

# Final Ex-post Evaluation Report

**Contract Title:** Ex-post Evaluation of IPARD II programme 2014-2020

**Contract no.:** MNE-MIDAS2-8820-ME-CQ-CS-24-1.2.3.33

**Client:**

Ministry of Agriculture, Forestry and Water Management

Government of Montenegro

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## PROJECT IDENTIFICATION

<b>Project Title</b>	Ex-Post Evaluation of IPARD II Programme 2014-2020
<b>Contract Number</b>	MNE-MIDAS2-8820-ME-CQ-CS-24-1.2.3.33
<b>Programme Name</b>	Second Montenegro Institutional Development and Agriculture Strengthening (MIDAS2) project
<b>Total budget of the action</b>	118.823,16 EUR
<b>Total duration of the action</b>	7 months
<b>Commencement Date</b>	15 January 2025
<b>Project End Date</b>	15 September 2025



## LIST OF ABBREVIATIONS

<b>WB</b>	World Bank
<b>EU</b>	European Union
<b>EUD</b>	European Union Delegation
<b>IPA</b>	Instrument for Pre-accession Assistance
<b>IPARD</b>	Instrument for Pre-accession Assistance for rural development
<b>MAFWM</b>	Ministry of Agriculture, Forestry and Water Management
<b>DfA</b>	Directorate for Agriculture
<b>DfF</b>	Directorate for Fisheries
<b>DfP</b>	Directorate for Payments
<b>DfRD</b>	Directorate for Rural Development
<b>NAOSO</b>	National Authorizing Officer Support Office
<b>MONSTAT</b>	Statistical Office of Montenegro
<b>MA</b>	Managing Authority
<b>IA</b>	IPARD Agency
<b>CAP</b>	Common Agriculture Policy
<b>ToR</b>	Terms of Reference
<b>DG AGRI</b>	Directorate General for Agriculture and Rural Development of the European Commission
<b>M1</b>	IPARD II Measure 1 Investments in physical assets of agricultural holdings
<b>M3</b>	IPARD II Measure 3 Investments in physical assets concerning processing and marketing of agricultural and fishery products
<b>M7</b>	IPARD Measure 7 Farm diversification and business development





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## 1. EXECUTIVE SUMMARY

The ex-post evaluation of the IPARD II 2014-2020 programme in Montenegro, extended to 2024, was conducted to assess its relevance, effectiveness, efficiency, impact, and sustainability in enhancing the country's agricultural competitiveness and rural development. The programme, with a budget of EUR 51,084,314–EUR 39 million from the EU and EUR 12,084,314 from national co-financing–aimed to modernize agricultural production, improve food processing, and diversify rural economies, aligning Montenegro's agricultural policies with the EU Common Agricultural Policy in preparation for potential EU membership. The implementation of the IPARD II programme in Montenegro, viewed through the prism of all accredited measures, can be assessed as moderately successful. However, if we exclude the measure of technical assistance from the observation, which was not implemented due to late accreditation, we can assess the IPARD II program as successful, which we consider an extremely good result, given that this is the first pre-accession program for agriculture and rural development that Montenegro has used.

### 1.1 Programme Implementation and Targets:

The IPARD II programme was initially designed to implement eight measures, but only four were accredited, from which three were implemented: The Measure 1 related to investments in physical assets of agricultural holdings, the aim of the Measure 3 was to focus on processing and marketing of agricultural and fishery products, the objective of the Measure 7 was aimed at farm diversification and business development. The aim of the Measure 9 was focused on technical assistance. The programme implementation began with the announcement of the first public calls in 2018 for two accredited measures (Measure 1 and Measure 3). The first call for the next accredited measure (Measure 7) was in 2021. The programme's implementation, originally scheduled for the end of 2023, was extended to the end of 2024 under the n+4 rule, allowing for the completion of more investments and disbursement of funds. By the end of 2024, 748 projects were completed, totalling EUR 46.411.811,1, with a significant focus on the milk sector under Measure 1, which accounted for over 56,9% of supported projects. Measure 3 received 206 applications contracted 118 projects, with the meat processing sector representing 42% of supported projects. Measure 7, focused on rural tourism, received 102 applications, contracted 25 projects, all of which reported significant income growth following IPARD II support. However, this data should be taken with caution, as the facilities became operational mainly at the end of 2024, and at the time of this report, they were not yet in commercial use. For the implementation of the IPARD II programme, a person responsible for overseeing the activities of information and promotion based on the Information Action Plan was appointed. The plan anticipated a wide range of informational tools and communication activities.

In the inception phases of implementation, communication activities were primarily focused on organizing workshops for potential users, as well as informing the general public about the role and significance of the IPARD II programme. As the programme progressed, communication became more diverse and dynamic, increasing openness towards the younger population, particularly through the publication of the content on social media.

Additionally, regular training sessions were introduced for consultants who provide support to users in preparing and implementing projects, ensuring higher quality assistance in utilizing programme funds. Following regional experiences, a quarterly informational newsletter titled "IPARD for You" was launched in Montenegro, providing an overview of current events and news related to the programme's implementation.

Although there were limitations in fully realizing planned activities due to the late accreditation of the Measure Technical assistance, the key objectives of the communication plan were achieved - users and the general public were informed about the purpose, goals and opportunities offered by the IPARD II programme.





## 1.2 Evaluation Methodology:

The evaluation process was structured in three phases: Inception, Evaluation, and Final phase. It employed a theory-based approach rooted in the intervention logic of the IPARD II programme, focusing on the accredited Measures 1, 3, 7 and 9. The evaluation involved data collection through surveys, interviews, case studies, and counterfactual analysis, using both quantitative and qualitative methods to provide a robust assessment of the programme's performance.

## 1.3 Key Findings and Recommendations:

The evaluation highlighted the need for strategic improvements in programme management, data systems, and project evaluation to enhance effectiveness and ensure alignment with EU standards. The programme's indicator system was generally effective in assessing efficiency, effectiveness, and key results, particularly in relation to resource inputs, achievement of objectives, and specific impact areas like income generation and added value. However, limitations in the design of indicators and their monitoring were identified, particularly concerning qualitative impacts such as environmental protection, product quality improvement, and sustainability. These gaps necessitated the use of qualitative methods, such as field visits and triangulation with external sources, to provide a comprehensive assessment.

For future programming, the evaluation recommends maintaining the focus on investments that modernize and increase competitiveness, with added support for high-value products and quality improvements. Environmental protection should remain a key priority in the future, along with the continuous alignment of the user's entire business with EU standards. The monitoring system needs to better capture qualitative impacts, and the alignment between monitoring indicators, evaluation criteria, and evaluation questions should be strengthened to enable a more comprehensive assessment of future programme impacts.

## 1.4 Economic Results and Impacts:

The IPARD II programme has demonstrated potential for sustainable growth in Montenegro's agriculture sector, contributing to food security and economic development. Despite a modest contribution to GDP, agriculture remains vital, especially in rural areas, showing recovery and increased outputs post-COVID-19, supporting moderate growth predictions. However, Montenegro remains a net importer of agricultural products, with imports significantly exceeding exports. Between 2017 and 2024, agricultural exports increased by nearly 53%, while imports grew by 46%, highlighting the need for continued focus on enhancing export capabilities.

## 1.5 Challenges:

The evaluation identified several challenges, including data availability and quality issues, time constraints, and limited stakeholder engagement. These challenges impacted the ability to fully assess the programme's performance and long-term impacts. To address these challenges and enhance the effectiveness of future interventions, the evaluation recommends improving data systems, enhancing transparency, and focusing on sectors with growth potential, such as renewable energy and rural tourism. Additionally, the evaluation suggests strengthening institutional frameworks, enhancing management structures, investing in human resources, and integrating sectoral analysis to facilitate the overall impact of the IPARD III programme on Montenegro's agricultural and rural development sectors.

The evaluation also identified challenges such as the late accreditation of certain measures, and the need for improved fund commitment.



## 1.6 Conclusion:

In conclusion, the IPARD II programme in Montenegro has made significant contributions to the modernization and competitiveness of the agricultural sector, the development of physical capital, and the alignment with EU standards. However, the programme's impact on environmental protection, human capital development, and the promotion of formal cooperation through cooperatives was limited. The evaluation underscores the need for strategic improvements in management, data systems, and project evaluation to enhance the programme's effectiveness and ensure better monitoring of project compliance with EU standards. These insights are crucial for the planning and improvement of future rural development interventions in Montenegro, particularly IPARD III programme, which aims to continue supporting rural development with a focus on innovation, digitalization, and sustainability. Overall, the evaluation has shown that the implementation of the IPARD II programme in Montenegro, with certain problems that were solved "on the fly", was successful, and that the overall implementation of the programme can be assessed as successful I, as shown in the final chapter of this document.

## 2. INTRODUCTION

The IPARD II 2014-2020 programme in Montenegro is specifically focusing on agriculture and rural development. It is designed to facilitate the use of European pre-accession funds (IPA II) in this sector in line with the EU Indicative Strategy Paper (ISP) and promoting the integration of Montenegro's agricultural policies with the EU Common Agricultural Policy (CAP). It aims to strengthen the agricultural sector, improve rural areas, and prepare Montenegro for EU membership.

The IPARD II programme is comprised of three strategic objectives, supported by six measures presented in the Table 1 below, plus Measure 9 *Technical Assistance*. However, during the IPARD II period, only Measures 1, 3, and 7 were accredited and implemented, while Measure 9 was accredited by the end of the project period, and its implementation was not possible.

Table 1: Objectives and measures of IPARD II programme 2014 - 2020<sup>1</sup>

Strategic objectives	Measures
Strengthening the competitiveness of agriculture	Measure 1 - Investments in physical assets of agricultural holdings
	Measure 3 - Investments in physical assets concerning processing and marketing of agricultural and fishery products
Providing sustainable management of natural resources and climate	Measure 7 - Farm diversification and business development
	Measure 4 - Agri-environment measure
Achieving a balanced territorial development of rural economies and communities, including the creation of new jobs and the retention of existing ones	Measure 5 - Implementation of local development strategies - LEADER Approach
	Measure 6 - Investment in public rural infrastructure

<sup>1</sup> FINAL REPORT on-going evaluation of IPARD II programme, p.11



The IPARD II programme was officially adopted on July 20, 2015, with in total of EUR 51,084,314 in grants available to Montenegrin farmers (EUR 39,000,000 of EU funds and EUR 12,084,314 of national funds). Following the Financial Agreement signed on December 06, 2017, between the Government of Montenegro and the European Commission, the first public calls for Measure 1 and 3 were published by the beginning of 2018.

By the end of 2024, there were in total **five public calls** for **Measure 1** and **five public calls** for **Measure 3**, while for **Measure 7, there was only one public call**. The detail description of public calls for each measure is presented in the section 5 of this report.

The IPARD II programme is subject to ex-post evaluation, prescribed by article 58 of the Sectoral Agreement, which shall be submitted to the Commission no later than the end of the first year following the period of implementation of the Programme.

## 2.1 Purpose of the Ex-post evaluation report

The Ex-post evaluation of IPARD II programme for Montenegro is conducted with the purpose of assessing the programme's effectiveness, efficiency, impact and sustainability. According to the project Terms of reference (ToR), presented in Annex 1 of this report, this evaluation aims to determine the extent to which the programme's objectives were achieved, including improvements in agricultural productivity, infrastructure, and rural development, as well as the benefits to farmers and rural communities. It also evaluates the cost-effectiveness of resource utilization and administrative processes, the broader impact on the agricultural sector and rural development, and the sustainability of the programme's outcomes.

In addition to evaluating the accredited measures (i.e. M1, M3 and M7), the evaluation also investigates the reasons behind the non-accreditation of measures M4, M5, M6, as well as the late accreditation of the Measure 9 within the IPARD II programme. The aim is to provide recommendations for the upcoming IPARD III programme period.

The Ex-post evaluation covers all accredited measures of IPARD II programme, including budgetary allocation and evaluation of intervention logic. Result of the ex-post evaluation process leads to identification of challenges in implementation, identification of factors that contribute to successful/unsuccessful implementation of the programme, with proposition of recommendations based on the findings. Furthermore, the ex-post evaluation report analyses the rationale behind the amendments made to the IPARD II Programme, ensuring that insights gained will contribute to more effective future policy and programme design.

The ex-post evaluation also identifies lessons learned, best practices, and challenges to inform future policy and programme design to ensure accountability and transparency to stakeholders, and alignment with EU standards and reporting requirements.

## 2.2 Structure of the report

This ex-post evaluation report is structured in the following manner:

**Executive Summary** - provides a summary of the main findings, conclusions, and recommendations from the report. It focuses on key evaluation results, identifying strengths and weaknesses of the programme, as well as recommended measures for improving future interventions.

**The Introduction section** - contains a brief explanation of the IPARD II programme, its primary objectives, and selected measures. It also discusses the purpose and structure of the report, providing readers with context for understanding the evaluation.



**Evaluation Context** - contains comprehensive information about the programme, including the measures implemented during the IPARD II period. It examines the legal basis and accreditation of the measures, as well as the intervention logic for individual measures (1, 3, and 7). The implementation structure is analysed, detailing the roles of key actors such as NIPAC, NAO, the IPARD Agency, and others. Monitoring and evaluation of the programme are described, along with previous evaluations related to the programme.

**Methodological Approach** - contains explanation of the methodological approach to the evaluation, including the evaluation design and methods used. It focuses on a theory-based approach grounded in the intervention logic of the IPARD II programme, as well as the use of mixed methods that combine both quantitative and qualitative techniques. Key terms, problems, and limitations of the methodological approach are also discussed.

**Description of Programme, Measures and Budget** - provides a detailed overview of planned implementation and targets, including quantified performance indicators for selected IPARD II measures. It analyses actual implementation and targets, as well as economic results and impacts, including the import and export of agricultural products.

**Answers to Evaluation Questions** - contains an analysis and discussion of indicators in relation to judgment criteria and target levels are conducted. Answers to the evaluation questions are provided, including programme-level questions, measure-related common evaluation questions and specific questions related to measures 1, 3, and 7.

**Conclusions and Recommendations** - contains key comments from the evaluators, summarizing the main findings and providing guidance for future actions and improvements to the programme.

**Annexes** - contains additional information, data, and documentation that support the analyses and findings from the previous sections of the report. The annexes are useful for a deeper understanding of the evaluation and provide context for the conclusions and recommendations.

### 3. THE EVALUATION CONTEXT

#### 3.1 Information about the programme

Montenegro used IPARD II funds until December 31, 2024 to improve the competitiveness of its agricultural producers and processing industry and to enable additional investments in non-agricultural activities in order to prepare for the future use of CAP funds as a full EU member.

The IPARD II programme in Montenegro covered the programming period from 2014 to 2020, with an initial possibility to use the funds until the end of 2023, in accordance with the n+3 rule. However, with the approval of the European Commission, this period was extended by a further year - until the end of 2024. By then, all investments had to be completed and the funding for the contractually agreed projects disbursed.

The total value of the originally approved programme was around EUR 51 million, of which EUR 39 million came from the EU budget, while the remaining amount (cc 12 million EUR) came from national co-financing. The funds were earmarked for specific projects in the areas of agricultural investment, food processing and the development of additional economic activities in rural areas.

The main objectives of the IPARD II programme are to increase the competitiveness of Montenegrin farms by modernising production, improving working conditions and aligning with European quality, hygiene and environmental standards. The programme also aimed to strengthen the rural economy by promoting new activities such as rural tourism and handicrafts. An important aspect of the programme was also to



strengthen the capacity of the public institutions responsible for fund management in order to further prepare Montenegro for EU membership.

Initially, the IPARD II programme envisaged the implementation of eight measures, but during implementation four measures were accredited, with Measure 9 – Technical Assistance being accredited only at the very end of the IPARD II programme, and therefore it was not utilized.

The accredited measures were:

- ▶ **Measure 1:** Investment in physical assets of agricultural holdings, including modernization of machinery, construction and renovation of facilities, introduction of manure management systems, environmental protection, and improvement of livestock conditions.
- ▶ **Measure 3:** Investment in processing and marketing of agricultural and fishery products, including procurement of equipment for processing, packaging, labelling, and storage of food, improvement of product safety and quality, and environmental protection.
- ▶ **Measure 7:** Diversification of rural holdings and business development, which during the IPARD II period, supported only rural tourism projects, excluding public calls for sectors crafts and processing.
- ▶ **Measure 9:** Technical Assistance aimed to ensure proper and efficient monitoring and evaluation, streamline the implementation of measures, and fulfil obligations related to information, promotion, and visibility.

The accreditation process for the Measure 9 was lengthy. The Managing Authority submitted the first version of the accreditation package for Measure 9 – Technical Assistance to the NAO on February 2, 2022. A list of eligible costs for Measure 9 was prepared and approved by the European Commission on June 28, 2022. After an initial unsuccessful procurement procedure for engaging an external auditing firm to provide an independent opinion on the submitted package for Measure 9 of the IPARD II programme, a new procedure was initiated on November 15, 2022. Out of three companies that applied for these services, one was selected as the successful bidder. A contract for external auditing services was signed with Certitudo d.o.o. on February 13, 2023. Subsequently, on May 9, 2023, an Independent Report and Compliance Assessment regarding IPARD II and Measure 9 – "Technical Assistance" was issued. However, the final accreditation package was not submitted to the European Commission until March 2024. The authorization for the implementation of Measure 9 was obtained by the EU only in December 2024, i.e. at the very end of the implementation of the IPARD II programme, so that the measure was not used under IPARD II programme.

Potential recipients of IPARD II funds in Montenegro included natural and legal persons engaged in agricultural production or processing, as well as entities developing non-agricultural activities in rural areas. The programme also targeted local self-government units for infrastructure development, local action groups for LEADER implementation and the MAFWM itself, which had access to funds under the technical assistance measure to support programme implementation. It was crucial that the recipients met all legal requirements and that their projects complied with EU standards and programme objectives.

Applications for the IPARD public calls were submitted through calls for applications issued by the Ministry of Agriculture, Forestry and Water Management of Montenegro. Applications required extensive documentation, including a business plan, descriptions of technical investment, cost estimates, proof of ownership of land or facilities, financial reports and more. Applicants were expected to plan seriously, act transparently and submit to project monitoring at all stages – from application to implementation.

### 3.1.1 Legal basis and accreditation of IPARD II measures in Montenegro

The legal framework for the implementation of the IPARD II programme in Montenegro consists of both international and national regulations.

At the international level, the most important documents include:

- ▶ The Framework Agreement, which defines the rules for assistance implementation, including IPARD as the policy area for agriculture and rural development. It was adopted by the Commission Decision C (2014) 6014 on 27 August 2014 and signed between the Commission and Montenegro





on 4 June 2015. It established the principles of IPA II support management and implementation between the Commission and Montenegro.

- ▶ Sectoral Agreement between Montenegro and the European Commission, adopted by Commission Decision C(2015) 1662 on 18 March 2015 and signed on 18 February 2016. This agreement defined more detailed rules about implementation, and the responsibilities of institutions managing and controlling IPARD funds.
- ▶ The IPARD programme 2014-2020 adopted by Commission Decision C(2015) 5074 on 20 July 2015 and by the Government of Montenegro on 10 September 2015. These decisions created the foundation for using EU pre-accession financial support under IPA II - agriculture and rural development policy for the 2014-2020 period.

On 25 October 2017, the European Commission officially confirmed that Montenegro's structures and systems for IPARD II implementation met the minimum conditions set by the Framework and Sectoral Agreements, allowing the implementation of accredited measures to begin.

The final precondition for announcing the first calls was fulfilled on 6 December 2017 when the Financing Agreement between the Government of Montenegro and the European Commission for IPARD II support came into force. It defined the provisions for the delegation of budget implementation tasks for two IPARD II measures: **Measure 1** - "Investments in physical assets of agricultural holdings" and **Measure 3** - "Investments in physical assets related to processing and marketing of agricultural and fishery products."

**At the national level, key legal foundations include:**

- ▶ The Law on Agriculture and Rural Development of Montenegro, which defines the mechanisms for rural development support, including the IPARD II programme.
- ▶ Regulations that govern detailed conditions, criteria, and procedures for implementation of IPARD II measures.

