
THE ROLE OF RURAL DEVELOPMENT FUNDS IN EU PRE-ACCESSION COUNTRIES: THE CASE OF IPARD II

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ABSTRACT

The European Union is a key strategic priority for the pre-accession countries in the Western Balkan and Turkey. The Instrument for Pre-Accession Assistance (IPA) assists countries aspiring for EU membership to prepare their institutional and administrative capacities for future compliance in all sectors including agriculture and rural development. Apart from the financing component, the role of IPARD is much broader in preparing the pre-accession countries for effective implementation of structural and rural development funds upon accession. This paper aims to provide a comparative cross-country analysis on the IPARD programme 2014-2020 (IPARD II) funding of the current beneficiaries (Albania, Montenegro, North Macedonia, Serbia and Turkey). The main derived indicators include the use of IPARD II funding, measures and absorption rates. IPARD II payments are effectuated in all candidate countries from 2019, while payments started earlier in 2017 in Turkey and in 2018 in North Macedonia. With the prolonged start of the IPARD II programme, significant amount of the available funds remains unused, and the number of implemented measures is still limited. There are noticeable country differences in terms of expenditure among measures, but overall, the largest share of used funds so far is dedicated to investments in physical assets in primary production and processing. All countries have established some form of institutional and administrative capacities for implementing the agricultural and rural development policies, especially for the IPARD funds. Still, there is a need for additional capacity building, due to numerous factors, among which the dynamic environment with many continuously changing aspects (CAP reform, accession methodology, climate change or issues arising from the ongoing Covid-19 pandemics). Further promoting the programme, strengthening the national institutions' set-up and capacity, aligning to the beneficiaries needs, and supporting them in preparing viable or sustainable projects are recommendations for better use of the current funds, as well as for the preparation of IPARD III cycle.

KEYWORDS

IPARD II, rural development and structural measures, Western Balkan, Turkey.

JEL CLASSIFICATION CODES

Q18, O13, F36

1. INTRODUCTION

Policy approximation towards the European Union (EU) policies and an appropriate institutional setting are two key milestones on the way to EU integration. EU pre-accession funds support the pre-accession countries in their structural and economic reforms by building their capacities throughout the enlargement process. The introduction of the Instrument for Pre-accession Assistance (IPA) in 2007, acting as a single umbrella instrument, combined the previously implemented EU financial

programmes (PHARE, [ISPA](#), SAPARD, CARDS and the financial instrument for Turkey) (EC-IPA, 2021). The utilization of these funds supports the beneficiaries, *i.e.* the candidate and the potential candidate countries, to prepare themselves for an efficient absorption of the EU funds once they become EU member countries. The IPA programme sets out the priorities for EU financial assistance of the beneficiaries on their accession path during the programming period, in order to increase the good governance and capacity building, but also to support the socio-economic development in line with the EU goals for smart, sustainable and inclusive growth (EU, 2015). Subsequently, the IPA 2014-2020 programme (as a continuation of the previous IPA 2007-2013) represents a sound investment in the following components: (i) public-administration reform, (ii) rule of law, (iii) sustainable economy, (iv) people, and (v) agriculture and rural development (EC, 2016).

In respect to the Western Balkan (WB) countries and Turkey, the EU perspective remains a vital driver to transformation, fostering stability and promoting EU values and standards. Each pre-accession country is in different stage of its accession pathway; accession negotiations are underway with Turkey (since 2005, though currently in a standstill), Montenegro (since 2012), Serbia (since 2014), and, as of March 2020, accession negotiations were also opened for Albania and North Macedonia. Bosnia and Herzegovina and Kosovo* are potential candidate countries. In all these countries, agriculture is one of the most important economic sectors, with significant share in the national economy and in total employment. The share of agricultural gross value added into all national activities participates from 6.6% in Turkey to 21.4% in Albania, while the share of people engaged in agriculture ranges from 7.7% in Montenegro up to 37.3% in Albania in the period 2017-2019 (WBC&TR StatDatabases, 2020).

