Ministry of Agriculture and Environmental Protection
Republic of Serbia

REPUBLIC OF SERBIA

IPARD PROGRAMME

FOR 2014-2020

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List of Abbreviations

AI- Artificial Insemination
APSFR- Areas with Potential Significant Flood Risk
APV- The Autonomous Province of Vojvodina
ASRoS - Agricultural Strategy of the Republic of Serbia
AWU – Annual work unit
CAO- Competent Accrediting Officer
CAP– Common Agricultural Policy
CARDS – Community Assistance for Reconstruction, Development and Stabilisation
CAS - Country Assistance Strategy
CBC – Cross border cooperation
CEFTA - Central European Free Trade Agreement
CGAP - Code of Good Agricultural Practices
CHP – Combined Heat and Power
CSF – Classical swine fever
CSP – Country Strategy Paper
DAP – Directorate for Agrarian Payment
DNRL - Directorate for National Reference Laboratories
DREPR – Danube River Enterprise Pollution Reduction
DTD – Dunav– Tisa- Dunav Channel
EAR - European Agency for Reconstruction
EC – European Commission
EEC – European Economic Community
EU – European Union
EUROP grid- Method of carcass classification
F&V – Fruits and Vegetables
FADN – Farm Accountancy Data Network
FAO – Food and Agriculture Organization
FAVS - Area of forest available for wood supply
FOWL - Average size of private holding
FVO – Food Veterinary Office
FWA – Framework Agreement
FWC – Framework Contract
GAEC – Good agriculture and environmental condition
GAP - Gross Agricultural Production
GDP - Gross Domestic Product
GEF - Global Environment Facility
GEF – Global Environment Facility
GES – Greenhouse gas emission
GHG – Green House Gas
GHP – Global Health Programmes
GI - General Inspectorate
GIS – Geographical identification system
GMO – Genetic modified organism

GMP – Good Manufacturing Practice
GO - Governmental Organization
GOS - Government of Serbia
GVA – Gross Value Added
GVA/FTE - Gross Value Added per full-time equivalent
HACCP - Hazard Analysis Critical Control Point
HMI - Hydro Meteorological Institute
HNV - High Nature Value
HNVF - High Nature Value Farming
HPP – Hydro-electric Power Plant
IACS – Integrated Administration and Control System
IAH - Institute for Animal Husbandry
IBA - Important Bird Area
IBRD – International Bank for Reconstruction and Development
ICPDR- International Commission for the Protection of the Danube River
ILO – International Labor Organization
IPA - Instrument for Pre-Accession Assistance
IPA MC - IPA Monitoring Committee
IPARD – Instrument for Pre-Accession Rural Development
IPM - Integrated Pest Management
IPN - Institute for Science Application in Agriculture
IRENA - the International Renewable Energy Agency
ISAA - Institute for Science Application in Agriculture
ISO - International Organization for Standardization
IUCN- International Union for Conservation of Nature
JP - Joint Programme
KiM - Kosovo and Metohija
KTOE - Kilo Tons of Oil Equivalent
LAG - Local Action Group
LDS – Local Development Strategy
LEADER – French acronym, standing for- Liaison Entre Actions de Development de l'Économie Rural- meaning- Links between the rural economy and development actions
LFA - Less- Favored Area
LFS - Labor Force Survey
LIS – LEADER Initiative Serbia
LSMS - Living Standard Measurement Survey
LSS - Life Standard Survey
M&E - Monitoring and Evaluation
MA - Managing Authority
MAEP - Ministry of Agriculture and Environmental Protection
MAFWM – Ministry of Agriculture, Forestry and Water Management
MDG - Millennium Development Goal
MoH - Ministry of Health

NAO - National Authorizing Officer
NARDS - National Agriculture and Rural Development Strategy
ND - Nitrate Directive
NGO – Non-governmental organization(s)
NIPAC – National IPA Coordinator
NPRD - National Programme for Rural Development
NRDS - Network for Rural Development of Serbia
NRN - National Rural Network
NSEDRoS - National Strategy for Economic Development of Serbia
ODA – Official Development Assistance
OECD - Organization for Economic Cooperation and Development
OF – Organic farming
OG – Official Gazette
PA- Paying Agency
PAU - Policy Advisory Unit
PBA- Prime Butterfly Areas
PDO - Protected Designation of Origin
PGI - Protected Geographical Indication
PLA - Participatory Learning and Action
PMG - Project Management Group
PPD - Plant Protection Directorate
PRA - Participatory rural appraisal
PRAG –Practical Guide to Contract Procedures for EU External Actions
PRSP - Serbia‘s Poverty Reduction Strategy Paper
RD - Rural Development
RDCC - Rural Development Consultative Committee
RDNS - Rural Development Network of Serbia
RS – Republic of Serbia
SA – Sectoral Agreement
SAA - Stability and Association Agreements
SAPS - Simplified Area Payment Scheme
SCC - Somatic Cell Count
SEIO – Serbian European Integration Offices
SIDA - Swedish International Development Agency
SMC - Sectorial Monitoring Committees
SME - Small and Medium Enterprises
SORS – Statisitcal Office of Republic of Serbia
SORSNUTS - The Nomenclature of Territorial Units for Statistics
SPS - Single Application Scheme
SRDPPS - Support to Rural Development Programming and Payments System
SSF - Semi Subsistence Farming
SSI - Soil Science Institute
STAR - Serbian Transitional Agriculture Reform
SWG – Sector Working Group(s)

SWOT– Strengths, weaknesses, opportunities, threats analysis
TA – Technical Assistance
TBC - Total Bacteria Count
TIC - Training and Information Centre
Toe – Tonne of oil equivalent
UAA - Utilized Agricultural Area
UHT - Ultra – high Temperature
ULO - Ultra Low Oxygen
UN – United Nations
UNDP - United Nations Development Programme
USAID - United States Agency for International Development
UWWT- Urban Waste Water Treatment
VAT - Value Added Tax
VIMS – Veterinary Information Management System
VZ – Viticulture zoning
WFD - Water Framework Directive of the European Union
WTO - World Trade Organization
WWTP- Waste Water Treatment Plant

0. Table of content

1. IPARD II PROGRAMME FOR 2014-2020

Title of the document: IPARD Programme of Republic of Serbia for the period of 2014-2020.

2. BENEFICIARY COUNTRY

2.1. GEOGRAPHICAL AREA COVERED BY THE PROGRAMME

The IPARD Programme covers the territory of Serbia (excluding Kosovo[1]), with the following regions:

Table 1. NUTS regions (level I, II) covered by the programme

NUTS level	Code if applicable	Description	Area km^2	Number of inhabitants	Density of population people/km^2
I		SERBIA - NORTH			
II	Region	Belgrade Region	3,226	1,659,440	514.4
II	Region	Region of Vojvodina	21,603	1,931,809	89.4
I		SERBIA - SOUTH			
II	Region	Region of *Sumadija* and West Serbia	26,495	2,031,697	76.7
II	Region	Region of South and East Serbia	26,246	1,563,916	59.6

Sorce: SORS

3. DESCRIPTION OF THE CURRENT SITUATION, SWOT AND IDENTIFICATION OF NEEDS

3.1. THE GENERAL SOCIO-ECONOMIC CONTEXT OF THE GEOGRAPHICAL AREA

3.1.1. Administrative system

There are 150 municipalities (opštine) and 24 cities (gradovi), which form the basic units of local self-government. Serbia (excluding Kosovo) is organized into 25 districts (okruzi). Districts are regional centres of state authority, but have no powers of their own; they represent purely administrative divisions. Belgrade constitutes a district of its own and it is a separate territorial unit established by the Constitution and law.

According to the Law on Territorial Organization of the Republic of Serbia, the term "city" refers to a type of local government and it is defined as a "Territorial unit defined by this law, which represents the economic, administrative, geographic and cultural centre of the wider area and has more than 100,000 inhabitants, and only

[1] 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.

exceptionally less". The territory of the city can be divided into city municipalities. The division of the city into urban municipalities is determined by the statute of the town, in accordance with law. Settlements that are not designated as "urban" are classified as "other", and by default are considered rural areas.

For the purposes of IPARD, Serbia will use the OECD definition[2] of rural areas. According to this, the rural area accounts for 75.1% of the country's territory, encompassing about half of the total population (49.9%). The average population density in Serbia is about 93 inhabitants per $km^{2.}$ In rural areas, it measures 62 inhabitants per km^2 and in urban areas 289 inhabitants per km^2.

3.1.2. Demographic characteristics and trends

According to the census of 2012, Serbia has a population of 7,199,077. In total, during the period 2002- 2013, the population of Serbia declined by 4.15%, while the rural population decreased by 10.9%. Viewed by region, the largest decrease of the rural population was recorded in the Southern and Eastern Serbia (-18.7%). The major part of the rural population is concentrated in the region of *Šumadija* and Western Serbia, which is also the only region in where the rural population accounts for more than 50%. The unfavorable demographic trends are caused by numerous factors, such as limited access to quality services and public goods like infrastructure, access to quality education, health services, lack of social life in the rural community, as well as the dominance of primary agriculture and poor diversification of production and non-production activities, etc. As a result, the presence of migration of the non-agricultural population and young people is significant, which leads to aging of the rural population and an unfavorable educational structure of the rural workforce. At the same time, it reduces human capital needed for development of the economy and quality of life in rural areas.

One of the main characteristics of the demography of rural Serbia is the unfavourable age structure of the population. Every fifth resident of villages in Serbia is older than 65 years, while in the Southern and Eastern Serbia it is every fourth resident. The average age of the rural population in the period 2002-2011 increased from 42 to 43.6 years. The age structure of the population is most unfavourable in the Southern and South-Eastern Serbia, where the average age of rural population reached 45.7 years (for women even 47.1).

Educational characteristics of the rural population are less favourable compared to urban areas. The rural population has a considerably larger share of population with no education and those who have completed only primary school; also there is very small proportion of people with higher education. The situation is especially unfavourable for the rural female population, of which nearly one-third have not attended any school, and more than half lack any qualifications (no education, unfinished and finished elementary school). This is a disturbing fact that has to be faced when it comes to empowerment of rural women.

[2] Rural areas defined according OECD criteria at municipality level.

3.1.3. Economic indicators and employment

The unemployment rate (21.3%) and inactivity rate (39.1%) of the rural population in 2012 were below those of the urban population (26.9% and 40.5% respectively). However, other performance indicators of the rural labour market, especially the share of vulnerable employment and the professional status of employees etc., are significantly worse among the rural population. The higher percentages of vulnerable employment among the rural population are caused by the high percentage of farmers and unpaid family members and a smaller share of wage-earning employees in the rural population compared to urban.

Total employment in agriculture, forestry and fisheries for working-age population is 18.3% and for the population over 15 years is 21.0%. Employment for working-age population in agriculture in rural areas in 2012 was 37.5%, which is much higher than most other European countries. In 2012, the highest share of persons employed in rural areas were skilled workers in agriculture and fishing (34.8%), followed by crafts worker (13.8%), service providers and traders (11.7%), while employment in other occupations recorded significantly lower participation. According to the national accounts statistics, the share of agriculture, forestry and fishing3 in GDP in 2012 was 7.5% (9.7% of GVA).

A particular problem in Serbia, as in most of Southern European Countries is the limited access to finance. A considerable share of the management of SMEs, including farms, considers the obstacles which hamper access to finance as an extremely pressing problem prohibiting successful development of their enterprises. Share of agricultural loans in the total loans placed into the economy in 2013 was 2.8% (data from the third quarter of 2013). The financial sector in Serbia currently provides a low level of credit to rural businesses, mainly offered in the form of short-term loans. To a limited extent, medium-term bank loans are available, but they are predominantly intended for food processing rather than primary production. Other types of loans are provided by the State either directly or indirectly, with reduced interest rates. Most farmers provide land as an "ideal" collateral. Often, however, banks are unwilling to accept land as collateral because the ownership is usually difficult to prove due to the outdated registration system and because of the low value of land in some areas. The use of public warehouses for collateral is undeveloped. There is good potential for the public warehouse system to facilitate credit, allowing warehouse owners to use receipts as collateral. An additional problem is the weak administrative cooperation to obtain support (i.e. construction permits).

3.1.4. Farm structure

Serbia's farm structure is complex, consisting of small subsistence agricultural holdings, small semi-subsistence farms, large family farms, as well as large enterprises with a mixed ownership structure.

[3] Sector A according to the classification of activities from 2010, SORS.

According to the 2012 Agriculture Census, the total number of holdings in Serbia is 631,552, and the area of utilized agricultural land (UAA) 3,437,000 hectares. The highest share in the total number of holdings (48.1%) have small farms (up to 2 ha of land, which are using only 8% of the area). The holdings of less than 5 ha are 77.4% of the total number of farms and they occupy about 25% of UAA. In contrast, the largest farms, over 50 ha, account only up to 1% of the total number of farms, and cultivate about one third of UAA (Table 2).

Table 2. Agricultural holdings in Serbia by utilized agricultural area (UAA), according to the agriculture Census's in 2012

	Householders		UAA	
	number	%	ha	%
total	631,552	100	3,437,423	100
0 ha	10,107	1.6	0	0
0 - < 2 ha	298,286	46.5	273,622	8.0
2 - < 5 ha	182,489	29.3	596,052	17.3
5 - < 10 ha	89,083	14.3	617,281	18.0
10 - < 20 ha	32,313	5.2	435,499	12.7
20 - < 30 ha	7,677	1.2	185,846	5.4
30 - < 50 ha	5,352	0.9	203,666	5.9
50 - < 100 ha	4,394	0.7	314,096	9.1
≥ 100 ha	1,851	0.3	811,362	23.6

Source: Agriculture Census, 2012. SORS, Belgrade

The average plot of utilized agricultural area per farm in Serbia is 5.4 ha, which is about one third of the EU-27 average (14.5 ha). The UAA makes up about 43% of the total surface of Serbia, and in its structure, fields and gardens constitute up to 73%, meadows and pastures 21% and permanent crops around 6%.

Agriculture holdings are privatized. The most common challenge they face, is to raise operational capital to become more productive and attract investment capital for reinvestment in established fixed assets. Many of these enterprises have under- or unutilized assets such as buildings. There are also large-scale enterprises using modern production systems with levels of efficiency similar to those in the EU.

The number of annual work units (AWU) per farm in Serbia is 1.02, which is about 20% higher than the average for the EU-27, where the average farm uses 0.81 AWU. Having in mind the difference in size, this proves a low level of mechanisation and rationalisation.

One of the reasons for low agricultural productivity in Serbia is the poor level of relevant occupational skills, especially regarding farm management. According to the 2012 Agriculture Census of Serbia, only a small proportion of the rural workforce obtains some form of education, whilst most farm managers acquire their knowledge of agriculture only by means of practice. One of the main resons is the unfavourable age structure of farm households, which stems from a traditional model of property

inheritance, whereby the holding is transfered to the eldest child of the deceased. As a result, younger siblings simply made up the household workforce or left to find jobs elsewhere, regardless of their level of education and skills. Inspite of the fact that the Government introduced measures to facilitate the transfer of housholds to younger siblings, the situation remains largely unchanged. Consequently, less than 5% of farm managers have completed secondary agricultural school, higher agricultural education or agricultural college; although the province of Vojvodina proves the exception.

3.2. PERFORMANCE OF THE AGRICULTURAL, FORESTRY AND FOOD SECTORS

3.2.1. General characteristics

Two thirds of agriculture production value comes from plant production. Maize is the most important product, constituting about 25% of the total value of agricultural production. The reminaing one-third of agricultural production derives from livestock products, of which cattle breeding is the most common form with share of 13 to 17%. These levels have remained relatively constant throughout the last decade.

Production of fruit and vegetables accounts for approximately 20% of the agriculture production value and it has recorded positive trends in recent years. In contrast, the economic transformation process affected the livestock sector more significantly than the crop sector.

However, livestock sector has a great potential in Serbia, because of the very favourable conditions for production of animal feed and fodder. Around 1.5 million hectares are natural sources of feed and fodder (meadows and pastures) which at this present situation are not sufficiently used for animal feeding.

The agricultural sector is characterized by a dual structure:

- Enterprises (total 3,000) in the possession of legal entities (2,521) and entrepreneurs (479), comprising about 18% of the UAA[4];
- Family farms comprising 82% of the UAA. They can be sub-divided into two categories: commercial farms and small private farms. Privately owned commercial farms, averaging about 2-20 ha, account for 48.0 percent of the UAA. Only 8.3% producers cultivate more than 10 ha. Therefore, 569,858 households (90.1% of agricultural holdings- excluding those households without land) cultivates less than 10 ha of UAA. The majority of households under 5 ha often consists of several fragmented parcels of land, which produce agricultural products primarily for their own use and they depend heavily on non-farm income.

Table 3. Structure of AH by legal status of holder and UAA

AH, UAA	Total	Utilized agricultural area, ha						%
		≤ 1	1.01-2	2.01-5	5.01-10	10.01-50	> 50	
Agricultural holdings (AH)	631,552	184,674	123,719	182,489	89,083	45,342	6,245	100.0
		AH by legal status of holder, %						
Family AH	628,552	99.3	99.8	99.8	99.8	99.2	89.1	99.5
LE and entrepreneurs	3,000	0.7	0.2	0.2	0.2	0.8	10.9	0.5
Average UAA per holding,ha	5.4	0.5	1.5	3.3	6.9	18.2	180.2	-
		Utilized agricultural area, %						
Owned	2,406,196	94.2	94.1	91.9	86.5	61.3	50.9	70.0
Rented	1,031,227	5.8	5.9	8.1	13.5	38.7	49.1	30.0

Source: Agriculture Census, 2012. SORS, Belgrade

Nevertheless, Serbia has significant comparative advantages in agriculture, thanks to the abundance of high quality agricultural land, a strategic trading location and good general educational background.

The food industry plays an important role in the Serbian economy and labour market. It contributed 3.4 % (4.1% in GVA) of GDP in 2012, and together with the production of beverages[5] and tobacco[6] products, it was about 4.3 % (5.3% in GVA) on average, during the period 2004-2012.

[4] 2012 Agriculture Census.
[5] C11 according to the classification of activities from 2010, NSO.
[6] C12 according to the classification of activities from 2010, NSO.

The food industry employed approximately 88,000 workers in 2012, which is 3.9% of the total workforce. This equates to 23% of employment in the manufacturing industry.

One of the basic characteristics of agro-industry is the large number of SMEs, and small number of large, modern enterprises. The majority of companies in the agro-industry are micro and small enterprises. 75% of all businesses employ less than 10 people, while 90% of companies have less than 50 employees and/or less than 10 million euro turnover. Industries, in particular with small capacities, did not receive considerable investments in technological innovations, and most of the facilities and equipment are below the required standards for export, especially to the EU market.

The main limiting factors for efficient participation in the international market are:

- Insufficient assortment of food products;
- Lack of market and product research for the better utilization of existing capacities by introducing production lines and products;
- Lack of standards or non-compliance with existing standards;
- Slow adaptation to market business criteria;
- Absence of long-term firm contracts between the food industry and raw material producers (farms, cooperatives, agribusiness companies).

Since signing the CEFTA agreement as well as bilateral free trade agreements (with Russia, Belarus, Kazakhstan and Turkey), Serbia drew closer to international markets several times larger than the domestic market, and this offers the opportunity for improved utilization of available capacities.

Table 4. Serbian agriculture and food trade partners:

Countries	2011		2012		2013	
	Exports	Imports	Exports	Imports	Exports	Imports
EU	50.0 %	46.8 %	51.0 %	52.3 %	53.0 %	63.0 %
CEFTA	40.7 %	21.6 %	38.6 %	20.4 %	34.4 %	13.5 %
Other countries	9.2 %	31.5 %	10.0 %	27.4 %	13.2 %	28.8 %

Source: SORS

The main potential of the food industry lies in the production of safe, high quality food, which is highly sought after on foreign markets. This requires the implementation of new standards (ISO 9000 and ISO 14000), as well as implementing the HACCP quality system, ISO 22000; GLOBALG.A.P, Halal, Kosher, etc.).

Therefore, the food industry must remain in the focus of Serbia's development policy as well as the foreign and domestic investors. The development policy must fit into global trends such as capacity concentration and highly sophisticated technology with the goal of improving productivity, production efficiency and competitiveness.

In the area of renewable energy and energy efficiency (EE), the government introduced a legal framework that included by-laws on feed-in tariffs for electricity produced from

renewable energy sources. In 2013, the Government adopted the Second Energy Efficiency Action Plan for the period 2013-2015.

Most of Serbia's potential in the area of renewable energy lies in biomass (49%), while the rest in is large Hydro-electric power plants (HPPs, 27%), solar (13%), wind (4%), geothermal (4%) and small HPPs (3%). Biomass energy resources are distributed across an area of 24,000 km2 (25% of territory) covered with forests and 45,000 km2 (55% of territory) used for agriculture. Biomass energy potential comes mainly from agricultural wastes and wood biomass. Usable energy potential of animal waste is estimated at 0.45 toe, while industrial and municipal waste is estimated at 1.4 billion toe.

While the Government has succeeded in resolving some of the most critical energy security issues over the last decade, Serbia still faces the risk of electric power shortages. Serbia is ranked poorly in the 2013 Doing Business report with respect to the reliability of electricity.

3.2.2. Milk and dairy sector

Total annual milk production is showing a slow decline over the past decade. The annual, farm-gate value currently stands at approximately EUR 300 million. This means that milk production is the largest single sub-sector of Serbian agriculture, considering that it contributes 7.92% of the value of agriculture production (average 8.12% for 2008-2013).

Producers

According to the 2012 Agriculture Census, 431,290 suckler cows were recorded across 155,829 farms. The overall average herd size is 2.8 dairy cows. Herds of 1-2 cows, which would be considered in many countries as too small to be viable, still make up the backbone of the Serbian dairy industry, accounting for 70% of farms and 36% of the national herd. In the next herd-size group (3-9 dairy cows, with average herd size of 4.2 cows) there are 97% of dairy farmers, 78% of cows, approximately 68% of milk production and 59% of all milk delivered to dairies. Every fourth farm in Serbia is producing cow milk.

Table 5. Dairy cows –number of farms and heads by size of dairy herd 2012

No. of heads (range)	Total (all farms)				Average herd size	Family farms			
	Number of heads	Number of farms	Structure (%)			Number of heads	Number of farms	Structure (%)	
1-2	153,901	108,795	35.68	69.80	1.4	153,870	108,774	37.55	69.85
3-9	182,344	42,715	42.28	27.41	4.3	182,139	42,675	44.45	27.40
10-19	41,706	3,320	9.67	2.13	12.6	41,616	3,312	10.16	2.13
20-29	14,139	613	3.28	0.39	23.1	13,983	606	3.41	0.39
30-49	8,373	236	1.94	0.15	35.5	8,218	232	2.01	0.15
50-99	7,825	120	1.81	0.08	65.2	7,023	109	1.71	0.07
≥ 100	23,002	60	5.33	0.04	383.4	2,904	24	0.71	0.02
Total	**431,290**	**155,859**	**100**	**100**	**2.8**	**409,753**	**155,732**	**100.0**	**100.0**

Source: SORS

Herds of more than 50 cows are often regarded as those of minimum size for a viable full-time dairy farm, accounting for just 0.05% of herds, 5% of cows, 11% of milk production and 14% of milk delivered to dairies. Most of the production in this group comes from corporate farms with over 200 cows. The group of "emerging family farms" – those with 20-50 cows and potential for growth is still very small, numbering just under 500 farms. Nearly half of the production is located in central Serbia. Other production areas are the region of Sabac, Sombor and Zrenjanin. Additionally, the south-western area, characterised by difficult working conditions in agriculture, with its relatively high population density, is important cattle breeding areas.

Average milk production per cow has increased by 7.7% compared to 2008, amounting to about 3,200 l in 2013. With this average milk yield per cow, Serbia is placed in front of the other EU candidate countries, but compared to the EU member states, it has significantly lower productivity. It is expected that serious reforms in the sector will resolve the institutional problems. Reference laboratories for testing of raw milk, will not only enhance competitiveness, but will also enable the comprehensive development of the sector. The overall average yield of 3,200 litres per cow reflects a range from 2,050 litres on 1 cow herds not delivering to dairies, to 8,200 litres on the few farms with more than 1,000 cows. Yield on the 3-5 cow farms that form the core of the dairies' supply base averages 2,900 litres.

Milk yields are more than 40% higher in Vojvodina: 3,890 liters/cow compared to 2,730 liters/cow in Central Serbia. Much of this difference is due to the breed structure: 52% of cows in Vojvodina are Friesian-Holstein compared with less than 8% in Central Serbia, where Simmental and Simmental-cross cattle predominate. The use of more intensive dairy breeds in Vojvodina is possible due to its better conditions for

producing and conserving forage crops such as maize, together with the typically better management of founds on larger farms.

During recent years (2008-2012), the number of cattle decreased by 13%, and cows and heifers by 17%. Overall milk production didn't change significantly due to increases in average yield, brought about by improvements to breeding, nutrition and housing conditions, the enlargement of the herd, incentives for the amount of milk that is delivered to the dairies, as well as the growth of the number of intensively managed, highly productive animals. The latter number approximately 164,000 (30% of the total number of animals) and there is a trend for further growth. Compared to developed countries with milk production (the Netherlands, Germany etc.), where up to 95% of the animals are intensively managed, Serbia is still at a lower level of development.

Processors

Of the total 1,505 million litres of produced milk, 0,027 million litres are fed to livestock or lost on farm, resulting in 1,478 million litres for human consumption. 90% of all milk is processed by 187 dairy processing companies in Serbia. The rest of the milk is processed by additional 40 seasonal operating dairies. The 24 largest dairies account for 85% of dairy processing.

The situation amongst the smaller dairies is more variable, but even some of these are convincingly implementing plans to ensure their survival well into the future, and so it seems that Serbia will enter the EU with a significant number of viable small and medium sized dairies.

Table 6: Distribution of dairies according to milk processed

Size range	No. of dairies	Share of dairies	Share of processed milk
< 3 tons/day	103	55%	5%
3 - 10 tons/day	54	29%	10%
10 - 50 tons/day	22	12%	20%
50 - 100 tons/day	3	1%	7%
> 100 tons/day	5	3%	58%
TOTAL NUMBER:	**187**	**100%**	**100%**

Source: Dairy Sector Study, Serbia 2013

According to the Serbian milk quality regulation of 16th December 2009, “Extra” class milk complies with the EU limit for Total Bacteria Count (TBC) of 100,000, but the regulation does not specify the level of Somatic Cell Count (SCC). Grade 1 falls outside the EU standards, with a TBC of 100-400,000. Grade 2 falls below the minimum Serbian standard of 400,000 TBC, for acceptance of milk by dairy processors, and trade represents 10% of the production.

Based on a survey in the 20 biggest dairies, made in the frame of the latest sector studies, UHT milk is the biggest individual product at 35% of total output, and adding

pasteurized milk shows “market milk” to account for 54% of total product weight. Yoghurt is the next biggest product at 33% of total output while the largest contribution among the other seven products is sour cream at 6%. All varieties of cheese account for 4% of total output.

The milk market consists of two branches: the first branch where dairy plants process milk and sell their products through shops and supermarkets, and the second branch where milk is sold directly to local consumers or processed on farm into products such as white cheese and *Kajmak*, and the products sold at green markets or directly; consumption of milk and dairy products by farm households can be considered as part of the second branch. Data from the 2013 Annual Livestock Survey show that 52.2% of milk for human consumption is delivered to dairies and passes through the first market branch, whilst the rest is consumed on farm or sold directly.

Better advice and training of farmers is needed in order to strengthen the whole dairy sector and improve its general performance. Therefore, it will be necessary to invest significant financial means in education and upgrading of farmers level of knowledge. Previous experience shows that it could increase production up to 20%, without financial investments, depending on the structure of the farm and its location. Different results were obtained in the past years depending on the provider of the training and capability of adoption and implementation of knowledge gained by farmers.

Organic production is an area that is gradually evolving. It has recorded an increase in the number of animals holding organic status, as well as in the number of heads in a conversion period. The share of organic production in total livestock production is still very low, but certainly there are great opportunities for its development, particularly in mountainous regions. Organic milk production in Serbia is slowly taking its place in the market. Current and precise data on organic production and marketing are unavailable.

Another critical factor is also the size the dairies. Currently, milk supplies depend on a very large number of small farms. This raises serious concerns as to how the necessary investments can be supported or economically justified from their small turnover. In the long term, the problem should ease, through a reduction in the number of farms and an increase in their average size, but experiences across Europe show that such restructure takes many years. Even if the average herd size doubled to 5.6, it would remain small compared to the EU average, so Serbia requires a strategic approach to restructure it's dairy sector and meet the regulatory and competitive challenges of accession.

To become more competitive with EU dairy producers and achieve EU standards for animal welfare, hygiene and the environment, the dairy sector will require wide-ranging modification of buildings, equipment and management practices, implying highly significant investment requirement.

Compliance with EU standards is considered at a legislative level. By-laws and implementation regulations are still not in place. Data on farms that apply EU

standards on animal welfare, hygiene and manure management are not available, although the number of farms meeting EU standards is considered to be extremely small. Currently, 56 dairy facilities are registered for export, out of which six milk plants have approval for export to the EU. The remaining 50 hold export licences for CEFTA and other countries. Consequently, there is a significant requirement to target interventions of the IPARD II Programme on recipients that are able to reach full application of EU standards, in respect of the whole farm, during the realization of the investment project. Therefore investments in this sector should be focused on appropriate accommodation of animals, manure management and equipment for milk production.

IPARD support should target the weaker links and inefficiencies of the production and marketing chain. The main objective is to strengthen the overall performance and the sustainable development of the sector in an EU accession context and to meet necessary market standards.

Farms generally need to update and improve their machinery in order to operate efficiently.

Dairies need to introduce regular sampling and laboratory testing of raw milk, to establish or upgrade their laboratories, to include automated milk testing equipment. Small dairies need access to commercial laboratory services, to install effluent storage and treatment plants and arrange for its safe disposal.

IPARD should be concentrated on farms with a minimum of 20 dairy cows and a maximum of 300 at the date of submission of application. Investments should upgrade buildings and equipment in order to meet EU hygiene, animal welfare and environmental standards, and to upgrade machinery in order to increase competitiveness, as detailed in a business plan. For large farms, with more than 300 cows at the date of the submission of application, aid should be targeted to upgrade their buildings and equipment for manure handling, storage and distribution, in order to meet EU environmental standards.

For dairy processing, aid should assist small and medium-sized dairies (SMEs) that have processing capacity of 10 tons/day by the end of the investment, to establish milk testing laboratories and effluent processing facilities, as well as to upgrade their plants, equipment, collection of milk and waste management.

3.2.3. Meat sector

Background and key figures

According to the 2012 Agriculture Census, about 77.5% of total agricultural holdings (489,364) are involved in livestock production. Cattle are held on about 177,000 holdings, pigs on 355,000, sheep on 155,000 and poultry on 414,000.

The livestock sector (including dairy) contributed 32.6% of agriculture production value 2013. However, it is more significant when considering on the farm production of goods that are consumed or sold directly.

Production at farm level

Number and size

The livestock sector is dominated by large numbers of farms, traditionally managed in low-intensity farming systems. They are characterized as self-sustainable, using native, locally adapted breeds. According to data from June 2014, the numbers of registered facilities for fattening are: for cattle 1,532, for pigs 1,170, for sheep and goats 255 and for poultry 1,142 respectively (table 7).

Table 7. Number of facilities for livestock breeding (for fattening)

Number of registered facilities for livestock breeding (for fattening)							
Cattle		Pigs		Sheep and goats		Poultry	
number of heads	number of registered facilities	number of heads	number of registered facilities	number of heads	number of registered facilities	number of heads	number of registered facilities
-	-	-	-	-	-	0-5,000	238
-	-	-	-	-	-	5,000-7,000	86
0-10	41	0-50	7	0-50	1	7,000-10,000	100
10-20	67	50-100	16	50-150	6	10,000-20,000	151
Total	**108**	**Total**	**23**	**Total**	**7**	**Total**	**575**
20-50	195	100-500	509	150-200	34	20,000-25,000	17
50-100	391	500-1,000	53	200-300	39	25,000-30,000	10
100-200	125	1,000-3,000	50	300-500	27	30,000-40,000	20
200-300	41	3,000-5,000	16	500-600	9	40,000-50,000	13
300-500	35	5,000-7,000	7	600-800	8	50,000-70,000	14
500-1,000	44	7,000-10,000	10	800-1,000	7	70,000-100,000	18
Total	**831**	**Total**	**645**	**Total**	**124**	**Total**	**92**
1,000-2,000	34	10,000-15,000	12	1,000-2,000	5	100,000-120,000	5
2,000-5,000	10	15,000-20,000	10	2,000-4,000	8	120,000-150,000	6
5,000-10,000	1	20,000-50,000	14	> 4,000	3	150,000-200,000	8
> 10,000	0	> 50,000	2	-	-	> 200,000	13
Total	**45**	**Total**	**38**	**Total**	**16**	**Total**	**32**
Subtotal number of registered facilities for fattening							
Cattle	**984**	**Pigs**	**706**	**Sheep and goats**	**147**	**Poultry**	**699**
Number of unregistered facilities for fattening							
Cattle	548	Pigs	464	Sheep and goats	108	Poultry	443
Total number of facilities for fattening							
Cattle	**1,532**	**Pigs**	**1,170**	**Sheep and goats**	**255**	**Poultry**	**1,142**

Source: Veterinary department MEAP (June 2014)

The main production indicators concerning the number of animals per farm holding are shown in the Table 8.

Table 8: Agricultural holdings according to farm size and number of livestock, 2012.

	Total	**<0.5ha**	**0.5-2 ha**	**2-20 ha**	**20-50 ha**	**50-100 ha**	**> 100ha**
No.of agricultural holding	631,552	10,107	298,286	303,885	13,029	4,394	1,851
Cattle (heads)	908,102	20,289	65,109	601,898	109,248	32,582	78,976
No.of agricultural holding	177,252	3,789	29,297	136,545	6,102	1,118	401
Pigs (heads)	3,407,318	356,704	427,292	1,825,730	229,665	122,203	445,724
No.of agricultural holding	355,052	37,820	99,388	206,391	8,721	2,127	605
Sheep (heads)	1,736,440	65,644	244,146	1,264,276	108,853	27,729	25,792
No.of agricultural holding	154,972	8,252	33,033	108,582	4,094	757	254
Poultry (heads)	26,710,921	91,961,187	4,010,901	9,163,763	1,228,529	833,867	2,277,674
No.of agricultural holding	413,778	44,674	132,158	156,110	8,366	1,900	504

Source: SORS (Agriculture Census, 2012.)

Level of production quality

There is a need to increase production and to improve quality of livestock products and manure management techinques. Areas with a higher density of small farms could have a bigger impact on quality of ground water due to diffuse pollution caused by inadequate manure management systems. New support policy includes the encouragement of specialised farms for production of meat for both domestic market needs and export, pursuance of good agriculture practices and minimum national standards in the field of environment protection.

Livestock production in Serbia is mainly based on small and medium sized family farms, which control a greater share of agricultural land and have bigger impact on total livestock production. The future of livestock farming, which is relatively labour intensive and employ most of agricultural workforce in rural areas, is not simply a question of agriculture development, but relates to the whole process of rural development. Small and medium sized farms are still the main suppliers of livestock products on the national market, except poultry, and they are facing a decrease in total livestock production. Therefore, in the future, policy measures for small sized farms are planned under the National Programme for Rural Development (NPRD) and for medium farms under the IPARD, keeping in focus income support for small farms and

support to prospective middle sized farms to develop faster and become prepared for the future market situation.

Recent data show that over 86% of farmers intend to expand or improve cattle production in the short term. Several issues are important for the future development of the sector:

- reductions in the average age of the farm manager,
- establishing a system for the stabilization of prices for cattle feed as well as for meat (as final animal products) and risk management,
- better cooperation and assistance of Advisory Services,
- willingness for applying new technological solutions,
- availability of support through NPRD and IPARD II,
- availability of bank credits or other financial sources.

Compliance with EU standards is considered at a legislative level. By-laws and implementation regulations are still missing. Data on farms that apply standards on EU animal welfare, hygiene and manure management requirements are not available. The number of farms meeting these EU requirements is considered to be extremely small. As a consequence, there is a requirement to target interventions of the IPARD II programme towards recipients that are able to reach full application of EU standards for the whole farm during the realization of the investment project. Therefore investments in this sector should be focused on appropriate livestock housing, feed storage and manure management.

Processing industry

Number and size

Total number of slaughter facilities (982 operating officially in March 2010) currently employs between 20,000 and 25,000 people. The estimated number of registered meat processing in establishments in 2002-2012 is presented in

Table.

Table 9: Evolution of meat processing in registered establishments in 2002 -2012 (000 t)

	2002	2006	2010	2012
Beef & veal	190	185	167	161
Pig meat	473	417	399	368
Sheep meat	36	45	44	54
Poultry	88	100	120	140

Source: SORS

The total number of 1,197 facilities for slaughtering and processing shows that Serbia has excessive slaughtering and meat processing capacities, indicating that the level of actual utilization is below projected capacities. Only about 0.5% of them hold an EU

export licence, implying that the vast majority are not in compliance with standards mandatory for export to the EU.

Table 10: Number of facilities for slaughtering, cutting and processing of meat

Type of the facility	Facilities (domestic market)	Facilities - export (EU)	Facilities - export (third countries)
Slaughterhouse (red meat) – ungulates	277	2	9
Slaughterhouse (poultry)	31	-	-
Combined facilities (slaughtering, cutting, processing – red meat)	415	3	32
Combined facilities (slaughtering, cutting, processing – poultry)	19	1	9
Processing of meat and manufacturing of meat products	455		-
TOTAL	1,197	6	50

Source: MAEP

The current overall slaughterhouse capacity certainly exceeds the demand of the local market and in future with more consistent implementation of domestic standards and adoption of the EU standards the number of these facilities will significantly reduce. It is estimated that 44% of beef, over 14% of officially slaughtered sheep meat and almost 78% of pig meat (45% pork and 33% bacon) is consumed as a processed product; therefore the secondary processing sector is extremely important.

Level of production quality

Carcass classification of cattle, sheep and pigs does not exist in Serbian slaughterhouses. Therefore, in most cases, the payment is based on the use of live weight animal and/or on the basis of age during the sale. One of the most urgent tasks is the registration on classification of carcasses on the slaughter line.

Market and trade

Market situation (Products, consumption pattern, trade)

The foreign trade exchange of meat and meat products for 2013, records a negative trade balance of EUR 13.3 mill. Imports of meat and meat products was EUR 66.9 mill (in 2012, it was EUR 57.8 mill), while exports of these products in the 2013 was EUR 51.8 mill (in 2012, it was EUR 46.4 mill), source: *Statistical Office of the Republic of Serbia, Report No. 24, 31.01.2014*.

The market supply of beef in Serbia is not a sufficient to satisfy the domestic market needs as well as the export. The quota for beef exports at preferential conditions for the European Union market amounts to 8,700 tons per year, but only 5% of this was used.

In 2012, the import of frozen beef was about 154 tons and export was only about 29 tons. The total fresh beef export is 1,500 tons, out of which about 630 tons was exported to the EU. The same goods exported in 2007 were about 9,100 tons, out of which about 2,300 tons were exported to the EU.

In 2013, the Serbian meat industry recorded production of fresh beef and veal meat at the level of the previous year (161 thousand tons). However, in comparison with the the five-year average (2008-2012), it represents a reduction of 6%. Fresh pig meat production of 2013 showed 4% growth (to 381 tons), but this remains lower than in the five-year average (2008-2012) for 2%. Fresh poultry meat production stayed at more or less the same level through the past four years. Throughout the same period, production of processed meat products has remained stable but production of canned meat has increased by almost 100%.

For the Serbian meat processing sector the most important meat production sub sector is pig meat (Table 11). Generally production decreases annually together with the number of pigs and sows.

In the last decade, the number of cattle dropped by 20%. This has a large impact on the processing industry which is more and more looking for import of meat to satisfy processing demands. Serbia is trying to recover its traditional export markets for live and processed young beef.

The production of poultry meat in Serbia is dominated by a relatively small number of producers and processors. Nevertheless, it plays a key role in the meat sector and has increased its share in consumption.

Table 31: Meat production in Republic of Serbia (gross indigenous meat production in 000 t carcass weight)

	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**Structure Ø2010-12 (%)**
Beef meat	93	90	83	95	99	100	96	81	82	18.5
Pig meat	242	253	255	289	266	252	269	271	252	56.5
Poultry meat	65	67	75	70	76	80	84	103	94	20.1
Sheep meat	20	21	20	20	23	24	23	24	22	4.9
TOTAL	420	431	433	474	464	456	472	479	450	100.0

Source: Statistical Office of the Republic of Serbia

Market and export regulations of Serbia

The Stabilisation and Association Agreement with the EU and the CEFTA agreement have created new opportunities to increase agricultural exports to Europe. However, for now Belarus, Russia and CEFTA members along with Italy and Greece are likely to remain the primary markets for beef, in view of existing meat supply and quality.

Serbian agriculture will require further development to capitalize, first on the markets which are available through the EU Interim Trade Agreement, and later to the enlarged market through full membership of the EU.

Level of attainment of EU standards especially in the areas of health, hygiene, food safety at farm and processing level

Currently there are six EU licensed slaughterhouses and four registered for CEFTA trade. The stated capacity of the six licensed facilities for export to EU markets is 875 cattle per day, slaughtering and cutting.

Comparing to EU food safety requirements and related standards, Serbia lacks quality assurance systems and therefore concrete data on deficits is missing. This is the main factor hampering development of the food industry. The disparity in the use and application of the EU standards in production and food processing is shown in

Table, where it is shown that only a share of 0.5 % of the total of facilities is licensed for export to the EU i.e. fully in compliance with the standards.

Identification of training needs for the sector

Farmers – producer groups:

Training should relate to the following topics:

- book-keeping and management, undertaking a new, market-oriented approach,
- application of new livestock production technologies,
- improvement of production quality and hygiene and food safety,
- environmental protection and animal welfare,
- dissemination of principles of good agricultural practice.

Slaughterhouse industry:

The main focus and orientation should be on training for implementation of GHP, GMP and HACCP principles, as well as ISO 9001 management. Furthermore, it is very important to conduct training on meat cutting and grading according to the EU regulation “Grading of Cattle under EC/1215/2003”.

Identification at sector - level

Changes on farms:

Serbian farms are not sufficiently equipped with machinery. Farm buildings and the associated infrastructure needs to be improved. This can be achieved through investments for upgrading and equipping of existing facilities and construction of new ones.

Investment support for improvement of nutrition, quality of the breeding material and facilities for housing of animals have to be established, along with support for manure handling, storage and distribution according to the EU standards.

Changes in processing industry:

Modernization in respect of veterinary, health and environment protection standards is vital. Currently, required standards have only been introduced by a small number of meat processing plants that have licenses to export to EU. Apart from that, Serbian meat production shows a low degree of utilization of established production capacities and low level of specialization in specific products. Technological infrastructure of slaughterhouses and meat processing plants is also low.

Where should investments take place?

On agricultural holdings:

Priorities include the replacement of poor technical equipment and old buildings and introduction of new technologies and modes of livestock production processes in compliance with food safety, environmental protection and animal welfare. These are requirements for farms of all sizes. Furthermore, there is a need to improve mechisation.

In the processing industry:

Investments to meet EU food safety and environmental protection standards are the first priority. Additionally, investments should be aimed at market orientation of production, utilization of existing market niches, creating new sales outlets, introducing new technologies, etc.

3.2.4. Fruit & Vegetable sector

Background and Key Figures

The fruit and vegetable sub-sector makes up about 20% of overall agriculture production value.

Production/Farmers

Number and Size

The structure of the fruit and vegetable sub-sector can be describied as heterogenous. Primary production is only partly based on the operation of socially owned collective farms, whilst the largest share of total production is derived from the family-owned farms.

Orchards account 5.7% of utilized agricultural area, whereas plum orchards account for about half of this. More than one half (54%) of fruit production holdings operate on less than 5 ha of UAA.

Table 42. Utilized agricultural area in fruit production, ha

Agricultural holdings (AH)	Utilized agricultural area, ha						
	< 1	1.1 - 2	2.1 - 5	5.01 – 10	10.01 – 50	50 <	Total
Number of agricultural holdings (fruit and berries)	60,079	57,219	101,608	53,771	21,412	1,114	295,203
Number of agricultural holdings (strawberry)	1,292	1,301	3,016	1,698	656	19	7,982
Number of agricultural holdings (vineyards)	81,436	1,590	716	131	88	16	83,977
Number of agricultural holdings (hops)	0	2	4	1	3	1	11
Total	142,807	60,112	105,344	55,601	22,159	1,150	387,173

Source: SORS (Agriculture Census, 2012.)

40% of the land in vegetable production is attributed to small holdings below 5 ha. Most of these grow tomatoes, peppers, beans, cabbage, watermelon, melon, onions and garlic, peas etc. This production is for direct consumption, internal use and industrial processing. On large farms, the most commonly grown vegetables are peas (30%), peppers (9%) and string beans (7%) and production is primarily organized for the processing industry.

Table 13: Utilized agricultural area in vegetable production, ha

Agricultural holdings (AH)	Utilized agricultural area, ha						
	<1	1.1-2	2.1-5	5.01–10	10.01–50	50<	Total
Number of agricultural holdings (tomato)	11,947	10,169	17,097	8,372	3,160	115	50,860
Number of agricultural holdings (peppers)	15,040	14,300	23,065	10,033	3,903	210	66,551
Number of agricultural holdings (potato)	19,972	23,261	42,820	22,397	8,663	252	117,365
Number of agricultural holdings (crops in greenhouses)	3,768	2,787	5,253	2,486	1,248	83	15, 625

Source: SORS (Agriculture Census, 2012.)

Fruit production

Areas under orchards were 239,846 ha in 2012, representing 4.4% of UAA. Within this area, traditionally, plum orchards predominate (41%), followed by apple (20%) and sour cherry orchards (10%). The distribution of fruit-production is shown in table 14.

Table 14: Production of fruit in Republic of Serbia

Production (000 t)	2006	2007	2008	2009	2010	2011	2012	Structure Ø2010-12 (%)
Total	**1,218**	**1,381**	**1,299**	**1,452**	**1,077**	**1,337**	**925**	**100.0**
Total- woody fruit species	**1,073**	**1,242**	**1,145**	**1,295**	**927**	**1,178**	**802**	**86.7**
Apples	240	245	236	282	240	266	179	19.4
Pears	58	61	62	68	48	65	39	4.2
Cherries	23	29	30	29	22	29	22	2.4
Sour cherries	81	100	90	105	66	91	75	8.1
Apricots	22	23	22	31	23	33	17	1.8
Quince	10	13	12	15	11	14	11	1.2
Plums	556	681	607	663	427	582	391	42.3
Peach	59	66	63	77	69	75	54	5.8
Walnuts	24	25	24	25	21	24	15	1.6
Total-berries (soft fruit)	**145**	**139**	**154**	**157**	**150**	**159**	**123**	**13.3**
Blackberries	31	29	32	34	33	34	26	2.8
Raspberries	80	77	84	87	84	90	70	7.6
Strawberries	34	33	38	36	33	36	27	2.9

Source: SORS

Vegetable production

In the period 2009-2012 significant vegetable yield is recorded, although production was lower due to drought in the 2012 growing season. Vegetables are produced in a quantity of around 1 million tons annually (according to the 2012 Agriculture Census), which is not sufficient to meet domestic demand.

Within this production (Ø2010-12), potatoes hold the largest share (36%), followed by cabbage and kale (16%), melons and watermelons (12%), tomato (10%), pepper (8%) and onion (7%). Most of the area under vegetables is owned by small farms, which produce mainly for fresh consumption in the household and less for industrial processing. Around 10,000 ha are in the possession of large producers, growing vegetables for industrial use, such as peas (30%), pepper (9%) and beans (7%).

Level of production quality

Quality of production is characterized by a low technological level, including old and traditional orchards and vineyards, old varieties, inexistence of irrigation systems, inadequate plant protection, inadequate protection from hale, old machinery and equipment for plant protection and harvesting. Only 13,444 ha of orchards and 19,868 ha of vegetables are irrigated.

Table 15: Production of vegetable (including potatoes)

Production (000 t)	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**Structure Ø2010-12 (%)**
Total	**2,279**	**1,871**	**2,120**	**2,207**	**2,201**	**2,166**	**1,618**	**100**
Potatoes	930	743	844	898	887	891	578	35.7
Carrots	68	57	66	68	101	60	47	2.9
Onion	140	116	141	131	144	140	107	6.6
Garlic	26	21	24	23	22	21	17	1.0
Beans	55	39	42	46	43	39	27	1.7
Kidney beans	14	13	15	17	17.643	17	12	0.7
Green peas	36	35	42	39	37	41	33	2.0
Cucumbers	67	60	62	67	70	72	55	3.4
Cabbages and kale	325	280	301	326	337	315	266	16.5
Tomatoes	189	152	176	189	189	199	156	9.6
Peppers	177	150	151	171	155	145	130	8.0
Melons and watermelons	251	205	256	230	197	225	190	11.8

Source: SORS

Processing Industry

Number and Size

Serbia has a long tradition and experience in production of fruit, including grapes and vegetables and their processing represents great potential.

Industrial processing of fruit and vegetables is in transition. Serbia has large processing facilities, but they are badly deployed, commonly found in areas with a small number of manufacturers. Some facilities have been privatized and others are in the process of privatization. A significant number of processors are no longer operational and others have obsolete equipment, mainly due to a lack of investment. Most facilities have equipment that is below the required standards for export, especially for the EU market. Only a small number of companies have high processing technology.

Serbia has a significant source of raw materials for processing and export. The ten-year average production is about 2.1 million tons of fresh vegetables and about 1.2 million tons of fresh fruit. However, this was not sufficiently used, since only 15% of vegetables and 20% of fruit produced in Serbia, is processed and sold.

Heat processing and drying of fruit and vegetables, as well as the production of juices, is performed by 85 firms with a total installed capacity of about 565,000 tons. A significant part of the processing capacity relates to the production of fruit and vegetables.

There are 181 registered cooling facilities in Serbia for the preservation of fruit and vegetables, which account for a total capacity of 608,000 tons.

The majority of existing cold store facilities is obsolete and without air-conditioning, resulting in large losses. The extension of the fresh fruit season is limited by these poor storage capabilities. Only about 12 cold storages have ULO (ultra low oxygen) technology or quality systems in operation (e.g. HACCP and ISO standards).

Besides large units there are about 363 small cold stores with capacity ranging from 50 to 350 tons. Several of these facilities have been recently established by farmers in order to increase their competitiveness on the market. Only around 50% of facilities for hot fruit processing and mixed fruit and vegetables are fully operational.

The number companies in the fruit and vegetable sector, regarding the processing capacities, are shown in the table 16.

Table 16: Number of bigger companies in fruit and vegetable sector

	>2 Mio. Kg	1-2 Mio. kg	0. 5-1 Mio. kg	0.1- 0.5 Mio. kg
No. of companies	18	29	27	109

Source: Chamber of Commerce

Market and Trade

Assessment of market situation (Products, consumption pattern, trade)

There is great potential for export, especially for canned, frozen and dried vegetables. Fruit export is increasing significantly due to access to new markets. Frozen fruit account for 80% of exports and fresh fruit 16.6%. The export of fruit contributed significantly to agricultural development in the last twenty years. One of the most profitable products is **raspberries**, which is mainly exported as a frozen product to the

EU market. Fresh fruit (mainly apples) are exported in to the Russian federation, Germany, Austria and Scandinavian countries.

Level of attainment of EU standards

Regarding the fulfilment of food safety standards in the fruit and vegetable sector, the main legal acts are in place but without corresponding by-laws, implementing regulations and control measures. Therefore no statistics on these issues is available.

The Law on Food Safety that entered into force in 2009 *("Official Gazette of RS"41/2009)* is harmonized with the EC Regulation 178/2002 and EC Regulation 882/2008. It defines the competencies of Ministry of Agriculture and Environmental Protection (MAEP) and Ministry of Health (MoH). This law establishes the Directorate for National Reference Laboratories (DNRLs), the law on Ministries and rules on organization which defines the structure and management lines between relevant directorates and their sub-units. Official controls in internal control are randomly performed by agricultural inspection.

Laws on pesticides, plant health and breeders' rights are partially harmonized with the EU directives and regulations. Important gaps remain, especially when it comes to the enforcement and control. The laws on seeds and planting material for fruit and grapes are partially harmonized with EU laws.

Identification of training needs for the sector

Training activities shall primarily assist producers to improve competences to increase their productivity and competitiveness in order to comply with the *acquis communautaire*. Inspectors of the MAEP should receive trainings to be able to conduct controls for the fulfilment of the national and the EU standards (Good Agricultural Practices or environmental measures).

Identification at Sector-level

<u>Needs for the development of the sector</u>

The major recommendations for actions to improve competititveness in the fruit and vegetable sector are as follows:

- Development of agricultural infrastructure on the land,
- Establishment of modern wholesale markets, distribution/packing centres,
- Training and education has to be strengthened,
- Diversification of fruit and vegetable varieties,
- Competitiveness of Serbian products should be improved,
- Priority should be given to the development of producer groups,
- SMEs should be supported by assistance in development of business plans, standardization, certification, food safety and networking with European partners.

Where should the investments take place?

Investments in agricultural holdings:

- Investments in machinery for post-harvest management,
- Investments in establishing of modern storage facilities,
- Investments to support the establishment of modern distribution/packaging centres and wholesale markets,
- Investments in new technology
- Investments to improve quality and standards.

Investments in the processing industry:

- Investments to upgrade existing facilities for processing in SMEs,
- Support to certify production facilities and final products.

3.2.5. Other crops (cereals, oil crops, sugar beet)

Background and key figures

The largest area of agricultural land in Serbia is used for cereal production and it occupies around 60% of the total harvested area. Production of cereals in Serbia is one the biggest components of agricultural output, with a share of around 32% of the total (2004-2012). Maize is the most represented crop with over 1.2 million hectares sown, followed by wheat with around half million hectares. This represents a share of 25% of the agriculture production value for maize and wheat with share of 6.6%. Due to the large sown areas under cereals, they are among sectors with the highest value of the primary production, which additionally increases by further processing. Serbia is the biggest regional producer of cereals and, according to FAO data, it is the worlds 19th largest maize producer and the 35th largest wheat producer. The production of cereals satisfies the needs of the domestic processing industry, and provides some quantity for export. For example, in recent years, in total export value of goods from Serbia, in the first place is maize. The market chain of cereals is short and informal channels of sale are prevalent.

Around 400,000 hectares of arable land is under industrial plants (12% of total harvested area). The lartest share of areas under oleaginous plant is in the territory of Vojvodina, where processing capacities are also located. Sunflower and soya beans are among the most important agricultural crops in Serbia (growth in rapeseed production has been noticed in the last decade).

Serbia falls into the group of the biggest sugar beet producers in Europe, and in the world, according to the FAO data; it takes the 14th place in soya bean production and the 15th in the sunflower production. Thanks to a long tradition and favourable climatic and land conditions for production, Serbia achieves satisfying average yields for oleaginous plants. Domestic needs are satisfied with oleaginous plant production, while significant export products are sunflower and soya oil.

Regarding average yields of cereals, Serbia is on the lower level compared to EU member states, and they are especially low for wheat. Although, one explanation is that harmonization of data about yields is not yet finalized and it can be expected that the eventual figures will be higher. There are few innovations in production and post-harvest technology and price have pronounced seasonal trends, depending on the balance of demand, price and quality competitiveness. Oil plants and sugar beet are exceptions with yields equaling European ones because most of their production is in the north Serbian plains, on large farms with modern equipment. Serbia is one of the Europe's important crop producers, particularly for maize (Serbia produces 11% of the total EU-27), soya (35%), sunflower (6%) and sugar beet (2.5%).

The reasons for low yields are multiple, such as technological regression, inadequate agricultural practices, lack of suitable crop rotation, inefficient systems for knowledge transfer, use of uncertified seeds, inadequate use of fertilizers and insufficient financial resources.

Producers

Cereals are the most universal crop group in Serbia, grown on farms of all types and sizes. A total of 458,196 holdings (72.6% of total holdings) is engaged in production of cereals and has about 1.7 million hectares, with average size of about 3.7 ha per farm. The highest number of holdings (37%) is in the group of up to 2 ha, with a total area of about 123,000 hectares, which makes only 7% of the total area under cereals, and the average area of the grains of 0.7 ha per holding. More detailed figures are shown in Table7. The difficulty of generating the funds needed to increase productivity and profitability of this production on family holdings is caused by a large number of parcels, small average area under cereals, low average level of education of farmers, lack of information reaching producers, as well as with other production and marketing related problems.

Table 17. Number of farms and area under cereals* by the farm

	Number of holdings	Number of holdings (%)	UAA (ha)	UAA (%)
Total (all farms)	631,552	100.0	3,437,423	100.0
Up to 2 ha of UAA	171,695	27.2	123,441	3.6
Above 2 ha to 5 ha	155,393	24.6	284,673	8.3
Above 5 ha to 10 ha	81,686	12.9	295,833	8.6
Above 10 ha to 20 ha	30,809	4.9	227,283	6.6
Above 20 ha to 50 ha	12,669	2.0	237,129	6.9
Above 50 ha to 100 ha	4,231	0.7	195,024	5.7
Above 100 ha	1,713	0.3	352,179	10.2
Total	458,196	72.6	1,715,562	49.9

Source: Census of agriculture 2012, SORS

* Wheat, rye, barley, oats, grain maize and other cereals for grain

Looking at the regions (NUTS 1 and NUTS 2), North Serbia, with 28% of the total number of holdings involved in production of wheat, has 61% of the total area under cereals, with the average area of grains of 8.2 ha per farm. Out of these holdings in the region of Vojvodina, around 23% of the holdings possess 53% of the total area under cereals, with the average area of 9.3 ha per farm. In contrast, South Serbia has a large number of small farms producing grain (72%) with an average area of 2 ha per household. It is the same for the region *Šumadija* and Western Serbia and Eastern Serbia.

Crops are cultivated using 425,000 double-axle tractors, 261,000 single-axle tractors, 25,000 combines and more than 3 million machine tools. Rural transport infrastructure is underdeveloped, while agricultural machinery and equipment are generally in poor condition. The average age of tractors is 12 years, while average age of combine-harvesters is 15 years.

Processing industry

This sub-sector stands out as one with the highest number of manufacturers throughout the food sector. So Serbia currently has about 370 warehouses for grain (different capacity) that operate within enterprises and cooperatives, grain traders (exporters), as well as craft objects, grain silos and mills. It is estimated that the total storage capacity is approximately 3.8 million tons of grain, and the ratio between industrial and institutional capacities is 75:25%. The main problem is inadequate storage capacity and outdated technology for drying and storage of goods.

In the production of animal feed there are a large number of craft objects and feed mixers, while industrial facilities are generally related to warehouses and mills. It is estimated that there is in total more than 750 industrial facilities, out of which 111 have the capacity to produce more than 10 tons of concentrate per hour.

The bread-making industry has processing capacity for 2.5 million tons of wheat, which in recent years, is used up to about 60%, with a relatively stable level of production in the last ten years. Bread and pastries production is organized into objects of industrial and artisan type. According to official statistics, there are 3,408 facilities, out of which 3,023 are smaller facilities and about 120 are large industrial plants. Pasta is produced industrially at six facilities, while the number of trade facilities is much higher, and is estimated to be in around 600 buildings. Annualyproduction stands at about 35,000 tons of pasta, which is about 60 % of actual capacity. Capacity is evenly distributed, and it can be noted that in parts of southern Serbia a larger number of artisanal facilities are present. There are two factories for the production of starch with an annual processing capacity of 140,000 tons of maize and they are both operational.

Currently, there is one plant for the production of bio-ethanol in Serbia which was built in 2007 in Sid, with an annual capacity of 100,000 tons. The factory is able to produce bio-diesel meeting the EU quality standard EN 14214.

Market and trade

The total purchase of wheat and maize has increased in the past decade. For all other types of grain it can be noted that there is a reduction of purchasing power.

In the structure of exports, cereals occupy an important place with a share of 21% of the total value of exports. Wheat and maize are net export products and from year to year they are in the top ten agricultural products, both in the quantity and the value of exports.

Nevertheless, despite the positive development of the crop sector in recent years, the farms are insufficiently equipped with technical equipment and machinery.

Serbia is on the way to create a mechanism for the risk assessment of applications to import or grow biotech crops and products. There remains strong resistance to accepting biotech crops and products derived from GMO crops. In 2013, a number of Serbian mayors signed a so called "Declaration on GMO" calling for a ban on GE products in their municipalities. In January 2013, Serbia signed the "Danube Soya Association" Agreement promoting non-GE soya cultivation and processing in the Danube region of Europe. Also during the last few years, a number of new civil society groups have appeared sposoring anti-GE crop campaigns.

3.3. ENVIRONMENT AND LAND MANAGEMENT

Serbia intends to introduce agri-environmental measures in the later stage of the programme in line with preparedness of the institutions and potential recipients. Nevertheless also the investment measures are also destined to create a considerable impact to improve the environmental situation. Serbia has not yet defined GAEC-standards at the national level.

3.3.1. Biodiversity

Serbia is characterized by high genetic, species and ecosystem diversity. Mountainous and hilly areas of Serbia, as part of the Balkan Peninsula, are one of six centres of European biodiversity. In addition, Serbia is potentially one of the global centres of plant diversity, in terms of wealth of flora.

The Biodiversity Strategy of the Republic of Serbia and Action Plan for the period 2011 -2018 (Official Gazette of RS No. 13/2011) includes an overview of the status of biological diversity in Serbia, the most important factors threatening biodiversity, as well as an overview of human activities which trigger these factors. It emphasizes the richness of Serbia in autochthonic cultivated plant and in agro-biodiversity which includes species and habitats of cultivated plants and animals.

Genetic resources of Serbia's agriculture are very rich; it is considered that between 700 and 800 varieties and species of different genetic resources exist in Serbia.

The biggest impact of agricultural activities on biodiversity comes from intensification of agricultural production through the conversionof large areas into monocultures and the use of chemicals.

There is no centralized database or coordinated system of biodiversity monitoring at national level. Biodiversity monitoring is incomplete and fragmented. The quality and quantity of data are very different, not standardized and often not comparable with data in other European countries.

Genetic resources in Serbia are very rich and include a large number of indigenous varieties and breeds of cultivated plants and animals:

1) Plant genetic resources

Serbia is characterized by a huge geographic and biological diversity reflected in the richness of indigenous flora. According to the most recent estimates, the flora of Serbia contains around 4,000 species out of total of 11,000 plant species in Europe.

It is estimated that the domestic agricultural organizations hold around 15,000 samples of cultivated plants in the form of seeds and about 3,500 samples of fruit trees and vines, mainly originating from Serbia and other Western Balkan countries. The national *exsitu* collections of plant genetic resources, managed by the plant gene bank, comprisie a total of 4,238 samples. In nature, there are approximately 1,000 wild relatives of cultivated plants *in situ*. In addition, there are over 400 known species of medicinal plants officially registered. 150 species are legally protected from use and transport and there is a great potential of plant species (about 1,800 honeybee species) and ecosystems, and habitats for pollinators (honeybees, bumblebees) for use in agriculture.

2) Animal genetic resources

According to the latest data, the indigenous, locally adapted breeds of Serbia were suppressed and ignored. Fifteen species of domestic animals and 30 endangered species were registered. The application of conservation and rational utilization of animal genetic resources directly contribute to the conservation of biodiversity, favouring sustainable production systems, promotion of local products, as well as the development of the region as a whole. The trend of the population of indigenous breeds is stable, with a slight increase. A bank of animal genetic resources has not yet been established.

3) Forest genetic resources

The general condition of forests is classified as "unsatisfactory". The negative impact of forestry on biodiversity includes the establishment of monoculture plantations with poplar (currently about 39,000 ha) and pine plantations (100,000 ha of Scots pine). Forest stands of monocultures reduce biodiversity and degrade the overall quality of habitat for many species. Forest genetic resources and forest ecosystems consist of

282 tree species, of which about 250 are indigenous. Of particular importance is the presence of 88 wild fruit tree species in 18 genera. The most common are two types of beech and oak. As a form of in situ protection of genetic diversity of forest tree species, as well as for the purpose of their control use, 212 seed stands are recognized (58 coniferous and 154 deciduous species) in the total area of 1,865ha. Animal biodiversity of forest ecosystems is characterized by the presence of 46 species of amphibians and reptiles, 350 species of birds and 94 species of terrestrial mammals.

3.3.2. Water quality

The Law on Water *(Official Gazette of RS, No. 30/10)* – regulates the legal status of waters, integrated water management, management of water structures and wetlands, sources and means of funding water management, monitoring and implementation of law, as well as other relevant issues regarding water management. The Law on Water applies to all surface and groundwater, including drinking water, thermal and mineral water. It is in line with the recommendations of the Water Framework Directive of the European Union (Directive 2000/60/EC of the European Parliament and Council, WFD), but the transposition of the WFD and other relevant laws and by-laws is still only partial.

