
4. Preparation of an application for projects with a value up to €50,000 including only or partially investments for construction or reconstruction activities, development of the agricultural holding's infrastructure and planting/re-planting of perennial trees and plants;	Total direct costs	394.88	
	Total direct staff costs	370.53	
	Indirect costs - flat rate of 15 % of eligible direct staff costs	55.00	
	Total standard cost for 1 package	**449.00**	

Calculation of Standard Cost for Package 2 "Support for IPARD Post-Contract Management (One-to-One Advice)"						
Basic elements / activities under the package	**Cost type**	**Measure unit**	**Necessary quantity**	**Unit value (EUR)**	**Total**	**Note**
1. Preparatory part						
Registration and the preliminary check of application form and documents regarding to farmer eligibility for receiving of ASP	Labour (Staff)	WH	2	3.58	7.16	It is also included the Labour (Staff) cost for preparation of internal documentation of advisory service organization for ASP providing
	Paper	Number of lists	20	0.02	0.4	The costs for printing of one list are also included under the calculation
Analysing of project file with all documents of the farmer	Labour (Staff)	WH	8	3.58	28.64	
2. Monitor and support project implementation						
2.1.For projects only for investments for purchase of agriculture machinery and equipment including irrigation facilities and equipment, trailers and vehicles						
Monitoring closely contractual commitments implementation of farmer and providing advice for their implementation. Support for collect new quotations and for correspondence with the IPARD Agency in case needs arises to change suppliers or other items	Labour (Staff)	WH	8	3.58	28.64	
	Paper	Number of lists	50	0.02	1	
Drafting of intermediate report on project schedule and achievements including recommendation for correct project implementation	Labour (Staff)	WH	8	3.58	28.64	
	Paper	Number of lists	100	0.02	2	The costs for printing of one list are also included under the calculation. It is assumed that the report will be printed in 2 copies.
Farm visit for support farmer for on-the-spot check by Paying Agency	Labour (Staff)	WH	5	3.58	17.9	The next labour (staff) costs are included: 0.5 WH for farm visit preparation, 1.5 WH for travel to farm and 3 WH for the visit in the farm
	Paper	Number of lists	20	0.02	0.4	The costs for printing of one list are also included under the calculation
	Transport costs	km	40	0.19	7.6	40 km. is average distance and it includes going and return from the farm
Maintain a payment file of farmer and preparation the payment claim/claims	Labour (Staff)	WH	8	3.58	28.64	
	Paper	Number of lists	100	0.02	2	

2.2.For projects only for investments including only or partially investments for construction or reconstruction activities, development of agricultural holding's infrastructure and planting/re-planting of perennial trees and plants						
Monitoring closely contractual commitments implementation of farmer and providing advice for their implementation. Support for collect new quotations and for correspondence with the IPARD Agency in case needs arises to change suppliers or other items	Labour (Staff)	WH	16	3.58	57.28	
	Paper	Number of lists	100	0.02	2	
Drafting of intermediate report/reports on project schedule and achievements including recommendation for correct project implementation	Labour (Staff)	WH	16	3.58	57.28	
	Paper	Number of lists	200	0.02	4	The costs for printing of one list are also included under the calculation. It is assumed that the report will be printed in 2 copies.
Farm visit/visits for support farmer for on-the-spot check by Paying Agency	Labour (Staff)	WH	10	3.58	35.8	The next labour (staff) costs are included: 0.5 WH for farm visit preparation, 1.5 WH for travel to farm and 3 WH for the visit in the farm. It is expected to have two visits - one before and one on time on-the-spot check
	Paper	Number of lists	20	0.02	0.4	The costs for printing of one list are also included under the calculation
	Transport costs	km	80	0.19	15.2	40 km. is average distance and it includes going and return from the farm. It is expected to have two visits - one before and one on time on-the-spot check
Maintain a payment file of farmer and preparation the payment claim/claims	Labour (Staff)	WH	16	3.58	57.28	
	Paper	Number of lists	100	0.02	2	
3. Drafting of final report						
Drafting of final report for providing packages	Labour (Staff)	WH	5.5	3.58	19.69	
	Paper	Number of lists	180	0.02	3.6	The costs for printing of one list are also included under the calculation. It is assumed that the report will be printed in 3 copies.
Check for correct development of written report	Labour (Staff)	WH	1.5	3.58	5.37	The check will be done by the office manager
Giving / sending the report to farmer	Labour (Staff)	WH	1	3.58	3.58	