Accession to the EU implies adoption of the *acquis communautaire* and adherence to its policy, which in the domain of agriculture and rural development is represented by the EU Common Agricultural Policy (CAP). The EU supports the necessary reforms in the process of joining the EU through the IPA component focusing on rural areas and the agri-food sectors, *i.e.* the Instrument for Pre-accession Assistance for Rural Development (IPARD). The current IPARD programme for the period 2014-2020 (IPARD II) provides the beneficiary countries with financial and technical help in order to support sustainability of the agricultural sectors and rural areas in these countries and assists them in the process of alignment to the EU CAP. The IPARD II programme total indicative budget for the period 2014-2020 amounts 1.1 billion EUR from the EU budget. In addition, each country also contributes through national public funding and the final beneficiaries in most cases co-fund a share of the project (EU-IPARD, 2021).

Apart from its core financing component and supporting projects for the final beneficiaries, the role of the IPARD programme is much broader; it contributes to better overall performance in the agricultural sector and increasing its competitiveness, while in parallel assisting the organizational and institutional set-up for administering payments. Evidence from the previous programming period suggest various wide-ranging effects; for instance, an analysis of the use of IPARD funds (2007-2013) and its effects on the exports of agricultural products in three countries (Croatia, Turkey and North Macedonia) found positive correlation, *i.e.* the export of agricultural products to Turkey significantly increased during the period 2007-2014 due to the revealed progress in the utilization of the IPARD funds, while a steady upward trend was likewise demonstrated in North Macedonia and Croatia (Šestović et al., 2017). Additionally, an impact analysis of the use of IPARD funds over the survival and performance of agricultural companies in Croatia, in a five-year stretch after receiving the grant, found out a positive effect in reference to the entities' turnover, value added, total assets, as well as a significant growth in employment, labour productivity, and capital input throughout all five years (Kukoč et al., 2020).

Having this in mind, the paper aims to provide a comparative cross-country analysis on the IPARD II funding of the current beneficiaries, by assessing the level of IPARD II funding in each country and the use of different measures across the study countries. Apart from providing a snapshot of the current state of the IPARD II programme in the pre-accession countries, the findings from this study can also contribute to the on-going preparation of the IPARD III (2021-2027) programme. So far, to our knowledge, this kind of comparative analysis regarding IPARD funds has not been conducted with such approach, and therefore fills an existing gap in the literature.

The cross-country analysis includes the current IPARD II beneficiaries: Albania (AL), Montenegro (ME), North Macedonia (MK), Serbia (RS) and Turkey (TR). The analysis covers both qualitative aspects (background, administrative and institutional set up, and beneficiaries' perspectives) and quantitative aspects (total budget, rate of absorption, and use of different measures). The study is based

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

on secondary sources, mostly collected through the official documents of the national IPARD authorities, reports on funds allocations, as well as personal communications with representatives from the IPARD authorities.

2. PARD II ACROSS EU PRE-ACCESSION COUNTRIES

2.1 Figures and tables

The pre-accession countries have accessed the IPARD programme at a different pace. The programme in each beneficiary country was developed within a targeted strategic framework, based on country specific socio-economic analysis, sub-sectoral characteristics and SWOT analysis, proposing measures to distribute the available funds. Accreditation and implementation of measures is a long process that requires adequate human capacities, which will eventually be able to manage by the EU rules upon accession. Therefore, besides the specific measures and sector beneficiaries, one of the key IPARD contributions is the development of institutional infrastructure, competence and administrative capacities in the country, as an important prerequisite for fulfilment of the EU accession requirements.

Albania had two periods of financing: pre-IPARD (2015-2017, in the form of IPARD-like measures) and IPARD-II (2018-2020). The IPARD II Programme was adopted by the Government of Albania and approved by the European Commission in July 2015 and subsequently ratified by the Albanian Parliament in March 2016. At this stage, the IPARD operating structure (Managing Authority) and the Agricultural and Rural Development Agency (Paying Agency) was accredited and currently is operating under the monitoring of DG Agri. The structure has been undergoing gradual expansion since 2016 and the workload was revised accordingly, noting progress in the administrative set up; however, the pace of legal adoption on regards to the establishment of the Integrated Administration and Control System (IACS) has been slow. The progress is stalled by weak information systems and statistics in agriculture, non-functioning farm register and animal register, and slow preparation of the Land Parcel Identification System (LPIS) (EC, 2018). Moreover, policy monitoring has been weakened due to slow progress of statistical activities, lack of economic analysis unit and scarce resources placed for ex-ante and ex-post evaluation, including the use of the Farm Accountancy Data Framework (FADN). The animal register has also not been updated properly, limiting traceability, endangering food safety and implementing livestock farming management policies. Currently, an Italian cooperation project is supporting the Paying Agency in strengthening the administrative capacity of the line Ministry and the Paying Agency with a particular focus on the farm register and the LPIS, as a step towards establishing the IACS.