In line with Law on Water, adoption of following national planning and strategic documents is foreseen: the Water Management Strategy for the Territory of the Republic of Serbia (planned for 2015), the Water Management Plan for the Danube River Basin (and RBMPs for water districts, planned for 2015-2021) and programmes of Measures, and Regulation on the Adoption of the Water Pollution Protection Plan (planned for 2015) which is in a final stage of drafting. Monitoring data are available only for 102 water bodies of a total of 496 surface water bodies. The water quality monitoring system recently has been extended to include all the parameters needed to determine the ecological status of water bodies. For groundwater bodies, only shallow groundwater is monitored. The key sources of water pollution are mostly untreated industrial and municipal waste water, drainage water from agriculture, landfill leachate and pollution related to navigation in rivers and operation of power plants.

In the draft Water Pollution Protection Plan, water nutrient load is been analyzed for certain categories of pollution sources, such as point sources (settlements and industry) and non-point sources (land use, horticulture, livestock, etc.) and the related maps are produced. According to the available data, average values for nitrogen are about 120 kg/ha per year taking into account the total load on the whole territory. In the case of phosphorus, the average load is about 2 kg/ha per year, and about 3 kg/ha per year in areas of intensive agriculture.

Sensitive and vulnerable zones as per the UWWT Directive and the Nitrates Directive have not been delineated yet in Serbia. Currently a project is in place with the Swedish Environmental Protection Agency to delineate these zones. The project is expected to be completed in 2015.

Implementation of the EU Nitrates Directive (91/676/EEC) has not yet been initiated but will be important for Serbia's EU integration and will require considerable investment. Support will be needed to sustain long-term water and soil quality monitoring in intervention areas. The effective implementation of the Nitrates Directive can also have important benefits for public health through improvement in air quality and moderating the effects of climate change, since the poor management of animal manure is also linked to increased emissions of methane and nitrous oxide. According to World Bank data, agricultural emissions of GHG in the form of methane represented 44% in Serbia and agricultural nitrogenous emissions 64% of the total of all these emissions from all sources. In the EU, the respective data of agricultural emissions from these components are 41% and 56%.

3.3.3. Climate changes and GHG emissions and their relation to agriculture

Serbia is a member of the UN Framework Convention on Climate Change since June 10 2001 and the Kyoto Protocol, as of 17 January 2008, with the status of developing countries (non-Annex I countries). Serbia has no obligation to quantify the reduction in emissions of greenhouse gases in the first commitment period, but the obligations assumed by ratifying the Convention mean that it must establish and implement actions that contribute to achieving its goals.

Agro climatic classification of Serbia was performed on the basis of meteorological data for the main climate station, for the period 1961 - 2004. Analyses show that the mean annual temperature has increased. The territory is characterised by a drier climate in lowland and valley areas, where most of the agricultural land is located. There was an increase of 0.2 °C during recent decades. The average annual temperature for the areas at an altitude up to 300m is 10.9°C, and for areas with an altitude of 300m to 500m around 10.0°C. In mountainous regions above 1,000 m the annual temperature is about 6.0°C, and at the altitudes over 1,500 m it is around 3.0°C. Considering the atmospheric processes and characteristics of relief, rainfall on the territory of Serbia is unevenly distributed in time and space. Most of Serbia has continental rainfall patterns, including higher amounts in the warmer period of the year.The normal annual precipitation sum for the entire country is 896mm. In lower regions, annual rainfall varies between 540 to 820mm. Annual precipitation increases with altitude. The areas with an altitude of over 1,000 m have in average 700 to 1,000 mm of rainfall, while some mountain peaks in southwestern Serbia have precipitation up to 1,500 mm.

Table 18. The average annual temperature

Altitude (m)	Average annual temperature (°C)
< 300	10.9
300-500	10.0
500-1,000	
>1,000	6.0
>1,500	3.0

Sorce: Republic Hidrometerological Service of Serbia

More frequent and intense droughts in the past two decades have caused great damage to the agricultural sector in Serbia. Next to this, there is an increased number of storms and occurrences of hail and night frost. For Serbia, climate change leads to increased variations in both temperature and precipitation and increased numbers of extreme weather events. Climate change scenarios that were developed for Serbia show that in every scenario temperatures will increase. Regarding precipitation, until 2030 an increase in precipitation is expected with unpredictable variations over different areas and over the seasons. Later this century, overall precipitation is expected to decrease.

The **expected** effects of climate change for agriculture, based on climate change scenarios, are the following:

- Overall, agriculture in Serbia will experience decreases in main crop harvests of maize, cereals, sunflower, legumes and potato. Strong effects are expected in the form of drought, floods, extreme weather events and alterations to the water table, leading to negative effects on agriculture due to increased water stress. In addition, studies in other countries indicate that invasive species of plants, insects and animals are already occurring or are expected to arrive, moving northwards. This brings the danger of introducing alien pests to agricultural areas.

- A threat to dairy farms lies in the fact that increased temperatures cause 'heat stress' in animals which can cause lowering of milk and meat production. Another threat to livestock and poultry is increased risk of occurrences of "traditional" diseases (E-coli, salmonella, Q-fever, mad cow disease, foot and mouth disease, blue tongue fever, etc.), but also an increased risk due to 'new' diseases (the African horse sickness virus, etc.). Climate change is expected to increase the conditions in which these diseases and pathogens can survive and spread.

Recent studies on climate change impact on forests show potential risks such as:

- shifting of some types of forests in relation to their latitude and altitude;
- changes of real distribution of different types of forests and their relation to each other and changes in the composition of particular plant communitiesforest communities will be more exposed to various adverse impacts;
- all above mentioned will negatively affect the conservation of biodiversity and the prospect of a rational management of this natural resource.

3.3.4. Soil

The soil of Serbia is concerned by the following factors of land degradation: water erosion, wind erosion, siltation of land, loss of nutrients, chemical pollution from industrial sources, mechanical compaction of soil by heavy machinery, soil waterlogging, flooding, loss of fertility and others. In the central part, 80% of the land

belongs to the classes that are well supplied with humus and 20% of soils are provided in the class of very humus. 88% of the total surface is affected by water-erosion and 25% by wind–erosion. The north is mostly affected by wind-erosion while in the south is more under the impact of water erosion.

Due to the comparatively low intensity of livestock breeding the problem of emissions and degradation caused by manure spreading is also low.

The entire territory of Serbia is affected by varying intensity of water erosion, but overall it experiences medium levels of water erosion. In Vojvodina aeolian erosion prevails.

Erosion acitivty of slopes is dominant in terrains with degraded rock massifes. Most intensive errosion with torrent activities is present in *Vranjska Banja, Pčinja* valley, Grdelica gorge, the watershed of *Vlasina*, valley of river *Lim*, the upper stretches of river *Ibar* and the mountain area of *Šumadija*.

Erosion and torrents occasionally cause big damage to settlements, industrial and energy facilities, transport infrustructure and agricultural land. Fluvial erosion with degradation of river beds and flooding of land are developed on river banks close to permanent water flows, caused by heavy rainfall, melting of snow and development of slope erosion and torrent activities of water flow in upper and middle parts of watersheds in hilly and mountain regions. Intensive cutting of river beds and degradation of river banks can cause landslide on unstable and semi stable slopes.

The collapse of river banks is dominant in areas with unregulated river beds, mostly in rural areas, where agricultural land is damaged, but some unregulated or low regulated banks also exist in urban areas. According to the data available, there was 6,996 km^2 of land eroded in 2013 (3,708km^2 in 2011), while around 277 km^2 is stabilized (362km^2 in 2011), which shows significant negative trend comparing to previous years.

Based on the available statistical data, it can be concluded that for the whole territory of Serbia there are accurate figures on land slides, rock falls and erosion which is presented in the chart below.

Sensitive and vulnerable zones as per the UWWT Directive and Nitrates Directive have not been deliniated yet in Serbia. Currently a project is in place with Swedish EPA to deliniate these zones and it is due to be completed in 2015.

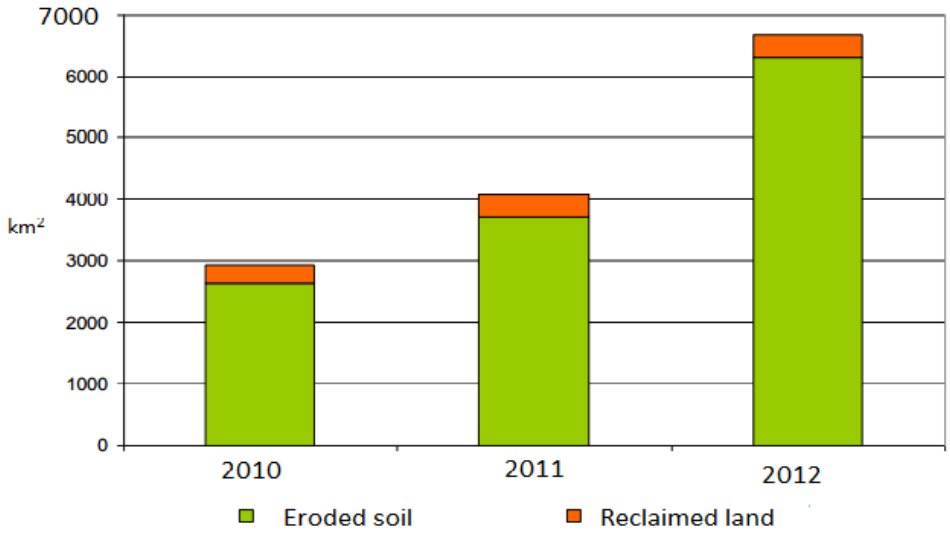


Chart 1. Eroded and reclaimed land

Significant results in the protection against erosion and torrential floods were obtained in recent years, targeting environmental protection, protection of reservoirs, roads and settlements. Serbia has national and local specialised companies and scientific institutions with professional staff engaged in flood and erosion control and state policy is applied to this area with adopted laws and bylaws.

Drainage

The UAA covered by drainage system was 1,971,000 ha in 2010, while the UAA drained area was 1,673,000 ha, representing 33 per cent of total UAA. According to the Serbia country review (World Bank, 2007) problems with poor drainage have led to waterlogging, salinization and erosion. Drainage channels, associated structures and pumping station have deteriorated over time. Rehabilitation of structures is required. Estimations presented in the same study show a 20-30% crop yield increases as a result of the improvement of drainage systems. There are no recent data available to evaluate the current drainage system situation.

Floods

Directive 2007/60/EC of the European Parliament and of the Council of 23 October 2007 on the assessment and management of flood risks has been partially transposed into national legislation through the Law on Water (*OG RS, 30/10*), and Regulation on the establishment of the methodology for preliminary flood risk assessment (*OG RS, 1/2012, 11.01.2011, 91–95*). According to the Law on Water, protection from harmful water effects the Preliminary Flood Risk Assessment encompasses preparation and implementation of the Flood Risk Management Plans on the basis of flood hazard and flood risk maps. Law on Water coveres the preparation of the General Flood Defence Plan and the annual Flood Defence Action Plan, conducting measures of the regular and emergency flood protection as well as measures for protection from ice on watercourses, and measures for erosion and torrents control.

Based on the Preliminary Flood Risk Assessment, which was completed in 2012 for the territory of the Republic of Serbia, 99 Areas have been identified with Potential Significant Flood Risk (APSFR) that is endangered by fluvial flooding. Preparation of flood hazard and flood risk maps is in progress. So far, 27 out of 99 APSFRs have been mapped within different projects. Flood Risk Management Plans shall be prepared for the territory of Serbia, as well as for water districts. The overall objective and general content of the plans have been set by the Law on Water and initial activities have started at the international level, within the activities of the International Commission for the Protection of the Danube River (ICPDR). The highest flood risk is concentrated in the floodplains of the largest rivers, such as the Danube, Tisza, Sava, Drina, Velika Morava, Južna Morava, and Zapadna Morava, which host the largest cities and economic activities. Rough estimations show that an area of about 12,000 km^2 and approximately 1,500,000 people are potentially endangered by fluvial flooding.

Wetlands

As regards the wetlands a number of Ramsar sites exist in Serbia and these and other major wetlands are under appropriate protection in accordance with national Nature Protection Legislation. However, it should be noted that many of the wetlands have been drained in the past by river regulation works and drainage systems. Considering the predicted precipitation changes due to climate change, some of the wetlands may be under threat of degradation and even disappearance.

3.3.5. Usage of mineral fertilizers and pesticides

Average yields per unit of cultivated land have significantly risen in previous decades due to the increased usage of various chemical inputs in the process of crop production, most notably through usage of mineral fertilizers, various groups of pesticides, growth stimulators, etc. However all of these chemical inputs affect biological processes and their overuse can disrupt natural cycles and balance, primarily in the soil, as well as in agro ecosystems and overall environment. Ultimately, they can also directly or indirectly affect the health of animals and humans.

Mineral fertilizer consumption is, on average, 40 kilos per hectare. The use of agrochemicals is considered as fairly low and it is being regularly checked through a highly organized system of veterinary, phytosanitary and sanitary inspections.

Data on consumption of inputs (including fertilizers and pesticides) in Serbia have not been available for a long period of time. Namely, the Farm Survey has not been conducted for more than two decades. Based on the results of the Agriculture Census, the first data on consumption of inputs were published in 2013. The Statistical Office of Serbia will conduct the Farm Survey until 2016, which will allow regular reporting on the use of inputs. The process of harmonization of data and time series for production and yield of previous years, based on data from the Agricultural Census 2012, is currently in progress and should be completed by the end of 2017. According

to data from 2012, use of mineral fertilizers was recorded on 491,157 holdings (77.8% of all holdings) covering an area of 2,298,574 ha, while organic fertilizers were recorded on 314,299 (49.8%) households, covering the area of 400,276 ha. Plant protection products were use on 455,103 holdings (72.1 %), which covered the area of 2,107,311 ha.

The basic goal is to improve the situation by setting up a monitoring/control system for agrochemical use, as well as to provide support for knowledge transfer through extension services.

3.3.6. Concept of high nature value farming in Serbia

Serbia has taken the first steps in identification of HNV farmlands. The indicative distribution of this land is initially elaborated using a limited amount of available data. It indicates that approximately 11,872 km^2 of agricultural land is of HNV. This is equivalent to approximately 19% of the UAA, and 13% of the total territory of Serbia. It should be stressed that the real area of HNV farmland is in fact significantly higher, as the approach followed only identified Type 1 HNV farmland (farmland with a high proportion of semi-natural vegetation) and did not fully capture Types 2 and 3 HNV farmland (farmland with a mosaic of low intensity agriculture and natural and structural elements).

Traditional farming systems and areas of extensively-managed agricultural land support a high diversity of wildlife species and habitats and/or the presence of endangered wildlife species of European or global significance. Examples of low-intensity farming systems, which have the potential to be HNV farming systems, can be found within each of the three broad types of farming - livestock production, annual crops and permanent crops. Ten types of HNV farming systems have been identified in Serbia:

1) Deciduous forests with a high proportion of grassland cover- Low intensity agro-forestry systems with semi-natural grasslands grazed by sheep and cattle in flooded forests on the banks of the Sava, Danube, Tisa, Tamis and other lowland rivers of Vojvodina. One of the oldest agro-forestry systems in lowland Serbia.
2) Winter nomadic pastures on rural lands and stubble- These pastures are mainly located in the Srem and Banat regions and in river valleys near high mountain ranges across the whole of Serbia – this system is called *popaša*, and hass now disappeared.
3) Semi-natural meadows or meadows with sown mixtures used for hay production- This farming system led to the creation of the landscapes of the Šumadija mountains in Serbia. Their extensive management was characterised by late mowing and reseeding with native species. Both practices resulted in the maintenance of a high diversity of plant and animal communities.
4) Semi-intensive grazing of highland semi-natural grasslands in forest zones and natural grasslands above the forest zone- Semi-intensive livestock system based

on grazing by sheep, cattle and horses of highland semi-natural grasslands in forest zones and natural grasslands above the forest zone, typically found in the more humid zones of Western Serbia.

5) Extensive nomadic grazing of highland grasslands- Extensive livestock system, with sheep, goats and cattle grazing highland grasslands in Southern, South Eastern and Eastern Serbia. Over 100,000 ha of pasture are under extensive grazing, mainly by indigenous sheep breeds, such as Pramenka–Zeckel.
6) Extensive grazing of closed village pastures- Extensive livestock system, with free-range pigs, sheep and poultry, grazing on semi-natural vegetation in managed orchards (mainly plums) and in forest patches, practised across all of central Serbia.
7) Combined use mountain grasslands - Livestock system based on grazing by sheep and cattle of valley meadows, mid-mountain combined-purpose meadows and highland pastures.
8) Deciduous forests lopped for winter forage - An extensive mountain sheep system, with winter forage collected from deciduous forest by lopping, practised in certain mountain areas with limited resources for the production of winter feed.
9) Marginal grazing on land with light, salinized or hard soils - Semi-intensive grazing systems with grazing by sheep, cattle and donkeys on sandy dunes, salinised or hard soils with high water table, typically found in the Banat region.
10) Grazing on wet areas in lowland villages - The centuries-old practice of exploiting communal pastures for grazing by non-ruminants (pigs and poultry, mostly ducks, geese and turkeys) continues in some parts of Serbia today.

3.3.7. Organic production

Organic production farming in Serbia is regulated by the new Law on Organic Production *("Official Gazette" No. 30/2010*), which came into force on 1 January 2011. MAEP adopted the Rulebook on the Control and Certification of Organic Production and Organic Production Methods *("Official Gazette" No. 48/11*) in July 2011. Both documents have been prepared in accordance with Council Regulation No.834/07 as well as the Commission Regulation No.889/08 and Commission Regulation (EC) No 710/2009.

The law and by-law prescribe production of agricultural and other products obtained by organic production methods. After the entry into force of the new Law on Organic Production, the Competent Authority for organic production (Department of Organic Production) was established in the Directorate of National Reference Laboratories. The competent authority for organic production performs authorization of control bodies, supervises their work, leads a collective record of organic production, shortens the period of conversion and allows the use of reproductive material from non-organic production.

The MAEP Department for Agricultural Policy and International Cooperation performs tasks related to improving the system of organic production, prepares the professional basis for drafting regulations, proposes measures to support and produce information and analysis of the situation in organic production.

MAEP maintains a database on organic production, which is based on the annual reports of authorized control bodies. The Rulebook on the Control and Certification of Organic Production and Organic Production Methods *("Official Gazette" No. 48/11*) prescribes a new form and mode of keeping records. These regulations came into force in early July 2011. The latest data on the scale of organic production in Serbia is presented in the Table 19 and Table .

Table 19: Organic Plant Production in 2013

Plant production	**Area (ha)**		
	Period of conversion	**Organic Status**	**Total**
Cereals	1,608	665	2,273
Fruit and grapes	324	1,160	1,484
Vegetables	29	78	107
Medicinal plants and herbs	27	106	133
Other*	832	526	1,358
Total arable land (ha)	**2,820**	**2,535**	**5,355**
Pastures/meadows (ha)	2,221	652	2,873
Total	**5,041**	**3,187**	**8,228**

Source: MAEP

* Industrial crops, fodder crops, etc.

Table 20: Organic animal production in 2013

Animal production	**Number of animals**		
	Period of conversion	**Organic Status**	**Total**
Cattle	323	1,853	2,176
Sheep	1,238	2,793	4,031
Goats	865	81	946
Horses	162	48	210
Pigs	118	57	175
Poultry birds	28	1,362	1,390
bees (hives)	1,337	603	1,940

Source: MAEP

The share of land in organic production in very low, 0.23% of UAA (*Source: Statistical Office of Republic of Serbia, Census of Agriculture 2012 and MAEP*). The area under organic production and the number of producers who deal with this type of production has increased from year to year.

Table 21: Area under organic production and the number of producers

	2010	2011	2012	2013
Area under organic production	5,855	6,335	6,340	8,228
Number of producers of organic products	137	323	1,061*	1,281*

Source: MAEP

*group certification included, covering up to hundred small farmers

During 2013, total export quantity increased (approx. 7,101 tons in 2013 and 1,562 tons in 2012). Similarly the total export value also increased (approx. 101 milion EUR in 2013 and 3.74 mill EUR in 2012), *source: MF, Customs Directorate.*

Since 2004, MAEP has provided subsidies for organic production, but over the years it has changed the type of support, beneficiaries and the amount and conditions for subsidies. The volume of organic production is still not satisfactory, especially when taking into consideration the natural resources of Serbia. For this reason, MAEP has drafted the National Action Plan for development of organic production, which aims to identify the obstacles that prevent the intensive development of organic production in Serbia, as well as to define activities for overcoming them and to propose appropriate solutions for intensive development.

3.3.8. Bio energy sources and biomass

The technically exploitable power potential of renewable energy in Serbia is significant, estimated at over 4.3 million tons of oil equivalent (toe) per year - of which about 2.7 million toe is attributed to biomass, 0.6 million toe of unused hydro, 0.2 million toe from existing geothermal sources, 0.2 million toe of wind power and 0.6 million toe from solar radiation.

The National Action Plan for Renewable Energy in Serbia contains the following main specifications relating to biomass:

- The terms defined in detail: Biomass (of plant and animal origin), bio-liquids, bio-gas, facilities for bio-gas production, etc.;
- An overview of measures for achieving the projected increase of renewable energy share in the total consumption;
- Concrete measures for promotion of use of biomass energy;
- Biomass energy is classified into:
    - Forestry biomass (from cutting, remains from the industry, recycled),
    - Agricultural and fishery (primary products, remains from the primary production),

- Waste biomass (biodegradable waste, paper waste, etc.).

– Yearly predictions are given, up to 2020, of the increase of the renewable energy share in total consumption, as well as share of individual renewable energy.

The future, prospects for biomass utilization in Serbia are indisputable, because biomass has the greatest renewable energy potential in the country. The potential of biomass utilization in the province of *Vojvodina* has to be directed primarily to utilization of the agricultural residues and wastes, whilst in central Serbia to forestry biomass.

In order to encourage the use of biomass for energy production, the Government of Serbia adopted the Biomass Action Plan *(Official Gazette of RS 56/2010)* - which defined a strategy for the use of biomass as a renewable energy source, keeping in mind the potential, national strategy, legislation and European directives.

The Biomass Action Plan of the Republic was created in accordance with its obligations under the Energy Community Treaty and in the spirit of the new EU Directive on Renewable Energy (Directive 2009/28/EC), and in accordance with the recommendation of the EU (COM/2005/628) in the preparation of action plans for biomass in order to increase its use in the EU. Until now the following types of plants exist:

- Heating: 20 units smaller 5 MWth, 5 units over 5MWth
- Combined Heat and Power (CHP): smaller 3 MWel 2 units
- Biogas from manure: smaller 1 MWel 3 units
- Bio-diesel: 300.00 t/Y 2 units
- Pellet producers: 2 big and many small units.

3.3.9. Forests

Serbia is considered as medium-forested land. Of the total surface area (without the territory of AP Kosovo) 29.1% is forested. The total forests area (Statistical Yearbook 2013, SORS) amounts to 1,962,000 ha, of which 47.3% or 927,773 ha are in state ownership and 52.7% or 1,034,562 ha are private property. There are 49 species of trees, with the dominant broadleaf species (40) in respect of coniferous species (9).

Forest users - public enterprises make plans for the protection of forests, according to the Forest Law (published in the *Official Gazette No. 30/10*), which include operational maps of action in case of fire. These plans are subject to approved by the Ministry of Internal Affairs - The Protection and Rescue sector. Special vulnerability of forests from fire is defined in the planning documents. Although in Western Serbia conifers are more present, most of fires occur in Eastern Serbia, where broadleaf species predominate. The Forest Law covers the conservation, protection, planning, cultivation, forest use, management of forests and forest lands, monitoring the implementation of this law and other issues relevant to forests and forest land.

3.4. RURAL ECONOMY AND QUALITY OF LIFE

3.4.1. Rural economy

The economic structure of rural areas in Serbia is very dependent on primary industries, particularly agriculture, and is based on the exploitation of natural resources. The high proportion of agriculture, food industry, mines and energy sector and the low significance of the tertiary sector are basic characteristics of the economic structure of rural areas in Serbia.

Although statistical sources record a high share of rural employment in agriculture (about 45%) and manufacturing industry (about 15%), it is necessary to highlight the tendency for changes in the economic structure of rural areas over the past six years (2008 to 2013). These changes are related to a decrease in the share of agriculture or primary sector (about 10%) and secondary industries (up to 1/4) and a significant increase in the service sector (over 60%) in total rural employment during this period. This represents a change of economic structures towards greater diversification of activities.

Differences in labour productivity and economic structure are equally evident between urban and rural areas and among certain regions or types of rural area.

The level of diversification experienced is similar to neighbouring countries and the limiting factors are almost identical: unfavourable position of the agricultural sector and rural areas in development policies and commitments, adverse capital market and uncertain investment environment, limited markets to sell products and services, insufficiently educated human potential and the low level of private entrepreneurship.

The poor education structure, lack of professional experience, the low level of additional knowledge and skills and an insufficient coverage of active employment measures by the National Employment Service, all hinder labour market opportunities for the rural population and its competitiveness, in particular with regard to women and youth. Knowledge and new technology transfer in the area of food production takes place as part of the activities of the agricultural extension services, national Rural Development Support Network, private advisers, trade companies and agricultural suppliers. Other continuing educational programmes are rarely accessible to the rural population.

3.4.1. Rural infrastructure

Rural holdings in Serbia are generally characterized by poorer access to basic infrastructure amenities (population/roads, road density, water supply per capita, waste water from public sewage system, telephone grid) and poorer housing quality than holdings in the urban regions, in terms of electricity, water supply systems, sewage disposal systems, central heating, kitchens, toilets and bathroom facilities in the house. Serbia is slowing down the economic and social development process. Major indicators are lower in rural municipalities than urban ones as shown by a county of predominantly rural character.

The most significant differences concern connections to central heating systems, sewage systems, water pipelines and road networks. Also the energy supply in many rural areas is unstable and affected by numerous disruptions. As regards heating systems more than two thirds of rural holdings are not connected to central heating systems. Investments into heating plants, which use biomass as a source of energy, would improve this situation. NB, central heating is referred to in the sense of centralised community heating systems that are commonplace in Serbia, as opposed to central heating within a household.

Although in some municipalities, the holdings are connected to the sewage systems, in mostof these cases the waste water is not treated. This creates environmental problems. In 21 municipalities, there are plants for cleaning sewage water, but most of them have various operational problems. Large quantities (85% of total) of unclean sewage water are released directly into rivers. Another barrier to the socio-economic development is the poorly developed network of local streets and unclassified roads. According to data of the World Economic Forum, Serbia is bottom of the list of 133 countries, according to the state of infrastructure.

Rural inhabitants themselves consider as a priority the improvement of the utility service infrastructure, and especially the water supply systems, sewage systems, electricity and road networks as priority issues, even when compared to their own economic problems.

3.4.2. Transfer of knowledge and information

Kowledge transfer in the field of agriculture is delivered through formal education at all levels (from secondary education to doctoral studies), through a variety of trainings organized by educational and research institutions, agricultural expert extension services, private companies, project units, media, etc. The public agricultural extension services include 34 agricultural extension and professional branches (*PSSS*) - 22 in the area of Central Serbia that are working under MAEP and 12 *PSSS* and the Enological station whose work is monitored by the Provincial Secretariat for Agriculture, Water and Forestry.

The existing structures and systems of knowledge transfer are not efficient enough and fail to adequately fulfil the needs of dynamic technical and technological restructuring of the sector. There are no functional networks with specialized centres of knowledge. Additionally, knowledge is not systematically stored and it is difficult to access relevant information on local level. The quality of the equipment and the overall technical requirements for research lags behind the European average. However, the existing scientific and educational institutions have relatively good quality staff that has developed a number of results recognized and acknowledged internationally (new varieties, breeds and strains, scientific papers and technical solutions).

The work of extension services encompass about 41,500 holdings, the majority of which are selected farms, which are intensively monitored four times a year (4,000 in

Central Serbia and 2,500 in *Vojvodina*), while other holdings are included in the extension system in other ways, mainly through participation in group classes and the occasional farm visits/consultations. This type of education covers 25,000 households in Central Serbia and 10,000 in *Vojvodina*. Organized knowledge transfer through the extension services reaches a relatively small number of recipients.

3.4.3. Small and medium sized enterprises

Serbia adopted the European Charter on Small Enterprises in 2003 and, therefore, committed to achieve its goals with economic policies measures. The Ministry of Economy (previously the Ministry of Economy and Regional Development), in cooperation with the European Commission and the OECD, assesses implementation of the Charter in the Western Balkans countries.

In 2009, a total of 88,586 SMEs were operating in Serbia, which represents 99.4% of the total number of enterprisesBroken down by sector, 63% of SMEs are in the services sector (wholesale and retail trade and repairing services for finished goods 34%, hotels and restaurants 6%, transport, storage and communication 10%, 13% of the real estate), 17% in the manufacturing industry and 8% in construction. SMEs and entrepreneurs employed 872,540 workers, representing more than 2/3 of the 1.3 million strong Serbian workforce.

The density of enterprises is significantly lower in rural areas than urban ones. However, SMEs in rural areas work predominantly for the local market and there are no sufficient efforts to improve the quality of products and services. Therefore, investments in improving quality standards of local SMEs are necessary to increase competitiveness of these enterprises.

Serbia doesn't have sufficient programmes for support to small businesses in rural areas, while there were various forms of development assistance to underdeveloped municipalities. Currently the lack of start-up capital is a significant barrier for the development of viable businesses.

3.4.4. Rural tourism

Analysis of rural tourism in Serbia shows that it already contributes to the rural economy and has great potential for further development. Vojvodina, Western Serbia and Central Serbia have good examples and significant experience in rural tourism. It is estimated that there are more than 32,000 beds (registered and not registered) available for touristic use on rural holdings. It is estimated that a total of RSD 10 billion of income are derived from rural tourism (5 billion from accommodation services and 5 billion are direct revenues). This represents 16% of the RSD 62 billion of total direct tourism GDP, which was calculated for Serbia in 2010 by the World Tourist Organization.

The Serbian tourism strategy takes into consideration the potential to develop rural tourism in Serbia, but not as a priority product. Thus, rural tourism has been included in the product portfolio as being positioned on the bottom of the list of priorities in

terms of its attractiveness and competitiveness. However, there are other products which highly correlate with rural tourism such as mountains and lakes, spas and wellness, touring, special interest and nautical attractions.

The 2007, the Tourism Development Strategy of the Republic of Serbia defined 4 tourist clusters "not based on administrative borders which presently exist in the country, but primarily on the rational strongholds and various kinds of economies of experience". These four tourist clusters that cover all the Serbian territory are: Vojvodina, Belgrade, South-Eastern Serbia and South-Western Serbia.

The promotion of rural tourism destinations does not leverage the synergies between the cultural, natural and village tourism products and the rural tourism product. Primarily, domestic tour operators are selling some rural tourism activities in Serbia, with limited interest shown in the international and regional market. The promotion of rural accommodation is not used and packaged as part of a holistic product which integrates rural activities with accommodation. Although the internet is used as a promotion tool, its use is not, in general, widespread for booking purposes yet.

Regarding the aforementioned points, the involvement of Serbia in two macro-regional strategies (i.e. the EU Strategy for the Danube Region (COM (2010) 715) and the EU Strategy for the Adriatic and Ionian Region (COM (2014) 357)) is particularly relevant for SMEs and rural tourism. Both macro-regional strategies identify specific strategic priorities in their Action Plans, which can be reached through projects implemented in the framework of this programme.

3.5. PREPARATION AND IMPLEMENTATION OF LOCAL DEVELOPMENT STRATEGIES – LEADER

From 2006, MAEP supported the initiative for establishing regional rural development centres across the country. They are mostly located in municipalities and are working jointly with local municipal staff to promote rural development in their respective regions.

In the last two years, each regional centre started to prepare and develop local rural strategies after initiating meetings with local stakeholders. As a result of this activity more than 200 local "village maps" have been completed according to PLA/PRA methodology.

In four regional centres, local rural development strategies were finalized and pilot LAGs were initially formed and supported.

IPARD II "Technical Assistance" measure funds will be used to further improve the capacity of the Rural Development Network in the form of support for promotional and mapping capabilities, acquisition of skills and animating the inhabitants of rural territories and to assist in elaboration of rural development strategies throughout Serbia. Until October 2011, 100 local stakeholders interested in local facilitation of the process for introduction of LEADER approach in Serbia, received core training. Those

who fulfil the requirements and activities from the "Technical Assistance measure" assistance project will receive further training and on-the-spot assistance in the process of identification and establishment of local partnerships and the process of preparing Local Developments Strategies. These actions will be developed in parallel with elaboration of the required guidelines and adequate procedures at the national level, in line with EU requirements. Currently, there are 24 potential LAGs, encompassing 605 rural stakeholders. Each LAG has a local development strategy in place and they await positive action in the sense of achieving EU standards and improved quality of rural life.

Based on the outcomes of assistance and quality of responses from the local level, as well as with availability in the national budget resources, MAEP will explore the possibility to introduce support to potential local action groups in the National Programme for RD to facilitate the process of introducing the LEADER approach.

3.6. TABLE OF CONTEXT INDICATORS

Table 22: Common context indicators

Social-economic and rural situation				
The name of contextual Indicator	**Measurement Unit**	**The value of context indicator**	**Year**	**Comments + source of verification**
1. Population -national	Million inhabitants	7.2	2012	SORS /Eurostat
rural	%	40.6		
intermediate	%	not available		
urban	%	59.4		
1a. Population – national (OECD)			2012	SORS
rural	%	49.9		
intermediate	%	27.0		
urban	%	23.1		
2. Structure - <15 years - 15-64 years - ≥ 65 years	Million inhabitants/ % national	1.03 mill / 14.3% 4.91 mill / 68.4% 1.25 mill / 17.4%	2012	SORS
3. Territory -national – total - without Kosovo and Metohia	km^2	88,502 77,592	2012	SORS
-rural	km^2	70,113	2012	SORS
	%	90.4		
-rural (OECD)	km^2	58,282	2012	SORS
	%	75.1		
4. Population density	inhabitants / km^2	92.8	2012	SORS
5. Employment rate for population aged **15-64** - National - Rural	%	 45.6 47.9	2012	SORS
6. Unpaid family workers - national	%	6.7	2012	LFS Unpaid family workers 15-64 /employed 15-64

Social-economic and rural situation				
The name of contextual Indicator	**Measurement Unit**	**The value of context indicator**	**Year**	**Comments + source of verification**
7. Unemployment rate (15-64 years) - Total - Rural	 % %	 24.6 21.3	2012	LFS
8. GDP -national	EUR PPP / capita PPS Index	9,100 36.0	2012	Eurostat
- rural	PPS Index	not available	2012	
9. Poverty rate - Total - Rural (sparsely populated areas)	% %	24.6	2012	At-risk-of-poverty rate in 2012
10. Structure economy	Million Eur (current prices)	25,539.4	2012	SORS
GVA in the primary sector	%	9.7	2012	SORS
GVA in the secondary sector	%	28.6	2012	SORS
GVA in the tertiary sector	%	61.7	2012	SORS
11. Structure employed population – national (15-64)	Thousand persons	2,143	2012	SORS
	%	45.3	2012	SORS
rural	%	47.9	2012	SORS
Structure of employed population by sectors - national - In the primary sector	%	21.0	2012	SORS
- In the secondary sector	%	26.5		
- In the tertiary sector	%	52.6		
12. Labour productivity by economic sectors - Total - In the primary sector	Euros/person	not available 3,531.51	2012	SORS

Sectorial indicators				
The name of sectorial Indicators	**Measurement Unit**	**The value of sectorial Indicator**	**Year**	**Comment + source of verification**
1. Employment by economic activity - national Agriculture Forestry Food industry Tourism (Accommodation and food service activities)	Total (thousand persons) Thousand persons /% of total	1,341.114 27.120 / 2% 4.838 / 0.4% 60.555 / 4.5% 20.306 / 1.5%	2012	Statistical Yearbook 2013
2. Labour productivity in agriculture - national	EUR/AWU	4,061	2012	SORS
3. Structure of agricultural production	Share of the following sectors: cereals oil crops sugar beet fruit and vegetable meat milk in the total agricultural output (quantitative terms)	 41.4% 4.2% 13.5% 17.6 % 2.0% 6.6%	2013	SORS
4. Labour productivity in the food industry -national	EUR/person	22,339	2011	Statistical Yearbook 2013

5. Agricultural holdings - by size (in ha): number of holdings / share in total agricultural land -national 0ha <2ha 2-4,9ha 5-9,9ha 10-19,9ha 20-29,9ha 30-49,9ha 50-99,9ha >100ha	Total AH Number / %	631,552 10,107 / 0% 298,286 / 8.0% 182,489 / 17.3% 89,083 / 18.0% 32,313 / 12.7% 7,677 / 5.4% 5,352 / 5.9% 4,394 / 9.1% 1,851 / 23.6%	2012	Census of Agriculture 2012
6. Agricultural area - national	1000 ha 1000 ha/% Arable land Permanent grassland and meadow Permanent crops	Total: 5,052 3,282 / 65.0% 1,478 / 29.3% 292 / 5.8%	2012	Statistical Yearbook 2013
7. Agricultural area under organic farming - national	ha	8,227.99 0.16%	2013	MAEP
8. Irrigated land - national	ha	53,086 1.05%	2013	Survey on Irrigation http://webrzs.stat.gov.rs/WebSite/repository/documents/00/01/36/85/saopstenje_VOD4_2013_cirS.pdf
9. Animal husbandry	LSU	2,019,889	2012	Agriculture Census
10. Farm labor force – national	Number of persons AWU	1,442,628 611,814	2012	Agriculture Census
11. Age structure of farm managers - national <35: 35-54: >55:	 Managers, number 1.000 persons/%	 30 / 4.8% 203 / 32.1% 399 / 63.1%	2012	Agriculture Census

12. Agricultural training of farm managers - national Only practical agricultural experience Basic agricultural training Full agricultural training	Number of managers	 602,170 20,390 8,992	2012	Agriculture Census
13. Gross fixed capital formation in agriculture – national	Mill. EUR % of GVA in agriculture	226 8.6%	2012	National Accounts
14. Forest and other wooded land (FOWL) - national	Total area of forests 1.000 ha % of total land-national without Kosovo and Metohia	1,962 22.2% 25.3%	2011	Statistical Yearbook 2013
15. Tourism infrastructure, including agritourism infrastructure - national	Total: number of bed places	113,385	2012	Statistical Yearbook 2013

Environment indicators				
The name of environment indicators	**Measurement Unit**	**The value of indicator**	**Year**	**Comment + source of verification**
1. Land cover - national	Total area, 000 ha - Agricultural area - Natural grassland -Total forest area, 000 ha	8,850.2 5,052 837 1,962	2012 2011	Statistical Yearbook 2013
2. Farmland birds index (FBI) – national (if available)		not available		
3. Area of grassland (by protection status)- national (if available)		not available		
4. Protected forest – national (if available)		not available		
5. Water quality – national	-kg N/ha/year -kg P/ha/year	120 kg N / ha of agricultural area 2.0 kg P / ha of agricultural area		
6. Soil erosion by water – national	km²	6,996	2013	Survey on Protection against damaging water effects http://webrzs.stat.gov.rs/WebSite/repository/documents/00/01/44/83/ZS10_107_srb+cir.pdf
7. Agricultural areas at risk of soil erosion by water	%	80%	2012	SORS
8. Production of renewable energy from agriculture and forestry	Forestry % of production from forestry in total production of renewable energy	13,997 TJ (Terajoules) 31%	2011	Statistical Yearbook 2013

4. SWOT – SUMMARY OF THE ANALYSES ABOVE/ FINAL

4.1. SWOT - AGRICULTURE, FORESTRY AND FOOD INDUSTRY, (INCL. SEPARATE TABLE FOR EACH SECTOR SELECTED FOR SUPPORT)

STRENGTHS

- Good agro-climatic conditions for increased agricultural productivity
- Sufficient area of high quality arable land for agricultural production
- Increased production capacities and productivity to supply domestic market sufficiently
- Increasing consumer demands for domestically produced products
- Long tradition in fruit, vegetable and grape production as well as livestock production (meat and milk products)
- Sufficient processing capacity for food production
- Improved policy formulation and government concerns for the development of the sector's competitiveness.
- Existing basic structures for extension and technology transfer for primary production
- Some of the existing food processing units (milk & meat) comply with EU food safety standards (category A)
- Existing support schemes (direct payments and investment support) for the main agro-food sectors
- The existence of large number of educational and scientific institutions

WEAKNESSES

- Small farm sizes and high share of non-market-oriented agricultural production (subsistence farms)
- Low degree of specialized agricultural production
- Poor farm management skills and lack of comprehensive advisory service and regular training
- Predominantly old population in rural areas
- Difficult access to credit
- Lack of financial support to fulfil the requirements of introduced legislation in the field of animal welfare, food safety, protection of environment, veterinary and phytosanitary requirements
- Lack of knowledge of the EU standards
- In sufficient level of education of farmers on medium and semi large farms about the production and economic activities
- Lack of agricultural mechanization, high manual labour force
- Outdated farm machinery, technical equipment and farm buildings
- Poor farm management skills and lack of comprehensive advisory service and regular training
- Poor integration of research & development and slow pace of innovation in agri-food sector
- Lack of knowledge on the use of renewable energy sources from agricultural production or food processing and resource efficiency technologies
- Lack of interest of producers for education
- Weak irrigation and drainage system

OPPORTUNITIES

- Favourable conditions for organic production
- Planned support from the EU – IPARD II for the period 2014-2020
- Possible increase of income by reduction of production costs
- Alignment and enforcement of the national legislation with EU *acquis*
- Export opportunities due to improved level of compliance with standards (neighbouring/EU)
- Increasing support from the national budget for agriculture and the food industry to increase productivity

THREATS

- Time needed for the process of education and awareness change of producers;
- High cost burdens for operations to adjust to quality, food safety and environmental/animal welfare standards
- Climatic changes and unforeseeable natural disasters
- Unpredictable price fluctuations for agricultural products
- Emigration of people, especially of the young population, from rural areas
- Long time for obtaining of construction permits
- Not completed process of building legalization in some villages and cities
- National standards are similar to EU standards

4.1.1. SWOT analysis of the milk and meat sector

STRENGTHS

- Large areas under meadows and pastures as basis for quality and quantity of food for animals
- Traditional milk products, which are in connection with Serbian cultural heritage

WEAKNESSES

- Lack of proper storage capacities to secure animal feed
- In sufficient knowledge on production methods
- Big share of milk not distributed through direct market chains
- Lack of quality raw milk for the needs of processing sector
- Lack of manure storage facilities and manure management

OPPORTUNITIES

- Reduction of production cost by introduction of adequate feed and fodder
- Linking of systems - Subjects in food chain
- Utilization of the available EU funds for precise definition and positioning of products of Serbian origin
- Utilization of available EU funds for the fact that it is all about real potential of Serbia
- Measures of agricultural policy should be directed forwards raising the protection of consumers and accommodation to EU regulations, promotion of quality and food safety of raw milk

THREATS

- National rules in the area of animal feed
- There are no legal provisions for protection of origin and quality for milk products
- Time for education process and changes of producers awareness is needed
- Time for education process on good hygiene practice and change of producer's awareness is needed
- Lack of independent accredited national laboratories
- Long time for obtaining of construction permits
- Incompleted process of building legalization in some villages and cities
- National standards are similar to EU standards

4.1.2. SWOT analysis of fruit and vegetables and other crops sector

STRENGTHS

- Good soil and climate conditions for crops, fruit and vegetables
- Long traditions in producing crops, fruit and vegetables
- GMO free production
- Sufficient sources of water for irrigation
- Available workforce
- Developed seed production
- Biodiversity - existence of varieties of cultivated plants
- High competitiveness of crops and vegetables on regional markets

WEAKNESSES

- Weak vertical and horizontal links of domestic market; decreasing competitiveness at international markets
- Lack of producer organisation
- Small number of market oriented producers with intensive production and modern technology
- Small export share of processed products
- Low level of state support
- Fragmentation of the land use
- Low level of technical and technological equipment (drying and storing of crops, packing facilities, cooling of fruit and vegetables, etc.)

OPPORTUNITIES

- Promotion and organization of domestic production
- Readiness of consumers to use domestic products
- Access to foreign markets
- Establishment of producer organizations

THREATS

- Limitations in respect to the price
- Long time for obtaining of construction permits
- Incompleted process of building legalization in some villages and cities

4.2. SWOT ENVIRONMENT AND LAND MANAGEMENT

STRENGTHS:

- Rich bio-diversity and existence of genetic recourses
- Preserved diverse natural landscapes
- Good climatic conditions for agriculture
- Grasslands with high biodiversity value (rich species composition)
- Low use of chemical inputs
- Laws (environmental, natural protection, biodiversity, etc.) harmonized with EU requirements
- Genetic basis and environment enabling the breeding of local breeds
- High quality of soil including fertility, physical, chemical and biological characteristics and water management

WEAKNESSES

- Uncontrolled use of chemicals and pesticides
- Mismanagement of rivers and destruction of riverbeds
- Soil erosion and degradation
- Lack of management of rivers and channels
- Lack of manure storage facilities and manure management
- Lack of collection systems for garbage in rural areas
- Insufficient extended sewage system and water treatment plants
- Weak implementation of strategic policies to protect agricultural land from degradation and from losing the biodiversity of pastures (grazing without any criteria)
- Lack of interest in and knowledge of farmers on environmental issues
- Lack of training and specialized advisory service for environmental issues
- Lack of sustainable forest management
- Insufficient investment in forests and forestry activities
- Large area under low quality forests
- Abandonment of agricultural land
- Lack of GIS data

OPPORTUNITIES

- Design and implementation of agri-environmental and organic farming measures
- Successful implementation of the planned agri-environmental measure under IPARD II
- Maintenance of high natural value grasslands
- Increasing areas under organic farming certification
- Protection of genetic recourses in agriculture
- Groundwater and surface water protection due to appropriate manure storage facilities
- Development of eco and rural tourism and a green economy
- Promotion of good practices in agri-environmental protection by farmers
- Increase in awareness of and sensitivity for environmental protection among the rural population
- Export of certified organic products
- Strengthening the advisory services and training on agri-environmental issues
- Optimal use of all forest functions achieving the goals of sustainable forest management (SFM)
- Growing bioenergy crops
- Possibility of using EU funds for proper waste management

THREATS

- Weak enforcement of environmental laws
- Insufficient training for farmers and experts dealing with environment protection, lack of interest among farmers on environmental issues
- Loss of soil quality from intensive production
- Water pollution
- Further erosion of soil
- Climatic change, droughts, floods
- Grassland underutilization
- National standards are similar to EU standards

4.3. SWOT RURAL ECONOMY AND QUALITY OF LIFE

STRENGTHS

- Availability of natural resources with specific microclimate conditions (land, water, good soil etc.)
- Significant share of small holdings in agriculture with potential for diversification
- Rich cultural heritage
- Attractive landscape for rural tourism
- Availability of human resources
- Existence of good practices in rural tourism and accompanying activities

WEAKNESSES

- Unfavourable demographic trends and social structure
- Inactive labour market
- Low economic development in rural areas
- Lack of financial resources
- Weak rural infrastructure (water supply, lack of waste management, sewage system); insufficient quality of rural roads; poor public services
- Lack of adequate advisory services and access to vocational and business training

OPPORTUNITIES

- Potential demand for traditional agricultural products
- Potential demand for leisure and tourism services offered in rural areas
- Effective use of the EU IPARD II funds

THREATS

- Continuing migration keeps weakening the already limited human resource base
- Growing rural poverty
- Growing disparity between rural and urban areas
- Climatic changes and unforeseeable natural disasters
- Long time for obtaining of construction permits
- Incompleted process of building legalization in some villages and cities

4.4. SWOT PREPARATION AND IMPLEMENTATION OF LOCAL DEVELOPMENT STRATEGIES - LEADER

STRENGTHS

- Existing LAG-like groups
- Existing Local (Rural) Development Strategies on municipal level
- Existing Rural Development Network
- Basic planning capacity and founding experience gained, mainly from EU and other donor funded projects
- General awareness of local community opportunities under LEADER
- Existing national support schemes to develop LEADER

WEAKNESSES

- Limited capacities of LAGs (lack of human resources, project preparation/management skills, etc.)
- Lack of financial resources
- Limited awareness of the local development strategies
- No implementation so far of the existing local development strategies
- Limited skills for project design, project implementation etc.

OPPORTUNITIES

- National rural network strengthens it to support of the LEADER initiative
- Cooperation between LAGs and relevant central institutions
- Increased opportunities to apply for funds
- Development of capacities of LAG representatives through skill acquisition under EU IPARD II Programme

THREATS

- Lack of coordination among the central institutions and the local level
- Poor understanding of the role of and poor cooperation with LAGs by the local population

5. MAIN RESULTS OF PREVIOUS INTERVENTION

5.1. MAIN RESULTS OF PREVIOUS NATIONAL INTERVENTION; AMOUNTS DEPLOYED, SUMMARY OF EVALUATIONS OR LESSONS LEARNT

In 2013, 27.5 billion RSD was spent financing incentives in agriculture and rural development, which were foreseen by the Regulations and Laws. Out of this, 25.9 billion RSD was spent on direct payments, or 94.4% of the funds.

Investments in primary plant production and animal breeding, which were implemented in the past 8 years, contributed to promotion of competitiveness of domestic producers. Payments were made after the whole investment was completed by the recipient. Implementation of this measure was followed by administrative problems related to the long time needed for the issuance of construction licenses, as well as other licenses, as well as determination of conditions for project approval. Also, the investments had to be realised during the period of one year, due to the requirement of the national measure and state budget.

In 2013, rural development subsidies were allocated to the tune of 1.1 billion, or 4.0% of the total funds for subsidies to agriculture and rural development. Including support to rural infrastructure (in the amount of 616.3 million), total amount contributed in the 2013 was 1.72 billion RSD, or 6.25% of the total budget.

In the structure of subsidies for rural development in 2013, the most common were subsidies for improving the competitiveness of agriculture through investments on farms. For this purpose, 1.080 billion RSD was spent or 98.6% of the total support for rural development. Investments on farms were given as grants (to a certain percentage of the total value of investments) for the renovation and construction of buildings, purchase of livestock, equipment and machinery, improving standards, as well as the restoration and expansion of plantations of perennial plants. In the structure of funds disbursed for this purpose, a significant share of funds is paid on the basis of commitments from previous year, 2012 (over 90% of the total funds for investment on the farm).

In the period from 2010 to 2012, 527 beneficiaries received 80,942,036.63 RSD overall for investment support to procure machinery for the production of arable crops, industrial plants and vegetables. For the establishment of new plantations of fruit from 2002 to 2012, 3.789 beneficiaries received 1,377,114,326 RSD overall. For the construction of ULO and regular cooling storages and storages for drying of fruit in the period of 2006 to 2013, 33 beneficiaries received in total 469,651,270, 9RSD. From 2002 to 2012, 1804 beneficiaries received 1,917,072,751 RSD for establishing new grape vines. Investment support had significant impact for gradual change of various structures, i.e. introduction of new varieties and clones whose fruit were demanded on

the world market, increase of export, introduction of new assortment and improvement of quality of domestic vines, growth of vine producers with Geographic Indication, establishment of a start-up base for satisfaction of domestic needs for quality and certified seedlings of fruit and wine.

Investment in processing and marketing of agriculture and fishery products was realized in 2010 and in 2011 the milk, meat, fruit and vegetable sectors were targetted. Absorption of the measure was only 22% because of lack of information about available support, application requirements, lack of beneficiary funds to cofinance investments, unfavourable interest rates, low understanding of required conditions and absence of professional support for preparation of application forms and submission of required documentation. The most difficult step in the preparation of applications was the economic and financial criteria and lack of understanding of the importance of completeness of documentation. In 2011, around 280 million RSD were allocated for promotion of processing capacities for investments in production and processing of milk, meat, fruit and vegetables, grapes and for support of activities inclined towards establishment of products with added value. The measure was opened for competition too late and applicants had an insufficient period of time to prepare and submit applications, which caused the low absorption capacity (close to 6%).

Incentives for improvement of environment and rural areas referred to the measures to support organic production and genetic resources. Support for the improvement of the environment is traditionally less present in the structure of spent funds for support to rural development. In 2013, only 14,693,000 RSD were spent on these measures or 1.3% of the total funds intended to support rural development. Considering the complexity of environmental problems in Serbia, the importance of this type of support for certain areas and objective possibilities for better utilization of pre-accession funds for these purposes, it is clear that this segment of the policy will have much more attention in the coming period.

Support to on-farm diversification of activities was financed through the measure "Economic activities to add value to agricultural products, as well as the introduction and certification of the system of food safety and quality, organic products and products with label of geographical origin". Measures to support the development of rural tourism, traditional crafts and other, were not financed even though they were foreseen by the Regulation since budgetary funds were not available at that time. Total funds spent on support of the diversification of activities (rural tourism) in 2013 were 712,112 RSD, which represents only 0.07% of total rural development support.

In 2011, the Serbian Development Fund had a special budget line exclusively for the financing of certified traditional arts and handcrafts and it continued into 2012.

Investment support to rural infrastructure was much stronger in the past, especially in 2006, after which the available funds became more modest. In 2013, support to rural infrastructure amounted 616.3 million RSD or 2.24% of the budget funds for subsidies.

Support to advisory services and professional activities in agriculture and food safety control was included in the special incentives in 2013 with 442.05 million RSD, or 1.65% of the budget funds for subsidies, which was slightly more compared to the previous year.

5.2. MAIN RESULTS OF EU ASSISTANCE, AMOUNTS DEPLOYED, SUMMARY OF EVALUATIONS OR LESSONS LEARNT

The main sources of EU finance of agricultural projects in Serbia were the CARDS Programme and IPA funds. Serbia has received assistance under IPA from the first two out of the five IPA components since 2007 and he first contractswere signed in 2010.

Several IPA projects focused on strengthening capacity and institutional preparedness for IPARD:

IPA 2007 project "Capacity building to implement rural development policies to EU standards" (EUR 4.5 million) aimed to strengthen the capacity and competency in the Directorate of Agrarian Payments and the Managing Authority. Project had two components. Component 1- Twinning project "Strengthening the capacities of the Serbia for the absorption of EU Rural Development funds in pre-accession period" and Component two Technical assistance "Capacity Building for the establishment and implementation of a LEADER initiative in Serbia (LIS)".

In the FWC evaluation report it was stated that results for the Component 1 are partly achieved. Result 1 - The IPARD Agency (PA) established in line with EU requirements, was not achieved. Result 2 - The MA is now established within the department of Rural Development and hence it is achieved, although further recruitment of additional staff is needed. The training plan for the PA and MA (result 3) has been elaborated and is under implementation.

The Component 2 - LIS project achieved mixed results, which according the FWC evaluation report, are the following; 1) Capacities and awareness within local communities to participate in the LEADER approach (result 1) have increased; 2) Based on this strong bottom-up work with local community groups, a pilot simulation exercise for selecting potential LAGS was evaluated from over 25 submissions in November 2012. It is anticipated that at least 15-20 potential LAGs are expected to meet the criteria of selection satisfying the requirement of result 2. 3). Less satisfactory has been the progress in achieving result 3 (the "human, technical, organisational and financial procedures and/or resources for the overall support to LEADER approach within the MAEP are strengthened"). No institutional mandate has been built (the latest plans for a "Leader Advisory Board"have failed due to the lack of commitment and decision by the Ministry for a national inter-agency forum on rural development, as it was done earlier through plans for a 'National Leader Group'). No mechanisms have

been developed within DAP for the development of procedures for the implementation of LEADER measures.[7]

IPA 2009 FWC Europe Aid/127054/C/SER/multi - LOT N° 1: Rural Development "Assistance to the Directorate of Agrarian Payments" (April 2013- February 2014). The objective of the project was to provide TA to the Directorate of Agrarian Payments (UAP) in order to strengthen the national and regional capabilities that are required to tackle the priorities for EU alignment and development in the sector, focusing in particular on meeting accreditation requirements for IPA Component V. One of the results of the project was a self-assessment process that highlighted main deficiencies (blocking factors) that may significantly affect the process of UAP accreditation. The result of the self-assessment process was a final report of Internal Audit (submitted on 26 July 2013).

IPA 2010 project "The Farm Accountancy Data Network (FADN)", with the budget of EUR 2 million had the objective to improve economic, financial and performance data on Serbian agricultural holdings. FWC evaluation report stated that early indications of achieving the results were the following: 1) The five-year National Plan for FADN has been developed; 2) the institutional framework for FADN has been established and capacity strengthening is underway; 3) the FADN software is under development (although here again IT tasks are delegated to DAP placing yet more demands on its resources); and all the training, data gathering and methodological issues for the first pilot farms were successfully implemented.

IPA 2010 FWC "Technical Assistance for the National Fund within the Ministry of Finance in Serbia for the preparation for IPA Component V". Objective: Finalisation of National Fund IPARD procedures, development of accounting standards, finalisation of accreditation package for IPARD. *Status:* Project ended in June 2013.

IPA 2011- EU Twinning Light Project, SR/2013/IB/AG/01TWL "Assistance to Managing Authority of the Serbian Ministry of Agriculture, Forestry and Water Management (MAFWM) in elaboration of IPARD 2014-2020 Programme, support to accreditation and training". The project assisted in the elaboration of the core elements of the IPARD 2014-2020 Programme (identifying adequate support measures, indicators, legislative gaps related to implementation of measures, drafting the measure sheets, drafting the monitoring and evaluation reports with necessary accompanying documents) and provided further training to the MA on the process. Additionally new measures were included and a list of National Minimum Standards was revised. Beyond preparation for the new Programme 2014-2020, the project supported on-the-job training of currently employed staff and assisted in the revision of document in line with obtained comments and recommendations from DG AGRI and ex-ante evaluation. The submission of the first draft IPARD II Programme to the European Commission was the most valuable result achieved under this project. Numerous on the job trainings were conducted for the Managing Authority to get acquainted with their future tasks as a part of the operating structure under IPARD II Programme.

[7]"Technical Assistance for Evaluation of Agriculture and Rural Development Sector Implemented and Financed by IPA Programme and Others Donors in the Republic of Serbia", Evaluation Report, January 2013.

One important stakeholder consultation meeting was organised to present the draft IPARD II Programme. Representatives of the processing industry and agriculture producers, associations, cooperatives and NGOs involved in rural development were invited to contribute with their written comments and discussion during the meeting to further improve the quality of the IPARD II Programme.

The IPA 2012 project "Technical Assistance to the Serbian Authorities for the Management of the Pre-accession Assistance" based in the Ministry of Finance has commenced in March 2014 and will run for two years. Whilst it will largely target staff and procedures of the NAO / NF and NAO support office, it has a dedicated IPARD component with the following activities: mapping of state of play of IPARD preparation, review of current legal basis and operational procedures for IPA V and their updating in line with new financial regulation, design and delivery of tailor-made trainings for NF and IPARD OS staff, providing coaching and on-the-job training through case studies under IPARD specifically designed for NF and IPARD OS and providing guidance and tools to NF in its operational activities for effective functioning of management control system.

IPA 2012 TWL Project 12SER01/11/71- Assistance to the Managing Authority of the Serbian MAEP in negotiation and accreditation of the IPARD 2014-2020 Programme- should start with implementation until the end of 2014. This project will assist the MA in the negotiation process for IPARD and preparation for National Accreditation. Additionally, this project will assist in the elaboration of national and EU standards for IPARD and establishment of a Standing Working Group (SWG), consisted of representatives of the MA, PA and technical bodies of IPARD Programme, which will work on definition of standards and preparation of relevant Guidebook for beneficiaries of IPARD II Programme, related to National and EU standards and IPARD promotional activities.

IPA Project Preparation Facility 5(PPF5) *(Contract Number: 2012/302-220)* contributed to the preparation of the IPARD II Programme 2014-2020 to MAEP. Through the project quantitative, qualitative and up to date information for the preparation of the IPARD II Programme was provided by:

a) Updating the tables included in chapter 3 of the draft of IPARD I programming document describing socio-economic situation and agricultural sectors using newest data sources including official census 2012;

b) Updating the sector studies prepared in 2010 for milk production and milk processing, for meat production and meat processing, for fruit and vegetable production and processing;

c) Supervising and peer reviewing the statistical data and analyses, provided in the updated sector studies, and other reports for the updating of the socioeconomic analysis to be included in the IPARD II Programme;

d) Elaborating a draft of the chapter 3 of the IPARD II Programme in line with the DG AGRI Programming guidelines for the content of the chapter 3. The text of the chapter

should not override 50 pages. It should contain a quantified description of the current situation showing disparities, shortcomings and potential for development;
e) Reviewing and providing information about the existing National Minimum Standards (NMS) and the technical services, responsible for the controls in the following fields: environmental protection, food quality and safety, animal health and welfare, plant health;
f) Preparing assessment of needs for agricultural machinery/mechanization in the crop sectors;
g) Ex-ante evaluation of the Rural Development Programme under IPARD 2014-2020 in Republic of Serbia.

The IPA projects focused on safety & standards area are as follows:

IPA 2008 project ”Harmonisation of national legislation with EU legislation for placing on the market and control of plant protection products and implementation of new legal provisions” had budget of EUR 1.2 million. The aim of the project was support to the Plant Protection Directorate (PPD) in establishing a comprehensive structure for the effective implementation of the whole system of authorisation and control of the plant protection products (PPP`s) in line with the EU standards, starting with the legislation and institutional building and going on to providing communication systems. The main results were the following 1) The introduction of new ways of working to improve efficiency, preparations for the new types of applications that can be expected once the legislation is harmonised with that in the EU and the writing of Standard Operating Procedures for all key areas of work, and in addition, a new strategy for plant protection which included the way forward with PPP`s regulation was developed and adopted; 2) It introduced PPD staff and a large number of specialist staff from institutes and faculties to all areas of the EU risk assessment methodologies and standards; 2) The Draft Law on PPPs was prepared as well as all relevant by-laws for authorization of PPPs was prepared and published; 3) A range of performance management systems were introduced to the PPD staff, faculties and institutes which were assessed for their suitability to be involved in the future authorisation process and provided drafts of the tender and contract for these to be selected and authorised; 4) Future Good Experimental Practice organisations were inspected and minor amendments for their future work in conducting of efficacy trials of PPP`s were given.

Public bid for performing activities of evaluation of PPPs in the process of authorisation was published in the Official Gazette RS, No. 41/14. The selection of applied external institutions (institutes and faculties) is in progress, as the first documentary check of compliance and second phase of public bid (English and computer skills testing) were done. A final decision, authorisation and contracting will be made, in accordance with the plan, by the end of 2014.

IPA 2008 project “Capacity Building and technical Support for the Renewal of Viticulture Zoning and for the System of Designation for Wine with geographical Indications“ (EUR 1.2 million) had the aim to improve the situation in the wine sector,

especially by establishing new viticulture zoning (VZ) that will be helpful for small wine producers in poor and less-developed rural areas, who produce specific and geographically typical wines.

IPA 2010 project "Equipment supply for the Serbian National Reference Laboratories Directorate in the food chain" (EUR 6,5 million), aimed at building the capacity of the newly established National Reference Laboratories Directorate and to commission the Batajnica laboratory complex and make it fully operational in order to be in line with the EU best practice and standards. The project design was based on the provisions of the national Food Safety Law adopted in 2009. However, the initiative to amend the legislation in force launched during the project inception phase (which was not yet realiyed) impacted on the implementation. In addition, the division of tasks between the NRL and the other sectors of the Ministry, especially the Veterinary Directorate (veterinary inspection), the General Inspectorate (phyto-sanitary inspection) and the Plant Protection Directorate has not been clearly delineated. According the FWC evaluation report the achievement of the expected results has been poor (overall only 26% of results had been achieved to the end of September 2012). It is reported that 35% of results have been achieved in Component II (building, a Laboratory Information Management System), and 33% in Component III (accreditation). The buildings in Batajnica which were allocated to house the network of laboratories remain fully refurbished, but without a sufficient number of specialist staff and they are expensive to maintain.

IPA 2011 project "Building capacity in the area of Food Safety and Animal Welfare" had the aim to develop the capacity of the veterinary sector to enable the examination of potential risks arising from within the animal evidence base for future action that complies with the acquis. It ended in September 2014. Final report of the result is not yet available. It is to recognise that the following results have already been achieved:

- updated food and feed management documentation system
- Veterinary Directorate's staff including the inspectors trained on implementation of the EU food legislation.

The IPA projects focused on Animal health area are as follow:

The IPA 2008, 2009, 2011 project "Support for the control/eradication of classical swine fever", (EUR 20.3 million EU contribution) has the objective to eradicate animal diseases in the Western Balkan countries, in particular those diseases that continue to be a threat to the EU Member States, rabies and classical swine fever (CSF). The project has to be implemented for a period of at least five continuous years on the whole territory of Western Balkans (e.g. 2010, 2011, 2012, 2013 and 2014), with vaccinations twice per year in spring and autumn (April-May and October-November). Results achieved are the following: 1) Action Plan for improvement of the current institutional framework for eradication, control and monitoring of the CSF and Rabies; 2) Strategic operational multi-annual action plan for eradication, control and monitoring of Rabies; 3) Strategic operational multi-annual action plan for eradication,

control and monitoring of CSF including a plan for non-vaccination eradication of CSF; 4) Contingency plan and operational manual for CSF; 5) Training programme agreed with the beneficiary has been implemented; 6) Procedure manuals or protocols for monitoring and surveillance of the number and spatial distribution of foxes and feral pig population adopted by the beneficiary; and, 7) GIS based surveillance system for rabies and CSF customized with the Veterinary Information Management System (VIMS). As a result of the vaccination programme, the number of identified cases of rabies in animals in Serbia dropped from almost 200 in 2009 to only 1 in 2014 with the view of Serbia achieving the rabies free status in the coming years.