### 3.1.2 Accreditation and implementation of IPARD II measures

The IPARD II programme in Montenegro was implemented step by step through the successive accreditation of individual measures by the European Commission:

- ▶ **Measure 1: Investment in physical assets of agricultural holdings.** Accredited in October 2017. The first public call was published in February 2018. A total of five public calls were conducted.
- ▶ **Measure 3: Investment in physical assets related to processing and marketing of agricultural and fishery products.** Also accredited in October 2017, together with Measure 1. The first public call was published in May 2018. A total of five public calls were conducted.
- ▶ **Measure 7: Diversification of holdings and business development.** Accredited in November 2020. The first and only public call was published in June 2021.
- ▶ **Measure 9: Technical Assistance.** Accredited at the end of December 2024, so was not implemented during the IPARD II period due to time constraints.

**Table 2: Accreditation and implementation of IPARD II measures**

	Measures	Accreditation date	Date of the First public call	Total no. of public calls published
1	Investments in physical assets of agricultural holdings	October 2017	February 2018	5
3	Investments in physical assets concerning processing and marketing of agricultural and fishery products	October 2017	May 2018	5
7	Farm diversification and business development	November 2020	June 2021	1
9	Technical assistance	December 2024	not implemented during IPARD II period	

More details on the management structure of the IPARD II programme can be found in the sub-section 3.1.3. below.

### 3.1.3 Intervention logic of single measures

The intervention logic provides the foundation for understanding the objectives, instruments, and expected results of the IPARD II programme in Montenegro. It illustrates how the planned activities through selected measures (Measure 1, Measure 3, and Measure 7) are aimed at achieving specific objectives in the agricultural and rural development sectors, and how these objectives contribute to broader development effects.

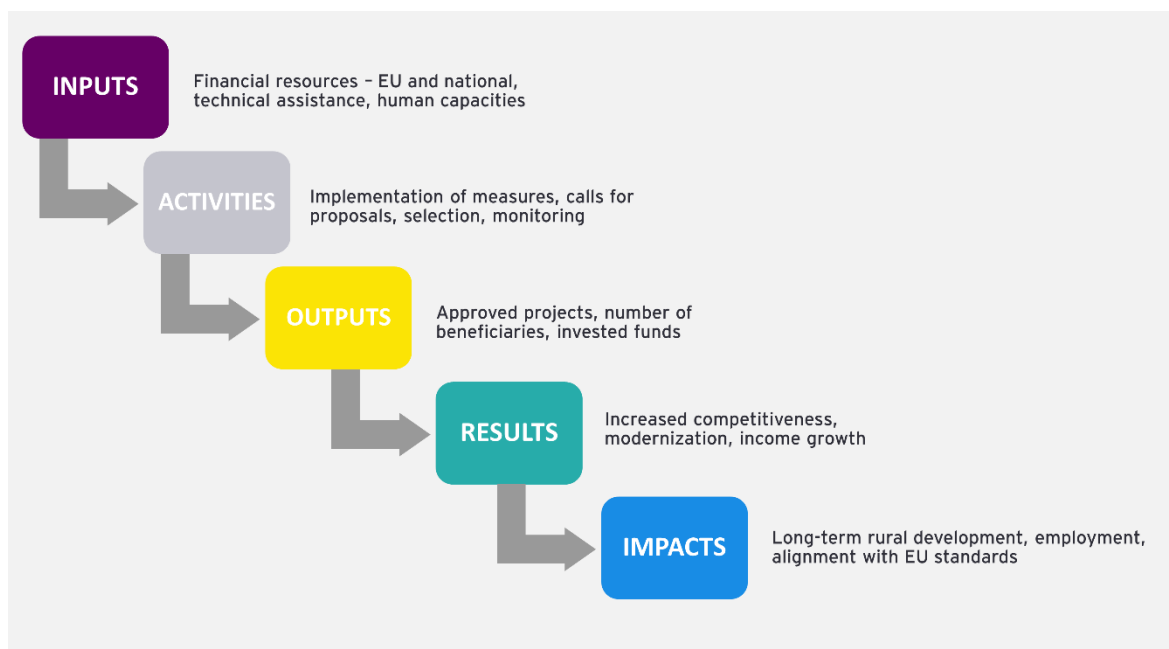


Figure 1: Intervention logic of IPARD II programme

Each of the measures contributes to the achievement of specific and overall IPARD II programme objectives:

**Measures 1 and 3** support sector modernization and enhanced competitiveness.

**Measure 7** targets the socio-economic empowerment of rural communities through income diversification.

**All measures** jointly strengthen the resilience of rural areas and contribute to alignment with EU market requirements.

#### Needs identified within IPARD II programme

##### Measure 1 - Investments in physical capital of agricultural holdings

The IPARD II programme cites the weaknesses of the agricultural sector in Montenegro as the main reasons for the interventions under Measure 1, which are related to the unfavourable structure of farms, the high proportion of small farms, the high fragmentation of agricultural land, the low level of modernization of farms and the lack of investment capital. According to the analyses, all this has an impact on the shortage of all categories of primary agricultural products, especially meat and milk, both to meet the domestic demand for these products in their fresh state and to meet the needs of the processing industry.

##### Measure 3 - Investments in physical capital related to the processing and marketing of agricultural and fishery products



For the processing sector, the IPARD II programme specifies that in Montenegro it is necessary to improve the quality of food products by introducing quality and food safety standards in order to increase competitiveness on the domestic market, but also to enable the placement of products on the markets of the countries of the region and especially on the EU territory. It also highlights the lack of capacity for the collection of by-products of animal origin and for the treatment of solid and liquid waste to protect the environment.

### Measure 7 - Farm Diversification and Business Development

With measure 7, the IPARD II programme aims to mitigate the trend of young people moving away from rural areas and to improve the quality of life and work. In addition, the programme envisages that diversification will make it possible to maintain existing jobs, as unemployment in rural areas is more pronounced than in urban areas. The interventions under this measure aim to improve employment opportunities in rural areas of Montenegro and in non-agricultural occupations, and to provide access to basic services and infrastructure, the development of which is lagging behind in rural areas.

### Logical Framework and Indicators by Measure

The logical framework of the IPARD II intervention is operationalised through a structured set of indicators at five hierarchical levels: inputs, activities, outputs, results, and impacts. These indicators allow monitoring and evaluation of implementation performance for each of the applied measures (1, 3, and 7).

The Table 3 below summarises the key indicators for each level of logic across the three measures:

Table 3: Key indicators for levels of logic

Level of Logic	Description	Indicators M1	Indicators M3	Indicators M7
Inputs	Resources provided for the implementation of the measure	<ul style="list-style-type: none"> <li>▶ Total budget allocated to each measure (1,3,7)</li> <li>▶ Amount of EU contribution</li> <li>▶ Amount of national co-financing</li> </ul>		
Activities	Key actions taken by institutions and beneficiaries for implementation	<ul style="list-style-type: none"> <li>▶ Number of public calls published for each measure (1,3,7)</li> <li>▶ Number of applications received</li> <li>▶ Number of approved projects</li> </ul>		
Outputs	Direct and immediate results of the activities	<ul style="list-style-type: none"> <li>- Number of projects supported</li> <li>- Number of holdings performing modernization projects</li> <li>- Number of holdings progressive upgrading towards EU standards</li> <li>- Number of holdings investing in renewable energy production</li> <li>- Number of holdings investing in livestock</li> </ul>	<ul style="list-style-type: none"> <li>- Number of projects supported</li> <li>- Number of enterprises performing modernization projects</li> <li>- Number of enterprises progressively upgrading towards EU standards</li> <li>- Number of enterprises investing in renewable energy production</li> </ul>	<ul style="list-style-type: none"> <li>- Total number of projects supported</li> <li>- Total number of facilities:               <ol style="list-style-type: none"> <li>1. constructed</li> <li>2. reconstructed</li> </ol> </li> <li>- Number of recipients-registered agricultural holdings</li> <li>- Number of investments in renewable source of energy</li> <li>- Number of investments for</li> </ul>



		management in view of reducing the N2O and methane emissions - Total investment in physical capital by holdings supported	- Total investment in physical capital by enterprises supported (EUR) - Number of jobs created (gross)	waste and waste water treatment - Number of new created jobs - Total amount of investments
<b>Results</b>	<b>Short- and medium-term changes among beneficiaries and in the sector</b>	- Increase in production (e.g. in tons, liters) - Increase in farm income - Reduction in production costs per unit - Number of farms complying with EU standards (e.g. hygiene, environmental)	- Improved product quality and food safety - Increased sales and market access - Higher value-added per unit of processed product - Better compliance with EU sanitary and veterinary standards	- Improved income stability of rural households - Greater entrepreneurial activity in rural areas - Reduced dependency on primary agricultural production - More diverse and resilient rural economies
<b>Impacts</b>	<b>Long-term changes contributing to rural development and sustainability</b>	- Increased competitiveness of the sector (e.g. exports, market share) - Reduction in abandoned rural farms - Increased employment in rural areas - Number of sustainable and market-oriented farms	- Increased competitiveness of the agri-food sector - Enhanced export potential of processed products - Improved income and stability of rural processors - Greater integration into EU and regional value chains	- Reduced rural depopulation and migration - Improved quality of life in rural areas - Stronger local economies and employment generation - Greater social inclusion and gender equality

### 3.1.3 IPARD II programme implementation structure: actors involved and institutional context

The Framework Agreement between Montenegro and the European Commission on the rules for implementing financial assistance from the Union to Montenegro under the Instrument for Pre-Accession Assistance (IPA II) from 2015, defines the following structure and bodies:

1. National IPA Coordinator (NIPAC)
2. National Authorising Officer (NAO)
3. Operating structure for rural development programme



- a) Managing authority - responsible for the preparation and implementation of programmes, including the selection of measures and their promotion, coordination, evaluation, monitoring, and reporting on the given programme; and
  - b) IPA Rural Development Agency (IPARD Agency), responsible for promoting, selecting projects, as well as certifying, controlling, and accounting for obligations and payments related to the execution of payments.
4. The Management Structure (Including the NAO Support Office and the Accounting Body)
  5. The Audit Authority

The rolls and responsibilities of the structures, bodies, and entities established in accordance with the Framework Agreement, are as follows:

#### National IPA Coordinator (NIPAC)

Responsible for the **overall coherence and coordination of the programmes supported under IPA II**:

- ▶ Takes measures to ensure that during the implementation of IPA II support, adequate actions are taken towards the objectives defined in the operations or programmes for which budget execution tasks have been entrusted;
- ▶ Coordinates the drafting of the evaluation plan in consultation with the Commission, describing the evaluation activities to be carried out at different stages of implementation.

#### National Authorising Officer (NAO)

- ▶ Responsible for establishing the management structure;
- ▶ Acts as the sole interlocutor with the Commission for all matters related to IPARD programme regarding:
- ▶ Distribution of Union documents and guidelines related to the management and control system and all other bodies responsible for their implementation, as well as coordinated application;
- ▶ Submitting requests for the delegation of budget execution tasks;
- ▶ Providing the Commission with complete records of all accounting information necessary for statistical and control purposes.
- ▶ Assesses all proposed procedural changes related to the implementation of the programme and financial management initiated by the operational or/and management structures. Informs the Commission and provides a copy of the report to the Audit Authority regarding all significant changes, including annual reporting, assessments, appropriate justifications for follow-up, and supporting documentation for review and approval before their application.

#### The operating structure

The operating structure is responsible for **the preparation, implementation, information and visibility, monitoring, and reporting on programmes**, as well as their **evaluation** whenever relevant, in accordance with the principle of good financial management. It is responsible for ensuring the legality and correctness of costs incurred during the implementation of the programmes for which it is responsible.

The operating structure for the IPARD II programme includes the Managing Authority and the IPARD Agency.

The functions of the **Managing Authority** are carried out by the **Directorate for Rural Development (DfRD)**, while the functions of the **IPARD Agency** is performed by the **Directorate for Payments (DfP)**, as organizational units of the Ministry of Agriculture and Rural Development (MAFWM).

#### The Managing Authority (MA)

The MA is responsible for the **preparation and implementation** of the IPARD II programme.

- ▶ Drafting the IPARD II programme, amendments, and supplements;
- ▶ Control and verification of measures in cooperation with the IA;
- ▶ Selecting measures for each public call and the timing of publication, defining eligibility conditions and financial distribution by measure and call. MA makes decisions together with the IA;





- ▶ Ensuring that the appropriate national legal basis for the implementation of the IPARD II programme is in force and updated if necessary;
- ▶ Providing assistance in the work of the Monitoring Committee (MC) by providing documentation for monitoring implementation;
- ▶ Establishing a reporting and information system for collecting financial and statistical information on progress made in the IPARD II programme, based on information from the IA. The information is forwarded to the Monitoring Committee;
- ▶ Proposing amendments and supplements to the IPARD II programme to the Commission, after consultation with the IA and approval from the MC;
- ▶ Preparing an annual action plan for activities planned under the Technical Assistance measure, which is submitted for approval to the MC;
- ▶ Developing an evaluation plan and submitting it to the MC within a maximum of one year from its adoption by the Commission; informing the MC and the Commission about the progress of the implementation of the plan;
- ▶ Submitting an activity plan related to visibility and communication, informing the Commission (with advice from the MC).

### IPARD Agency (IA)

The IPARD Agency is responsible for:

- ▶ Providing (issuing confirmations) for control and verification of measures;
- ▶ Drafting public calls and publishing eligibility conditions and criteria (in consultation with the MA);
- ▶ Selecting projects for implementation;
- ▶ Specifying contractual obligations in writing between the IA and final beneficiaries (issuing consent for the start of work/information on sanctions in case of non-fulfilment of obligations);
- ▶ Monitoring progress in project implementation;
- ▶ Reporting on the achieved progress in implementing measures;
- ▶ Informing beneficiaries about the Union's contribution within the project;
- ▶ Ensuring that the NAO, the management structure, and the MA receive the necessary information for their work;
- ▶ Ensuring compliance with publicity obligations;
- ▶ Before signing contracts with beneficiaries regarding investments in infrastructure projects, assessing whether they generate significant net profit, and if they do, ensuring that the aid does not exceed 50% of total costs;
- ▶ Ensuring that approved public aid does not exceed maximum limits.

In the course of drafting this report, the Government of Montenegro adopted the Proposal of the Law on the Implementation of Support Measures for Agricultural Policy, Rural Development Policy and Fisheries Policy, which, among other things, envisages the establishment of the Paying Agency for Agriculture, Rural Development and Fisheries, as an independent body.

### The management structure

The management structure consists of the National Fund and the support office for the NAO. The National Fund is responsible for the financial management of the IPARD programme. The National Fund provides support to the NAO in fulfilling its tasks, particularly in managing IPA II accounts and financial operations, and is responsible for financial management tasks related to IPA II support, as well as financial reporting under the responsibility of the NAO. The support office for the NAO carries out activities related to establishing the structure for implementing IPA programs, conducts monitoring control activities over the established internal control framework, and provides assistance to the NAO in executing its functions. The National Authorising Officer, with the support of the Governance Structure, uses various control mechanisms in order to determine the effective and efficient functioning of the internal control framework of all institutions involved in the programmes under the auspices of the IPA II and IPA III perspectives.

### The Audit Authority



The Audit Authority (AA) is independent from NIPAC, NAO and the management and operating structures. The AA has the necessary financial autonomy.

### **Monitoring and evaluation**

**Monitoring and evaluation** of the IPARD II programme is carried out with the aim of controlling the effectiveness, efficiency, coherence and quality of the programme implementation. The monitoring of the programme is carried out through comparison with the corresponding indicators presented in the IPARD II programme. The IPARD II Monitoring Committee shall report to the IPA Monitoring Committee and the Commission, in accordance with the sectoral and framework agreements, on the progress made in the implementation of the measures.

**Monitoring** involves the systematic collection of data, analysis, communication, and the use of information for the purposes of managing and deciding on a programme. IPARD Agency collects data from applicants, updates them when signing contracts and payments; confirms the data and submits in the form of monitoring tables and additional documentation upon request and in the format specified by the MA. Monitoring tables are made for each measure separately, and the data are presented through monitoring indicators.

**The evaluations** are designed to enhance the quality, effectiveness, and consistency of Union assistance, while also refining the strategy and implementation of the IPARD II programme. This programme undergoes both ex-ante and ex-post evaluations, with interim evaluations conducted as needed. The ex-ante evaluation was conducted before the start of implementation, the interim evaluation was carried out after the third year of the implementation of the IPARD II program, while the ex-post evaluation is conducted after the implementation of the IPARD II program, in accordance with the Sectoral Agreement. Through these assessments, the utilization of funds, the effectiveness and efficiency of programming is analysed, as well as the socio-economic impacts and alignment with established goals and priorities. Evaluations serve not only to assess the current state of rural development policy but also to identify key factors that contribute to the success or challenges faced during programme implementation. The Managing Authority is tasked with preparing the evaluation plan and providing an annual report to the IPARD II Monitoring Committee (MC) detailing the results achieved from the evaluation plan. Additionally, the Managing Authority submits a report on the findings and recommendations of the evaluations to the relevant state institutions and the Commission. In line with the framework agreement, the Managing Authority, IPARD Agency, MC, and the Commission collaboratively determine the quality and consequences of the evaluations.

### **The Monitoring Committee (MC)**

The IPARD II Monitoring Committee is chaired by a high-ranking official from Montenegro. IPARD II MC consists of **representatives of relevant authorities and bodies**, as well as **appropriate economic, social, and environmental protection partners**, and where relevant, **representatives of international organizations**, including **international financial institutions and civil society**. Representatives of the European Commission, operating structures, NAO, and NIPAC participate in the work of the Committee without voting rights. The IPARD II MC obligations are, among others:

- ▶ Reviews the results of the IPARD II programme, particularly the achievement of objectives set for various measures and progress in utilizing financial resources allocated to those measures. In this regard, the MA is obliged to ensure that all relevant information on the progress of measures is available to the MC and NIPAC;
- ▶ Periodically monitors the progress made in achieving the objectives set by the IPARD II programme;
- ▶ Considers and approves, if necessary, any proposal from the MA for amendments to the IPARD II programme;
- ▶ Reviews and approves of annual and final implementation reports;
- ▶ Reviews evaluations of the IPARD II programme;
- ▶ Considers and approves the visibility and communication plan;
- ▶ Considers and approves the indicative action plan for implementing technical assistance activities.



### 3.2 Evaluation process

The evaluation framework was initially outlined in the ToR and was subsequently refined and operationalized by the Project team in the Inception Report. This refined framework received approval from the Client, Ministry of Agriculture, Forestry and Water Management. The methodology for the evaluation, along with the corresponding matrix, was developed based on the following components: **relevance, efficiency, effectiveness, impact, and sustainability**.

The evaluation was conducted in three phases: Inception, Evaluation, and Final phase, as presented in the Figure 2 below. The Inception phase lasted from January 15 to February 15, 2025, and primarily served for the initial data collection, engaging relevant stakeholders, and confirming the methodology. During the evaluation phase, which lasted from February 15 to June 15, various methods were employed to gather information from all stakeholders and programme users, which were then analysed in detail to draw conclusions and make recommendations. The final phase, lasting one month until August 15, represents the period in which administrative tasks are completed, and the final project report is prepared.

During the evaluation process, the Project team followed questions presented in the ToR:

- ▶ Programme level evaluation questions
- ▶ Measure-related common evaluation questions
- ▶ Measure 1-related common evaluation questions
- ▶ Measure 3-related common evaluation questions
- ▶ Measure 7-related common evaluation questions

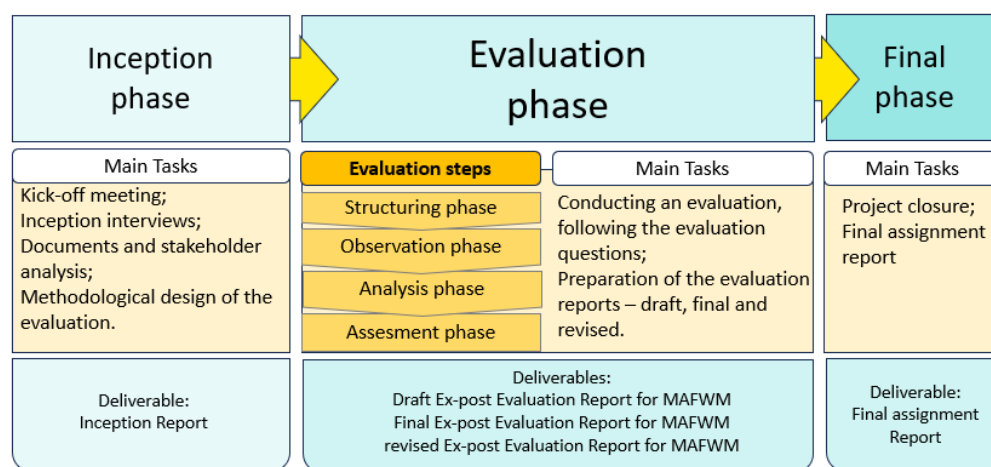


Figure 2: Three phases of ex-post evaluation

#### 3.2.1 Inception phase

The Inception phase began with the signing of the contract for the ex-post evaluation, in which the team of experts held joint meetings. During this phase, initial documents were conducted and analysed and initial meetings with the relevant stakeholders were held. This phase ended on February 15<sup>th</sup> with the Inception report, in which the outline of the evaluation process is given.