In Montenegro, the operational structure for IPARD II consists of Managing Authority - Directorate for Rural Development and IPARD Agency - Directorate for IPARD Payments, both within and under the direct management of the Ministry of Agriculture and Rural Development (MARD). The Managing Authority is responsible for preparation and implementation of the IPARD II programme. The IPARD Agency provides the Managing Authority with control and verification of the IPARD II programme measures, drafts public calls and publishes eligibility conditions and criteria, selects the projects to be implemented, etc. The Managing Authority and the IPARD II Monitoring Committee monitor the effectiveness, efficiency and quality of the implementation of the IPARD II programme and report to the IPA II Monitoring Committee and the Commission on the progress of the measures implementation. The first IPARD II public calls in Montenegro were published in early 2018.

In North Macedonia, the IPARD II programme started with the first call in 2017. The Managing Authority is within the line Ministry of Agriculture, Forestry and Water Economy (MAFWE). The Agency for Financial Support in Agriculture and Rural Development (AFSARD) was established in 2007, fulfilling the role of national Paying Agency. The efficiency and quality of the IPARD II programme implementation are monitored by the IPARD Monitoring committee, composed by representatives of the key governmental and nongovernmental stakeholders, meeting regularly on bi-annual basis. Given the large number of farmers in the country and the complex array of measures and criteria, strong management and control systems are required. The development of IACS, Farm Register and LPIS is an on-going process, but due to insufficient resources to maintain and operate them, these systems are still lacking in terms of data quality and relevance (EC, 2019). AFSARD requires continuous strengthening of its capacities in order to ensure an efficient implementation of the increasing volume of both national and IPARD measures. Lessons learnt from IPARD I have contributed to gradual improvements and higher absorption of the IPARD II funds, in terms of simplifying some procedures and making them more understandable and approachable for the

applicants, faster resolution of the calls, more visible communication of the programme to potential applicants, etc.

In Serbia, the implementation of the IPARD II programme began at the end of 2017, while the official accreditation came into force in June 2018 with signing of the Financing Agreement between the Government of the Republic of Serbia and the European Commission. The Managing Authority as well as the Paying Agency are established within the Ministry of Agriculture, Forestry and Water Management (MAFWM).

Following the implementation of IPARD I, Turkey adopted the IPARD II program in 2016. The Managing Authority is the General Directorate of Agricultural Reform, within the Ministry of Agriculture and Forestry (MAF), while specifically the IPARD Program is governed by the Directorate of European Union Structural Harmonization Management Authority, assigned within the General Directorate of Agricultural Reform. This authority is responsible for managing and monitoring the program in accordance with the financial management principles. The authorized and accredited institution that implements the IPARD Program is the Agriculture and Rural Development Support Institution (ARDSI). Currently, there are different organisations affiliated with MAF which are responsible for implementing the agricultural policy in Turkey. However, there is no officially defined authorized Paying Agency for agriculture policy implementation as in the case of the EU member countries.

2.2 Programme use and measures

The measures implemented under the IPARD II programme differ across countries. The current IPARD II operational measures in the study countries are presented in Table 1.

Table. 1 Current IPARD II operational measures in the EU pre-accession countries.

	AL	ME	MK	RS	TR
M1: "Investments in physical assets of agricultural holdings"	+	+	+	+	+
M3: "Investments in physical assets concerning processing and marketing of agricultural and fishery products"	+	+	+	+	+
M4: "Agri-environment, climate and organic farming (pilot on soil erosion)"					+
M5: "Implementation of local development strategies – LEADER approach"					+
M7: "Farm diversification and business development"	+		+		+
M9: "Technical assistance"			+		+

In Albania, IPARD II was launched in the budgetary year 2018-19. In addition to the previous IPARD-like programme valid from 2015, when only Measure 1 and Measure 3 were implemented, further resources were allocated to Measure 7. In addition to this, Measure 9 as a technical assistance is undergoing the first phase applications during 2021. Further efforts are being made, with the help of GIZ Sustainable Rural Development Project, to adopt other measures such as Measure 4, Measure 5 and Measure 10. Considering the importance of forests and pastures in the country, additional measure is being prepared for addressing the constraints in the forestry sector (Measure 11 on Establishment and protection of forests).