Monitoring of the effectiveness of oral vaccination of foxes (ORV) has been carried out in continuation from 2011 and was based on a) post mortem laboratory examination of brain tissue of target animals (foxes, jackals and other carnivores) by fluorescence antibody test (FAT), b) detection of antibodies against rabies virus in blood samples by ELISA and c) detection of tetracycline biomarker in the mandibles for the evaluation of vaccine bait uptake. From September 2011 to May 2014, the total number of 4943 brain tissue samples, 4241 blood sera and 4984 mandibles were analysed. Confirmed rabies-positive brains decreased from 10 in 2011/2012 to 6 in 2012/2013 and eventually to 1 positive fox in 2013/2014. The seroconversion rate increased from 10.48% (133/1269) to 20.12% (362/1800) and 42.23% (495/1172) in 2011/2012, 2012/2013 and 2013/2014, respectively. Along with the seroconversion, the number of detected tetracycline positive mandibles demonstrated an increasing tendency in the same period, being: 49.67% (682/1373) in 2011/2012, 62.54% (1294/2067) in 2012/2013 and 90.33% (1383/1531) in the monitoring program carried out in 2013/2014. Presented results confirmed that ORV of wild animals in Serbia against rabies was successful and characterized by steady increase of vaccine baits uptake and immunization of animals.

IPA 2012 twinning project "Capacity Building for Upgrading of Food establishments and animal by-product management" (EUR 2,000,000) supports the development of strategies in two distinct areas: for upgrading of food processing establishments and for animal by-product management. It supports the development of appropriate standards in the different sectors (e.g. meat and milk), and delivers training programmes for inspectors and a broader public awareness campaign. This project is strongly linked with preparations for the implementation of the IPARD in investments in agricultural holdings and investments in processing industry in the sectors of meat, milk, fruit and vegetables. Applicants have to reach minimum national standards in the field of animal health, public health, occupational safety in order to be eligible for assistance within measure Investments in physical assets concerning processing and marketing of agricultural and fishery products an applicant, as well as potential beneficiaries has to reach EU standards at the end of investments. Second important issue is that standards has to be checked on-the-spot which means that veterinary inspection is considered as a technical requirement for implementation of the IPARD programme. The end result would be an upgrade of standards of beneficiaries' food establishments which would help raising absorption of funds.

5.3. MAIN RESULTS OF MULTILATERAL ASSISTANCE CONDUCTED, AMOUNTS DEPLOYED, EVALUATIONS OR LESSONS LEARNT

In relation to this kind of assistance, promotion of national growth by increasing the competitiveness of Serbian SMEs, supporting firms to attain international standards and certification, supporting sales and marketing (trade shows and market research), creating industry groups and associations, stimulating business clusters, establishing cooperative network of public and private actors, and encouraging e-government through website standardization have been supported by donors, such as Austria, Czech Republic, Germany, Japan, the Netherlands, Denmark, Norway, Romania, Spain, Sweden, Switzerland, the United States, the United Nations, and the World Bank (list of the donors with budget and duration see in Annex 1). According to the effectiveness of ODA support can be best captured at the local level and with bilateral projects, often financed by smaller donors and assistance covered by other sector (PAR, Competitiveness, Civil Society, Media and Culture).[8]

Norwegian support to Serbia started from 2001. The latest project was "Improvement of work organisation of farmer's cooperatives in Serbia based on Norwegian model" (EUR 1 million). The purpose of the project was to improve the work of new and existing cooperatives and farmer's associations according to the Western European-Norwegian model. Key results were the following: 1) Achieved strengthening of agricultural production in Serbia through revitalization of eight agriculture cooperatives and creation of new modern organizations of agricultural producers according to the European principles; 2) Realized trainings on: establishment and operation of modern agricultural cooperatives; marketing and trade; knowledge transfer to advisory service and agriculture cooperatives and their strategy; 3) Hand books and manuals for establishment of cooperatives developed; 4) Baseline analysis on agriculture cooperatives in Serbia prepared; and 5) Strategy on agriculture cooperatives in Serbia prepared.

Project- Implementation of a Private Sector programme for Support to the Fruits and Berries Sector in Southern Serbia (Denmark donation) - has supported five fruit value chains for domestic and export markets. This has been a very relevant project as Serbia has particular competitive advantages in the fruit sector. The project started at the end 2010 and will end in 2014. It provides technical assistance (EUR 4 million) and grants (EUR 5.3 million) through two calls for applications per year.

Project - Partnership for revitalization of rural areas (donation of the Government of Romania) - was implemented by the UNDP. Budget EUR 0.2 million.The project started in July 2010 and was extended until the end of 2011; further expansion into three new municipalities of Kučevo, Žagubica and Golubac is being considered. This project aims to link the existing potentials of five individual rural municipalities in Vojvodina using the LEADER approach. The project activities are strengthening rural social capital and promoting rural development through innovative trainings, improved

[8] SIDA Report on the "Evaluation of the effectiveness and efficiency of development assistance to the Republic of Serbia per sector"

coordination between all actors important for rural development and increased diversity of rural development strategies. The projects achievements are the following: 1) Supported development of rural areas in Vojvodina through support to existing and emerging five networks, 2) Mobilized rural social capital and community participatory efforts to strengthen rural development activities of targeted pilot communities, 3) Implemented capacity building of potential LAGs in the targeted sub-regions and municipalities and Rural Development Network, for more sustainable implementation of the local rural development initiatives through promotion and trainings on LEADER approach and methodology.

World Bank projects

Project - Serbian Transitional Agriculture Reform (STAR) was launched in December 2008 and finished in May 2013, through a EUR 12.5 million Loan Agreementand a GEF Agreement of USD 4.5 million. The objective was to enhance the competitiveness of Serbian agriculture and amongst its interventions has supported: Strengthening the Paying Agency for delivering rural development investment grants and evaluating their impact; The capacity of agricultural producers and processors to make use of these funds; The training programme for advisory service providers was expanded from 250 to 1,800 farm advisors since November 2011; Critical investments in community infrastructure in remote rural areas supported by GEF under the project have been initiated and contributed to improved accessibility of rural tourism ventures. The Transitional Agriculture Reform (STAR) project of the World Bank disbursed only 6% of the IBRD loan arrangement and 7.6% of the Global Environment Facility (GEF) grant in the first three years. It is clear from interviews carried out for this evaluation that the MAEP has a particular challenge in understanding and coordinating ODA support interventions. [9]

Project Danube River Enterprise Pollution Reduction – DREPR (GEF, SIDA), World Bank started at the beginning of 2006, with a budget of EUR 9 million. The global environmental objective of the project was to reduce nutrient flows into water bodies connected to the Danube River from selected agricultural holdings and enterprises and to promote positive influence on public health, economic sustainability of agricultural production, preservation of natural heritage and environmental protection. The project successfully realized defined project goals and the main key results through four project components: Regulatory Reform and Capacity Building, Investment in Nutrient Reduction, Water and Soil Quality Monitoring, Public Awareness Raising and Replication Strategy and Project Management, Implementation and Monitoring. The main achieved results of the DREPR project were: 1)The Code of Good Agricultural Practice prepared; 2) Developed Study - "Preparation of a Nitrate Directive Implementation Plan and Legal Framework for Serbia"; 3) 120 nutrient management plans prepared; 4) Visiting and working with over 200 farms; 5) 105 farms- received the grant support; 6) Three slaughterhouses supported through procurement of equipment for risk waste management; 7) Established of Training and Information

[9] SIDA Report on the "Evaluation of the effectiveness and efficiency of development assistance to the Republic of Serbia per sector"

Centre (TIC) for transfer of knowledge on Good Agriculture Practices; 8) 650 participants trained in TIC about EU legislation on ND and WFD, CGAP, proper manure and slaughterhouse animal waste management; 9) Provided equipment for laboratories and software for the Soil Science Institute (SSI), Hydro meteorological Institute (HMI) and 4 local laboratories; 10) 104 farms supported in construction of facilities for storing of manure and with equipment for spreading of manure.

Support for agri-environmental policies and programming in Serbia - IUCN (International Union for Conservation of Nature). The main results were: 1) Prepared two pilot agro-environment schemes for contrasting protected areas where the continuation of traditional agricultural practices is important for the conservation of biodiversity associated with HNV farming systems and farmland ; 2) Established Agri-environment Working Group, a typology of HNV farming systems, and draft map of HNV farmland and various technical documents; 3) Conducted trainings on Agri-environment policy design and implementation: The importance of High Nature Value (HNV) Farming; 4) Finished and printed manual for preparation of national agri-environmental programme with the goal to initiate and provide biodiversity conservation and sustainable nature resource management in Serbia.

UN Agencies project "Sustainable tourism for rural development". Planned outcomes of this project were: Legal and policy framework for supporting diversification of rural economy through tourism is developed and it contributes to achievement of Millennium Development Goals; local rural tourism and support industries are better linked and organized; and local stakeholders' capacity is improved for delivering services and products in line with national strategies. Project with planned outputs: 1) Development of Legal and policy framework for supporting diversification of rural economy through tourism; 2) Elaboration of National Rural Tourism Master Plan; 3) Elaboration of National Programme for Rural Development 2010-2013; 4) Better networking and organization of local tourism and support industries; 5) Improvement of capacities of local stakeholders for delivering services and products in line with the national strategies.

In order to achieve these outcomes, this Joint Programme utilized several strategic approaches in its implementation: 1) Capacity building to assist in preparation for LEADER programme of EU and 2) a portfolio of training and capacity development activities targeting a host of local actors in the public, private and civil society sectors.

Main achievements: 1) The project supported the development of the National Rural Tourism Master Plan that was approved by the Government. It comprises a diagnostic, strategy, action plan and implementation plan and contains the framework and principles for the development of child, youth and family tourism. The National Rural Development Council was also constituted; 2) To enhance the capacity for sustainable rural tourism, over 1,000 rural tourism stakeholders were trained through workshops, practical trainings and coaching in programmes mainly concentrating on energy efficiency and sustainable use of resources. The programme also facilitated critical networking for groups and individuals involved in rural tourism (providers, local

tourism offices, municipalities and civil society); 3) Local development strategies were elaborated in all municipalities in each of the four target regions. Capacity was enhanced in a number of precursor organizations for the establishment of Local Action Groups, including planning, strategy development and group formation. The programme also developed the capacity of individuals and groups involved in rural development to prepare local development strategies and manage the project cycle; 4) Partnerships between public, civil and private sectors were fostered through more than 60 projects and guidelines for public-private partnerships in rural tourism were prepared.

6. DESCRIPTION OF THE STRATEGY

6.1. DESCRIPTION OF THE EXISTING NATIONAL RURAL DEVELOPMENT STRATEGY

The National Agriculture and Rural Development Strategy (NARDS) of Serbia for the period 2014-2024 was adopted on 31 July 2014 and published in O.G. 85/14. It is based on the following vision for the development of agriculture and rural areas:

An efficient and innovative agri food sector based on knowledge, modern technologies and standards, offering high quality products to domestic and foreign markets, and sustainable development of the natural resources, environment and cultural heritage of the rural areas, providing economic activities and employment opportunities and quality of life for young people and other rural inhabitants.

In accordance with this vision, the following strategic development goals are defined:

- Increase of production growth and stability of producers' incomes;
- Competitiveness improvement with adjustment to the requirements of domestic and international markets and with technological and technical improvement of the sector;
- Sustainable resources management and environmental protection;
- Improvement of the quality of life in rural areas and poverty reduction;
- Efficient public policy management and institutional framework improvement for agricultural and rural areas development.

To achieve these strategic development goals the following policy principles have been defined:

- Agricultural and rural development policy should be oriented towards the above mentioned goals
- Adoption and full approximation of the *acquis communautaire* should be assured and
- Institutional reforms with regard to efficient policy management and building capacities for implementation of EU CAP –policies should be implemented.

As a result of the situation analysis and perceived internal and external challenges the sector is facing the following priorities for intervention have been selected:

- ✓ Stabilization of income in agriculture;
- ✓ Increased financing of agriculture and rural development and risk management;
- ✓ Efficient land management and improved accessibility of the land resources;
- ✓ Improved physical resources;

- ✓ Improvement of the knowledge transfer system and human resources development;
- ✓ Adaptation to and mitigation of the climate changes effects;
- ✓ Technology development and modernization of the agricultural production and processing;
- ✓ Market chains development and logistic support to the sector;
- ✓ Protection and improvement of environment and preserving of the natural resources;
- ✓ Preserving of agriculture, human and natural resources in the areas with difficult working conditions in agriculture;
- ✓ Diversification of the rural economy and preserving of the cultural and natural heritage;
- ✓ Improvement of social structure and strengthening of the social capital;
- ✓ Modernization and adjustment of institutions and legal framework;
- ✓ Improvement of the products quality and safety.

In order to achieve the strategic goals the following policy interventions have been defined:

- Direct payments and market and price support interventions, related to income support of the farmers;
- Rural development interventions, financed under the IPARD II Programme and under the national support schemes;
- Support to general services, including veterinary and plants protection;
- Institutional development and capacity building.

Additionally, Serbia is also aiming to support the aforementioned policy and the achievement of its goals through the two macro-regional strategies where it participates (ie. the EU Strategy for the Danube Region (COM (2010) 715) and the EU Strategy for the Adriatic and Ionian Region (COM (2014) 357)).

6.2. IDENTIFICATION OF THE NEEDS AND SUMMARY OF OVERALL STRATEGY

6.2.1. Needs identified:

1. Improve competitiveness of the agricultural sector

Farmers in Serbia lack competitiveness for their products, due to the standard of their holdings, instability of production conditions and because of low efficiency of production and high production costs. As a result, incomes are unstable.

The IPARD measure 'Investments in physical assets of agricultural holdings' is designed to encourage investments in facilities, mechanization, equipment and technologies, which would allow the development of productivity and efficiency and attainment of EU-production standards in particular in public health, environmental

protection, animal welfare and occupational safety. Investments in raising the standards are urgent in animal breeding farms in order to improve raw milk hygiene (milking and cooling facilities), animal welfare conditions (housing, ventilation, etc.), manure handling and storage. Fruit and vegetable farms need investments in order to improve post-harvest infrastructure and to optimize the use of irrigation water. Holdings also need investments to reach an efficient scale of operation. NPRD is designed to help smaller agricultural holdings to increase their production and/or to keep their agriculture production either as growing business or additional source of income.

2. Upgrade of the processing sector to EU-Standards

A large proportion of the enterprises in the food industry need investments to modernise facilities and production lines. There are urgent requirements to establish safe collection and storage of raw materials to reduce waste and to ensure food safety. Support for this sector is planned exclusively through the IPARD measure "Investments in physical assets concerning processing and marketing of agriculture and fishery products". It will be focused on increased productivity and food processing efficiency to withstand competitive pressure and market forces as well as to help the sector to progressively align with EU standards. The renewed agricultural industry capacities should meet improved standards on EU-level in particular concerning hygiene, animal welfare, environment and quality of products.

3. Diversify activities and sources of income in rural areas

The IPARD measure: "Farm diversification and business development" contributes to rural economy diversification and decreased dependence of rural areas on agricultural income and creates conditions for the small agricultural holdings. The IPARD measure: "Farm diversification and business development" will support rural tourism and thus give the possibility for farmers to apply and diversify their activities and income. An analysis of rural tourism in Serbia shows that it already contributes to the rural economy and has great potential for further development. Furthermore, rural areas are characterized by a diversity of landscapes, rich biodiversity, cultural heritage and natural resources.

In addition, the national support schemes will provide funding for the beekeeping sector and honey production as well as for the aqua-culture sector.

4. Develop non-agricultural sectors of rural economy

Diversification of economic activities in the rural areas widens the range of services available to rural population and encourages products and services based on traditional knowledge and technology, natural resources and cultural heritage and will be supported with national support measures, rural tourism projects within the IPARD measure: "Farm diversification and business development" will be focused on zones showing an appropriate development potential. Economic diversification should encourage growth, employment and sustainable development in rural areas, and

thereby contribute to better territorial balance, both in economic and social terms, increasing directly the income in rural areas by developing non-agriculture activities.

5. Improve the quality of vocational training and information services to farmers and small scale local business

The advisory services will be trained to help farmers, forest holders and SMEs in rural areas to use the IPARD II Programme incentives and to improve the sustainable management and economic and environmental performance of agricultural holdings or related businesses and thus of the sector as a whole. Development of the advisory services is one of the main priorities of the MAEP. Support to development of the advisory services will be provided by the national budget and IPA institution building. Under the IPA TA measure the advisory services will be supported to actively organize publicity and informational campaigns for potential grant beneficiaries.

6. Improve management of natural resources and resource use efficiency

A strong contribution to decrease the present trend of degradation of nature and the environment due to unsustainable land management and farming practices that result in land degradation and soil erosion, water pollution and biodiversity loss could be made by IPARD measures "Investments in physical assets concerning processing and marketing of agriculture and fishery products", and "Investments in physical assets of agricultural holdings". They have a strong link to this need as they are largely destined to improve environmental standards in primary production and processing of agricultural products and so contribute to the decrease of contamination of air and soil, in particular through investments to improved management of waste, introduction of water saving technologies and renewable energy. Support of physical assets for primary production and processing of milk, meat, fruit and vegetables and crops will provide necessary equipment and tools to recipients for proper management of natural resources and improvement of soil and water quality and, at the same time, it will assist in implementation of environmentally friendly practices in primary agricultural production and processing. At the end of each supported project the entire enterprise must comply with the main relevant national minimum standards in force regarding environmental protection, public health, animal welfare, and occupational safety. Investments in irrigation systems will contribute to proper use of water resources. As there are valuable opportunities related to increased demand for organic products as well as eco-and agri tourism, which both depend on preservation of the environment and contribute to nature conservation "Agri-environmental-climate and organic farming measure" as well as" Farm diversification and business development" are the core measures directly designed to contribute to solve the problems. Development of the capacity of the advisory services and improved provision of information and advice to farmers on the sustainable management of natural resources will promote this need.

7. Maintenance of biodiversity and environment value of agricultural areas and agricultural systems and maintenance of water resource quality

The IPARD "Agri-environmental-climate and organic farming" measure raises awareness of the producers to protect and improve the natural resources at their disposal. It involves protection and preservation of the land, air quality, water, places of living of animals and plants, traditional rural areas and agricultural areas of high natural value. Synergy effects of investment measures "Investments in physical assets concerning processing and marketing of agriculture and fishery products", and 'Investments in physical assets of agricultural holdings' such as: setting the special criteria for investments support, special subsidized programme in the energy supply area, technological improvement of production processes and special subsidies for introduction of environmentally friendly technology could also lead to improvements and protective effects. The support policy is going to gradually obtain the shape of the policy harmonized with EU standards, which requires administrative strengthening in the area of agri-environmental schemes monitoring and implementation. NPRD will continue to provide support in the field of agri environment through preservation of animal and plant genetic resources as well as preservation and conservation of soil. New measures in the NPRD will provide support to sustainable forest management and forestry acitvities. If available resources allow in the future, particular attention will be paid to preservation of biodiversity and autochthonous breeds.

8. Promotion of sustainable forest management (SFM), improving forest accessibility and access to environment-friendly technologies in the forestry sector

Support for sustainable and climate friendly land use should encompass forest area development and sustainable management of forests. Forests play a key role in moving towards a low carbon economy, maintaining biodiversity, sequestering carbon, offering ecosystem services, facilitating recreation as well as providing jobs and income possibilities in rural areas. The activities and support for establishment and protection of forests, promotion of investments in the development of forests area and in forest protection, will be financed from the National budget and possibly by donor's support.

9. Maintenance of a low level of greenhouse gas emissions (GES) from the agricultural sector and rural space and support for passing to an economy with low carbon emissions

Agriculture development will be increasingly facing climate change effects in the future. Higher concentrations of carbon-dioxide and other greenhouse gases, increase in temperature, change in the regime of the annual and seasonal precipitation and increased frequency of extreme temperatures will inevitably influence the scope of production and quality of food, stability of yield and the environment. Besides, the consequences such as decreased accessibility of water, more frequent appearance of diseases and pests and deterioration of land quality can be also expected. All the selected measures under the IPARD II programme are designed in order to contribute

to reduction of CO2 emissions and assist in mitigation of the climate change impact on the sector of agriculture. Since NPRD is focusing only on smaller agricultural holdings, it doesn't predict support for this type of investments.

10. Reduction of poverty degree and risk of social exclusion

There are over 750,000 unemployed people in Serbia and they are mainly located in the country side. The economic crisis has strongly affected the Serbian economy, which is confirmed by the poverty growth rate figures of recent years. Rural areas are especially affected by poverty and differences are deepening between rural and urban areas. In that sense, more attention should be paid to this problem and measures selected for IPARD could provide support for reducing poverty and social exclusion by maintenance and creation of employment positions in the country side. In particular, investment measures such as "Investments in physical assets of agricultural holdings and Investments in physical assets concerning processing and marketing of agriculture and fishery products, Farm diversification and business development but also e.g. "Organic farming" measure could contribute to reduce this problem. The main support is expected through NPRD since it covers smaller agricultural holdings and thus keeps requirements for utilization of support measures easier for recipients.

11. Improve the basic infrastructure and services in rural areas

It is hard to realise provision of services, economic development in rural areas the growth potential and promotion of sustainability without sufficient coverage of basic infrastructures. In the period 2014-2020 the basic infrastructure and services in rural areas will be supported with national budget and donor's support.

12. Creation of jobs in rural environment

Without the creation of new jobs, no sustainable development in the countryside and the therefore necessary structural changes will be achieved. So the selection of measures for IPARD II is concentrated to a large extent on those which can directly contribute to creation of jobs such as "Investments in physical assets of agricultural holdings, and Investments in physical assets concerning processing and marketing of agriculture and fishery products, Farm diversification and business development". Due to the limits in size of beneficiaries NPRD will not be so focused on creation of new jobs but rather to keeping of existing and preparations for further growth of holdings.

13. Improve the capacity of the local stakeholders to implement LEADER approach

As at local and regional level up to 24 potential LAGs have been established, supported by 605 thematic action groups. Strong progress has been made to develop civil society and social dialogue within rural population in Serbia and to facilitate good governance through local partnerships and to foster employment and to develop human capital. With this approach of an integrated territorial development tool on "local" level a balanced territorial development of rural areas, which is one of the overall objectives of the rural development policy could be better guaranteed. To reach a more

comprehensive coverage of the territory by LAGs and to finance first projects, prioritised in the LDS, the IPARD measure "Implementation of Local development strategies - LEADER approach" is planned to be implemented in second phase of implementation of IPARD II. The TA and NPRD measure will be used to facilitate creation of partnerships and for developing skills of the potential local action groups for elaboration and implementation of LDS.

6.2.2. Summary showing main rural development needs and measures operating

Summary of the strategy under IPARD II Programme

In accordance with the strategic objectives of the NARDS for the period 2014-2024 based on overall SWOT and needs identified and in line with the IPA II priorities, the IPARD II Programme interventions in Serbia will focus on the following objectives:

- support the competitiveness of the agri-food sector, alignment with EU veterinary, phytosanitary, food safety and environmental standards, as well as its restructuring and modernization;
- contribute to the development of sustainable land management practices by supporting organic farming and other agro-environmental practices;
- contribute to sustainable rural development by supporting diversification of economic activities and strengthening the LEADER approach;
- support the efficient Programme implementation, monitoring, evaluation and publicity under the Technical Assistance measure.

Under the EU IPARD II, 11 measures are available, which provide for different intervention tools and diverse target groups. Six measures have been selected to be included in the IPARD II Programme for the period 2014-2020.

The selection of measures to be included in the IPARD II Programme for the period 2014-2020 was based on sectoral analysis of the priority sectors in agriculture and food processing industry, on an assessment of the needs and potential for diversification of the rural economy and analysis of the environmental situation.

The agri-food sector faces a significant challenge to successfully restructure, introduce EU standards and increase productivity and competitiveness. The process of harmonization of national legislation with the acquis communautaire and the gradual alignment to EU standards in the area of food safety, hygiene, the environment and animal welfare, requires significant investments in the modernization of facilities and an emphasis on improving labour force knowledge and skills.

The most important challenges are the improvement of the situation for farmers in the primary sector and for enterprises in processing and marketing. Therefore from the overall budget for the period 2014 – 2020 about 44% are planned for the measure "Investments in physical assets of agricultural holdings" and about 35% for the measure "Investments in physical assets concerning processing and marketing of

agriculture and fishery products". In this context for the sector there will be improvements especially in the fields of competitiveness, quality standards, and environmental improvement, modernization of production and processing and stabilization of income in agriculture. The successful development of competitive agri-food sector is important for the sustainable development of the rural areas. The improved environmental performance of the agri-food sector is also important for the environment and bio-diversity preservation. Thus, support for the agri-food sector will also contribute to the development of the rural economy and an improvement in the environment and mitigation of the climate changes, which is one of the strategic objectives of IPA.

With a budget of about 10% for the measure "Farm diversification and business development" there will be an improvement to stabilization of income in rural areas both for farmers' families and other people in rural areas by supporting investments in rural tourism. The Leader approach ("Implementation of Local development strategies-LEADER approach"*)* will start later in the period with all together about 3% of the budget. At the beginning of the period the LEADER approach in Serbia will be supported under the technical assistance measure for skill acquisition of the potential local action group and preparation of the local development strategy.

The overall objective of agri-environmental-climate and organic farming measure is associated with the introduction of pilot projects for the development of agricultural methods consistent with the protection and preservation of the environment. Considering the complexity involved in the preparation of such measures and the required mechanisms for implementation, the "Agri-environmental-climate and organic farming" measure is planned to be introduced in a later stage. Until then the measure will be further elaborated with the support under IPA 2012 Technical assistance project, expected to start till the end of 2014. Therefore, the budget planned for the measure is about 5%.

About 3% of the overall budget is allocated for "Technical assistance measure". This measure will support the management of the IPARD II Programme by helping Managing Authorities (MA) to establish a monitoring and evaluation system, communication and publicity activities, work relating to the IPARD II Monitoring Committee. This measure will also support acquisition of skills of the potential LAGs and further enhance the national rural network, as well as train the MA and assist the preparation of rural development policy.

Part of the identified needs of agri-food sector and the rural population (needs for vocational training, improvement of rural roads etc.) will be addressed outside the IPARD II Programme by other IPA policy areas and by national programmes and donor projects, as shown in the summary table below.

Table 23. Summary table showing main rural development needs and measures operating

Needs identified	IPARD measures	IPA	Other donor	National
Need 1: Improve competitiveness of agricultural sector	Investments in physical assets of agricultural holdings'	✓		✓
Need 2: Upgrade the processing sector to EU-Standards	"Investments in physical assets concerning processing and marketing of agriculture and fishery products",	✓		✓
Need 3: Diversify activities and sources of incomes of farmers	"Farm diversification and business development"		✓	
Need 4: Develop non-agricultural sectors of rural economy	Farm diversification and business development"		✓	✓
Need 5: Improve the quality vocational training and information services to farmers and small scale local business			✓	✓
Need 6: Improve management of natural resources and resource use efficiency	Contribution by measures "Investments in physical assets concerning processing and marketing of agriculture and fishery products", 'Investments in physical assets of agricultural holdings' ;" Agri-environmental-climate and organic farming measure" ," Farm diversification and business development" , "	✓	✓	✓
Need 7: Maintenance of biodiversity and environment value of agricultural surfaces and agricultural systems and maintenance of water resource quality	" Agri-environmental-climate and organic farming measure" , Contribution by measures "Investments in physical assets concerning processing and marketing of agriculture and fishery products", and "Investments in physical assets of agricultural holdings"	✓	✓	✓
Need 8: Promotion of sustainable forest management (SFM), improving forest accessibility and access to environment-friendly technologies in the forestry sector		✓	✓	✓

Need 9: Maintenance of a low level of greenhouse gas emissions (GES) from agricultural sector and rural space and support for passing to an economy with low carbon emissions	Contribution by measures “Investments in physical assets of agricultural holdings”, “Investments in physical assets concerning processing and marketing of agriculture and fishery products”, - “Agri-environmental-climate and organic farming measure”	✓	✓	✓
Need 10: Reduction of poverty degree and risk of social exclusion	Contribution by measures “Investments in physical assets of agricultural holdings”, and “Investments in physical assets concerning processing and marketing of agriculture and fishery products”, “agri-environment measure ", “Implementation of Local development strategies- LEADER approach”	✓	✓	✓
Need 11: Improve the basic infrastructure and services in rural areas.		✓	✓	✓
Need 12: Creation of jobs in rural environment	Contribution by measures ” Investments in physical assets of agricultural holdings”, and “Investments in physical assets concerning processing and marketing of agriculture and fishery products”, “agri-environment measure” “Farm diversification and business development” “Implementation of Local development strategies- LEADER approach”	✓	✓	✓
Need 13: Improve the capacity of the local stakeholders to implement LEADER approach	“Implementation of Local development strategies- LEADER approach” “Technical assistance measure”		✓	

6.3. CONSISTENCY BETWEEN PROPOSED IPARD INTERVENTION AND COUNTRY STRATEGY PAPER (CSP)

The Country Strategy Paper (CSP) sets out the priorities for EU financial assistance for the period 2014-2020 to support Serbia on its path to accession. It translates the political priorities as defined in the enlargement strategy and the most recent annual Progress Reports into key areas where financial assistance is most useful to meet the accession criteria.

Agriculture and rural development is one of the priority policy areas to be supported under IPA II in the period 2014-2020.

The objective of EU assistance is to support alignment of the Serbian agricultural policy with the Common Agricultural Policy (CAP), to contribute to a competitive, sustainable and efficient agriculture sector while maintaining vibrant rural communities, and to improve food safety, veterinary and phytosanitary policies as well as plant and animal health. The expected results are as follows:

- Serbian agricultural policy is gradually aligned with the EU *acquis*, including the establishment of the structures and systems necessary for implementation of the CAP;
- Competitiveness of the Serbian agricultural sector is improved through modernisation of agri-food establishments to meet the EU environmental, food safety and other relevant standards;
- Territorial development is balanced in rural areas, including diversification of economic activities and investments in rural infrastructure;
- Food safety is improved in line with EU standards;
- Veterinary and phytosanitary services and controls are implemented in line with EU requirements; and
- Animal health is improved through eradication of diseases and/or better control of brucellosis, bovine leucosis and tuberculosis, rabies and classical swine fever.

Support will be provided for implementation of the new agriculture sector strategy, legislative reforms and structural adjustments necessary for Serbia to assume the obligations of the EU membership. Support will be provided to measures enabling growth and development in agricultural production and processing and aimed at ensuring a competitive, sustainable and efficient agricultural sector. Capacity building activities will contribute to adaptation of the policy support to farmers in line with the CAP principles. Support will be provided for establishment of the structures and systems necessary for the implementation of the CAP.

IPA assistance will be provided under two strands: institutional and capacity-building and a seven-year rural development programme (IPARD).

The IPARD II Programme, with its selected measures, will provide primarily investment support to boost the competitiveness of agri-food sector and it will assist with its gradual adjustment to EU hygiene, food safety, veterinary and environmental standards, and to diversify rural economy. Moreover, support for agri-environmental schemes, and support to local initiatives will be supported through the IPARD II programme. The IPARD II Programme will also reinforce capacities of relevant EU fund management structures to be able to efficiently manage and implement the programme in line with EU requirements. Institutional capacities of MAEP and supporting organisations such as extension and advisory services will be strengthened in order to prepare for access to EU support.

The IPARD II Programme priorities are in full compliance with the IPA Country Strategy Paper for Serbia, as reflected by the financial weight given to the measures and selection of priority areas for intervention. The preparation of both documents was organised in close inter-ministerial coordination and in consultation with the most relevant stakeholders and, at the same time, using the elaborated sector analysis.

In addition, as stated in its Country Strategic Paper, Serbia also participates in the *EU strategy for the Danube region* and the *EU Strategy for the Adriatic and Ionian Region (EUSAIR)*, which are macro-regional strategies to enhance cooperation, socioeconomic development and territorial cohesion among the Member States and non-EU countries in the respective regions. These strategies offer solutions to common challenges in the concerned macro-regions. They are focusing *inter alia* on better environmental protection, sustainable tourism actions, and socio-economic development measures in the geographically specific context. Macro-regional strategies support the alignment of policies and therefore, they also facilitate IPARD interventions.

6.4. A SUMMARY TABLE OF THE INTERVENTION LOGIC SHOWING THE MEASURES SELECTED, THE QUANTIFIED TARGETS SHOULD BE EXPRESSED IN TERMS OF COMMON INDICATORS

Measure	Quantified target		Programme targets (total as combination of indicators at measure level)
Investments in physical assets of agricultural holdings	Number of projects supported	720	Number of projects having received IPA support in agri-food sector and rural development: 1,439 Total investment generated via IPA in agri-food sector and rural development (EUR): 370,768,547 Number of economic entities performing modernisation projects in agri-food sector:1,063 Number of economic entities progressive upgrading towards EU
	Number of holdings performing modernization projects	600	
	Number of holdings progressively upgrading towards EU standards	380	
	Number of holdings investing in renewable energy production	60	
	Number of holdings investing in livestock management in view of reducing N20 and methane emissions (manure storage)	120	
	Total investment in physical capital by holdings supported (EUR)	168,977,778	
Investments in physical assets concerning processing and marketing of agricultural and fishery products	Number of projects supported	463	
	Number of enterprises performing modernisation projects	463	
	Number of enterprises progressively upgrading towards EU standards	463	
	Number of enterprises investing in renewable energy production	46	
	Total investment in physical capital by enterprises supported (EUR)	165,893,333	
	Number of jobs created (gross)	160	
Agri-environment-climate and organic farming measure	Number of contracts	1,029	
	Agricultural land (ha) under environmental contracts	10,294	
	Number of operation types supported	1	
	Total area per type of type of operation (organic farming)	10,294	
	Number of holdings supported under organic farming type of operation	1,029	
Farm diversification and business development	Number of projects supported	256	
	Number of agricultural holdings/enterprises developing additional or diversified sources of income in rural areas	167	

	Number of recipients investing in renewable energy	50	standards: 843
	Total investment in physical capital by recipients supported (EUR)	35,897,436	
	Number of jobs created (gross)	100	Number of jobs created (gross): 260
Implementation of local development strategies - LEADER approach	Number of LAGs operating in rural areas	30	
	Population covered by LAGs	2,550,000	
	Number of jobs created (gross)	60	
	Number of projects recommended	50	Number of beneficiaries investing in promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors: 276
	Number of small projects	700	
Technical assistance	Number of promotion materials for general information of all interested parties (leaflets, brochures etc.)	11,118	
	Number of publicity campaigns	167	
	Number of workshops, conferences, seminars	334	
	Number of experts assignments supported	44	
	Number of meetings of the Monitoring Committee	14	
	Number of studies on elaboration and implementation of Programme measures	83	
	Number of rural networking actions supported	49	
	Number of potential LAGs supported	72	

7. AN OVERALL FINANCIAL TABLE

7.1. MAXIMUM INDICATIVE EU CONTRIBUTION FOR IPARD FUNDS IN EUR[10], 2014-2020

Year	2014	2015	2016	2017	2018	2019	2020	2014-2020
Total (EUR)	-	15,000,000	20,000,000	25,000,000	30,000,000	40,000,000	45,000,000	175,000,000

7.2. FINANCIAL PLAN PER MEASURE IN EUR, 2014-2020

Measures	Total public aid (EUR)	EU contribution (EUR)	EU contribution rate (%)	National contribution (EUR)	National Contribution rate (%)
Investments in physical assets of agricultural holdings	101,386,667	76,040,000	75	25,346,667	25
Investments in physical assets concerning processing and marketing of agricultural and fishery products	82,946,667	62,210,000	75	20,736,667	25
Agri-environment-climate and organic farming measure	10,294,118	8,750,000	85	1,544,118	15
Implementation of local development strategies – leader approach	5,833,333	5,250,000	90	583,333	10
Farm diversification and business development	23,333,333	17,500,000	75	5,833,333	25
Technical assistance	6,176,471	5,250,000	85	926,471	15
Total	**229,970,588**	**175,000,000**		**54,970,588**	

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

7.3. BUDGET BREAKDOWN BY MEASURE 2014-2020

Measures	Total public aid (EUR)	Private contribution (EUR)	Total expenditures (EUR)
Investments in physical assets of agricultural holdings	101,386,667	67,591,111	168,977,778
Investments in physical assets concerning processing and marketing of agricultural and fishery products	82,946,667	82,946,667	165,893,333
Agri-environment-climate and organic farming measure	10,294,118	-	10,294,118
Implementation of local development strategies – leader approach	5,833,333	-	5,833,333
Farm diversification and business development	23,333,333	12,564,103	35,897,436
Technical assistance	6,176,471	-	6,176,471
Total	**229,970,588**	**163,101,880**	**393,072,469**

7.4. BUDGET BREAKDOWN BY MEASURE 2014-2020

Measures	EU Contribution (EUR)							
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2014-2020 EUR**
Investments in physical assets of agricultural holdings	-	7,535,248	9,900,325	10,622,224	11,199,743	17,002,434	19,780,025	**76,040,000**
Investments in physical assets concerning processing and marketing of agricultural and fishery products	-	6,164,752	8,099,675	8,690,276	9,162,757	13,910,066	16,182,475	**62,210,000**
Agri-environment- climate and organic farming measure	-	-	-	2,187,500	2,187,500	2,187,500	2,187,500	**8,750,000**
Implementation of local development strategies – leader approach	-	-	-	500,000	1,000,000	1,900,000	1,850,000	**5,250,000**
Farm diversification and business development	-	1,000,000	1,500,000	2,000,000	5,000,000	4,000,000	4,000,000	**17,500,000**
Technical assistance	-	300,000	500,000	1,000,000	1,450,000	1,000,000	1,000,000	**5,250,000**
Total	**-**	**15,000,000**	**20,000,000**	**25,000,000**	**30,000,000**	**40,000,000**	**45,000,000**	**175,000,000**

7.5. PERCENTAGE ALLOCATION OF EU CONTRIBUTION BY MEASURE 2014-2020

Measures	EU Contribution (%)						
	2014	2015	2016	2017	2018	2019	2020
Investments in physical assets of agricultural holdings	-	50.23	49.50	42.49	37.33	42.51	43.96
Investments in physical assets concerning processing and marketing of agricultural and fishery products	-	41.10	40.50	34.76	30.54	34.78	35.96
Agri-environment- climate and organic farming measure	-	-	-	8.75	7.29	5.47	4.86
Implementation of local development strategies – leader approach	-	-	-	2.00	3.33	4.75	4.11
Farm diversification and business development	-	6.67	7.50	8.00	16.67	10.00	8.89
Technical assistance	-	2.00	2.50	4.00	4.83	2.50	2.22
Total (%)	**-**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

8. DESCRIPTION OF EACH OF THE MEASURES SELECTED

8.1. REQUIREMENTS CONCERNING ALL MEASURES

General requirements include: national minimum standards, national legislation relevant to the programme and evidence of targeting, confirmation of verifiability and controllability of measures.

8.1.1. National minimum standards and national legislation relevant to the programme

The applicable national standards and legislation are listed in Annex 2: Description of the methodology for assessment of the economic viability of recipients and Annex 3: National minimum standards. Recipients supported under IPARD II should meet the relevant national standards as regards registration of the farm, animal welfare and environmental protection, food and feed hygiene as well as identification and registration of animals.

Farmers should know the list of requirements which they shall respect on the entire holding, firstly, at the date of application and secondly, before the final payment of the investment is granted.

8.1.2. Common eligibility criteria applicable to all or several measures

8.1.2.1. Eligible expenditures

In line with Article 29 and 31 of the FWA and Article 28 (5) of the SA eligible expenditure shall be limited to:

(a) the construction or improvement of immovable property up to market value of the assets;

(b) the purchase of new machinery and equipment, including computer software, up to the market value of the asset shall be considered as eligible;

(c) general costs linked to expenditure referred to in points (a) and (b) of this paragraph such as architects, engineers and other consultation fees, feasibility studies shall be eligible up to a ceiling of 12% of the costs referred to in the said points (a) and (b) according to the following conditions:

- the eligible amount of the general costs shall not exceed the reasonable cost established in line with Article 12 (2) (f) and Article 12 (3) (d) of this Agreement;
- for projects with eligible expenditure of the investments referred to in sub-paragraphs (a) and (b) greater than EUR 3 million, the business plan preparation costs cannot be greater than 3% of the eligible expenditure of these investments;

- 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 3million, the business plan preparation costs cannot be greater than 4% of the eligible expenditure of these investments;
- for projects with eligible expenditure of the investments referred to in points (a) and (b) less than EUR 1 million, the business plan preparation costs cannot be greater than 5% of the eligible expenditure of these investments.

Further detailed provisions concerning the maximum eligible amount in this paragraph by measure and sector are provided in the relevant measure text in the following chapters.

In accordance with Article 31 (1) (b) of the FWA and Article 28 (6) of the SA, investment projects shall remain eligible for European Union financing provided they do not, within five years from the final payment by the IPARD Agency, undergo a substantial modification. Substantial modifications to a project are those which result in:

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

(d) Renewable energy production facilities shall be eligible for support only if their production capacity is no more than equivalent to the combined average annual energy consumption of thermal energy and electricity in the agriculture enterprise/ holding.

8.1.2.2. Rules on origin of eligible expenditures

In line with Article 19 of the FWA, all supplies purchased under a procurement contract, or in accordance with a grant agreement, financed under this programme shall originate from one of the following eligible countries mentioned in Article 19 (1) of the FWA:

(a) Member States, IPA II recipients, contracting parties to the Agreement on the European Economic Area and partner countries covered by the European Neighbourhood Instrument, and

(b) Countries for which reciprocal access to external assistance is established by the Commission. Reciprocal access may be granted, for a limited period of at least one year, whenever a country grants eligibility on equal terms to entities from the Union and from countries eligible under IPA II. Before the Commission decides on the reciprocal access and on its duration, it will consult the IPA II beneficiary.

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. For the purposes of this, the term "origin" is defined in Article 23 and 24 of the Council Regulation (EEC) N°2913/92 of 12 October 1992 establishing the Community Customs Code and other Community legislation governing non-preferential origin.

8.1.2.3. Ineligible expenditures

In line with Article 28 (3) of the Sectoral Agreement, the following expenditures shall not be eligible under the IPARD II Programme:

- Taxes, including value added taxes;
- Customs and import duties, or any other charges;
- 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 II programme provide for it;
- Fines, financial penalties and expenses of litigation;
- Operating costs, except where duly justified by the nature of the measure in the IPARD II programme.
- Second hand machinery and equipment;
- Bank charges, costs of guarantees and similar charges;
- Conversion costs, charges and exchange losses associated with the IPARD euro account, as well as other purely financial expenses;
- Contributions in kind;
- The purchase of agricultural production rights, animals, annual plants and their planting;
- Any maintenance, depreciation and rental costs, except where duly justified by the nature of the measure in the IPARD II programme.
- Any cost incurred and any payments made by public administration in managing and implementing assistance, namely 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 II programme.

In accordance with Article 28 (4), unless the Commission expressly and explicitly decides otherwise, the following expenditure is also not eligible:

- Expenditure on projects which, before completion, have charged fees to users or participants unless the fees received have been deducted from the costs claimed;

- Promotional costs, other than in the collective interest;
- Expenditure incurred by a recipient where more than 25% of whose capital is held by a public body or bodies unless the Commission has so decided in a specific case on the basis of a complete reasoned request from Serbian Authorities. The Commission shall take its decision within three months of receiving the request. This exclusion shall not apply to expenditure on infrastructure, LEADER approach or human capital.

8.1.3. Controllability and verifiability of the measures

In line with Article 9 and Article 10 of the SA, the Managing Authority based on an opinion of the IPARD Agency confirms that verifiability and controllability of measures has been ensured.

The controllability and verifiability of the measures will be ensured by the following:

- Definition and application of clear, transparent and non-discriminatory eligibility and selection criteria will be applied.
- Selection criteria shall aim to ensure equal treatment of applicants, better use of financial resources and targeting of measures in accordance with the set up priorities of the Programme. In defining selection criteria the principle of proportionality shall be taken into account in relation to small grants. 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 control of eligibility of expenditure, verification of compliance with the principle of value for money and public procurement legislation and adequate IT systems. A suitable application assessment system is established, based on (a reference price data base/use of 'standard costs'). Proper documentation management and verification of documents – recipients shall be required to keep records of operations, invoices and accounting records. Ex-post checks carried out on investment operations to verify the respect of commitments laid down in the IPARD II Programme. The ex-post checks shall be carried out within 5 years of the date of final payment to the recipient. All investments shall be checked based on an analysis of the risks and financial impact of different operations/ or measures.

The risk of errors will be decreased by the following measures:

- A well established internal control system, guaranteeing that controls described in procedure manuals are actually applied in the way that they're accredited and supervisory personnel reviews the functioning of controls;
- Publication and wide-scale 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 recipients 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.

8.1.4. Targeting of measures

Targeting of measures is achieved through:

– Eligibility criteria limiting support to priority sectors and target groups; Groups are targeted based on: necessity to upgrade to EU standards, production level, sustainability of production and size of recipients;

– Selection criteria targeting support to the priorities of IPARD II Programme and measures objectives.

8.1.5. Packages of measures

Implementation of measures will start after the entrustment of budget implementation tasks and will be conducted in two phases. Taking into account the requirements for implementing the IPARD II Programme and the needs for capacity building of structures responsible for its implementation, it was decided to start with investment support measures, for which some experience has been gathered under the implementation of national support schemes.

Therefore, the IPARD II Programme in Serbia will start with four measures, namely:

- Investments in physical assets of agricultural holdings;
- Investments in physical assets concerning processing and marketing of agricultural and fishery products;
- Farm diversification and business development;
- Technical assistance,

While progressively preparing for the implementation of the other selected measures, planned to start in 2017, namely:

- Implementation of local development strategies – Leader approach;
- Agri-environment – climate and organic farming;

8.2. INVESTMENTS IN PHYSICAL ASSETS OF AGRICULTURAL HOLDINGS

8.2.1. Legal basis

– *Article 2 (1) of IPA 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 22 1 (1) of the Sectoral Agreement*

– *Annex 4 of the Sectoral Agreement*

8.2.2. Rationale

According to the analysis under Chapter 3, the present state of technical equipment in the agri-food sector requires significant investments to strengthen the production chain. In accordance with the Strategy for Agriculture and Rural Development, support should be allocated to recipients to increase productivity and competitiveness of agriculture production.

Investments in physical assets of agricultural holdings will increase productivity and competitiveness by technological improvement. Additionally, holdings will, as a prerequisite, comply with a set of national standards and will ultimately comply with EU standards of environmental protection and animal welfare.

Through supporting new mechanisation and new technology, the measure will also contribute to the mitigation of the climate change impact of the agriculture sector.

Investments in renewable energy on agriculture holdings could significantly contribute to poverty alleviation through the reduced cost for electricity. Reduced energy bills provide increased disposable income for households, individuals and enterprises. In addition, investments in energy efficiency are an important part of government's green growth strategies that contributes to reduction of GHG emissions and climate change mitigation.

Overview by sectors

Sector 1: Milk

The sector faces the following specific problems concerning production and marketing processes (see also sector analysis in Chapter 3):

– The main problem is the low quality of milk produced and low yield per cow which leads to non-profitable, small scale operations.
– Larger farms have poor feeding technology, lack of an advanced genetic breeding pool and poor livestock husbandry conditions.
– A further significant problem is proper manure storage and appropriate distribution of liquid and solid manure. High investment costs are not so feasible for medium-

sized farms but they are extremely important for animal health and environmental pollution.
– Further improvements in milk storage, cooling and value added products development is needed to enhance competitiveness and product quality.

This sector is dominated by smaller production units. Subsistent and semi subsistent farms are highly represented. Investments in improving milk quality, quantity as well as restructuring the size of the farms will improve quality, competitiveness and sustainability of operations at farm level.

Sector 2: Meat

According to the sector analysis, the meat sector faces significant structural problems. In general, the livestock sector is dominated by a large number of farms operating low intensity systems, which need to upgrade production to a higher level and to improve quality of livestock products.

In the production of red meat (cattle, sheep and goats), the observed trends indicate a decline in cattle production, which results in an overall decrease in production. Meat producing farms are not specialised and are not utilizing pastures properly (low pasture quality) and in general, the quality of the used feed and fodder is not at the appropriate level. Other key problems are the poor conditions of animal feed and livestock keeping facilities.

The fall of red meat production was folloved by the significant increase of polultry meat production and consumtion. This partially compensates for the fall of red meat production. The cattle sector is characterized by a limited number of large fattening farms (mainly in Vojvodina) and a large number of relatively small mixed farms, producing milk and meat.

-Specialisation of meat production farms is needed with a focus on pig, cattle and sheep breeding.

-Small farms need to improve productivity and consistency of piglet production in order to improve results in fattening as well as in meat quality.

-Large farms, and chicken farms need to improve manure storing facilities and mechanisation for handling of manure.

With the perspective of future accession of Serbia to the EU, it is important to support the specialised, viable sector to prepare for future compliance to EU standards and competition on the market. IPARD interventions under this measure should be aimed at helping the beef, sheep and goat as well as the pork production sector to achieve relevant EU standards, in particular regarding animal welfare and environmental conditions.

Sector 3: Fruits and vegetables sector:

There are several problems in the production of fruit and vegetables related to the small size of the farms, even though these farms may have a more specialised fruit and/or vegetable production. Small scale producers do not create enough profit due to high production costs and the very limited possibilities to influence pricing in the food chain. As a consequence, they cannot invest adequately and increase their competitiveness, which results in a decrease of the quality of products and creates processing problems. Furthermore, young farmers in the sector want to exit and obtain other, more profitable employment, in the nearby towns.

Also it is obvious that there is a need to improve the sorting, packing and storage facilities. A rather low level of education and vocational training creates difficulties in terms of the proper use of modern equipment for production and harvesting purposes and for ensuring the proper use of inputs. It is necessary to prevent losses caused by early frost, and increase productivity by improving irrigation methods. The problem in the fruit and vegetable processing chain is that factories do not receive sufficient quantities of high quality products.

Sector 4: Other crops (cereals, oil crops, sugar beet)

According to the sector analysis (see chapter 3), crop yields in Serbia are much lower than in most EU countries as a result of the limited use of mineral fertilizers and certified planted seeds. Serbian farmers use less than half of the amount of chemical fertilizers comparing with farmers in developed countries, mostly due to the lack of financing, technological backwardness and an inefficient system of technology transfer. Moreover, farm technical equipment/ mechanisation used in crop production is over-aged, in particular with regard to care of environment.

Bearing in mind the above indicated issues, there is a need for increased yields and an improvement of the agro-technology as well as modernization of storing capacities on crop farms through IPARD support.

8.2.3. General objectives

- To support Serbian agricultural primary producers in progressive alignment to EU rules, standards, policies and practices with a view to EU membership;
- To support economic, social and territorial development, with a view to a smart, sustainable and inclusive growth, through the development of physical capital;
- To address the challenges of climate change by promoting resource efficiency
- To improve productivity, products quality and to reduce production costs
- To improve competitiveness of local producers and to adjust to the demands of domestic and foreign markets.

8.2.3.1. Specific objectives

The measure consists of the following sectors:

Sector 1: Milk

Specific sector objectives under this measure for the milk sector are as follows:

– to help, as a priority, small and medium sized dairy farms but also larger, viable ones (20 to 300 cows) to upgrade to milk production quality standards as well as animal welfare conditions and environmental standards as well to improve production infrastructure and farm equipment to achieve better sustainability and competitiveness in the future;
– larger, specialised dairy farms (more than 300 cows) are only eligible for manure management and thus benefit from investment support related to manure storing and handling standards.

Sector 2: Meat

Specific sector objectives under this measure for the meat sector are as follows:

- to help, as a priority, small and medium sized viable farms (20-1,000 cattle; 150 to 1,000 sheep and goat; 100 to 10,000 pigs; 4,000 to 50,000 broiler chickens, to upgrade to animal welfare conditions and environmental standards as well to improve production infrastructure and farm equipment to achieve better sustainability and competitiveness in the future EU market.

- larger specialised farms above the maximum limits (more than 1,000 cattle, 1,000 sheep, 10,000 pigs and 50,000 broiler chickens) only will be able to benefit from the support related to EU standards on animal welfare and manure storing and handling.

Sector 3: Fruit and vegetables

Specific sector objectives under this measure for fruit and vegetable sector are the following ones:

– Establishing new production lines and renewing existing production, set up green houses
– improve machinery and equipment to reduce postharvest losses and to improve production process through the entire production chain
– improve storage facilities of fruits, vegetables and seedlings

Sector 4: Other Crops: cereals, oil crops, and sugar beet

Specific sector objectives under this measure for the crop sector are the following

– Purchase of tractors (up to 100 kw), machinery and mechanization, (except combine harvesters) and construction of storing facilities and equipment

– Construction, extension, renovation, modernization and equipping of storing capacities.

8.2.4. Linkage to other IPARD measures in the programme and to national measures

This measure is linked to the measure "Investments in physical assets concerning processing and marketing of agricultural and fishery products".

Upgraded processing and marketing conditions improve primary production which should lead to improving quality and food safety of raw materials needed for the processing industry and aligning of the food chain. Hence, it will be followed by rational and efficient processing, which results in a synergistic effect on both sides.

Distinction is assured by limiting types of recipients, in this measure to agricultural holdings designated to primary production, while in the other measure recipients are commercial enterprises dealing with marketing and processing.

National measures under the NPRD (2015-2020) will support small holdings and farms either to up-grade to a more competitive agriculture production and to diversify to non-agriculture activities (demarcation see Chapter 10). Additionally, some of them should be encouraged to cross above the viability level.

8.2.5. Recipients

Recipients under this measure are farmers or groups of farmers, whether natural or legal persons and other agricultural legal entities (e.g. private agricultural enterprises, etc.) responsible for conducting and financing investments on the agricultural holding (as defined by the national law and included in the national farm register).

Recipients have to have less than 25% of their capital or voting rights held by public bodies, and registered in the national Register of Agriculture Holdings in accordance with the Law on Agriculture and Rural Development.

8.2.6. Common eligibility criteria

8.2.6.1. Type of eligible holdings

Eligible holdings have to:

– Prove that it has no outstanding tax or social security payments and any other liability against the state, at time of submission of application.

– Submit the signed statement that there is no application of the same investment in another public grant or subsidy scheme;

– In case of application for investment, the recipient must fulfil all contractual obligations under previously approved investments financed by the MAEP;

– In cases where the recipient is not the owner of the holding or the land where the investment is carried out, a lease or rent contract should be presented. The contract between concerned parties should cover the period of at least 5 years from the date of the final payment.

8.2.6.2. National standards to be respected

No later than before the final payment of the investment, the entire holding must comply with the appropriate national minimum standards in force regarding environmental protection and animal welfare.

For this purpose, the applicant shall provide as an obligatory part of the final payment claim a certificate from the national veterinary and environmental authorities confirming that all applicable national minimum standards are respected on the holding of the applicant. A full list of these standards is included in Annex 3 of the programme and will be made available to the applicants with the documents of the call for proposals.

8.2.6.3. Economic viability of the holding

The applicant has to prove the economic viability of the farm through a business plan at the end of investment period. The business plan should be in line with the template provided by the IPARD Agency. For investments exceeding EUR 50,000 as defined in IPARD implementing regulation, a complete business plan is needed, and for smaller investments, below EUR 50,000, it has to be in the simplified form as defined in the application form.

Economic viability is defined as full utilization of the agricultural holding resources on an optimal scale. The agricultural holding should demonstrate that it will be able to service its debt obligations regularly, without putting the normal operation of the agricultural holding at risk.

The criteria to be used by the IPARD Agency to assess the future economic viability of the holding are presented in Annex 2. A template of the business plan will be prepared by the IPARD Agency and will be available to all potential recipients.

8.2.6.4. EU standards

Up on the finalization of the investment, the relevant EU standards, as regards environmental protection and animal welfare, have to be respected.

Before the final payment claim is submitted to the IPARD Agency, the competent national authorities have to assess whether the relevant EU standards are met. In this case, the authorities issue a certificate of confirmation. Such a certificate forms an obligatory part of the final payment claim submitted by the applicant to the IPARD Agency.

8.2.6.5. Other common eligibility criteria

- The investment must concern the production of agricultural products included in the 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.

- Applicants should prove sufficient agriculture experience and competences in one of the following categories:

  - agricultural secondary school education or

  - at least three years of agricultural experience (proved by a professional service record from the employer or registered for that time in the Register of Agricultural Holdings) or

  - university degree or

  - secondary school education and commitment in writing that they will follow a training course with a minimum duration of at least 50 teaching hours in the relevant sector before applying for the final payment;

  - In the case of legal entities, the above requirements apply to managers.

- All supplies purchased under this measure 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 measure, the term 'origin' should be used as defined in Chapter 8.1.2.2;

- Only investments made after the signature of the contract can be considered eligible for reimbursement by the IPARD Agency, except for feasibility studies and other consultancy costs related to the preparation of the application;

- Recipients within the IPARD framework can obtain support for only one tractor, with a maximum power (not exceeding 100 KW) based on scale and nature of activity. Out of the total amount of allocated EU funds, for measure investments in physical assets of agriculture holdings, a maximum of 20% can be spent on procurement of tractors;

- For a period of five years after the final payment by the IPARD Agency, the recipient is obliged to use the investment for the purpose it was intended without substantial modifications affecting its nature or its implementation conditions, or give undue advantage to a firm or public body, and/or result either from a change in the nature of ownership of an item of infrastructure, or cessation or relocation of a productive activity co-financed.

8.2.6.6. Investments in renewable energy plants

This measure will only support investments in renewable energy (on-farm) for self-consumption. As for electricity, the selling of electricity into the national 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 of it over one year).

8.2.7. Specific eligibility criteria (per sector)

Sector 1: Milk

Agricultural holdings with minimum 20 and up to maximum 300 cows at the beginning of the investment are eligible for the following:

- Investment in the construction and/or in reconstruction and/or in equipment of facilities or stables for milk cows, including equipment facilities for milk production like milking machines, on-farm milk cooling and storage facilities on farm premises; in facilities and equipment for waste management, waste water treatment, air pollution prevention measures, in construction and/or in reconstruction of manure storage capacities including specific equipment of facilities for handling and usage of animal feed and manure, such as manure reservoirs, specialized manure transportation equipment;
- Investment in farm mechanisation (including tractors up to 100 KW) and equipment;
- larger specialized dairy farms (more than 300 cows) are only eligible for manure management and benefit so from the support investments related to manure storing and handling standards;
- Investments in on-farm energy production from renewable sources.

Agricultural holdings with more than 300 cows at the beginning of investment are eligible for investment in:

- Construction and/or reconstruction of manure storage capacities and/or in specific equipment and mechanisation of facilities for handling and usage of manure;
- Investments on-farm in energy production from renewable sources.

Sector 2: Meat

Agricultural holdings with minimum 20 and up to maximum 1,000 cattle or minimum 150 and up to maximum 1,000 sheep and goats, or minimum 100 and up to maximum 10,000 pigs, or minimum 4,000 and up to maximum of 50,000 broiler chickens, at the beginning of investment are eligible for the following:

- Investment in construction and/or in reconstruction and/or in equipment of facilities or stables, in facilities and equipment for waste management, waste water treatment, air pollution prevention measures, in construction and/or in reconstruction of manure storage capacities including specific equipment of facilities for handling and usage of animal feed, fodder and manure, like manure reservoirs, specialized manure transportation equipment;

- Investment in farm mechanisation (including tractors up to 100 KW) and equipment;

- Investments on-farm in energy production from renewable sources.

Agricultural holdings with more than 1,000 cattle or more than 1,000 sheep and goats or more than 10,000 pigs or more than 50,000 broiler chickens per tour, at the beginning of investment are eligible for:

- Construction and/or in reconstruction of manure storage capacities and/or in specific equipment and mechanisation of facilities for handling and usage of manure;
- Investments on-farm in energy production from renewable sources.

Sector 3: Fruits and vegetables

Agricultural holdings with minimum 2 and up to maximum 20 ha of soft fruit and minimum 5 and up to maximum 100 ha of other fruit are eligible for the following:

- Purchase of tractors (up to 100 kW), machinery and equipment;

- Construction/extension/renovation/modernization of greenhouses (covered with glass and/ or plastic) as well as the purchase of equipment and/or materials for fruit production, and horticulture and nursery production;

- Investment in on-farm systems for protection against hail (including computer equipment) for orchards;

- Investment in on-farm irrigation systems using groundwater (extraction from springs, wells) and surface water (withdrawn from rivers, lakes and reservoirs) and construction of irrigation system, including pumps, pipes, valves and sprinklers which will replace old inefficient systems and contribute to savings in quantity of used water;

- Investment in construction and/or in reconstruction and/or in equipment of facilities for storage facilities for fruit, including ULO capacities.

Agricultural holding with capacity of at least 500 m^2 up to 10,000 m^2 of greenhouses or minimum 0.5 and up to maximum 50 ha open space production of vegetables, are eligible for the following investments:

- Purchase of tractors (up to 100 kW), machinery and equipment;

- Construction/extension/renovation/modernization of greenhouses (covered with glass and/ or plastic) as well as the purchase of equipment and/or materials for vegetable production and harvesting, and horticulture and nursery production;

- Investment in on-farm irrigation systems (open field) for vegetables using groundwater (extraction from springs, wells) and surface water (extraction from rivers, lakes and reservoirs) and construction of system, including pumps, pipes, valves and sprinklers;

- Investment in construction and/or in reconstruction and/or in equipment of facilities for storage facilities for vegetables, including ULO capacities.

Sector 4: Other crops (cereals, oil crops, sugar beet)

Agriculture holding which have minimum 2 and up to maximum 50 ha of land under crop sector are eligible for investments in:

- Purchase of tractors (up to 100 kW), machinery and mechanization, except combine harvesters and construction of storing facilities and equipment.

Agriculture holdings with 50-100 ha of land under crops are eligible for investments in:

- Purchase of mechanization and machinery (except combine harvesters) for agriculture production and construction of storing facilities and equipment.

Agriculture holdings which have more than 100 ha of land under crops are eligible for investments in:

- Construction, extension, renovation, modernization and equipping of storing facilities.

8.2.8. Eligible expenditure

In line with Article 29 and 31 of the FWA and Article 28 (5) of the SA eligible expenditure shall be limited to:

(a) the construction or improvement of immovable property up to market value of the assets;

(b) the purchase of new machinery and equipment, including computer software, up to the market value of the asset shall be considered as eligible;

(c) general costs linked to expenditure referred to in points (a) and (b) of this paragraph such as architects', engineers' and other consultation fees, feasibility studies shall be eligible up to a ceiling of 12% of the costs referred to in the said points (a) and (b) according to the following conditions:

- the eligible amount of the general costs shall not exceed the reasonable cost established in line with Article 12 (2) (f) and Article 12 (3) (d) of this Agreement;
- for projects with eligible expenditure of the investments referred to in sub-paragraphs (a) and (b) greater than EUR 3 million, the business plan preparation costs cannot be greater than 3% of the eligible expenditure of these investments;
- 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 3million, the business plan preparation costs cannot be greater than 4% of the eligible expenditure of these investments;

for projects with eligible expenditure of the investments referred to in points (a) and (b) less than EUR 1 million, the business plan preparation costs cannot be greater than 5% of the eligible expenditure of these investments.Further detailed provisions concerning the maximum eligible amount in this paragraph by measure and sector are provided in the relevant measure text in the following chapters.

In accordance with Article 31 (1) (b) of the FWA and Article 28 (6) of the SA, investment projects shall remain eligible for European Union financing provided they do not, within five years from the final payment by the IPARD Agency, undergo a substantial modification. Substantial modifications to a project are those which result in:

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

(d) Renewable energy production facilities shall be eligible for support only if their production capacity is no more than equivalent to the combined average annual energy consumption of thermal energy and electricity in the agriculture enterprise/ holding. The average energy consumption will be calculated on the bases of the three previous years before submission of application.

8.2.9. Selection criteria

Type of selection criteria		Points
The investment is located in the areas with difficult working conditions in agriculture[11]	yes/no	25/0
Recipient is certified for organic production	yes/no	20/0
Investment project is in the sector of milk production for holdings with up to 50 cows; or investment is in the sector of meat	yes/no	15/0
Applicant is a person younger than 40 years at the time of application	yes/no	15/0
Applicant is a woman	yes/no	15/0
Recipient is a cooperative or a member of cooperative	yes/no	10/0

8.2.10. Aid intensity and EU contribution rate

Aid intensity, expressed as the share of public support in the eligible expenditure of an investment, amounts up to:

- 60% of total eligible expenditures, or
- 65% in case where investments are done by young farmers (younger than 40 years at the moment of submission of application),
- 70% - in mountainous areas (see list of settlements in mountain areas Annex 4),
- An additional 10% can be given for investments in effluent storage of benefit for the environment.