### 3.2.2 Evaluation phase

The Evaluation phase was carried out in line with the *Guidelines for the ex-post evaluation of IPARD programmes 2014-2020*. The evaluation process consisted of four main phases **Structuring, Observation, Analysis and Assessment phase**.

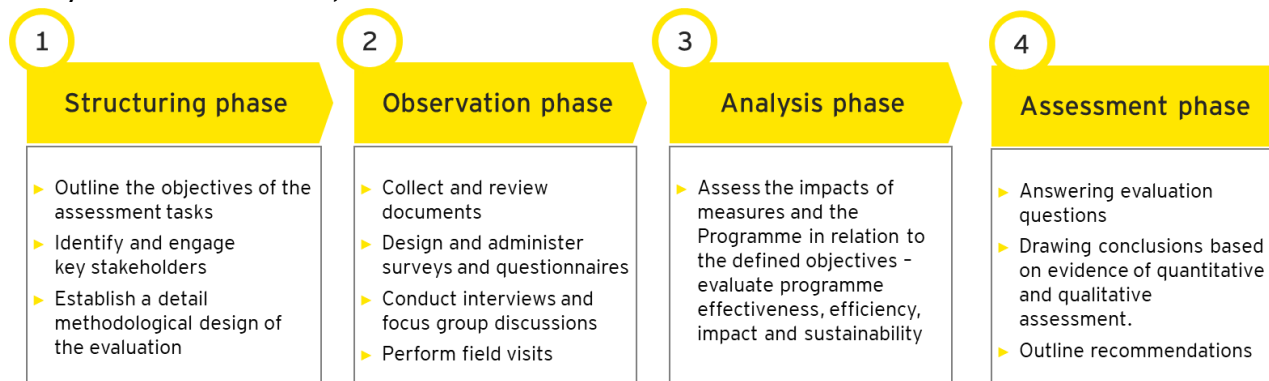


Figure 3: The evaluation phases

**Structuring phase.** Structuring or **Preparatory phase** involved defining the objectives of the evaluation, selecting appropriate evaluation criteria and methodologies, and assembling the evaluation team. The preparatory phase commenced with the signing of the contract for the ex-post evaluation, followed by the collection and analysis of initial documents and the organization of preliminary meetings with relevant stakeholders. These meetings aimed to outline the evaluation procedure and clarify the distribution of activities within the process, ensuring that the assessment of tasks was well understood. Throughout this phase, the preparation of information, data, and analytical tools necessary to address the evaluation questions began. The preparatory phase concluded with the Inception Report, which provided a comprehensive outline of the evaluation process.

**Observation phase.** The primary focus during the Observation Phase was the collection and review of data. To evaluate the IPARD II programme effectively, a mixed-methods approach was employed, integrating both qualitative and quantitative data collection methods. This comprehensive strategy aimed to provide a holistic understanding of the programme's effectiveness and impact. The data collection methods utilized included surveys and questionnaires, interviews, case studies, and the gathering of documents directly from stakeholders. A detailed description of these methods can be found in sub-section 4.1.2.

**Analysis phase.** The analysis phase focused on processing the collected data, employing statistical methods, and interpreting the results to effectively address the evaluation questions. The analysis of data gathered during the ex-post evaluation involved several key steps: **data preparation, descriptive analysis, qualitative analysis, data processing, and interpretation of results**. This phase was dedicated to thoroughly examining all available information to assess the impacts of the measures and the programme in relation to the established objectives.

**Assessment phase.** During the Assessment Phase, the evaluation questions were addressed, and conclusions were drawn from the analysis in relation to the defined assessment criteria. These conclusions and recommendations were grounded in both quantitative and qualitative evidence, reflecting the effects of individual measures as well as the overall impact of the programme.

### 3.2.3 Final phase



The Final phase will consist of project closure activities, including collection of all documentation related to the project, organization of the project closure meeting and preparation of the final assignment report. This report will contain all assignment activities, analysis conducted, produced deliverables and evaluation reports.

### 3.3 Previous evaluations related to the programme

Note: The reports and conclusions from the ex-ante and ongoing evaluations of the IPARD II programme were taken from previous reports, and the team working on the ex-post evaluation of the IPARD II programme did not make any changes to the comments and recommendations. The conclusions and recommendations from previous evaluations should be viewed in the context of the changes that have occurred through various versions of the IPARD II programme, some of which already incorporate the given recommendations.

#### 3.3.1. Ex-ante evaluation of IPARD II programme (May 2015)

Ex-ante evaluation of the IPARD II program 2014-2020 for Montenegro, conducted in 2015 by Agrotec SpA, aimed to optimize the allocation of budgetary funds within the IPARD program, improve the quality of programming, and contribute to strengthening capacities for future monitoring and evaluation activities.

Main conclusions of the evaluation:

- ▶ The program and planned interventions of selected measures (Measure 1 - investments in the physical assets on agricultural holdings, Measure 3 - investments in physical assets concerning processing and marketing of agricultural and fishery products, and Measure 7 - Farm diversification and business development, along with Technical Assistance) are relevant and aligned with the needs of the sector.
- ▶ Measures 1 and 3 are of exceptional importance for strengthening the competitiveness of the sector and aligning with EU standards.
- ▶ Measure 7 is highly relevant, largely due to the need for income growth and employment in rural areas of Montenegro.
- ▶ The Technical Assistance measure was assessed as relevant and reasonable.
- ▶ The needs and problems in the agricultural and food sector can be better documented. Challenges in these sectors relate, among other things, to small and fragmented farms, lack of access to land, and lack of access to credit. Needs include improved water management, access to markets, as well as access to tourists and other consumers, including access to knowledge, technology, and innovations.

Main recommendations of the ex-ante evaluation:

- ▶ Strengthen the justification for intervention with better data documentation. Utilize updated sector analyses to improve documentation.
- ▶ Clarify how the economic contribution of agriculture to GDP is calculated when only a small portion of family farms produces for the market and mainly produces for self-sustainability? Is the contribution to GDP only the market-oriented part or also an estimate of the self-sustaining part?
- ▶ Documentation of challenges and needs in the agricultural subsector is weak, and production data from sector analyses could be better utilized. Data is missing, and some are inaccurate. The analysis does not provide a clear and coherent picture of the subsector. Refer to the draft program with TC for detailed comments.
- ▶ There is no real economic analysis of the situation in agriculture, especially in food processing. There is no data on the economic importance of food processing. There is no trade data, although





reliable data on exports and imports in value and volume is available. Weaknesses in MONSTAT data have been identified, but sector analyses include data that can be utilized.

- ▶ Consider introducing all relevant measures in the draft program now; some of them are ready to be launched, while some are dormant measures that will be opened in a later phase when institutional capacity is developed (Extension Service, Producer Groups, Agro-environment, LEADER, Rural Infrastructure).
- ▶ Describe the justification for the allocation of funds among measures and ensure that justifications are transparent.
- ▶ Compare all relevant national legislation with EU standards to map the gaps between national minimum standards (NMS) and EU standards. Check which existing NMS are already in line with EU standards. If deemed necessary, prepare a request to the European Commission for a derogation from relevant EU regulations.
- ▶ Strengthen the Managing Authority and the Ministry of Agriculture and Rural Development in terms of staff capacity (in terms of number and competencies).
- ▶ Prepare a workload analysis for the Payment Agency in light of experiences from MIDAS and IPARD.
- ▶ Reconsider the extent to which IT systems are needed to ensure appropriate resource project management, adequate monitoring and evaluation, as well as for obtaining accreditation.
- ▶ Consider establishing a joint technical working group for coordination and improvement of the implementation of existing regulations and preparation for the development and implementation of agri-environment-climate measures.
- ▶ Review existing Codes of Good Agricultural and Environmental Practices and ensure that they meet the needs and realities of the agricultural situation in Montenegro (e.g., requirements related to the storage of manure).

### 3.3.2. On-going evaluation of IPARD II programme (Dec 19<sup>th</sup>, 2021)

The on-going evaluation of IPARD II programme conducted in 2019 by Ecorys Croatia d.o.o., covers the period from 2018 to the end of 2020. The main objective of the evaluation was to propose initiatives for improving the quality of the IPARD II program and its implementation. The ongoing evaluation also assessed the consistency of the obtained results and impacts with the ex-ante evaluation, as well as the quality of monitoring and implementation of the program, and the economic results and impacts of the IPARD II program.

The key findings of the ongoing evaluation are as follows:

- ▶ From the beginning of the program in 2018 until the end of the evaluation period (December 2020), only Measure 1 and Measure 3 were implemented.
- ▶ Measure 1 was implemented through 2 Public Calls. The total number of applications was 569, of which 143 were rejected. Out of the 285 contracted projects, 163 were paid with an average investment value of 42,000 euros. During 2020, the dairy sector and the fruit sector dominated, accounting for 146 out of a total of 158 realized and paid projects during that year.
- ▶ Measure 3 was implemented through 2 Public Calls. The total number of applications was 97, of which 40 were rejected. Only 6 projects were paid, with an average investment value of 628,000 euros.
- ▶ Measure 7 was accredited late in the process, with the first Public Call in 2021, and therefore was not considered during the evaluation.

Main recommendations from the on-going evaluations are presented in the table 4 below:



Table 4: Main recommendations from on-going evaluations

Recommendations relevant in short term	Recommendations relevant in medium term
<ul style="list-style-type: none"> <li>• Preparation of the TNA for MA staff and training implementation</li> <li>• Staff increase in accordance with the WLA</li> <li>• Work reorganization to avoid overlapping duties</li> <li>• Assess to what extent all prioritized sectors are supported appropriately</li> <li>• Finalization of the FADN system</li> </ul>	<ul style="list-style-type: none"> <li>• <b>IT management improvement to improve monitoring and evaluation for MA</b></li> <li>• Establishment of data systems for the analysis of the economic development in agriculture and food industry, in MAFWM or in MONSTAT</li> <li>• Assess to what extent the priority of renewable energy projects is realistic, plus increase the prioritization</li> <li>• <b>Introduce a project evaluation model for reducing the risk for DW</b></li> <li>• Increase the effectiveness of work in DfP - digitalization of the full work processes</li> <li>• Assess the work processes of the DfP in order to simplify and fasten work processes.</li> <li>• Update the price reference database.</li> </ul>

Note (EY 2025.) The recommendations highlighted are those that the evaluators particularly focused on in the ex-post evaluation.

## 4 METHODOLOGICAL APPROACH

### 4.1 Ex-post evaluation design and the methods used

The ex-post evaluation of the IPARD II programme for Montenegro was designed to assess the relevance, effectiveness, efficiency, impact and sustainability of the programme interventions implemented during the 2014-2020 (2024) programming period. The evaluation aims to provide evidence-based findings on the performance of the IPARD II programme, inform stakeholders and policy makers, and contribute to the planning and improvement of future rural development interventions.

#### 4.1.1. Structure of the evaluation

The ex-post evaluation followed a theory-based approach based on the intervention logic of the IPARD II programme. This logic model describes how inputs and activities should lead to outputs, results, and long-term impacts, thus enabling a structured assessment of causality. The evaluation covered all measures implemented under the IPARD II programme, namely Measures 1 (Investments in physical capital of agricultural holdings), Measure 3 (Investments in physical capital related to the processing and marketing of agricultural and fishery products) and Measure 7 (Farm diversification and business development).

The design included a set of evaluation questions derived primarily from the Common Evaluation Questions (CEQs) established by the European Commission, which address key dimensions such as relevance, effectiveness, efficiency, impact and sustainability. These questions were tailored to examine, for example, the extent to which IPARD II has contributed to the modernization of agriculture, the competitiveness of agro-industrial enterprises and the diversification of rural income sources. These evaluation questions served as a framework for structuring the analysis, selecting indicators and ensuring that the results are relevant to both national and EU-wide policy requirements.



#### 4.1.2. Methods used

A mixed methods approach was used, combining both quantitative and qualitative techniques to ensure a comprehensive and robust assessment.

##### Review of documents and literature

A thorough analysis of relevant policy documents, monitoring reports, guidelines and previous evaluations was conducted to establish the programme context and implementation background.

During the evaluation of Montenegro's IPARD II programme, relevant literature and documentation was reviewed to provide a contextual framework for the evaluation. Key sources included:

##### IPARD II programme Documents

- ▶ IPARD II programme for Montenegro (2014-2020), versions 1 to 1.7.
- ▶ Annual Implementation Reports (AIRs) for the years 2018 - 2023
- ▶ Visibility and Communication Activities Plan for IPARD II Programme
- ▶ Sectoral analyses

##### Regulatory and Policy Framework

- ▶ Regulation (EU) No 231/2014 establishing the instrument for pre-accession assistance (IPA II)
- ▶ Commission Implementing Regulation (EU) No 447/2014
- ▶ Strategy for Agriculture and Rural Development of Montenegro 2015-2020

##### Monitoring and Evaluation Guidelines

- ▶ Guidelines for the ex-post evaluation of IPARD programmes 2014-2020 (DG AGRI)
- ▶ Common Monitoring and Evaluation Framework (CMEF)

##### National and EU-Level Statistical Sources

- ▶ MONSTAT (Statistical Office of Montenegro) - agricultural and rural statistics
- ▶ EUROSTAT - comparative data on agriculture and rural development
- ▶ Reports from the IPARD Agency and Managing Authority

##### Previous Evaluations and Studies

- ▶ Agrotec spa., ex-Ante evaluation of IPARD II programme, 2015
- ▶ Ecorys, on-going evaluation of IPARD II programme, 2021

##### Other documents and sources

- ▶ Regulation on the implementation and the procedure for the use of funds from the European Union Instrument for pre-accession assistance of the European Union (IPARD II programme) for the measures 1, 3 and 7 (all versions)
- ▶ IPARD MC meetings minutes (1-10)
- ▶ Academic articles, policy papers and studies relevant to IPARD implementation in the Western Balkans
- ▶ Social networks related to the IPARD II programme in Montenegro

##### Quantitative analysis

**Administrative and monitoring data:** Data provided by the Managing Authority and the IPARD Agency were analysed to assess performance against five categories of indicators: Input, Baseline, Output, Result, and Impact indicators.

- ▶ **The input indicators** reflect the financial and administrative resources allocated to the programme, including total public expenditure and institutional capacity involved in implementation.



- ▶ **Baseline indicators** describe the initial socio-economic and structural conditions in rural areas prior to programme implementation and serve as a reference point for assessing changes over time.
- ▶ **Output indicators** measure the direct, tangible results of the supported activities, such as the number of projects approved, beneficiaries supported, or investments completed.
- ▶ **Result indicators** measure the direct results for the beneficiaries, for example improvements in productivity, hygiene standards or the introduction of new technologies.
- ▶ **Impact indicators** assess the broader, longer-term effects of the programme on the agricultural sector and rural areas, including competitiveness, income diversification and employment in rural areas.

**Statistical data:** National statistics (MONSTAT) and other relevant sources were used to support the analysis of macroeconomic and sectoral trends, particularly for the baseline and impact analysis.

**Counterfactual Analysis:** The method of counterfactual analysis using randomised design was conducted in order to compare the established results to those expected if the intervention had not been implemented. Considering that this type of analysis relies on the diverse range of financial data, it was conducted for the beneficiaries of the Measure 3 under the IPARD II programme. Data from 230 companies from Montenegro were obtained for the time period 2021-2024. 27 from these companies received IPARD support in the period from 2019 to 2024. The data attributes that were obtained and could be compared for all companies were the following:

- ▶ Net profit
- ▶ Number of employees
- ▶ Earnings before interest and taxes (EBIT)
- ▶ Fuel and energy costs
- ▶ Transport and maintenance costs

Only companies for which this set of data was available for analysis were taken into consideration. A machine learning classification model has been built based on the information whether a company has received IPARD support the previous calendar year or earlier. It was defined that the company is the receiver of IPARD support if the calendar year is at least the next one from the one the support has been realized (eg. If a support was realized in 2019 then the company was not immediately labelled as being an IPARD grantee, but it could get that label only in 2020 or after that year). All such companies were labelled as IPARD grantees, all other companies were labelled as non IPARD grantees.

The final dataset included 135 companies that did not receive IPARD funding, and 20 companies that were labelled as IPARD grantees. The final dataset comprised 494 companies in the period 2021-2024. The distribution of the 494 cases in the observed time period is given in Table 5 below.

**Table 5:** The distribution of selected companies by year and based on the IPARD label

Year	No IPARD support	IPARD supported
2021	107	6
2022	113	10
2023	119	13
2024	106	20



The Orange data mining software<sup>2</sup> was used to build a classification model that can differentiate between the companies that did and did not receive IPARD support. The same software was also used to perform bivariate analysis among variables, especially to explore whether IPARD support influences the observed data attributes. The results of the counterfactual analysis are presented in section 5.2.2 of this report.

## Qualitative methods

**Surveys and questionnaires** - structured questionnaires were used for data collection from end users of the IPARD II programme to assess project effectiveness, impact, challenges encountered, and user satisfaction during both the application and implementation phases. A tailored set of questions was developed for users of each implemented measure, as well as for those who withdrew from the programme. These questions underwent a review and update in line with the comments received by the IPARD Agency. One of the initial challenges faced with this data collection method was the selection of the sample. The user data, obtained by the IPARD Agency, were not available in a consolidated format; instead, they were dispersed across numerous Excel spreadsheets, which made the process of consolidation and subsequent selection quite complex. The sample selection was carried out considering several criteria included region, sector, total support received, legal status, and type of investment. The total number of users who executed contracts was 650 under Measure 1, 81 under Measure 3, and 17 under Measure 7. From this, the selected sample comprised 199 users under Measure 1, 25 users under Measure 3, while the total number of users (17) was taken as the sample for Measure 7. The other challenge was the insufficient contact information for users, as well as inaccuracies in the data. A significant number of users did not have email addresses, which greatly affected the collection of information from them. These were contacted by phone, which led to new challenges, such as encountering non-existent or incorrect phone numbers.

The questionnaires were prepared using Qualtrics, an online tool for creating surveys for data collection that is also very user-friendly for access and completion. It allows for the preparation of various question formats to enhance participant engagement, as well as real-time analytics for immediate data interpretation. Additionally, it ensures that all data is stored securely. It is important to note that this type of software enables anonymity, encouraging users to provide honest responses without fear of identification. The average time required to complete the prepared questionnaire was approximately 20 minutes. To ensure a higher response rate, the questionnaires were prepared in the local language and sent to users through the MAFWM.

Data on user contacts from the selected sample, the number of contacted individuals, and the number of collected responses are presented in the table below. The developed questionnaires are presented in the Annex 2 to this report.

Table 6: Questionnaire response analysis

Measure	Total Number of Applicants	Selected Sample	Applicants with available mail	Number of Completed Questionnaire through mail	Response Rate (%) Based on Mail Sample	Applicants with available phone no.	Phone Interviews Conducted	Number of Completed Questionnaire over phone	Response Rate (%) Based on Phone Sample	Applicants without available mail of phone no.	Applicants on more than one call	Total no. of responses
M1	650	199	62	28	45,2%	197	94	30	31.9%	2	11	58
M3	81	25	23	11	47,8%	25	3	1	33.3%	0	1	12
M7	17	17	12	6	50,0%	17	4	1	25%	0	0	7
Withdrawn	14	14	6	3	50,0%	6	0	0	0%	8	0	3

<sup>2</sup> <https://orangedatamining.com/>





**Interviews** - In-depth structured interviews with stakeholders were conducted to collect qualitative data. The interviews followed a structured list of questions aimed at obtaining detailed information about the experiences and perceptions of programme participants, contextual factors influencing programme outcomes, and suggestions for programme improvement and future initiatives. They also served as an instrument for triangulation of evidence and evaluation results. Interviews were conducted with the representatives from all identified key stakeholders, including representatives of the Managing Authority (MA), the IPARD Agency (IA), EUD, DG AGRI and certain members of the IPARD II Monitoring Committee. The interviews were conducted in person, online, and in a hybrid format. The table below presents the institutions with which interviews were conducted, the timing, and the format used. The developed interview questions along with the meeting minutes are presented in the Annex 3 to this report.