In Montenegro, currently operational are Measure 1 and Measure 3. Regarding the continuation of accreditation of measures within the IPARD II programme, Montenegro officially submitted a request to the EC for implementation of the budget for Measure 7. With receiving the official certificate, Montenegro will start to implement this measure as well. The country has also sent an official letter to the EC requesting an extension of the IPARD II deadline, including an Action Plan for 2020 and outlining the activities for implementing the public calls and contracting investments in due time (MARD, 2020). Additionally, the Ministry of Agriculture and Rural Development is enhancing favourable financial environment for agricultural producers, both through loans provided by the Investment and Development Fund and by commercial banks.

The objectives of IPARD II are addressed by eleven measures in North Macedonia, but the implementation started with three accredited measures: Measure 1, Measure 3 and Measure 7. The first two measures mostly refer to investments in machinery and equipment for specialized production and processing activities. In reference to Measure 7, the interest prevails for construction and reconstruction of facilities, and for improvement of the existing infrastructure of the applicants (MAFWE/IPARD,

2019). In addition, the horizontal measure on Technical assistance (Measure 9) supports the successful implementation of the entire programme. The measure Investment in rural public infrastructure (Measure 6) is in the process of accreditation, whereas the remaining measures are planned to be introduced at a later stage (according to the programme rationale, this postponement is mostly due to the need for additional preparation and institutional capacity building).

There are six programmed IPARD II measures in Serbia, though the current implementation is carried out mostly through Measure 1 and Measure 3. Measure 7 and Measure 9 are also in the process of implementation, while the procedural framework for accreditation of Measure 4 and Measure 5 is under preparation.

In addition to the sectors already included within the IPARD I Programme in Turkey, IPARD II additionally supports local action initiatives and environmentally friendly measures in rural areas. It includes investments that were not included in the IPARD I, such as water buffalo milk, goose, egg poultry, mushrooms and micelles, machinery parks and renewable energy. However, prolonging the accreditation process has affected the use of funds and delayed the implementation of IPARD II. The LEADER approach represented through Measure 5 was introduced during the seventh application call. The agri-environment actions (Measure 4), were included in the fourth announcement call for the sector.

The total indicative budget of the IPARD II programme for the period 2014-2020 is 1.1 billion EUR from the EU budget, on top of which each country contributes through national public funding (with 25% in the total allocation). Around 70% of the indicative EU budget are planned for Turkey, followed by 15% for Serbia, 6% for Albania, 5% for North Macedonia, and 3% for Montenegro (Table 2). The rate of funds for approved projects (taking into consideration the latest data available from the individual countries), so far ranges from 48% for both Montenegro and Turkey to just over 53% for both Albania and North Macedonia. If compared to the IPARD I realization, the general impression is that there are lessons learnt, and consequently the implementation rates are substantially increasing. For instance, in North Macedonia, a recent *ex-post* evaluation of IPARD programme 2007-2013 calculated the financial effectiveness of the programme at 21.1% when the original planned budget is considered, *i.e.*, at 85.9% in relation to the later amended financial plan (PPM, 2020).

Table 2. IPARD II funding (approved projects), mill. EUR.

	AL	ME	MK	RS	TR
EU part	37.26	18.62	32.32	35.51	381.10
National contribution	12.42	6.21	10.77	11.84	127.03
Total funds	49.68	24.83	43.09	47.35	508.14
<i>EU indicated amounts</i>	<i>71.00</i>	<i>39.00</i>	<i>60.00</i>	<i>175.00</i>	<i>801.00</i>
<i>Funds approved, in %</i>	<i>52.48</i>	<i>47.74</i>	<i>53.86</i>	<i>20.29</i>	<i>47.58</i>

Note: Data available until 28.02.2020 (AL), 23.03.2021 (ME), 31.10.2020 (MK), 10.12.2020 (RS), 31.10.2020 (TR). Source: National paying agency authorities, own calculation.

