

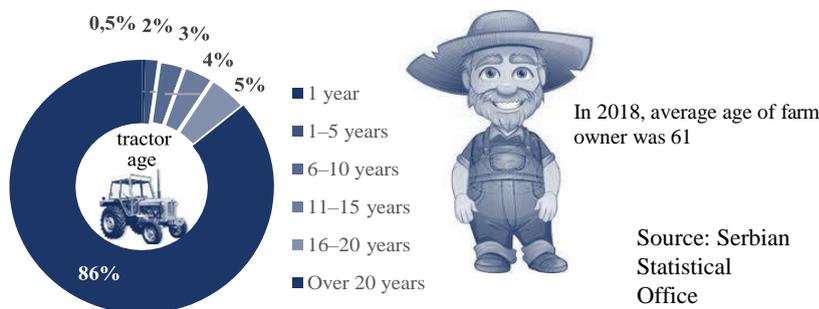
SUMMARY

Performance Audit Report

“Incentives for Rural Development Measures“

Although at least 26 billion dinars were allocated for incentives for rural development measures, it is not possible to assess the level of achievement of rural development policy goals, as planning documents were not timely adopted and failed to define the expected outputs of individual measures

Rural areas in the Republic of Serbia are facing numerous challenges, such as, aging agricultural households, obsolete agricultural equipment, etc. In recent years, a significant number of documents, strategies, laws and by-laws regulating the rural development area was adopted, however, the situation is still unsatisfactory.



National Rural Development Program, as one of the central documents for achieving the rural development policy goals, was not adopted in a timely manner and failed to specify clear indicators for measuring the expected outputs. For these reasons, it is difficult to assess whether the support programs for implementation of agricultural policy and rural development policy in local self-governments are aligned with the national program. Over 74% of local self-governments, including the municipality of Mali Zvornik, failed to adopt the rural development strategy.

When planning the funds for incentives, Ministry of Agriculture failed to consider the guidelines envisaged by the Agriculture and rural development strategy, but rather, adapted to the submitted applications for incentives by frequently amending the Decrees and transferred the funds from less requested incentives to those that showed a growing demand trend in a given year, in order to respond to all the submitted applications, which led to problems in the implementation of the rural development policy. The entitlement to incentive funds from the budget of the Republic of Serbia is granted to all properly submitted applications (including some improperly submitted ones) by beneficiaries, regardless of the amount of planned funds for the specific type of incentive in a given year. However, for some beneficiaries, the applications are processed by the Directorate for Agrarian Payments within 30 days, while for others, the processing takes up to 500 days.

Ministry of Agriculture does not maintain a Register of incentives, which should contain publicly available data on the type and amount of realized incentives per single beneficiary. Ministry of Agriculture performs on-site checks specifically when ordered by the Directorate for Agrarian Payments, instead of doing it on the basis of risk assessment.

Recommendations

State Audit Institution has issued some of the following recommendations, to the:

Ministry of Agriculture, Forestry and Water Management, to:

- Provide planning documents that will determine measures and other activities on an annual basis, including the expected outputs, forms and types of purpose and scope of individual measures to promote rural development;
- When planning funds, start from the guidelines provided by the Agriculture and Rural Development Strategy in order to achieve the established rural development policy goals;
- Provide publicly available records containing the data on the type and amount of realized incentives per beneficiary, which would reduce the risk of non-transparent spending of funds.

Directorate for Agrarian Payments, to:

- Provide a functional system for the implementation of measures to promote rural development through public calls and competitions, ensure application processing within a reasonable time, and publish the ranking of applicants for incentives.