Table 7: Interviews conducted

Interview representatives	Date	Place
DG Agri and EUD	24.3.25.	Online meeting
IPARD Agency	20.3.25.	EY office, MNE
Managing Authority	20.3.25.	EY office, MNE
NAO	25.4.25.	NAO office, MNE

**Case studies/Field visits** - To obtain detailed data from the users of the IPARD II programme, illustrate best practices, identify implementation challenges and explore qualitative aspects of the programme's impact, five case study visits were conducted.

Case studies were selected as one of the evaluation methods to obtain additional information on specific topics for which reliable information could not be obtained through other means, such as the possibilities for implementing investments without the funds from the IPARD II program, thereby allowing for a subjective assessment of potential deadweight. Additionally, case studies could further confirm or refute the hypotheses derived from other evaluation methods conducted. The sample for the case studies was pre-agreed with representatives of the Managing Authority, and the final realization was somewhat lower than planned due to late withdrawals by users with whom the visits had been arranged. The interview questions were prepared in advance to ensure the collection of all necessary information from users, including details about their businesses, the investments they made through IPARD II support, the results following the completion of the project, and their experiences participating in the programme. The Project team visited representatives from each of the measures implemented through the project. The materials related to the case study visits are presented in the Annex 4 to this report.

Table 8: Overview of completed field visits

User/Company	Measure	Type of user	Location	Date of visit
Ivica Škatarić	M1	Preduzetnik	Tuzi	23.4.2025.
Mesopromet	M3	Pravno lice	Bijelo Polje	23.4.2025.
Svetomir Baletić	M7	Fizičko lice	Nikšić	24.4.2025.
Pjeter Dušaj	M1	Fizičko lice	Tuzi	25.4.2025.
Prinato P	M3	Pravno lice	Danilovgrad	25.4.2025.



**Triangulation** - To increase the validity and reliability of the results, data from different sources and methods were triangulated. This approach allowed for cross-validation of evidence and a deeper understanding of the observed phenomena.

## 4.2 Key terms of programme-specific and common evaluation questions, judgement criteria, target levels

This section presents the conceptual framework that was used to interpret and answer both general and programme-specific evaluation questions related to the IPARD II programme. It outlines the key concepts, assessment criteria and objective levels that guided the ex-post evaluation process.

### 4.2.1 Common and programme-specific evaluation questions

The use of evaluation questions, as defined in the official guidelines, helps evaluators to ensure a coherent and structured approach to evaluation. In addition to the Guidelines for the ex-post evaluation of IPARD programmes 2014-2020, the evaluators also used the Common Monitoring and Evaluation Framework (CMEF) which contains a set of Common Evaluation Questions (CEQs) designed to provide a minimum analytical basis for all EU Member States and candidate countries. These questions aim to capture the main effects and added value of rural development programmes in the EU-27, and in the candidate countries.

The Montenegrin IPARD II Agency was familiarised with the CMQ from the IPARD II Evaluation Guide, and during the review of the ToR, the set of questions was further refined in line with the measures accredited during the implementation of the IPARD II programme and to which this evaluation refers. Such a set of questions was also included in the Inception report prepared by EY and approved by the MA in March 2025.

### 4.2.2 Key terms and interpretations and evaluation criteria

To ensure consistency in the ex-post evaluation, key terms were defined as follows:

**Effectiveness:** the extent to which the programme has achieved its intended outputs and results.  
**Efficiency:** The relationship between the resources used and the results achieved (cost-effectiveness).  
**Impact:** The broader, long-term effects attributable to the programme interventions.  
**Relevance:** The extent to which programme objectives meet identified needs and priorities.  
**Sustainability:** The likelihood that the benefits of the programme will continue after funding ends.

Each evaluation question was assessed against specific evaluation criteria, i.e. measurable or observable conditions that serve as a basis for determining the extent of success. These criteria were developed in accordance with the programme's intervention logic and were tailored to both the general and programme-specific questions.

For example, the following assessment criteria were used to evaluate whether the programme contributed to increasing the competitiveness of farms:

- ▶ the level of investment per beneficiaries,
- ▶ the introduction of modern technologies,
- ▶ improvement in product quality and access to markets.

These criteria were directly linked to indicators and supported by quantitative and qualitative data.

As part of the assessment process, the impact of the support received on the **context indicators** defined in the IPARD II programme will be monitored where possible. In cases where the value of an individual



indicator cannot be accurately determined, the valuation rule is applied on the basis of the most similar indicator, and if this is also not possible, the valuation is based on the subjective assessment of the evaluation team itself.

#### 4.3 Techniques for replying to the evaluation questions and arriving at conclusions

This chapter presents the evaluation tools and methods used to systematically and objectively answer the evaluation questions as part of the ex-post evaluation of IPARD II in Montenegro. The aim is to ensure transparent, reliable and evidence-based conclusions on the relevance, efficiency, effectiveness, impact and sustainability of the programme.

**Evaluation questions and data types.** The evaluation questions (EQ) are grouped according to the EU guidelines for IPARD II evaluations, and the answers are based on:

- ▶ **Quantitative data:** statistics, financial data, performance indicators
- ▶ **Qualitative data:** Interviews, case studies, documents and reports

**Triangulation of the data.** A triangulation approach was used for each evaluation question:

- ▶ Combination of multiple data sources (e.g. interviews + administrative data + documentation)
- ▶ Application of several analysis methods (e.g. comparative analysis + correlation analysis)
- ▶ Consistency checks between results from different sources

Triangulation allowed for more reliable answers, especially in areas where quantitative data was limited or incomplete.

**The analysis included mixed-methods approach and implied:**

- ▶ **Desk research and document analysis.** Analysis of programme documents, implementation reports, national strategies and legislation as well as review of statistical databases (MONSTAT, EUROSTAT, IPARD Agency archives)
- ▶ **Quantitative analysis.** This type of analysis included analysis of indicators (output, result, impact) and comparison with target values, correlation and trend analysis to evaluate the effects and impacts of the measures (e.g. investments in processing and employment), cost-benefit approaches, when applicable.
- ▶ **Qualitative analysis.** The qualitative analysis encompassed the analysis of the data received from the semi-structured interviews/focus groups with relevant representatives (Managing authority, IPARD Agency, Monitoring committee members etc.) and case study analysis for each intervention.
- ▶ **Answering the evaluation questions.** For each evaluation question relevant data was collected and then analysed in relation to the objectives of the IPARD II programme. Results were assessed against predefined evaluation criteria and standards. Finally, the logical framework of the intervention was used to check the consistency between inputs, activities, outputs, outcomes and impacts.
- ▶ **Drawing conclusions and evaluations.** Conclusions were drawn based on evidence and clearly linked analysis and each conclusion was supported by concrete evidence and references. Where possible, a grading system was used (e.g. very effective, partially effective, ineffective). In cases where the results were inconclusive, the reasons for this were given (e.g. lack of data, insufficient time to measure effects).

**Example: Evaluation of the effectiveness of Measure 1 (Investments in physical assets of agricultural holdings)**

**Quantitative analysis:** comparison of the number of approved projects and funds disbursed with the target values



#### **Qualitative analysis: Interviews with beneficiaries**

**Conclusion:** The measure is partially successful based on the percentage of the fund and the percentage of the performance indicator achievement.

### **4.4 Problems or limitations of the methodological approach**

While the evaluation was conducted using a comprehensive methodological framework combining quantitative and qualitative tools, several challenges and limitations were encountered that should be acknowledged when interpreting the results and conclusions.

#### **1. Data availability and quality**

One of the main limitations was the incomplete and fragmented data across different sources. In particular:

- ▶ The administrative data of the IPARD Agency showed certain discrepancies in some cases, i.e. they showed different financial data depending on the source and the monitoring table. This indicates a potential for improvement in the monitoring system, which could become even more evident during the implementation of the IPARD III programme, given the expected higher number of approved measures and a larger number of beneficiaries.
- ▶ During the implementation of this evaluation, the project team received different versions of individual documents from the Client, each of which, for the most part, contained different data. Therefore, in addition to the official monitoring tables, the project team also used data from the Final Report on the Implementation of the IPARD II Program (version 2.0), as well as the annual report for 2024.
- ▶ Since the beneficiaries of Measure 1 are mainly agricultural holdings, which are not obliged to submit financial reports to the competent institutions, it was not possible to realistically assess the success of their enterprises before and after IPARD II support.

This might have affected the accuracy and depth of some quantitative analyses, especially in measuring long-term impacts.

#### **2. Time constraints for impact assessment**

Given that this is an ex-post evaluation conducted shortly after the completion of the programme, there was limited time lapse to fully observe certain impact-level changes, particularly in terms of:

- ▶ Structural transformation of the agricultural sector
- ▶ Long-term sustainability of supported investments
- ▶ Socioeconomic outcomes (e.g. revitalization of rural areas)

As a result, the evaluation relied on proxy indicators and stakeholder perceptions to approximate certain effects.

#### **3. Limited baseline data**

The absence of a comprehensive baseline for many measures made it difficult to establish robust before-and-after comparisons. This was especially the case for:

- ▶ Recipient income levels prior to intervention (especially for those under Measure 1)
- ▶ Technical capacities or productivity at farm or enterprise level
- ▶ Environmental baseline indicators (lack of data in MONSTAT)

Qualitative methods (e.g. interviews, focus groups) were therefore used to retrospectively reconstruct the initial situation, but some indicators, particularly environmental indicators, could not be assessed even in this way.

#### **4. Stakeholder engagement limitations**



Despite well-organised data collection methods by the evaluation team, certain difficulties were identified:

- ▶ Low response rate of participants invited to take part in the interviews. The lack of response from beneficiaries of Measure 3 was evident.
- ▶ Limited availability of certain key informants due to institutional changes or turnover
- ▶ Reluctancy of some beneficiaries to share financial or operational details

This may have introduced a degree of bias or reduced the representativeness of certain qualitative findings.

It is important to note that beneficiaries of IPARD II funds are required to provide access to information regarding their investments during the five-year ex-post period. The current low response rate may suggest potential challenges in transparency related to the use of these funds, which policy-makers and funders should consider and address as appropriate.

Despite these limitations, the evaluation team applied mitigation strategies, such as data triangulation and expert validation, to ensure the reliability of findings. While some constraints are typical of complex evaluations, the use of applied mitigation strategies should ensure the validity of the overall conclusions

## 5 DESCRIPTION OF PROGRAMME, MEASURES, AND BUDGET

The detailed description of the programme and its measures was given in the previous sections, particularly 3.1. Here, the emphasis will be on the **financial and other performance aspects** of the programme and the measures.

### 5.1 Planned implementation and targets

The initial financial plan for the IPARD II programme (v.1) distributed across the measures is presented in the table 9 below. In terms of allocated funds, the highest share was envisaged for the Measure 3 (46,5%), followed by the Measure 1 (10%) and with the Measure 7 being at only 5,7% of the total funds allocated. The remaining measures were not accredited within the IPARD II implementation period, and as such not encompassed by the evaluation.

Table 9: Financial plan for IPARD II implementation across measures, IPARD II programme, version 1

IPARD II version 1									
Measures		Total expenditure	Private contribution		Total public aid (National + EU)		National contribution		EU funds
1	Investments in physical assets of agricultural holdings	26.294.444 €	40%	10.454.444 €	60%	15.840.000 €	25%	3.960.000 €	11.880.000 €
3	Investments in physical assets concerning processing and marketing of agricultural and fishery products	47.386.668 €	50%	23.693.334 €	50%	23.693.334 €	25%	5.923.334 €	17.770.000 €
4	Agri-environment-climate and organic farming measure	4.117.647 €	0%	- €	100%	4.117.647 €	15%	617.647 €	3.500.000 €
5	Implementation of local development strategies-LEADER approach	766.667 €	0%	- €	100%	766.667 €	10%	76.667 €	690.000 €
6	Investments in rural infrastructure	2.133.333 €	0%	- €	100%	2.133.333 €	25%	533.333 €	1.600.000 €
7	Farm diversification and business development	4.512.819 €	35%	1.579.486 €	65%	2.933.333 €	25%	733.333 €	2.200.000 €
9	Technical assistance	1.600.000 €	0%	- €	100%	1.600.000 €	15%	240.000 €	1.360.000 €
<b>Total</b>		<b>86.811.578,00 €</b>		<b>35.727.264,00 €</b>		<b>51.084.314,00 €</b>		<b>12.084.314,00 €</b>	<b>39.000.000 €</b>

During its implementation, IPARD underwent 7 changes, during which there were modifications in the financial tables, as shown in Table 10, partly due to fund returns (de-commitment), and largely due to the reallocation of funds between measures, mainly those for which it became clear over time that they would not be accredited in the IPARD II period.



Table 10: Financial plan for IPARD II implementation across measures, IPARD II programme, version 1.7

IPARD II version 1.7										
Measures		Total expenditure	Private contribution		Total public aid (National + EU)		National contribution		EU funds	
1	Investments in physical assets of agricultural holdings	44.365.775,42 €	40%	17.746.310,17 €	60%	26.619.465,25 €	25%	6.654.866,31 €	75%	19.964.598,94 €
3	Investments in physical assets concerning processing and marketing of agricultural and fishery products	43.562.148,56 €	50%	21.781.074,28 €	50%	21.781.074,28 €	25%	5.445.268,57 €	75%	16.335.805,71 €
7	Farm diversification and business development	1.874.871,80 €	35%	656.205,13 €	65%	1.218.666,67 €	25%	304.666,67 €	75%	914.000,00 €
9	Technical assistance	58.823,53 €	0%	- €	100%	58.823,53 €	15%	8.823,53 €	85%	50.000,00 €
<b>Total</b>		<b>89.861.619,31 €</b>	<b>40.183.589,58 €</b>		<b>49.678.029,73 €</b>		<b>12.413.625,08 €</b>		<b>37.264.404,65 €</b>	

With the changes in the versions of the IPARD II program, the performance indicators were also modified. Table 11 below shows the quantified performance indicators for selected measures of the IPARD II programme across all versions of the programme.





Table 11: Quantified performance indicators for selected IPARD II measures

Measure		Indicator	IPARD II , 2015	IPARD II, version 1.1	IPARD II, version 1.2	IPARD II, version 1.3	IPARD II, version 1.4	IPARD II, version 1.5	IPARD II, version 1.6	IPARD II, version 1.7	IPARD II actual performance
1	Investments in physical assets of agricultural holdings	Number of projects supported	850	850	850	600	550	530	670	690	650
		Number of holdings performing modernization projects	425	850	850	600	550	530	670	690	650
		Number of holdings progressive upgrading towards EU standards	425	850	850	600	550	530	670	690	650
		Number of holdings investing in renewable energy production	35	35	35	35	35	33	42	43	9
		Number of holdings investing in livestock management in view of reducing the N.O and methane emissions (manure storage)	250	250	250	200	150	145	183	190	39
		Total investment in physical capital by holdings supported (EUR)	26,294,444	26.399.999	26.399.999	36,155,556	36.155.556	34,152,442	43.263.553,20	44,365,775.42	26,755,064.32
3	Investments in physical assets concerning processing and marketing of agricultural and fishery products	Number of projects supported	150	150	150	80	70	68	68	68	81
		Number of enterprises performing modernisation projects	150	150	150	80	70	68	68	68	81
		Number of enterprises progressively upgrading towards EU standards	150	150	150	80	70	68	68	68	81
		Number of enterprises investing in renewable energy production	20	20	20	20	20	19	19	19	5
		Number of jobs created (gross)	120	120	120	60	60	58	58	58	304
		Total investment in physical capital by enterprises supported	47,386,668	47,386,668	47,386,668	47,386,666	47.386.666	45,162,148	43.855.481,89	43,562,148.56	18,421,530.30
7	Farm diversification and business development	Number of projects supported	120	120	120	150	150	150	45	30	17
		Number of agricultural holdings/enterprises developing additional or diversified sources of income in rural areas	120	120	120	-	-	-	-	-	-
		Total number of facilities:	-	-	-	80	80	80	23	15	17
		1. constructed	-	-	-	30	30	30	9	5	17
		2. reconstructed	-	-	-	50	50	50	14	10	2
		Number of recipients-registered agricultural holdings	-	-	-	100	100	100	28	14	10
		Number of beneficiaries investing in renewable energy	20	20	20	15	15	15	5	3	0
		Number of investments for waste and waste water treatment	-	-	-	20	20	20	7	4	0
		Number of jobs created (gross)	50	50	50	30	30	30	10	6	18
		Total investment in physical capital by beneficiaries supported	4,512,819	4,512,819	4,512,819	9.353.846	9.353.846	9.353.846	2.666.666,67	1,874,871.79	1,235,216.50
9	Technical assistance	Number of promotion material for general information of all interested parties (leaflets, brochures, etc.)	83000	83000	83000	60000	30000	30000	30000	30000	N/A
		Number of publicity campaigns	375	375	100	275	100	100	100	100	
		Number of expert assignments supported	15	15	10	15	10	10	2	2	
		Number of workshops, conferences, seminars	250	250	250	250	100	100	100	100	
		Number of meetings of the Monitoring Committee	16	16	16	16	14	14	14	14	
		Number of studies on elaboration and implementation of Programme measures	60	60	30	45	20	20	4	4	
		Number of rural networking actions supported	23	23	12	12	12	12	2	2	
		Number of potential LAGs supported	23	23	12	12	12	12	2	2	



The data in Table 11 are taken from the mentioned versions of the IPARD II program, while the actual effect is taken from Final Report on the implementation of the IPARD II program in Montenegro (24.6.2025).

Since the allocations within each individual measure changed during the amendments, the percentage of realization also increased. The table below shows the financial distribution of funds through the IPARD II programme, as well as the percentage of fund utilization in relation to the initial allocation (v 1) and the final allocation (v 1.7).

Table 12: Budget allocation per Measures, during the IPARD II period

Measures		VERSION OF IPARD II PROGRAME							
		v 1	v 1.1	v 1.2	v 1.3	v 1.4	v 1.5	v 1.6	v 1.7
1	Investments in physical assets of agricultural holdings	11.880.000 €	11.880.000 €	11.880.000 €	16.270.000 €	15.905.361,96 €	15.368.598,94 €	19.468.598,94 €	19.964.598,94 €
3	Investments in physical assets concerning processing and marketing of agricultural and fishery products	17.770.000 €	17.770.000 €	17.770.000 €	17.770.000 €	17.374.975,45 €	16.935.805,71 €	16.445.805,71 €	16.335.805,71 €
4	Agri-environment-climate and organic farming measure	3.500.000 €	3.500.000 €	3.500.000 €					
5	Implementation of local development strategies-LEADER approach	690.000 €	690.000 €	690.000 €					
6	Investments in rural infrastructure	1.600.000 €	1.600.000 €	1.600.000 €					
7	Farm diversification and business development	2.200.000 €	2.200.000 €	2.200.000 €	4.560.000 €	4.560.000,00 €	4.560.000,00 €	1.300.000,00 €	914.000,00 €
9	Technical assistance	1.360.000 €	1.360.000 €	1.360.000 €	400.000 €	400.000,00 €	400.000,00 €	50.000,00 €	50.000,00 €
<b>Total</b>		<b>39.000.000 €</b>	<b>39.000.000 €</b>	<b>39.000.000 €</b>	<b>39.000.000 €</b>	<b>38.240.337 €</b>	<b>37.264.405 €</b>	<b>37.264.405 €</b>	<b>37.264.405 €</b>



This evaluation also included monitoring the values of the context indicators defined in IPARD II, in relation to those set as baseline in the IPARD III program, as shown in tables 13 and 14.