EU co-financing rate is 75% of the public aid.

A recipient can claim the support, irrespective of the total value of the investment, for eligible expenditure within the following ceilings:

For fruit and vegetables and other crops:

- Minimum EUR 10,000;
- Maximum EUR 700,000.

For milk and meat sector:

- Minimum EUR 15,000;

[11] The areas with difficult working conditions in agriculture includes the list of settlements in mountain areas as presented in Annex 4 and the list of other settlements as presented in Annex 5.

– Maximum EUR 1,000,000.

Recipient can receive a total support of maximum EUR 1.5 million of public support from the IPARD II Programme.

The payments for investments can be received in two instalments, subject to the details fixed in the contract signed between a recipient and the IPARD Agency.

8.2.11. Budget 2014-2020 for the measure investments in physical assets of agricultural holdings

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution			
	EUR	EUR	%	EUR	%	EUR	%	EUR	%
	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2014	-	-	-	-	-	-	-	-	-
2015	16,744,995	10,046,997	60	7,535,248	75	2,511,749	25	6,697,998	40
2016	22,000,723	13,200,434	60	9,900,325	75	3,300,108	25	8,800,289	40
2017	23,604,943	14,162,966	60	10,622,224	75	3,540,741	25	9,441,977	40
2018	24,888,318	14,932,991	60	11,199,743	75	3,733,248	25	9,955,327	40
2019	37,783,187	22,669,912	60	17,002,434	75	5,667,478	25	15,113,275	40
2020	43,955,612	26,373,367	60	19,780,025	75	6,593,342	25	17,582,245	40
TOTAL	**168,977,778**	**101,386,667**		**76,040,000**		**25,346,667**		**67,591,111**	

8.2.12. Indicators and targets

Name of indicator	Target value
Number of projects supported	720
Number of holdings performing modernization projects	600
Number of holdings progressively upgrading towards EU standards	380
Number of holdings investing in renewable energy production	60
Number of holdings investing in livestock management in view of reducing N_20 and methane emissions (manure storage)	120
Total investment in physical capital by holdings supported (EUR)	168,977,778

8.2.13. Administrative procedure

The measure will be implemented by the IPARD Agency. Projects under the measure will be selected through open calls for applications. The decision on the financial allocation per measure, per call, will be made in agreement with the IPARD Agency. The Managing Authority shall each year draw up an annual programme for call for applications, indicating number of calls, time for launching and deadlines for applications and the indicative budget of each measure and call for applications.

The IPARD Agency shall launch the calls for proposals and implement wide information campaign in co-operation with the MA.

The submitted applications shall be checked administratively and on-the-spot for completeness, administrative compliance, eligibility and viability of the business plan by the IPARD Agency. The compliant and eligible applications shall be ranked and funded up to the limit of the budget of the call for applications.

Applications are filed by recipients using the template provided in the call for applications. Detailed administrative checks are carried out prior to approving an application to identify whether it was complete, if it was filed on time and whether the requirements for approving the applications were met. The checks are documented on detailed check list templates.

Applications that arrive complete, timely and in line with the requirements of the rulebook and public tender will be reviewed in the order of their delivery. Upon the processing of the application forms by the IPARD Agency, a ranking list will be formed according to the ranking criteria. The ranking list will be created and projects selected following each Call for Applications. In case when there are more projects with the same amount of points according to the ranking criteria, those selected will be the ones with an earlier date of the submission of the complete application. In cases when there are less compliant and eligible applications than available funds for support, the ranking list will not be prepared.

After administrative control eligible applications will be checked on the spot by the IPARD Agency. After administrative control and control on the spot, selected projects will be contracted for financing.

All the provisions stated above are subjected to accreditation and may be subject to modification. The final provisions will be laid down in Directorate for Agrarian Payments procedures.

Applicants for aid under measures within the IPARD II Programme are obliged to submit their applications and business plans together with other requested documentation to the IPARD Agency.

8.2.14. Geographical scope of the measure

This measure applies in areas as defined in the programme chapter 2.1.

8.3. INVESTMENTS IN PHYSICAL ASSETS CONCERNING PROCESSING AND MARKETING OF AGRICULTURAL AND FISHERY PRODUCTS

8.3.1. Legal basis

- *Article 2 (1) of IPA 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 22 (1) (3) of the Sectoral Agreement*
- *Annex 4 of the Sectoral Agreement*

8.3.2. Rationale

According to the analysis under Chapter 3, the food processing industry and associated marketing in Serbia require significant support in modernization of technology, enrichment of assortment of products, strengthening of market chains and improvement of production efficiency and product quality.

Investments in the modernization of processing facilities in milk and dairy, meat, fruits, and vegetables sectors, will increase productivity, competitiveness and overall performance of this sector, and contribute to reaching the required EU standards. Furthermore, these investments will facilitate better positioning of products on the market and increase the export of products.

Benefits for industrial firms from improvements in energy efficiency improvements include reductions in resource use and pollution, improved production and capacity utilisation, and less operation and maintenance, which leads to improved productivity and competitiveness. In addition, investments in energy efficiency are an important part of government’s green growth strategies that contributes to reduction of GHG emissions and climate change mitigation.

Overview by sectors

Sector 1: Milk processing industry

According to the sector analysis, the market for dairy products is showing increased demand. Meanwhile, it is envisaged that there will be decline in the number of dairies in years to come, since many will not have the capacity to invest in introduction of EU standards and consequently survive on the market.

It is necessary to upgrade the technological standards in micro, small and medium-sized dairies in order to comply with EU standards in the field of food hygiene and environmental protection. It is necessary to raise the level of competitiveness, both on domestic and foreign markets, by creating a high quality product.

Serbia can strengthen its role on domestic and international market of dairy products with sufficient investments in modernization of dairy-processing industry and increase of quality of milk adjusted and improved to EU standards.

Also, the quality of raw milk can be improved by better organization of milk collection and better equipped facilities for collection and storage of milk, by using specialised transport vehicles for milk and relevant processing equipment.

To be able to compete on the domestic and export markets, processing plants should invest in marketing and modern processing equipment in order to increase competitiveness and profitability of final products.

Sector 2: Meat processing industry

According to the sector analysis, there is expected to be a decline in the number of slaughtering facilities during years to come. A large number of existing facilities will not be able to invest in the adjustment to EU standards and therefore they will not survive on the market and, on the other hand, there is a large percentage of unused existing capacities. To be able to compete with other suppliers, the meat-processing industry must be modernized and technologically upgraded, it has to improve marketing and the quality of meat and meat products and to adjust to EU standards.

General objective is harmonization/compliance to veterinary and sanitary regulations according to the related EU standards and increase the competitiveness of agriculture products.

It is important to increase exports and overall performance in the entire chain of meat production and processing–slaughtering and processing. Small slaughterhouses and plants for meat cutting and processing need modernization of facilities and equipment in order to be in compliance with regulations related to hygiene and food safety, as well as with regulations related to human health and environment protection.

Sector 3: Fruit and vegetables processing industry

According to the sector analysis, the fruit and vegetable sector needs investments in reconstruction of buildings and new equipment for the purpose of fulfilling EU standards. These investments will increase the competitiveness of the processing industry on domestic and especially foreign markets.

To be able to compete with other suppliers, fruit and vegetable processors needs to grow their businesses through the introduction of new technologies, new and modernized products and the improvement of marketing for better placement on the domestic and foreign markets of their products.

Also, it is necessary to provide support to micro, small and medium-sized enterprises in order to adapt their production processes to the requirements in terms of quality, food safety, hygiene and environmental protection as defined in national and EU standards.

8.3.3. General objectives

– To increase the ability of the agri-food sector to cope with competitive pressure by supporting its modernisation and thus the production efficiency

- To progressively align with EU rules and standards, regarding environmental protection, food safety and quality products, animal welfare and traceability of the food chain and waste management;

- To increase the competitiveness of the food processing industry from the selected sectors by adjusting to demands of domestic and foreign market, and technical and technological improvement of sector;

- To address the challenge of climate changes, by promoting renewable energy;

8.3.3.1. Specific objectives

Sector 1: Milk and dairy sector

The specific objectives for the milk processing sector are:

- To support viable enterprises for milk processing with capacity between 3,000 l - 100,000 l of collected milk per day on average for:
  - improvement of technology for milk processing and marketing;
  - introduction of new technologies, processes and products in order to achieve better position of dairy products on the domestic and international market;
- To increase quality and microbiological safety of milk of the targeted enterprises.
- To support enterprises to reach EU standards relating to safety and quality of milk products.

Sector 2: Meat processing sector

The specific objectives for the meat processing sector are

- To encourage investments in slaughtering facilities with a minimum capacity of eight working hours for: 10 cattle or 50 pigs or 50 sheep and goats or 5,000 poultry, which would comply with the EU standards;

- To enable the introduction of new technologies, refining processes and products in order to achieve better position in the domestic and international market;

- To support the introduction of food safety and quality systems (GHP, GMP, HACCP and ISO);

- To improve the treatment and handling of waste.

Sector 3: Fruit and vegetables processing sector

The specific objectives for the fruit and vegetable processing sector are:

- To support the small and medium size enterprises for processing of fruit and vegetables in order to:

  - Upgrade the fruit and vegetables processing sector to the EU standards;

- Improve production techniques and technologies;
- Support introduction of food safety and quality systems;
- Improve the marketing of fruit and vegetables products,
- Achieve better a position on the domestic and international markets by introducing new technologies and equipment.

8.3.4. Linkage to other IPARD measures in the programme and to national measures

The measure is particularly linked with the measure "Investments in physical assets of agricultural holdings", which ensures the provision of raw materials. Investments in processing and marketing of agricultural products will provide/ensure collection/buying of high quality products from primary producers, agricultural farms/holdings from the priority sectors.

8.3.5. Recipients

Recipients are entrepreneurs and legal entities/enterprises, with less than 25% of their capital or voting rights held by public bodies. An enterprise can consist of one or more establishments (local production units).

Recipients of support have to be registered in the Business Register of Serbia and hold an active status.

8.3.6. Common eligibility criteria

8.3.6.1. Types of enterprises supported

Only micro, small and medium sized enterprises as defined in Article 6 of the Accounting Law of the Republic of Serbia (*OG of RS 62/2013* and its subsequent modifications) are eligible. National definition of the micro small and medium sized enterprises is presented in Annex 6.

The recipients:

– Must, in the case that the recipient is not owner, provide a contract on lease of the land or facility with minimum duration of the lease of ten years from the date of submission of application;

– Should prove that it has no outstanding tax or social security payments at the time of submission of an application/claim for payments. The applicant submits the signed statement that there is no application of the same investment in another public grant or subsidy scheme;

– Must, in the case that the recipient is the legal entity, prove that its accounts are not blocked[12] at the moment of submission of application, and that they were not blocked for more than 30 days, within 12 months period prior to submission of application;

– The establishments listed in the web site of EU (DG SANCO) as an EU approved third country establishment for the specific category of food and animal origin, are not eligible for support.

8.3.6.2. Economic viability of the enterprise

The applicant has to prove the economic viability of the enterprise through a business plan running to the end of investment period. The business plan should be in line with the template provided by the IPARD Agency. For investments exceeding EUR 50,000 as defined in IPARD implementing regulation, a complete business plan is needed, and for smaller investments, below EUR 50,000, it has to be in the simplified version as defined in the application form.

The criteria to be used by the IPARD Agency to assess the future economic viability of the holding are presented in the Annex 2.

8.3.6.3. National standards/EU standards

– Not later than the final payment, the entire enterprise must comply with the main relevant national minimum standards in force regarding environmental protection, public health, animal welfare, and occupational safety (Annex 3);

– The investment supported must comply with the relevant EU standards by the end of the realization of the investment;

– Before its submission to the IPARD Agency, each project must be analysed by the relevant national veterinary and environment authorities on: whether (i) the national relevant main standards by the recipient enterprise and (ii) the relevant EU standards applicable to the investment/ will be attained at the end of the project;

– Upon project completion, the recipient shall provide as an obligatory part of the final payment claim, a certificate from the national food safety, veterinary/phytosanitary and environmental authorities confirming that all applicable national minimum standards are respected on the enterprise and that the investment project is in compliance with the EU standards.

[12] It refers to the case of insolvent business performance of the legal entity when the account might be blocked. In case when the legal entity has used the bank account as a means of payment, and it was not able to pay off, the bill in due time, the bank account is blocked/ suspended for withdrawals and all capital inflow is going to be transferred to the account of the client whom the legal entity is owing

8.3.6.4. Other eligibility criteria

- Investments supported must concern the 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.

- All supplies purchased under this measure 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 measure, the term 'origin' should be used as defined in Chapter 8.1.2.2

- Investments at retail level are not eligible under this measure;

- Only investments made after the signature of the contract can be considered eligible for reimbursement by the IPARD Agency, except for feasibility studies and other consultancy costs related to the preparation of the application.;

- For a period of five years after the final payment by the IPARD Agency, the recipient is obliged to use the investment for the purpose it was intended without substantial modifications affecting its nature or its implementation conditions, or give undue advantage to a firm or public body, and/or result either from a change in the nature of ownership of an item of infrastructure, or cessation or relocation of a productive activity co-financed;

8.3.7. Specific eligibility criteria (per sector)

Sector 1: Milk processing and marketing

- The recipient has to be registered in the List of Establishments (according to the Law on Veterinary Matters (*Official Gazette Republic of Serbia, No 91/2005, 30/2010* and its subsequent modifications);

- Must have capacity of 3.000 l -100.000 l of collected milk per day on average in the last accounting year prior to the submission of the application.

Sector 2: Meat processing and marketing

- Recipients have to be registered in the List of Establishments (according to the Law on Veterinary Matters (*Official Gazette Republic of Serbia, No 91/2005, 30/2010* and its subsequent modifications) ;

- In case of slaughterhouses eligible are recipients with a minimum capacity of eight working hours for: 10 cattle or 50 pigs or 50 sheep and goats or 5,000 poultry.

Sector 3: Fruit and vegetables processing and marketing

Only micro, small and medium sized enterprises as defined in Article 6 of the Accounting Law of the Republic of Serbia (*OG of RS 62/2013* and its subsequent modifications) are eligible. National definition of the micro small and medium sized enterprises is presented in Annex 6.

8.3.8. Eligible expenditure

In line with Article 29 and 31 of the FWA and Article 28 (5) of the SA eligible expenditure shall be limited to:

(a) the construction or improvement of immovable property up to market value of the assets;

(b) the purchase of new machinery and equipment, including computer software, up to the market value of the asset shall be considered as eligible;

(c) general costs linked to expenditure referred to in points (a) and (b) of this paragraph such as architects, engineers and other consultation fees, feasibility studies shall be eligible up to a ceiling of 12% of the costs referred to in the said points (a) and (b) according to the following conditions:

- the eligible amount of the general costs shall not exceed the reasonable cost established in line with Article 12 (2) (f) and Article 12 (3) (d) of this Agreement;
- for projects with eligible expenditure of the investments referred to in sub-paragraphs (a) and (b) greater than EUR 3 million, the business plan preparation costs cannot be greater than 3% of the eligible expenditure of these investments;
- 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 3million, the business plan preparation costs cannot be greater than 4% of the eligible expenditure of these investments;
- for projects with eligible expenditure of the investments referred to in points (a) and (b) less than EUR 1 million, the business plan preparation costs cannot be greater than 5% of the eligible expenditure of these investments.

  Further detailed provisions concerning the maximum eligible amount in this paragraph by measure and sector are provided in the relevant measure text in the following chapters.

In accordance with Article 31 (1) (b) of the FWA and Article 28 (6) of the SA, investment projects shall remain eligible for European Union financing provided they do not, within five years from the final payment by the IPARD Agency, undergo a substantial modification. Substantial modifications to a project are those which result in:

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

(d) Renewable energy production facilities shall be eligible for support only if their production capacity is no more than equivalent to the combined average annual energy consumption of thermal energy and electricity in the agriculture enterprise/ holding. The average energy consumption will be calculated on the bases of the 3 previous years before submission of application.

Examples of eligible investments per sector

Sector 1: Milk and dairy sector

Eligible investment for milk and dairy sector:

– Construction/extension/modernisation of milk collection centres and milk processing enterprises, milk storage and cooling equipment, specialised milk transportation equipment, equipment and technology for improvement and control of quality and hygiene, including simple test equipment to distinguish between poor and good quality milk, physical investments for establishment of food safety systems (GHP, GMP, HACCP), IT hardware and software for milk registry and monitoring, control and management, investment in energy saving technologies, environmental protection, equipment and facilities for processing of intermediate products and wastes; treatment and elimination of wastes, specialised milk transport vehicles.

Sector 2: Meat sector

Eligible investments for slaughterhouses and meat processing plants:

– Construction / renovation of slaughterhouses/ facilities for meat processing and cooling storage rooms, equipment for slaughterhouses, technology and equipment for treatment of waste and by-products, physical investments in establishment of food safety systems (GHP, GMP, HACCP), IT hardware and software for monitoring, control and management, investment in renewable energy (construction of installation and equipment) primarily focused on own needs.

Sector 3: Fruit and vegetables sector

Eligible investments for fruit and vegetable processing sector

– Construction/extension/modernisation of premises used for the food processing activity, to comply with the relevant EU standards, facilities and equipment for processing of fruit and vegetables (preserving pasteurizing, drying, freezing, etc),

packaging and labelling equipment, including filling lines, wrappers, labellers and other specialised equipment, investment in renewable energy (construction of installation and equipment) primarily focused on own needs, physical investments in establishment of food safety and quality management systems (GHP, GMP, HACCP, ISO).

8.3.9. Selection criteria

Type of selection criteria		Points
Recipients investment is located in areas with difficult working conditions in agriculture	yes/no	20/0
The investment is oriented towards environmental protection or waste management	yes/no	20/0
Recipient is certified for production of PDO and PGI products	yes/no	20/0
Investments in upgrading the whole enterprise to EU-Standards	yes/no	20/0
Investments to improve energy efficiency, including the use of renewable energy sources	yes/no	20/0

If there are applicants who have the same number of points, priority will be given to the applicant who submitted the application first.

8.3.10. Aid intensity and EU contribution rate

Aid intensity, expressed as the share of public support in the eligible expenditure of an investment, amounts up to:

- 50% of total eligible expenditures, or
- For investments relating to the treatment of effluents the maximum aid intensity could be increased by 10% (maximum 60%).

EU co-financing rate is 75% of the public aid.

A recipient can claim the support, irrespective of the total value of the investment, for eligible expenditure within the following ceilings:

Milk processing and marketing

- Minimum EUR 20,000;
- Maximum EUR 2,000,000.

Meat processing and marketing

- Minimum. EUR 20,000;
- Maximum EUR 1,000,000.

Fruit and vegetables processing and marketing

- Minimum EUR 20,000;
- Maximum EUR 1,000,000.

The recipient cannot receive more than EUR 2.0 million of public support from the IPARD II Programme.

The application for the next investment can be brought in only after finalisation (final payment) of the previous investment.

8.3.11. Budget 2014-2020 for the measure "Investments in physical assets concerning processing and marketing of agricultural and fishery products"

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution			
	EUR	EUR	%	EUR	%	EUR	%	EUR	%
	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2014	-	-	-	-	-	-	-	-	-
2015	16,439,339	8,219,670	50	6,164,752	75	2,054,917	25	8,219,670	50
2016	21,599,132	10,799,566	50	8,099,675	75	2,699,892	25	10,799,566	50
2017	23,174,069	11,587,034	50	8,690,276	75	2,896,759	25	11,587,034	50
2018	24,434,018	12,217,009	50	9,162,757	75	3,054,252	25	12,217,009	50
2019	37,093,509	18,546,755	50	13,910,066	75	4,636,689	25	18,546,755	50
2020	43,153,266	21,576,633	50	16,182,475	75	5,394,158	25	21,576,633	50
TOTAL	**165,893,333**	**82,946,667**		**62,210,000**		**20,736,667**		**82,946,667**	

8.3.12. Indicators and targets

Name of indicator	Target value
Number of projects supported	463
Number of enterprises performing modernisation projects	463
Number of enterprises progressively upgrading towards EU standards	463
Number of enterprises investing in renewable energy production	46
Total investment in physical capital by enterprises supported (EUR)	165,893,333
Number of jobs created (gross)	160

8.3.13. Administrative procedure

The measure will be implemented by the IPARD Agency. Projects under the measure will be selected through open calls for applications.The decision on the financial allocation per measure, per call will be made in agreement with the IPARD Agency. The Managing Authority shall each year draw up an annual programme for call for applications, indicating number of calls, time for launching and deadlines for applications and the indicative budget of each measure and call for applications.

IPARD Agency shall launch the calls for proposals and implement wide information campaign in co-operation with the MA.

The submitted applications shall be checked administratively and on-the-spot for completeness, administrative compliance, eligibility and viability of the business plan by the IPARD Agency. The compliant and eligible applications shall be ranked and funded up to the limit of the budget of the call for applications.

Applications are filed by recipients using the forms in line with the requirements and public tenders. Detailed administrative checks are carried out prior to approving an application to identify whether it was complete, if it was filed on time and whether the requirements for approving the applications were met. The checks are documented on detailed check list templates.

Applications that arrive complete, timely and in line with the requirements of the rulebook and public tender will be reviewed in the order of their acceptance. Upon the processing of the application forms by the IPARD Agency, a ranking list will be formed according to the ranking criteria. Ranking list will be created and projects selected following each Call for Applications. In case when there are more projects with the same amount of points according to the ranking criteria, those selected will be the ones with an earlier date of the submission of the complete application. In cases when there are less compliant and eligible applications than available funds for support, the ranking list will not be prepared.

After administrative control eligible applications will be checked on the spot by the IPARD Agency. After administrative control and control on the spot, selected projects will be contracted for financing.

All the provisions stated above are subjected to accreditation. The final provisions will be laid down in Directorate for Agrarian Payments procedures.

Applicants for aid under measures within the IPARD II Programme are obliged to submit their applications and business plans together with other requested documentation to the IPARD Agency.

8.3.14. Geographical scope of the measure

This measure applies in areas as defined in the programme chapter 2.1.

8.4. AGRI-ENVIRONMENT – CLIMATE AND ORGANIC FARMING MEASURE

This section will be elaborated in a later stage before the measure on organic farming (OF) is implemented.

8.4.1. Legal basis

– *Article 2 (1) of IPA 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 22 (1) (4) of the Sectoral Agreement*

– *Annex 4 of the Sectoral Agreement*

8.4.2. Rationale

So far, the development of organic agriculture in Serbia has been relatively slow, but it certainly has the potential to rapidly increase with adequate support and incentives. Investments in organic production could contribute to increase of areas under the organic production for 25% in respect to current situation. Serbia has favourable soil and climatic conditions for organic agriculture and there are good opportunities for the development of both domestic and export markets for organic products.

Payments for conversion to organic production are particularly significant in terms of assistance to agricultural producers to enter the market of organic products. Compensatory payments are required for lost income and additional costs associated with the transition to organic production methods and maintenance of organic farming practices and methods.

The advantage of organic production is reflected in the fact that it enhances income generation on smaller farms, which is particularly important for the agricultural sector in Serbian. A large proportion of agricultural production takes place in a traditional way on small holdings, without the use of modern machinery or large amounts of pesticides and fertilizers. Such farms are very easily convertible to the organic system of production.

Organic farming helps to reduce environmental pollution and protect biodiversity, it contributes to the improvement of water management and land. What is more, it does not burden the land with chemical pesticides, fertilizers, genetically modified organisms and products consisting of or derived from genetically modified organisms. It reduces emission of greenhouse gases and ammonia, which contributes to the improvement of air quality and mitigation of climate change. The positive impact of organic agriculture on environment and the growing need and interest in the market for organic products are good reasons for ensuring financial support for these activities. In the future, pilot projects might be extended to cover larger agriculture territory.

8.4.3. General objectives

- To contribute to sustainable resource management and climate change adaptation and mitigation by application of agricultural production methods compatible with the protection and improvement of the environment, going beyond relevant mandatory EU standards;
- To contribute to the preparation of Serbia for the future implementation of the agri-environment-climate measure under the RDP after the accession.

8.4.4. Specific (s) objectives of the measure

- Support for the introduction and maintenance of organic agricultural production methods;
- Mitigation and adaptation relating to climate change;
- Increasing agricultural land and number of farms managed in accordance to the Law on Organic Production and corresponding regulations;
- Increasing the competitiveness of organic agricultural production;
- Increase in exports of organic products to foreign markets.

8.4.5. Dissemination of results

Regular training and awareness activities of the National Advisory Service will be used to disseminate the best practices, results and experience gained during the implementation of the measure.

8.4.6. Linkage to other IPARD measures in the programme and to national measures

This measure is linked to the measure "Investments in physical assets concerning agricultural holdings" and "Investments in physical assets concerning processing and marketing of agricultural and fishery products".

In its selection criteria, the measure "Investments in physical assets, concerning agricultural holdings" provides priority to investment projects of certified organic producers and thus contributes to implementation of the agri-environmental measure.

Upgraded processing and marketing conditions 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 and which should increase potentials for export. Hence, it will be followed by rational and efficient processing, which results in a synergistic effect on both sides.

Distinction is assured by the fact that organic production is a certified process followed by appropriate proofing documentation.

National measures under the NPRD (2015-2020) will support small holdings and farms either to up-grade to a more competitive agriculture production or to diversify to non-agriculture activities (demarcation see Chapter 10). Additionally, some of them should be encouraged to cross above the viability level. IPARD measure will support only

organic producers involved in crop production (cereals, oil crops, vegetable, fruit or grape production and production of aromatic/medicinal plants), while animal organic production as well as animal and plant genetic resources will be subject of support in NPRD.

8.4.7. Recipients

Recipients are:

- active registered agricultural holdings- natural persons (including entrepreneurs)
- legal entities, with less than 25% of their capital or voting rights held by public bodies, and registered in the national Register of Agriculture Holdings in accordance with the Law on Agriculture and Rural Development.

8.4.8. Type of operation

The proposed agri-environmental measure will focus implementation on organic production.

The main aim of the selected scheme is to gain implementation experience and introduce EU methodologies and practice in this sector. At the same time, they are selected in a way that will positively contribute to the key agri-environmental issues identified in Serbia. An organic farming measure has been implemented in Serbia for the last ten years and there is already a good knowledge base and support structure for further development under the EU support scheme.

Examples of type of operations

Type of operations will focus only on support to organic farming conversion and/or maintenance.

8.4.9. Common eligibility criteria for all type of operations

8.2.8.1. Baseline

The recipient shall respect the minimum mandatory standards as established by national legislation that refer to the specific AE scheme. The mandatory standards are national rules which are notably addressing relevant GAEC standards (good agricultural and environmental conditions) related to soil, water, landscape management, relevant minimum requirements for fertiliser and plant protection products.

8.2.8.2. Relevant knowledge

All of the recipients are required to pass training for the respective commitment they are undertaking. The recipient is obliged to undertake at least 10 days of certified training in organic farming topics.

8.2.8.3. Eligible size of agricultural land/herd

The minimum area for crop and vegetable production is at least 0.2 hectares, and for fruit and grape production at least 0.3 hectares. There are no restrictions for organic production in protected areas (such as greenhouses).

8.4.10. Commitments

Scheme 1: Organic farming scheme

Rationale	Organic farming improves the natural balance of plant nutrients by using crop rotation and the integration of crop and livestock production. Due to the limited use of fertilizers and pesticides, organic farming improves soil and water quality, plays a positive role in biodiversity conservation and contributes to the sustainable management of soil, fruit and vegetables and vineyards. The pilot implementation of the OF scheme will contribute to the development of organic farming in Serbia, which is currently very low.
Environmental objectives	• To reduce the use of fertilizers and pesticides on agricultural land; • To contribute to the sustainable management of soils; • To increase the area of agricultural land and the number of farms managed according to organic farming standards;
Pilot scope	Support will only be provided to vegetable, fruit or grape production and crops that are certified as organic or are in conversion.
Specific eligibility requirements	– Recipients must have a minimum area for crop and vegetable production of at least 0.2 hectares, and for fruit and grape production at least 0.3 hectares, and for organic production in the protected area (greenhouses) there are no restrictions;
Minimum mandatory standards	– Law on Organic Production, (OG RS No 30/10) (details on requirements for organic farmers in line with Organic Law will be elaborated later) – Rulebook on Control and Certification and Methods of Organic Production, (OG RS, No 48/11 and 40/12)
Management requirements	– To undertake 10 days of training in organic farming topics; – To manage the land in accordance with the national regulations governing organic production; – To have a contract relating to the control and certification of organic production with the authorized control body in accordance with the Law on organic farming for the area they are working within.
Payment rates	Estimated payment rates will be calculated before measure accreditation
Indicators:	***Baseline (2013)*** – 1,014 ha included in support under this measure – 109 Number of producers who have used an incentive for organic crop production ***Output*** – 7,500 ha included in support under this measure – 500 Number of producers who have used an incentive for organic crop production

8.4.11. Eligible costs

Support will only be provided for cereals, oil crops, vegetables, fruit or grape production, aromatic/medicinal and fodder plants that are certified as organic or are in the conversion stage.

Payment rates will be elaborated in the process of measure accreditation.

The IPARD Agency will make cross-checks to ensure that aid ceilings have been respected in the case of combinations of agri-environmental commitments and activities on the same land.

8.4.12. 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.

8.4.13. Budget 2014-2020 for the measure "agri-environment – climate and organic farming measure"

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution			
	EUR	EUR	%	EUR	%	EUR	%	EUR	%
	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	2,573,529	2,573,529	100	2,187,500	85	386,029	15	-	-
2018	2,573,529	2,573,529	100	2,187,500	85	386,029	15	-	-
2019	2,573,529	2,573,529	100	2,187,500	85	386,029	15	-	-
2020	2,573,529	2,573,529	100	2,187,500	85	386,029	15	-	-
TOTAL	**10,294,118**	**10,294,118**		**8,750,000**		**1,544,118**		**-**	

8.4.14. Indicators and targets

Name of indicator	Target value
Number of contracts	1,029
Agricultural land (ha) under environmental contracts	10,294
Number of operation types supported	1
Total area per type of type of operation (organic farming)	10,294
Number of holdings supported under organic farming type of operation	1.029

8.4.15. Geographical scope

This measure applies in areas as defined in the programme chapter 2.1.

8.5. IMPLEMENTATION OF LOCAL DEVELOPMENT STRATEGIES – LEADER APPROACH

8.5.1. Legal basis

- *Article 2 (1) of IPA 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 22 (1) (5) of the Sectoral Agreement*
- *Annex 4 of the Sectoral Agreement*

8.5.2. Rationale

Rural areas in Serbia are characterized by a diversity of landscapes and biological features, rich cultural heritage and natural resources. On the other hand, these areas suffer consequences of depopulation. This is the reason for their low development and the existence of all forms of deprivation of basic amenities and growing poverty. Increased attractiveness of rural areas as places to live is closely related to the improvement of physical infrastructure, better access to social services, and improvement of social structures and support for the development of entrepreneurship.

Serious threatd of further escalation of the development gap versus urban areas is imposed by a lack of respect for the specific needs of the village and its inhabitants, the absence of systematic and insufficiently coordinated activities of different stakeholders.

The LEADER concept involves simultaneous use of the territorial approach, "bottom-up" public - private partnerships, integrated multi-sector approach, innovation, cooperation and networking. It was designed and developed by the EU as an instrument of rural development that has significantly contributed to the strengthening of social capital, creating additional employment and diversification of economic activities in rural areas, as well as improving and maintaining competitiveness and encouraging innovative responses to old and new rural problems.

The introduction of the measure for implementation of local rural development strategies by LEADER principles and associated preparatory activities are a method of mobilizing and implementing of rural development in local rural communities. It directly contributes to strengthening of the social capital, promoting better local governance, improving infrastructure, diversification of rural activities, development of the service sector in local communities as well as the level of nurturing of cultural heritage.

In recent years, pilot initiatives were implemented, at the local level, such as partnerships similar to local action groups (LAG) and partnerships which ensure effective implementation of rural development measures. LAG type partnerships were established in Serbia through various project initiatives aimed to support strengthening of the rural social capital and defining local partnerships priorities and boosting

capacity through training for the preparation of project proposals, financial planning and project cycle management.

During 2011-2013, 605 groups were registered by memorandums of understanding which were defined as Partnerships for territorial rural development. During the process of creating and strengthening partnerships, the project supported the establishment of 24 of them. Simulating IPARD evaluation process, from the 24 strategies, 21 LRDS met the criteria of the LEADER measure under the IPARD, which covers 8% of the population and about 15% of the territory of Serbia. These results are achieved through a gradual "step-by-step" approach, through guidance, tailored training, mentoring, case studies, field trips and other necessary support, based on the best practices in the EU, where possible and appropriate, tailored to the specifics of Serbia. At the same time, the project established principles and coordination at the national level for the implementation of the LEADER in Serbia.

This successful process will be continued in IPARD II. First of all, LAGs will be selected and in the second step actions/projects of these groups will be supported.

8.5.3. General objectives

General objectives are the development of civil society and fostering social dialogue within the rural population, support of good governance, promotion of employment and development of human capital, which, all together, by implementing the measure through the local partnerships, contributes to the sustainable development of rural areas.

8.5.3.1. Specific objectives

This measure has to contribute to the promotion of rural development through local initiatives and partnerships, strengthening the capacity of rural inhabitants and members of established partnerships through training and education, to develop, organize and lead the partnership, to prepare and implement LDS through local projects and to activate the rural areas for networking and inter-territorial cooperation.

The LEADER approach in Serbia will be supported through the following measures:

- Measure Technical Assistance – for potential LAGs. Technical Assistance activity "Acquisition through of skills and animating the inhabitants of rural territories" will be used for capacity building of potential LAGs.

- Measure "Implementation of local development strategies – LEADER approach" – for selected LAGs.

This measure includes following activities:

Activity 1: "Acquisition of skills, animating the inhabitants of LAG territories" for capacity building and animation among already selected LAGs, their members and rural inhabitants.

Activity 2: "Running costs and small projects" for running the selected LAGs and small scale projects that will be implemented by LAGs.

Activity 3: "Cooperation projects" for inter territorial projects; this activity should be implemented in the latest phase of implementation. The relevant procedure for applying for this activity will be later developed by the Managing Authority and described in the programme.

- Measures in IPARD II programming document for realization projects prioritized in LDSs.

8.5.4. Linkage to other IPARD measures in the programme and to national measures

The IPARD LEADER measure will not be implemented in parallel with NPRD. The latter will be implemented until the beginning of the implementation of LEADER measure in IPARD in order to avoid double financing.

8.5.5. Recipients

Recipients for all activities are the selected LAGs.

8.5.6. Common eligibility criteria

Eligibility criteria for selection of the LAGs

Based on the submitted applications, LAGs selected by the Managing Authority will be checked for eligibility criteria by the IPARD Agency as follows:

- The LAG is an association officially registered in Serbian Business Registers Agency;
- The selected LAG covers a coherent, well-defined, geographically continuous rural territory, with more than 10,000 and less than 150,000 inhabitants, including settlements with a population of less than 25,000;
- At the decision-making level, the economic and social partners as well as other representatives of the civil society, such as farmers, rural women, young people and their associations must make up more than 50% of the partnership. Moreover, a minimum 20% of shall be representatives of the local authorities. However, public authorities as defined in accordance with the national rules, or any single interest group, shall represent less than 50% of the voting rights;
- Members of the managing structure of a LAG must be residents and / or be registered and / or a registered branch in the LAG territory as well as chairman
- The LAG must propose an integrated Local Development Strategy based on the LEADER Ordinance developed by the Managing Authority. Provisions on minimum elements to be included in LDS will be explained in the later stage in IPARD II Programme.

8.5.7. Eligible activities and eligible expenditure

Measure "Implementation of local development strategies – LEADER approach" – for selected LAGs will cover eligible expenditures for the following activities:

8.5.7.1. Eligible activities for activity 1 - "Acquisition of skills, animating the inhabitants of lag territories" for capacity building and animation of the selected LAGs:

a) Animation, awareness raising and promotional activities, events (e.g. seminars, workshops, meetings, etc.);
b) Training and education of the LAG staff and members (e.g. preparation of business plans, preparation of project applications, accounting, etc.); Rural studies, analysis of the territory and other analysis and data gathering necessary for implementation of the local development strategy,
c) Publicity to support the local development strategy preparation process and the production of promotional materials for the rural stakeholders in the proposed LAG territory,
d) Training for the LAG staff and members involved with the setting up of the local action group and the implementation of the local development strategy and / or in preparation of business plans, project applications etc.,
e) Participation of the LAG members in seminars, workshops, meetings, study visits, including events of the national and the European RD network,
f) Planning, monitoring and follow-up and revision of the local development strategy (LDS) for the territory of the contracted LAG,
g) Studies of the contracted LAG area that support the implementation of the LDS,
h) Information and publicity activities to support the implementation of the LDS, to stimulate cooperation and networking among rural stakeholders within the contracted LAG territory, and to enhance the involvement of vulnerable social groups (women, youth, the elderly, minorities, the disabled and other) in the implementation of the LDS.

Examples of Eligible expenditure:

- Expert services;
- Translation and interpretation;
- Travel expenses, including accommodation and daily allowances;
- Animation activities (e.g. trainings, participation in seminars, workshops and fairs, subscription and acquisition of publications, other animation activities, etc.);
- Rental of facilities and equipment for events and catering.

8.5.7.2. Eligible activities for activity 2 - "running costs and small projects" for running the selected lags and implementation of small projects:

a) Maintaining an office (office rent and overheads) for the contracted LAG within its territory and the salaries of LAG employees;

b) Training and capacity building for the contracted LAG staff to improve capacities for LDS implementation;

c) Small scale projects implemented by the LAGs (EUR 1,000-5,000 value for supporting of cultural events, promotion of local products, renovation or construction of cultural and natural heritage, investment in cultural goods, small touristic infrastructure, etc.).

Examples of Eligible expenditures:

- Salaries (co-financing) for the LAG manager and/or other LAG employees;

- Office rent and overheads;

- Office materials (stationery etc.);

- Purchase of equipment, including IT equipment, furnishing;

- Costs linked to communication;

- Training costs;

- Services (IT specialists, accountants, etc.);

- Small projects implemented by the LAGs. Selection and management of small projects shall be explained in LDSs and proposed actions shall be in line with LDS. Operations of the small value: EUR 1,000 – 5,000 should support, e.g. cultural events, promotion of local products, renovation or construction of cultural and natural heritage, investment in cultural goods, etc.

8.5.7.3. Eligible activities for activity 3 – "Cooperation projects for inter territorial or transnational projects"

a) Training and capacity building for the contracted LAG staff to set up, animate and evaluate cooperation projects;

b) Common actions and joint activities managed with national cooperation partners.

Examples of eligible expenditure:

- Salaries supported by the LAG and/or its local partners;
- Travel expenditures for LAG's staff and their local partners;
- Costs linked to communication;

- Training costs;
- Services (IT specialists, accountants, etc.);
- Small projects linked to the common action implemented by the LAG: operations of small value (EUR 1,000 – 5,000) for common cultural events, common promotion of local products, investments in cultural or touristic goods.

8.5.7.4. Non eligible expenditure

- taxes , public fees/charges/dues;
- costs of proceedings (law);
- financing costs;
- insurance costs (investments);
- licence fees;
- costs of fiscal advice and solicitors;
- costs of (financial) lease;
- costs of investments, that are not state of the art;
- costs, arising from the time before signing of the contract with the IPARD Agency (application).

8.5.8. Selection criteria

8.5.8.1. Selection criteria will be used to evaluate local development strategies of lags and will be based on following:

- Area based approach and coherence of the LDS with the covered territory;
- LDS quality based on the analysis of developmental needs and potentials on the LAG territory, the content and its alignment with the objectives set up in the IPARD II Programme;
- Capacity of the LAG for implementation of the LDS;
- Quality of the partnership;
- Management body of the LAG must ensure age diversity and gender equality;
- The managing body of the LAG must be representative by ensuring age diversity and gender equality in terms of at least 30% are women;
- Projects supported by other sources (not the IPARD Programme) should be considered as added value, however double funding must be avoided through written statement of the LAG.

8.5.8.2. Minimum content of LDS

- The definition of the area and population covered by the strategy;
- Description of the current situation: an analysis of the development needs and potential of the area, including a SWOT analysis;
- Description of the LDS strategy and its objectives. The strategy shall be coherent with the IPARD Programme;
- Description of the process of community involvement in the development of the strategy;
- Decryption of LAG's partnership and internal decision making rules;
- Description of actions demonstrating how objectives are translated into expected activities and type of projects supported (the process of defining LDS measures or actions);
- Description of cooperation projects the LAG intend to follow (subjects of cooperation, regions/countries targeted) and how these cooperation will have positive effects on the local development strategy and on the local actors;
- Financial plan of the strategy, including expenditure on acquisition of skills and animation, running costs and small projects;
- Description of the procedure related to the recommendation of the local projects.

The evaluation criteria will be given in more details in the Implementing Regulation developed by MA.

After the selection and the ranking of the LAGs is done by the Evaluation Committee, IPARD Agency will conclude contracts with the LAGs reaching the minimum ranking score suggested in the MA implementing regulation.

8.5.9. Aid intensity and EU contribution rate

The aid intensity is provided from the EU and national budget and it is expressed as the share of public support in the eligible expenditures amounts up to 100%, where the EU contribution rate is 90% and the share of Serbia is 10%.

The highest possible annual amount of public support for the specific activities and types of expenditure shall be defined in the implementing regulation. Eligible expenditures and related costs /expenses will be further elaborated in the implementing regulation and calls.

8.5.10. Indicators and targets

Name of Indicator	Target Value
Number of LAGs operating in rural areas	30
Population covered by LAGs	2,550,000
Number of jobs created (gross)	60
Number of projects recommended	50
Number of small projects	700

8.5.11. Administrative procedure

Procedure for selecting LAGs and approval of strategies

The procedure outlined below describes the selection procedure of LAGs and will be carried out by the Managing Authority.

- The LAGs will be selected on the basis of an open tender procedure for all rural areas. This will be announced by the IPARD Agency.
- Special criteria will be used to ensure a) area based approach, b) the quality and the conformity with the objectives of the IPARD Programme of the proposed local development strategies and c) the capability of the LAG to manage the implementation of the proposal.
- The selection procedure applied will be based on a ranking system of the selection criteria and not the one based on of the "first come, first served" approach. The ranking criteria system will be developed later (introduced in the implementing regulation) on by the Managing Authority as a part of the guidelines for the LEADER approach.
- Based on submitted applications and evaluation of the set selection criteria, LAGs will be pre-selected by an Evaluation Committee consisting of representatives from MAEP/Managing Authority and other relevant rural actors and non-profit organizations dealing with rural development. The Evaluation Committee shall submit the list of pre-selected LAGs to the IPARD Agency for selection/approval. The role of the IPARD agency is limited to the eligibility checks in the approval procedures.
- The final selection will be ensured by a Selection Committee which members are appointed by the minister of MAEP. The Selection Committee follows the Rules of Procedure defined in Implementing Regulation in its decision-making process linked to applications that have been submitted to it by the IPARD Agency. If the decision made is in opposition to the evaluation report of Evaluation Committee then it has to be justified by incompliance with the eligibility criteria. The Minister of MAEP sends the written official notification to applicants on the approval or rejection of their application for LAG status.

- Rejection of applications and requests for amendment / explanation / correction of submitted application issued by the IPARD Agency are possible in the case if it is submitted after a deadline, if a LAG application does not fulfil the basic eligibility criteria or it is not submitted according to the provisions of the MA Implementing regulation or if it is incomplete and needs amendment or correction, etc.

Contracting procedure

- The IPARD Agency will sign contract agreements covering further projects in line with Activities 1 and 2 and the implementation of specific cooperation projects with the selected LAGs and will establish a registration system of selected/approved LAGs.

- Contracting of LAGs establishes the basis for reimbursement of eligible expenditures.

  Contracting procedure will be carried out by the IPARD Agency and includes administrative control, field control, and concluding the contract on awarding the IPARD funds for the co-financing of the LAG (hereinafter the Contract) based on the Annual Action Plan submitted and approved by the IPARD Agency.

- The contract for funding a LAG's running costs, capacity building costs and small projects - The IPARD Agency finalizes the contract with the selected LAGs that submitted an Annual Action Plan which has been approved by the IPARD Agency for the period of one year, by which mutual rights and obligations shall be regulated.

- The request for payment - Funds from the IPARD are being paid to the contracted LAG based on the request for payment that LAG shall submit quarterly for payment to the IPARD Agency. All expenditures incurred by the contracted LAG and declared on the invoices or the statements of expenditure submitted as part of the request for payment must be paid in full by the contracted LAG before being submitted as part of the request for payment. A contracted LAG cannot be paid grants in the amount exceeding the amount stated in the IPARD contract, or the Annex to the IPARD contract. After the administrative and the field control of the request for payment, the IPARD Agency director for payments makes a decision on payment, or a decision on rejecting, or letter of rejection of payment.

- Administrative and on-the-spot checks for payment are performed by the IPARD Agency. Also the responsible Ministry, the National Court of Auditors, authorized and legitimated national supervisory bodies and legitimated authorities of the EU are allowed to check the compliance with the regulations (compliance audit).

- Reporting by the contracted LAGs - The contracted LAG is required to submit two reports on the work of the contracted LAG (hereinafter Report) to the Managing Authority in every year of its operation. Based on the submitted reports by the contracted LAGs, the Managing Authority prepares an annual review of contracts

of the contracted LAGs, which is published on the official website of the Managing Authority.

- In the case of the priority projects recommended by LAGs correspond to eligible operations of some measures in the IPARD Programme, the same conditions that apply to that measure in the IPARD Programme will apply. As regards the local projects under the IPARD measures, a LAG issues a letter of recommendation confirming that the project is in line with its LDS.

8.5.12. Geographical scope of the measure

The LEADER approach will be implemented in rural areas as defined in the programme chapter 3.1.

8.5.13. Other information specific to the measure

N/A.

8.5.14. Budget 2014-2020 for the measure "Implementation of local development strategies – leader approach"

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution			
	EUR	EUR	%	EUR	%	EUR	%	EUR	%
	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	555,556	555,556	100	500,000	90	55,556	10	-	-
2018	1,111,111	1,111,111	100	1,000,000	90	111,111	10	-	-
2019	2,111,111	2,111,111	100	1,900,000	90	211,111	10	-	-
2020	2,055,556	2,055,556	100	1,850,000	90	205,556	10	-	-
TOTAL	**5,833,333**	**5,833,333**		**5,250,000**		**583,333**		**-**	

8.6. FARM DIVERSIFICATION AND BUSINESS DEVELOPMENT

8.6.1. Legal basis

- *Article 2 (1) of IPA 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 22 (1) (7) of the Sectoral Agreement*
- *Annex 4 of the Sectoral Agreement*

8.6.2. Rationale

The dominant part of the rural labour force in Serbia, which is around 45% of the employed rural population, works in agriculture. Such a high proportion of the rural population engaged in agriculture, ranks Serbia among "the predominantly agrarian" European countries. Aside from agriculture, the rural labour force is engaged in the processing industry (over 16%), wholesale and retail trade (10.2%), construction (5.8%) and transport (4%). Industries with the share of rural employment over 3% are also public administration, education, health and social work. The main reason for the small number of jobs in these industries and their low representation in the total employment figures is insufficient development of rural public services. The current structure of employment is the result of insufficiently diversified economic structure. It is highly dependent on the primary sector and the exploitation of natural resources.

The interventions under this measure aim at improving job opportunities in rural areas. They address the major problems of rural areas, as identified in the above analysis, which are summarised as follows:

- Lack of job opportunities;

- High dependency on agriculture;

- Declining quality and accessibility of basic services and infrastructure.

These problems result in decreasing the attractiveness of rural areas as a place to work and live and they increase the disparities between urban and rural areas. Due to the decline in life quality and job opportunities, rural areas have witnessed demographic decline, and a related deterioration of employability.

The availability of the IPARD funds, strengthening of social capital and market linkages, would strengthen rural communities and contribute to their sustainable development in the future.

Analysis of rural tourism shows that it already contributes to the rural economy and has great potential for further development (see chapter 3.4). The focus of diversification in the IPARD II will be put on rural tourism because of already long tradition of support through national support schemes in the past and because of great potential and need for further development of that sector. Furthermore, rural areas in

Serbia are characterized by diversity of landscapes and biological features, rich cultural heritage and natural resources. Diversification of the rural economy through higher level of services and activities related to rural tourism will reduce dependence on agricultural income and provide the conditions for stable additional income for those households which survival can not only be linked to agriculture. This type of support will contribute to less economically developed and socially vulnerable rural areas. On the other hand, activities in rural tourism expand the range of additional services available to the rural population, as well as services and products which are based on traditional knowledge, technology, natural resources and cultural heritage.

8.6.3. General objectives

- Increasing the level of diversification and the development of economic activities in rural areas through development of business activities, with the possibility of creating new jobs and directly increasing farm and household income;

- Improving the quality of life in rural areas and thus reducing the depopulation of rural areas.

8.6.3.1. Specific objectives

- Investment support to the development of tourist facilities and services to the agricultural producers and other economic operators in the rural areas, and thus the expansion of economic activities in the country in the field of rural tourism;

- Support the development of tourist recreational activities, especially for family and children's tourism.

8.6.4. Linkage with the other IPARD measures in the programme and national measures

This measure is well suited for implementation in close connection with the Leader approach. In this case, the local population and their organisational structures must be involved early in the drafting of the local development strategy, identifying the activities which should become eligible for their specific region under this measure.

The measure is linked to the measure of the LEADER approach, namely the measure "Implementation of the Local Development Strategy".

The measure will complement the support provided under the national programme for protection of the local heritage (e.g. crafts and traditional products) and sale points for traditional products.

8.6.5. Recipients

Recipients of this measure are:

- Natural persons registered as agricultural producers in rural areas or members of the farm household diversifying on or off farm activities;
- Private legal entities established or operating in rural areas in the range of micro and small sized enterprises as defined in the Law on Accounting (OG of the RS No 62/2013 and its subsequent modifications). The national definition of micro and small enterprises is presented in Annex 6. Legal entities, in the same range, established outside rural areas are also eligible if supported investments/activities are located in rural areas.

8.6.6. Common eligibility criteria

1. Investment must comply with the relevant national standards and requirements at the end of the realization of the investment as provided in Annex 3;
2. Recipient must be registered according to the provisions of Law on Tourism (*Official Gazette RS No 36/2009, 88/2010, 99/2011* and its subsequent modifications*;)* at the end of the realization of the investment and before the final payment;
3. Applicant has to prove the economic viability of the enterprise through a business plan that runs to the end of the investment period. The business plan should be in line with the template provided by the IPARD Agency. For investments exceeding EUR 50,000 as defined in the IPARD implementing regulation, a complete business plan is needed, and for smaller investments, below EUR 50,000, it has to be in the simplified format as defined in the application form.

The criteria to be used by the IPARD Agency to assess the future economic viability of the holding are presented in the Annex 2.

4. The applicant should prove that it has no outstanding liabilities at the time of submission of an application/claim for payments. The applicant submits the signed statement that there is no application of the same investment in another public grant or subsidy scheme;

5. For a period of five years after the final payment by the IPARD Agency, the recipient is obliged to use the investment for the purpose it was intended, without substantial modifications affecting its nature or its implementation conditions or give undue advantage to a firm or public body, and/or result either from a change in the nature of ownership of an item of infrastructure, or cessation or relocation of a productive activity co-financed.

8.6.7. Specific eligibility criteria

– Maximum number of beds is limited to 30 beds / establishment;

8.6.8. Eligible expenditure

The following expenditure will be eligible:

1. Construction and improvement of immovable property;

2. Purchase of new equipment and furniture, including special equipment and furniture for disabled people and for children;

3. Purchase of new machinery and equipment for maintenance of the touristic place and landscape and for touristic and gastronomic purposes, including IT hardware and software up to the market value of the asset;

4. Investment in facilities for outdoor and indoor recreational areas such as play-yards and related equipment;

5. General costs such as architects', engineers' and other consultation fees, feasibility studies, the acquisition of patent rights and licences up to a ceiling of 12% of total eligible expenditure, of which business plans costs are eligible up to 5% but not more than EUR 2,000.

6. On-farm investment in renewable energy (construction of installation and equipment) for self-consumption must be a part of a tourism project (a transmission of electricity into the national 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 of it over one year).

8.6.9. Eligible activities

Investment in construction and/or reconstruction and/or equipping of the facilities for the provision of tourism and hospitality services, such as rooms, restaurants and other facilities, including facilities for recreation, playing, tourist camps, improving outdoors facilities (for riding, fishing in inland waters, cycling, themed trails, a riding trails) marketing costs such as a printing promotional materials, creation/maintenance of web-site.

8.6.10. Selection criteria

Criteria	Answer	Points
Applicant is not older than 40 years at the time of submission of an application	yes / no	20
Applicant is a woman or a company that employs the structure of at least 30% of women	yes / no	20
Applicant is located in the mountainous area as specified in Annex 4	yes / no	20
Certificate for specialised vocational training, High school in tourism/ University diploma	yes / no	3/6/10
The project involves creation of new jobs based on the business plan	yes / no	20

8.6.11. Aid intensity and EU contribution rate

Aid intensity, expressed as the share of public support in the eligible expenditures of the investment amounts up to 65%.

EU co-financing rate is 75% of the public aid.

Recipients can apply with more than one project during the IPARD Programme. The application for the next investment project can be submitted after finalisation (final payment) of the previous investment project.

A recipient can claim the support, irrespective of the total value of the investment, for eligible expenditure within the following ceilings:

The minimum eligible investment is EUR 5,000;

The maximum eligible investment is EUR 300,000.

Recipient can apply for up to three projects and receive a total support of maximum EUR 400,000 of public support from the IPARD II Programme.

8.6.12. Budget 2014-2020 for the measure "Farm diversification and business development"

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution			
	EUR	EUR	%	EUR	%	EUR	%	EUR	%
	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2014	-	-	-	-	-	-	-	-	-
2015	2,051,282	1,333,333	65	1,000,000	75	333,333	25	717,949	35
2016	3,076,923	2,000,000	65	1,500,000	75	500,000	25	1,076,923	35
2017	4,102,564	2,666,667	65	2,000,000	75	666,667	25	1,435,897	35
2018	10,256,410	6,666,667	65	5,000,000	75	1,666,667	25	3,589,744	35
2019	8,205,128	5,333,333	65	4,000,000	75	1,333,333	25	2,871,795	35
2020	8,205,128	5,333,333	65	4,000,000	75	1,333,333	25	2,871,795	35
TOTAL	**35,897,436**	**23,333,333**		**17,500,000**		**5,833,333**		**12,564,103**	

8.6.13. Indicators and targets

Name of indicator	Target value
Number of projects supported	256
Number of agricultural holdings/enterprises developing additional or diversified sources of income in rural areas	167
Number of recipients investing in renewable energy	50
Total investment in physical capital by recipients supported (EUR)	35,897,436
Number of jobs created (gross)	100

8.6.14. Administrative procedure

The measure will be implemented by IPARD Agency. Projects under the measure will be selected through open calls for applications.The decision on the financial allocation per measure, per call will be made in agreement with the IPARD Agency. The Managing Authority shall each year draw up an annual programme for call for applications, indicating number of calls, time for launching and deadlines for applications and the indicative budget of each measure and call for applications.

IPARD Agency shall launch the calls for proposals and implement wide information campaign in co-operation with the MA.

The submitted applications shall be checked administratively and on-the-spot for completeness, administrative compliance, eligibility and viability of the business plan by the IPARD Agency. The compliant and eligible applications shall be ranked and funded up to the limit of the budget of the call for applications.

Applications are filed by recipients using the forms in line with the requirements and public tenders. Detailed administrative checks are carried out prior to approving an application to identify whether it was complete, if it was filed on time and whether the requirements for approving the applications were met. The checks are documented on detailed check list templates.

Applications that arrive complete, timely and in line with the requirements of a rulebook and public tender will be reviewed in the order of their delivery. Upon the processing of the application forms, by the IPARD Agency, a ranking list will be formed according to the ranking criteria. The ranking list will be created and projects selected following each call for applications. In case when there are more projects with the same amount of points according to ranking criteria those selected will be the ones with an earlier date of the submission of the complete application. In case when there are less compliant and eligible applications than available funds for support, the ranking list will not be prepared.

After administrative control eligible applications will be checked on the spot by IPARD Agency. After administrative control and control on the spot, selected projects will be contracted for financing.

All the provisions stated above are subjected to accreditation and may be subject to modification. The final provisions will be laid down in the Directorate for Agrarian Payments procedures.

Applicants for aid under measures within the IPARD Programme are obliged to submit their applications and business plans together with other requested documentation to the IPARD Agency.

8.6.15. Geographical scope of the measure

This measure applies in rural areas as defined in the programme chapter 3.1.

8.7. TECHNICAL ASSISTANCE

8.7.1. Legal basis

- *Article 2 (1) of IPA 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 22 (1) (9) of the Sectoral Agreement*
- *Annex 4 of the Sectoral Agreement*

8.7.2. Rationale

The measure covers the provision of technical assistance and supports costs associated with implementation of the IPARD Programme.

8.7.3. General objectives

The objectives of this measure are to assist implementation and monitoring of the program and its possible subsequent modification.

8.7.3.1. Specific objectives

In support of implementation and monitoring of the programme, the specific objectives include:

- Support for monitoring of the programme;
- Support to adequate flow of information and publicity;
- Support to studies, visits and seminars;
- Support for external expertise;
- Support for evaluation of the programme;
- Support to potential Local Action Groups and preparation for the LEADER measure of the IPARD Programme;
- Support for the national rural development network.

8.7.4. Linkage to other IPARD measures in the programme and to national measures

This measure will provide coverage of technical assistance needs for all the measures of the programme.

8.7.5. Recipients

The recipient of activities under the measure for Technical Assistance is the Managing Authority of the IPARD Programme.

8.7.6. Common eligibility criteria

Eligible expenditure is based on real costs which are linked to the implementation of the financed operation and must relate to payments effected by the final recipient, supported by receipted invoices or accounting documents of equivalent probative value[13].

All projects must be procured in accordance with the rules for external aid of the 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 conducted on behalf of the final beneficiary by a centralized competent public authority.

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 establishment up of management and control systems is eligible prior to the initial conferral of management "entrustment of budget implementation tasks", for expenditure incurred after 1 January 2014.

Eligible expenditure shall be reported on in the context of the annual report.

8.7.7. Specific eligibility criteria (per sector)

N/A.

8.7.8. Eligible expenditure

a) Expenditures on meetings of the Monitoring Committee, including 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 expenditures necessary to discharge responsibilities of the Monitoring Committee which falls under the following categories:

- expert assistance to consider and review programme baselines and indicators
- experts to assist or advise the Monitoring Committee concerning implementation and functioning of the monitoring arrangements

c) Expenditure associated with meetings and ancillary tasks of working groups

d) Expenditure on information and publicity campaigns, including costs of printing and distribution);

e) Expenditure on translation and interpretation at the request of the Commission, not including those required pursuant to the application of the framework, sectoral and financing agreements;

f) Expenditure associated with visits and seminars. Each visit and seminar shall require the submission of a timely written report to the Monitoring Committee;

g) Expenditure associated with the preparation or streamlining of implementation of measures in the programme to ensure their effectiveness, including those measures

[13] '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

which application is foreseen at a later stage;

h) Expenditure associated with “Acquisition of skills” to prepare potential LAGs for the implementation of the measure “Implementation of local rural development strategies – "LEADER approach”;

i) Expenditure for evaluations of the programme;

j) Expenditure associated with the establishment and operation of a national network supporting the coordination of activities preparing and implementing local rural development strategies. This can also cover expenditure associated with the future establishment of 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;

k) Expenditure on the level of salary support which takes into account remuneration levels on the labour market in order to retain staff and build/keep know-how in the administration. Introduction of this expenditure can only be done after prior approval of the Commission and may be limited in time;

l) Expenditure for supply of the necessary software, hardware, specialized and office equipment, and materials in order to increase the quality and effectiveness of the performance of the Monitoring Committee;

m) Expenditure associated with the streamlining of specific parts of the management and control system, with the objective to increase effectiveness and efficiency through short term specific activities.

8.7.9. Selection criteria

N/A.

8.7.10. Aid intensity and EU contribution rate

Aid intensity, expressed as the share of public support in the eligible expenditures amounts up to 100%, where the EU contribution rate is 85%. Pre-financing may be provided from the national contribution, but is in no case considered as costs incurred to be reimbursed by the Commission.

8.7.11. Budget 2014-2020 for the measure "Technical assistance"

Year	Total		EU		National	
	EUR	%	EUR	%	EUR	%
2014	-	-	-	-	-	-
2015	352,941	100	300,000	85	52,941	15
2016	588,235	100	500,000	85	88,235	15
2017	1,176,471	100	1,000,000	85	176,471	15
2018	1,705,882	100	1,450,000	85	255,882	15
2019	1,176,471	100	1,000,000	85	176,471	15
2020	1,176,471	100	1,000,000	85	176,471	15
Total	**6,176,471**		**5,250,000**		**926,471**	

8.7.12. Indicators and targets

Indicator	Target value
Number of promotion materials for general information of all interested parties (leaflets, brochures etc.)	11,118
Number of publicity campaigns	167
Number of workshops, conferences, seminars	334
Number of experts assignments supported	44
Number of meetings of the Monitoring Committee	14
Number of studies on elaboration and implementation of Programme measures	83
Number of rural networking actions supported	49
Number of potential LAGs supported	72

8.7.13. Administrative procedure

The Managing Authority shall each year draw up a provisional action plan for the operations envisaged under the Technical Assistance measure which shall be submitted to the IPARD Monitoring Committee for agreement. The contracts should be granted after following the appropriate external aid public procurement procedures and should in that way respect the main Treaty principle such as: transparency, proportionality, equal treatment, non-discrimination and should ensure sound financial management (value for money).

8.7.14. Geographical scope of the measure

N/A.

8.7.15. Transitional arrangements

Technical assistance actions supported under the programming period 2014-2020 may concern also subsequent programming periods. Therefore, the technical assistance allocated for the programming period 2014-2020 may be used to facilitate e.g. the preparation for the programming period post 2020.

9. NATIONAL RURAL DEVELOPMENT NETWORK

The process of stimulating the interest of all stakeholders involved in rural development for the preparation of the National Rural Network in Serbia started with the establishment of the Association "Network for Rural Development of Serbia". The association is a voluntary, non-governmental and non-profit organization, based on the free association of natural persons or legal entities, established to improve the quality of life and balance regional development in rural areas of Serbia.

The Association's area of activity is the territory of the Republic of Serbia and members of the Rural Development Network of Serbia are 15 regional NGO Associations covering the whole territory of Serbia.

The vision of the Network: Evenly developed Serbia where rural areas are a desirable place to live, where people contribute, with their work and activities, to the conservation, development and improvement of all potentials, values and advantages that rural communities have.

The mission of the Network: The Network has a purpose to provide support to stakeholders in rural development, through identification, initiation, promotion and networking of participants, potentials and advantages, which contribute to strengthening of regional development and improvement of the quality of life in rural communities.

Values of the Network: The Network will base its work on the principles of voluntariness, democracy, openness, equal opportunity, gender equality, transparency, implementation of best practices and compliance with all local features that are present in rural communities in Serbia.

The key areas for achieving the vision

1. Strengthening the capacity and sustainability of the organization;
2. Improving visibility and identity of the organization;
3. Improving information-service provisions for target groups;
4. Active involvement in planning and implementation of the rural development measures;
5. Strengthening partnerships with international organizations.

The basic concept of operation of the Network:

– Improvement of overall capacities to work on the activities carried out in the field of rural development and agricultural support, including information which are important for rural areas and concern the development policies of agriculture and villages, as well as other state and European level policies which are relevant to the population;

- Establishment of functional cooperation with institutions at international, national, regional and local levels with emphasis on the MAEP and the existing rural networks abroad;

- Organizing and conducting training, informing events, seminars for rural people and other stakeholders in rural development;

- Strengthening and formalizing links with institutions at the local level and development joint actions related to rural development, with objective to ensuring full equality between all rural areas concerning the use of state budget funds;

- Promotion of the LEADER approach and starting the initiative to form local action groups, with the involvement of all stakeholders from the public, civil and commercial sectors;

- Starting the initiatives in cooperation with local governments, associations and all other interested parties for the preparation of local and regional rural development strategies;

- Identifying and promoting good practices and successful initiatives throughout Serbia and Europe, in order to acquire knowledge and encourage creativity and new ideas for using and developing existing rural development potentials on the local level.

Key target groups and potential members: Registered agricultural holdings in Serbia, local communities, civil society organizations, Local governments, Local action group initiatives and companies active in rural areas.

Key partners: The founders and members of the NRDS, Ministry of Agriculture and Environmental Protection, Provincial Secretariat for Agriculture, Regional Chambers of Commerce, Regional Development Agencies and Agricultural advisory services, other ministries.