	Couriers and delivery services – for parcels up to 1 kg	Number of parcels	2	0.85	1.7	The return of written report (signed by the farmer) is at advisory service body expense
Completion of documentation for provided ASP and filling an electronic data file for farmer and sending of documentation to the Central office of Advisory Service Body	Labour (Staff)	WH	2	3.58	7.16	The working time is longer because of completion of big number of documents necessary for the payment claim / claims
	Paper	Number of lists	10	0.02	0.2	The costs for printing of one list are also included under the calculation
	Couriers and delivery services – for parcels up to 1 kg	Number of parcels	1	0.85	0.85	
4. The activities implemented by the Central office of Advisory Service Body in connection to providing ASP including:						
Check, safe-keeping and registration of related ASP documentation received by regional office	Labour (Staff)	WH	2	3.58	7.16	
	Paper	Number of lists	10	0.02	0.2	
Preparation and submission in PA of payment claim for provided ASP	Labour (Staff)	WH	0.5	3.58	1.79	
	Paper	Number of lists	60	0.02	1.2	
Accounting the cost for provided ASP	Labour (Staff)	WH	1	3.58	3.58	
	Paper	Number of lists	20	0.02	0.4	
5. Summarization						
1. Support contracted beneficiaries under Measure 101 with project management and implementation including preparation of payment claims to the IPARD Agency - for approved projects for investments for purchase of agriculture machinery and equipment including irrigation facilities and equipment, trailers and vehicles	Total direct costs				209.5	
	Total direct staff costs				187.95	
	Indirect costs - flat rate of 15 % of eligible direct staff costs				28	
	Total standard cost for 1 package				**237**	
2. Support contracted beneficiaries under Measure 101 with project management and implementation including	Total direct costs				323.92	
	Total direct staff costs				291.77	

preparation of payment claims to the IPARD Agency - for approved projects including only or partially investments for construction or reconstruction activities, development of agricultural holding's infrastructure and planting/re-planting of perennial trees and plants	Indirect costs - flat rate of 15 % of eligible direct staff costs	43	
	Total standard cost for 1 package	**366**	

Calculation of Standard Cost for Package 3 "Group advice on National and EU standards for beneficiaries of the Measure 1" for sub-packages: (i) Environment subpackage (ii) Public health subpackage (iii) Animal welfare subpackage. *(Note: For calculation purposes it is accepted that the average number of participants in group advice will be 4 because of according to the sub-measure the eligible number of participants is from 3 to 5.)*						
Basic elements / activities under the package	**Cost type**	**Measure unit**	**Necessary quantity**	**Unit value (EUR)**	**Total**	**Note**
1. Preparatory part						
Registration and the preliminary check of application form and documents regarding to farmer eligibility for receiving of ASP	Labour (Staff)	WH	4	3.58	14.32	It is also included the Labour (Staff) cost for preparation of internal documentation of advisory service organization for ASP providing. For one farmer - 1 hour.
	Paper	Number of lists	20	0.02	0.4	The costs for printing of one list are also included under the calculation
Preparation for group advice including: -distribution of farmers in respective group; -definition of appropriate advisors; -drafting the agenda for group advice; -preparation information materials; -determination of place and venue for the theoretical advice and contraction of contract for use the premises (if it is necessary); -determination of farm/farms for practical advice and organization transport to it /them.	Labour (Staff)	WH	12	3.58	42.96	These activities will be implemented mainly on central level
2. Providing of group advice						
Providing of theoretical group advice	Labour (Staff)	WH	8	3.58	28.64	
	Rent for premises for providing advice;	day	1	75	75	
	Lunch and coffee break	For one person	5	10	50	It is also included the advisor (4 participants+adviser)
	Transport costs	km	90	0.19	17.1	It is calculated on the base of 50 km. for every participants and 40 km. for adviser for 1 Day.

	Paper	Number of lists	100	0.02	2	25 lists with materials for every participants
Providing of practical advice on farm/farms	Labour (Staff)	WH	8	3.58	28.64	
	Lunch and coffee break	For one person	5	10	50	It is also included the advisor (4 participants+adviser)
	Transport costs	km	90	0.19	17.1	It is calculated on the base of 50 km. for every participants and 40 km. for adviser for 1 Day.
	Paper	Number of lists	100	0.02	2	25 lists with materials for every participants
3. Drafting of final report						
Drafting of final report for providing packages	Labour (Staff)	WH	5.5	3.58	19.69	
	Paper	Number of lists	360	0.02	7.2	The costs for printing of one list are also included under the calculation. It is assumed that the report will be printed in 6 copies.
Check for correct development of written report	Labour (Staff)	WH	1.5	3.58	5.37	The check will be done by the office manager
Giving / sending the report to farmers	Labour (Staff)	WH	1	3.58	3.58	
	Couriers and delivery services – for parcels up to 1 kg	Number of parcels	8	0.85	6.8	The return of written report (signed by the farmers) is at advisory service body expense
Completion of documentation for provided ASP and filling an electronic data file for farmers and sending of documentation to the Central office of Advisory Service Body	Labour (Staff)	WH	4	3.58	14.32	The working time is longer because of completion of documents for 4 farmers
	Paper	Number of lists	20	0.02	0.4	The costs for printing of one list are also included under the calculation
	Couriers and delivery services – for parcels up to 1 kg	Number of parcels	1	0.85	0.85	
4. The activities implemented by the Central office of Advisory Service Body in connection to providing ASP including:						
Check, safe-keeping and registration of related ASP documentation received by regional office	Labour (Staff)	WH	2	3.58	7.16	