Table 13: Socio-economic indicator values in IPARD II and IPARD III

		IPARD II		IPARD III	
Context Indicator	Measurement unit	Context indicator value	Last available Year	Context indicator value	Last available Year
I: SOCIO-ECONOMIC INDICATORS					
Population					
Total	Inhabitants	620,029	2011 Census	623,633	2023 Census
Rural	% of total	36.8	2011 Census		
Urban	% of total	63.2	2011 Census		
Estimated population by municipality in the middle of the year				619,211	2021 Projection
Age structure					
< 15 years	% of total population	19,2	2011 Census	18,1	2023 Census
15-64 years	% of total population	68,0	2011 Census	65,1	2023 Census
65 and above	% of total population	12,8	2011 Census	16,8	2023 Census
Territory					
Total	Km2	13,812		13,812	
Rural	% of total area				
Urban	% of total area				
Population density					
Total	Inhabitants/km2	44.9	2011 Census	45.15	2023 Census
Rural	Inhabitants/km2				
Employment rate (*)	*insured person in agriculture	Data from Labour Force Survey (N/A)			
Total	No. and %	No. = 207.6 (total no. persons in employment - in thousands), E% = 41.4%	2013	No.= 319,1 (total no. of persons in employment - in thousands), E%= 56,4%	2024
Male	No. and %	No.=115.2 (in thousands), E% = 47.1%	2013	No.= 156,3 (total no. of persons in employment - in thousands), E%= 62,9 %	2024
Female	No. and %	No. = 92.4 (in thousands), E% = 36.0	2013	No.= 126,3 (total no. of persons in employment - in thousands), E%= 50%	2024
Self-employment rate				16,5%	2024
Share of self-employed persons in total employed persons for the age class 15-64	% of self-employed persons 15-64 years in total employed persons of the same age class				
Unemployment rate					
Total (15-74 years)	%	45676	2013	11,4%	2024
Youth (15-24 years)	%	39.9	2013	>30%	2020
GDP per capita (*)					
GDP per capita	GDP per capita	5,063	2012	10,998	2023
Total	EUR/inhabitant			51	2023
	Index PPS (EU-27=100)				
Poverty rate (*)					
Total and by type of area (thinly-populated, intermediate urbanised)	Total and in each type of area:	8.6%	2012	20.3% at risk of poverty rate	2022
	- % of total population			15.9% in urban settlements and 27.5% in rural settlements	<a href="#">2023 projection</a>
Structure of the economy (GVA)					
Total	EUR million	3,149	2012	5,583.889	2023
Primary	EUR mill/% of total GVA	7.4%	2012	454.53 / 8.14%	2023
Secondary	EUR mill/% of total GVA	15.0%	2012	796.36 / 14.24%	2023
Tertiary	EUR mill/% of total GVA	61.3%	2012	4,334.02 / 77.62%	2023
Structure of the employment					
Total	1,000 person			257390	2024
Primary	1,000 person/% of total			4274 / 1.7%	2024
Secondary	1,000 person/% of total			44775 / 17.4%	2024
Tertiary	1,000 person/% of total			208341 / 80.9%	2024
Labour productivity by economic sector					
Total	EUR/person				
Primary	EUR/person				
Secondary	EUR/person				
Tertiary	EUR/person				



Table 14: Sectoral indicator values in IPARD II and IPARD III

		IPARD II		IPARD III	
Context Indicator	Measurement unit	Context indicator value	Last available Year	Context indicator value	Last available Year
II: SECTORIAL INDICATORS					
Employment by economic activity					
Total	1,000 person	171,474	2013	282,6	2024
Agriculture	1,000 person	Sector A (NACE REV 2) 2,771	2013	12,2	2024
Agriculture	% of total	1.62%		4,3%	2024
Forestry	1,000 person	(A02 NACE REV2) 0.172	2013	N/A - Agriculture includes forestry and fishing	
Forestry	% of total	0.1%			
Food industry	1,000 person	*production of food 3.459 (C10 – NACE REV 2)	2013	3822 (C10 - NACE REV 2)	2020
Food industry	% of total	2.02%		2.16%	2020
Tourism	1,000 person	*accommodation and food services 14,333 (sector I NACE REV2)	2013	*accommodation and food services 26,797 (sector I NACE REV2)	2024
Tourism	% of total	8.35%		10.4%	2024
Labour productivity in agriculture					
Total GVA per full-time employed person in agriculture	EUR/AWU	NA		According to the Final Implementation Report of IPARD II Programme in Montenegro in 2024, gross value added (GVA) in the agriculture, forestry and fisheries sector in 2023 is 6.4% or 23 million EUR higher than in 2022.	
Labour productivity in forestry					
Total GVA per full-time employed person in forestry	EUR/AWU	N/A			
Labour productivity in food industry					
GVA per person employed in the food industry	EUR/person	NA		There was a GDP increase of 9.5 million EUR, to 427 jobs and a GDP/AVU of 11,094 EUR/AVU.	
Agricultural holdings (farms)					
Total	No.	48,87	2010	26711	2024
	No.	35,859	2010	Farm size (new classification)	
Farm size < 2 ha	No.	7,627	2010	< 0,10 ha - 260	2024 Census
Farm size 2-4.9 ha	No.	2,712	2010	0,10 < 0,50 ha - 2980	
Farm size 5-9.9 ha	No.	1,157	2010	0,50 < 1 ha - 4312	
Farm size 10-19.9 ha	No.	329	2010	1 < 5 ha - 11,137	
Farm size 20-29.9 ha	No.	313	2010	5 < 10 ha - 3252	
Farm size 30-49.9 ha	No.	441	2010	10 < 30 ha - 2886	
Farm size 50-99.9 ha	No.	432	2010	30 < 50 ha - 355	
Farm size > 100 ha	No.	31,579	2010	> 50 ha - 185	
Farm economic size					
< 2,000 Standard Output (SO)	No.	9,527	2010	31579	2016
Farm economic size 2,000-3,999 SO	No.	5,281	2010	9527	2016
Farm economic size 4,000-7,999 SO	No.	1,837	2010	5281	2016
Farm economic size 8,000-14,999 SO	No.	443	2010	1837	2016
Farm economic size 15,000-24,999 SO	No.	146	2010	443	2016
Farm economic size 25,000-49,999 SO	No.	42	2010	146	2016
Farm economic size 50,000-99,999 SO	No.	10	2010	42	2016
Farm economic size 100,000-249,999 SO	No.	1	2010	10	2016
Farm economic size 250,000-499,999 SO	No.	2	2010	1	2016
Farm economic size >500,000 SO	Ha UAA/holdings	45812	2010	2	2016
Average physical size	EUR of SO/holdings	2,600.0	2010		
Average economic size	Person/holdings	2	2010	4,5	2016
Average size in labour units (person)	AWU/holdings	0.96	2010		
Average size in labour units (AWU)					
Agricultural area	ha	221,297.6	2010	248,234.2	2024
Total UAA	% of total UAA	30317	2010	126,614.2	2024
Arable[1]	% of total UAA	94.98	2010	6.7%	2024
Permanent grassland and meadows	% of total UAA	45932	2010	107,605.6 (85%)	2024



Permanent crops				9,434.2	2024
<a href="#">Agricultural area under organic farming[2]</a>	ha UAA	2,533.9		4,121.87	2020
Certified	ha UAA	2,986.27		701.04	2020
In conversion	% of total UAA	12420		1.87%	2020
Share of UAA (both certified and conversion)					
Irrigated area	ha	5,204.2	2010	2466	2021
Total irrigated land	% of total UAA	12816	2010		
Share of UAA		118410	2010		
Livestock units	LSU	118,41	2010	106,622	2024
Total number					
Farm labour force					
Indicator name	Person	98,961	2010	99,236	2016
Total regular farm labour force	AWU	47,057	2010		
Total regular farm labour force					
<a href="#">Age structure of farm managers[3]</a>	No.	48,87	2010	59	2024
Total number of farm managers	% of total managers	22037	2010	26,626	2024
Share of < 35 years	No. of young managers by elderly managers	17,699	2010		
Ratio < 35/ > =55 years					
Agricultural training of farm managers	% of total	95.77	2010	According to the Final Implementation Report of IPARD II Programme in Montenegro (2014-2020), as well as the 2024 Census of Agriculture, only data on the level of education of farm managers is available.	
Share of total managers with basic and practical experience only	% of total	12905	2010		
Share of manager <35 years with basic and practical experience only					
Agricultural factor income (*)	EUR/AWU or index	N/A			
Share of gross value added at factor cost (factor income in agriculture) per annual work unit, over time					
Agricultural entrepreneurial income (*)	EUR/AWU	N/A			
Standard of living of farmers: agricultural entrepreneurial income (net agricultural entrepreneurial income in real terms) per unpaid (non-salaried) annual work unit	%	N/A			
Standard of living of farmers as a share of the standard of living of employees in the whole economy (based on EUR/hour worked)					
Total factor productivity in agriculture (*)	Index values (2005 = 100)	N/A		2,984 EUR/AVU (44% of the agriculture sector average)	2019
Ratio between the change in production volumes					
Gross fixed capital formation on agriculture	EUR million	NA			
GFCF	% of GVA in agriculture	NA			
Share of GVA in agriculture					
Forest and other wooded land (FOWL) (000)	1,000 ha	627(4)	2011	827,5	2019
Total	% of total land area	NA			
Share of total land area					
Tourism infrastructure	Total:				
Number of bed-places in collective tourist accommodation establishments: total and by type of region (predominantly rural,	- number of bed places in each type of region:	38,392(5)		50,917	2022
	- number of bed places				
	- % of total				



The information concerning the population residing in rural and urban areas is at the time of preparation of this Report unavailable on the official MONSTAT website, as well as on the websites of relevant ministries. Specifically, this data is not included in the 2023 Census, as the methodology employed did not facilitate the immediate classification of the population into urban and rural categories. Furthermore, recent data regarding the number of employees across various sectors, particularly in industry, could not be located within the Labour Survey data available on the MONSTAT website.

Information pertaining to agricultural holdings is also lacking on the MONSTAT platform. The primary reason for this absence of data is that the detailed results of the Census are scheduled for publication in stages, extending until 2026, with a submission to Eurostat anticipated in December 2025.

As a result, data related to III: Environmental/Climate Indicators remains unavailable. According to the Final Implementation Report of the IPARD II programme in Montenegro for 2024, the measures concerning "Rural Public Infrastructure," "Agri-environmental measures and organic agriculture," and "Implementation of local development strategies - LEADER approach" have yet to receive accreditation. Consequently, data for this indicator has been excluded from the table, as no recent or precise information could be found, aside from data related to water abstraction in agriculture and the production of renewable energy from agriculture and forestry.

This situation highlights a significant challenge regarding the lack of comprehensive data, coupled with the partial availability of certain information. The main reasons for omitting the values of certain indicators are the incomplete publication of the Agricultural Census results from 2024. While some data for other indicators is accessible, it is only available in a fragmented manner. It is also crucial to note that discrepancies exist in classifications for various metrics, including farm size, labour productivity, and employment by economic activity.

## 5.2 Actual implementation and targets

Project implementation, within the IPARD programme commenced in 2019. As of the end of 2024, a total of 748 projects have been successfully executed. The implementation of the program was monitored through the submitted monitoring tables (MT) AIR 2019 - AIR 2024.

Table 15 provides an overview of the projects implemented under each measure and a summary of the total disbursed funds during the implementation period, based on Monitoring table (MT) 2019-2024 (received from MA on July 1, 2025). *Note: The values presented are taken from MT without modification. The figure shown in MT for EU support from 2023 did not include support under Measure 7, so the total should be 8,681,037.48 euros.*

Table 15: Overview of the number of projects completed and funds disbursed within IPARD II programme<sup>3</sup>

Year of project realization	Total number of conducted projects within Measure 1	Total number of conducted projects within Measure 3	Total number of conducted projects within Measure 7	Total number of conducted projects	Public aid	EU funds
2019	5	3	0	8	1.822.934,71 €	1.367.201,03 €
2020	158	3	0	161	4.610.345,59 €	3.457.758,96 €
2021	41	7	0	48	4.948.111,88 €	3.525.572,47 €
2022	69	17	0	86	8.313.173,55 €	6.073.598,67 €
2023	73	40	0	113	11.758.956,86 €	8.681.037,48 €
2024	304	11	17	332	15.200.178,10 €	11.703.687,25 €

<sup>3</sup> Tables of common indicators for monitoring and evaluation of the agricultural and rural development programme- IPARD II programme 2014-2020, AIR 2024 (30.1.2025.)





### 5.2.1 Implementation of the Measure 1 of the IPARD II programme

The total number of received applications under Measure 1 is 1.187 over the course of the programme implementation and within 5 public calls. Out of these, 222 projects were rejected, 777 projects were approved and 650 supported.<sup>4</sup> Due to the observed irregularities in the ex-post phase, a full refund was requested for two beneficiaries of Measure 1, while for one beneficiary the refund was partial.

Over the five public calls, the distribution of the supported projects was rather uneven, as demonstrated in the graph below, with the first and last call accounting for 75% of the total funds distributed.

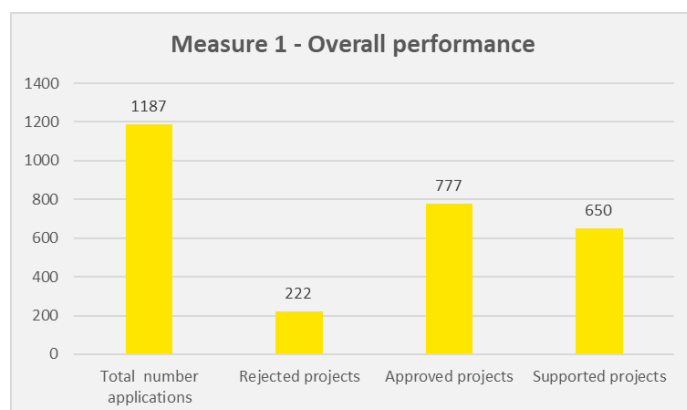


Figure 4: Measure 1 - Realization across public calls

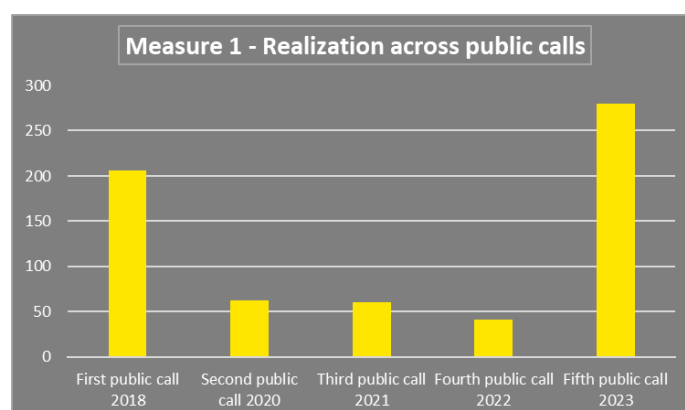


Figure 5: Measure 1 - Realization across public calls

The chart below shows the share of sectors in the total number of supported projects, with the milk sector accounting for more than 50% share, followed by the eggs production sector with 30% of the total share.

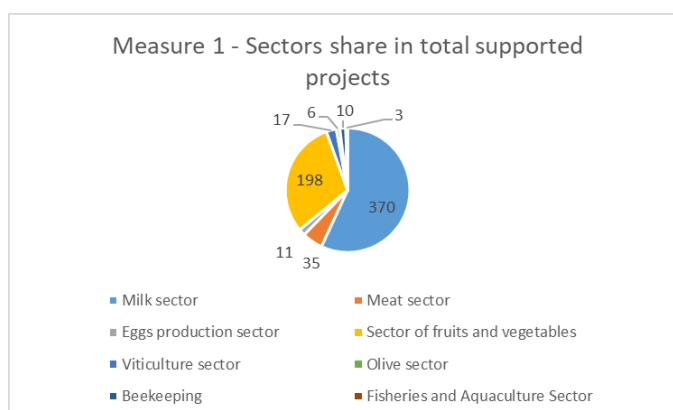


Figure 6: Measure 1 - Sectors share in total supported projects

Based on the survey results for the beneficiaries of the Measure 1 (total of **58 respondents**), the following findings can be recorded<sup>5</sup>:

The Figure No. 6 demonstrates the type of investment made with procurement of machinery (specialized vehicles) representing the largest share at 41%, followed by the construction of a new facility and equipment purchases, each accounting for 24%. In contrast, the procurement of planting material, land

<sup>4</sup> Source: Official IPARD II Monitoring table, received from MA

<sup>5</sup> Source: Beneficiaries' survey results (more details provided in Annex 2)



preparation and planting, as well as the reconstruction of an existing facility, received minimal investments, with only 2 each.

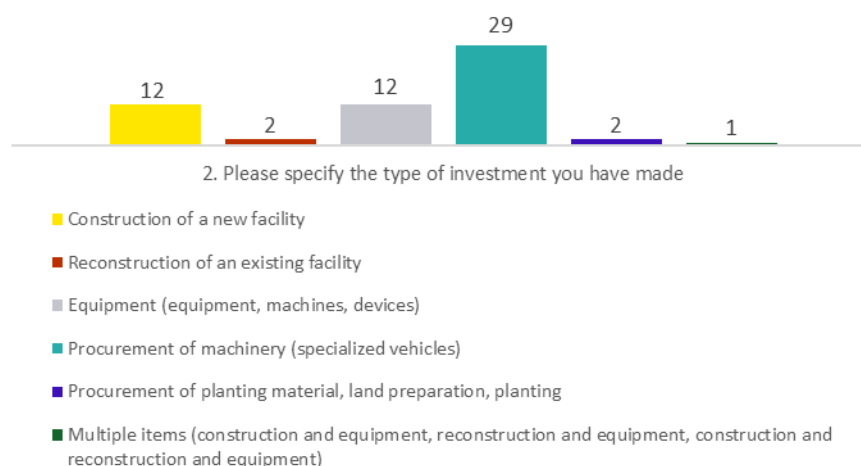


Figure 7: Distribution of types of investments made

In stating the percentage of income increase from IPARD II support, significant portion of respondents, 35 out of 58, reported an increase of more than 10% in their income. This is followed by 16 respondents who indicated an increase between 5-10%, while only 7 of them experienced an increase of less than 5%, as shown in the chart below.

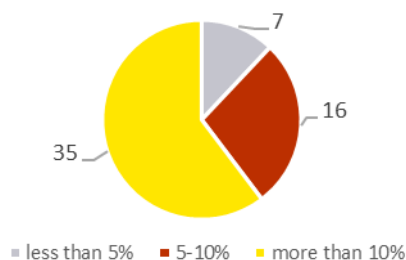


Figure 8: Income increase distribution from IPARD II support

When asked if IPARD II support contributed to the modernization of their farms, a substantial majority, 95% of the respondents, believe that the support has positively impacted the modernization efforts of their farms. In contrast, only 5% of respondents do not believe that the IPARD II support has contributed to this process, which points out a strong consensus on the effectiveness of the programme.

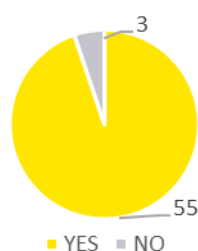


Figure 9: Impact of IPARD II support on farm modernization



The respondents reported the increase of number of permanent employees in majority of farms (60%) while 40% indicated that there was no increase.

9. Has the number of permanent employees at your farm increased after the completion of the investment? (please state the number of employees)

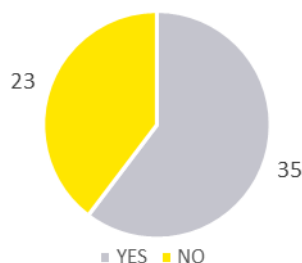


Figure 10: Impact of IPARD II support on number of permanent employees

### 5.2.2 Implementation of the Measure 3 of the IPARD II programme<sup>6</sup>

The total number of received applications under Measure 3 is 204 over the course of the programme implementation and within 5 public calls. Out of these, 68 projects were rejected, 118 projects were approved and 81 concluded and paid. Due to the observed irregularities in the ex-post phase, a full refund was requested for one beneficiary in this regard, while for two beneficiaries the refund was partial.

Over the five public calls, the distribution of the supported projects was rather even, as demonstrated in the graph below, with the last call accounting for 33% of the total funds distributed.