Cooperation with the Ministry of Agriculture and Environmental protection:

a) Development framework for joint action in RD policy development and implementation;

b) Cooperation in providing opportunities for identification and further capacity building of other local stakeholders on RD related topics;

c) Data collection from the field and assistance in promotional activities of the Ministry on the local and regional level;

d) Supporting civil society participation in planning and implementation of the National RD policy and EU accession processes and supporting informing and consultation of local stakeholders about the National RD policy and EU accession issues.

International cooperation: The association "Network for Rural Development of Serbia" became a full member in EU PREPARE network in 2011 and it is the founder of the Balkan Rural Development Network from 2013.

The National Rural Network in Serbia will be further developed under the IPARD II Programme 2014-2020. The development of NRN will be financed under the Technical Assistance measure and the following types of expenditure will be covered:

- Operative functioning of the NRN management unit and setting up and running of operational forums of the network;
- Preparation of the action plan for the network and its implementation including organization of exchange of experience and know-how, preparation of training programmes for Leader local action groups including technical assistance for in-country and international cooperation activities by the LAGs;
- Setting up of an integrated data base and Internet portal for the network to underpin the exchange of experience and know-how and best practices.
- The rules, functions and obligations of the network should be further specified in the written statute.

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 POLICY AREAS

Demarcation between IPARD and other IPA programmes is mainly achieved through eligible recipients, since the IPARD II Programme will mainly support private recipients (farmers, SMEs from agro- food sectors, ets.) while other IPA components are mainly targeted at public institutions. Coordination and programming of the assistance at country level for all IPA components is the responsibility of the Department for Planning, Programming, Monitoring and Reporting on EU Funds and Development Assistance within the Serbian European Integration Office (SEIO). SEIO coordinates planning and use of the European funds, donations and other forms of foreign development aid. The Deputy Prime Minister for European Integration fulfils the role of the aid coordinator. Other donor coordination capacities at central level include high-level Commission for Programming and Management of EU Funds and Development Assistance and Sector Working Groups, where the IPARD MA has its representatives.

Sector Working Groups (SWGs) are the main mechanism for coordination of development assistance at national level. SWGs were established in 2010 with the objective to ensure aid effectiveness in the following areas: rule of law; public administration; civil society, media and culture; competitiveness; human resource development; transport; environment and energy; and agriculture and rural development. The governing principle for each of the SWGs is to assure and assist implementation of national strategic objectives and programmes in line with defined sector needs and priorities.

Regarding the demarcation criteria for the LEADER measure with cross border cooperation (CBC), the details of control will be defined in the preparation for accreditation of the measure and will be linked to strengthening of control mechanism within the CBC Steering Committee and submission of written statements of recipients.

10.2. COMPLEMENTARITY OF IPARD WITH OTHER FINANCIAL INSTRUMENTS

Another institutional mechanism for coordination is the Aid Coordination Group for Agriculture. It is established based on the Donor Coordination Rules of Procedures document. These rules of procedures are based on the document “Setting up a more effective aid coordination mechanism in Serbia”.

Tasks of the Aid Coordination Group are as follows:

1. Coordination and alignment of donor support and strategies;

2. Analysis of sector situation and recommendations for sector development;
3. Discussion of support strategies;
4. Definition/setting of expected results of the group (annual, semi-annual or quarter);
5. Identification of weaknesses and problems during process of programming and implementation of donor assistance and proposal of measures for their elimination;
6. Preparation of inputs for the Sector Working Groups;
7. Cooperation with the macro-regional strategies coordinators.

Activities of Secretariat of the Aid Coordination Group are performed by the lead national institution- MAEP which guarantees to avoid double funding.

Another instrument that prevents additional co- financing of IPARD measures is provided through the Law on Agriculture and Rural Development, *Official Gazette No. 41/09*, Article 14. According to this article, all municipalities which plan to have support for agriculture and rural development, must obtain approval of the MAEP prior to its introduction. These approvals are issued by the MA, securing the insight in to other means of support to RD and to prevent overlapping to IPARD measures.

10.2.1. Complementarity with the Area Based Development approach

In the context of the SEE2020 Strategy, the EU should help countries in the Western Balkans to better respond to market signals, integrate the agriculture in expanding regional and international markets, improve efficiency and provide alternative jobs outside agriculture. Regional cooperation and exchanging best practices are an efficient way of promoting rural development, in particular in border areas which need to be better interconnected with the neighbouring regions. These challenges would be best tackled following a comprehensive approach based for instance on the concept of Area Based Development (ABD).

There is a particular need to foster sustainable local development and increasing the prosperity of people and communities in remote and rural border areas which are often lagging behind economically. Over the years, border regions have turned into marginalised peripheries, where access to markets is limited, knowledge and technology transfer from the core difficult, and demographic indicators deteriorating. However, in many of those areas a considerable potential exists, which, if unleashed, would reverse the trend and lead to an increase in rural prosperity. Sustainable development of targeted border areas would foster employment and contribute to furthering regional cooperation and good neighbourly relations.

The ABD signifies an all-inclusive approach to the socio-economic development of the territories covering the less favoured local communities in border areas. Over recent years, preparatory work for implementation of the approach was supported by the European Commission and carried out by the Regional Rural Development Standing Working Group (SWG). So far, stakeholders were mobilized and priorities were set in four regions in the Western Balkans and preparatory work in the two is ongoing. Several municipalities in Serbia are part of Drina - Tara, Drina - Sava areas where ABD approach is being facilitated.

Needs and priorities identified under the ABD to a large extent, in a form of projects, will be submitted for funding by the relevant Cross-Border Cooperation programmes. However, in order to achieve a meaningful change in the selected areas, compilation of all sources of funding, in many cases complemented by regulatory action by the country and local authorities, is necessary. In this respect, implementation of IPARD in those areas will also play a significant role. Therefore, an effort should be made to ensure that IPARD contributes towards ABD and that there are synergies between different instruments contributing towards ABD objectives.

10.3. DEMARCATION CRITERIA AND COMPLEMENTARITY OF IPARD MEASURES WITH NATIONAL POLICY

There is a need for demarcation criteria between the New National Programme for Rural Development 2015- 2020 and IPARD II measures.

Serbia assures that all measures are designed in line with the IPARD II rules. During the examination of the eligibility and the selection of the individual projects of the IPARD II agency, the given demarcation criteria will be checked and double financing will be excluded.

In the light of the reform of the CAP at EU-level and the recently conducted Serbian Agriculture Census, the MAEP developed a new Strategy for Agriculture and Rural Development 2014 to 2024. The Strategy gives an up-dated overview of the main objectives for the most relevant agricultural sectors and rural development. Additionally, main measures were identified that will support further development of the sectors concerned in the coming period. In line with this Strategy the New National Programme for Rural Development 2015-2020 was prepared. The New National Programme (awaiting adoption by the Government) will provide tools and concrete support measures to achieve quality standards in food production and processing as well as improvements in conservation and protection of environment and animal welfare.

In 2011, MAEP established the National Council for RD in order to secure good coordination and communication with other relevant ministries, institutions and stakeholders. One of the main goals is to prevent double financing and over lapping in funding of the RD project and programmes.

Demarcation, between IPARD and NPRD will be provided through different criteria for recipients of support. IPARD programme will mainly support viable agricultural holding and private recipients (farmers, SMEs from agro-food sectors etc.), while other national measures are mainly addressed to help smaller agricultural holdings to increase their production and has focus on diversification of agricultural and non-agricultural economy, excluding the support to tourism which is foreseen under the IPARD II Programme. Households above the IPARD II limits, in measure 8.2.will be eligible only for investment in manure management or for on-farm investment in energy production from renewable sources. Large companies are not considered for support neither from the national budget nor from the IPARD II Programme.

The IPARD II and NPRD programmes are complementary. The implementation of NPRD will start together with implementation of IPARD II Programme. In the table below, the

demarcation criteria between IPARD II and NPRD measures are presented. The demarcation criteria for the milk sector in the measure "Investments in physical assets of agricultural holdings" is minimum and/or maximum number of milk cows at the beginning of the investment. Similarly, the demarcation criteria for the meat sector in the same measure is minimum and /or maximum number of cattle, sheep, goats, pigs or chicken at beginning of the investment. The demarcation criteria for the fruit and vegetable sector are minimum and /or maximum of the land surface or the capacity of greenhouses. Investments in grape production are foreseen only in the NPRD. In the context of agri-environmental-climate and organic farming measures, IPARD Programme will support only organic producers involved in crop production (cereals, oil crops, vegetable, fruit or grape production and production of aromatic/medicinal plants), while organic livestock production will be subject of support in NPRD.

Investments in physical assets concerning processing and marketing of agricultural and fishery products as well as rural tourism and LEADER measure will be provided exclusively through the IPARD II Programme.

Table 5. Demarcation and complementarity of IPARD Programme with NPRD

<table>
<tr><th>Measure</th><th></th><th>IPARD</th><th>NPRD</th></tr>
<tr><td rowspan="2">Investments in physical assets of agricultural holdings</td><td>Milk sector</td><td>RECIPIENT
- Agricultural holdings with minimum 20 up to maximum 300 cows at the beginning of the investment

SUPPORT
- Investment in construction and/or in reconstruction and/or in equipment of facilities of stables for milk cows, including equipment facilities for milk production like milking machines, on-farm milk cooling and storage facilities on farm premises; in facilities and equipment for waste management, waste water treatment, air pollution prevention measures, in construction and/or in reconstruction of manure storage capacities including specific equipment of facilities for handling and usage of animal feed and manure, like manure reservoirs, specialized manure transportation equipment;
- Investment in farm mechanisation (including tractors up to 100 kW) and equipment
- larger specialized dairy farms (more than 300 cows) are only eligible for manure management and benefit so from the support investments related to manure storing and handling standards
- Investments on-farm in energy production from renewable sources</td><td rowspan="2">RECIPIENT
- Agricultural holdings with less than 20 cows at the beginning of the investment

SUPPORT
- Purchase of animals
- Investments in construction/extension /adaptation /modernization and/or in equipment of facilities of stables for milk cows including equipment facilities for milk production (for milking in outdoor or indoor system, cooling and storage facilities);
- Investments in construction/ extension/ adaptation/modernization of facilities for animal feed storing and/or in equipment/ mechanization for preparation, handling, distribution and storage of feed and fodder on the farm;
- Investments in construction/extension /adaptation /modernization of facilities for handling, storage and processing of manure and/or in machinery/ equipment for handling, storage and application of manure</td></tr>
<tr><td>Milk sector</td><td>RECIPIENT
Agricultural holdings with more than 300 cows at beginning of investment

SUPPORT
- Construction and/or in reconstruction of manure storage capacities and/or in specific equipment and mechanisation of facilities for handling and usage of</td></tr>
</table>

		manure - Investments on-farm in energy production from renewable sources	
	Meat sector	**RECIPIENT** **-** Agricultural holdings with minimum 20 and up to maximum 1,000 cattle or minimum 150 and up to maximum 1,000 sheep and goats or minimum 100 and up to maximum 10,000 pigs, or minimum 4,000 up to maximum 50,000 broiler chickens at beginning of investment **SUPPORT** - Investment in construction and/or in reconstruction and/or in equipment of facilities of stables, in facilities and equipment for waste management, waste water treatment, air pollution prevention measures, in construction and/or in reconstruction of manure storage capacities including specific equipment of facilities for handling and usage of animal feed and manure, like manure reservoirs, specialized manure transportation equipment; - Investment in farm mechanisation (including tractors up to 100 KW) and equipment - -Investments on-farm in energy production from renewable sources	**RECIPIENT** **-** Agricultural holdings with less than 20 cattle or less than 150 sheep and goats or less than 100 pigs at beginning of investment and faciliites with capacities lower than 4,000 broeler chickens. **SUPPORT** - Purchase of animal - Construction/extension/adaptation/modernization of facilities/premises for the storage of feed and fodder (hay, silage, haylage); - Purchase of equipment and machinery for the preparation, handling and distribution of feed and fodder (hay, silage, haylage) on the farm, electrical enclosures and thermal - drinkers; - Construction/extension/renovation/modernization of facilities for the handling, storage and application of manure in the case of a closed posture on the farm and the purchase of equipment/machinery for this purpose, - Construction/extension/renovation/modernization boxes for sow, farrow rearing of piglets
	Meat sector	**RECIPIENT** Agricultural holdings with more than 1,000 cattle or more than 1,000 sheep and goats or more than 10,000 pigs or more than 50,000 broiler chickens per tour, at beginning of investment **SUPPORT** **-** Construction and/or in reconstruction of manure storage capacities and/or in specific equipment and mechanisation of facilities for handling and usage of manure. - Investments on-farm in energy production from renewable sources	
	Fruit	**RECIPIENT** **-** Agriculture holdings with minimum 2 and up to maximum 20 ha of soft fruit and minimum 5 and up to maximum 100 ha of other fruit; **SUPPORT** - Purchase of tractors (up to 100 kw), machinery and equipment - Construction/extension/renovation/modernization of greenhouses (covered with glass and/ or plastic) as well as the purchase of equipment and/or materials for fruit production, and horticulture and nursery production; - Investment in on-farm systems for protection against hail (including computer equipment) for orchards - Investment in on-farm irrigation systems using groundwater (extraction from springs, wells) and surface water (withdrawn from rivers, lakes and reservoirs) and construction of system, including pumps, pipes, valves and sprinklers; - Investment in construction and/or in reconstruction and/or in equipment of facilities for storage facilities for fruit; including ULO capacities	**RECIPIENT** **-** Agriculture holdings with less than 2 ha of soft fruit or less than 5 ha of other fruit / grape production, or less then 500m^2 of greenhouses with production of small fruits **SUPPORT** **-** Investments in new or renewal of existing plantations of fruit, grapes and hops - Investments in planting of new or renewing of existing (eradication and planting) fruit and grape plantations and plantations for production of reproductive material. - Investments in machinery/equipment for cultivating pruning and harvesting for fruit /vineyard plantations; - Investments in machinery/equipment for sowing, planting, crop protection and irrigation for fruit and grape production and production of planting material -Investments in construction/extension/ renovation/ modernization of greenhouses, as well as the purchase of equipment and/or materials for the production of small fruits in greenhouses and semi-protected space; - Investments in construction/extension /renovation/modernization of facilities for the collection and storage of fruits and grapes, as well as for the purchase of equipment for the preparation of fruits and grapes for the market, and packaging

			equipment
	Vegetable	**RECIPIENT** - Agricultural holdings with capacity of at least 500 m^2 up to 10,000 m^2 of greenhouses or minimum 0.5 and up to maximum 50 ha open space production of vegetables **SUPPORT** - Purchase of tractors (up to 100 kw), machinery and equipment - Construction/extension/renovation/modernization of greenhouses (covered with glass and/ or plastic) as well as the purchase of equipment and/or materials for vegetable production and harvesting, and horticulture and nursery production -Investment in on-farm irrigation systems (open field) for vegetables using groundwater (extraction from springs, wells) and surface water (withdrawn from rivers, lakes and reservoirs) and construction of system, including pumps, pipes, valves and sprinklers; - Investment in construction and/or in reconstruction and/or in equipment of facilities for storage facilities for vegetables; including ULO capacities	**RECIPIENT-**Agricultural holdings with capacity less than 500 m^2 of greenhouses for vegetable/floriculture/nursery production or less than 0,5 ha vegetable /floriculture production in the open field. (greenhouse constructions, high quality cover film for covering of greenhouses, systems for greenhouse heating, and systems for artificial lighting and tables for seedling growing) **SUPPORT** - Investments in machinery/equipment for sowing, planting, crop protection and irrigation for vegetable/floriculture/nursery production in the open field; -Investments in construction/extension/ renovation/ modernization of greenhouses, as well as the purchase of equipment and/or materials for vegetable/floriculture/nursery production in greenhouses; - Investments in construction/extension /renovation/modernization of facilities for the collection and storage of vegetables as well as for the purchase of equipment for the preparation of vegetables/floriculture/nursery for the market, and packaging equipment
	Other crops (cereals, oil crops, sugar beet)	**RECIPIENT** - Agriculture holdings which have minimum 2 and up to maximum 50 ha of land under other crops; **SUPPORT** - Purchase of tractors (up to 100 kw), machinery and mechanization (except combains) and construction of storing facilities and equipment; **RECIPIENT** - Agriculture holdings with 50-100 ha of land under other crops; **SUPPORT** - Purchase of mechanization and machinery (except combines) for agriculture production and construction of storing facilities and equipment; **RECIPIENT** - Agriculture holdings which have more than 100 ha of land under crops; **SUPPORT** - Construction/ extension/ renovation/ modernization and equipping of storing facilities;	**RECIPIENT** - Agriculture holdings which have less than 2 ha of land under crop sector; **SUPPORT** - Purchase of trailed harvesters; - Purchase of machinery and mechanization for soil cultivation; sowing, fertilization and protection of plants, **RECIPIENT** Agriculture Construction **SUPPORT** - Construction and equipping of storing facilities storage of grain products (through large investments). - Purchase of equipment to determine the storage conditions and the determination of the quality of grain products
Investments in physical assets concerning processing and marketing of agricultural and fishery products	Milk sector	**RECIPIENT** **-** Viable entrepreneurs and legal entities/enterprises for milk processing with capacity between 3,000 l - 100,000 l of collected milk per day on average **SUPPORT** - Construction/extension/modernisation of milk collection centres and milk processing enterprises, milk storage and cooling equipment, specialised milk transportation equipment, equipment and technology for improvement and control of quality and hygiene, including simple test equipment to distinguish between poor and good quality milk, physical investments for establishment of food safety systems (GHP, GMP, HACCP), IT hardware and software for milk registry and monitoring, control and management, investment in energy saving technologies, environmental protection, equipment and facilities for processing of	Support to Investments in physical assets concerning processing and marketing of agricultural and fishery products will be provided through IPARD II Programme.

		intermediate products and wastes; treatment and elimination of wastes, specialised milk transport vehicles,	
	Meat sector	**RECIPIENT** **-** Entrepreneurs and legal entities/enterprises - slaughtering facilities with a minimum capacity of 8 working hours of: 10 cattle or 50 pigs or 50 sheep and goats or 5,000 poultry, **SUPPORT** - Construction / renovation of slaughterhouses/ facilities for meat processing and cooling storage rooms, equipment for slaughterhouses, technology and equipment for treatment of waste and by-products, physical investments in establishment of food safety systems (GHP, GMP, HACCP), IT hardware and software for monitoring, control and management, investment in renewable energy (construction of installation and equipment) primarily focused on own needs.	Support to Investments in physical assets concerning processing and marketing of agricultural and fishery products will be provided through IPARD Programme
	Fruit and Vegetable	**RECIPIENT** Only micro, small and medium size enterprises for processing of fruit and vegetables **SUPPORT** - Construction/extension/modernisation of premises used for the food processing activity, to comply with the relevant EU standards, facilities and equipment for processing of fruit and vegetables (preserving pasteurizing, drying, freezing, etc), packaging and labelling equipment, including filling lines, wrappers, labelers and other specialised equipment, investment in renewable energy (construction of installation and equipment) primarily focused on own needs, physical investments in establishment of food safety and quality management systems (GHP, GMP, HACCP, ISO)	Support to Investments in physical assets concerning processing and marketing of agricultural and fishery products will be provided through IPARD Programme. NPRD will cover support to vine sector.
Diversification of rural economy		**RECIPIENT** - Natural persons registered as agricultural producers in rural areas or members of the farm household diversifying on or off farm activities, - Private legal entities established or operating in rural areas in the range of micro and small sized enterprises as defined in the Law on Accounting (OG of the RS No 62/2013 and its subsequent modifications) **SUPPORT** Investment in construction and/or reconstruction and/or equipping of the facilities for the provision of tourism and hospitality services, such as rooms, restaurants and other facilities, including facilities for recreation, playing, tourist camps, improving outdoors facilities (for riding, fishing in inland waters, cycling, themed trails, a riding trails) marketing costs such as a printing promotional materials, creation/maintenance of web-site.	**RECIPIENT** Natural persons registered in the register of agricultural holdings, micro and small enterprises, cooperatives, associations **SUPPORT** - Investments in equipping of facilities for the performance of traditional crafts; - Investment in construction and/or reconstruction and/or equipping of facilities for direct sales of agricultural and traditional handicraft products and souvenirs
Agro-environment	Organic farming	**RECIPIENT** -Active registered agricultural holdings- natural persons (including entrepreneurs) -Legal entities **SUPPORT** - Support will be provided only to plant production (cereals, oil crops, vegetable, fruit or grape production and production of aromatic/ medicinal	**RECIPIENT** Natural persons registered in the register of agricultural holdings, legal entities, research and educational institutions, social institutions, monastery, church and foundation, subcontracted producer **SUPPORT** Animal organic production

		plants) that are certified as organic or are in conversion stage	
LEADER		**RECIPIENT** **Selected LAGs** **SUPPORT starts from 2018** - Acquisition of skills, animating the inhabitants of LAG territories" for capacity building and animation of selected LAGs, - Running costs and small projects" for running the selected LAGs and implementation of small projects, - “Cooperation projects for inter territorial or transnational projects”	LEADER support will be provided only through IPARD Programme. Until 2017 NPRD will support establishment of partnerships and preparations of LDS which could be used for IPARD programme.

11. DESCRIPTION OF THE OPERATING STRUCTURE, INCLUDING MONITORING AND EVALUATION

11.1. DESCRIPTION OF THE OPERATING STRUCTURE AND THEIR MAIN FUNCTIONS

The Operating Structure of the IPARD II Programme has been established in line with the requirements of the Art.10 (1) (c) of the FWA: (a) the Managing Authority, being a public body and 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 IPARD Agency with functions of a similar nature as a paying agency in a Member State in charge of publicity, selection of projects as well as authorisation, control and accounting of commitments and payments and execution of payments.

With a Decision of the Government of the Republic of Serbia N 48-200/2014 from 10 January 2014 the MAEP has been designated as the Operating Structure (OS) for the implementation of the IPA for rural development. Within the MAEP, the Department for Rural Development has been designated for IPARD MA, while the Directorate for Payments is designated as IPARD Agency.

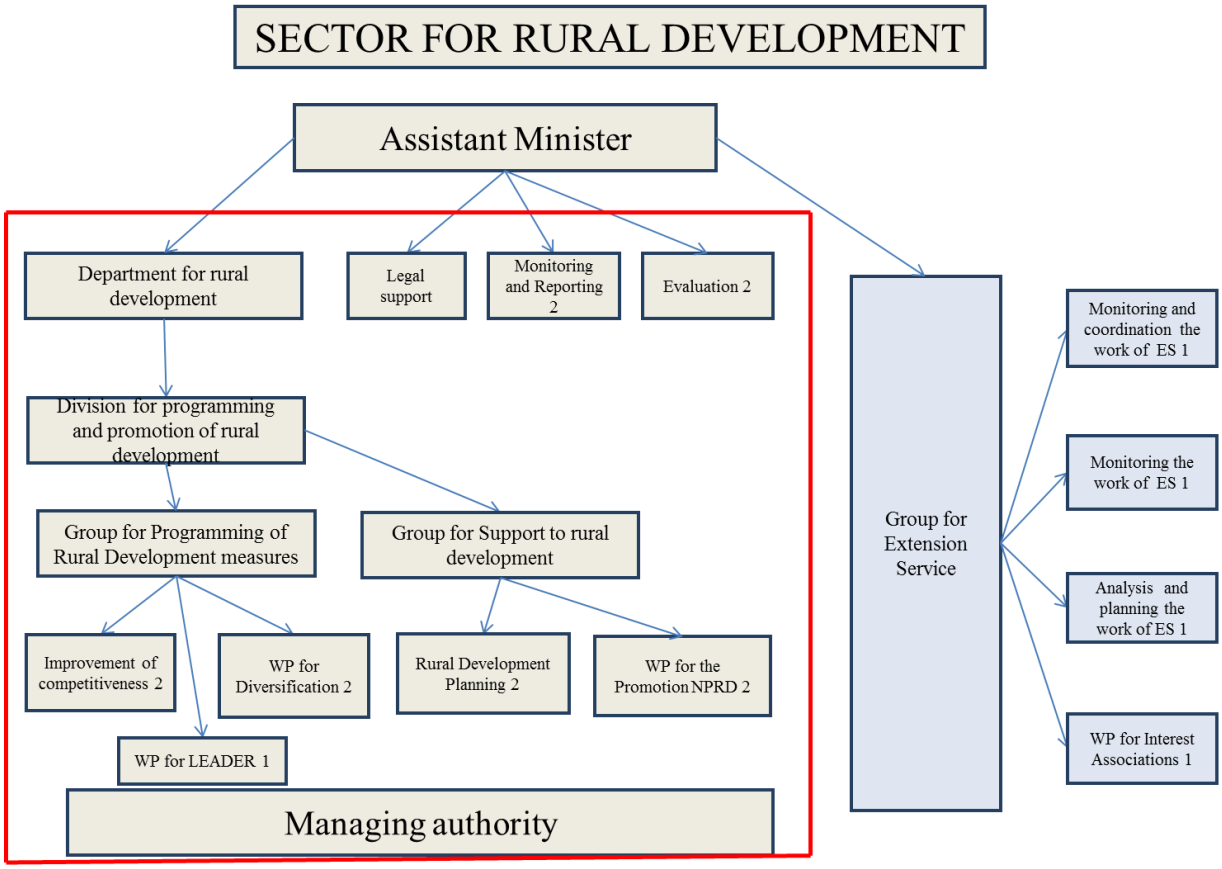
11.1.1. Managing Authority

The role of the MA is performed by the Department for Rural Development within MAEP:

- In accordance with Article 10 (1) of the FWA and Article 9 of the SA the Managing Authority shall be responsible for managing the IPARD II Programme in an efficient, effective and correct way. It shall be allocated the functions and responsibilities in accordance with Annex 1 of the Sectoral Agreement (SA):
    - drafting of the IPARD II Programme and any amendments to it;
    - controllability and verifiability of the measures, to be defined in the IPARD II Programme in cooperation with the IPARD Agency;
    - selection of measures under each call for applications under the IPARD II Programme and the financial allocation per measure, per call, in agreement with IPARD Agency;
    - ensuring that the appropriate national legal basis for IPARD implementation is in place and updated as necessary;
    - assisting the work of the IPARD II Monitoring Committee as defined in Article 47 of the SA, notably by providing the documents necessary for monitoring the quality of implementation of the IPARD II Programme;

- The Managing Authority shall set up a reporting and information system to gather financial and statistical information on progress of the IPARD II programme, also on the basis of information to be provided by the IPARD Agency, and shall forward this data to the IPARD II Monitoring Committee, in accordance with arrangements agreed between Serbia and the Commission, using where possible computerised systems permitting the exchange of data with the Commission and linked to the reporting and information system to be set up by NAO;
- The reporting and information system will contribute to the annual and final implementation reports;
- The Managing Authority shall propose amendments of the IPARD II Programme to the Commission, with copy to the NIPAC, after consultation with the IPARD Agency, and following agreement by the IPARD II Monitoring Committee. The Managing Authority is responsible for ensuring that the relevant authorities are informed of the need to make appropriate administrative changes when such changes are required following a decision by the Commission to amend the IPARD II Programme;
- The Managing Authority shall each year draw up an action plan for the operations envisaged under the Technical Assistance measure which shall be submitted to the IPARD II Monitoring Committee for agreement;
- The Managing Authority shall draw up an evaluation plan in accordance with Article 51 of the SA. It shall be submitted to the IPARD II Monitoring Committee not later than one year after the adoption of the IPARD II Programme by the Commission. It shall report to the IPARD II Monitoring Committee and to the Commission on the progress made in implementing this plan;
- The Managing Authority shall draw up a coherent plan of visibility and communication activities in accordance with Article 24 of the FWA, which is implemented by an annual list of actions, and shall consult and inform the Commission, having taken advice from the IPARD II Monitoring Committee. The plan shall in particular show the initiatives taken and those to be taken, with regard to informing the general public about the role played by the European Union in the IPARD II Programme and its results;
- When a part of its tasks is delegated to another body, the Managing Authority shall retain full responsibility for the management and implementation of those tasks in accordance with the principle of sound financial management.

Chart 2: Organisational chart of MA



11.1.2. IPARD Agency

The role of the IPARD-Agency (PA) is performed by the Directorate for Agrarian Payments, which was officially established on October 2009. The Directorate for Agrarian Payments is responsible for agricultural subsidies and payments. Rural development measures are processed in the Directorate for Agrarian Payments directly, including the claims for payments.

The IPARD Agency shall be allocated the functions and responsibilities in accordance with Annex 1 of the Sectoral Agreement (SA).

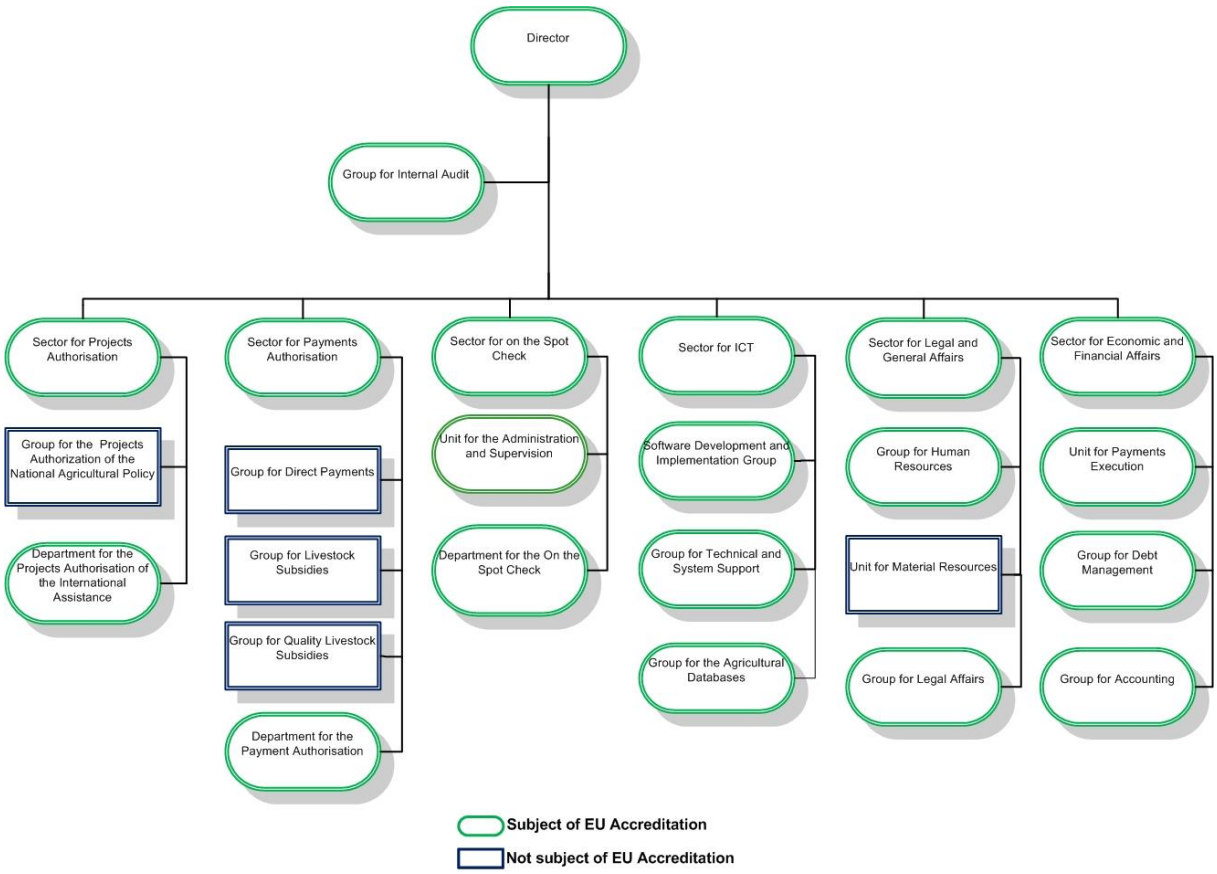
In accordance with Article 10(1) of the FWA and Article 10 of the SA it shall be responsible for:

- providing an opinion to the Managing Authority on the controllability and verifiability of the measures in the IPARD II Programme;
- making calls for applications and publicising terms and conditions for eligibility with prior notification to the Managing Authority;
- selecting the projects to be implemented;
- laying down contractual obligations in writing between the IPARD Agency and the 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;
- follow-up action to ensure progress of projects being implemented;

- reporting of progress of measures being implemented against indicators;
- ensuring that the recipient is made aware of the European Union's contribution to the project;
- ensuring irregularity reporting at national level;
- ensuring that the NAO, the management structure and the Managing Authority receive all information necessary for them to perform their tasks;
- ensuring compliance with the obligations concerning publicity referred to in Article 23 of the FWA.
- In respect of investments in infrastructure projects of a type that would normally be expected to generate substantial net revenue, the IPARD Agency shall assess, prior to entering into contractual arrangements with a potential recipient, whether the project is of this type. Where it can be concluded that it is, the IPARD Agency shall ensure that the public aid from all sources does not exceed 50% of total costs related to the project and considered as eligible for European Union co-financing.

The IPARD Agency shall ensure that for any project under the IPARD II programme the accumulation of public aid granted from all sources does not exceed the maximum ceilings for public expenditure set out in Article 27 of the SA.

Chart 3. Organisational chart of the Directorate for Agrarian Payments



11.2. DESCRIPTION OF MONITORING AND EVALUATION SYSTEMS, INCLUDING THE ENVISAGED COMPOSITION OF THE MONITORING COMMITTEE

11.2.1. Monitoring

Conforming to the EU programming provisions, the monitoring function has been institutionalized by the establishment of a monitoring system within IPARD Managing Authority and IPARD Monitoring Committee.

The Managing Authority and the IPARD II Monitoring Committee shall monitor the effectiveness, efficiency and the quality of the implementation of the IPARD II Programme and report to the IPA II Monitoring Committee and to the Commission on progress of the programme measures in pursuance of Article 53 (2) of the FWA and Article 46 of the SA.

Programme monitoring shall be carried out by reference to the indicators presented in the IPARD II programme.

Data collection

The IPARD Agency shall act as monitoring data provider to the Managing Authority, responsible to provide validated and accurate data, as defined in the monitoring tables prepared by the Managing Authority. The tables are set out according to indicators and in line with EC recommended tables for monitoring. The entire procedure will be IT based and supported with necessary software, ensuring that every step is registered properly.

For each measure a monitoring form with common indicators will be prepared and attached as an obligatory part of the application form and final payment request form. It will be the responsibility of the IPARD Agency to enter data, provided by the recipients into the monitoring data base, and assuring data quality checks. The verified data will be transferred into an agreed compatible format to the MA monitoring system, where the data will be processed and monitoring tables produced. The detailed obligations and responsibilities of the MA and IPARD Agency in respect to the monitoring, evaluation and reporting will be laid down in the Memorandum of Understanding.

Contractual obligations with recipients will stipulate responsibilities for provision of data to the IPARD Agency/Managing Authority and/or evaluators or other bodies necessary to perform monitoring and evaluation of the Programme.

Monitoring Committee

In accordance with Article 19 of the Commission Implementing Regulation (EU) No 447/2014, Article 53 of the Framework Agreement, an IPARD II Monitoring Committee will be established not later than 6 months after the entry into force of the first financing agreement.

In line with Article 47 of the SA the IPARD II, the Monitoring Committee:

- shall examine the results of the IPARD II programme in particular the achievement of the targets set for the different measures and the progress on utilisation of the financial allocations to those measures. In this regard, the Managing Authority shall ensure that

all relevant information in relation to the progress of measures is made available to the Monitoring Committee and the NIPAC;

- shall periodically review progress made towards achieving the objectives set out in the IPARD II programme;
- shall consider and approve, where appropriate, any proposal drawn up by the Managing Authority to amend the IPARD II programme to be submitted by the Managing Authority to the Commission, in copy to NIPAC;
- Notwithstanding the provisions of Article 9(3) of SA, the IPARD II Monitoring Committee may, following consultation with the Managing Authority and the IPARD Agency, propose to the MA for submission to the Commission, with copy to the NIPAC and NAO, amendments or reviews of the IPARD II Programme to ensure the achievements of the Programme's objectives and enhance the efficiency of the assistance provided;
- shall consider and approve the annual and final implementation reports before they are sent to the NIPAC for submission to the Commission and to the NAO, with a copy to the Audit Authority;
- shall examine the evaluations of the IPARD II Programme;
- 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 II Programme. 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.

All final documents of IPARD II Monitoring Committee meetings are made public.

Composition of Monitoring Committee

The IPARD Monitoring Committee shall be composed of representatives from relevant public authorities and bodies, appropriate economic, social and environmental partners. The number of non-governmental organisations in the IPARD Monitoring Committee shall be at least equal to the number of the members from governmental bodies and authorities. The economic, social and environmental non-governmental organisations, invited to become members of the IPARD Monitoring Committee, will be selected among the organisations, consulted during the preparation of the Programme or other relevant organisations, which are the most representative of the respective sectors. Representatives of bilateral and multilateral donor organisations, banking sector, the academia and other organisations, relevant to the IPARD programme, will be invited as observers of the IPARD Monitoring Committee.

IPARD II MC working groups may be established to address specific problems.

The IPARD II Monitoring Committee shall be chaired by a senior representative of MAEP who shall have voting rights.

The Commission, the Operating Structure, the NAO and the NIPAC shall participate in the work of the IPARD II Monitoring Committee without voting right.

The IPARD II Monitoring Committee shall adopt its rules of procedure. The IPARD II Monitoring Committee shall meet at least twice a year. Ad-hoc meetings may also be convened.

The IPARD II Monitoring Committee shall report to the IPA Monitoring Committee and may make proposals on any corrective action to ensure the achievement of the objectives of the actions and enhance the efficiency, effectiveness, impact and sustainability of the IPARD assistance.

The MA will act as the Secretariat to the IPARD Monitoring Committee and assist its work by providing information and analysis and providing follow-up on its decisions.

11.2.2. Evaluation

Evaluation looks at the effectiveness (extend to which objectives are achieved), the efficiency (best relationships between resources employed and results achieved), and at the relevance of an intervention (extend to which an intervention's objectives are pertinent to needs, problems and issues).

The obligation to evaluate IPARD II Programme has been set by Articles 55 and 57 of the Framework Agreement and further detailed by Articles 49-53 of Sectoral Agreement.

The IPARD II Programme shall be subject to ex-ante and ex-post and, where considered as appropriate by the Commission, interim evaluations carried out by independent evaluators under the responsibility of the Managing Authority for organizing the evaluations.The evaluation activities will be financed under the technical assistance measure. The MA will be responsible for the proper reporting of the evaluation findings and recommendations submitted to the relevant national authorities and the Commission.

The evaluations shall examine the degree of utilisation of resources, the effectiveness and efficiency of the programming, its socio-economic impact and its impact on the defined objectives and priorities. They shall cover the goals of the IPARD II 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 II Programme, including the sustainability of actions and identifications of best practices.

In line with Article 51 of the SA, the Managing Authority will be responsible to draw up an evaluation plan for the period 2014-2020 following the requirements of Article 57 of the FWA. The evaluation plan will be submitted to the IPARD II Monitoring Committee not later than one year after the adoption of the IPARD II Programme by the Commission. The Managing Authority shall report each year on the results achieved under the evaluation plan to the IPARD II Monitoring Committee with copies to the Audit Authority. A summary of the activities shall be included in the annual report.

Detailed recommendations of the evaluations will be taken into consideration and integrated into the implementation process of the IPARD Programme. The quality and implications of

evaluations shall be assessed by the Managing Authority, the IPARD Monitoring Committee and the Commission.

In accordance with Article 53 of SA at latest in the first year after the programme implementation period, an ex-post evaluation shall be prepared for the IPARD II Programme. That report shall be completed and submitted to the Commission not later than the end of that year.

Ex-post evaluation shall cover the utilisation of resources and the effectiveness and efficiency of the IPARD II Programme, its impact and its consistency with the ex-ante evaluation. It shall cover factors contributing to the success or failure of implementation, the achievements of the IPARD Programme and results, including their sustainability. It shall draw conclusions relevant to the IPARD II Programme and to the enlargement process.

11.2.3. Reporting

The obligation for reporting the IPARD II Programme has been set by Articles 58, 59 and 60 of the Framework Agreement and further detailed by Article 54 of the Sectoral Agreement.

In accordance with Article 58 and 59 of the Framework Agreement concerning the general reporting requirements and the reporting requirements to the Commission under indirect management by the IPA II beneficiary, the NIPAC and the NAO shall provide the Commission with an annual report on the implementation of IPA II assistance and with an annual report on the implementation of the entrusted budget implementation tasks by 15 February of the following financial year.

In line with Article 60 of the FWA the operating structures shall deliver all the necessary information to the NIPAC and the NAO for the purposes of the reports.

The obligation to draw up an annual reports and final reports on the implementation of the IPARD II Programme by the Managing Authority has been set by Article 54 of the Sectoral Agreement. Managing Authority, following consultation with the IPARD Agency, shall draw up annual reports on the implementation of the IPARD II Programme in the previous calendar year by 30 June each subsequent year following a full calendar year of implementation of the IPARD Programme.

The annual implementation reports shall include data related to the previous calendar year and the cumulative financial and monitoring data for the whole period of implementation of the IPARD Programme as well as aggregated monitoring tables.The final reports on implementation of the IPARD Programme shall cover the whole period of implementation and may include the last annual report.

All annual and final implementation reports in particular shall contain information relating to: the progress in the implementation of priorities and measures in relation to the attainment of the objectives of the IPARD II Programme, the problems encountered in managing the programme and the measures taken, financial tables showing EU, national and total expenditure per measure and/or sector and financial execution, monitoring and evaluation activities carried out.

The annual and final implementation reports shall be sent, after examination and approval by the IPARD II Monitoring Committee, to the NIPAC for submission to the Commission with copies to the NAO and the Audit Authority.

The Commission shall examine the annual and final implementation report and inform (IPA II recipient) of its observations within four months of the date of receipt of the annual implementation report and within five months of the date of receipt of the final implementation report.

A final report shall be submitted at the latest six months after the final date of eligibility of expenditure under the IPARD II Programme.

The Commission shall issue guidelines concerning the content and presentation of the annual and final implementation reports.

12. SUMMARY DESCRIPTION OF MANAGEMENT AND CONTROL STRUCTURE

In line with Art. 7 of the Commission Implementing Regulation (EU) No 447/2014, Serbia has designated all authorities provided in the IPA legislation.

Table 25: Structures and authorities with reference to the state of affairs in Serbia

Body / Authority	Description acc. IPA II legislation	Situation in Serbia
National IPA Coordinator	The NIPAC shall be established by the IPA II recipient. The NIPAC shall be a high-ranking representative of the government or the state administration of the IPA II recipient with the appropriate authority. In addition to the functions and responsibilities under Articles 6(2), 18(2), 62 and 78 of the FWA, where budget implementation tasks are entrusted to the IPA II recipient, the 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 IPA II assistance. (b) In accordance with Article 60 of this Agreement, coordinate the drawing up of an evaluation plan in consultation with the Commission presenting the evaluation activities to be carried out in the different phases of the implementation as per provisions of Article 58 of this Agreement.	The Government of Serbia, in the Conclusion No. 119-3909/2014 dated 22May 2014, appointed the Minister without a portfolio responsible for European Integration, Mrs. Jadranka Joksimovic, to be the National IPA Coordinator (NIPAC) and reconfirmed the role of Department for Planning, Programming, Monitoring and Reporting on EU Funds and Development assistance within the Serbian European Integration Office as NIPAC's Technical Secretariat. Roles and responsibilities of all bodies in IPA structure are written in new draft of the FWA which is still in process of final consultations and adoption. Adopted Framework Agreement will be endorsed in the form of Law and ratified by the Serbian Parliament (it is foreseen to be adopted till the end of the 2014.) Specificities related to IPARD are addressed in different chapters depending on the subject of each chapter of the agreement. This is also the case with the annex A were the information on functions and responsibilities of the structures authorities and bodies (including NIPAC) are provided and Article 18 of Section III Rules for programming, Paragraphs 2 and 5 of the Draft model of the FWA.
National Authorizing Officer	The NAO shall be established by the IPA II recipient. The NAO shall be a high-ranking representative of the government or the national administration of the IPA II recipient with the appropriate authority. The NAO shall bear the overall responsibility for the financial management of IPA II assistance in [IPA II recipient] and for ensuring the legality and regularity of expenditure. The NAO shall in particular be responsible for: (a) the management of IPA II accounts and financial operations; (b) the effective functioning of the internal control systems for the implementation of IPA II assistance in accordance with Annex B to this Agreement. The management structure shall be	The Government of Serbia, in the Conclusion no. 119-8560/2013 dated 14th October 2013, appointed State Secretary in the Ministry of Finance, to be the National Authorizing Officer (NAO). A Memorandum of Understanding to be signed between the NAO and IPARD OS (IPARD Agency and MA) shall reflect the institutional, procedural, reporting and communication arrangements and will be signed in a due time.

Body / Authority	Description acc. IPA II legislation	Situation in Serbia
	composed of a National Fund and a support office for the NAO. The tasks and responsibilities of the National Fund and the support office shall be adequately segregated.	
National Fund NAO support office	The National Fund shall be located in a national level ministry of the IPA II recipient with central budgetary competence and shall act as central treasury entity. It shall support the NAO in fulfilling his/her tasks, in particular those of management of IPA II accounts and financial operations referred to under Clause 2(3) of Annex A of the FWA and shall be in charge of tasks of financial management of IPA II assistance, under the responsibility of the NAO.	The new systematization act of the Ministry of Finance took effect from 5 February 2009. It incorporates a National Fund (both as a Treasury function and as the NAO Services) which is established directly under the NAO as a new Department in Ministry of Finance. The National Fund Department for EU funds management at the Ministry of Finance assumes the role of the National Fund under the direct authority of the National Authorizing Officer. Currently, the number of fully employed staff at the National Fund is 14. NF manuals of procedures in the context of IPARD are developed and will be aligned with IPA II regulation.
IPARD Operating Structure	The operating structure to be established in accordance with Article 10 and Article 55 of the Commission Implementing Regulation (EU) No 447/2014 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 IPARD 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.	see Chapter 10.1
Audit Authority	The IPA II recipient shall provide for an external audit authority which shall be independent from the NIPAC, the NAO, the management structure and the operating structure(s) and be ensured the necessary financial autonomy. It shall comply with internationally accepted auditing standards. A head of the audit authority shall be appointed by the IPA II recipient. S/he shall possess adequate competence, knowledge and experience in the field of audit to carry out the required tasks.	The Government Office for Audit of EU Funds Management System has been established by the Serbian Government's Decision no. 110-3278/2011-1 dated 02 June 2011 as the Audit Authority for IPA programmes under decentralized management. In December 2013, the Government of Serbia adopted the Decree on appointing the Audit Authority and its head for auditing the management system for EU pre-accession programmes under the Instrument for pre-accession assistance (IPA), which represents the legal basis for the work of the Audit Authority.

Body / Authority	Description acc. IPA II legislation	Situation in Serbia
	The audit authority shall carry out audits on the management and control system(s), on actions, transactions and on the annual accounts in line with internationally accepted auditing standards and in accordance with an audit strategy. Further guidance and definitions from the Commission may complement those standards.	

Table 26. The designation of all relevant authorities and a summary description of the management and control structure (NIPAC, NAO, MA, IPARD Agency and Audit Authority)

Authority Type	Name of the authority/body, and department or unit, where appropriate	Head of the authority/body (position or post)	Address	Telephone	Email
NAO	n/ a	State Secretary in Ministry of Finance Nikola Ćorsović	Kneza Milosa 20 11 000 Belgrade Serbia	+381 11 3642 602	nikola.corsovic@mfin.gov.rs
NIPAC	n /a	Minister without portfolio responsible for European integration Jadranka Joksimović	Nemanjina 11 11 000 Belgrade Serbia	+381 11 3617 580	kabinet@eu.rs
MA	Department for Rural Development	Head of Department Dragan Mirkovic	Nemanjina 22-26 11 000 Belgrade	+381 11 3348 053	dragan.mirkovic@minpolj.gov.rs
IPARD Agency	Directorate for Agrarian Payments	Director Vladislav Krsmanovic	Hajduk Veljkova 4-6 15 000 Sabac	+381 15 367 500	vladislav.krsmanovic@minpolj.gov.rs
Audit Authority	Audit Authority Office of EU Funds	Office Director Miloš Todorović	Nemanjina 4 (and Nemanjina 11) 11000 Belgrade Serbia	+381 11 3639-951	kancelarija@aa.gov.rs

13. RESULTS OF CONSULATIONS ON PROGRAMMING AND PROVISIONS TO INVOLVE RELEVANT AUTHORITIES AND BODIES AS WELL AS APPROPRIATE ECONOMIC, SOCIAL AND ENVIRONMENTAL PARTNERS

13.1. PROVISION ADOPTED FOR ASSOCIATING THE RELEVANT AUTHORITIES, BODIES AND PARTNERS

In line with the specific provisions on rural development programmes, laid down in Article 55 of the Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014, the IPARD II Programme has been prepared in consultation with the appropriate interested stakeholders applying the partnership principle.

Serbia has accumulated significant experience in the application of the partnership principle in the national strategic policy formulation, involving government, civil society and private sector stakeholders at both national and local levels. The partnership was widely applied during the preparation of the National Agriculture and Rural Development Strategy for the period 2014-2024, as well as during the preparation of the IPARD I and IPARD II Programmes since 2009. Relevant stakeholders (competent regional and local and other public authorities, economic and social partners, NGOs) will be involved in all the stages of IPARD programme, implementation, monitoring and evaluation, following the EU legal requirements.

In order to establish strong intra and inter-ministerial coordination in the policy formulation and programming of rural development in Serbia with a Government Decision No 02-9603/ 2010 (amended with Government Decision No 02-6999/2011 a National Council for Rural Development (NCRD) has been established. Currently NCRD is chaired by the Minister of Agriculture and Environmental Protection, has 14 members, representing MAEP and other Ministries.

The Council will be reorganised in order to reflect the new organisational structure of the Government and the MAEP and re-established for the period 2014-2020 to coordinate the national rural development policy.

The following groups of policy stakeholders have been identified for inclusion in different stages of the IPARD Programme preparation and implementation:

1. Public authorities and bodies in order to establish strong intra and inter-ministerial coordination, consisting of:

    - Ministry of Agriculture and Environmental Protection (MAEP) its sectoral directorates, Veterinary, Phyto-sanitary and Food Safety Directorates, Advisory Services, Agency for Environmental Protection, Water Directorate.

- Representatives of other Ministries of the Republic of Serbia – Ministry of Finance, Serbian European Integration Office, Ministry of Public Administration and Local Self-Government, Ministry of Construction, Transport and Infrastructure, Ministry of Trade, Tourism and Telecommunications, Ministry of Economy, Ministry of Communication, Science and Technological Development, Ministry of Labour, Employment, Veteran and Social Affairs, Ministry of Youth and Sport, SORS.

2. Regional and Local authorities - Standing Conference of Towns and Municipalities, National Agency for Regional Development.

3. Branch associations and Non - Governmental Organisations in the fields of Agriculture and Rural Development in Serbia – Serbian Chamber of Commerce, Farmers' Association, National Farmers' and Cooperatives' Association, National and Regional Associations of Agricultural Co-operatives and Producers, National Association of Food Processors, Organizations for environmental issues, National associations promoting equality of women and men, and issues related to Handicapped Persons, Roma, etc.

4. Donor's organisations such as World Bank, UNDP, USAID, GIZ.

5. Other partners such as commercial banks and micro-finance institutions in Serbia, research institutes and academia.

6. Representatives from the Ministry of Foreign Affairs and the Serbian European Integration Office as national coordinators for the EU Danube and Adriatic and Ionian macro-regional strategies.

The process of preparation of the National Strategy for Agriculture and Rural Development for the period 2014-2024 for the Republic of Serbia was carried out by the Managing Authority supported by eight thematic/sectoral Working Groups, established by an Order of the Minister of Agriculture and Environmental Protection in 2013. The members of the Working Groups represent the MAEP departments, researchers and the most relevant stakeholders. Since NRDS was prepared and designed in line with IPARD requirements all comments and suggestions related to the NRDS were used for elaboration of IPARD II Programme. The work of the Working Groups was organized via regular working meetings and workshops to present and consult the results.

The consultation process started in May 2013 – in the period from 13 to 17 May 2013, eight workshops for the members of the thematic working groups were organized to present and discuss the SWOT analysis and needs identified of the agri-food sector and rural areas in Serbia. In July 2013 one day meeting of the Working groups was held to present and discuss the first outline of the NARDS. In the following period, three workshops with the main representatives from the working groups were organized to finalise the Draft Strategy before the end of 2013.

A National Stakeholder Meeting to present and discuss the First Draft of the National Agriculture and Rural Development Strategy for the period 2014-2024 was organized on 29

January 2014 in Belgrade. All the designated stakeholders were invited to take part in the meeting.

In February and March 2014, the Draft NARDS was subject to public hearing in Novi Sad, Krusevac, Cacak and Leskovac and at the same time it was posted on the internet portal of the Ministry with e-mail address for comments and proposals. All the comments and opinions received are reflected in the NARDS text and respectively in the IPARD II Programme text.

In the period March-June 2014 the First Draft of the IPARD II Programme and potential measures for recipients were presented to different workshops and meetings of the working groups such as:

- Two parallel traveling workshops – Caravans held in the period 31 March – 1 April 2014 with rural stakeholders to discuss the LEADER approach in Serbia and opportunities offered under the IPARD II Programme for the period 2014-2020.

- Meetings with the stakeholders and representatives of companies and unions of farmers, during the seminars and conferences held on the International Agriculture Fair in Novi Sad, in May 2014.

- Meetings of the thematic working groups, dealing with market chain, fruit and vegetables and livestock sector to discuss the outline of the Measure for Investment in physical assets of the agricultural holdings, including specific eligibility criteria per sector, eligible investments, economic viability of the farms etc.

- Meeting with the representatives of the civil sector and the representatives of the stakeholders in the fields of environment protection, agriculture and rural development to discuss the rural development policy and the Draft IPARD II Programme was held on 16 June 2014 in organization of the Government office for cooperation with civil society.

Within the NRDS and IPARD II Programme preparation process, MA is organising meetings on three levels. First level was comprised the representatives of branch associations, agricultural cooperatives, local self-governance and municipalities, NGOs involved in rural development, environmental protection organizations, food processing and marketing industry associations, organizations for equal opportunities and gender equality and other stakeholders, representing potential recipients under the IPARD II measures and national support schemes, as well as representatives of the advisory services and the Network for Rural Development of Serbia.

The second level included representatives of all MAEP organizational units' members (such as Veterinary Directorate, Forestry Directorate, Plant Protection Directorate, Land Management Directorate, General Inspectorate, Sector for analytic and agricultural policies,

Agency for Environmental Protection etc.), representatives of international organizations and universities.

The third level was comprised of the representatives of other ministries and public bodies.

A national partnership meeting was organized on 24 July 2014 and on that occasion the Draft IPARD II Programme, including SWOT, needs identified strategy and selected measures was presented. All the designated partners, as presented in the Table were invited to give contribution to elaboration of the IPARD Programme. The representatives of EU Delegation in Serbia took part in the stakeholder meeting discussions. The Draft IPARD II Programme was sent to the submitted list of stakeholders two weeks before the consultation meeting and participants were asked to submit the written comments and suggestions to the Managing Authority. Significant number of stakeholders gave their contributions in a written form and they were all taken into account by the MA when finalizing the IPARD II Programme text.

13.2 DESIGNATION OF THE PARTNERS CONSULTED – SUMMARY

University representatives		
Name of institution/body/person	**Competence/Expertise**	**Name of the Contact Person**
Faculty of Agriculture, University of Belgrade	Agro economist	Prof. dr Natalija Bogdanov
Faculty of Agriculture, University of Belgrade	Agro economist	Prof. dr Miladin Ševarlić
Faculty of Agriculture, University of Belgrade	Plant breeding	Prof. dr Slaven Prodanović
Faculty of Agriculture, University of Novi Sad	Fruit growing	Prof. dr Zoran Keserović
Faculty of Agriculture, University of Novi Sad	Cattle breeding	Prof.dr Snežana Trivunović
Faculty of Agriculture, University of Novi Sad	Fruit growing	prof. dr Nada Korać
Faculty of Agriculture, University of Novi Sad	Fruit and Grape	prof. dr Dragoslav Ivanišević
Faculty of Agriculture, University of Novi Sad	Cattle breeding	Miloš Beuković
Faculty of Agriculture, University of Belgrade	Cattle breeding	Vladan Bogdanović
Faculty of Agriculture, University of Belgrade	Food technology	Dr Viktor Nedović
Faculty of Agriculture, University of Belgrade	Cattle breeding	Cvijan Mekić
Faculty of Agriculture, University of Belgrade	Food technology	Prof dr Petar Puđa
Faculty of Agriculture,	Cattle breeding	Dragan Glamočić

University of Novi Sad		
Faculty of Agriculture, University of Belgrade	Agro economist	Saša Todorović
Faculty of Technical Sciences, University of Novi Sad	Biosystems engineering	Milan Martinov
Faculty of Veterinary Medicine, University of Belgrade	Veterinarian	Mila Savić
Representatives of public institutions		
Advisory Service *Sombor*	Agricultural advisory service	Branislav Ogrizović
Guarantee Fund of the Autonomous Province of Vojvodina	Agro economist	Goran Vasić
Department of Agriculture and Rural Development of the City of Niš	Rural development	Ivan Pavlović
Regional Fund for Agricultural Development	Regional development	Jozsef Szabo
Advisory Service Vrbas	Agricultural advisory service	Katarina Radonić
Municipal Council for Environmental Protection of Vršac	Environmental protection	Miloš Vasić
Provincial Secretariat for Agriculture	Rural development	Slobodan Teofanov
Institute of Vegetable Crops, Smederevska Palanka	Agricultural advisory service	Milan Zdravković
Institut PKB	Agricultural advisory service	Petar Stojić
Advisory Service Kraljevo	Agricultural advisoryservice	Vekoslav Savić
Advisory Service Sremska Mitrovica	Agricultural advisory service	Željko Graovac
Advisory Service Čačak	Agricultural advisory service	Vesna Nišavić Veljković
Institute for Crop production and Vegetable growing, Novi Sad	Crop production and vegetable growing	Ana Marjanović Jeromela
Agency for Environmental Protection	Environmental protection	Maja Krunić-Lazić
Team for Social Inclusion and Poverty Reduction	Social inclusion	Jelena Milovanović
Institute for the Maize "Zemun Polje"	Maize production	Miodrag Tolimir
Institute of Agricultural Economics	Agro economist	Dr Draago Cvijanović
National Agency for Regional Development	Regional development	Slobodan Mišković
Centre for Development of Jablanički and Pčinjski district	Regional development	Goran Milenković
Institute for Applied Science in	Agro economist	Snežana Janković

Agriculture		
Jaroslav Černi Institute for the Development of Water Resources	Water protection	Milorad Milovanovic
Representatives of international institutions and organizations		
GIZ	Farming	Emilija Stefanović
USAID	Agriculture	Đorđe Boljanović
Embassy of the Netherlands	Agriculture	Mila Mirković
Milk Industry		
Mlekara Šabac	Production of milk and dairy products	Zoran Đerić
”Niška mlekara”	Production of milk and dairy products	Zvezdan Gavrilović
AD "Imlek"	Production of milk and dairy products	Dragica Bolić
"Mlekara Subotica"	Production of milk and dairy products	Valentina Minić
"Meggle"	Production of milk and dairy products	Tanja Soldatović
"Somboled"	Production of milk and dairy products	Dimitar Pavlevski
"Mlekoprodukt"	Production of milk and dairy products	Živanko Radovančev
"Kuč-kompani"	Production of milk and dairy products	Đukić Dejan
"Granice"	Production of milk and dairy products	Nemanja Gajević
"Lazar"	Production of milk and dairy products	Milan Vidojević
„DisTodorović”	Production of milk and dairy products	Slaviša Todorović
“Eko-Mlek”	Production of milk and dairy products	Saša Nedeljković
Meat Industry		
"Carnex"	Meat production	Milorad Šekularac
AD "Neoplanta"	Meat production	Boris Mačak
"Juhor-eksport"	Meat production	Dragan Miladinović
"Imes" AD	Meat production	Rajko Latinović
IM „Bačka Topola“	Meat production	Danilo Žunjić
„Union MZ“	Meat production	Zvonko Milenković
„Kotlenik promet“	Meat production	Milomir Tošović
„Nedeljković“	Meat production	Dušan Branković
„Đurđević“	Meat production	Nebojša Nikitović
„Koteks“	Meat production	Verica Josipović
Representatives of associations		

Serbia Organica	Organic production	Ivana Simić
Centre for training agricultural advisors and farmers	Agricultural advisory service	Aleksandar Davidov
Panonska Rakija	Alcoholic beverages	Ana Pandžić
Association of Farmers Gložan	Association of agricultural producers	Andrija Bartoš
Agrarian Union Municipality of Kanjiža	Association of agricultural producers	Bata Eržebet
Forecasting and reporting service NS	Forecasting and reporting service	Dragica Janković
Association of Fruit Producers Eco Fruit Arilje	Fruit Production	Božo Joković
Association Šumadia-Wuerttemberg	Cattle breeding	Branko Andrijašević
Banatski Forum	Regional development	Zoran Sefkerinac
The Union of Agricultural Producers	Association of agricultural producers	Zlatan Đurić
Alliance associations of farmers	Association of agricultural producers	Jožef Kovač
Farmers Association Senta	Association of agricultural producers	Ferenc Šoti
Alliance of Agricultural Association of Vojvodina	Association of agricultural producers	Mikloš Nađ
Association "Futoški kupus"	Production of cabbage	Miroljub Janković
Farmers Association Subotica	Association of agricultural producers	Miroslav Kiš
Association of Agricultural Producers "Banat Lenny"	Association of agricultural producers	Nikola Filipović
Šabac association of cattle breeders	Cattle breeders	Slobodan Ilić
Serbian dairy forum	Dairy production	Mira Čubrilo
Beekeeping Alliance org Serbia	President of the Serbian Federation of Beekeeping	Rodoljub Živadinović
Association of Serbian brewery	President of the Association	Miodrag Maksimović
Business Association of cold storage Serbia	Executive director of the Business Association	Evica Mihaljević
" Žita Srbije", Association for the promotion of production and export of grain	Director of the Association	Vukosav Saković
ZZ „Agronom“, Brewery	Agriculture, Authorized Representative	Stevan Beljanski
Farmers Association "Subotica"	Head of a Framers Association	Miroslav Ivković
Business Association of Poultry "Poultry Community"	Poultry products	Rade Škorić
SeCoNs Group for developmental initiative	Director of Research at SeCoNS	Slobodan Cvejić

Društvo srpskih domaćina	Farmer	Nikola Bajić
Partnership for Territorial Rural Development - LAG Partnership for Potamišje	Entrepreneur	Nenad Nikolić
pLAG Đerdap, Donji Milanovac	Prof dr, Director	Vesna Vandić
RRC Dunav	RRC Danube Coordinator	Snežana Jovanović
ZZ Begečki povrtari	Agricultural Engineer, Director	Goran Zec
Cooperative Association of Serbia	President of Cooperative Association of Serbia	Mr Dragan Marković
Agricultural producer Vinča	Fruit growing, nursery producer	Verko Kačarević
NGO	Association of agriculture producers	Nenad NIkolic
NGO	Green Eco Circle	Milorad Cosic
NGO	Center for sustainable development	Natasa Gligorijevic
Representatives of chambers of commerce		
Chamber of Commerce and Industry of Serbia	Secretary of the Agriculture, Food and Water association	Nenad Budimović
Chamber of Commerce of Vojvodina, Novi Sad	Secretary of Agriculture association	Đorđe Bugarin
Representatives of industry		
"Bambi" ad	Director General of Bambi Concern	Miroslav Miletić
"Delhaize Srbija"	Category Manager	Biljana Kaličanin
"Rubin" AD	Deputy of Director at "Rubin"	Miroslav Jovanović
MK Group	Advisor to the President at MK Group	Jaroslav Stupavski
Others		
GROW RASAD, Irig	Nursery producer	Anđelko Mišković
"Žitovojvodina", Novi Sad	Assistant Director	Zdravko Šajatović
Agrogrnja d.o.o	Head of the Cooperation Centre	Dejan Jovkić
SKGO	Advisor of local government	Marko Tomašević
SKGO	Advisor	Slađana Grujić

13.3. RESULTS OF CONSULTATIONS- SUMMARY

The detailed table with results of consultations is in Annex 7.

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 IPARD II Programme for 2014-2020 was carried out in the period June - July 2014 by an evaluation team of two international experts, Ms. Simona Cristiano and Mr. Roberto Cagliero (Contract signed the 24 June 2014).

The methodology used follows the procedures set out by the "Instrument for Pre-Accession Assistance Rural Development 2014-2020 (IPARD II): Draft Guidelines for Ex ante Evaluation" (Directorate General for Agriculture and Rural Development, 2014) and in "Getting the most from your RDP: Guidelines for the ex-ante evaluation of 2014-2020 RDPs" (EENRD 2012, draft). Also, a number of further relevant studies and other documentation were referred to in the process of this evaluation, relating to all the programming development.