IPARD II payments are effectuated in all candidate countries in 2019 and 2020, while in North Macedonia payments started in 2018 and in Turkey in 2017. In terms of funding structure, there are differences across the countries in the number and value of beneficiaries/projects (Table 3 and Figure 1). In most countries, the funds requested significantly exceed the approved funding. The acceptance rate of projects (approved versus received applications) varies between the countries, from approximately every fourth application approved in Turkey and Albania, to half of the applied projects approved in Montenegro.

Table 3. Number and value of IPARD II applications (EU part).

IPARD II measures	AL		ME		MK		RS		TR	
	<i>Number</i>	<i>mill.</i>	<i>Numbe</i>	<i>mill.</i>	<i>Numbe</i>	<i>mill.</i>	<i>Numbe</i>	<i>mill.</i>	<i>Number</i>	<i>mill.</i>
		EUR	<i>r</i>	EUR	<i>r</i>	EUR	<i>r</i>	EUR		EUR

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RECEIVED APPLICATIONS										
M1	643	72	569	19.3 9	3251	57.31	1235	87.20	3886	n.a.
M3	220	70	97	20.8 5	183	45.10	202	40.88	700	n.a.
M4	/	/	/	/	/	/	/	/	93	n.a.
M7	194	25	/	/	448	85.16	311	34.41	1182 7	n.a.
M9	1	0.05	/	/	8	0.14	/	/	37	n.a.
All measures	1,058	167	666	40.2 4	3890	187.7 1	1748	162.4 9	1654 3	n.a.
APPROVED APPLICATIONS										
M1	175	13	321	9.24	1485	14.21	560	23.58	1241	165.8 9
M3	62	18	46	9.38	85	13.52	59	11.93	665	121.9 2
M4	/	/	/	/	/	/	/	/	92	1.81
M7	53	7	/	/	44	4.45	/	/	2720	90.78
M9	/	/	/	/	8	0.14	/	/	32	0.71
All measures	290	37.2 6	367	18.6 2	1622	32.32	619	35.51	4750	381.1 0
REALISED/PAID APPLICATIONS										
M1	116	7	172	3.54	1020	6.51	203	6.97	901	123.0 7
M3	25	6	6	1.41	53	5.84	26	3.04	591	99.61
M4	/	/	/	/	/	/	/	/	92	1.81
M7	10	1	/	/	12	0.64	/	/	2394	70.62
M9	/	/	/	/	7	0.01	/	/	32	0.71
All measures	151	14	178	4.95	1092	13.00	229	10.01	4010	295.8 1
Approved vs. received rate (%)	22.3	55.1	46.2	41.7	17.22	35.4	21.85	28.71	n.a.	
	27.41	2	1	7	0	1				
Paid vs. approved rate (%)	37.9	48.5	26.5	67.3	40.23	37.0	28.19	84.42	77.62	
	52.07	4	0	8	2	0				

Note: Data available until 28.02.2020 (AL), 23.03.2021 (ME), 31.10.2020 (MK), 10.12.2020 (RS), 31.10.2020 (TR).

“/”: measures not available; “n.a.”: data not available. Source: National paying agency authorities, own calculation.

The largest number of approved applications occurs for Measure 1 (ranging from 60% in Albania, to 92% in North Macedonia), except for Turkey, where over half of the applied projects so far relate to Measure 7 (Figure 1). In terms of allocated funds, physical investments at primary and processing level dominate (Measure 1 and Measure 3), whereas the farm diversification and business development (Measure 7) gradually increases its share in those countries that have already implemented this measure. Specifically, in Albania, almost half of the IPARD II payments are approved for Measure 3, 35% for Measure 1 and 18% for Measure 7. During the year 2021, pre-paid instalment was implemented to relax investments contracted to Albanian operators. In Montenegro, the approved funds are equally distributed between the two operational measures for investments in physical assets. In the case of North Macedonia, similar budget is approved for Measure 1 (44%) and Measure 3 (42%), while Measure 7 has a share of 14% and the allocated funds for Measure 9 are modest. In Serbia, Measure 1 absorbs two-thirds of the funds (66%), while the remaining amount is allocated to approved projects in Measure 3. Payments in Turkey are most evenly spread among the measures; still, Measure 1 has the largest share (44%), followed by Measure 3 (32%) and Measure 7 (24%).