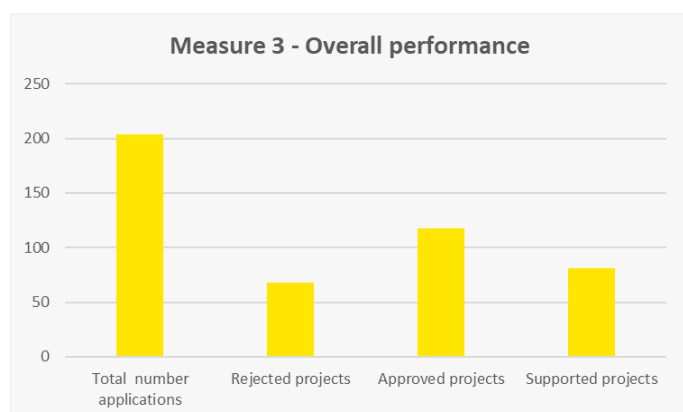


Figure 11: Measure 3 - Overall performance

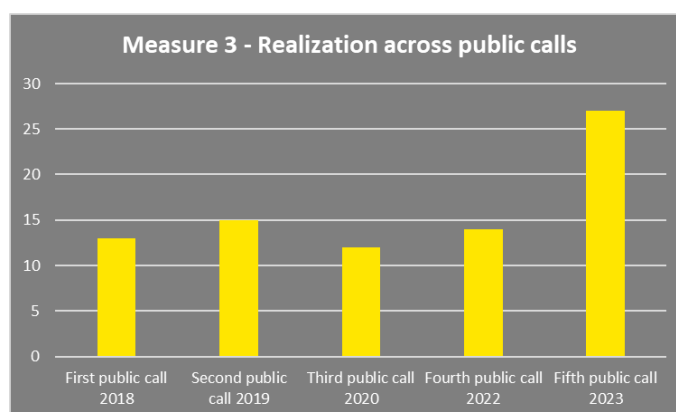


Figure 12: Measure 3 - Realization across public calls

The chart below shows the share of sectors in the total number of supported projects, with the meat processing sector accounting for 42% share, followed by the fruit, vegetables and eligible sector with 30% of the total share, then the viticulture sector with 14%, the dairy sector with 6%, and the olive production sector with 3%.

<sup>6</sup> Source: Official IPARD II Monitoring table, received from MA

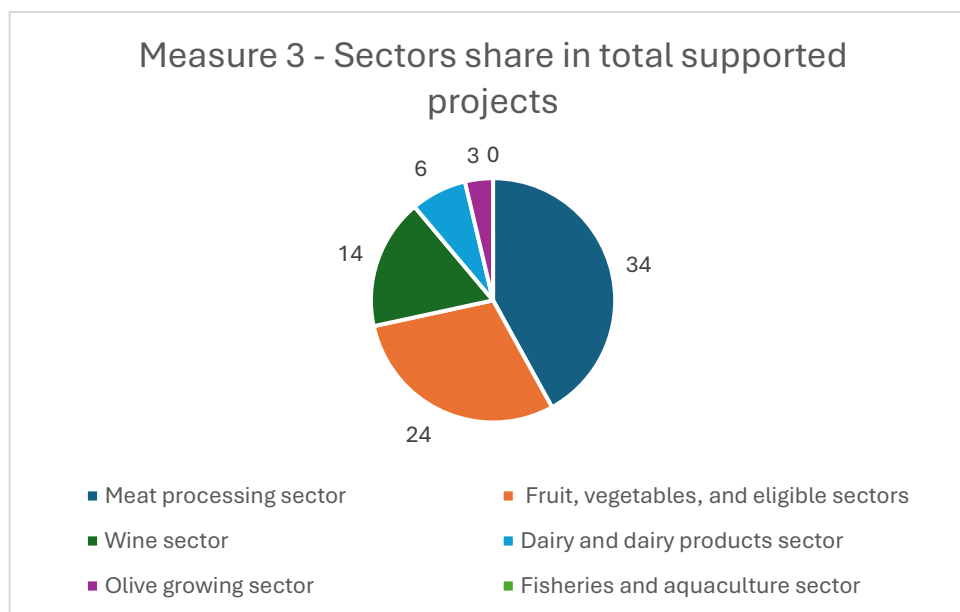


Figure 13: Measure 3 - Sectors share in total supported projects

Based on the survey results for the beneficiaries of the Measure 3 (total of **12 respondents**), the following findings can be recorded<sup>7</sup>:

The Figure No. 14 below demonstrates the type of investment made with the most common type of investment being in equipment, accounting for approximately 58.3% of the total. The construction of a new facility represents about 16.7%, while the reconstruction of an existing makes up 8.3% of the total. Another 16.7% indicated multiple items, while the procurement of machinery had no investments within the sampled respondents.

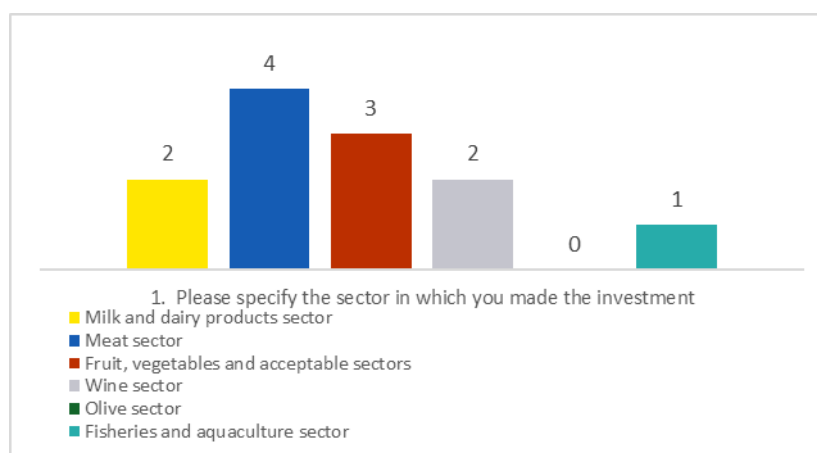


Figure 14: Distribution of types of investments made

In stating the percentage of income increase from IPARD II support, none reported an increase of less than 5%. Three respondents (25%) indicated an increase of 5-10%, while the majority, 9 respondents (75%), reported an increase of more than 10%.

<sup>7</sup> Source: Beneficiaries' survey results (more details provided in Annex 2)

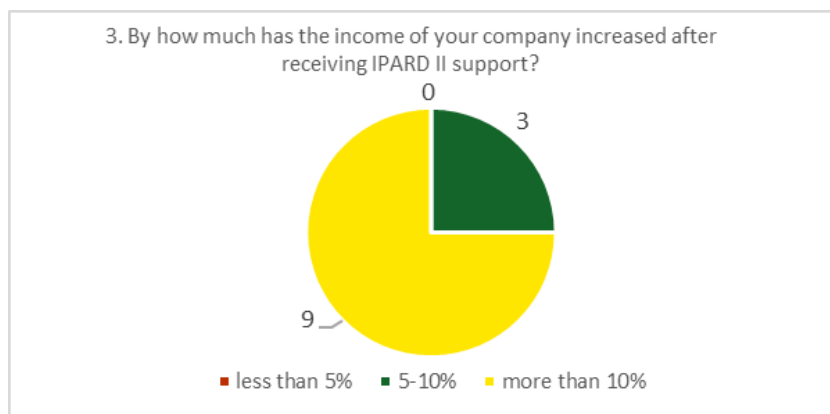


Figure 15: Impact of IPARD II support on income growth

When asked if the investment would have been made without IPARD II support, 5 respondents (42%) stated that they would not have made the investment at all without the support. Six respondents (50%) indicated that they would have invested, but only partially. Only 1 respondent (8%) felt confident that they would have proceeded with the investment regardless of the support.

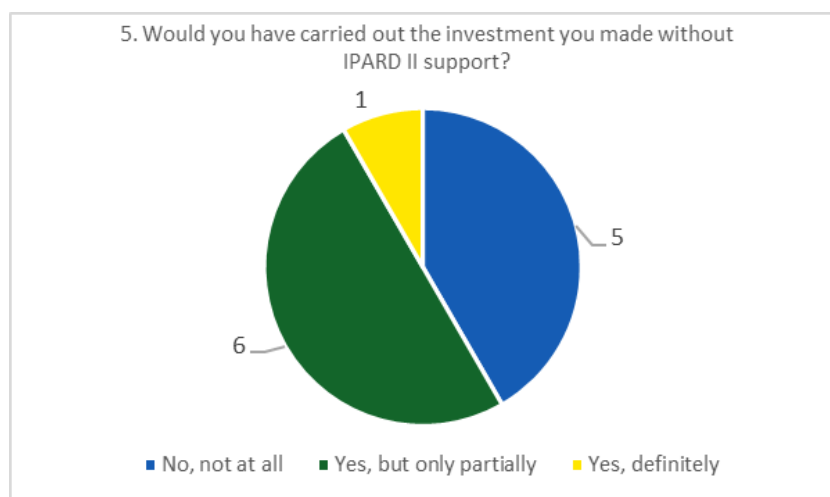


Figure 16: Investment likelihood without IPARD II support

Based on the received responses, the IPARD II resulted in increase of employment across the sampled beneficiaries, with the total number of 329 permanent employees across surveyed companies. Following the implementation of IPARD II support, this number increased to 429 employees, reflecting a growth of 100 employees cumulatively.

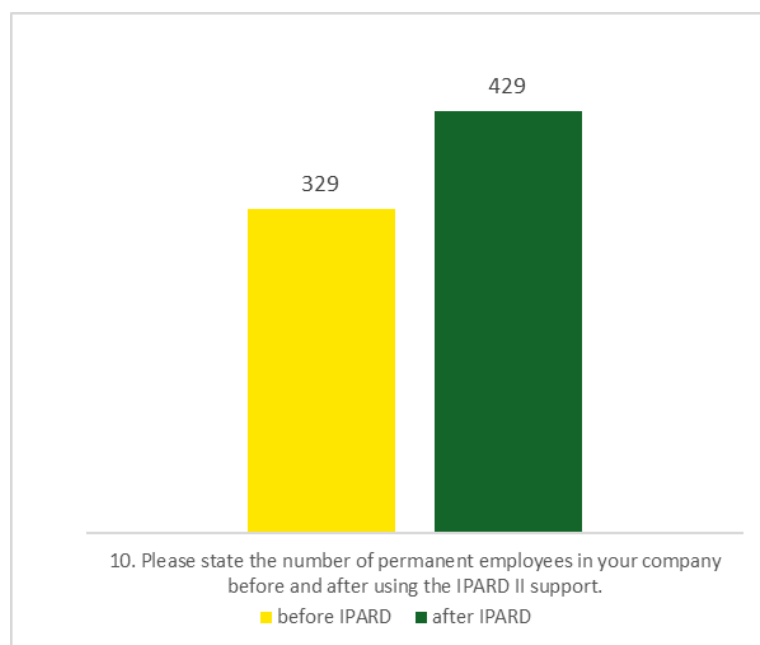


Figure 17: Impact of IPARD II on number of permanent employees

In analysing performance and results of the Measure 3, the Evaluation team conducted **counterfactual analysis**, as described in the section 4.1.2. The analysis was conducted based on the only set of data available to the team, and as received from the representatives of the MAFWM. After processing the data, the analysis was done on the sample of 155 companies, out of which 135 did not receive the IPARD support and 20 did receive it.

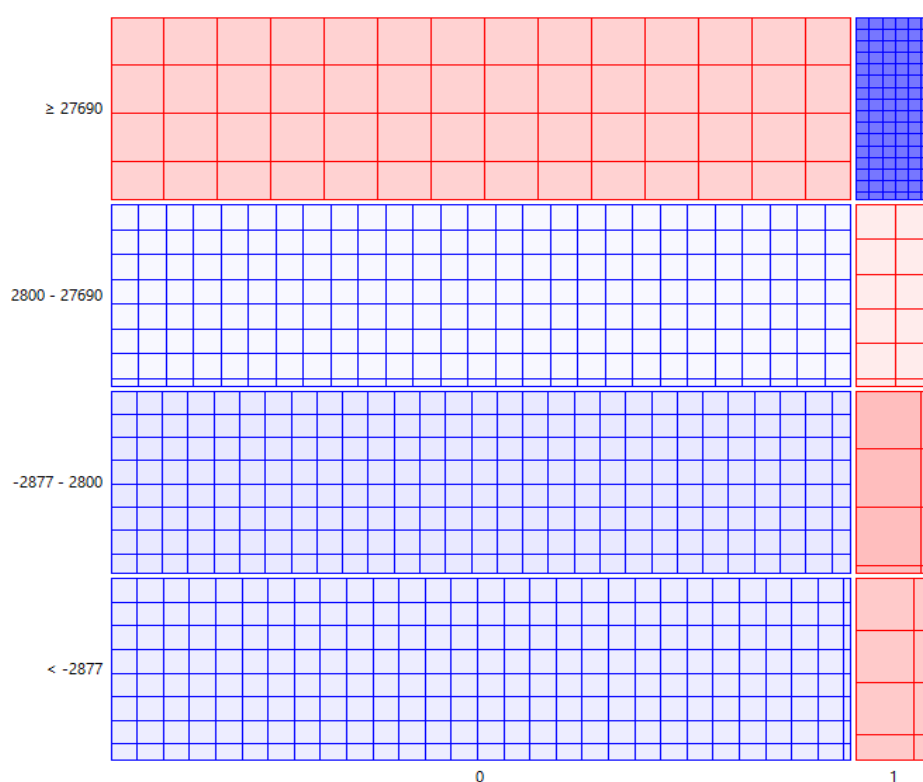


Figure 18: Siege diagram analyzing the influence of Net profit and IPARD support (0 - not supported, 1 - supported). The relationship is statistically significant ( $\chi^2=70,86$ ,  $p < 0.001$ , \*\*\*)

Figure 18 presents Siege diagram which analyses the relationship between Net profit and IPARD support. Blue colour represents a higher-than-expected occurrence, and red a lower-than-expected occurrence of





cases. The density signifies the intensity of these occurrences. The upper right corner shows that the **IPARD supporters have a higher-than-expected net profit** (expected 2%, observed 7%, which is a 3 time stronger than expected correlation).

Similar findings have been found in the **number of employees** Sieve diagram ( $\chi^2=46,00$ ,  $p < 0.001$ , \*\*\*), **earnings before interest and taxes (EBIT)** ( $\chi^2=68$ ,  $p < 0.001$ , \*\*\*), **fuel and energy costs** ( $\chi^2=47,47$ ,  $p < 0.001$ , \*\*\*), and **transport and maintenance costs** ( $\chi^2=64,72$ ,  $p < 0.001$ , \*\*\*).

Based on the Sieve diagram analysis and chi square test it can be **confidently concluded that there is strong statistical relationship between the observed input attributes and IPARD support**.

After the Sieve diagram analysis classification models were built. Several classification algorithms have been used, yet the Gradient Boosted algorithm showed best performance (Table 16).

Table 16: Classification performance of the Gradient Boosting Algorithm

AUC	Accuracy	F1	Precision	Recall
95.6%	94.9%	69.1%	87.5%	57.1%

The AUC (Area Under the Curve) was extraordinary with a value of 95.6%. All values above 50% are better than random guess classification, where AUC over 70% is suitable for practical use. Accuracy also achieved high values, yet this is not of big importance, having in mind that for imbalanced datasets (were output class categories, e.g. IPARD non-supported and IPARD supported, are in vast imbalance, having a clear majority class) this measure is not a good representative for classification performance. More interesting measures are Precision and Recall showing how many IPARD grantees have been identified when the model classified them as being IPARD grantees (Precision) and showing how many true IPARD grantees have been identified compared to all true IPARD grantees (Recall). A Precision higher than a Recall shows that the model, although able to identify the true IPARD grantees, has an increased number of false positives. The false positives are wrongly classified as being IPARD grantees, although they are not.

Table 17: Confusion matrix for the Gradient boosted model

	Predicted 0	Predicted 1
0	441	4
1	21	28

The model classification is given in Table 21, where from the 494 cases 441 being non IPARD were classified correctly, as 28 IPARD grantees were classified correctly. On the other hand, the model wrongly classified 4 IPARD grantees as non IPARD grantees (false negatives) and identified 21 non IPARD grantees as IPARD grantees (false positives).

Table 18: Attribute influence on Gradient Boosting Model on classification

Net profit	20.91%
Number of employees	23.97%
Earnings before interest and taxes (EBIT)	20.15%
Fuel and energy costs	17.48%
Transport and maintenance costs	17.48%



The Gradient Boosted Model revealed also the importance of the selected attributes for IPARD classification. The results are given in Table 22, where the **number of employees** was the most important attribute.

Based on the classification model a counterfactual analysis has been made to study how the enterprises that were analysed would have behaved should they had not received an IPARD funding. The DICE-ML software<sup>8</sup> was used for the analysis. Based on the results of the model it can be concluded that **net profit** would fall in 95% of companies if there had not been the IPARD support, the **number of employees** would decrease in 85% of cases, the **earnings before interest and taxes (EBIT)** would decrease in all companies, and **fuel and energy costs** and **transport and maintenance costs** would be higher in all companies.

When observing in detail two companies, beneficiaries of the IPARD II programme, Mesopromet Ltd. and Primato P, there are meaningful observations recorded. For the Mesopromet Ltd. one possible scenario of IPARD impact (counterfactual) is the **significant growth of employees in the future**, and that from 40 to 434 employees. For the Primato P company there were no significant increases expected in the number of employees, but a rather **high increase in net profit** and **earnings before interest and taxes (EBIT)**.

It can be concluded that the **IPARD support had a positive influence on the performance of the companies**, however, we cannot exclude that there is another confounding attribute that influences the successfulness of the IPARD-supported companies, other than the funding alone. It is also worth noting that the time from the support received to the implementation of the analysis is not sufficient to determine the actual effects with a higher accuracy, given that according to scientific evidence, it takes 4-5 years after the support received for the result to be more clearly expressed.

### 5.2.3 Implementation of the Measure 7 of the IPARD II programme<sup>9</sup>

There was **only one public call** for the measure 7 resulting in 102 received applications. Out of these, no projects were rejected, 22 were approved and 17 supported with the goal of supporting development of rural tourism.

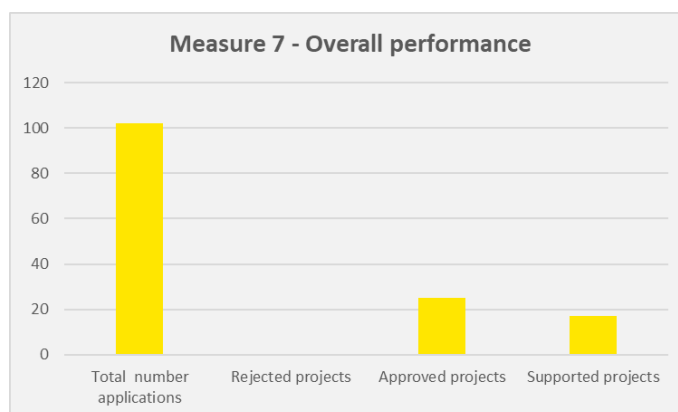


Figure 19: Measure 7 - Overall performance

Based on the survey results for the beneficiaries of the Measure 7 (total of **6 respondents**), the following findings can be recorded<sup>10</sup>:

<sup>8</sup> <https://interpret.ml/DiCE/readme.html>

<sup>9</sup> Source: Official IPARD II Monitoring table, received from MA

<sup>10</sup> Source: Beneficiaries' survey results (more details provided in Annex 2)



Given that the public call was intended exclusively for the rural tourism sector, the survey explored the type of investment implemented, as the Monitoring tables did not clearly indicate whether the investment referred to the construction of a new facility or the reconstruction of an existing one. Most respondents stated that they invested in the construction of a new facility. One respondent reported investments in multiple items. There was one response referring to the reconstruction of an existing facility, while no respondents reported investments in equipment (machines, devices).