The ex-ante evaluation was undertaken in close liaison with the Managing Authority (MA) and the process was open and frank. The MA and IPARD Agency were fully cooperative in terms of provision of data, consultation and revision of the Programme.

The ex-ante evaluation was produced using a number of different approaches including literature review, textual analysis of drafts of various documents directly or indirectly contributing to IPARD, and with several meetings between the evaluation team and the officials involved in the process of the programme development. The evaluation team activities were also discussed and coordinated with the services of the Commission and with the staff PPF5 - Project Preparation Facility, Serbia.

The ex-ante evaluation formally began with a kick off meeting on the 26 June 2014 in Belgrade. This meeting introduced the evaluators to the key MA and IPARD Agency officials and provided a review of the IPARD drafting process to date as well as copies of material produced to that point and other relevant documents: IPARD legal basis, national relevant regulations, strategic documents, previous programmes for rural development and sectorial analysis. The evaluators also required the Sectoral Agreement, CSP final version, Framework Agreement final version and implementing regulations.

An inception report (D0) setting out a revised evaluation work programme, was provided to the MA following the kick off meeting, to take account of changes in the timing of the IPARD drafting process.

A preliminary review of the context analysis and associated SWOT was conducted immediately post-inception with a feedback presentation provided on 1 July (based on a new IPARD Programme draft version). During the meeting, the evaluators also dealt with the assessment of the needs and the general structure of the internal and external intervention logic, providing initial recommendations. Furthermore, the evaluator provided a support for the activities for the estimation of the target (output) at the level of intervention (Measure). The above was supplemented by a number of informal feedback conversations and e-mails at

various points in the process, in response to the provision of additional and amended documents and following questions put to the evaluators. The analysis and SWOT matrix were amended in line with the recommendations as well as the target indicators.

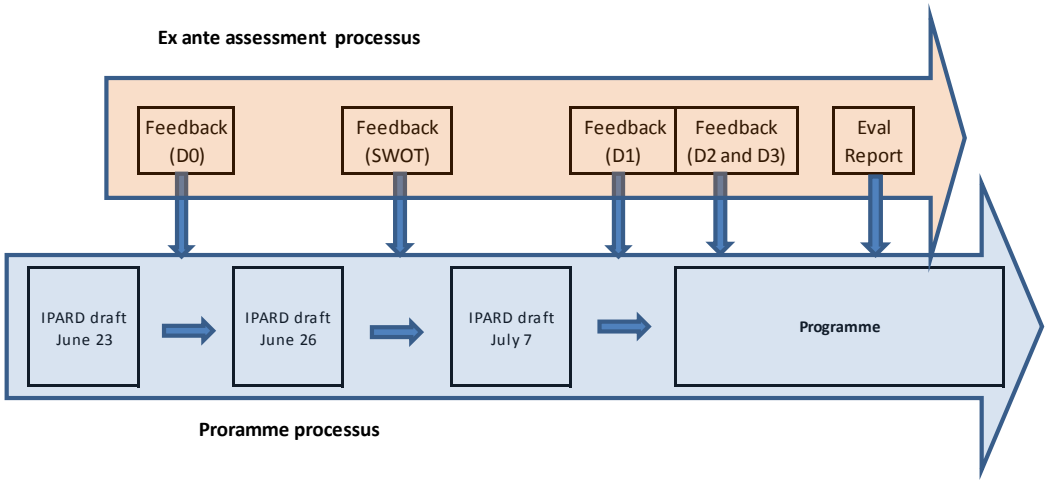
Written feedback (D1) was constructed based on a review of available documentation and proposed to the MA on 13 July. This document is an early draft about the description of the evaluation process and the main conclusions and recommendations (documentary table), in order to explain how the results of the assessment were considered in the development of the programme.

Feedback on the draft of the intervention logic, the complementarity with the measures financed by other sources, the description of the operating structure and the description of management and control structure were submitted to the MA on 14 July.

During July, the evaluator was commissioned to deliver two interim reports (D2 and D3), relating to stage 1 (SWOT analysis), 2 (intervention logic), 3 (Governance and management). The final Evaluation Report was delivered by the end of July.

The Evaluation Report is structured on the evaluation questions contained in the guidelines document and those specific discussed and agreed with the MA. Throughout the process special attention was given to the requirement that the IPARD shows robust intervention logic and a concrete implementation capacity.

The evaluators were satisfied that, as shown in the draft IPARD, these conditions are fulfilled.



14.2. OVERVIEW OF THE RECOMMENDATIONS

R.1. The comprehensiveness of the context analysis

Date: 01/07/2014

Topic: Provide a more comprehensive description of the programming area

The context analysis, as well as the SWOT analysis and the needs assessment, doesn't provide a holistic picture of the programming area. Particularly, the analyses of the current situation is

lacking of a more focused description of **crucial dimensions** of rural development in Serbia, such as the environment, the rural economy, the quality of life and LEADER. Thus, the analyses should be better enhanced through focusing on such dimensions.

Also, in some cases the context analysis doesn't provide a proper description of the **disparities**, trends, benchmarks or time series which could better explain the current situation of the different dimensions of rural development in the Republic of Serbia. This is particularly evident in the case of the quality of life.

On this regards, it is recommended to enhance the context analysis through underlining the identification of core driving forces which can be observed for the different dimensions of the rural development in Serbia.

Finally, in the cases of the **sectorial analyses**, it is recommended to provide a more comprehensive description of the different sectors and to explain the reason why the analysis focuses only on some sectors. Besides, the sectorial analyses should be better summarized coherently with EU format.

R.2. The use of context indicators

Date: 01/07/2014

Topic: Provide a more appropriate use of context indicators

In line with the European Commission indications, the whole list of common context indicators (CCI) should be fully applied across the context analysis. On this regards, the evaluator recommended to quantify those CCI which are still missing in the analysis and to better explain some that estimated by a proxy approach. This was particularly the case of the environmental situation.

Also, as long as the CCI should serve the context analysis for better explain some key aspects of the current situation in the Republic of Serbia, the evaluator recommended to link such indicators to the different parts of the analysis.

Besides, the evaluator recommended the use of programme context indicators in view of better underlining specific situations of rural development in the Republic of Serbia, where needed.

R.3. The SWOT analysis

Date: 01/07/2014

Topic: Provide a more appropriate and comprehensive SWOT analysis

In line with the European Commission indications, the SWOT analysis should be justified by the context analysis, of which it should provide a diagnostic reading. On this regards, it is recommended to revise the SWOT analysis by proving all of its items a robust justification based on the context analysis, on common/programme specific indicators and qualitative information.

Too, the evaluator recommends to prepare a SWOT matrix of a general nature, which advances the information at sector and thematic level, as required by the Proposed structure of the content of an IPARD Programme. Besides, the SWOT seems to be lacking of the analysis on the crops.

The revision of the SWOT should also go towards a rationalization of the items, by deleting the redundancies and re-classifying some items, and a better representation of the linkages between the ones to the others. On this regards, the use of a relational SWOT is recommended by the ex/ante evaluator in view of providing a dynamic reading of the context of the programme.

R.4. The needs assessment

Date: 01/07/2014

Topic: Provide a consistent needs assessment

The needs assessment can be considered as funded on the context and SWOT analyses, thus the 13 needs of IPARD look justified, even if not all the needs can find a consistent basis in the SWOT. Also, it is to underline, as a critical point, that in some cases the evidence of disparities is not highlighted through the selection of a temporal or spatial benchmark. Under this point of view, the evaluator recommends to set appropriate benchmarks where needed.

In addition, it would be appropriate to indicate a ranking of importance of 13 needs to steer the strategy in a direct way, although it is possible indirectly to get this prioritization. The main recommendation, in view of the strategy design, is to clearly set up the IPARD objectives, instead of the IPARD priorities indicate in the draft programme.

R.5. The description of the intervention logic

Date: 13/07/2014

Topic: Provide a coherent strategy

The intervention logic and the programme design, including the selection of measures, are justified, and particularly assessed in connection with other national programmes and agricultural schemes, the NRDP principally.

The programme strategy as a whole should be articulated around the results of the earlier context and SWOT analysis and in view of addressing the needs assessment on the programme areas. The evaluator underlines the need for enhancing the coherence of the intervention logic in terms of linkages with the needs assessment and the other instruments which are complementary to IPARD.

Particularly, the evaluator recommends to rank the needs arisen, through the set up of IPARD objectives framework, and to explain clearly the motivations which drove the choices of the MA towards the use of the different IPARD measures and in the relation with the other instruments. The very critical point is the explication of why only some needs are object of interventions IPARD, while others are not.

In terms of internal coherence, the IPARD objectives (Draft 7 July) are consistent with the needs and the interventions selected and justified along the path of the intervention logic. The balance between the different measures is appropriate, and the provision of mutually reinforcing interactions is in place. There are no immediate possible conflicts and contradictions between the measures and the objectives.

In terms of external coherence, the programme linkages with other interventions (chapters 6 and 10), in particularly with the NRDP, demonstrate a good level of possibilities of complementary with these other interventions, but the demarcation item is not always very clear and it is not possible to detect some risks in verifiability and control. It is evident that a parallel implementation, avoiding overlaps and enabling synergies, between IPARD and NRDP, but also with all the other instruments, could be a strategic relevant key. In this regard, the most important recommendation is to set up a "demarcation and complementary table".

R.6. The description of each of the measures selected

Date: 13/07/2014

Topic: Provide a coherent measure description

The content of the measures as well as the selected target groups is appropriate. .
The overviews by sectors are clear and in coherence with the context analysis (e.g. investment?), but it may be appropriate to summarize.

The framework of the objectives of the selected interventions is generally consistent with the objectives of IPARD and the specific objectives contribute to the general ones. However, in some cases in the description of the specific objectives are highlighted eligibility criteria, which are then repeated in the correct parts. It would be better to avoid such duplications.

The descriptions of the linkages with other instruments, as well as the economic viability and the standards, sounds complex and with some critical points in the verifiability. The evaluator on this regard recommends to explain these items more clearly.

Administrative procedure needs to be described more in depth, although the measure fiches require only a generic description of the administrative procedures for the implementation of this measure; but e.g. there are not indications in the field of controls. The evaluator on this regard recommends to explain these items more clearly.

The eligibility criteria are derived from a very bureaucratic approach and they may have a risk of verifiability; the formulation of Business Plan is not robust, it could be appropriate to compare to FADN methodology. The selection criteria are not always reflected in the analysis of the context and the SWOT analysis. The evaluator on this regard recommends to explain these items more clearly.

R.7. Establishment of targets

Date: 13/07/2014

Topic: Provide a robust quantification of targets

The identification of appropriate quantified targets for those indicators directly related to the achievements of the focus areas is vitally important for measuring the extent to which the original objectives of the programme are actually being met. The responsibility for establishing appropriate target values rests with the Managing Authority, while the evaluation team should verify the plausibility of these values. Under this point of view, the evaluator has supported in a direct way the MA during this process.

The sources of information used are reliable and the methods proposed for the calculation has been rigorous enough and based on a set of information coming from the IPARD Agency and shared with an expert group. So, the targets are based on a computation of unit costs from previous similar or equivalent interventions supported under national/regional schemes.

The assessment of target values has been conducted jointly with the analysis of the contribution of the expected outputs to results, while the actual draft programme does not indicate an overall estimation of the targets (chapter 6.4) nor any information about result indicators and impact indicators. On this regard, the evaluator suggests on one hand to check the realistic scope of potential recipients and, on the other hand, the definition of a set of appropriate, and very focused, result and impact indicators framework.

R.8. Distribution of financial allocations

Date: 13/07/2014

Topic: Provide a coherent budgetary allocation

In the current context of limited resources, the need to prioritize and concentrate is of increased importance. The IPARD programme, under this point of view, demonstrates that the allocation of financial resources to the measures is balanced, focused and appropriate to meet the objectives that have been set. On the whole, the coherent allocation of available resources could enhances the added value of public support and promotes a more efficient use of resources towards achieving the objectives, but only in a very coherent implementation with all the support instruments available.

In respect of the consistency of the budgetary resources with the programme objectives, the expenditures are directed towards the needs and challenges identified in the SWOT analysis and the needs assessment. Thought, a larger portion of the budget is properly allocated on the objectives that are more influential. Actually, it is not possible to assess the degree of budgetary consistency across territories and economic sectors.

In addition, by now, the evaluator team cannot complement the budgetary analysis by assessing the level of risk involved in financial implementation, to identify those measures that, by their very nature, are associated with more complex development processes. But it is possible to underline that:

- IPARD measures are never been implemented,
- the administrative procedures description cannot give an exhaustive picture,
- there are any information about the level of the decommitment,

- some measures, e.g. LEADER; have a complex delivery mechanisms, involving numerous stakeholders,
- other measures, as well as AEC, could attract more demand than expected.

On this regard, the evaluator recommends an appropriate description of the implementation risk.

R.9. Description of the operating structures and their functions

Date: 13/07/2014

Topic: Provide a better description of the work-flow, roles and functions

The description of the operating bodies is quite comprehensive. It includes the information of the practical implementation of IPARD measures, the monitoring and evaluation system but it lacks of detailing the financial management and the controls mechanisms of the IPARD Programme. Particularly, it is recommended to better explain "what does who and when", through the use of functional and work-flow chart. This could help a clear identification of the tasks and of the roles of each operating bodies and the reciprocal information flows. Though itcould serve the assessment on the administrative capacities being involved into the implementation of the IPARD programme.

Besides, there's a specific need for better explain the governance arrangements on LEADER approach, particularly by detailing the role and functions of the LAGs in managing, monitoring, control and evaluation activities.

R.10. Human resources and Administrative capacity for programme management

Date: 13/07/2014

Topic: Provide details on the human resources being involved in IPARD II

The draft Programme does not provide sufficient information on the human resources and the administrative capacities being involved into the implementation of IPARD II.

On this regards, the evaluator suggests to detail the number of human resources working in the IPARD MA offices and to describe the activities conducted to enhance their competencies, such as training activities. Also, the assistance of other on-the-job support activities, such as twinning and technical assistance should be detailed.

R.11. Delivery System

Date: 13/07/2014

Topic: Provide details on the delivery system

The description of the delivery system is unsatisfactory. Particularly, it should be improved by detailing the monitoring and evaluation arrangements for data and information collection and reporting, such as the identification of the sources of information and with a specific reference to the use of the FADN and IACS systems for IPARD implementation.

Also, there's a specific need for envisage specific arrangements for the implementation of the LEADER approach, especially for monitoring, control and financing purposes. This implies the provision supporting activities to the LAGs to be conducted at a very early stage.

With specific reference to the monitoring and evaluation matter, it is recommended to explain if the setting up of specific governance structures is envisaged and which offices will be in charge. Particularly, the setting-up of a Monitoring and evaluation unit and the support of an evaluation steering group is recommendable, in view of ensuring the engagement of adequate specific capacities into the activities.

R.12. Financial Management

Date: 13/07/2014

Topic: Provide a more comprehensive description of the financial arrangements and circuit

The description of the financial management is unsatisfactory. The draft programme provides only a description of the responsibilities. Particularly it is recommended to describe the financial circuit and arrangements envisaged, possibly through the use of a financial flow-chart, and by identifying the operating bodies and their tasks. Though, the description of the IPARD measures should explain the key steps for the payments process: advances, interim and final payments to recipients. Too, details on how the financial flows will feed the monitoring system should be provided.

Finally, there's a specific need for envisage specific arrangements for the implementation of the LEADER approach, especially by clarifying the role of the LAGs into the financial system.

R.13. Stakeholders Involvement

Date: 13/07/2014

Topic: Provide a more comprehensive description of the arrangements for effective and further involvement of the stakeholders

The draft Programme provides a detailed description of relevant stakeholders and the consultations conducted by the MA during the programming phase. However, the description lacks of referring about the criteria used for the identification of the relevant stakeholders and on how the results of the consultations have been taken into account for the programming purpose. Too, information on further involvement of the stakeholders during the programming period needs to be provided, with a specific reference to the communication of the IPARD implementation performances and results.

On the specific issue of LEADER, there's a need for clarifying if and how the LAGs are considered as relevant Programme stakeholders.

Indeed, as it is, the description of the stakeholder involvement does not provide the information needed to assess the effective involvement of the stakeholders into the Programme design and implementation.

Table 27. Overview of the recommendations

Date	Topic	Recommendation	How recommendation has been taken into account
The SWOT analysis, needs assessment			
01/07	Provide a more comprehensive description of the programming area	The analyses should be better enhanced through focusing on crucial dimensions Provide a proper description of the disparities Enhance the context analysis through the use of core driving forces The sectorial analyses should be summarized, coherently with UE format	Recommendation has been followed up and modifications in the final version of the programme are introduced
01/07	Provide a more appropriate use of context indicators	The whole list of CCI should be fully applied. Quantify those CCI which are still missing in the analysis and to better explain some that estimated by a proxy approach. Define a set of the most important specific indicators	Recommendation has been followed up and modifications in the final version of the programme are introduced
01/07	Provide a more appropriate and comprehensive SWOT analysis	Check and provide that all of its items have a justification. Go towards a rationalization of the items: deleting the redundancies, re-classifying some items. Provide a representation of the linkages between items	SWOT table is completely rearranged in line with recommendations.
01/07	Provide a consistent needs assessment	Estimate a ranking of 13 needs	Recommendation has been followed up and modifications in the final version of the programme are introduced
Construction of the intervention logic			

01/07	Provide a coherent strategy	Set up of IPARD objectives framework, to explain clearly the choices of the MA towards the use of the different IPARD measures Set up a "demarcation and complementary table" in chapter. 10	Recommendation has been followed up and modifications in the final version of the programme are introduced
13/07	Provide a coherent measure description	Avoid duplications and redundancies Provide a more clear description of linkages and demarcation and criteria. Administrative procedure needs to be described more in depth	Recommendation has been followed up and modifications in the final version of the programme are introduced
Establishment of targets, distribution of financial allocations,			
13/07	Provide a robust quantification of targets	Define a realistic Scope of potential recipients Provide a set of appropriate result and impact indicators	Recommendation has been followed up and modifications in the final version of the programme are introduced
13/07	Provide a coherent budgetary allocation	Provide an appropriate description of the implementation risk	
Programme implementing, monitoring, evaluation and financial arrangements			
13/07	Provide a better description of the work-flow, roles and functions	Explain in a better way "what does who and when", through the use of functional and work-flow chart Explain in a better way the governance arrangements on LEADER approach	This recommendation will be taken into account through the National ordinance for implementation for LEADER measure
13/07	Provide details on the human resources being involved	Detail the number of human resources working in the IPARD MA offices and the describe the activities conducted to enhance their competencies	Recommendation has been followed up and modifications in the final version of the programme are introduced
13/07	Provide details the delivery system	The delivery system must be described more clearly	This recommendation will be taken into account through

			the National ordinance for implementation as above
13/07	Provide a more comprehensive description of the financial arrangements and circuit	Describe the financial circuit and arrangements envisaged, possibly through the use of a financial flow-chart, and by identifying the operating bodies and their tasks	This recommendation will be taken into account through the National ordinance for implementation of this measure
Other			
13/07	Provide a more comprehensive description of the arrangements for effective and further involvement of the stakeholders	Provide information on further involvement of the stakeholders during the programming Clarify if and how the LAGs are considered as relevant Programme stakeholders Describe, where possible, the effective involvement of the stakeholders into the Programme design and implementation	Recommendation has been followed up and modifications in the final version of the programme are introduced

15. PUBLICITY, VISIBILITY AND TRANSPARENCY IN ACCORDANCE WITH IPA LEGISLATION

In accordance with the rules, laid down in Article 23 and 24 of the FWA and further detailed in Article 24 and 25 of the Sectoral Agreement, MAEP will establish a coherent set of activities and adequate procedures to ensure transparent implementation and maximum available information, publicity and visibility of support under the IPARD Programme for the period 2014-2020. The IPARD II Operating structure shall fulfil the requirements on information, publicity and transparency, and ensure the appropriate EU visibility of the actions.

The communication and visibility actions will seek to:

– Ensure a sufficient number of good quality applications and transparency of implementation by effectively communicating information on funding opportunities under the IPARD II Programme;

– Make the results of the implemented projects visible and promote the positive contributions of the EU and national funds for rural development in Serbia;

– Ensure the transparency of public support by publishing the names of grant recipients.

– Increase awareness of the general public about the EU accession process and IPARD support to Serbia.

In line with the Article 25 of the SA, all information, publicity and visibility actions will be planned, implemented, monitored and evaluated within the framework of the IPARD II Visibility and Communication Plan for the period 2014-2020, implemented by an annual list of actions. The plan of visibility and communication activities shall be agreed between the Managing Authority and the Commission. This plan of visibility and communication activities shall be appraised by the IPARD II 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 II programmes and the role played by the Union.

Programmes contributing to the macro-regional strategies can be invited to present their best practice achievements in the annual fora and other events related to the macro-regional strategies where a country is a member.

Activities from the Visibility and Communication Plan will be financed under the Technical assistance measure. At the meetings of the IPARD II Monitoring Committee the chairperson

shall report on progress in implementing the information and publicity activities and provide the Committee members with examples of such activities.

15.1. ACTIONS FORESEEN TO INFORM POTENTIAL RECIPIENTS, PROFESSIONAL ORGANISATIONS, ECONOMIC, SOCIAL AND ENVIRONMENTAL PARTNERS AND 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 MA, in close coordination with the IPARD Agency, will be responsible for informing potential recipients about funding opportunities under the IPARD II Programme. The MA will ensure the establishment of a single website providing information on, and access to, the IPARD II Programme of Serbia, including information about the timing of implementation of programming and any related public consultation processes.

The potential recipients will benefit from a wide range of support tools, such as printed informational materials, information sessions, seminars and training sessions. The MA will ensure that it reaches the intended audience and special attention will be paid to the wide circulation of printed materials and use of local mass media in the case of rural areas where access to the internet is still limited. Representatives of supporting organizations, advisory services, branch associations and NGO's will also be invited to the information events, seminars and training sessions.

In order to help the IPARD recipients to prepare good quality applications, experts from the advisory services and private consultants will be trained on the eligibility rules. The training sessions for the advisory services and private consultants will be organised prior to the start of the measures and will focus on the Guide for Applicants and more specifically on how to support potential recipients when filling in the application forms and preparing the business plans. The list of the advisory services offices and contacts of the trained private consultants will be made available to potential recipients on the IPARD Programme website.

15.2. ACTIONS FORESEEN TO INFORM THE RECIPIENTS OF THE EU CONTRIBUTION

The recipients who have been contracted under the IPARD Programme measures will be provided with detailed written guidelines on project implementation, including instructions for the preparation of payment claims and guidelines on visibility. The MA and IPARD Agency will ensure that the grant recipients strictly fulfil the visibility rules set out in the Guide for Applicants and in the standard contract.

The MA and the IPARD Agency will provide the necessary support in implementing these rules, including issuing clear technical descriptions and instructions and by organizing training sessions.

The administrative instructions and Guidelines for Applicants for the implementation of the measures will include clear guidelines, stipulating the responsibility of the recipients for publicity and visibility, and information that the list of final recipients with an amount of IPARD support will be published by the IPARD Agency.

15.3. ACTIONS TO INFORM THE GENERAL PUBLIC ABOUT THE ROLE OF EU IN THE PROGRAMMES AND THE RESULTS THEREOF

The MA will inform the public about IPARD Programme adoption, its amendments, main achievements in the implementation process and results, using all media at appropriate national and territorial level. Special emphasis will be placed on information about the contribution of the EU to the IPARD financed projects.

Following programme approval, the MA will widely publicize the content of the programme and make the programme and the administrative instructions for the implementation of the measures available to all interested parties through the IPARD II single website, the MAEP website and partner/relay websites and, where appropriate, will distribute hard copies. The MA will also organize an information campaign, including information sessions, press conferences, media publications, etc.

The MA will plan and implement publicity measures aimed at informing the general public on the results of the programme. To ensure transparency and the accountability of the implementation, the MA will regularly publish information on the programme, including financial, output and results indicators as well as the evaluation reports.

In order to ensure transparency concerning support under IPARD the IPARD Agency shall be responsible for the publication of the list of the operations and recipients of IPARD II assistance in accordance with the conditions established by Article 23(2) of the FWA. The list of operations shall be accessible through the IPARD II single website and shall be up-dated at least every six months.

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

Gender equality is guaranteed by the Constitution and Serbia is a signatory of several international conventions and documents that guarantee the equality of men and women and prohibits discrimination on the gender basis. The Strategy for Improving the Position of Women and Promotion of Gender Equality for 2009-2015 has identified six areas in which it is necessary to make progress: improving the economic status, improving health, greater involvement in decision-making processes, in the executive authority and public administration, equality in education, prevention of violence and eradication of gender stereotypes in the media.

Parallel by the development of gender equality legislation, respective institutional mechanisms have been built at all levels. The Gender Equality Directorate (GED), established in 2007 as the administrative body within the Ministry of Labour and Social Policy, is in charge for proposing legal and policy measures aimed at improving position of women and promoting the policy of equal opportunities. The National Parliament has established the Committee for Human and Minority Rights and Gender Equality, while the Government of Serbia has the Gender Equality Council as an advisory body. The Office of the National Ombudsperson includes a Deputy for Gender Equality, Rights of Child and Rights of Persons with Disabilities. The establishment of the Commissioner for Protection of Equality as an independent state agency in 2010 is considered to be of a significant importance. At the level of the Autonomous Province of Vojvodina, the policy of gender equality is promoted by the Secretariat for Labour, Economy and Gender Equality, the Gender Equality Committee, the Deputy Ombudsperson for Gender Equality, and the Gender Equality Institute. More than a half of local self-governments (approx. 100) have established gender equality bodies.

The gender equality principles are taken into consideration in the process of the preparation of the IPARD Programme. To ensure adequate reflection of gender issues, public authorities and NGO's active in the area of equal opportunities are consulted during the National Rural Development Strategy and the IPARD Programme preparation.

The gender situation is taken into account in the process of the design of the individual measures for support by giving priority to entrepreneurial women in the selection criteria of the measures. Moreover, the programme ensures integration of rural women organisations in the partnership of Local Action Groups and gender equality in a managing body of the LAGs.

During the implementation of the IPARD Programme, the uptake of the support under the measures by female-managed agricultural holdings and enterprises will be specifically monitored. All monitoring and evaluation reports will include a section on equal

opportunities, in which the effects of the IPARD Programme on gender equality will be examined. Representatives of the public and NGO's, promoting equal opportunities will be invited to take part in the IPARD MC.

The information and publicity actions will also target equal participation of women and men.

16.2. DESCRIBE HOW ANY DISCRIMINATION BASED ON GENDER, RACE, ORIGIN, RELIGION, AGE, SEXUAL ORIENTATION, IS PREVENTED DURING VARIOUS STAGES OF PROGRAMME IMPLEMENTATION

The legal anti-discrimination framework has been established in Serbia. Beside the Constitution, the general protection regime includes the Law on the Prohibition of Discrimination, the Ombudsman Law and the Statute of the Autonomous Province of Vojvodina. Anti-discriminatory clauses have been integrated in other legal acts, so that the policy of equal opportunities, guaranteed by the Constitution (Art. 15), has been further developed. The Constitution (Art. 60) provides "fair remuneration for work done", while the principle of the equal payment for equal work for men and women is guaranteed by the Gender Equality Law (Art. 17). The Labour Law, as well as the Law on Employment and Insurance in Case of Unemployment, also includes provisions aimed at preventing discrimination against women at the labour market and during employment.

The Law on Prohibition of Discrimination (published in the Official Gazette of the Republic of Serbia, No. 22/09 dated March 26, 2009) introduces the equality principle in relation to the gender, race, color, ethnicity, language, gender identity, sexual orientation, political, religious or philosophical affiliation, economic, education and social situation, pregnancy, parental connection/responsibility, age, family or marital status, civil status, residence, health conditions, disability, relation to a special grouping and in relation to any other reason.

The preparation and implementation of the IPARD II Programme respects all of the provisions laid down in the above mentioned legal base and the principles of equal treatment. There shall be no direct or indirect discrimination against any person based on gender, age, marital status, language, mental or physical disability, sexual orientation, political affiliation or conviction, ethnic origin, nationality, religion, race, social origin or any other status. The Code of Conduct of the Managing Authority and IPARD Agency fully respects all anti-discrimination provisions stipulated by the relevant law, which will also be strengthened by the appropriate training for employees.

The programme measures include no discriminatory criteria. Implementation of the IPARD programme will not tolerate any discrimination towards potential recipients based on religion, ethnicity, gender or physical disability.

17. TECHNICAL AND ADVISORY SERVICES

According to the 2012 Agriculture Census, Serbia has 631,122 registered holdings with a large number of small-sized farms (the average farm size is 5.3 ha). This ownership structure, modest knowledge and lack of additional skills of the rural population (97% of the rural population did not attend additional training programmes, 54% have no special knowledge and skills) lead to low productivity and low income earned from agriculture. The existing advisory system structure is insufficient and fails to meet the dynamic needs of the technical and technological restructuring of the sector.

Knowledge transfer in the field of agriculture takes place through formal education at all levels (from the middle to doctoral studies) as well as through a variety of training organized by educational and research institutions, advisory services, private companies, project units and the media.

To bring closer farmers to the latest achievements of science and professional enterprises, and to help them to introduce new technologies and practices in the period from 2004 to 2007, and then in 2013 and in 2014 a national measure was implemented to support knowledge transfer in the field of agriculture through support for special education projects in agriculture. Also in 2010, a similar measure was conducted through the project Transitional Agriculture Reform (STAR) which has been implemented through loans from the International Bank for Reconstruction and Development IBRD.

In the process of implementation of IPARD II Programme, the Advisory Service of Serbia will play an important role. In the Communication and Visibility Plan it is foreseen that this service will be the main partner to the MAEP in promotion of the programme and in providing the assistance to farmers to complete application forms. This will increase the need for additional staffing and increased scope of work, which is also foreseen in the Strategy for Agriculture and Rural Development and it is supported by a proposed budget increase. The Serbian Advisory Service consists of 35 agricultural advisory and expert services with 256 advisors employed. Out of that number, 13 services are on the territory of Vojvodina, with 88 advisers, 12 are public and one is private. The control and coordination of these services is conducted by the Provincial Secretariat with the assistance of Agriculture Advisory Service (AAS) of Novi Sad, which is an authorized organization for professional training of advisors. The Provincial Secretariat in accordance with the law adopts the annual programme and the funds these activities.

From a total of 22 services across the country, with the exception of Vojvodina, 168 advisors are employed, 19 are public and 3 are private. The control and coordination of these services is implemented by MAEP with the assistance of the Institute for Applied Science in Agriculture (IPN), which is the designated organization for professional training of advisors as well as the tasks of monitoring and evaluating the effects of the work of advisors (authorization obtained in accordance with the law for a period of five years).

Legal base for Advisory Service activities:

- Law on Advisory and expert work in agriculture (2010)

- Mid-term programme for development of advisory services in agriculture for the period 2011-2015
- Annual programme for development of advisory services in agriculture

MAEP adopts an annual programme and the financially support these activities in accordance with the law. The annual programme defines the type and exact number of activities the advisor performs in the course of a year, deadlines or rather the dynamics of their realization, manner of monitoring and evaluating the effects of the work of advisors, territorial coverage of a certain service, number and expertise of the advisor as well as the source, schedule and manner of using the funds.

Their scope of work with agriculture holdings is based on following approach:

1. Work with individual agriculture holdings

- Work with the selected agriculture holdings for the period of three years, where advisor has to visit selected agriculture holding several times in a year and to calculate certain economic parameters;
- Work with other holdings in the office, telephone, fax, e-mails or in the field;
- Assistance for filling out forms and applications for preparing documents and business plans when applying for using funds.

2. Work with groups:

- Agricultural cooperatives and farmers associations;
- Organizations, associations, and informal groups of agricultural producers;
- Lectures;
- Workshops (trainings with practical demonstrations);
- Seminars / winter schools;
- Field Days- Demonstration on the spot/ field;
- Tribunes (for the promotion of agricultural and rural development policy).

3. Work through mass media: TV shows, radio shows, articles on the website www.psss.rs, texts in the bulletin issued by the service and local newspapers.

4. Monitoring, collecting and dissemination of data:

- For a Serbian Market information system in Agriculture – STIPS;
- For seasonal works in farming, fruit growing and viticulture;
- For the data bookkeeping system for agricultural holdings in RS - FADN (Farm Accountancy Data Network).

In accordance with the law, IPN, the authorized organization in Serbia and AAS Novi Sad in AP Vojvodina, adopt the Annual Plan for training advisors. The Expert Advisory Council approves the plans and its realization is financed from the budget of RS or rather from the budget of AP Vojvodina.

Farm Advisory Service is supervised and monitored by two independent bodies authorized by MAEP:

1. The Expert Advisory Council for advisory services and applied research in agriculture works on:

- Proposes Medium-term programme;
- Proposes the development of policy;
- Propose the financing of advisory services and applied research;
- Give an expert opinion on the nature and type of education and propose the types of trainings for advisory agents and farmers;
- Give an expert opinion on Annual plan for specialization of agricultural advisory agents.

2. The Institute for Science Application in Agriculture (IPN) works on:

- Training of advisory agents;
- Makes a draft of the Training programme for advisory agents;
- Develops extension modules;
- Composes and prints material for advisory service;
- Organises educations – trainings of advisory agents;
- Monitoring and evaluating the effects of advisory work;
- Assessing agricultural extension agents and offices;
- Making the rank list of advisory agents according to their achieving of planned tasks;
- Creates a unique methodology for conducting and keeping records of advisory activities (forms, software, the portal);
- Prints publications and other materials for advisory service;
- Reports to the MAEP.

The Advisory Services organise the training programmes, seminars and educations for farmers through Annual Programmes which are agreed and financed by the MAEP. In 2010 support for the modernization and improvement of the advisory service of Serbia was set with the adoption of the new Law on Advisory and Extension Services in Agriculture. The rationale for the adoption of the new law, among other things, lies in the fact that the national advisory service had limitations in terms of number of professionals. These professionals have a difficult task to meet challenges faced by about 631,000 agricultural holdings of which over 466,000 registered expressing interest in obtaining advisory services. The total number of farmers that were under the scope of advisory services in 2013 was about 20,000.

One of the activities of Advisory Service of Serbia is establishment of FADN system, while in regards to IPARD implementation Advisory Service will work on the promotion of IPARD programme measures and will assist the potential recipients on preparation of application

forms for IPARD and development of business plans. Taking into account that the functioning of the advisory service is funded from the national budget which limited in size is caused the need to introduce the system of licensing and thus increase the coverage of the professionals providing services to commercial farms, by including other providers of services under the strict rules and conditions.

Necessary actions to be taken in the coming period in order to build the capacity of Serbian Advisory Service to meet forthcoming tasks and to prepare for assistance for implementation of IPARD II Programme will refer to the elaboration of the training plan that will help them in planning of future work related to support of recipients. Special focus should be given in the fields of meeting the standards, elaboration of Guidebook for recipients and activities with potential recipients. This initial set of training activities should cover introduction to Rural Development policy, tasks and targets, where advisors should get sufficient knowledge on the topic and get initial information for future work in promotional activities related to IPARD.

Advisory Service will work with potential recipients on application form for IPARD, development of business plans as well on the promotion of IPARD programme measures. For this purpose it will need assistance in transfer of knowledge and trainings trough different kind of EU support (TW, TWL projects).

With respect to preparation of other technical services and bodies for implementing the IPARD II Programme another set of training materials will be linked with requirements related to meet national and EU standards, with special focus on what recipients have to know before they start planning to apply for IPARD funds. These tasks will be further elaborated, supported and monitored by the MAEP Standing Working Group which will be established in forthcoming period. The main tasks of MAEP SWG besides defining of national and EU standards is to predict possible problems by defining the criteria and conditions that recipients have to fulfil at the time of applying for IPARD funds and at the end of investment, to suggest a checklist to control the fulfilment of these criteria/conditions in terms of these standards, to identify or propose document that the IPARD technical bodies have to issue as a confirmation of fulfilment of certain standards, to support the preparation of manuals for the users, and instructions for issuing the documents for the implementation of IPARD, to define the relationship between PA and technical bodies (communication process and the responsibilities of the technical bodies) and to define the necessary training plan for capacity building of technical bodies and to participate in the implementation of this training plan.

In addition to providing information with regard the IPARD Programme to potential recipients, the Serbian Network for Rural Development and the professional organizations also have an important role in disseminating information about IPARD and providing technical support and advice to potential recipients in their areas of influence. Since the IPARD is a new experience for Serbia there is a great need to get the support to communicate Rural Development Policy, IPARD rules and conditions correctly and efficiently. In this context regarding a contribution to the successful implementation of IPARD Programme, the responsible institutions and authorities need to develop their capacities in order to ensure sufficiently supported, trained and prepared advisory services to provide assistance and information for potential recipients.

18. ANNEXES:

ANNEX 1: PROJECT AND ASSISTANCE TO AGRICUTLURE AND RD SECTOR

ANNEX 2: DESCRIPTION OF THE METHODOLOGY FOR ASSESSMENT OF THE ECONOMIC VIABILITY OF RECIPIENTS

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ANNEX 5.1: LIST OF SETTLEMENTS IN AREAS WITH DIFFICULT WORKING CONDITIONS IN AGRICULTURE

ANNEX 6: DEFINITION OF SMALL AND MEDIUM ENTERPRISES

ANNEX 7: RESULTS OF CONSULTATIONS-SUMMARY

ANNEX 1: PROJECT AND ASSISTANCE TO AGRICULTURE AND RD SECTOR

Table 28: Projects within IPA Programme 2007-12

Project name	Value (EUR)	Budget year	Status	Development partner
Strengthening the capacities of the Republic of Serbia for the absorption of EU Rural Development funds in pre-accession period	4,000,000	IPA 2007	Completed	Complete EU funding
Assistance to the Directorate of Agrarian Payments		IPA 2009	Completed	FWC
IPA Project Preparation Facility 5(PPF5)	N/A	IPA 2012	Completed	PPF
Capacity building and technical support for the renewal of viticulture zoning and control of production of wine with Designation of Origin	1,200,000	IPA 2008	Completed	Complete EU funding
Support for the control/eradication of classical swine fever and rabies in the Republic of Serbia	8,300,000	IPA 2008	Completed	EU funding 6,300,000 National funding 2,000,000
Harmonization of national legislation with EU legislation for placing on the market and control of Plant Protection Products (PPP) and implementation of new legal provisions	1,300,000	IPA 2008	Completed	Complete EU funding
Support for the control/eradication of classical swine fever and rabies in the Republic of Serbia	6,000,000	IPA 2009	Completed	Complete EU funding
Equipment supply for the Serbian National Referent Laboratories Directorate in the food chain	6,500,000	IPA 2010	Twinning component completed	Complete EU funding
Establishment of the Serbian Farm Accountancy Data Network (FADN)	3,545,400	IPA 2010	Ongoing	Complete EU funding
Support for Food Safety, Animal Welfare and Control/Eradication	6,000,000	IPA 2011	Ongoing	Complete EU funding

Classical Swine Fever and Rabies				
Implementation of Effective Land Management Measures and Administrative Procedures to Support the Improvement of the Agrarian Structure in Accordance with EU Requirements	3,880,000	IPA 2011	Ongoing	EU funding 2,780,000EUR Donation form the Federal Republic of Germany 1,000,000 EUR National funding 100,000 EUR
Assistance to Managing Authority of the Serbian Ministry of Agriculture, Forestry and Water Management in elaboration of IPARD 2014-2020 Program, support to accreditation and training	250,000	IPA 2011	Completed	Complete EU funding
Development of a Sustainable Services Information System for the Ministry of Agriculture and Water Management	1,500,000	IPA 2012	Ongoing	Complete EU funding
Capacity building for upgrading of food establishments and for animal by-product management	2,000,000	IPA 2012	Ongoing	Complete EU funding
Continuation of support for the control/eradication of classical swine fever and rabies in the Republic of Serbia	7,100,000	IPA 2012	Ongoing	Complete EU funding
Institutional capacity building and support to agriculture and rural development in Serbia for IPARD management / SERVICE COMPONENT	1,000,000	IPA 2012	Ongoing	Complete EU funding
Implementation of sustainable use of plant protection products and establishing systems for regular technical inspection of pesticide application equipment	1,300,000	IPA 2012	Ongoing	Complete EU funding
"European Union assistance for flood relief in Serbia"	8,000,000	IPA 2012	Ongoing	Complete EU funding

Further Support of the Control/Eradication of Classical Swine Fever and Rabies as well as support for the control of zoonoses and food borne diseases in the Republic of Serbia	4,800,000	IPA2013	To be tendered	EU funding 3,230,000 EUR National funding 1,570,000 EUR

Source: ISDACON; FWC Evaluation report

Table 29: Bilateral Assistance to the Sector

DONOR	**PROGRAMME / PROJECT SUPPORT IN THE AGRICULTURE SECTOR**
Austria	Project on the *"Organic Food Production Support in South Serbia (OFPSSS)"* in *Jablanica* and *Pcinja* Districts implemented in 2010-2011 with a budget of EUR 0.72 mill).
Denmark	Project on the *'Implementation of a Private Sector programme for Support to the Fruit and Berries Sector in Southern Serbia'. Total budget EUR 8,650,000, donation form the Government of the Denmark is EUR 5,350,000, National budget EUR 3,300,000.* Project started at the end 2012 and will be finnished in November 2015. Provides technical assistance and grants through calls for applications per year.
Czech Republic	Project for *"Support of Cheese Production in the Pester Region"* as part of agri-business development in the *Pester (Raska region).* Budget EUR 0.51 m., planned duration 2011-2014
Germany	*Development of a Financial System in Rural Areas in Serbia* Part of an agreement in the amount of EUR 21 million as a loan to be implemented by commercial banks in Serbia. Also provides technical assistance is (EUR 0.5 mill).
	ACCESS ("*Assistance to the Competitiveness and Compatibility for the EU of Serbian SME*") works with private sector market players, government, universities, organic agri-business value chains, civil society, as well as farmer groups in the organic agricultural and food processing sector. It aims to further Serbia's economic development and facilitate the country's future membership in the EU by supporting the Serbian National Strategy for the Development of SMEs and Entrepreneurship. Programme implemented in three phases (2011-2013, 2014-2016 and 2017-2019) allocated EUR 4.7 mill for the first phase.
	The project *'Municipal Economic Development in the Danube Region'* (GIZ-KWD) supports national, regional and local policy makers in their efforts to facilitate regional development and enable private sector growth. In particular municipalities in Eastern Serbia are being supported in the area of municipal economic development. Currently, phase II covering 3 years (2010-2012) provides EUR 370,000 towards rural development to various municipalities, such as: · Enhancing Vegetable Production in Kladovo, Boljevac and Golubac (Project value EUR 29,930);

DONOR	PROGRAMME / PROJECT SUPPORT IN THE AGRICULTURE SECTOR
Netherlands	· Promoting Fruit Production in the Municipalities of Negotin, Kladovo and Golubac – "Danube Fruit" (Project value EUR 29,370).
	Forthcoming Programme for "*Development of a Sustainable Bioenergy Market in Serbia"*. Programme to be implemented by GIZ with TA of EUR 8 mill. and a total budget of EUR 110 mill.
	Project for *'Capacity building for inspection services'* in the Veterinary Directorate – implemented by VWA; January 2011 - January 2013. Budget EUR 350,000.
	"Capacity assistance to the milk testing laboratory"- Worked with milk testing laboratory at the Faculty of Agriculture in Novi Sad, implemented by Dienst Regelingen; February 2010 - August 2011. Budget EUR 130,000
	"Phytosanitary capacity building" – implemented by Netherlands Plant Protection Service; March 2009 - February 2010. Budget EUR 130,000.
	"Improvement of official controls of the veterinary inspection service in Serbia" – implemented by VWA; March 2010 - July 2011. Budget EUR 130,000.
	"The capacity building development in plant health regulation in Serbia under the EU legislative framework 2010" – implemented by NPPS; NAK and Naktuinbouw. 2010-11. Budget EUR 125,000.
Japan	*"Support to the Agricultural Sector of Serbia through Vitalization of Domestic Fertilizer Production "* Budget: RSD 202.74 mill. First phase started in 2007 and was completed in October 2008, second phase completed in December 2011
Norway	*"Improvement of work organisation of farmer's cooperatives in Serbia based on the Norwegian model"* Budget EUR 1.0 mill. First phase was in 2010, second phase concluded in December 2011. *Development of cooperatives in Serbia*, 2002-1,000,000 EUR, 2003. Development of private cooperatives 8 mill NOK, 2005-958,000 Euro, 2006-1,031,000 EUR
Romania	*Partnership for revitalization of rural areas* implemented by UNDP. Budget EUR 0.2 mill. Project started in July 2010 and was extended until the end of 2011.
Spain	Project on '*Sustainable tourism in rural development'* financed by Spain and implemented through FAO, UNDP, UNWTO, UNICEF, & UNEP. MAEP together with Ministry of Economy and Regional Development. Total budget US$ 4 mill. Project was implemented from December 2009 to December 2012.
Switzerland	Project for "*Assistance in the field of intellectual property rights"* in MAEP with the Intellectual Property Office implemented by the Swiss Confederation - State Secretariat for Economic Affairs and Institute for Intellectual Property. Budget: CHF 778,300 Period: May 2009 – December 2012.
	Project for *"Assistance to the know-how of GLOBALG.A.P standard"* Budget: CHF 605,000. Duration: May 2009 – December 2012

DONOR	PROGRAMME / PROJECT SUPPORT IN THE AGRICULTURE SECTOR
	Further assistance is being identified in Integrated Pest Management (IPM) support to introduce EU standards. Interest also in Sanitary & Phyto-sanitary Measures (SPS) for meeting WTO accession requirements.
Sweden	*Development of South East European Network for Plant Genetic Resources (SEED Net).*Budget EUR 0.25 mill. Project started in 2004 and ended in December 2011. *Topola-Pilot Development of agriculture and rural development in municipality Topola, 2002* *Support to Milk production in Serbia - phase 1 (2003) project phase 2 (2006).*
USA	USAID "*Support sustainable development of dairy sector in Šumadija"* Budget: RSD 6.65 mill. Aug 2010 – Aug 11.
	USAID's '*Agribusiness Project' 2007-12.* A five-year economic development project aimed at increasing the competitiveness of Serbia's agribusiness industry. The project worked in six agricultural sub-sectors: (1) soft fruit; (2) dairy products; (3) herbs & mushrooms; (4) livestock & meat; (5) tree fruit; (6) vegetables. Two main components: Increasing Efficiency & Competitiveness and Improving the Enabling Environment for Serbian Agribusinesses. The project also has implemented a $3 million matching grant Programme for agribusinesses.
	USAID is now working on a Country Development & Co-operation Strategy for 2012-17 focusing on competitive markets and economic development through G2G partnerships; no specific agricultural assistance is planned.
	USDA under its agreement with Government of Serbia has been supporting the agriculture sector since 2001 with technical assistance. This currently includes: • Addressing barriers to trade in animal health; • Food safety working with Veterinary Directorate and on inspection services; • Building capacities and skills in the existing network of accredited plant health laboratories; • Support to preparation of 2012 Census of Agriculture in Serbia; • Crop information services and improving of market analysis of agricultural products.
FAO	*Strengthening policies for agriculture and rural development in Southeast Europe to join the EU - a program of technical cooperation / 430.000 USD* *Assistance in development of planning and construction of forest infrastructure in Serbia / 260,000 USD* *Assistance for Western Balkan countries to improve compliance with international standards for aquatic animal health / 377.000 USD.* *Assistance in capacity development and support for organic farming in Serbia / 467,775 USD*

DONOR	PROGRAMME / PROJECT SUPPORT IN THE AGRICULTURE SECTOR
FAO/EBRD	*Improving food quality and safety standards in the meat industry of the Republic of Serbia.* *Support for more efficient marketing chain: development of quality schemes for products of plant origin.*
World Bank IBRD	*Serbian Transition Agriculture Reform* Total project IBRD credit: US$ 17mill including Global Environment Facility (GEF) grant. September 2008 to May 2013. The objective is to enhance the competitiveness of Serbian agriculture and amongst its interventions has supported: • Strengthening the Payment Agency for delivering rural development investment grants and evaluating their impact; • The capacity of agricultural producers and processors to make use of these funds; • The training Programme for advisory service providers was expanded from 250 to 1,800 farm advisors since November 2011. • Critical investments in community infrastructure in remote rural areas supported by GEF under the Project have been initiated and contribute to improved accessibility of rural tourism ventures.
	Danube River Enterprise Pollution Reduction Project, 9,000,000 EUR, 2005
UN	Support for Establishment of Rural Development Networks in SEE Countries (TCP/RER/3302) (regional)85, 000 USD, 2011. Support to Development of a Programme for Plant Genetic Resources for Food and Agriculture (TCP/YUG/3203) 275,000 USD, 2010. Wood Energy for Sustainable Rural Development (TCP/YUG/3201) 350,000 USD, 2008.

Source: FWC Evaluation report; ISDASCON

ANNEX 2: DESCRIPTION OF THE METHODOLOGY FOR ASSESSMENT OF THE ECONOMIC VIABILITY OF RECIPIENTS

Criteria and tables to be used in assessment of economic viability of the recipient, which is to be performed in a representative year, as well as the criteria and tables to be used for assessment of economic sustainability of the project are the following:

Chart 4: Economic sustainability of the recipient

SIMPLE FORM OF THE BUSINESS PLAN (FOR INVESTMENTS UP TO 50,000 EUR)	
Liquidity = cumulative cash flow needs to be positive	
COMPLETE BUSINESS PLAN (FOR INVESTMENTS OVER 50,000 EUR)	
Family agricultural holding	Legal persons
Debt/equity ratio = (short term liabilities + long term liabilities)/capital and reserves	Indicator of the current ratio = current assets short/term liabilities
	Income/expense ratio = income/expense
	Debt/equity ratio = (short term liabilities + long term liabilities)/capital and reserves

Chart 5: Economic sustainability of the project

SIMPLE FORM OF THE BUSINESS PLAN (FOR INVESTMENTS UP TO 50,000 EUR)
Liquidity = cumulative cash flow needs to be positive
COMPLETE BUSINESS PLAN (FOR INVESTMENTS OVER 50,000 EUR)
Internal rate of return
Net present value of investment
Payback time (Time of the investment return)

ANNEX 3: NATIONAL MINIMUM STANDARDS

National minimum standards for Measure "Investments in physical assets of agricultural holdings"

1) Law on the agriculture and rural development *("Official Gazette of RS", No. 41/2009*)
   - Rulebook on determining areas with difficult working conditions in agriculture *("Official Gazette of RS", No. 29/13*)
   - Regulations on the ways and conditions of registration and maintaining the register of agricultural holdings, forms required for registration and renewal of registration and reports, documents submitted with the request, how to store data, and the conditions for passive status farm *("Official Gazette of RS", No. 111/09*)
2) Law on veterinary matters *("Official Gazette of RS", No. 91/05, 30/10)*
   - Rulebook on Veterinary/Sanitary Conditions of *Establishments* for Rearing and Keeping of Equidae, Bovine Animals, Poultry and Rabbits *("Official Gazette of RS", No. 81/06),*Rulebook on general and specific requirements for feed hygiene *("Official Gazette of RS", No. 78/10)*
3) Livestock Act *("Official Gazette of RS", No. 41/2009)*
   - Regulation on the requirements facilities and equipment that breeding organizations and organizations with special authorizations shall meet, as well as requirements regarding expert staff that organizations with special authorization shall meet *(Official Gazzete of RS, No. 103/09)*
   - Regulation on the content and form of the request for registering into the Register of breeding organization with special authorizations, as well as the content and manner of keeping this Register *("Official Gazette of RS", No. 67/09)*
4) Animal Welfare Law *("Official Gazette of RS", No. 41/2009)*
   - Rulebook on the conditions for animal welfare in terms of space for animals, premises and equipment in the establishments for keeping, breeding and trade of animals, the manner of keeping, breeding and trade of specific animal species and categories, as well as the content and manner of keeping records of animals *("Official Gazette of RS", No. 6/10)*
   - Rulebook on identification and registration of bovine animals *("Official Gazette of RS", No. 57/2009)*
   - Rulebook on the amendments to the Rulebook on the method of identification and registration of marked bovine animals *("Official Gazette of RS", No. 14/2010)*
   - Regulation on the manner of identification and registration of pig and on the official control of identification, identification and registration of pig *("Official Gazette of RS" 94/2010)*
   - Rulebook laying down the manner of identification and registration of ovine and caprine animals and of official controls on identification and registration of ovine and caprine animals *("Official Gazette of RS" No. 6/2011)*

- Rulebook on the amendments to the Rulebook laying down the manner of identification and registration of ovine and caprine animals and of official controls on identification and registration of ovine and caprine animals *("Official Gazette of RS" No. 57/2011)*
- Regulation on the manner of identification and registration of equidae and on the official control of identification, identification and registration of equidae *("Official Gazette of RS" No. 72/2010)*

5) Law on planning and construction *("Official Gazette of RS" No. 72/2009, 81/2009, 24/2011).*

6) Impact Assessment Act on Environment *("Official Gazette of RS" No. 135/2004).*

- Rulebook on the content on the claim of the need of the effects of assessment and contents of the request for determination of volume i contents studies on the assessment of the environmental impact *("Official Gazette of RS" No. 69/2005)*

7) Law on safety and health at work *("Official Gazette of RS" No. 101/2005).*

- Rulebook of procedure for determining compliance requirements prescribed in safety and health *("Official Gazette of RS" 60/2006).*

8) Law on general administrative procedure *("Official Gazette of FRY", No. 33/97, 31/2001).*

National minimum standards for Measure: Investments in physical assets concerning processing and marketing of agricultural and fishery products

1) Law on the agriculture and rural development *("Official Gazette of RS" No. 41/2009)*
   - Rulebook on determining areas with difficult working conditions in agriculture *("Official Gazette of RS" No. 29/13).*
   - Regulations on the ways and conditions of registration and maintaining the register of agricultural holdings, forms required for registration and renewal of registration and reports, documents submitted with the request, how to store data, and the conditions for passive status farm *("Official Gazette of RS" No. 111/09)*
2) Law on veterinary Matters *("Official Gazette of RS" No. 91/05, 30/10)*

- Rulebook on veterinary-sanitary requirements, and general and special conditions of hygiene of food of animal origin, as well as on the conditions of hygiene of food of animal origin *("Official Gazette of RS" No. 25/11)*
- Rulebook on the categorization and treatment of animal by-products, veterinary sanitary conditions for the construction of facilities for collecting, processing and destruction of animal by-products, method of implementation of official controls, as well as the conditions for animal burial and gravel pits *("Official Gazette of RS" No. 31/11)*

3) Animal Welfare Law *("Official Gazette of RS" No. 41/2009)*

- Rulebook on the conditions and means of killing of animals, the manner of handling the animals immediately before slaughter, conditions and manner of stunning and bleeding, the conditions and methods of slaughter without prior stunning as well as the training programme on animal welfare at the time of slaughtering *("Official Gazette of RS" No 14/10).*

4) Food Safety Law *("Official Gazette of RS" No. 41/09).*

- Regulation on the hygiene of foodstuffs *("Official Gazette of RS", No. 73/2010)*
- Regulations on general and specific food hygiene at any stage of production, processing and trade *("Official Gazette of the Republic of Serbia", No. 72/2010)* ("Microbiological criteria for foodstuffs")

5) Law on Surveillance of Foodstuffs of Plant Origin *("Official Gazette of RS", No. 25/96)*

- Regulation on specific requirements for production and circulation of foodstuffs of plant origin *("Official Gazette of RS", No. 50/96)*

6) Law on planning and construction *("Official Gazette of RS", No. 72/2009, 81/2009, 24/2011).*

7) Impact Assessment Act on Environment *("Official Gazette of RS", No. 135/2004).*

- Rulebook on the content on the claim of the need of the effects of assessment and contents of the request for determination of volume i contents studies on the assessment of the environmental impact *("Official Gazette of RS", No. 69/2005).*

8) Law on safety and health at work *("Official Gazette of RS", No. 101/2005).*

- Rulebook of procedure for determining compliance requirements prescribed in safety and health *("Official Gazette of RS", No. 60/2006).*

9) Law on general administrative procedure *("Official Gazette of FRY", No. 33/97, 31/2001).*

National minimum standards for Measure: Farm diversification and business development

1) Law on Tourism *("Official Gazette of RS", No.36/09, 88/10 , 99/11, 93/12);*
2) Rulebook on standards for categorizing a hospitality business *("Official Gazette of RS", No.41/10, 103/10 , 99/12);*
3) Rulebook on the conditions and manner of performing hospitality activities, the method of providing hospitality services, the classification of hospitality facilities and minimum technical requirements for arranging and equipping hospitality facilities *("Official Gazette of RS", No. 48/2012);*
4) Rulebook on minimum technical and sanitary-hygienic conditions for the provision of services in home crafts and rural touristic households *("Official Gazette of RS", No. 41/2010 i 48/2012).*

ANNEX 4: LIST OF SETTLEMENTS IN MOUNTAIN AREAS

ID No. of Settlement	ID No. of Municipality	Municipality	Settlement	Altitude (m)
700126	70017	Aleksandrovac	Vranštica	1,113
700088	70017	Aleksandrovac	Velja Glava	609
700070	70017	Aleksandrovac	Velika Vrbnica	676
700541	70017	Aleksandrovac	Strmenica	800
700312	70017	Aleksandrovac	Koznica	804
700533	70017	Aleksandrovac	Starci	542
700282	70017	Aleksandrovac	Jelakci	934
700444	70017	Aleksandrovac	Popovci	503
700428	70017	Aleksandrovac	Pleš	598
700258	70017	Aleksandrovac	Donji Vratari	530
700207	70017	Aleksandrovac	Grcak	679
700185	70017	Aleksandrovac	Gornji Vratari	530
700495	70017	Aleksandrovac	Rogavcina	989
700487	70017	Aleksandrovac	Ržanica	570
700452	70017	Aleksandrovac	Puhovac	500
700363	70017	Aleksandrovac	Leskovica	617
700355	70017	Aleksandrovac	Lesenovci	531
700339	70017	Aleksandrovac	Latkovac	621
700037	70017	Aleksandrovac	Bzenice	882
700053	70017	Aleksandrovac	Boturici	651
700509	70017	Aleksandrovac	Rokci	944
700436	70017	Aleksandrovac	Ploca	1,222
700762	70025	Aleksinac	Vukanja	695
701211	70025	Aleksinac	Prekonozi	764
701203	70025	Aleksinac	Porodin	606
701254	70025	Aleksinac	Rsovac	537
700819	70025	Aleksinac	Golešnica	600
701360	70025	Aleksinac	Crna Bara	508
701696	70041	Arilje	Vrane	652
701688	70041	Arilje	Visoka	913
701661	70041	Arilje	Vigošte	555
701823	70041	Arilje	Stupcevici	542
701815	70041	Arilje	Severovo	708
701718	70041	Arilje	Grivska	700
701785	70041	Arilje	Pogled	640
701637	70041	Arilje	Bjeluša	900
701793	70041	Arilje	Radobuda	601
701807	70041	Arilje	Radoševo	669
701769	70041	Arilje	Latvica	517
701742	70041	Arilje	Kruščica	900
701726	70041	Arilje	Dobrace	504
701653	70041	Arilje	Brekovo	980
701831	70041	Arilje	Trešnjevica	598
702129	70050	Babušnica	Zvonce	680
701998	70050	Babušnica	Vuci Del	1,174
701971	70050	Babušnica	Vojnici	701

701947	70050	Babušnica	Vava	886
701955	70050	Babušnica	Valniš	740
702412	70050	Babušnica	Suracevo	714
702382	70050	Babušnica	Strelac	796
702226	70050	Babušnica	Masurovci	919
702161	70050	Babušnica	Kambelevci	518
702153	70050	Babušnica	Kaluderovo	638
702374	70050	Babušnica	Stol	700
702315	70050	Babušnica	Radosinj	829
702030	70050	Babušnica	Grncar	519
702099	70050	Babušnica	Ducevac	600
702064	70050	Babušnica	Donji Striževac	518
702013	70050	Babušnica	Gornji Striževac	872
701882	70050	Babušnica	Berin Izvor	859
701874	70050	Babušnica	Berduj	698
702358	70050	Babušnica	Raljin	740
702340	70050	Babušnica	Rakov Dol	700
702331	70050	Babušnica	Rakita	1,200
702323	70050	Babušnica	Radoševac	709
702307	70050	Babušnica	Radinjinci	569
702200	70050	Babušnica	Ljuberada	528
702293	70050	Babušnica	Provaljenik	652
702277	70050	Babušnica	Ostatovica	600
702269	70050	Babušnica	Našuškovica	905
702196	70050	Babušnica	Linovo	700
702145	70050	Babušnica	Jasenov Del	1,000
702005	70050	Babušnica	Gornje Krnjino	591
702056	70050	Babušnica	Donje Krnjino	640
702048	70050	Babušnica	Dol	500
702439	70050	Babušnica	Crvena Jabuka	880
701939	70050	Babušnica	Brestov Dol	665
701912	70050	Babušnica	Bratiševac	700
702404	70050	Babušnica	Studena	705
702366	70050	Babušnica	Resnik	829
702285	70050	Babušnica	Preseka	1,012
702188	70050	Babušnica	Leskovica	800
702170	70050	Babušnica	Kijevac	1,045
702137	70050	Babušnica	Izvor	539
702072	70050	Babušnica	Draginac	508
701904	70050	Babušnica	Bogdanovac	960
702447	70050	Babušnica	Štrbovac	804
701858	70050	Babušnica	Aleksandrovac	536
701980	70050	Babušnica	Vrelo	700
702587	70068	Bajina Bašta	Zlodol	500
702579	70068	Bajina Bašta	Zaugline	982
702552	70068	Bajina Bašta	Zarožje	800
702544	70068	Bajina Bašta	Zaovine	1,082
702536	70068	Bajina Bašta	Zaglavak	737
702803	70068	Bajina Bašta	Strmovo	582
702617	70068	Bajina Bašta	Jelovik	784
702749	70068	Bajina Bašta	Pridoli	500
702722	70068	Bajina Bašta	Pilica	522
702714	70068	Bajina Bašta	Perucac	1,037

702706	70068	Bajina Bašta	Pepelj	552
702510	70068	Bajina Bašta	Draksin	628
702471	70068	Bajina Bašta	Beserovina	980
702757	70068	Bajina Bašta	Rastište	587
702765	70068	Bajina Bašta	Rača	721
702650	70068	Bajina Bašta	Lještansko	559
702684	70068	Bajina Bašta	Ovcinja	698
702668	70068	Bajina Bašta	Mala Reka	994
702625	70068	Bajina Bašta	Konjska Reka	1,011
702609	70068	Bajina Bašta	Jakalj	594
702595	70068	Bajina Bašta	Jagoštica	940
702498	70068	Bajina Bašta	Gvozdac	1,200
702501	70068	Bajina Bašta	Dobrotin	505
702820	70068	Bajina Bašta	Crvica	500
702811	70068	Bajina Bašta	Cerje	666
703052	70084	Bela Palanka	Vrgudinac	531
703397	70084	Bela Palanka	Telovac	706
703389	70084	Bela Palanka	Tamnjanica	528
702994	70084	Bela Palanka	Bežište	820
703141	70084	Bela Palanka	Dolac (selo)	749
703214	70084	Bela Palanka	Kozja	828
702986	70084	Bela Palanka	Babin Kal	690
703320	70084	Bela Palanka	Mokra	587
703184	70084	Bela Palanka	Draževo	581
703176	70084	Bela Palanka	Donji Rinj	1,035
703109	70084	Bela Palanka	Gornji Rinj	760
703354	70084	Bela Palanka	Pajež	900
703290	70084	Bela Palanka	Miranovac	664
703303	70084	Bela Palanka	Miranovacka Kula	599
703257	70084	Bela Palanka	Krupac	657
703222	70084	Bela Palanka	Kosmovac	750
703095	70084	Bela Palanka	Gornja Koritnica	649
703087	70084	Bela Palanka	Gornja Glama	755
703150	70084	Bela Palanka	Donja Glama	693
703125	70084	Bela Palanka	Divljana	590
703036	70084	Bela Palanka	Vitanovac	762
703346	70084	Bela Palanka	Oreovac	800
703460	70084	Bela Palanka	Šljivovik	1,020
703419	70084	Bela Palanka	Toponica	500
705241	70262	Blace	Više Selo	600
705527	70262	Blace	Pridvorica	695
705519	70262	Blace	Pretrešnja	709
705462	70262	Blace	Popova	580
705535	70262	Blace	Rašica	618
705454	70262	Blace	Muzace	760
705381	70262	Blace	Kacapor	536
705284	70262	Blace	Gornje Grgure	529
705276	70262	Blace	Gornja Jošanica	900
705322	70262	Blace	Donja Rašica	502
706078	70297	Bojnik	Obražda	1,060
706035	70297	Bojnik	Majkovac	533
705870	70297	Bojnik	Dobra Voda	826
705802	70297	Bojnik	Borince	745