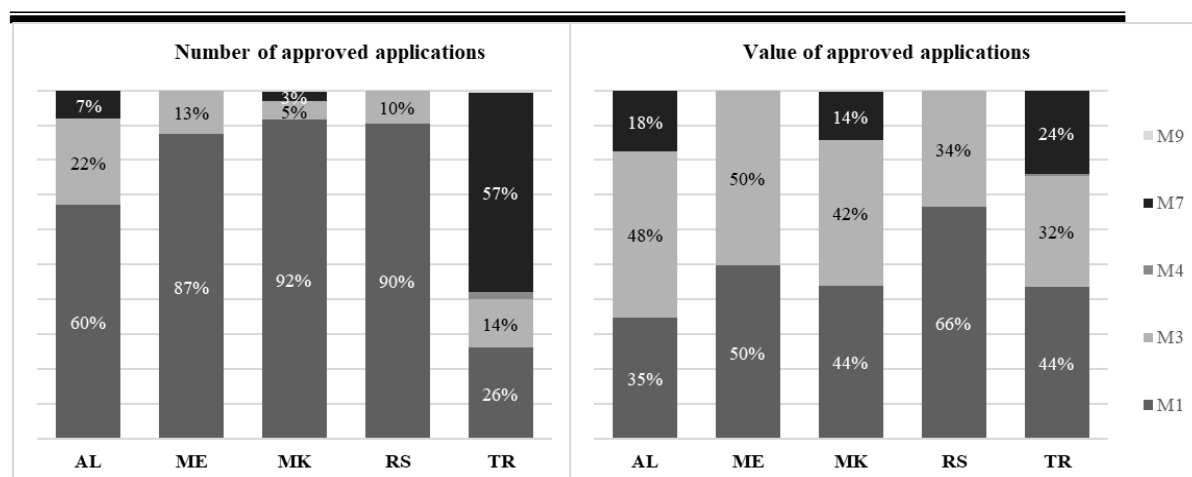


Figure 1. Number and value of approved applications, shares in %

2.3 Beneficiaries' perspective

In most of the countries, farmers as the largest group of potential beneficiaries encounter difficulties to comply with the eligibility criteria provided under IPARD, compared to national programs. For instance, in Albania, fulfilling the requirements regarding the certification of ownership and development rights on land and other immovable assets is problematic due to vast absence of certificates of ownership and slow process in providing development rights (FAO, 2020).

Farmers in Montenegro still do not sufficiently utilize modern technologies and face competitiveness issues. The need to maximize the use of resources, raise product quality, build brand and geographical origin in the field of agriculture requires introduction of new production, processing and packaging technologies. The problems of irrigation systems, very expensive animal feeds, high energy consumption, lack of traceability of products in the absence of modern technologies and the like, are especially emphasized.

In North Macedonia, the main reason for rejecting the funding requests from all measures is the incompleteness of the applications. A long delay during the processing of cases is also often caused by the slow response by the Bureau of Judicial Expertise in the process of determining costs justifications. The response of companies contacted for referential market price research was very low for the first IPARD II calls, mainly due to the Covid-19 virus pandemic. The large number of applications received and the insufficient number of employees in the Paying Agency remain the key bottlenecks in the application processing procedure (MAFWE/IPARD, 2020).

The lack of beneficiary's knowledge and information is assessed as key factor affecting the programme utilisation in Serbia, with large share of ineligible applications and some missing documents in almost all applications. Secondly, the eligibility criteria with minimal investment threshold of 5.000 EUR for Measure 1 and 10.000 EUR for Measure 2, along with the demanding procedure, affect potential beneficiaries with small projects, which are not suitable for the IPARD programme due to encountering high costs. In addition, the large number of small applications causes delays in applications administration.