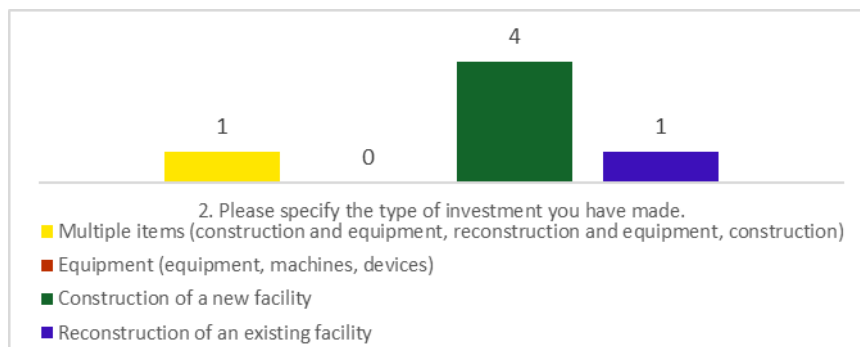


Figure 20: Distribution of types of investments made

In stating the percentage of income increase from IPARD II support, two respondents (33.3%) indicated an increase of 5-10%, while 4 respondents (66.7%) reported an increase of more than 10%. These results suggest that a significant majority of respondents experienced a notable increase in income following the support, although this data should be taken with caution, considering that most facilities were completed just before the end of 2024 and at the time the survey, the financed facilities were not operational, and as such did not generate income

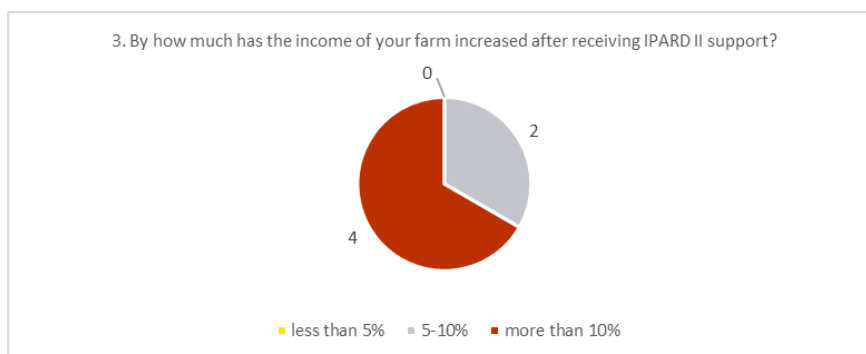


Figure 21: Impact of IPARD II support on income growth

Out of a total of 6 responses, 3 respondents (50%) stated that they would not have carried out the investment without IPARD II support. Three respondents (50%) said they would invest, but only partially. None of the respondents (0%) indicated that they would fully implement the investment without support, suggesting that the majority of respondents relied on IPARD II support to implement their investments.

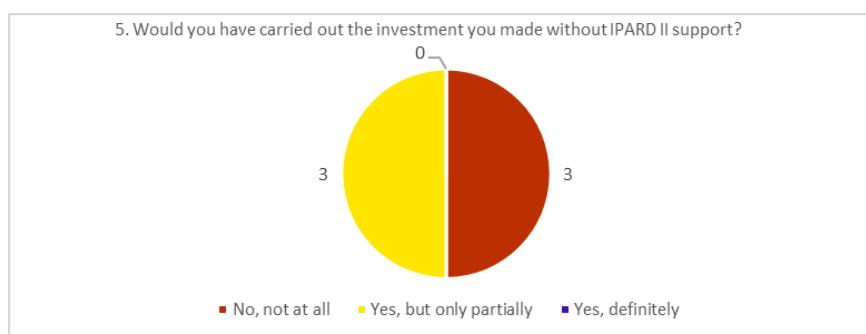


Figure 22: Likelihood of investment without IPARD II support



### 5.3 Economic results and impacts

There are clear indications that the Montenegro's agriculture sector has potential for sustainable growth and needs to continue to be modernized to become a more competitive exporter sector, especially for Montenegro being a candidate country for the EU membership, and a member of WTO since 2012. The agriculture sector comprises activities in agriculture, forestry and fishing.

In Montenegro's economy, agriculture continues to play a significant role contributing to food security and poverty reduction, especially in rural areas where it serves as a key source of income and employment. While the agriculture sector's contribution to GDP remains relatively modest and increasing during the period from 2017 to 2024, the overall growth of Montenegro's economy shows a steady upward trend, (Figure No. 23 below) in the recent years (Figure 23) <sup>(11,12,13,14,15)</sup>.

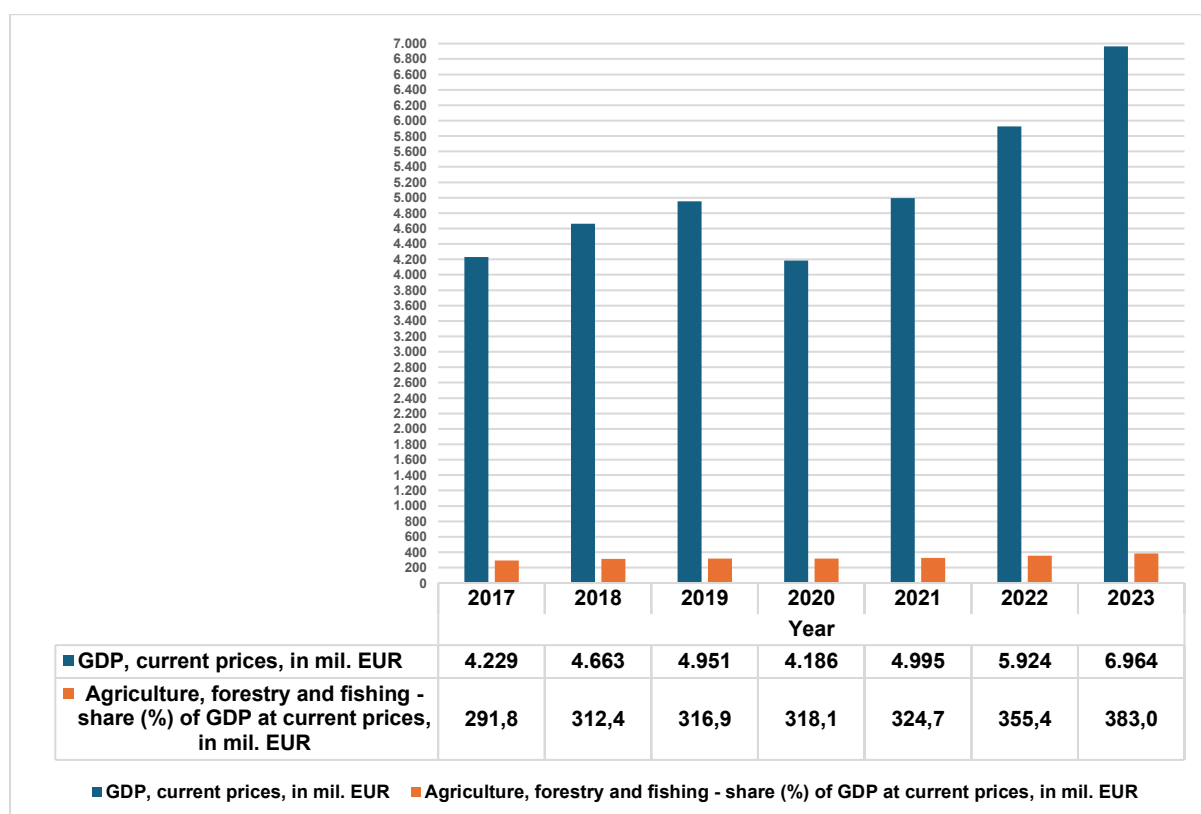


Figure 23: Share of GDP from agriculture

<sup>11</sup> MONSTAT -Montenegro in Figures, Podgorica 2019 - [https://monstat.org/userfiles/file/publikacije/cg%20u%20brojkama%202019\\_Part2\\_Part1.pdf](https://monstat.org/userfiles/file/publikacije/cg%20u%20brojkama%202019_Part2_Part1.pdf)

<sup>12</sup> MONSTAT -Montenegro in Figures, Podgorica 2020 - <https://monstat.org/uploads/files/publikacije/CG%20u%20brojkama%202020%20ENG.pdf>

<sup>13</sup> MONSTAT -Montenegro in Figures, Podgorica 2021 - [https://monstat.org/uploads/files/publikacije/Monstat%20-%20CG%20u%20Brojkama%20ENG\\_WEB.pdf](https://monstat.org/uploads/files/publikacije/Monstat%20-%20CG%20u%20Brojkama%20ENG_WEB.pdf)

<sup>14</sup> MONSTAT -Montenegro in Figures, Podgorica 2023 - <https://monstat.org/uploads/files/publikacije/CG%20u%20brojkama%202023%20ENG.pdf>

<sup>15</sup> MONSTAT - Gross domestic product of Montenegro - Release 125/2024, 18 September 2024 - [https://monstat.org/uploads/files/BDP/BDP%202023/Annual%20GDP%202023\\_eng.pdf](https://monstat.org/uploads/files/BDP/BDP%202023/Annual%20GDP%202023_eng.pdf)



The projections for agricultural growth in 2024 and 2025 are not specified in the available sources. It is, however, evident that agriculture remains one of the key sectors in the Montenegro's economic progress. This contribution is reflected through continuous provision of support to overall wholesale and retail trade (13.7%) and food services and tourism activities (8.7%)<sup>(16)</sup> and in the recovery from the sharp economy contraction due to COVID 19 pandemic period which may have severely impacted tourism sector as one of significant contributors to GDP.

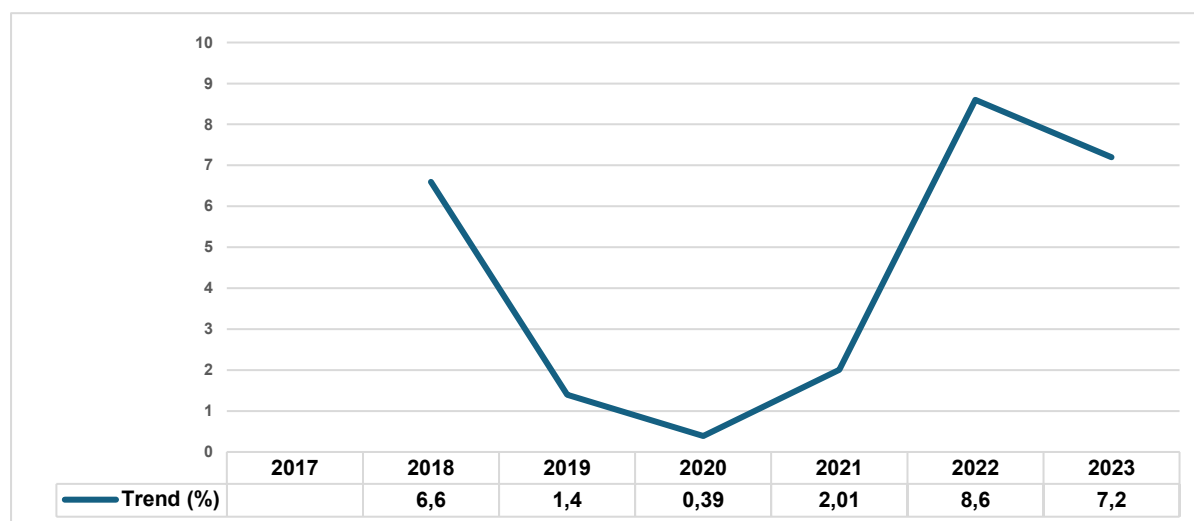


Figure 24: Agriculture share trends as % of GDP (2017-2023)

The agriculture trends show most notable recovery and increase in outputs during the period from 2021 to 2023 (Figure No. 25 below)<sup>(17,18,19,20,21,22)</sup>. This recovery would also contribute to moderate growth predictions in forthcoming years as a reflection of stabilised post COVID 19 pandemic rebound (i.e. period after 2021). While overall Montenegro's economic growth is expected to moderate in the coming years (i.e. around 3.7%)<sup>(23)</sup> with expected contribution of other growing sectors (e.g. services and industry), it is vital to ensure continued focus on agriculture as the key sector to support Montenegro's sustained food safety and security and overall economic development.

<sup>16</sup> Montenegrin Investment Agency (2025). Guidelines - Investing in Agriculture in Montenegro 2025 - <https://mia.gov.me/wp-content/uploads/Agriculture-2025-online.pdf>

<sup>17</sup> MONSTAT -Montenegro in Figures, Podgorica 2019 -

[https://monstat.org/userfiles/file/publikacije/cg%20u%20brojkama%202019\\_Part2\\_Part1.pdf](https://monstat.org/userfiles/file/publikacije/cg%20u%20brojkama%202019_Part2_Part1.pdf)

<sup>18</sup> MONSTAT -Montenegro in Figures, Podgorica 2020 -

<https://monstat.org/uploads/files/publikacije/cg%20u%20brojkama%202020%20ENG.pdf>

<sup>19</sup> MONSTAT -Montenegro in Figures, Podgorica 2021 - [https://monstat.org/uploads/files/publikacije/Monstat%20-%20CG%20u%20Brojkama%20ENG\\_WEB.pdf](https://monstat.org/uploads/files/publikacije/Monstat%20-%20CG%20u%20Brojkama%20ENG_WEB.pdf)

<sup>20</sup> MONSTAT -Montenegro in Figures, Podgorica 2023 -

<https://monstat.org/uploads/files/publikacije/cg%20u%20brojkama%202023%20ENG.pdf>

<sup>21</sup> MONSTAT - Gross domestic product of Montenegro - Release 125/2024, 18 September 2024 -

[https://monstat.org/uploads/files/BDP/BDP%202023/Annual%20GDP%202023\\_eng.pdf](https://monstat.org/uploads/files/BDP/BDP%202023/Annual%20GDP%202023_eng.pdf)

<sup>22</sup> Montenegro, Statistical Yearbook 2024 - <https://monstat.org/uploads/files/publikacije/godisnjak2024/6.pdf>

<sup>23</sup> International Monetary Fund (2024). Montenegro: Staff Concluding Statement of the 2024 Article IV Mission - February 12, 2024 - <https://www.imf.org/en/News/Articles/2024/02/11/cs02122024-Montenegro-Staff-Concluding-Statement-of-the-2024-Article-IV-Mission>

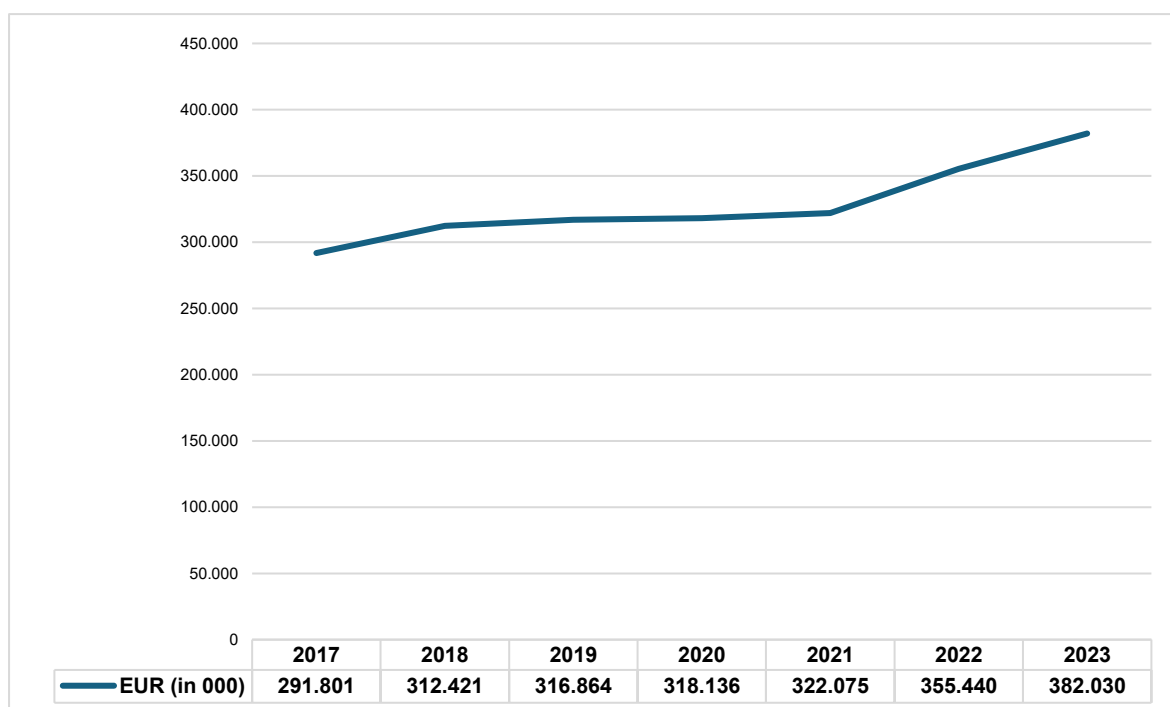


Figure 25: Sectoral GDP: Agriculture, Forestry, and Fishing

Table No. 19 and Figure No. 26 below show trends in imports and exports of agricultural products in Montenegro for the period between 2017 and 2024. While there seem to be steady increase in exports (i.e. nearly 53% increase - from around EUR 46 million in 2017 to EUR 99 million in 2024) this is also followed by a steady increase in imports (i.e. nearly 46% increase - from around EUR 506 million in 2017 to EUR 936 million in 2024).

Table 19: Trade in agricultural products

Indicator	Year							
	2017	2018	2019	2020	2021	2022	2023	2024
Exports of agricultural products (in EUR thousands)	46,951	45,352	48,591	47,716	59,815	61,141	88,683	99,664
Share in total exports (%)	12.6	11.3	11.7	13	13.7	8.7	13.2	16.2
Import of agricultural products (in EUR thousands)	505,867	518,298	556,139	455,105	568,238	755,418	895,908	936,172
Share in total imports (%)	22	20.3	24.4	21.6	22.7	21.3	23.5	23
Trade balance of agricultural products (in EUR thousands)	-458,916	-472,946	-507,549	-407,389	-508,238	-694,277	-807,226	-836,500





EUR thousands)								
Coverage of import by export (%)	9.3	8.8	8.7	10.5	10.5	19.8	9.9	10.6

Table No. 19 above also shows that the coverage of exports and imports remains at relatively stable levels between 2017 and 2024. At the same time, there seems a significant increase (around 45%) in negative trade balance (i.e. imports exceeding exports) between imports and exports ranging from around EUR 458 million in 2017 to EUR 836 million in 2024 reference <sup>(24,25,26,27,28,29)</sup>. Table No. 19 above and below Figure No. 26 also show that Montenegro remains a net importer of food as reflected by coverage of imports by exports of around 10% on average with a trend of a continuing widening gap between the Montenegro's agricultural imports and exports over the period from 2017 to 2024

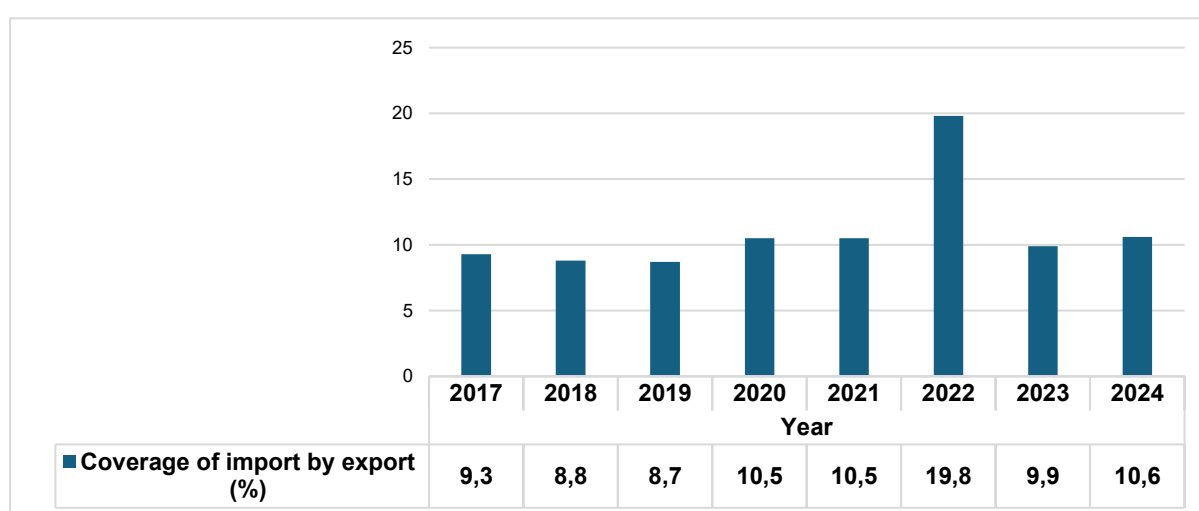


Figure 26: Coverage of import by export in %

Figure No. 27 below shows the growing trends in Montenegro's foreign trade exchange in both agriculture products imports and exports between 2017 and 2025. Imports grew from around EUR 505 million to EUR 936 million during that period. Exports grew from around EUR 49 million to EUR 99 million during that period.