705942	70297	Bojnik	Ivanje	619
706205	70319	Boljevac	Bogovina	693
706370	70319	Boljevac	Rtanj	612
706302	70319	Boljevac	Krivi Vir	527
706388	70319	Boljevac	Rujište	626
706361	70319	Boljevac	Podgorac	822
706299	70319	Boljevac	Jablanica	566
706477	70327	Bor	Zlot	711
706418	70327	Bor	Bor	531
706434	70327	Bor	Bucje	562
706809	70335	Bosilegrad	Zli Dol	1,162
706833	70335	Bosilegrad	Karamanica	1,608
706892	70335	Bosilegrad	Ploca	1,428
706566	70335	Bosilegrad	Barje	1,400
706914	70335	Bosilegrad	Rajcilovci	860
706710	70335	Bosilegrad	Grujinci	1,112
706582	70335	Bosilegrad	Bistar	1,000
706574	70335	Bosilegrad	Belut	871
706957	70335	Bosilegrad	Rikacevo	900
706949	70335	Bosilegrad	Ribarci	700
706922	70335	Bosilegrad	Resen	940
706906	70335	Bosilegrad	Radicevci	783
706876	70335	Bosilegrad	Nazarica	1,401
706868	70335	Bosilegrad	Musulj	1,429
706850	70335	Bosilegrad	Mlekominci	777
706841	70335	Bosilegrad	Milevci	1,395
706825	70335	Bosilegrad	Jarešnik	1,413
706817	70335	Bosilegrad	Izvor	987
706701	70335	Bosilegrad	Gornje Tlamino	1,134
706698	70335	Bosilegrad	Gornja Ržana	1,486
706680	70335	Bosilegrad	Gornja Ljubata	1,400
706671	70335	Bosilegrad	Gornja Lisina	1,063
706663	70335	Bosilegrad	Goleš	1,284
706655	70335	Bosilegrad	Gložje	1,100
706787	70335	Bosilegrad	Dukat	1,300
706779	70335	Bosilegrad	Donje Tlamino	934
706752	70335	Bosilegrad	Donja Ržana	1,301
706744	70335	Bosilegrad	Donja Ljubata	1,055
706736	70335	Bosilegrad	Donja Lisina	901
706728	70335	Bosilegrad	Doganica	1,419
706965	70335	Bosilegrad	Crnoštica	1,181
706647	70335	Bosilegrad	Buceljevo	1,036
706612	70335	Bosilegrad	Brankovci	1,000
706604	70335	Bosilegrad	Bosilegrad	913
706884	70335	Bosilegrad	Paralovo	1,111
706795	70335	Bosilegrad	Žeravino	1,340
706639	70335	Bosilegrad	Bresnica	1,100
707112	70343	Brus	Vlajkovci	704
707104	70343	Brus	Vitoše	1,128
707082	70343	Brus	Velika Grabovnica	634
707562	70343	Brus	Tršanovci	600
707554	70343	Brus	Sudimlja	864
707589	70343	Brus	Cokotar	1,040

706981	70343	Brus	Belo Polje	942
707538	70343	Brus	Stanulovici	1,000
707503	70343	Brus	Radunje	895
707155	70343	Brus	Grad	851
707228	70343	Brus	Drtevci	577
707201	70343	Brus	Donji Lipovac	831
707171	70343	Brus	Graševci	639
707147	70343	Brus	Gornji Lipovac	751
706990	70343	Brus	Blaževo	1,069
706973	70343	Brus	Batote	568
707481	70343	Brus	Ravnište	1,116
707490	70343	Brus	Radmanovo	1,000
707465	70343	Brus	Paljevštica	1,136
707457	70343	Brus	Osredci	903
707449	70343	Brus	Milentija	520
707422	70343	Brus	Mala Grabovnica	599
707406	70343	Brus	Livade	1,177
707350	70343	Brus	Kovizla	1,000
707341	70343	Brus	Kobilje	640
707376	70343	Brus	Kocine	816
707333	70343	Brus	Kneževo	1,060
707325	70343	Brus	Iricici	900
707139	70343	Brus	Gornje Levice	1,100
707198	70343	Brus	Donje Levice	951
707180	70343	Brus	Domiševina	915
707058	70343	Brus	Brzece	1,440
707015	70343	Brus	Bozoljin	1,196
707023	70343	Brus	Boranci	1,100
707520	70343	Brus	Ribari	540
707384	70343	Brus	Kriva Reka	1,200
707040	70343	Brus	Brdani	635
707244	70343	Brus	Djerekari	800
707597	70343	Brus	Šošice	945
707295	70343	Brus	Žunje	500
707252	70343	Brus	Žarevo	880
707210	70343	Brus	Drenova	600
707163	70343	Brus	Gradac	1,170
707830	70351	Bujanovac	Zarbince	1,022
707732	70351	Bujanovac	Vrban	682
707724	70351	Bujanovac	Vogance	500
708232	70351	Bujanovac	Uzovo	540
708216	70351	Bujanovac	Trejak	666
708062	70351	Bujanovac	Sveta Petka	524
708208	70351	Bujanovac	Suharno	1,078
708178	70351	Bujanovac	Spancevac	600
707970	70351	Bujanovac	Lopardince	540
708194	70351	Bujanovac	Starac	529
708160	70351	Bujanovac	Sejace	655
708151	70351	Bujanovac	Sebrat	700
708097	70351	Bujanovac	Pribovce	1,011
708089	70351	Bujanovac	Pretina	600
707791	70351	Bujanovac	Drežnica	525
707635	70351	Bujanovac	Bogdanovac	514

707619	70351	Bujanovac	Baraljevac	640
708119	70351	Bujanovac	Ravno Bucje	933
708046	70351	Bujanovac	Nesalce	600
708020	70351	Bujanovac	Muhovac	683
708011	70351	Bujanovac	Mali Trnovac	560
707988	70351	Bujanovac	Lukarce	910
707996	70351	Bujanovac	Lucane	570
707945	70351	Bujanovac	Kuštica	568
707902	70351	Bujanovac	Konculj	529
707929	70351	Bujanovac	Košarno	679
707856	70351	Bujanovac	Jastrebac	684
707759	70351	Bujanovac	Gornje Novo Selo	1,101
707783	70351	Bujanovac	Donje Novo Selo	670
707775	70351	Bujanovac	Dobrosin	640
707686	70351	Bujanovac	Brnjare	542
707678	70351	Bujanovac	Breznica	765
707660	70351	Bujanovac	Bratoselce	515
708135	70351	Bujanovac	Rusce	700
707651	70351	Bujanovac	Borovac	500
708259	70351	Bujanovac	Car	914
707805	70351	Bujanovac	Djordevac	1,003
707708	70351	Bujanovac	Buštranje	640
707848	70351	Bujanovac	Jablanica	554
745570	71242	Čačak	Vujetinci	704
745561	71242	Čačak	Vrncani	530
745456	71242	Čačak	Banjica	504
745910	71242	Čačak	Premeca	595
745669	71242	Čačak	Jancici	599
745499	71242	Čačak	Brezovica	600
745383	71234	Cajetina	Tripkova	691
745375	71234	Cajetina	Stublo	1,049
745332	71234	Cajetina	Sainovina	840
745367	71234	Cajetina	Sirogojno	900
745359	71234	Cajetina	Semegnjevo	920
745324	71234	Cajetina	Rudine	942
745197	71234	Cajetina	Gostilje	900
745316	71234	Cajetina	Rožanstvo	874
745308	71234	Cajetina	Rakovica	1,056
745260	71234	Cajetina	Ljubiš	937
745286	71234	Cajetina	Mušvete	743
745278	71234	Cajetina	Mackat	700
745251	71234	Cajetina	Kriva Reka	720
745243	71234	Cajetina	Jablanica	942
745189	71234	Cajetina	Golovo	778
745219	71234	Cajetina	Dobroselica	1,107
745162	71234	Cajetina	Branešci	852
745391	71234	Cajetina	Trnava	900
745227	71234	Cajetina	Drenova	809
745154	71234	Cajetina	Alin Potok	914
745405	71234	Cajetina	Cajetina	847
745413	71234	Cajetina	Šljivovica	892
745235	71234	Cajetina	Željine	828
745294	71234	Čajetina	Zlatibor	1,033

746690	71226	Crna Trava	Zlatance	1,365
744964	71226	Crna Trava	Vus	1,308
745138	71226	Crna Trava	Sastav Reka	600
745120	71226	Crna Trava	Ruplje	1,065
745103	71226	Crna Trava	Preslap	1,274
744948	71226	Crna Trava	Bistrica	1,293
745111	71226	Crna Trava	Rajcetine	1,096
744999	71226	Crna Trava	Gradska	1,033
744930	71226	Crna Trava	Bankovci	1,064
744921	71226	Crna Trava	Bajinci	1,364
745090	71226	Crna Trava	Pavlicina	1,200
745081	71226	Crna Trava	Ostrozub	1,264
746703	71226	Crna Trava	Obradovce	1,216
745073	71226	Crna Trava	Mlacište	1,264
745065	71226	Crna Trava	Krsticevo	1,143
745057	71226	Crna Trava	Krivi Del	727
746681	71226	Crna Trava	Jovanovce	1,261
745022	71226	Crna Trava	Jabukovik	899
744972	71226	Crna Trava	Gornje Gare	1,067
745014	71226	Crna Trava	Dobro Polje	1,412
745006	71226	Crna Trava	Darkovce	988
745146	71226	Crna Trava	Crna Trava	1,133
744956	71226	Crna Trava	Brod	1,000
745049	71226	Crna Trava	Kalna	1,100
746711	71226	Crna Trava	Cuka	1,366
713961	70491	Despotovac	Zlatovo	504
714160	70491	Despotovac	Strmosten	747
713996	70491	Despotovac	Jelovac	636
714143	70491	Despotovac	Sladaja	725
714135	70491	Despotovac	Senjski Rudnik	560
714097	70491	Despotovac	Ravna Reka	600
713953	70491	Despotovac	Židilje	750
713988	70491	Despotovac	Jezero	515
713821	70491	Despotovac	Bare	784
714291	70505	Dimitrovgrad	Vrapca	945
714283	70505	Dimitrovgrad	Vlkovija	828
714275	70505	Dimitrovgrad	Visocki Odorovci	786
714267	70505	Dimitrovgrad	Verzar	694
714631	70505	Dimitrovgrad	Trnski Odorovci	564
714461	70505	Dimitrovgrad	Kusa Vrana	800
746657	70505	Dimitrovgrad	Beleš	611
714194	70505	Dimitrovgrad	Banjski Dol	700
714534	70505	Dimitrovgrad	Planinica	799
714216	70505	Dimitrovgrad	Bacevo	640
714623	70505	Dimitrovgrad	Smilovci	723
714607	70505	Dimitrovgrad	Skrvenica	959
714593	70505	Dimitrovgrad	Senokos	1,102
714348	70505	Dimitrovgrad	Grapa	773
714569	70505	Dimitrovgrad	PRača	800
714542	70505	Dimitrovgrad	Poganovo	661
714526	70505	Dimitrovgrad	Petrlaš	775
714518	70505	Dimitrovgrad	Petacinci	866
714402	70505	Dimitrovgrad	Dragovita	991

714399	70505	Dimitrovgrad	Donji Krivodol	812
714321	70505	Dimitrovgrad	Gornji Krivodol	1,198
714224	70505	Dimitrovgrad	Bilo	915
714186	70505	Dimitrovgrad	Baljev Dol	920
714585	70505	Dimitrovgrad	Radejna	684
714577	70505	Dimitrovgrad	Protopopinci	720
714500	70505	Dimitrovgrad	Paskašija	638
714496	70505	Dimitrovgrad	Mojinci	840
714488	70505	Dimitrovgrad	Mazgoš	705
714437	70505	Dimitrovgrad	Izatovci	798
714445	70505	Dimitrovgrad	Iskrovci	597
714356	70505	Dimitrovgrad	Gulenovci	1,066
714313	70505	Dimitrovgrad	Gornja Nevlja	720
714372	70505	Dimitrovgrad	Donja Nevlja	600
714259	70505	Dimitrovgrad	Brebevnica	749
714232	70505	Dimitrovgrad	Bracevci	766
714615	70505	Dimitrovgrad	Slivnica	672
714470	70505	Dimitrovgrad	Lukavica	558
714429	70505	Dimitrovgrad	Željuša	546
714208	70505	Dimitrovgrad	Barje	800
714453	70505	Dimitrovgrad	Kamenica	887
712493	70467	Gadžin Han	Veliki Vrtop	1,216
712507	70467	Gadžin Han	Veliki Krcimir	1,228
712795	70467	Gadžin Han	Semce	546
712574	70467	Gadžin Han	Gornji Dušnik	840
712779	70467	Gadžin Han	Ovsinjinac	507
712710	70467	Gadžin Han	Mali Vrtop	500
712728	70467	Gadžin Han	Mali Krcimir	1,338
712701	70467	Gadžin Han	Licje	550
712671	70467	Gadžin Han	Kaletinac	1,148
712663	70467	Gadžin Han	Jaglicje	534
712558	70467	Gadžin Han	Gornje Dragovlje	509
712604	70467	Gadžin Han	Donje Dragovlje	540
712809	70467	Gadžin Han	Sopotnica	500
712523	70467	Gadžin Han	Gare	584
712833	70467	Gadžin Han	Celije	764
712850	70467	Gadžin Han	Šebet	1,353
713228	70483	Gornji Milanovac	Varnice	534
713759	70483	Gornji Milanovac	Teocin	677
713651	70483	Gornji Milanovac	Prnjavor	504
713724	70483	Gornji Milanovac	Srezojevci	548
713678	70483	Gornji Milanovac	Rudnik	590
713511	70483	Gornji Milanovac	Lozanj	518
713406	70483	Gornji Milanovac	Družetici	652
713309	70483	Gornji Milanovac	Gornji Banjani	534

713155	70483	Gornji Milanovac	Bogdanica	702
713562	70483	Gornji Milanovac	Majdan	503
713490	70483	Gornji Milanovac	Leušici	504
713473	70483	Gornji Milanovac	Koštunici	600
713295	70483	Gornji Milanovac	Gornja Crnuca	620
713279	70483	Gornji Milanovac	Gojna Gora	708
713350	70483	Gornji Milanovac	Donja Vrbava	700
713171	70483	Gornji Milanovac	Brajici	807
713414	70483	Gornji Milanovac	Zagrade	549
713635	70483	Gornji Milanovac	Polom	700
713333	70483	Gornji Milanovac	Grabovica	596
713198	70483	Gornji Milanovac	Brezna	561
713201	70483	Gornji Milanovac	Brezovica	500
713139	70483	Gornji Milanovac	Belo Polje	570
713422	70483	Gornji Milanovac	Jablanica	521
716065	70564	Ivanjica	Vucak	1,000
716057	70564	Ivanjica	Vrmbaje	719
716022	70564	Ivanjica	Vasiljevici	1,224
716430	70564	Ivanjica	Sveštica	774
716308	70564	Ivanjica	Maskova	981
716294	70564	Ivanjica	Mana	828
716251	70564	Ivanjica	Kumanica	881
715964	70564	Ivanjica	Bedina Varoš	800
716189	70564	Ivanjica	Katici	989
716103	70564	Ivanjica	Devici	797
716049	70564	Ivanjica	Vionica	1,158
716375	70564	Ivanjica	Preseka	1,033
716456	70564	Ivanjica	Smiljevac	964
716448	70564	Ivanjica	Sivcina	968
716081	70564	Ivanjica	Gradac	1,383
716413	70564	Ivanjica	Rovine	700
716421	70564	Ivanjica	Rokci	887
716391	70564	Ivanjica	Ravna Gora	1,369
716405	70564	Ivanjica	Radaljevo	552
716383	70564	Ivanjica	Prilike	583
716367	70564	Ivanjica	Osonica	924
716359	70564	Ivanjica	Opaljenik	900
716332	70564	Ivanjica	Mocioci	1,000

716316	70564	Ivanjica	Medovine	1,150
716286	70564	Ivanjica	Luke	800
716278	70564	Ivanjica	Lisa	730
716260	70564	Ivanjica	Kušici	1,100
716219	70564	Ivanjica	Kovilje	1,000
716243	70564	Ivanjica	Kosovica	940
716235	70564	Ivanjica	Koritnik	1,042
716227	70564	Ivanjica	Komadine	939
716197	70564	Ivanjica	Klekova	1,055
716162	70564	Ivanjica	Javorska Ravna Gora	995
716154	70564	Ivanjica	Ivanjica	506
716073	70564	Ivanjica	Gledica	880
716146	70564	Ivanjica	Ercege	1,063
716138	70564	Ivanjica	Dubrava	741
716120	70564	Ivanjica	Dobri Do	1,000
716111	70564	Ivanjica	Deretin	994
716090	70564	Ivanjica	Dajici	1,153
746720	70564	Ivanjica	Bukovica	596
716014	70564	Ivanjica	Budoželja	679
716006	70564	Ivanjica	Brusnik	1,239
715999	70564	Ivanjica	Brezova	900
715972	70564	Ivanjica	Bratljevo	906
716324	70564	Ivanjica	Medurecje	559
716464	70564	Ivanjica	Cecina	892
716499	70564	Ivanjica	Šume	703
716472	70564	Ivanjica	Šarenik	1,040
716758	70599	Knić	Bajcetina	738
717550	70602	Knjaževac	Zubetinac	605
717541	70602	Knjaževac	Zorunovac	560
717347	70602	Knjaževac	Vlaško Polje	809
717975	70602	Knjaževac	Tatrasnica	763
717908	70602	Knjaževac	Svrljiška Topla	560
717215	70602	Knjaževac	Banjski Orešac	631
717223	70602	Knjaževac	Beli Potok	650
717932	70602	Knjaževac	Stanjinac	571
717959	70602	Knjaževac	Staro Korito	585
717916	70602	Knjaževac	Skrobnica	763
717843	70602	Knjaževac	Pricevac	598
717827	70602	Knjaževac	Ponor	660
717495	70602	Knjaževac	Drvnik	543
717240	70602	Knjaževac	Božinovac	818
717193	70602	Knjaževac	Balinac	654
717894	70602	Knjaževac	Repušnica	800
717878	70602	Knjaževac	Radicevac	902
717789	70602	Knjaževac	Papratna	516
717762	70602	Knjaževac	Ošljane	523
717746	70602	Knjaževac	Novo Korito	540
717738	70602	Knjaževac	Mucibaba	647
717690	70602	Knjaževac	Lokva	600
717673	70602	Knjaževac	Krenta	658
717665	70602	Knjaževac	Koželj	800
717592	70602	Knjaževac	Janja	600
717584	70602	Knjaževac	Jalovik Izvor	543

717444	70602	Knjaževac	Dejanovac	770
717860	70602	Knjaževac	Ravno Bucje	891
717711	70602	Knjaževac	Miljkovac	542
717177	70602	Knjaževac	Aldinac	700
717169	70602	Knjaževac	Aldina Reka	844
718025	70602	Knjaževac	Cuštica	801
718041	70602	Knjaževac	Šesti Gabar	710
718033	70602	Knjaževac	Šarbanovac	664
718017	70602	Knjaževac	Crni Vrh	900
717266	70602	Knjaževac	Bucje	544
718114	70629	Kosjeric	Varda	850
718351	70629	Kosjeric	Subjel	549
718343	70629	Kosjeric	Stojici	515
718335	70629	Kosjeric	Skakavci	600
718327	70629	Kosjeric	Seca Reka	511
718181	70629	Kosjeric	Drenovci	812
718092	70629	Kosjeric	Bjeloperica	501
718319	70629	Kosjeric	Ruda Bukva	723
718297	70629	Kosjeric	Rosici	582
718289	70629	Kosjeric	Radanovci	896
718262	70629	Kosjeric	Paramun	780
718254	70629	Kosjeric	Mušici	634
718246	70629	Kosjeric	Mrcici	685
718238	70629	Kosjeric	Mionica	540
718220	70629	Kosjeric	Makovište	903
718211	70629	Kosjeric	Kosjeric (selo)	528
718165	70629	Kosjeric	Gornja Pološnica	661
718157	70629	Kosjeric	Godljevo	509
718149	70629	Kosjeric	Godecevo	716
718122	70629	Kosjeric	Galovici	501
718173	70629	Kosjeric	Donja Pološnica	655
718190	70629	Kosjeric	Dubnica	504
718378	70629	Kosjeric	Cikote	640
718386	70629	Kosjeric	Ševrljuge	520
719226	70645	Kragujevac – grad	Trešnjevak	500
718572	70645	Kragujevac – grad	Adžine Livade	546
719161	70645	Kragujevac – grad	Ramaca	646
719013	70645	Kragujevac – grad	Ljubicevac	586
718858	70645	Kragujevac – grad	Dulene	677
718637	70645	Kragujevac – grad	Bukorovac	500
719641	70653	Kraljevo	Zasad	743
719633	70653	Kraljevo	Zamcanje	800
719471	70653	Kraljevo	Vrh	1,282
720232	70653	Kraljevo	Tolišnica	800
720216	70653	Kraljevo	Tadenje	600
720224	70653	Kraljevo	Tepece	860
720135	70653	Kraljevo	Rudnjak	755

720127	70653	Kraljevo	Rudno	1,100
719676	70653	Kraljevo	Kamenjani	911
719781	70653	Kraljevo	Lopatnica	599
720186	70653	Kraljevo	Stanca	699
720143	70653	Kraljevo	Savovo	901
720038	70653	Kraljevo	Predole	1,009
720011	70653	Kraljevo	Polumir	800
719579	70653	Kraljevo	Dražinice	1,000
719340	70653	Kraljevo	Bogutovac	528
720089	70653	Kraljevo	Reka	1,140
720054	70653	Kraljevo	Ravanica	504
719960	70653	Kraljevo	Orlja Glava	1,095
719919	70653	Kraljevo	Mlanca	1,146
719889	70653	Kraljevo	Milice	1,100
719838	70653	Kraljevo	Meljanica	560
719820	70653	Kraljevo	Medurecje	608
719790	70653	Kraljevo	Maglic	520
719773	70653	Kraljevo	Lozno	600
719501	70653	Kraljevo	Gokcanica	802
719498	70653	Kraljevo	Godacica	502
719480	70653	Kraljevo	Gledic	604
719544	70653	Kraljevo	Dolac	731
719331	70653	Kraljevo	Bzovik	1,196
719404	70653	Kraljevo	Bresnik	773
719366	70653	Kraljevo	Borovo	1,238
719358	70653	Kraljevo	Bojanici	623
720003	70653	Kraljevo	Plana	903
719803	70653	Kraljevo	Mataruge	510
719374	70653	Kraljevo	Brezna	852
719609	70653	Kraljevo	Djakovo	1,056
720283	70653	Kraljevo	Cerje	700
719382	70653	Kraljevo	Brezova	841
719323	70653	Kraljevo	Bare	579
720259	70653	Kraljevo	Trgovište	501
719668	70653	Kraljevo	Kamenica	600
720534	70661	Krupanj	Tomanj	513
720445	70661	Krupanj	Kržava	500
720496	70661	Krupanj	Planina	545
720348	70661	Krupanj	Bogoštica	800
720364	70661	Krupanj	Brštica	566
720577	70661	Krupanj	Šljivova	697
721492	70670	Kruševac	Srndalje	700
721476	70670	Kruševac	Sezemce	500
721395	70670	Kruševac	Petina	600
721441	70670	Kruševac	Rlica	788
721433	70670	Kruševac	Ribarska Banja	540
720674	70670	Kruševac	Buci	519
720640	70670	Kruševac	Boljevac	808
720984	70670	Kruševac	Jablanica	500
722855	70696	Kučevo	Neresnica	554
722936	70696	Kučevo	Ceremošnja	600
722693	70696	Kučevo	Brodica	531
721999	70688	Kuršumlija	Zagrade	800

721808	70688	Kuršumlija	Vukojevac	831
721778	70688	Kuršumlija	Vlahinja	565
721751	70688	Kuršumlija	Veliko Pupavce	802
721743	70688	Kuršumlija	Vasiljevac	764
722642	70688	Kuršumlija	Trpeza	900
722634	70688	Kuršumlija	Trn	853
722626	70688	Kuršumlija	Trmka	800
722600	70688	Kuršumlija	Trebinje	936
722618	70688	Kuršumlija	Trecak	800
722588	70688	Kuršumlija	Tijovac	558
722570	70688	Kuršumlija	Tacevac	900
722227	70688	Kuršumlija	Matarova	621
722499	70688	Kuršumlija	Samokovo	626
722472	70688	Kuršumlija	Sagonjevo	850
722120	70688	Kuršumlija	Kutlovo	619
722111	70688	Kuršumlija	Kuršumliska Banja	534
722413	70688	Kuršumlija	Prekorade	700
722294	70688	Kuršumlija	Mrce	924
722553	70688	Kuršumlija	Seoce	875
722545	70688	Kuršumlija	Selova	505
722529	70688	Kuršumlija	SekiRača	882
721832	70688	Kuršumlija	Grabovnica	523
722405	70688	Kuršumlija	Prevetica	714
722391	70688	Kuršumlija	Pljakovo	501
722367	70688	Kuršumlija	Pevaštica	800
722430	70688	Kuršumlija	Ravni Šort	693
722448	70688	Kuršumlija	Rastelica	944
722146	70688	Kuršumlija	Ljutova	810
722154	70688	Kuršumlija	Ljuša	624
722421	70688	Kuršumlija	Prolom	896
722332	70688	Kuršumlija	Parada	932
722359	70688	Kuršumlija	Pacarada	600
722324	70688	Kuršumlija	Orlovac	684
722308	70688	Kuršumlija	Nevada	600
722286	70688	Kuršumlija	Mirnica	648
722251	70688	Kuršumlija	Merdare	632
722260	70688	Kuršumlija	Mercez	589
722278	70688	Kuršumlija	Mehane	757
722189	70688	Kuršumlija	Mala Kosanica	538
722162	70688	Kuršumlija	Magovo	664
722235	70688	Kuršumlija	Macja Stena	829
722073	70688	Kuršumlija	Krtok	777
722081	70688	Kuršumlija	Krcmare	526
722057	70688	Kuršumlija	Konjuva	550
722065	70688	Kuršumlija	Kosmaca	640
722014	70688	Kuršumlija	Ivan Kula	800
722022	70688	Kuršumlija	Igrište	880
721824	70688	Kuršumlija	Gornje Tocane	525
721816	70688	Kuršumlija	Gornja Mikuljana	502
721875	70688	Kuršumlija	Degrmen	643
721891	70688	Kuršumlija	Dešiška	540
721859	70688	Kuršumlija	Dabinovac	805
722006	70688	Kuršumlija	Zebica	540

721786	70688	Kuršumlija	Vrelo	660
721760	70688	Kuršumlija	Visoka	503
722502	70688	Kuršumlija	Svinjište	877
722138	70688	Kuršumlija	Lukovo	911
721930	70688	Kuršumlija	Dubrava	512
721905	70688	Kuršumlija	Dobri Do	607
721689	70688	Kuršumlija	Babica	932
721948	70688	Kuršumlija	Djake	957
722677	70688	Kuršumlija	Štava	992
722669	70688	Kuršumlija	Šatra	800
721964	70688	Kuršumlija	Žegrova	700
721956	70688	Kuršumlija	Žalica	900
722537	70688	Kuršumlija	Selište	698
723428	70718	Lebane	Petrovac	661
723495	70718	Lebane	Rafuna	573
723525	70718	Lebane	Slišane	560
723274	70718	Lebane	Drvodelj	775
723479	70718	Lebane	Radevce	839
723363	70718	Lebane	Lipovica	847
723347	70718	Lebane	Lalinovac	522
723304	70718	Lebane	Klajic	596
723207	70718	Lebane	Buvce	614
723444	70718	Lebane	Poroštica	728
723568	70718	Lebane	Šarce	544
723894	70726	Leskovac	Vucje	800
723851	70726	Leskovac	Vilje Kolo	760
725030	70726	Leskovac	Suševlje	614
724726	70726	Leskovac	Novo Selo	671
724998	70726	Leskovac	Slatina	856
724769	70726	Leskovac	Oraovica (kod Crkovnice)	500
725153	70726	Leskovac	Cukljenik	570
724874	70726	Leskovac	Predejane (selo)	616
724840	70726	Leskovac	Piskupovo	579
723703	70726	Leskovac	Bocevica	517
724912	70726	Leskovac	Ravni Del	940
724815	70726	Leskovac	Palojce	528
724785	70726	Leskovac	Oruglica	940
724700	70726	Leskovac	Nakrivanj	779
724670	70726	Leskovac	Mrkovica	1,044
724645	70726	Leskovac	Melovo	805
724564	70726	Leskovac	Licin Dol	510
724505	70726	Leskovac	Krpejce	600
724475	70726	Leskovac	Kovaceva Bara	533
724432	70726	Leskovac	Kaluderce	613
724408	70726	Leskovac	Jarsenovo	540
723967	70726	Leskovac	Gornja Kupinovica	540
723924	70726	Leskovac	Gorina	517
723916	70726	Leskovac	Golema Njiva	786
723908	70726	Leskovac	Gagince	744
724114	70726	Leskovac	Dedina Bara	610
725102	70726	Leskovac	Crkovnica	607
725129	70726	Leskovac	Crcavac	753
723762	70726	Leskovac	Bukova Glava	500

723754	70726	Leskovac	Bricevlje	700
723690	70726	Leskovac	Bojišina	600
725021	70726	Leskovac	Stupnica	660
724793	70726	Leskovac	Padež	803
724718	70726	Leskovac	Nesvrta	580
725099	70726	Leskovac	Crveni Breg	921
723606	70726	Leskovac	Babicko	660
723665	70726	Leskovac	Bistrica	800
726729	70777	Ljubovija	Tornik	1,241
726702	70777	Ljubovija	Sokolac	512
726672	70777	Ljubovija	Savkovic	850
726583	70777	Ljubovija	Drlace	689
726559	70777	Ljubovija	Grcic	582
726630	70777	Ljubovija	Orovicka Planina	600
726605	70777	Ljubovija	Leovic	601
726524	70777	Ljubovija	Gornje Košlje	846
726494	70777	Ljubovija	Gornja Ljubovida	545
726508	70777	Ljubovija	Gornja Orovica	600
726753	70777	Ljubovija	Crnca	703
725803	70742	Lučani	Vlasteljice	548
725781	70742	Lučani	Beli Kamen	600
725943	70742	Lučani	Ducalovici	543
725919	70742	Lučani	Dljin	592
725935	70742	Lučani	Donji Dubac	800
725854	70742	Lučani	Grab	551
725846	70742	Lučani	Gornji Dubac	800
726141	70742	Lučani	Rti	525
726117	70742	Lučani	Pšanik	519
725994	70742	Lučani	Kotraža	500
725820	70742	Lučani	Goracici	500
725790	70742	Lučani	Vica	500
725986	70742	Lučani	Kaona	592
726788	70785	Majdanpek	Vlaole	516
726869	70785	Majdanpek	Majdanpek	612
726842	70785	Majdanpek	Leskovo	500
726826	70785	Majdanpek	Jasikovo	500
726800	70785	Majdanpek	Debeli Lug	500
726982	70793	Mali Zvornik	Donja Trešnjica	501
727318	70815	Medvedja	Vrapce	643
727300	70815	Medvedja	Velika Braina	800
727296	70815	Medvedja	Varadin	800
727725	70815	Medvedja	Tupale	635
727717	70815	Medvedja	Tulare	600
727636	70815	Medvedja	Svirce	680
727709	70815	Medvedja	Stubla	716
727482	70815	Medvedja	Marovac	803
727741	70815	Medvedja	Cokotin	707
727687	70815	Medvedja	Srednji Bucumet	552
727679	70815	Medvedja	Sponce	825
727580	70815	Medvedja	Poroštica	638
727695	70815	Medvedja	Stara Banja	858
727644	70815	Medvedja	Sijarina	700
727377	70815	Medvedja	Grbavce	735

727571	70815	Medvedja	Petrilje	632
727431	70815	Medvedja	Drence	699
727423	70815	Medvedja	Donji Gajtan	660
727369	70815	Medvedja	Gornji Gajtan	843
727342	70815	Medvedja	Gornji Bucumet	579
727270	70815	Medvedja	Bogunovac	700
727610	70815	Medvedja	Retkocer	704
727601	70815	Medvedja	Ravna Banja	629
727598	70815	Medvedja	Pusto Šilovo	598
727555	70815	Medvedja	Mrkonje	596
727547	70815	Medvedja	Medevce	801
727474	70815	Medvedja	Mala Braina	772
727512	70815	Medvedja	Macedonce (Retkocersko)	653
727466	70815	Medvedja	Lece	685
727385	70815	Medvedja	Gubavce	859
727334	70815	Medvedja	Gornja Lapaštica	600
727415	70815	Medvedja	Donji Bucumet	540
727407	70815	Medvedja	Donja Lapaštica	547
727733	70815	Medvedja	Crni Vrh	602
727288	70815	Medvedja	Borovac	700
727504	70815	Medvedja	Macedonce	618
727440	70815	Medvedja	Djulekare	662
727873	70823	Merošina	Devca	594
728241	70831	Mionica	Krcmar	600
728322	70831	Mionica	Planinica	587
729272	71315	Niš-Crveni Krst	Leskovik	542
729302	71285	Niš-Niška Banja	Manastir	516
729248	71285	Niš-Niška Banja	Kunovica	541
729493	71285	Niš-Niška Banja	Ravni Do	550
729515	71285	Niš-Niška Banja	Rautovo	660
729507	71285	Niš-Niška Banja	Radikina Bara	506
729256	71285	Niš-Niška Banja	Lazarevo Selo	540
729221	71285	Niš-Niška Banja	Koritnjak	556
729035	71285	Niš-Niška Banja	Gornja Studena	600
728900	71323	Niš-Palilula	Berbatovo	640
729396	71307	Niš-Pantelej	Oreovac	672
729183	71307	Niš-Pantelej	Jasenovik	508
728926	71307	Niš-Pantelej	Brenica	510
729604	71307	Niš-Pantelej	Cerje	541
728977	71307	Niš-Pantelej	Vrelo	550
729736	70866	Nova Varoš	Vraneša	953
729728	70866	Nova Varoš	Vilovi	1,167
729965	70866	Nova Varoš	Trudovo	1,168
729957	70866	Nova Varoš	Tisovica	1,315
729922	70866	Nova Varoš	Rutoši	829
729914	70866	Nova Varoš	Radoinja	882
729949	70866	Nova Varoš	Seništa	988
729817	70866	Nova Varoš	Drmanovici	1,429
729795	70866	Nova Varoš	Draglica	1,100
729809	70866	Nova Varoš	Draževici	925
729752	70866	Nova Varoš	Gornje Trudovo	1,245
729680	70866	Nova Varoš	Božetici	1,133
729671	70866	Nova Varoš	Bistrica	600

729906	70866	Nova Varoš	Radijevici	1,103
729850	70866	Nova Varoš	Ljepojevici	1,283
729892	70866	Nova Varoš	Ojkovica	1,000
729884	70866	Nova Varoš	Nova Varoš	1,216
729876	70866	Nova Varoš	Negbina	1,100
729868	70866	Nova Varoš	Miševici	1,240
729841	70866	Nova Varoš	Kucani	1,254
729833	70866	Nova Varoš	Komarani	1,114
729825	70866	Nova Varoš	Jasenovo	1,196
729744	70866	Nova Varoš	Gornja Bela Reka	1,000
729787	70866	Nova Varoš	Donja Bela Reka	924
729779	70866	Nova Varoš	Debelja	1,064
729710	70866	Nova Varoš	Burada	1,113
729698	70866	Nova Varoš	Brdo	1,160
729701	70866	Nova Varoš	Bukovik	1,190
729663	70866	Nova Varoš	Amzici	1,071
729655	70866	Nova Varoš	Akmacici	1,121
729973	70866	Nova Varoš	Celice	939
729981	70866	Nova Varoš	Štitkovo	1,262
730351	70874	Novi Pazar	Zlatare	1,200
730181	70874	Novi Pazar	Vucja Lokva	919
730173	70874	Novi Pazar	Vucinice	1,053
730165	70874	Novi Pazar	Vranovina	693
730157	70874	Novi Pazar	Vojnice	654
730149	70874	Novi Pazar	Vojkovice	954
730122	70874	Novi Pazar	Vitkovice	921
730114	70874	Novi Pazar	Vidovo	703
730106	70874	Novi Pazar	Vever	944
730092	70874	Novi Pazar	Varevo	597
731005	70874	Novi Pazar	Tunovo	1,031
730980	70874	Novi Pazar	Tenkovo	840
730971	70874	Novi Pazar	Sudsko Selo	700
730955	70874	Novi Pazar	Srednja Tušimlja	602
730491	70874	Novi Pazar	Kuzmicevo	1,137
730050	70874	Novi Pazar	Bele Vode	900
730041	70874	Novi Pazar	Bekova	920
730033	70874	Novi Pazar	Batnjik	607
730963	70874	Novi Pazar	Stradovo	1,038
730513	70874	Novi Pazar	Lopužnje	1,063
730017	70874	Novi Pazar	Banja	553
730840	70874	Novi Pazar	Rajcinovice	600
730947	70874	Novi Pazar	Smilov Laz	1,197
730912	70874	Novi Pazar	Skukovo	749
730904	70874	Novi Pazar	Sitnice	738
730882	70874	Novi Pazar	Sebecevo	700
730246	70874	Novi Pazar	Grubetice	916
730785	70874	Novi Pazar	Prcenova	540
730769	70874	Novi Pazar	Pope	900
730742	70874	Novi Pazar	Polokce	812
730718	70874	Novi Pazar	Pobrde	575
730700	70874	Novi Pazar	Pilareta	703
730327	70874	Novi Pazar	Dramice	1,283
730319	70874	Novi Pazar	Dragocevo	888

730238	70874	Novi Pazar	GRačane	1,114
730220	70874	Novi Pazar	Gradanovice	851
730009	70874	Novi Pazar	Bajevica	687
730874	70874	Novi Pazar	Rast	1,104
730831	70874	Novi Pazar	Rajkovice	735
730823	70874	Novi Pazar	Rajetice	1,088
730858	70874	Novi Pazar	Rajcinovicka Trnava	815
730815	70874	Novi Pazar	Radaljica	1,170
730807	70874	Novi Pazar	Pustovlah	1,030
730793	70874	Novi Pazar	Pusta Tušimlja	677
730670	70874	Novi Pazar	Pavlje	850
730696	70874	Novi Pazar	Pasji Potok	981
730688	70874	Novi Pazar	Paralovo	615
730645	70874	Novi Pazar	Osaonica	822
730637	70874	Novi Pazar	Okose	1,098
730661	70874	Novi Pazar	Oholje	700
730629	70874	Novi Pazar	Odojevice	1,002
730602	70874	Novi Pazar	Novi Pazar	504
730599	70874	Novi Pazar	Negotinac	1,039
730564	70874	Novi Pazar	Mur	626
730572	70874	Novi Pazar	Muhovo	1,325
730556	70874	Novi Pazar	Mišcice	600
730548	70874	Novi Pazar	Lukocrevo	681
730530	70874	Novi Pazar	Lukarsko Goševo	798
730521	70874	Novi Pazar	Lukare	915
730505	70874	Novi Pazar	Leca	741
730432	70874	Novi Pazar	Kovacevo	717
730475	70874	Novi Pazar	Kosurice	740
730467	70874	Novi Pazar	Koprivnica	700
730459	70874	Novi Pazar	Kožlje	962
730424	70874	Novi Pazar	Kašalj	1,199
730416	70874	Novi Pazar	Jova	900
730394	70874	Novi Pazar	Javor	1,129
730408	70874	Novi Pazar	Janca	779
730378	70874	Novi Pazar	Izbice	600
730360	70874	Novi Pazar	Ivanca	560
731013	70874	Novi Pazar	Hotkovo	618
730203	70874	Novi Pazar	Gornja Tušimlja	728
730190	70874	Novi Pazar	Golice	572
730297	70874	Novi Pazar	Doljani	765
730262	70874	Novi Pazar	Dojinovice	1,097
730254	70874	Novi Pazar	Deževa	555
731021	70874	Novi Pazar	Cokovice	800
730084	70874	Novi Pazar	Brestovo	826
730076	70874	Novi Pazar	Brdani	900
730068	70874	Novi Pazar	Boturovina	620
730866	70874	Novi Pazar	Rakovac	957
730726	70874	Novi Pazar	Požega	910
730653	70874	Novi Pazar	Osoje	684
730483	70874	Novi Pazar	Kruševo	781
730386	70874	Novi Pazar	Jablanica	711
730211	70874	Novi Pazar	Goševo	1,000
730289	70874	Novi Pazar	Dolac	600

729990	70874	Novi Pazar	Alulovice	640
731030	70874	Novi Pazar	Cašic Dolac	1,000
731064	70874	Novi Pazar	Štitare	1,000
731048	70874	Novi Pazar	Šavci	650
731056	70874	Novi Pazar	Šaronje	785
730335	70874	Novi Pazar	Žunjevice	669
730343	70874	Novi Pazar	Zabrde	985
730998	70874	Novi Pazar	Trnava	701
730025	70874	Novi Pazar	Bare	1,138
730939	70874	Novi Pazar	Slatina	700
731277	70882	Osecina	Skadar	700
731153	70882	Osecina	Dragodol	500
731293	70882	Osecina	Carina	607
731439	70904	Paraćin	Zabrega	510
731455	70904	Paraćin	Klacevica	754
731358	70904	Paraćin	Gornja Mutnica	617
731315	70904	Paraćin	Buljane	625
731676	70904	Paraćin	Šaludovac	677
732311	70939	Pirot	Zaskovci	1,033
732192	70939	Pirot	Vlasi	654
732184	70939	Pirot	Visocka Ržana	723
732168	70939	Pirot	Veliki Suvodol	521
732141	70939	Pirot	Velika Lukanja	600
732834	70939	Pirot	Ciniglavci	585
732737	70939	Pirot	Sreckovac	562
732672	70939	Pirot	Rudinje	703
732419	70939	Pirot	Kumanovo	504
732095	70939	Pirot	Bela	871
732052	70939	Pirot	Bazovik	713
732354	70939	Pirot	Kamik	855
732630	70939	Pirot	Ragodeš	692
732346	70939	Pirot	Jelovica	1,080
732702	70939	Pirot	Slavinja	760
732699	70939	Pirot	Sinja Glava	971
732265	70939	Pirot	Gradašnica	608
732591	70939	Pirot	Pokrevenik	971
732257	70939	Pirot	Gostuša	1,403
732117	70939	Pirot	Berovica	748
732109	70939	Pirot	Berilovac	540
732087	70939	Pirot	Basara	1,025
732664	70939	Pirot	Rsovci	820
732656	70939	Pirot	Rosomac	1,016
732621	70939	Pirot	Prisjan	562
732559	70939	Pirot	Pasjac	739
732532	70939	Pirot	Pakleštica	1,055
732516	70939	Pirot	Orlja	752
732508	70939	Pirot	Oreovica	815
732494	70939	Pirot	Obrenovac	540
732486	70939	Pirot	Novi Zavoj	823
732478	70939	Pirot	Nišor	709
732460	70939	Pirot	Mirkovci	801
732451	70939	Pirot	Milojkovac	591
732443	70939	Pirot	Mali Suvodol	675

732389	70939	Pirot	Kostur	533
732362	70939	Pirot	Koprivštica	775
732338	70939	Pirot	Jalbotina	596
732290	70939	Pirot	Dojkinci	1,460
732796	70939	Pirot	Cerev Del	1,013
732133	70939	Pirot	Brlog	916
732176	70939	Pirot	Veliko Selo	508
732770	70939	Pirot	Topli Do	1,000
732613	70939	Pirot	Ponor	700
732583	70939	Pirot	Planinica	700
732397	70939	Pirot	Krupac	800
732842	70939	Pirot	Šugrin	678
732281	70939	Pirot	Dobri Do	804
732800	70939	Pirot	Cerova	500
732320	70939	Pirot	Izvor	584
732567	70939	Pirot	Petrovac	516
733580	70955	Požega	Tometino Polje	711
733563	70955	Požega	Tabanovici	681
733547	70955	Požega	Svrackovo	532
733555	70955	Požega	Srednja Dobrinja	517
733539	70955	Požega	Rupeljevo	517
733164	70955	Požega	Velika Ježevica	540
733342	70955	Požega	Loret	684
733407	70955	Požega	Mršelji	609
733288	70955	Požega	Duškovci	725
733385	70955	Požega	Mala Ježevica	544
733237	70955	Požega	Gornja Dobrinja	574
733261	70955	Požega	Donja Dobrinja	500
733369	70955	Požega	Ljutice	660
733890	70963	Preševo	Svinjište	645
733938	70963	Preševo	Strezovce	518
733776	70963	Preševo	Kurbalija	900
733920	70963	Preševo	Stanevce	800
733911	70963	Preševo	Slavujevac	582
733903	70963	Preševo	Sefer	892
733857	70963	Preševo	Preševo	504
733849	70963	Preševo	Peceno	899
733725	70963	Preševo	Gospodince	700
733636	70963	Preševo	Bercevac	646
733873	70963	Preševo	Ranatovce	783
733784	70963	Preševo	Ljanik	678
733822	70963	Preševo	Oraovica	615
733814	70963	Preševo	Norca	692
733792	70963	Preševo	Madare	703
733768	70963	Preševo	Ilince	703
733717	70963	Preševo	Gornja Šušaja	600
733709	70963	Preševo	Golemi Dol	516
733695	70963	Preševo	Gare	771
733733	70963	Preševo	Depce	840
733962	70963	Preševo	Cerevajka	754
733644	70963	Preševo	Bujic	789
733687	70963	Preševo	Buštranje	522
733652	70963	Preševo	Bukovac	670

733628	70963	Preševo	Aliderce	540
733946	70963	Preševo	Trnava	600
734101	70971	Priboj	Zaostro	800
734098	70971	Priboj	Zagradina	807
734080	70971	Priboj	Zabrnjica	814
734071	70971	Priboj	Zabrde	701
734357	70971	Priboj	Citluk	541
734187	70971	Priboj	Kukurovici	1,011
734004	70971	Priboj	Banja	800
734144	70971	Priboj	Kasidoli	687
734110	70971	Priboj	Jelaca	1,024
734292	70971	Priboj	Socice	925
734284	70971	Priboj	Sjeverin	568
734250	70971	Priboj	Pribojske Celice	814
734241	70971	Priboj	Pribojska Goleša	700
734225	70971	Priboj	Požegrmac	677
734217	70971	Priboj	Plašce	800
734012	70971	Priboj	Batkovici	895
734209	70971	Priboj	Miliješ	796
734195	70971	Priboj	Mažici	760
734179	70971	Priboj	Krnjaca	1,164
734152	70971	Priboj	Kratovo	796
734136	70971	Priboj	Kaluderovici	1,093
734128	70971	Priboj	Kalafati	705
734314	70971	Priboj	Hercegovacka Goleša	605
734055	70971	Priboj	Dobrilovici	920
734349	70971	Priboj	Crnuzi	823
734322	70971	Priboj	Crnugovici	792
734047	70971	Priboj	Bucje	981
734039	70971	Priboj	Brezna	1,000
734306	70971	Priboj	Strmac	822
734276	70971	Priboj	Ritošici	700
734268	70971	Priboj	Rača	800
734063	70971	Priboj	Živinice	586
734675	70980	Prijepolje	Zvijezd	1,120
734632	70980	Prijepolje	Zavinograde	683
734667	70980	Prijepolje	Zastup	813
734659	70980	Prijepolje	Zalug	558
734624	70980	Prijepolje	Zabrdnji Toci	949
735230	70980	Prijepolje	Džurovo	875
734462	70980	Prijepolje	Vrbovo	1,091
734454	70980	Prijepolje	Vinicka	600
735175	70980	Prijepolje	Taševo	640
735167	70980	Prijepolje	Sopotnica	1,153
734756	70980	Prijepolje	Karoševina	1,001
734748	70980	Prijepolje	Karaula	1,348
734730	70980	Prijepolje	Kamena Gora	1,305
735159	70980	Prijepolje	Slatina	914
735132	70980	Prijepolje	Skokuce	1,128
735116	70980	Prijepolje	Seljane	818
735124	70980	Prijepolje	Seljašnica	533
735108	70980	Prijepolje	Sedobro	900
734551	70980	Prijepolje	Grobnice	651

735060	70980	Prijepolje	Pranjci	615
735051	70980	Prijepolje	Pravoševo	1,300
735043	70980	Prijepolje	Potok	640
735035	70980	Prijepolje	Potkrš	622
734608	70980	Prijepolje	Dušmanici	803
734594	70980	Prijepolje	Drenova	728
734586	70980	Prijepolje	Donji Stranjani	1,181
734543	70980	Prijepolje	GRačanica	664
734535	70980	Prijepolje	Gostun	582
734527	70980	Prijepolje	Gornji Stranjani	1,600
734403	70980	Prijepolje	Bjelahova	675
734390	70980	Prijepolje	Biskupici	1,210
734381	70980	Prijepolje	Bare	803
734373	70980	Prijepolje	Balici	719
735094	70980	Prijepolje	Ratajska	547
735086	70980	Prijepolje	Rasno	866
735019	70980	Prijepolje	Osoje	717
734985	70980	Prijepolje	Oraovac	814
734993	70980	Prijepolje	Orašac	1,100
735027	70980	Prijepolje	Oštra Stijena	922
734977	70980	Prijepolje	Muškovina	1,340
734969	70980	Prijepolje	Mrckovina	1,033
734942	70980	Prijepolje	Miljevici	944
734934	70980	Prijepolje	Milošev Do	1,190
734926	70980	Prijepolje	Mileševo	726
734918	70980	Prijepolje	Milakovici	1,330
734900	70980	Prijepolje	Mijoska	502
734896	70980	Prijepolje	Mijani	800
734888	70980	Prijepolje	Medani	1,000
734870	70980	Prijepolje	Mataruge	985
734861	70980	Prijepolje	Lucice	508
734853	70980	Prijepolje	Kucin	729
734845	70980	Prijepolje	Kruševo	960
734799	70980	Prijepolje	Kovacevac	500
734829	70980	Prijepolje	Kosatica	974
734802	70980	Prijepolje	Koprivna	1,253
734837	70980	Prijepolje	Koševine	912
734764	70980	Prijepolje	Kacevo	1,186
734772	70980	Prijepolje	Kašice	1,074
734721	70980	Prijepolje	Juncevici	950
734713	70980	Prijepolje	Jabuka	1,260
734705	70980	Prijepolje	Izbicanj	830
734691	70980	Prijepolje	Ivezici	855
734683	70980	Prijepolje	Ivanje	580
735191	70980	Prijepolje	Hrta	814
735183	70980	Prijepolje	Hisardžik	942
734519	70980	Prijepolje	Gornje Goracice	1,282
734497	70980	Prijepolje	Gornje Babine	1,200
734489	70980	Prijepolje	Gojakovici	1,160
734578	70980	Prijepolje	Donje Babine	1,132
734560	70980	Prijepolje	Divci	898
735205	70980	Prijepolje	Crkveni Toci	1,010
734446	70980	Prijepolje	Bukovik	988

734420	70980	Prijepolje	Brvine	757
734438	70980	Prijepolje	Brodarevo	600
734411	70980	Prijepolje	Brajkovac	1,200
734365	70980	Prijepolje	Aljinovici	1,214
735221	70980	Prijepolje	Cauševici	700
735213	70980	Prijepolje	Cadinje	759
734616	70980	Prijepolje	Ђурашici	710
736376	70998	Prokuplje	Džigolj	521
735507	70998	Prokuplje	Vlasovo	939
735485	70998	Prokuplje	Vidovaca	748
735477	70998	Prokuplje	Velika Plana	635
736341	70998	Prokuplje	Trnovi Laz	677
736333	70998	Prokuplje	Tovrljane	540
736309	70998	Prokuplje	Srednji Statovac	693
735345	70998	Prokuplje	Beli Kamen	980
736325	70998	Prokuplje	Staro Selo	576
736317	70998	Prokuplje	Stari Djurovac	754
736155	70998	Prokuplje	Piskalje	582
735787	70998	Prokuplje	Dragi Deo	615
735779	70998	Prokuplje	Donji Statovac	654
735647	70998	Prokuplje	Gornji Statovac	602
735388	70998	Prokuplje	Bogujevac	911
735302	70998	Prokuplje	Balcak	734
736244	70998	Prokuplje	Rgaje	642
736228	70998	Prokuplje	Rankova Reka	556
736104	70998	Prokuplje	Pasjaca	878
736082	70998	Prokuplje	Obrtince	777
736066	70998	Prokuplje	Novi Djurovac	759
736031	70998	Prokuplje	Mrljak	730
736023	70998	Prokuplje	Miljkovica	600
736015	70998	Prokuplje	Mikulovac	700
735949	70998	Prokuplje	Kostenica	640
735906	70998	Prokuplje	Kožince	532
735892	70998	Prokuplje	Klisurica	551
735868	70998	Prokuplje	Jovine Livade	844
735850	70998	Prokuplje	Jabucevo	830
735574	70998	Prokuplje	Gornja Recica	771
735558	70998	Prokuplje	Gornja Bresnica	900
735523	70998	Prokuplje	Glasovik	574
735698	70998	Prokuplje	Donja Bresnica	520
735671	70998	Prokuplje	Dobrotic	595
735434	70998	Prokuplje	Bukuloram	601
735469	70998	Prokuplje	Bucince	703
735396	70998	Prokuplje	Bregovina	551
735655	70998	Prokuplje	Grabovac	650
735400	70998	Prokuplje	Bresnik	583
735264	70998	Prokuplje	Babotinac	528
735248	70998	Prokuplje	Arbanaška	638
736392	70998	Prokuplje	Široke Njive	592
736384	70998	Prokuplje	Ševiš	578
737127	71021	Raška	Zarevo	767
737038	71021	Raška	Vrtine	600
737020	71021	Raška	Vojmilovici	800

737500	71021	Raška	Tiodže	834
737496	71021	Raška	Supnje	500
737453	71021	Raška	Rvati	500
737224	71021	Raška	Kurici	731
736902	71021	Raška	Belo Polje	765
736899	71021	Raška	Bela Stena	518
737143	71021	Raška	Kaznovice	540
737488	71021	Raška	Semeteš	900
737470	71021	Raška	Sebimilje	931
737402	71021	Raška	Pocesje	696
737364	71021	Raška	Plešin	1,317
737356	71021	Raška	Plavkovo	707
737348	71021	Raška	Piskanja	679
737089	71021	Raška	Draganici	525
737054	71021	Raška	Gostiradice	645
736970	71021	Raška	Boce	1,087
736937	71021	Raška	Biljanovac	500
736953	71021	Raška	Biocin	694
736945	71021	Raška	Binice	1,033
736929	71021	Raška	Beoci	500
736872	71021	Raška	Baljevac	650
737429	71021	Raška	Radošice	697
737321	71021	Raška	Pavlica	569
737330	71021	Raška	Panojevice	600
737313	71021	Raška	Orahovo	652
737305	71021	Raška	Nosoljin	568
737283	71021	Raška	Mure	540
737275	71021	Raška	Milatkovice	566
737267	71021	Raška	Lukovo	653
737259	71021	Raška	Lisina	1,186
737232	71021	Raška	Kucane	515
737216	71021	Raška	Kruševica	720
737208	71021	Raška	Kremice	888
737194	71021	Raška	Kravice	537
737186	71021	Raška	Korlace	640
737178	71021	Raška	Kopaonik	1,600
737135	71021	Raška	Jošanicka Banja	885
737046	71021	Raška	Gnjilica	505
737526	71021	Raška	Crna Glava	1,046
737011	71021	Raška	Varevo	730
737461	71021	Raška	Rudnica	539
737399	71021	Raška	Pokrvenik	766
737372	71021	Raška	Pobrde	673
737160	71021	Raška	Kovaci	973
736961	71021	Raška	Borovice	1,041
736864	71021	Raška	Badanj	1,439
737534	71021	Raška	Šipacina	1,018
737119	71021	Raška	Žutice	568
737097	71021	Raška	Žerade	600
737437	71021	Raška	Rakovac	960
737291	71021	Raška	Novo Selo	623
737062	71021	Raška	Gradac	816
737518	71021	Raška	Trnava	614

736457	71005	Ražanj	Grabovo	558
737577	71030	Rekovac	Beocic	527
737763	71030	Rekovac	Nadrlje	500
737666	71030	Rekovac	Kalenicki Prnjavor	666
737623	71030	Rekovac	Dobroselica	600
737895	71030	Rekovac	Šljivica	600
739600	71072	Sjenica	Zajecice	1,064
739618	71072	Sjenica	Zahumsko	1,100
739383	71072	Sjenica	Vrsjenice	1,111
739375	71072	Sjenica	Vrbnica	936
739367	71072	Sjenica	Vrapci	1,300
739324	71072	Sjenica	Visocka	1,100
739359	71072	Sjenica	Višnjice	1,083
739332	71072	Sjenica	Višnjeva	1,354
739316	71072	Sjenica	Veskovice	1,085
739308	71072	Sjenica	Vapa	1,080
740101	71072	Sjenica	Uvac	1,117
740128	71072	Sjenica	Ursule	1,102
740110	71072	Sjenica	Ugao	1,216
740136	71072	Sjenica	Ušak	1,110
740080	71072	Sjenica	Tuzinje	1,239
740098	71072	Sjenica	Tutice	951
740071	71072	Sjenica	Trijebine	1,224
740063	71072	Sjenica	Trešnjevica	1,300
740047	71072	Sjenica	Sugubine	1,159
740039	71072	Sjenica	Stup	1,241
740012	71072	Sjenica	Strajinice	1,083
740217	71072	Sjenica	Cipalje	1,055
739693	71072	Sjenica	Kijevci	1,151
739677	71072	Sjenica	Kanjevina	1,133
739685	71072	Sjenica	Karajukica Bunari	1,160
739669	71072	Sjenica	Kamešnica	1,184
739723	71072	Sjenica	Koznik	1,083
739162	71072	Sjenica	Bare	1,209
739634	71072	Sjenica	Jezero	1,042
739626	71072	Sjenica	Jevik	1,240
739189	71072	Sjenica	Bacija	1,115
740004	71072	Sjenica	Skradnik	1,268
739995	71072	Sjenica	Sjenica	1,006
739448	71072	Sjenica	Grgaje	1,208
739421	71072	Sjenica	Grabovica	1,240
739928	71072	Sjenica	Pralja	1,240
739910	71072	Sjenica	Ponorac	1,120
739901	71072	Sjenica	Poda	1,420
739898	71072	Sjenica	Plana	951
739880	71072	Sjenica	Petrovo Polje	1,290
739537	71072	Sjenica	Dubnica	1,160
739529	71072	Sjenica	Družinice	1,140
739499	71072	Sjenica	Dragojlovice	1,102
739502	71072	Sjenica	Draževice	1,200
739227	71072	Sjenica	Boguti	1,032
739235	71072	Sjenica	Božov Potok	1,200
739219	71072	Sjenica	Blato	1,111

739197	71072	Sjenica	Bioc	1,180
739154	71072	Sjenica	Bagacice	1,033
739979	71072	Sjenica	Rastenovice	1,214
739952	71072	Sjenica	Raspogance	1,099
739987	71072	Sjenica	Raškovice	1,144
739936	71072	Sjenica	Raždaginja	1,160
739812	71072	Sjenica	Ljutaje	900
739871	71072	Sjenica	Papice	1,188
739863	71072	Sjenica	Milici	1,165
739847	71072	Sjenica	Medare	1,030
739855	71072	Sjenica	Medugor	1,156
739839	71072	Sjenica	Mašovice	1,146
739804	71072	Sjenica	Lijeva Reka	1,283
739766	71072	Sjenica	Krnja Jela	1,218
739774	71072	Sjenica	Krstac	1,015
739758	71072	Sjenica	Krivaja	1,164
739740	71072	Sjenica	Krajinovice	1,094
739782	71072	Sjenica	Krce	1,080
739731	71072	Sjenica	Kokošice	1,206
739715	71072	Sjenica	Kneževac	1,100
739707	71072	Sjenica	Kladnica	1,102
739642	71072	Sjenica	Kalipolje	1,244
739405	71072	Sjenica	Gornje Lopiže	1,270
739391	71072	Sjenica	Goluban	1,242
739413	71072	Sjenica	Goševo	1,365
740144	71072	Sjenica	Fijulj	1,200
739561	71072	Sjenica	Dunišice	1,188
739553	71072	Sjenica	Dujke	1,293
739545	71072	Sjenica	Duga Poljana	1,226
739472	71072	Sjenica	Donje Lopiže	1,036
739464	71072	Sjenica	Donje Goracice	1,130
739456	71072	Sjenica	Dolice	1,190
740187	71072	Sjenica	Crvsko	1,340
740195	71072	Sjenica	Crcevo	1,277
740179	71072	Sjenica	Cetanovice	1,140
740152	71072	Sjenica	Caricina	1,317
739294	71072	Sjenica	Budevo	1,296
739286	71072	Sjenica	Brnjica	1,192
739278	71072	Sjenica	Breza	1,060
739260	71072	Sjenica	Borovice	1,273
739251	71072	Sjenica	Borišice	1,100
739243	71072	Sjenica	Boljare	1,260
739596	71072	Sjenica	Zabrde	980
740055	71072	Sjenica	Sušica	1,199
739944	71072	Sjenica	Rasno	1,140
739430	71072	Sjenica	Gradac	1,113
739146	71072	Sjenica	Aliverovice	1,182
740209	71072	Sjenica	Cedovo	1,015
740250	71072	Sjenica	Šušure	1,151
740241	71072	Sjenica	Štavalj	1,229
740233	71072	Sjenica	Šare	940
739588	71072	Sjenica	Žitnice	1,116
739570	71072	Sjenica	Žabren	1,190

740225	71072	Sjenica	Citluk	1,157
740802	71129	Sokobanja	Vrmdža	600
740942	71129	Sokobanja	Rujevica	547
740969	71129	Sokobanja	Sesalac	503
740772	71129	Sokobanja	Bogdinac	544
740934	71129	Sokobanja	Resnik	679
740926	71129	Sokobanja	Radenkovac	798
740896	71129	Sokobanja	Nikolinac	584
740888	71129	Sokobanja	Mužinac	746
740870	71129	Sokobanja	Milušinac	639
740861	71129	Sokobanja	Levovik	657
740853	71129	Sokobanja	Jošanica	591
740829	71129	Sokobanja	Dugo Polje	607
741019	71129	Sokobanja	Cerovica	606
740845	71129	Sokobanja	Jezero	800
741035	71129	Sokobanja	Šarbanovac	691
741027	71129	Sokobanja	Citluk	512
740900	71129	Sokobanja	Novo Selo	940
741221	71137	Surdulica	Zagužanje	507
741124	71137	Surdulica	Vucadelce	1,155
741116	71137	Surdulica	Vlasina Stojkoviceva	1,240
741108	71137	Surdulica	Vlasina Rid	1,345
741094	71137	Surdulica	Vlasina Okruglica	1,295
741442	71137	Surdulica	Troskac	1,227
741434	71137	Surdulica	Topli Dol	1,529
741426	71137	Surdulica	Topli Do	1,191
741396	71137	Surdulica	Suvojnica	614
741418	71137	Surdulica	Suhi Dol	826
741388	71137	Surdulica	Strezimirovci	993
741329	71137	Surdulica	Masurica	506
741256	71137	Surdulica	Kijevac	900
741345	71137	Surdulica	Novo Selo	1,100
741469	71137	Surdulica	Curkovica	809
741370	71137	Surdulica	Stajkovce	872
741159	71137	Surdulica	Groznatovci	1,100
741191	71137	Surdulica	Drajinci	1,068
741086	71137	Surdulica	Božica	1,278
741078	71137	Surdulica	Bitvrda	1,290
741361	71137	Surdulica	Rdavica	792
741353	71137	Surdulica	Palja	1,137
741337	71137	Surdulica	Mackatica	1,079
741302	71137	Surdulica	Leskova Bara	780
741299	71137	Surdulica	Kostroševci	966
741272	71137	Surdulica	Kolunica	1,528
741132	71137	Surdulica	Gornje Romanovce	1,297
746673	71137	Surdulica	Gornja Koznica	500
741205	71137	Surdulica	Dugi Del	730
741183	71137	Surdulica	Donje Romanovce	758
741175	71137	Surdulica	Dikava	822
741167	71137	Surdulica	Danjino Selo	908
741264	71137	Surdulica	Klisura	1,092
741051	71137	Surdulica	Bacijevce	653
738930	71064	Svrljig	Manojlica	559