In Turkey, the general criticisms on the programme implementation is that it is intended for beneficiaries with good financial status. The programme mostly appeals to capital owners outside the agricultural sector. The rules and procedures to be followed during investment (such as a certificate of origin, tender rules, etc.) increase the prices in the market where the purchase is made. This situation directs the beneficiaries to lower budget investments with their own resources and discourages them from applying. Difficulties in the application process and excessive procedural workload also discourage application of potential beneficiaries. Insufficient advisory and consultancy support is affecting projects preparation. The fact that the exchange rate difference between the contract period and the investment purchase period is too high causes the investment to be abandoned. In general, economic uncertainties affect investment decisions, causing the investment to be abandoned after the contract.

In general, the lack of capacities in the paying agencies often causes long administration periods and uncertainty for beneficiaries across the IPARD II beneficiary countries. In addition, the lack of beneficiaries' knowledge coupled with the limited capacity and outreach of the extension services

affect the preparation of viable projects, application and realisation rates. In most cases, inter- and intra-institutional communication is not always efficient and the relevant institutions are not connected to most databases, causing time-consuming procedures for obtaining the necessary cross-compliance data. The still lacking establishment and/or full functionality of Integrated and Administration Control System (IACS), Land Parcel Identification System (LPIS) and Farm Accountancy Data Network (FADN), hinders better adaption and use of these important administrative data sources in the pre-accession countries.

The most important factors influencing the deviation of the IPARD II programme implementation from the plan are related to the delays in accreditation of planned measures; longer application processing period at all stages; uncertainty of applicants regarding exercising of the rights to IPARD II assets; lack of opportunities to for co-financing IPARD projects; the submission procedure in terms of the need for three offers. Most common reasons for rejection of the applications in the countries are related to incomplete applications and insufficient information of beneficiaries.

3. CONCLUSION

Increasingly important allocations are flowing through the IPARD II programme for the period 2014-2020. It assists countries aspiring for EU membership to prepare themselves for future accession in the agriculture and rural development sectors.

IPARD II currently is implemented in all EU candidate countries. Two measures are operational across all countries: Measure 1 (Investments in physical assets of agricultural holdings) and Measure 3 (Investments in physical assets concerning processing and marketing of agricultural and fishery products). The Measure 7 (Farm diversification and business development) is currently operational in Albania, North Macedonia and Turkey, while Measure 9 (Technical assistance) in North Macedonia and Turkey. Turkey has also implemented Measure 4 (Agri-environment, climate and organic farming) with a pilot on soil erosion in 2019 and Measure 5 (Implementation of local development strategies – LEADER approach) since 2020.

The preparation, accreditation and implementation of a new measure is a time-consuming process which requires additional efforts and resources for widening the number of operative measures in all countries, especially in the case of the Western Balkan beneficiaries. This is particularly important considering the forthcoming IPARD III programme for the period 2021-2027, where the measures Agri-environment, climate and organic farming and Implementation of local development strategies – LEADER approach are lacking, or need to be expanded in the case of Turkey. For the next cycle, it is also important to include implementation of measures such as advisory services, improvement of training, improvement and development of rural infrastructure, and establishment and protection of forests.

Still, apart from the financing component, the role of the IPARD programmes is much broader in preparing the pre-accession countries for effective administration and implementation of structural and rural development funds upon accession. The approximation to the CAP requires strong management and control systems. Therefore, particular emphasis is put on the institutional set-up and capacity of the administration in terms of policy formulation, implementation, support payment, control, as well as analysis. Subsequently, all candidate countries have established a form of institutional and administrative capacities for implementing the agricultural policy, and especially for utilizing the IPARD funds. Nevertheless, there is still a need for strengthening the capacity, due to many factors, among which the dynamic environment with many continuously changing factors (CAP reforms, accession methodology, climate change or issues arising from the ongoing Covid-19 pandemics). The strengthened capacity should also contribute to the future compliance in the agriculture and rural development sectors. The role of functioning governing management systems such as a paying agency along with a functional integrated administration and control system are an important prerequisite in terms of capacity needed to implement agricultural and rural development actions. The IPARD programme, through its two phases, significantly contributes to the countries' better preparation for this function.