	Paper	Number of lists	10	0.02	0.2	
Preparation and submission in PA of payment claim for provided ASP	Labour (Staff)	WH	0.5	3.58	1.79	
	Paper	Number of lists	60	0.02	1.2	
Accounting the cost for provided ASP	Labour (Staff)	WH	1	3.58	3.58	
	Paper	Number of lists	20	0.02	0.4	
5. Summarization						
Group advice on National and EU standards for beneficiaries of the Measure 1 for one of next sub-packages: (i) Environment sub-package; (ii) Public health sub-package; (iii) Animal welfare sub-package.	Total direct costs				400.7	
	Total direct staff costs				170.05	
	Indirect costs - flat rate of 15 % of eligible direct staff costs				25	
	Total standard cost for 1 package				425	
	Total standard cost for 1 participant in 1 package				**106.25**	It is divided on average number of participants (4)

Calculation of Standard Cost for Package 4 "Agricultural and economic issues surrounding those sectors that are eligible under IPARD" (Note: *For calculation purposes it is accepted that the average number of participants in group advice will be 4 because of according submeasure text the eligible number of participants is from 3 to 5.*)						
Basic elements / activities under the package	**Cost type**	**Measure unit**	**Necessary quantity**	**Unit value (EUR)**	**Total**	**Notes**
1. Preparatory part						
Registration and the preliminary check of application form and documents regarding to farmer eligibility for receiving of ASP	Labour (Staff)	WH	4	3.58	14.32	It is also included the Labour (Staff) cost for preparation of internal documentation of advisory service organization for ASP providing. For one farmer - 1 hour.
	Paper	Number of lists	20	0.02	0.4	The costs for printing of one list are also included under the calculation
Preparation for group advice including: -distribution of farmers in respective group; -definition of appropriate advisors; -drafting the agenda for group advice; -preparation information materials; -determination of place and venue for the theoretical advice and contraction of contract for use the premises (if it is necessary); -determination of farm/farms for practical advice and organization transport to it /them.	Labour (Staff)	WH	12	3.58	42.96	These activities will be implemented mainly on central level
2. Providing of group advice						
Providing of theoretical group advice	Labour (Staff)	WH	8	3.58	28.64	
	Rent for premises for providing advice	day	1	75	75	
	Lunch and coffee break	For one person	5	10	50	It is also included the advisor (4 participants+adviser)
	Transport costs	km	90	0.19	17.1	It is calculated on the base of 50 km. for every participants and 40 km. for adviser two way for 1 day
	Paper	Number of lists	100	0.02	2	25 lists with materials for every participants
Providing of practical advice on farm/farms	Labour (Staff)	WH	8	3.58	28.64	

	Lunch and coffee break	For one person	5	10	50	It is also included the advisor (4 participants+adviser)
	Transport costs	km	90	0.19	17.1	It is calculated on the base of 50 km. for every participants and 40 km. for adviser for 1 Day
	Paper	Number of lists	100	0.02	2	25 lists with materials for every participants
3. Drafting of final report						
Drafting of final report for providing packages	Labour (Staff)	WH	5.5	3.58	19.69	
	Paper	Number of lists	360	0.02	7.2	The costs for printing of one list are also included under the calculation. It is assumed that the report will be printed in 6 copies.
Check for correct development of written report	Labour (Staff)	WH	1.5	3.58	5.37	The check will be done by the office manager
Giving / sending the report to farmers	Labour (Staff)	WH	1	3.58	3.58	
	Couriers and delivery services – for parcels up to 1 kg	Number of parcels	8	0.85	6.8	The return of written report (signed by the farmers) is at advisory service body expense
Completion of documentation for provided ASP and filling an electronic data file for farmers and sending of documentation to the Central office of Advisory Service Body	Labour (Staff)	WH	4	3.58	14.32	The working time is longer because of completion of documents for 4 farmers
	Paper	Number of lists	20	0.02	0.4	The costs for printing of one list are also included under the calculation
	Couriers and delivery services – for parcels up to 1 kg	Number of parcels	1	0.85	0.85	
4. The activities implemented by the Central office of Advisory Service Body in connection to providing ASP including:						
Check, safe-keeping and registration of related ASP documentation received by regional office	Labour (Staff)	WH	2	3.58	7.16	25.6328
	Paper	Number of lists	10	0.02	0.2	0.004
Preparation and submission in PA of payment claim for provided ASP	Labour (Staff)	WH	0.5	3.58	1.79	6.4082

	Paper	Number of lists	60	0.02	1.2	0.024
Accounting the cost for provided ASP	Labour (Staff)	WH	1	3.58	3.58	12.8164
	Paper	Number of lists	20	0.02	0.4	0.008
5. Summarization						
Group Advice on agricultural and economic issues surrounding those sectors that are eligible under IPARD	Total direct costs				400.7	
	Total direct staff costs				170.05	
	Indirect costs - flat rate of 15 % of eligible direct staff costs				25	
	Total standard cost for 1 package				425	
	Total standard cost for 1 participant				**106.25**	It is divided on average number of participants (4)

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