739065	71064	Svrljig	Prekonoga	569
738913	71064	Svrljig	Lozan	779
739103	71064	Svrljig	Slivje	564
738816	71064	Svrljig	Guševac	524
738794	71064	Svrljig	Grbavce	600
739022	71064	Svrljig	Pirkovac	502
739014	71064	Svrljig	Periš	709
738832	71064	Svrljig	Drajinac	671
738727	71064	Svrljig	Beloinje	743
739073	71064	Svrljig	Radmirovac	583
738972	71064	Svrljig	Okolište	500
738956	71064	Svrljig	Mecji Do	568
738883	71064	Svrljig	Kopajkošara	505
738808	71064	Svrljig	Gulijan	540
738778	71064	Svrljig	Galibabinac	709
739120	71064	Svrljig	Crnoljevica	570
738735	71064	Svrljig	Burdimo	514
738743	71064	Svrljig	Bucum	624
738760	71064	Svrljig	Vlahovo	644
739111	71064	Svrljig	Tijovac	660
739081	71064	Svrljig	Ribare	520
738999	71064	Svrljig	Okruglica	554
738905	71064	Svrljig	Lalinac	600
738824	71064	Svrljig	Davidovac	714
738859	71064	Svrljig	Djurinac	540
738875	71064	Svrljig	Izvor	500
738921	71064	Svrljig	Lukovo	689
741965	71153	Topola	Vojkovci	540
742066	71153	Topola	Jarmenovci	506
742007	71153	Topola	Guriševci	695
742406	71161	Trgovište	Zladovce	1,035
742287	71161	Trgovište	Vladovce	634
742538	71161	Trgovište	Surlica	1,223
742481	71161	Trgovište	Novo Selo	600
742252	71161	Trgovište	Babina Poljana	1,482
742520	71161	Trgovište	Rajcevce	722
742511	71161	Trgovište	Radovnica	1,078
742376	71161	Trgovište	Donji Stajevac	900
742368	71161	Trgovište	Donji Kozji Dol	800
742333	71161	Trgovište	Gornji Stajevac	1,000
742325	71161	Trgovište	Gornji Kozji Dol	701
742279	71161	Trgovište	Barbace	600
742503	71161	Trgovište	Prolesje	1,182
742473	71161	Trgovište	Novi Glog	1,200
742465	71161	Trgovište	Mezdraja	664
742422	71161	Trgovište	Lesnica	800
742414	71161	Trgovište	Kalovo	1,239
742317	71161	Trgovište	Gornja Trnica	1,085
742309	71161	Trgovište	Gornovac	959
742295	71161	Trgovište	Golocevac	1,309
742384	71161	Trgovište	Dumbija	912
742350	71161	Trgovište	Donja Trnica	714
742341	71161	Trgovište	Dejance	1,003

742554	71161	Trgovište	Crveni Grad	1,340
742589	71161	Trgovište	Crnovce	1,092
742562	71161	Trgovište	Crna Reka	1,500
742546	71161	Trgovište	Trgovište	777
742457	71161	Trgovište	Margance	883
742392	71161	Trgovište	Djerekarce	1,000
742635	71161	Trgovište	Šumata Trnica	900
742627	71161	Trgovište	Široka Planina	1,254
742619	71161	Trgovište	Šaprance	564
742597	71161	Trgovište	Šajince	713
742449	71161	Trgovište	Mala Reka	500
742490	71161	Trgovište	Petrovac	883
743151	71170	Trstenik	Stublica	673
742759	71170	Trstenik	Gornji Dubic	697
743062	71170	Trstenik	Ridevštica	541
743054	71170	Trstenik	Rajinac	510
742864	71170	Trstenik	Loboder	801
742686	71170	Trstenik	Bucje	502
743631	71188	Tutin	Zapadni Mojstir	1,240
743364	71188	Tutin	Vrba	1,432
743356	71188	Tutin	Vrapce	928
743348	71188	Tutin	Vesenice	954
743330	71188	Tutin	Velje Polje	1,000
744123	71188	Tutin	Tutin	860
744115	71188	Tutin	Tocilovo	1,049
744107	71188	Tutin	Suvi Do	1,328
744093	71188	Tutin	Strumce	1,083
744166	71188	Tutin	Cmanjke	1,045
743984	71188	Tutin	Raduša	1,057
744042	71188	Tutin	Saš	1,121
744026	71188	Tutin	Rudnica	1,189
743224	71188	Tutin	Batrage	799
744085	71188	Tutin	Starcevice	1,013
743976	71188	Tutin	Raduhovce	900
743801	71188	Tutin	Morani	921
743682	71188	Tutin	Jezgrovice	771
743704	71188	Tutin	Jelice	1,027
743232	71188	Tutin	Bacica	1,098
744077	71188	Tutin	Smoluca	927
744069	71188	Tutin	Severni Kocarnik	936
743950	71188	Tutin	Potreb	993
743941	71188	Tutin	Popice	956
743925	71188	Tutin	Pokrvenik	903
743917	71188	Tutin	Plenibabe	1,163
743909	71188	Tutin	Piskopovce	933
743437	71188	Tutin	Gornji Crniš	1,200
743267	71188	Tutin	Blaca	913
743259	71188	Tutin	Biohane	993
743216	71188	Tutin	Baljen	1,001
744034	71188	Tutin	Ruda	1,111
744018	71188	Tutin	Ribarice	861
744000	71188	Tutin	Reževice	1,133
743992	71188	Tutin	Ramoševo	1,169

743968	71188	Tutin	Pružanj	1,056
743895	71188	Tutin	Paljevo	1,010
743887	71188	Tutin	Ostrovica	1,233
743879	71188	Tutin	Orlje	1,130
743852	71188	Tutin	Oraše	875
743844	71188	Tutin	Nocaje	1,030
743836	71188	Tutin	Namga	1,013
743828	71188	Tutin	Nadumce	855
743810	71188	Tutin	Naboje	1,196
743798	71188	Tutin	Mitrova	967
743780	71188	Tutin	Melaje	993
743771	71188	Tutin	Lukavica	988
743763	71188	Tutin	Lipica	1,140
743755	71188	Tutin	Leskova	1,184
743739	71188	Tutin	Kovaci	951
743747	71188	Tutin	Konice	1,243
743712	71188	Tutin	Južni Kocarnik	920
743640	71188	Tutin	Izrok	979
743658	71188	Tutin	Istocni Mojstir	1,440
743461	71188	Tutin	Gurdijelje	1,122
743453	71188	Tutin	Gujice	1,037
743470	71188	Tutin	Gucevice	1,046
743429	71188	Tutin	Godovo	900
743402	71188	Tutin	Gnila	900
743399	71188	Tutin	Gluhavica	1,046
743372	71188	Tutin	Glogovik	951
743593	71188	Tutin	Ervenice	1,088
743577	71188	Tutin	Dulebe	900
743569	71188	Tutin	Dubovo	1,000
743534	71188	Tutin	Dolovo	1,086
743526	71188	Tutin	Dobrinje	1,082
743518	71188	Tutin	Dobri Dub	1,140
743488	71188	Tutin	Devrec	1,231
743500	71188	Tutin	Detane	1,000
743496	71188	Tutin	Delimede	959
744140	71188	Tutin	Crkvine	800
743321	71188	Tutin	Bujkovice	1,026
743313	71188	Tutin	Brniševo	800
743305	71188	Tutin	Bregovi	942
743291	71188	Tutin	BRačak	1,195
743275	71188	Tutin	Bovanj	1,006
743283	71188	Tutin	Boroštica	1,160
743933	71188	Tutin	Pope	900
743674	71188	Tutin	Jarebice	1,140
743542	71188	Tutin	Draga	1,301
743208	71188	Tutin	Arapovice	1,113
744174	71188	Tutin	Cukote	1,131
744158	71188	Tutin	Carovina	1,040
744131	71188	Tutin	Culije	1,279
743585	71188	Tutin	Djerekare	1,221
744212	71188	Tutin	Špiljani	1,003
744204	71188	Tutin	Šipce	1,240
743615	71188	Tutin	Župa	924

743623	71188	Tutin	Žuce	1,047
743607	71188	Tutin	Žirce	1,139
744182	71188	Tutin	Šaronje	1,045
743666	71188	Tutin	Jablanica	814
743445	71188	Tutin	Gradac	1,208
741639	71145	Užice	Zlakusa	501
741612	71145	Užice	Zbojštica	676
741523	71145	Užice	Vrutci	595
741515	71145	Užice	Volujac	638
741507	71145	Užice	Vitasi	927
741906	71145	Užice	Trnava	540
741884	71145	Užice	Strmac	740
741671	71145	Užice	Keserovina	850
741710	71145	Užice	Kršanje	700
741876	71145	Užice	Stapari	907
741833	71145	Užice	Raduša	900
741744	71145	Užice	Mokra Gora	640
741868	71145	Užice	Skržuti	717
741817	71145	Užice	Potpece	500
741809	71145	Užice	Potocanje	620
741787	71145	Užice	Pear	860
741582	71145	Užice	Drijetanj	775
741574	71145	Užice	Drežnik	626
741540	71145	Užice	Gostinica	657
741477	71145	Užice	Bioska	686
741841	71145	Užice	Ribaševina	565
741825	71145	Užice	Ravni	800
741736	71145	Užice	Ljubanje	740
741779	71145	Užice	Panjak	702
741752	71145	Užice	Nikojevici	751
741698	71145	Užice	Krvavci	700
741701	71145	Užice	Kremna	1,024
741680	71145	Užice	Kotroman	500
741663	71145	Užice	Kacer	623
741493	71145	Užice	Buar	734
741604	71145	Užice	Duboko	648
708453	70360	Valjevo	Vujinovaca	788
709085	70360	Valjevo	Taor	1,090
709069	70360	Valjevo	Suvodanje	803
709077	70360	Valjevo	Sušica	511
709000	70360	Valjevo	Sovac	528
708283	70360	Valjevo	Bacevci	777
709018	70360	Valjevo	Stanina Reka	561
708992	70360	Valjevo	Sitarice	580
708968	70360	Valjevo	Rovni	516
708950	70360	Valjevo	Rebelj	1,092
708933	70360	Valjevo	Ravnje	528
708909	70360	Valjevo	Prijezdic	708
708801	70360	Valjevo	Mijaci	548
708500	70360	Valjevo	Gornje Leskovice	775
708569	70360	Valjevo	Donje Leskovice	739
708534	70360	Valjevo	Divcibare	984
708356	70360	Valjevo	Brangovic	500

708372	70360	Valjevo	Brezovice	811
710261	70416	Vladičin Han	Zebince	803
710636	70416	Vladičin Han	Urvic	500
710628	70416	Vladičin Han	Tegovište	555
710385	70416	Vladičin Han	Kunovo	693
710377	70416	Vladičin Han	Kukavica	1,278
710121	70416	Vladičin Han	Beliševo	639
710113	70416	Vladičin Han	Belanovce	862
710598	70416	Vladičin Han	Srneci Dol	926
710580	70416	Vladičin Han	Solacka Sena	861
710130	70416	Vladičin Han	Bogoševo	764
710571	70416	Vladičin Han	Ružic	702
710563	70416	Vladičin Han	Repište	740
710547	70416	Vladičin Han	Rdovo	1,013
710539	70416	Vladičin Han	Ravna Reka	800
710423	70416	Vladičin Han	Ljutež	821
710466	70416	Vladičin Han	Mrtvica	794
710458	70416	Vladičin Han	Manjak	743
710393	70416	Vladičin Han	Lebet	1,127
710342	70416	Vladičin Han	Kostomlatica	1,100
710334	70416	Vladičin Han	Kopitarce	812
710296	70416	Vladičin Han	Jovac	520
710270	70416	Vladičin Han	Jagnjilo	841
710199	70416	Vladičin Han	Gornje Jabukovo	848
710172	70416	Vladičin Han	Garinje	665
710245	70416	Vladičin Han	Dupljane	507
710237	70416	Vladičin Han	Donje Jabukovo	750
710474	70416	Vladičin Han	Ostrovica	746
710326	70416	Vladičin Han	Koznica	600
710288	70416	Vladičin Han	Jastrebac	931
710148	70416	Vladičin Han	Brestovo	667
710601	70416	Vladičin Han	Stubal	500
710881	70424	Vlasotince	Zlaticevo	711
711128	70424	Vlasotince	Stranjevo	600
711071	70424	Vlasotince	Samarnica	749
710920	70424	Vlasotince	Kozilo	1,204
711039	70424	Vlasotince	Pržojne	500
710776	70424	Vlasotince	Gornji Prisjan	529
710768	70424	Vlasotince	Gornji Orah	645
710750	70424	Vlasotince	Gornji Dejan	590
711012	70424	Vlasotince	Ostrc	762
710938	70424	Vlasotince	Komarica	594
710890	70424	Vlasotince	Javorje	939
710903	70424	Vlasotince	Jakovljevo	700
710792	70424	Vlasotince	Gunjetina	657
710741	70424	Vlasotince	Gornja Lopušnja	1,105
710857	70424	Vlasotince	Donje Gare	863
710849	70424	Vlasotince	Donja Lopušnja	700
710814	70424	Vlasotince	Dobroviš	532
710695	70424	Vlasotince	Borin Do	560
711063	70424	Vlasotince	Ravni Del	583
711055	70424	Vlasotince	Ravna Gora	1,008
710652	70424	Vlasotince	Aleksine	605

710997	70424	Vlasotince	Lipovica	639
710911	70424	Vlasotince	Jastrebac	600
711144	70424	Vlasotince	Crna Bara	758
710709	70424	Vlasotince	Brezovica	642
711322	70432	Vranje	Vrtogoš	677
711292	70432	Vranje	Vlase	550
711284	70432	Vranje	Viševce	1,000
712272	70432	Vranje	Urmanica	734
712299	70432	Vranje	Uševce	587
712248	70432	Vranje	Tumba	1,187
712230	70432	Vranje	Trstena	897
712205	70432	Vranje	Tesovište	935
712191	70432	Vranje	Surdul	710
712175	70432	Vranje	Studena	851
712167	70432	Vranje	Struganica	600
712132	70432	Vranje	Strešak	955
711764	70432	Vranje	Margance	883
712094	70432	Vranje	Srednji Del	938
712035	70432	Vranje	Rusce	758
711225	70432	Vranje	Beli Breg	583
711969	70432	Vranje	Preobraženje	510
712124	70432	Vranje	Stari Glog	1,123
712116	70432	Vranje	Stara Brezovica	940
712108	70432	Vranje	Stance	647
712086	70432	Vranje	Soderce	582
712078	70432	Vranje	Smiljevic	722
712060	70432	Vranje	Slivnica	992
712051	70432	Vranje	Sikirje	893
712043	70432	Vranje	Sebevranje	746
711403	70432	Vranje	Gradnja	600
711926	70432	Vranje	Pljackovica	900
711519	70432	Vranje	Dragobuždе	761
711217	70432	Vranje	Barelic	1,000
711209	70432	Vranje	Barbarušince	933
712027	70432	Vranje	Rožđace	890
711934	70432	Vranje	Prvonek	981
711896	70432	Vranje	Ostra Glava	727
711888	70432	Vranje	Oblicka Sena	1,100
711870	70432	Vranje	Nova Brezovica	1,123
711861	70432	Vranje	Nesvrta	1,207
711853	70432	Vranje	Nastavce	594
711837	70432	Vranje	Milivojce	700
711802	70432	Vranje	Mijovce	512
711799	70432	Vranje	Mijakovce	823
711772	70432	Vranje	Meckovac	693
711721	70432	Vranje	Leva Reka	655
711730	70432	Vranje	Lepcince	700
711713	70432	Vranje	Lalince	739
711683	70432	Vranje	Kruševa Glava	953
711675	70432	Vranje	Kriva Feja	1,354
711659	70432	Vranje	Korbul	1,260
711624	70432	Vranje	Kopanjane	718
711667	70432	Vranje	Kocura	937

711608	70432	Vranje	Klašnjice	876
711586	70432	Vranje	Izumno	687
711411	70432	Vranje	Gumerište	675
711381	70432	Vranje	Gornje Trebešinje	519
711373	70432	Vranje	Gornje Punoševce	1,151
711365	70432	Vranje	Gornje Žapsko	619
711357	70432	Vranje	Gornja Otulja	616
711349	70432	Vranje	Golemo Selo	579
711560	70432	Vranje	Dupeljevo	809
711551	70432	Vranje	Dulan	524
711543	70432	Vranje	Duga Luka	641
711462	70432	Vranje	Donje Punoševce	1,126
711438	70432	Vranje	Dobrejance	916
711268	70432	Vranje	Buljesovce	740
711250	70432	Vranje	Bujkovac	550
711233	70432	Vranje	Bojin Del	853
711616	70432	Vranje	Klisurica	608
711527	70432	Vranje	Drenovac	789
712302	70432	Vranje	Crni Vrh	1,200
711276	70432	Vranje	Buštranje	563
711195	70432	Vranje	Babina Poljana	1,000
712337	70432	Vranje	Cestelin	1,004
712264	70432	Vranje	Curkovica	889
711756	70432	Vranje	Lukovo	826
711535	70432	Vranje	Dubnica	677
711748	70432	Vranje	Lipovac	803
712477	70459	Vrnjacka Banja	Stanišinci	872
712388	70459	Vrnjacka Banja	Goc	1,082
715107	70530	Žagubica	Milanovac	586
715077	70530	Žagubica	Laznica	682
715026	70530	Žagubica	Izvarica	600
715085	70530	Žagubica	Lipe	574
715018	70530	Žagubica	Žagubica	614
715166	70530	Žagubica	Suvi Do	782
715140	70530	Žagubica	Selište	525
715816	70556	Zajecar	Marinovac	573
715891	70556	Zajecar	Selacka	500
715794	70556	Zajecar	Mali Izvor	500
715174	70548	Žitorada	Asanovac	654

ANNEX 5: AREAS WITH DIFFICULT WORKING CONDITIONS IN AGRICULTURE

In accordance with Article 3, paragraph 4 of the Law on incentives in agriculture and rural development *("Official Gazette of RS", No. 10/13)*
Minister of Agriculture, Forestry and Water Management , announces

ORDINANCE

ON DESIGNATION OF AREAS WITH DIFFICULT WORKING CONDITIONS IN AGRICULTURE

(Published in the "*Official Gazette of RS" , No. 29 /13* of 29 March 2013)

Article 1

This by-law designates areas with difficult working conditions in agriculture for the period of three years.

Article 2

Based on this by-law, the status of areas with difficult working conditions in agriculture is designated to municipal or town settlements, or to the entire territory of the municipality, i.e. all settlements of the municipal territory under the condition of meeting at least one of the following criteria:

1) located at an altitude higher than 500 meters, based on the data of the Republic Geodetic Authority;
2) located within the boundaries of national parks, based on the Law on National Parks *("Official Gazette of RS ", No. 39/93, 44/93 - correction, 53/ 93, 67/93, 48/ 94, 101/05 - other legislation and 36/09 – other legislation);*
3) number of employees is lower than 100 per 1,000 inhabitants, according to data released in the edition “Municipalities and regions of the Republic of Serbia, 2012”) by the SORS.

Article 3

Areas with difficult working conditions in agriculture are listed in Annex 18.6.

Article 4

Former Ordinance on designation of areas with difficult working conditions in agriculture *("Official Gazette of RS ", No . 3/10, 6/10 and 13/ 10),* ceases to rule on the day of entering of this Ordinance into force.

Article 5

This Ordinance shall enter into force on the day following its publication in the *"Official Gazette of the Republic of Serbia"*.

ANNEX 5.1: LIST OF SETTLEMENTS IN AREAS WITH DIFFICULT WORKING CONDITIONS IN AGRICULTURE

Settlements in areas with difficult working conditions in Agriculture are consisted of settlements listed in mountain areas and areas presented in Table 30, which comply with following criteria:

1) located within the boundaries of national parks, based on the Law on National Parks *("Official Gazette of RS ", No. 39/93, 44/93 - correction, 53/ 93, 67/93, 48/ 94, 101/05 - other legislation and 36/09 – other legislation);*
2) number of employees is lower than 100 per 1,000 inhabitants, according to data released in the edition "Municipalities and regions of the Republic of Serbia, 2012") by the SORS.

Table 30. List of additional settlements in Areas with difficult working conditions in agriculture

ID No. of Settlement	ID No. of Municipality	Municipality	Settlement	Altitude (m)
705764	70289	Bogatic	Uzvece	80
705748	70289	Bogatic	Salaš Crnobarski	86
705659	70289	Bogatic	Banovo Polje	80
705730	70289	Bogatic	Ocage	89
705721	70289	Bogatic	Metkovic	80
705713	70289	Bogatic	Klenje	86
705691	70289	Bogatic	Glušci	81
705683	70289	Bogatic	Glogovac	83
705705	70289	Bogatic	Dublje	85
705772	70289	Bogatic	Crna Bara	76
705756	70289	Bogatic	Sovljak	83
705675	70289	Bogatic	Bogatic	84
705632	70289	Bogatic	Badovinci	91
705667	70289	Bogatic	Belotic	82
705934	70297	Bojnik	Zorovac	333
705926	70297	Bojnik	Zeletovo	289
705837	70297	Bojnik	Vujanovo	451
706167	70297	Bojnik	Turjane	388
706019	70297	Bojnik	Lozane	433
706132	70297	Bojnik	Slavnik	342
706124	70297	Bojnik	Savinac	369
705861	70297	Bojnik	Granica	332
706094	70297	Bojnik	Plavce	289
705896	70297	Bojnik	Dragovac	264
706086	70297	Bojnik	Orane	463
706060	70297	Bojnik	Obilic	301
706051	70297	Bojnik	Mrveš	284
706043	70297	Bojnik	Mijajlica	362
706027	70297	Bojnik	Magaš	431
705993	70297	Bojnik	Lapotince	233
705985	70297	Bojnik	Kosancic	259
705853	70297	Bojnik	Gornje Konjuvce	288
705845	70297	Bojnik	Gornje Brijanje	233

705888	70297	Bojnik	Donje Konjuvce	278
706183	70297	Bojnik	Crkvice	266
705829	70297	Bojnik	Brestovac	307
705799	70297	Bojnik	Bojnik	253
706159	70297	Bojnik	Stubla	320
706116	70297	Bojnik	Recica	355
706108	70297	Bojnik	Pridvorica	245
705977	70297	Bojnik	Kacabac	244
706175	70297	Bojnik	Cukovac	289
705918	70297	Bojnik	Djinduša	238
709204	70378	Varvarin	Zalogovac	217
709140	70378	Varvarin	Varvarin (selo)	145
709131	70378	Varvarin	Varvarin	140
709328	70378	Varvarin	Toljevac	294
709263	70378	Varvarin	Maskare	144
709255	70378	Varvarin	Marenovo	265
709239	70378	Varvarin	Karanovac	314
709115	70378	Varvarin	Bacina	201
709182	70378	Varvarin	Donji Krcin	317
709174	70378	Varvarin	Donji Katun	130
709166	70378	Varvarin	Gornji Krcin	302
709158	70378	Varvarin	Gornji Katun	145
709123	70378	Varvarin	Bošnjane	200
709301	70378	Varvarin	Parcane	257
709298	70378	Varvarin	Pajkovac	311
709271	70378	Varvarin	Obrež	140
709247	70378	Varvarin	Mala Kruševica	354
709212	70378	Varvarin	Izbenica	440
709336	70378	Varvarin	Cernica	241
709280	70378	Varvarin	Orašje	221
709310	70378	Varvarin	Suvaja	330
714704	70513	Doljevac	Malošište	283
714763	70513	Doljevac	Rusna	308
714798	70513	Doljevac	Cecina	245
714747	70513	Doljevac	Perutina	468
714640	70513	Doljevac	Belotinac	189
714755	70513	Doljevac	Pukovac	203
714739	70513	Doljevac	Orljane	204
714712	70513	Doljevac	Mekiš	236
714682	70513	Doljevac	Kocane	196
714674	70513	Doljevac	Knežica	218
714666	70513	Doljevac	Klisura	260
714658	70513	Doljevac	Doljevac	199
714780	70513	Doljevac	Capljinac	186
714771	70513	Doljevac	Curlina	307
714810	70513	Doljevac	Šarlince	209
714801	70513	Doljevac	Šajinovac	204
714844	70521	Žabari	Viteževo	193
714968	70521	Žabari	Ticevac	143
714933	70521	Žabari	Svinjarevo	187
714976	70521	Žabari	Cetereže	202
714950	70521	Žabari	Simicevo	89

714917	70521	Žabari	Polatna	238
714895	70521	Žabari	Mirijevo	141
714887	70521	Žabari	Kocetin	136
714836	70521	Žabari	Brzohode	160
714852	70521	Žabari	Vlaški Do	85
714925	70521	Žabari	Porodin	93
714909	70521	Žabari	Oreovica	88
714879	70521	Žabari	Žabari	90
714828	70521	Žabari	Aleksandrovac	87
714941	70521	Žabari	Sibnica	166
715344	70548	Žitorada	Zladovac	420
715212	70548	Žitorada	Voljcince	210
715204	70548	Žitorada	Vlahovo	377
715492	70548	Žitorada	Toponica	434
715484	70548	Žitorada	Studenac	286
715441	70548	Žitorada	Samarinovac	249
715379	70548	Žitorada	Kare	286
715476	70548	Žitorada	Staro Momcilovo	495
715468	70548	Žitorada	Stara Božurna	263
715450	70548	Žitorada	Izvor	239
715263	70548	Žitorada	Grudaš	262
715425	70548	Žitorada	Podina	285
715417	70548	Žitorada	Pejkovac	268
715301	70548	Žitorada	Držanovac	243
715255	70548	Žitorada	Gornji Drenovac	267
715182	70548	Žitorada	Badnjevac	215
715433	70548	Žitorada	Recica	342
715409	70548	Žitorada	Novo Momcilovo	414
715395	70548	Žitorada	Lukomir	325
715387	70548	Žitorada	Konjarnik	345
715247	70548	Žitorada	Gornje Crnatovo	243
715239	70548	Žitorada	Glašince	252
715298	70548	Žitorada	Donji Drenovac	250
715280	70548	Žitorada	Donje Crnatovo	228
715271	70548	Žitorada	Debeli Lug	318
715352	70548	Žitorada	Jasenica	265
715310	70548	Žitorada	Dubovo	327
715328	70548	Žitorada	Djakus	277
715336	70548	Žitorada	Žitorada	231
801925	80187	Irig	Krušedol Selo	180
801844	80187	Irig	Velika Remeta	244
801879	80187	Irig	Grgetek	297
801917	80187	Irig	Krušedol Prnjavor	160
801887	80187	Irig	Dobrodol	120
801968	80187	Irig	Šatrinci	136
801941	80187	Irig	Neradin	180
801895	80187	Irig	Irig	183
801950	80187	Irig	Rivica	155
801852	80187	Irig	Vrdnik	214
801933	80187	Irig	Mala Remeta	201
801909	80187	Irig	Jazak	178
800368	80063	Backa Palanka	Neštin	100

800317	80063	Backa Palanka	Vizic	205
800961	80101	Beocin	Susek	100
800937	80101	Beocin	Lug	214
800953	80101	Beocin	Sviloš	191
800929	80101	Beocin	Grabovo	200
800899	80101	Beocin	Banoštor	216
800970	80101	Beocin	Cerevic	223
800902	80101	Beocin	Beocin	160
800945	80101	Beocin	Rakovac	193
712892	70475	Golubac	Brnjica	200
712922	70475	Golubac	Golubac	355
712957	70475	Golubac	Dobra	191
801836	80179	Indjija	Cortanovci	160
801739	80179	Indjija	Beška	120
801763	80179	Indjija	Krcedin	114
801798	80179	Indjija	Novi Karlovci	96
801828	80179	Indjija	Stari Slankamen	140
801801	80179	Indjija	Novi Slankamen	120
716740	70572	Kladovo	Tekija	237
716952	70599	Knić	Zabojnica	400
716855	70599	Knić	Vrbeta	366
717126	70599	Knić	Sumorovac	340
717029	70599	Knić	Kusovac	280
716782	70599	Knić	Becevica	460
716898	70599	Knić	Gruža	246
716880	70599	Knić	Grivac	335
717096	70599	Knić	Pretoke	359
716928	70599	Knić	Dragušica	323
716766	70599	Knić	Balosave	256
717100	70599	Knić	Radmilovic	279
717118	70599	Knić	Raškovic	260
717061	70599	Knić	Ljuljaci	408
717088	70599	Knić	Pajsijevic	489
717070	70599	Knić	Oplanic	293
716995	70599	Knić	Knić	306
716979	70599	Knić	Kikojevac	368
716910	70599	Knić	Guncati	359
716847	70599	Knić	Bumbarevo Brdo	380
716804	70599	Knić	Borac	419
716863	70599	Knić	Vuckovica	280
717053	70599	Knić	Ljubic	311
717002	70599	Knić	Konjuša	451
716987	70599	Knić	Kneževac	380
716839	70599	Knić	Brnjica	307
717142	70599	Knić	Cestin	434
716944	70599	Knić	Žunje	280
717045	70599	Knić	Lipnica	326
717037	70599	Knić	Leskovac	375
716901	70599	Knić	Guberevac	356
716871	70599	Knić	Grabovac	257
716812	70599	Knić	Brestovac	435

717134	70599	Knić	Toponica	302
716936	70599	Knić	Dubrava	351
716774	70599	Knić	Bare	381
720402	70661	Krupanj	Zavlaka	240
720372	70661	Krupanj	Vrbic	345
720526	70661	Krupanj	Tolisavac	377
720330	70661	Krupanj	Bela Crkva	241
720321	70661	Krupanj	Banjevac	335
720518	70661	Krupanj	Stave	351
720500	70661	Krupanj	Ravnaja	200
720488	70661	Krupanj	Mojkovic	211
720470	70661	Krupanj	Lipenovic	390
720461	70661	Krupanj	Likodra	400
720453	70661	Krupanj	Krupanj	295
720437	70661	Krupanj	Krasava	340
720429	70661	Krupanj	Kostajnik	499
720399	70661	Krupanj	Dvorska	381
720542	70661	Krupanj	Cvetulja	298
720569	70661	Krupanj	Cerova	400
720356	70661	Krupanj	Brezovice	240
727105	70807	Malo Crnice	Veliko Crnice	86
727172	70807	Malo Crnice	Malo Gradište	140
727199	70807	Malo Crnice	Malo Crnice	100
727202	70807	Malo Crnice	Salakovac	86
727164	70807	Malo Crnice	Kula	140
727075	70807	Malo Crnice	Batuša	100
727229	70807	Malo Crnice	Smoljinac	155
727083	70807	Malo Crnice	Boževac	181
727156	70807	Malo Crnice	Kravlji Do	140
727130	70807	Malo Crnice	Kalište	100
727245	70807	Malo Crnice	Crljenac	129
727121	70807	Malo Crnice	Zabrega	200
727261	70807	Malo Crnice	Šljivovac	182
727067	70807	Malo Crnice	Aljudovo	157
727253	70807	Malo Crnice	Šapine	155
727113	70807	Malo Crnice	Vrbnica	116
727091	70807	Malo Crnice	Veliko Selo	99
727148	70807	Malo Crnice	Kobilje	235
727237	70807	Malo Crnice	Toponica	149
729205	71307	Niš-Pantelej	Kamenica	404
792012	71307	Niš-Pantelej	Niš (Pantelej)	212
729175	71307	Niš-Pantelej	Donji Matejevac	295
729086	71307	Niš-Pantelej	Gornji Matejevac	375
729299	71307	Niš-Pantelej	Malca	284
729213	71307	Niš-Pantelej	Knez Selo	420
729027	71307	Niš-Pantelej	Gornja Vrežina	250
729094	71307	Niš-Pantelej	Donja Vrežina	225
729442	71307	Niš-Pantelej	Pasjaca	444
802760	80284	Novi Sad - grad	Bukovac	240
802832	80284	Novi Sad - grad	Petrovaradin	100
802816	80284	Novi Sad - grad	Ledinci	110

802760	80284	Novi Sad - grad	Bukovac	240
802921	80292	Opovo	Sakule	80
802905	80292	Opovo	Baranda	75
802913	80292	Opovo	Opovo	75
802930	80292	Opovo	Sefkerin	78
731935	70912	Petrovac	Oreškovica	200
733881	70963	Preševo	Reljan	481
733865	70963	Preševo	Rajince	494
733806	70963	Preševo	Miratovac	469
733741	70963	Preševo	Donja Šušaja	473
733989	70963	Preševo	Crnotince	472
733954	70963	Preševo	Cakanovac	438
733679	70963	Preševo	Bukarevac	428
733997	70963	Preševo	Cukarka	464
733750	70963	Preševo	Žujince	437
736449	71005	Ražanj	Vitoševac	340
736589	71005	Ražanj	Rujište	283
736538	71005	Ražanj	Poslon	257
736627	71005	Ražanj	Stari Bracin	220
736619	71005	Ražanj	Smilovac	264
736597	71005	Ražanj	Skorica	337
736457	71005	Ražanj	Grabovo	558
736554	71005	Ražanj	Pretrkovac	225
736546	71005	Ražanj	Praskovce	160
736520	71005	Ražanj	Podgorac	316
736562	71005	Ražanj	Ražanj	260
736511	71005	Ražanj	Pardik	339
736503	71005	Ražanj	Novi Bracin	200
736481	71005	Ražanj	Maletina	194
736490	71005	Ražanj	Macija	207
736465	71005	Ražanj	Lipovac	240
736643	71005	Ražanj	Crni Kao	404
736635	71005	Ražanj	Cerovo	273
736414	71005	Ražanj	Braljina	246
736422	71005	Ražanj	Varoš	330
736473	71005	Ražanj	Madere	259
736651	71005	Ražanj	Cubura	320
736660	71005	Ražanj	Šetka	240
803642	80357	Ruma	Stejanovci	120
803600	80357	Ruma	Pavlovci	140
804355	80411	Sremski Karlovci	Sremski Karlovci	140
804118	80403	Sremska Mitrovica	Divoš	177
804304	80403	Sremska Mitrovica	Calma	110
804339	80403	Sremska Mitrovica	Šišatovac	200
804185	80403	Sremska Mitrovica	Ležimir	224
804193	80403	Sremska Mitrovica	Mandelos	140
804100	80403	Sremska Mitrovica	Grgurevci	171

804347	80403	Sremska Mitrovica	Šuljan	176
804061	80403	Sremska Mitrovica	Bešenovacki Prnjavor	270
804975	80497	Šid	Bingula	107
805017	80497	Šid	Erdevik	182
805106	80497	Šid	Šid	100
804959	80497	Šid	Berkasovo	136
804967	80497	Šid	Bikic Do	180
805068	80497	Šid	Molovin	186
805084	80497	Šid	Privina Glava	168
805092	80497	Šid	Sot	162
805050	80497	Šid	Ljuba	200
805017	80497	Šid	Erdevik	110
805009	80497	Šid	Gibarac	90
804932	80497	Šid	Bacinci	87
805041	80497	Šid	Kukujevci	89

ANNEX 6: DEFINITION OF SMALL AND MEDIUM ENTERPRISES

Micro, small or medium enterprises are defined in accordance with the regulations governing the field of accounting and auditing (Law on Accounting, *Official Gazette of the RS, No. 62/2013,* Article 6.).

The **micro-entities** are those entities that fulfill two of the following criteria:	The **small entities** are those entities that exceed two criteria for micro-entities, but fulfill two of the following criteria	The **medium-sized entities** are those entities that exceed two criteria for small entities, but fulfill two of the following criteria:	The **large entities** are legal entities that exceed two criteria for medium-sized entities
Average number of employees less than 10	Average number of employees less than 50	Average number of employees less than 250	
Turnover in the amount less than EUR 700,000 in RSD equivalent	Turnover less than EUR 8,800,000 in RSD equivalent	Turnover less than EUR 35,000,000 in RSD equivalent	
The average value of the balance sheet less than EUR 350,000 in RSD equivalent	The average value of the balance sheet less than EUR 4,400,000 in RSD equivalent	The average value of the balance sheet less than EUR 17,500,000 in RSD equivalent	

ANNEX 7: Results of consultations – summary

Subject of the consultation	Date of the consultation	Time given to comment	Names of institutions/bodies/ persons consulted	Summary of the results
8.3.3.1 Sector 1: Milk and milk processing sector	21/07/2014	11/07-21/07/2014	The Union of Agricultural Producers Zlatan Đurić	**Proposal:** Introduce new item into the dairy sector, which provides support for those who collect and process 2,000 to 5,000 liters of milk per day for areas with difficult working conditions. This concept would give a chance for the development of producers and processors in the mountainous areas in particular for model-dairies with specific products such as goat cheese, sheep cheese, melted cheese – *kackavalj*, etc. **Response**: Will be supported in NPRD
8.3.3.1 Sector 2: the meat processing sector				**Proposal:** To add an item: encourage investment in slaughter facilities with a minimum capacity of 5 slaughtered heads of cattle, 10 heads of pigs, 2,000 poultry birds per day. Introduction of this category of incentives would contribute to legalizing of existing slaughterhouses which currently operate as gray economy and they could be a developing component in rural areas, especially in poultry industry. **Response:** **Will be supported in NPRD**
8.2.3.1 Specific objectives and measures Sector 1: milk				**Proposal:** The milk production support should be given to households holding 5 to 500 cattle; Lack of support for small households holding up to 5 cattle would mean that 90% of households could expect nothing from the IPARD Programme and the EU.

				Response: Small scale producers will be covered in NPRD
8.2.3.1. Specific objectives and measures Sector 2: Meat				**Proposal:** Support should be provided for households keeping 5-500 heads of cattle, 100-1,000 heads of sheep or goats, 100-5,000 heads of pigs, 1,000-5,000 heads of poultry, etc. The reasons for these restrictions are the same as in the previous paragraphs for milk producers. **Response:** Holdings with more than 1000 cattle are considered as sufficiently strong to conduct investments without additional support, and those with less than 20 will be covered in the NPRD.
Specific objectives and measures Sector 4: Other crops (cereals, oilseeds, sugar beet)				**Proposal:** introduce new item which enables for small households with 2 -50 ha to benefit from partnerships such as business associations or producer organizations and build their storage capacities (silos) with accessories (5,000-30,000 tons capacity) and ULO-controlled storages. Only with such a concentration of goods in place that allows them to jointly access market makes them serious players in the competition, especially if we consider the fact that more than 90% of arable land in Serbia is in their possession. Construction of storages for each individual household would lead to nothing more but an even greater fragmentation and exposure to monopoly of processing industry which uses its storage capacities for their policy of depressed prices. This is one of the biggest problems associated with the primary agricultural sector in Serbia i.e. lack of storages owned by individual households. **Response:** Covered in the NPRD

8.2.7. Specific eligibility criteria (by sector) Sector 3: Fruits and vegetables				**Proposal:** Limit incentives for berries for households with 1 to 10 hectares and for other fruits for households from 1 to 50 hectares so as to save portion of support for small households. **Response:** Too small households have no capabilities for bigger investments and are not included under the IPARD support scheme, will be considered in NPRD
8.2.9. Criteria for selection				**Proposal:** The fourth item needs to raise the number of points for persons under 40 years of age from 15 to 25 points as that would encourage young people to stay in rural areas. **Response:** Provided scores make sufficient difference
Note				As a country we enter the IPARD without having adopted strategies and national agricultural development programmes as well as without reliable sector analyses which are reduced to simple statistics. In addition a number of unresolved things follow, such as non-implementation of restitution although it is required by the EU and our failure to pass a series of laws needed. All these warns us that we need to take into full account our reality and apparent facts, just as we do need to be aware what is requested by the EU from us. Based on that we could create our agricultural policy since the majority of our businesses and households are unprepared for IPARD, but they are also incompetent investment-wise. Therefore, the state and local governments should make greater national contribution and participate in a much larger percentage, but the EU should also provide much larger volume of funds especially for 2015. **Response:** Document is fully elaborated in line with Strategy for Agriculture and rural development which is in the process of adoption and which is fully in line with internal and external requirements and legal

				documents.
General comments regarding eligibility criteria - the farm size	20/07/2014	11/07-21/07/2014	Women's Association "Ethno Forum" Jelena Radojković - President of the Association of Women "Ethno forum" and Deputy Mayor of Svrljig	We believe that the planned measures are completely unacceptable when it comes to southern Serbia. The poor southern part of the Republic of Serbia has households considered as "large" if they keep only 10 cattle, and hence they cannot be small if they keep 20 heads of cattle or medium with 1,000 heads of cattle. Also they could be considered as "big" if they keep 100 heads of sheep, and they cannot possibly be small if they keep 150 heads sheep, or medium with 1,000 heads of sheep as it is in the IPARD Programme. The impression is that the planned measures in the first accreditation package of IPARD Programme are not going to be of any help for the holdings in southern Serbia in general as they would be restricted by the set eligibility criteria to apply for any of these incentives, as they do not meet the requirements. **Proposal:** Shift the lower limit of farm size for applications, so that we from the south of Serbia could be eligible for applying for the incentives. If not, the big players will have even more, while the small ones will have to be shut down and migrate to the cities, which are already overcrowded, and the question is who is going to stay in the rural regions and produce food for people living in the cities, during the coming years. **Response:** As described above, small scale farms will be supported under the NPRD.

General	17/07/2014	11/07-21/07/2014	Cooperative Association of Serbia - Dragan Marković	Failure to pass the documents such as: Strategy - national programme, operating documents, makes it difficult to offer a high quality operating document (IPARD) without having the prior acts adopted as they should be showing the ultimate orientation regarding the goals of development, measures of economic and agricultural policy. The most important act of all these is the programme in which virtually all the goals should be elaborated and recipients and measures should be identified. **Response**: IPARD is prepared in line with Strategy and although it is not yet officially adopted the document is in the procedure and the final text will not be changed and therefore it could be used as a base for elaboration of this programme.
Farm size	17/07/2014 21/07/2014	11/07-21/07/2014 11/07-21/07/2014	Cooperative Association of Serbia - Dragan Marković Union of Agricultural Associations of Vojvodina 24400 Senta, Doža Đerđa 3434 - Mikloš Nađ, President Milorad Cosis, NGO, Green Circle	Concept of the paper is the assumption that we have established sufficient number of farms that are functional and meet the minimum criteria offered, such as: 20 heads of dairy cattle; 20 heads of fattening cattle; 100 heads of fattening pigs; 150 heads of sheep or goats; or 2 hectares under berry fruits and 5 hectares under other vegetables. The census results show that there are only a minor number of farms meeting these criteria. Thus, based on the census results, there are 177,252 households keeping cattle, and only 5,697 households keep more than 20 heads of cattle. The highest concentration of households (83,090) keeps between 3 and 9 heads and logically, a good portion of them should be responsible for the development of cattle breeding of Serbia. More drastic indicators are in sheep and goat breeding where only 992 households keep more than 100 heads, and 1,657 households keep 100 heads of pigs respectively. It is necessary to include farms with small number of animals or hectares in the programme. Moreover, the programme should allow for

				the same recipients to use the funds for basic herds, and establishing new area under crops/plantations. **Response:** Smaller farms as well as purchase of animals will be covered under the NPRD.
Production of high quality beef - "Baby beef"				This challenge assumes adequate solutions in the provision of basic resources, quality calves for fattening. Assuming that in cattle production the specialization goes into holdings opting primarily for milk production and fattening farms, along with the fact that most of the existing breeding herds of cattle that hold between one and two heads of cattle are going to disappear, there is a necessity for the development of new production in Serbia in the system "cow-calf" where the basic products is calf for further fattening. This type of production can be said to be neglected at the moment and for these reasons it could be included in the potential usage of funds for purposes ranging from providing high quality breeding material of beef breeds to other usage of the funds provided for the purpose. **Response:** Will be proposed for the NPRD programme.
PDO PGI products				Additional type of production should be strongly promoted in the production of the so-called traditional products or "products with geographical indications", which should be included in the system of using these funds. **Response:** Taken in consideration in NPRD.

Slaughterhouses for 8 heads of cattle or 50 heads of pigs				It is necessary to consider the offered concept of slaughterhouses for 8 heads of cattle or 50 heads of pigs from the standpoint of ecology and meeting other necessary veterinary and sanitary requirements, and the economics of this production goes beyond the need to be commented. Request to fulfill all national standars in the field of environment protection is not realistic. **Response:** All recipients have to fulfill the National Standards at the end of the investment, prior to final payment. Recipients have to fulfill only minimum national standards described in the IPARD II Programme.
Infrastructural investments				The limiting factor in the development of rural areas is infrastructure, primarily roads. Starting from the current state of the rural road network which does not meet the minimum needs of the rural population this may be an opportunity to withdraw significant funds and resolve this hot topic. **Response:** Initial number of measures is aligned with capacities of institutions and financial allocations for the programming period. Infrastructure could be covered in NPRD and in later stage of IPARD or in another programming period.
Production at altitudes higher that 400 meters				It is of critical importance to plan type of production at altitudes above 400 meters above sea level, where we abandoned production of produce with comparative advantages (lamb, beef, certain fruit types, etc..). Hopefully, concrete solutions, would be offered by the programme of agricultural development.

				Response: It is allowed and has higher support rate for those above 500meters.
8.2 Investments in physical assets of agricultural holdings				1) In the fruit and vegetable sector more emphasis should be put on pooling interests of farmers into cooperatives. 2) In the dairy sector, the minimum number of cattle should be reduced to 10 heads 3) In the meat production sector the minimum number of animals should be halved down to - 10 heads of cattle, 75 heads of sheep, 50 heads of pigs, etc. 3) Suggestion to increase the aid intensity for young farmers from 65% to 70%, and to envision a special opportunity to assist young agricultural producers who are beginners. **Response:** Covered in the NPRD, and reduction in criteria will significantly increase the number of potential recipients which will raise the issue in work load analysis of the IPARD Agency.
8.3 Investments in physical assets concerning processing and marketing of agricultural and fishery products	21/07/2014 20/07/2014	11/07-21/07/2014 11/07-	Union of Agricultural Associations of Vojvodina 24400 Senta, Doža Đerđa 3434 - Mikloš Nađ, President PU "Poultry association"Belgrade - grad. engineer Rade Škoric	1) In our opinion, the conditions for interested companies should include additional requirement of operating for at least 3 years and being liquid during the same period. 2) In the processing of fruit and vegetables, micro enterprises should be among recipients. **Response:** If we have too many recipients in the implementation of the programme we will amend it in second phase and introduce additional requirement.

		21/07/2014		Taken in consideration and micro enterprises are included.
8.6 Diversification of the rural economy				In addition to developing and increasing the capacity of tourist accommodation, in our opinion, what lacks is the opportunity to develop commercial service based side of tourism. In order to raise the quality of food for the tourists, the proposal is to introduce the concept of local food products (meat, dairy products, etc.). **Response:** Not planned under the proposed measure, equipment for proposed issues are eligible and could contribute to local products, as well as marketing support which is eligible.
8.2; 8.3 and 8.6 Transparency of communication with interested individual farmers and entrepreneurs				1) Call for proposals should be posted both at the web-page of the Ministry and daily newspapers and other public media. They should be also directly addressed to farmers' associations. 2) Ranking list should be also published in public media and sent to stakeholders either by email or post. **Response:** Will be available on time.
Poultry sector – egg production				**Proposal:** There should be an amendment to Chapters 8.2 and 8.3 where in addition to milk and meat sector, sector of table-egg production must be anticipated, given the huge investments required in the implementation of the Animal Welfare Act and the requested requirements for sorting, packing, storing and transporting of eggs. **Response:** Eggs could be considered to be supported in NPRD.

Proposals extracted from the Draft version of the Strategy for agriculture and rural development 2014-2024 – Working group for Animal Husbandry	20/07/2014 20/07/2014	11/07-21/07/2014 11/07-21/07/2014	PU "Poultry association" Belgrade - grad. engineer Rade Škoric Faculty of Agriculture, University of Novi Sad – Department of Animal Husbandry - PhD Snežana Trivunović, Director	• Provide subsidies to exploit breeder flocks, as there was not sufficient incentive when one takes into account the total volume of production of poultry meat and eggs; • Given the large share of "gray zone economy" in the production and marketing of poultry products, subsidies for breeding and egg production would accelerate significant progress in the transition to legal economic flows; • Subsidies are necessary for investments into facilities and equipment in order to meet legal requirements for keeping animals in terms of welfare, whereby this condition in table-egg production is met by only 5% of the farms; • Due to the high cost of broiler production, there should be subsidies for the construction and equipment for "recovery" of energy, using of solar energy and equipment for complete energy efficiency improvements in poultry production. Absence of these investments would lead into expensive produce and uncompetitive industry; • Opportunity for further development of poultry sector should be sought in reviving the production of turkeys, ducks and geese exclusively as an export programme due to the low power of their consumption and purchasing power in Serbia. This development involves significant investments in production capacity and slaughterhouses meeting all the necessary standards. Production of table-eggs would have to be developed in a number of ways of keeping (battery cage, floor system, outlet, free range, etc.). **Response:** Buildings and equipment are eligible and breeder flocks will be considered under the NPRD.

8.2.3.1 Specific objectives of the measure – Sector 1: Milk				Is it a coincidence or it was intention to omit the production of sheep and goat milk? **Response:** NPRD.
8.2.6.5 Other common eligibility criteria	20/07/2014	11/07-21/07/2014	Faculty of Agriculture, University of Novi Sad – Department of Animal Husbandry - PhD Snežana Trivunović, Director Faculty for applied ecology Futura, University Singidunum - Vesna Vandić, Legal Secretary	University diploma - I think that any university degree is not a sufficient condition for work in agriculture! Training: What kind of training are we considering?
8.2.7 Specific eligibility criteria (by sector) – Sector 2: Meat	20/07/2014	11/07-21/07/2014		Meat production? **Response:** We believe University diploma is sufficient. Certified Trainings.
8.2.9. Criteria for selection				The user is a member of the cooperative or cooperative member: Why a cooperative? I think we should add associations. **Response:** We decided to keep only cooperative to give bigger emphasis.
8.3.8 Eligible costs Sector 1: Department of milk and dairy industry				It is repeated and should be deleted - Equipment for simple tests that distinguish between bad and good milk quality. **Response:** Taken in consideration.

8.2.1 Legal Basis Sectorial agreement				It is necessary to specify inter-sector general objectives in the implementation of EU CAP after these legal frameworks. **Response:** Adequate Legal framework is presented in the document**.**
8.2.2 Explanation National Standards	20/07/2014	11/07- 21/07/2014	Faculty for applied ecology Futura, University Singidunum - Vesna Vandić, Legal Secretary	Which are these standards? They should be listed so as to understand them better. **Response:** List of Standards is in Annex of IPARD
8.2.2 Explanation Sector 1: Milk	19/07/2014	11/07- 21/07/2014	Project "Support to Civil Society in Public Administration IPA II rural development with a focus on measure 202" Ivana Stefanović Ristin, Project Manager	The dairy sector should include goat and sheep milk! **Response:** Will be in NPRD
8.2.2 Explanation Sector 1: Milk Small scale of production				Statistical data and data from the Census of Agriculture are missing, which should be mentioned so as to avoid arbitrary interpretation. **Response:** Detail sector analyses are not part of IPARD, just abstracts.
8.2.2. Explanation Sector 1: Milk Sustainable operation of a household				List all the specific goals and needs for investment in this sector! **Response:** Relevant list is included.

8.2.2 Explanation Sector 2: Meat				• SECTOR OF CATTLE BREEDING, PIG BREEDING, SHEEP, POULTRY, etc. is more appropriate than MEAT, and the proposal is that each of these sectors has a separate chapter because the problems are specific for each sub-sector, just as the needs of each sub-sector are unique! • What is with the poultry sector of egg production? • Terminology for cattle production or keeping? • Sector of cattle breeding! This raises the question again of other sectors of animal husbandry - pigs, sheep, goats, and poultry? • Beef production? Below, the term is keeping...? Harmonize the text with the technical terms in a logical sequence of interpretation! • Environmental standards - List the standards that apply! **Response:** Terminology is taken from the programming template provided by the DGAGRI Egg sector is not included Text harmonized in line with proposal. Standards are listed in Annex.
8.2.2 Explanation Sector 3: Sector of fruits and vegetables				What about viticulture? **Response:** NPRD.
8.2.2 Explanation Sector 4: Other crops (cereals, oilseeds, sugar beet)				What about fodders/roughage?

				Response: Not foreseen under IPARD, partly covered by NPRD and programme for Agriculture.
8.2.3.1 Specific objectives of the measure Sector 1: Milk				• 20-100 heads of cattle: Households with less than 20 heads will be doomed! • It is necessary to identify areas in which to improve these sector incentives through the envisioned objectives! **Response:** NPRD.
8.2.3.1 Specific objectives of the measure Sector 2: Meat				Before the measure being elaborated, it is necessary to have basic sector analysis out of which stem the resulting measures providing incentives! Recommendation: to separate sectors of cattle, sheep and pig breeding (sector of goat breeding is missing). **Response:** Sector analysis is elaborated before measures were created. Chapters are provided in template for programming.
8.2.3.1 Specific objectives of the measure Sector 4: Other crops (cereals, oilseeds, sugar beet)				• 2-50ha: Classes/types of soil and categories of ownership are missing as well as the leasing details! • 20ha: Which soil class/type, which ownership status? **Response:** Not needed to have types of soil. Contract for renting is foreseen and described in the programme.

8.2.6.1 Types of eligible households				• Liability against the state: Specify the liabilities that will be applied! • 5 years rent/lease of land: Land in RS is rented/leased for periods shorter than 5 years, reconsider this requirement! **Response:** Will be elaborated in more details in application forms. Requirement is obligatory and pre-defined in programming template.
8.2.6.2 National Standards to be respected				Specify what are the certificates, standards and relevant public authorities, as it is utterly unclear which of the conditions should be fulfilled and they are going to be a must! **Response:** Taken in consideration, list included in the programme.
8.2.6.3. Economic viability of the holding				Enterprise from the text or holding/farm from the title?? The terminology is mixed and it is unclear to whom the obligations are to be applied! **Response:** To the one which is applying for the investment.
8.2.6.4 EU standards				Specify the standards! **Response:** Annex of IPARD.
8.2.6.5 Other common eligibility criteria				• This is a programme, not a treaty! • Better say recipients than applicants! • Length of holding the status of registered farms: Registered as an

				active farm or both statuses are allowed!? • University degree: Basic undergraduate degree or full four year studies? **Response:** Terminology is in line with programming template, not all recipients are going to be applicants. Only active, passive cannot apply, that is why they are passive. Full four year study, basic will be reconsidered.
8.2.6.6 Investments in renewable energy plants				Is it necessary to specify the incentives for investments in the framework of the national plan? If yes, it is absolutely necessary to enumerate them all! **Response:** Financial tables are part of IPARD.
8.2.9 Selection criteria				• Areas with difficult working conditions in agriculture: Indicate the legal basis i.e. National legislation designating the difficult working conditions in agriculture. •Organic agriculture: Are you planning a special measure for organic production? If planned, it is omitted from this review! • Investment projects are in the sectors of milk or meat production: Why no other products are listed, but only milk and meat? • Applicant is a woman: Better to say farm owner or household is registered on behalf of a woman! • For a member of the cooperative, state the period of membership

				before applying! **Response:** Regulation for definition, as well as list of areas with difficult working conditions in agriculture are in Annex Organic will be additionally elaborated in the second phase and communicated with stakeholders. Fruit and vegetables are included in investment support. Not all potential recipients have to be owners, and there is no need to say that woman has to be owner of a household. No need to say period for cooperative membership, it is just a ranking criterion.
8.2.12 Indicators and targets				• Total number of projects supported – 6,505: What was the basis for this estimation as it seems quite unrealistic? • Total investment in physical capital by holdings supported in EUR – 155,979,487: Unrealistic amount based on the number of projects planned. **Response:** Targets were calculated based on available statistical data, available funds, criteria, previous interventions and estimations; therefore, there can be mistakes.
8.2.14 Geographical scope of the measure				It is necessary to specify the areas belonging to either urban or rural areas! **Response:** No it isn't, all territory of Republic of Serbia (excluding Kosovo) is eligible.

8.6.6 Common eligibility criteria				• Based on the provisions of the Law on Tourism, not all of the entities engaged in tourism activities are obliged to register, but they need to be enlisted in the Register of Tourism which is being kept in the Serbian Business Registers Agency (SBRA). Even natural persons are enlisted although they do not have the status of a legal entity, i.e. they are not registered in the SBRA. For example, owners of categorized facilities to accommodate visitors are natural persons who operate their business through an intermediary: local tourist organization or tourist agency! The recipient to be included should be OWNER OF CATEGORIZED ACCOMODATION! If this formulation remains, the owners of categorized accommodation facilities for tourism in cottage industry or owners of rural tourist households will not be able to be recipients of these incentives!! • Economic viability of the enterprise: Not the enterprise, but business holder because this measure is intended for the holders of the agricultural households or owners of facilities used for tourism! **Response:** Taken in consideration
8.6.8 Eligible expenditure				• Based on the provisions of the Law on Tourism, not all of the entities engaged in tourism activities are obliged to register, but they need to be enlisted in the Register of Tourism which is being kept in the Serbian Business Registers Agency (SBRA). Even natural persons are enlisted although they do not have the status of a legal entity, i.e. they are not registered in the SBRA. For example, owners of categorized facilities to accommodate visitors are natural persons who operate their business through an intermediary: local tourist organization or tourist agency! The recipient to be included should be OWNER OF CATEGORIZED ACCOMODATION! If this formulation remains, the owners of categorized accommodation facilities for tourism in cottage industry or owners of rural tourist households will not be able to be recipients of these incentives!! • Economic viability of the enterprise: Not the enterprise, but business

				holder because this measure is intended for the holders of the agricultural households or owners of facilities used for tourism! **Response:** Taken in consideration. • The applicant is located in the mountainous area: Correction - In rural areas, because they are not only in mountainous areas - rural areas! Basic undergraduate studies of four years curriculum! **Response:** Mountain is correct.
General comments				• LEADER measures, according to the information we have been regularly receiving in the past two years from the representatives of the Ministry, is developed and prepared for accreditation. For some reason it is not included for accreditation in the first wave, along with measures Investments in physical assets of agricultural holdings, Investments in physical assets concerning processing and marketing of agricultural and fishery products, Farm diversification and business development and Technical Assistance? The request of representatives of Local Action Groups from all over Serbia is that measure Leader is under no circumstances excludable from accreditation in the first wave, so as to ensure timely implementation; • The measure - Farm diversification and business development is covering tourism exclusively. This is devastating for all those engaged in other activities in rural areas, and we specifically insist on recommendation that this measure at least envisions support for the renewable energy sector and sector of on-farm processing. **Response:**

				Current capacities of institutions allow only proposed measures. The rest of diversification measure is planned under NPRD.
8.2.1 Legal basis	19/07/2014	11/07- 21/07/2014	Project "Support to Civil Society in Public Administration IPA II rural development with a focus on measure 202" Ivana Stefanović Ristin, Project Manager	With the draft document, the Annexes being referred to within it should have been submitted along. **Response:** Will be available with all documents on internet site of the Ministry.
8.2.2 Explanation Sector 1: Milk	21/07/2014	11/07- 21/07/2014	City of Niš, Department of Agriculture and Rural Development Ivan Pavlović, Group Coordinator to manage and coordinate projects	• Recommendation - includes the complete dairy sector, i.e. without excluding sheep and goat milk; • Low level of quality of milk production: No statistical data is provided to backup these claims. **Response:** NPRD, data are taken from sector analysis.
8.2.2 Explanation Sector 2: Meat				• Cattle is not being produced but it is being kept/reared/raised; • Not cattle sector but sector of cattle raising/breeding; •Animal welfare and environmental conditions: Recommendation is to strengthen these arguments by tangible facts. **Response:** Taken in consideration, cattle changed to cows.
8.2.2 Explanation Sector 3: Sector of fruits and vegetables				What about viticulture? **Response:** NPRD.

8.2.3.1 Specific objectives of the measure Sector 1: Milk				• 20-100 heads of cattle: It would be more efficient to make reference to particular areas rather than the number of heads (e.g. Croatia); • Sector analyses are missing and hence unrealistic extent of production is planned for all sectors. **Response:** Sector analysis exists. Number of cows is taken as criteria in consultation with other departments of the Ministry.
8.2.3.1 Specific objectives of the measure Sector 4: Other crops (cereals, oilseeds, sugar beet)				• Renewable energy is not mentioned as type of investment! **Response:** Renewable energy is included after consultation process.
8.2.4 Linkage to other IPARD measures in the programme and to national measures				• Why the Measure for rural infrastructure (301) is not included in the IPARD programme as it can be fully funded through IPARD? • Is the Measure for rural diversification planned through IPARD or through NPRD? **Response:** No adequate analysis of needs, no capacities, small budget for the whole Programme.
8.2.6.1 Types of eligible households				• Liability against the state: It is not specified which liabilities; • 5 years rent/lease of land: Land in RS is usually rented/leased for periods anywhere between 1-3 years (for crops or for livestock). **Response:** Details will be elaborated in call for applications. 5 years is required by the programme and it has to be respected.

8.2.6.2 National Standards to be respected				Specify the standards, certificates, and relevant public authorities being referred to? **Response:** List of standards is in Annex.
8.2.6.3. Economic viability of the holding				• Enterprise from the text or holding/farm from the title? **Response:** Refers to applicant.
8.2.12 Indicators and targets				• Total number of projects supported – 6,505: Way too many projects. E.g. of Croatia – 277 projects; • Number of holdings investing in livestock management in view of reducing N_20 and methane emissions (manure storage): Clarify how the number was estimated; • Total investment in physical capital by holdings supported in EUR – 155,979,487: Unrealistic amount based on the number of projects planned. Croatia envisioned 151,000 EUR for 277 projects proposed. **Response:** Taken in consideration, figures are modified.
8.2.13 Administrative procedure				It is not clear who can submit the application. **Response:** Eligible recipient.

Measure 302 – Diversification of rural economy - General comments				• If the overall goal of this measure is to increase the degree of diversification and the development of economic activities in rural areas, with the possibility of job creation and improvement of quality of life in rural areas too, the development of TOURISM solely, as the only activity within this measure is considered as unacceptable. If this measure is based exclusively on tourism, it is logical that parallel to the measure it is important to simultaneously implement Measure of improving and developing the rural infrastructure, because as far as the south of Serbia, the only places that have the ability to provide tourism services are infrastructural undeveloped, and thus, this measure alone would be uncomplimentary. If we wish to provide a diversified economy in rural areas, it is necessary to expand the scope of activities to those activities that encourage the development of rural economy, primarily referring to: - direct sales, - traditional crafts, - on-farm processing, - renewable energies, - services in rural areas; • List of eligible costs is very poorly defined, just as it is the case with the acceptable activities. **Response:** Some measures will be in NPRD and some should be covered from other funds and National programmes of other Ministries.
Measure - Investments in physical assets on farms – General comments	21/07/2014	11/07-21/07/2014	City of Niš, Department of Agriculture and Rural Development Ivan Pavlović, Group	The two envisioned measures of IPARD II (Investment in physical assets of agricultural holdings and Investments in physical assets concerning processing and marketing of agricultural and fishery products) are focused either on agricultural holdings which tend to

	21/07/2014	11/07-21/07/2014	Coordinator to manage and coordinate projects Association of agricultural producers of, Senta Jožef Kovač, President	produce quality raw material that could be used in the processing industry, or they are focused on investments in physical assets for processing and marketing of agricultural and fishery products, whereby the processing sector would strengthen its capacities. In this way, there is no incentive for farmers who would like to step out from primary production and link it with processing. Therefore direct sales and processing on-farm should be taken into account. However, it is mentioned that these incentives are planned as part of national measures, but the distinction, which is mentioned in the document in Chapter 10 is not integral part of the recommended measures. **Response:** Demarcation between the National and IPARD programme is part of IPARD Programme.
General				• Country's agriculture can become competitive, export oriented, if it is based on farms of rational size and cooperatives, which operate on the principles of the members of the International Alliance of Cooperatives. UN has declared the 2012 year as the International Year of Cooperatives, and thus they wanted to draw attention to the fact that without state support for cooperatives, there is no economic growth and significant job creation since successful cooperatives are among the crucial pre-conditions for finding the way out of the economic crisis. Because of the important cooperative principles and values, the cooperatives are different from all other forms of entrepreneurship, since other than solidarity, they provide support for the weak and bear economic importance which gives huge contribution in the overall development of a nation. Our goal should be achieving a competitive, income generating agriculture, which is not possible without new types of cooperatives, especially the product-line based cooperatives; • IPARD programme should specifically provide conditions for establishment, operation and development of new cooperatives (under

				the principles of the International Alliance of Cooperatives). **Response:** Cooperatives are legal entities and thus, eligible for support. Producer groups are new topic in Serbia and we plan to work on promotion of this concept in future. Special support can be provided to producer groups and not for cooperatives.
Other comments				• Strengthening the capacity and motivation of producers for various forms of associations – interest pooling, primarily through the western types of cooperatives (product-line based cooperatives); • Investments in processing and marketing of agricultural products, with emphasis on processing of local raw materials and branding of local products; increase support to producers and to new cooperatives; • Increase support for strengthening knowledge transfer - specific projects for introducing new production and technological systems. **Response:** Motivation for various forms of associations exists through additional scoring in the selection criteria for members of cooperatives. Marketing is eligible cost, and branding is supported in the NPRD. Knowledge transfer is covered within the Advisory services programmes.
Measure - Investments in physical assets on farms – General comments	21/07/2014	11/07-21/07/2014	Farmers Association "Banatski forum", Zoran Sefkerinac, president of managing board	**Proposal:** Proposed number of tractor power for the purchased tractors is low considering the size of the agricultural holdings and new production methodologies. Suggestion is to increase the number of the kW up to 250 kW. **Response:** DG AGRI disagrees with increasing the number of kW for

				tractors with explanation that the measure is accepted only temporarily for IPARD for better realization and utilization of funds and with the extent to support the smaller recipients who could benefit from having a tractor but cannot afford one.