Besides the general recommendations, there are country specific circumstances reflected in the programme implementation. The policy environment in Albania is still limited in terms of institutional preparation since, despite the setting up a professional and accredited paying agency (already established Agriculture and Rural Development Agency – ARDA), it is lacking a management and control systems such as IACS (not achieved currently). The line ministry should continue to make

strong efforts for alignment with the EU *acquis* in Chapter 11, especially towards accomplishing the legal base for LAG development. More efforts have to be done to include the IPARD components for LAG capacity building. These reforms should be accompanied with preparation of formal definition for rural areas and areas with natural constraints, as well as a strong awareness campaign and intensive capacity building. In addition, IACS elements should be a priority, implying a functioning farm register, animal register, LPIS, as well as a market information system and FADN to be prepared as soon as possible. Interventions should be closely coordinated with the donor community to improve legal and institutional base. Extra efforts should be made on inter-institutional coordination with the inclusion of academia and civil society.

The IPARD programme in Montenegro recognizes larger farms that are operating profitably and are market-oriented. Necessary animal welfare standards, environmental impacts and work safety depending on the investment represent an additional burden for users during the implementation of the investment. The small market and dependency on supply of goods and services from abroad represents a bottleneck when it comes to the speed of investment. Pre-financing of the investments is often an obstacle, which can be facilitated by the establishment of a guarantee fund. Administrative procedures when it comes to the IPARD II programme (state and local level) need to be further accelerated, and it can be beneficial to form a list of consultants who are ranked according to the success of the submitted requests/documentation.

In North Macedonia, improving the institutional and legal conditions is very important for better utilization of the IPARD funds, for instance, adopting detailed plans in the municipalities or prioritising the documentation for projects involving construction activities and legalization requirements. Communication and connection between relevant institutions, databases and registries related to IPARD and continuous improvement of the capacity of the institutions is crucial for the efficient implementation of the programme. Further interventions can be made in additional simplifying of the application procedures and necessary documentation; enhancing the applications administration; introducing specific focus to some calls on certain issues related to the programme objectives. Accessible advisory support and continuous training can certainly contribute to more successful and appropriate use of the funds.

In order to improve the implementation of IPARD II programme in Serbia, it is recommended to increase the minimum investment threshold for all measures and to redirect small applicants to national measures. Regarding the Paying Agency, separating it from the line ministry could improve its efficient functioning. Additional transparency can be achieved by providing lists of approved beneficiaries, information on consultants that worked on the application, providing direct access for the IPARD Agency to the Cadastre data, the Register of approved facilities maintained at the Veterinary Administration, the database of the Tax Administration and local self-governments. Regarding the IPARD Technical Bodies, the recommendations are related to public disclosure of unpublished checklists, continuous training, development of practical instructions and guides, enabling access for technical bodies to databases relevant for operation, improvements in the system for complaints resolving, implementation of the LPIS system. Extension's role should be shifted from working on small number of IPARD applications, to assessment of eligibility to apply for all beneficiaries, with a software solution that could enable extension officers to quickly evaluate beneficiaries in terms of compliance with specific criteria for the IPARD programme. Recommendations to local governments and ministries in charge of construction and local self-government are related to implementation of a set of activities aimed at harmonizing the criteria for issuing permits and approvals in the agricultural sector, through establishment of continuous training and guidance related to permits and approvals in the agricultural sector, through the creation of an inter-ministerial working group from relevant ministries that would continuously work to inform local self-governments, and harmonize and facilitate the issuing of permits and approvals in the agricultural sector.

In the case of Turkey, supporting all sectors in all provinces and in all call periods negatively affects the sustainability of local businesses in some regions and even causes them to be closed. Regional and local planning of the sectors supported under the programme should be better done. Instead of supporting each sector in each province, the sectors to be supported should be determined according to the local potential. Furthermore, the support provided to rural areas within the programme scope is generally appropriate, but measures should be taken to ensure that it spreads to the local base, and supports should be diversified according to the local demands. If there is a potential inadequacy in the programme that causes low efficiency and performance in using the funds in some provinces, other provinces should be included instead.

Overall, increased use of the funds needs to be further enhanced in all countries by promoting the programme more effectively, strengthening the national institutions' set-up and capacity, additionally aligning the programmes to the beneficiaries needs, while also supporting the applicants in preparing

viable and sustainable projects. The findings, recommendations and lessons learnt may serve for the on-going process of preparation of the next programming cycle for the period 2021-2027 (IPARD III). Last but not least, studies as this one should be more frequently conducted to support the evidence-based approach and provide valuable insights, especially to policy makers.

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