<sup>24</sup> MONSTAT -Montenegro in Figures, Podgorica 2019 - [https://monstat.org/userfiles/file/publikacije/cg2019/CG%20u%20brojkama%202019\\_Part2\\_Part1.pdf](https://monstat.org/userfiles/file/publikacije/cg2019/CG%20u%20brojkama%202019_Part2_Part1.pdf)

<sup>25</sup> MONSTAT -Montenegro in Figures, Podgorica 2020 - <https://monstat.org/uploads/files/publikacije/CG%20u%20brojkama%202020%20ENG.pdf>

<sup>26</sup> MONSTAT -Montenegro in Figures, Podgorica 2021 - [https://monstat.org/uploads/files/publikacije/Monstat%20-%20CG%20u%20Brojkama%20ENG\\_WEB.pdf](https://monstat.org/uploads/files/publikacije/Monstat%20-%20CG%20u%20Brojkama%20ENG_WEB.pdf)

<sup>27</sup> MONSTAT -Montenegro in Figures, Podgorica 2023 - <https://monstat.org/uploads/files/publikacije/CG%20u%20brojkama%202023%20ENG.pdf>

<sup>28</sup> MONSTAT - Gross domestic product of Montenegro - Release 125/2024, 18 September 2024 - [https://monstat.org/uploads/files/BDP/BDP%202023/Annual%20GDP%202023\\_eng.pdf](https://monstat.org/uploads/files/BDP/BDP%202023/Annual%20GDP%202023_eng.pdf)

<sup>29</sup> Montenegro, Statistical Yearbook 2024 - <https://monstat.org/uploads/files/publikacije/godisnjak2024/6.pdf>

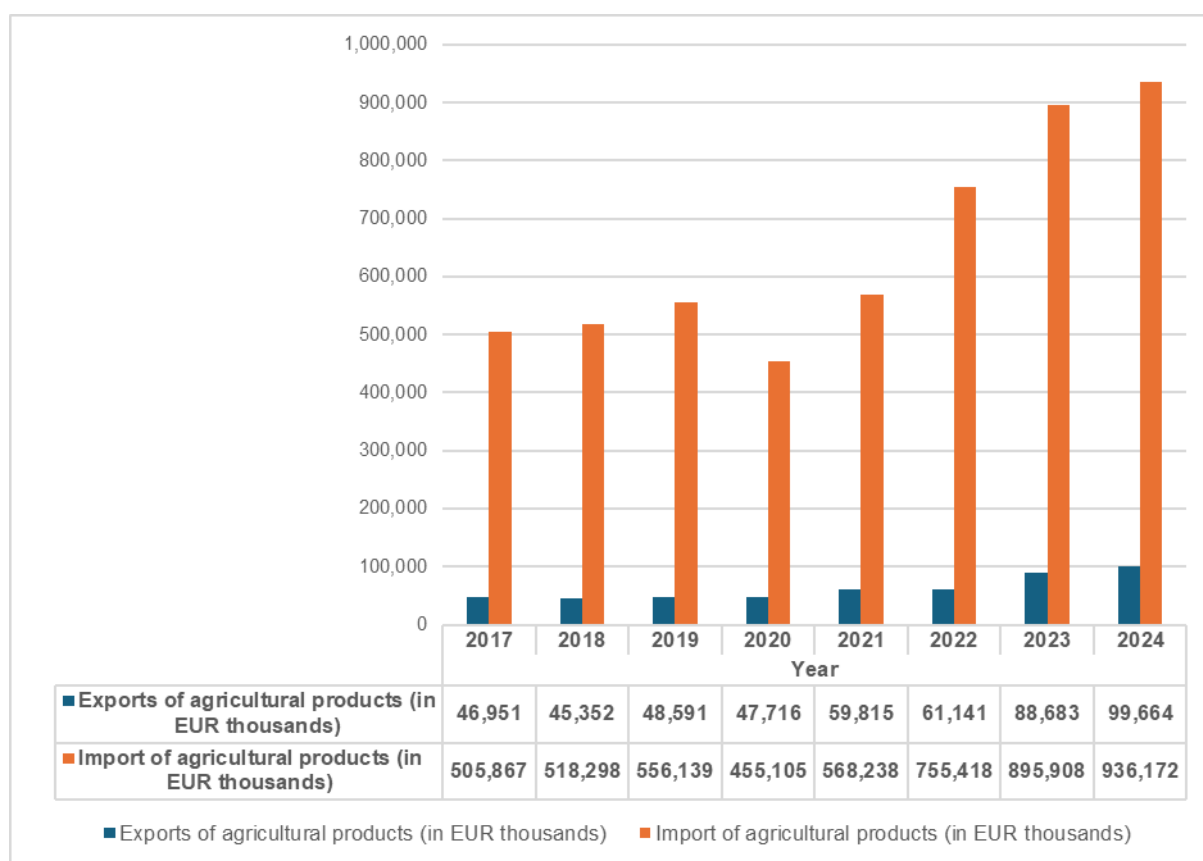


Figure 27: Overview of annual exports and imports of agricultural products

Major Montenegro's leading importing and exporting partners <sup>(30)</sup> are from the European Union, CEFTA (Albania, Bosnia and Herzegovina, Moldova, North Macedonia, Serbia and Kosovo <sup>(31)</sup>).

The screenshot (S.1) below shows the EU approval of establishment in agriculture sector with respect to livestock sector food products (i.e. meat products and category 3 by-products, dairy products, animal fats and greaves, egg and eggs products and fishery products). In total there are 24 EU approved establishments as combined within 17 companies and related to meat and meat products and by-products (17 establishments), eggs and egg products (3 establishments), dairy (1 establishment), and fishery products (3 establishments). All these approvals are relatively recent, and approval dates refer to the year 2019 (i.e. egg and egg products), year 2020 (i.e. offal - casings only), year 2021 (meat of ungulates, meat products, minced meat and meat preparations and mechanically separated meat, animal by-products of category 3, rendered fat and greaves, dairy products, eggs and egg products, casings).

<sup>30</sup> MONSTAT - Release 84/2025 - (preliminary data). External trade in goods of Montenegro, 25 may 2025 (<https://monstat.org/uploads/files/spoljna%20trgovina/2025/04/External%20trade%20in%20goods%20jan-april%202025-.pdf>)

<sup>31</sup> As recognised by the United Nation's Assembly



### S.1. EU trade approved establishments - commodities<sup>32</sup>

Country	Chapter	Section	Establishments	Last update		
Montenegro	Food	RM Meat of domestic ungulates	4	10/12/2021		
Montenegro	Food	MM Minced meat, meat preparations and mechanically separated meat – MM, MP, MSM	1	03/07/2021		
Montenegro	Food	RPM Meat products	6	10/12/2021		
Montenegro	Food	FFP Fishery products	3	10/12/2021		
Montenegro	Food	MMP Raw milk, dairy products, colostrum and colostrum-based products	1	29/10/2020		
Montenegro	Food	EPP Eggs and egg products	3	05/12/2019		
Montenegro	Food	FAT Rendered animal fats and greaves	1	28/08/2021		
Montenegro	Food	CAS Treated stomachs, bladders and intestines: casings only	2	15/01/2020		
Montenegro	Animal By-Products	ABP-COL Other facility for the collection or handling of animal by-products (i.e. unprocessed/untreated materials)	3	10/12/2021		

**Note:** As a part of the evaluation methodology, the team has interviewed one of the EU approved and listed companies - MESOPROMET, Ltd, Bijelo Polje municipality. This company is EU listed as slaughter plant for cattle and goats and cutting plant for sheep and pigs (for detail - see Annex 9). Table No. 20 below lists the EU approved establishment (as of 15 May 2025).

Table 20: Approved establishments in agriculture sector

Sector	Comment (EU approval list - approved number)
Meat and meat products and by-products	<ul style="list-style-type: none"> <li>2 (Goranovic, Niksic),</li> <li>18 (GRADINA COMPANY D.O.O -Rozaje - for C3 category,),</li> <li>23 (Darma, Podgorica),</li> <li>29 (Gradina Company, Rozaje),</li> <li>20 (MESOPROMET, Bijelo Polje - for Category 3),</li> <li>59 (Miniko, Niksic)</li> <li>70 (Interproduct, Cetinje),</li> <li>106 (HM DURMITOR D.o.o, Zabljak)</li> <li>114 (Goranovic, Niksic)</li> <li>226 (MESOPROMET, Bijelo Polje),</li> <li>240 (Mesopromet, Bijelo Polje), TURO D.oo, Cetinje),</li> </ul>
Dairy and dairy products	<ul style="list-style-type: none"> <li>168 (Porodicna farma Miljanic d.o.o, Gornje Polje)</li> </ul>
Egg and egg products	<ul style="list-style-type: none"> <li>52 (Rebra Commerce, Herceg Novi)</li> <li>181 (Agromont, Danilovgrad),</li> <li>183 (Alkoset, Niksic),</li> </ul>
Fisheries and aquaculture	<ul style="list-style-type: none"> <li>72 (ASK D.o.o, Podgorica),</li> <li>MNE-04 (Rozafa Doo, Podgorica)</li> <li>MNE-71 (MONTEFISH d.o.o),</li> </ul>

<sup>32</sup> Source: EC - IMCOC - TRACES NT 6.14.2 (15/05/2025) (2025). Establishment list - Montenegro  
<https://webgate.ec.europa.eu/tracesnt/directory/listing/establishment/publication/index#!/search?countryCode=ME>



Fruit and vegetables	<ul style="list-style-type: none"> <li>• Yes (for specific commodities)</li> </ul>
Drinks (wine)	<ul style="list-style-type: none"> <li>• Yes</li> </ul>
Honey	<ul style="list-style-type: none"> <li>• Yes</li> </ul>

### Imports of agricultural products (selected)

Figure 28 below shows import trends for selected agricultural commodities for the period from 2017 to 2024<sup>(33,34,35,36,37,38)</sup>.

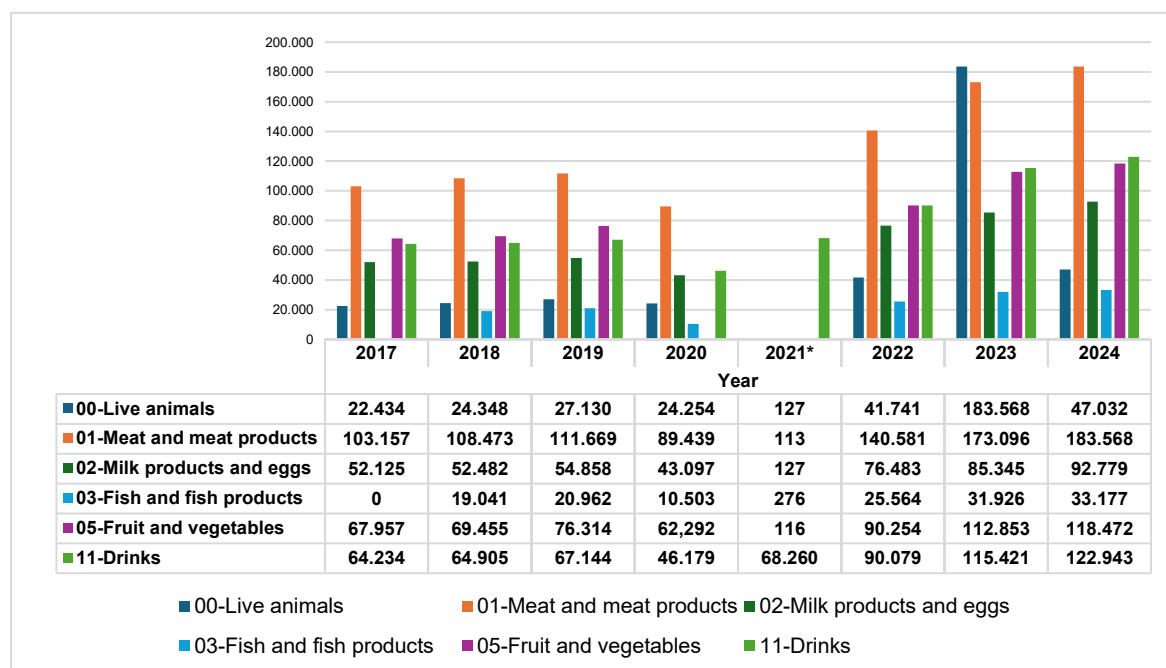


Figure 28: Import trends for selected agricultural commodities (2017 - 2024) (in EUR 000)

The imports of live animals (code: 00) trends seems to be relatively stable for the period 2017 to 2020 fluctuating around EUR 22 million to around EUR 24 million. In 2021, imports increased to around 31 million euros and in 2022 surged by nearly 74% (to around EUR 42 million) followed by an increase (nearly 4-fold) in 2023 to reach around EUR 183 million. However, in 2024, imports decreased sharply (nearly 4-fold) to around EUR 47 million which was nearly matching the level recorded in 2022 (around EUR 42 million).

The imports of meat and meat products (code 01) trends seem to be on a very slight increase for the period 2017 - 2019 (fluctuating between around EUR 103 million to EUR 111 million, respectively). While some

<sup>33</sup> MONSTAT -Montenegro in Figures, Podgorica 2019 -

[https://monstat.org/userfiles/file/publikacije/cg2019/CG%20u%20brojkama%202019\\_Part2\\_Part1.pdf](https://monstat.org/userfiles/file/publikacije/cg2019/CG%20u%20brojkama%202019_Part2_Part1.pdf)

<sup>34</sup> MONSTAT -Montenegro in Figures, Podgorica 2020 -

<https://monstat.org/uploads/files/publikacije/CG%20u%20brojkama%202020%20ENG.pdf>

<sup>35</sup> MONSTAT -Montenegro in Figures, Podgorica 2021 - [https://monstat.org/uploads/files/publikacije/Monstat%20-%20CG%20u%20Brojkama%20ENG\\_WEB.pdf](https://monstat.org/uploads/files/publikacije/Monstat%20-%20CG%20u%20Brojkama%20ENG_WEB.pdf)

<sup>36</sup> MONSTAT -Montenegro in Figures, Podgorica 2023 -

<https://monstat.org/uploads/files/publikacije/CG%20u%20brojkama%202023%20ENG.pdf>

<sup>37</sup> MONSTAT - Gross domestic product of Montenegro - Release 125/2024, 18 September 2024 -

[https://monstat.org/uploads/files/BDP/BDP%202023/Annual%20GDP%202023\\_eng.pdf](https://monstat.org/uploads/files/BDP/BDP%202023/Annual%20GDP%202023_eng.pdf)

<sup>38</sup> Montenegro, Statistical Yearbook 2024 - <https://monstat.org/uploads/files/publikacije/godisnjak2024/6.pdf>



decline in imports was recorded in 2020 (around EUR 89 million), there is a significant increase in imports during the period 2021 to 2024 (fluctuating between around EUR 1040 million to EUR 183 million, respectively).

The imports of milk products and eggs (code 02) trends seem to be stable for the period 2017 - 2019 (ranging between around EUR 52 million to EUR 54 million, respectively). While some decline in imports was recorded in 2020 (around EUR 43 million), there is noticeable increase in imports during the period 2021 to 2024 (ranging between around EUR 76 million to EUR 93 million, respectively).

The imports of fish and fish products (code 03) trends seem to show stability in the period 2018 - 2019 with values around EUR 19 million to EUR 21 million, respectively. A decline in imports was recorded in 2020 (value of around EUR 10 million). A steady increase in imports was reported in the period 2021 to 2024 (values ranging between around EUR 18,5 million to EUR 33 million, respectively).

The imports of fruit and vegetables (code 05) trends seem to be on a slight increase for the period 2017 - 2019 (ranging between around EUR 68 million to EUR 76 million, respectively) with a decline in 2020 (value around EUR 62 million). There seem to be a slight steady increase in imports during the period 2022 to 2024 (values ranging between around EUR 90 million to EUR 118 million, respectively).

The imports of drinks (code 11) trends seem to be on a slight increase for the period 2017 - 2019 (ranging between around EUR 64 million to EUR 67 million, respectively). While some decline in imports was recorded in 2020 (around EUR 46 million), there is steady slight increase in imports during the period 2021 to 2024 (ranging between around EUR 68 million to EUR 123 million, respectively).

Overall, Montenegro recorded a steady increase in imports trends for the period 2017-2024 for meat and meat products (code: 01 - totalling around EUR 910 million) and drinks (code: 11 - totalling around EUR 640 million) (Fig. No. 29). This is followed by recorded steady increase in imports of fruit and vegetables (code 05 - totalling around EUR 534 million), milk and milk products (code: 03 - totalling around EUR 457 million), live animals (code: 00 - totalling around EUR 371 million) and fish and fish products (code: 05 - total around EUR 141 million). These import values indicate a string demand for these specific food and drinks categories in the Montenegro's market.

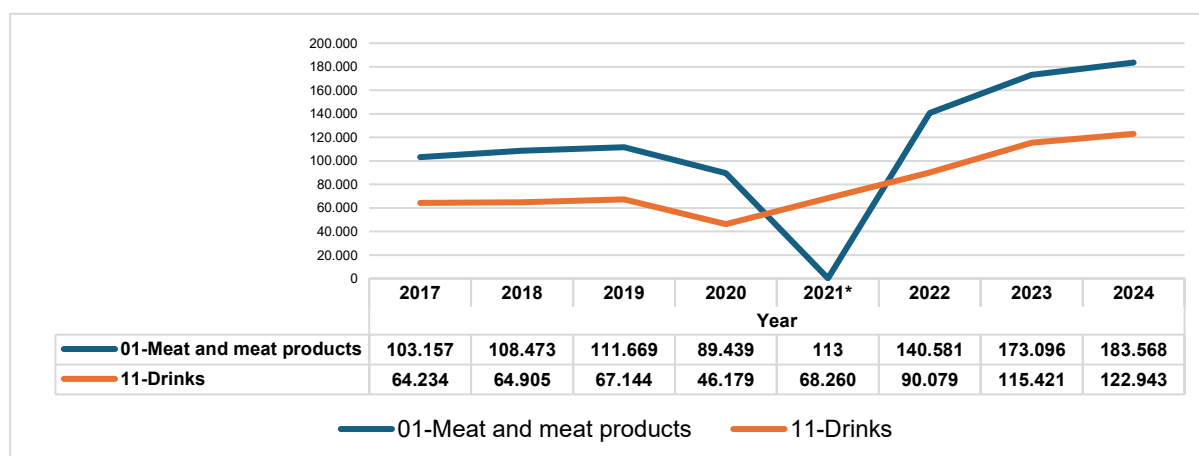


Figure 29: Import trends for meat and meat products and drinks (in EUR 000)

Table No. 21 below provides a more detailed breakdown for imports of meat and meat products and drinks and alcohol and vinegar with named specific code numbers and including relevant subcodes (subcodes number only)<sup>39</sup>.

<sup>39</sup> MONSTAT - Dissemination base 2020-2024 - <https://monstat.org/cg/page.php?id=1798&pageid=171>



Table 21: Import of specified agricultural commodities

Year	2020	2021	2022	2023	2024	TOTAL (EUR)
02: Meat and other slaughter meat and other slaughter products for eating (C:0101, 0202, 0203, 0204, 0206, 0207, 0208, 0209 & 0210)	70,780,987	80,059,798	115,102,370	144,159,764	152,112,674	562,215,594
16: Processed meat, fish, crustaceans, molluscs or other aquatic invertebrates (C: 1601, 1602)	18,970,699	21,966,992	26,151,484	29,873,616	32,238,192	129,200,983
22: Drinks, alcohol and vinegar of which Wine (C:2204) only	5,891,659	7,695,327	10,928,965	13,055,694	13,675,408	51,247,052

Table No. 21 above shows that, in total, Montenegro imported meat and meat products (i.e. Code 02 and Code 16) for the period 2020-2024 at the total value of EUR 691,416.578. These commodities include:

- Meat of bovine, sheep, goats and pigs - fresh, chilled and frozen (Codes 0201, 0202, 0203 and 0204) (total of EUR 432,378,228),
- Other meat and edible offal (Codes 0206, 0207, 0208 and 0209) (total of EUR 120,283,031)
- Meat and edible meat offal salted, in brine, dried or smoked (Code 0210) (total of EUR 9,554,335)
- Sausages and similar products, of meat, of other edible meat offal or of blood; composite food preparations based on these products (Code 1601) (total of EUR 77,633,311)
- Other prepared or preserved meat, meat offal or blood (Code 1602) (total of EUR 51,576,673)

Table 21 above also shows that, in total, Montenegro imported drinks, of which wine only (Code 2204), at the total value of EUR 51,247.052.



These figures show a steady increase in imports of these specified commodities (Figure No. 30 below)<sup>(40)</sup>.

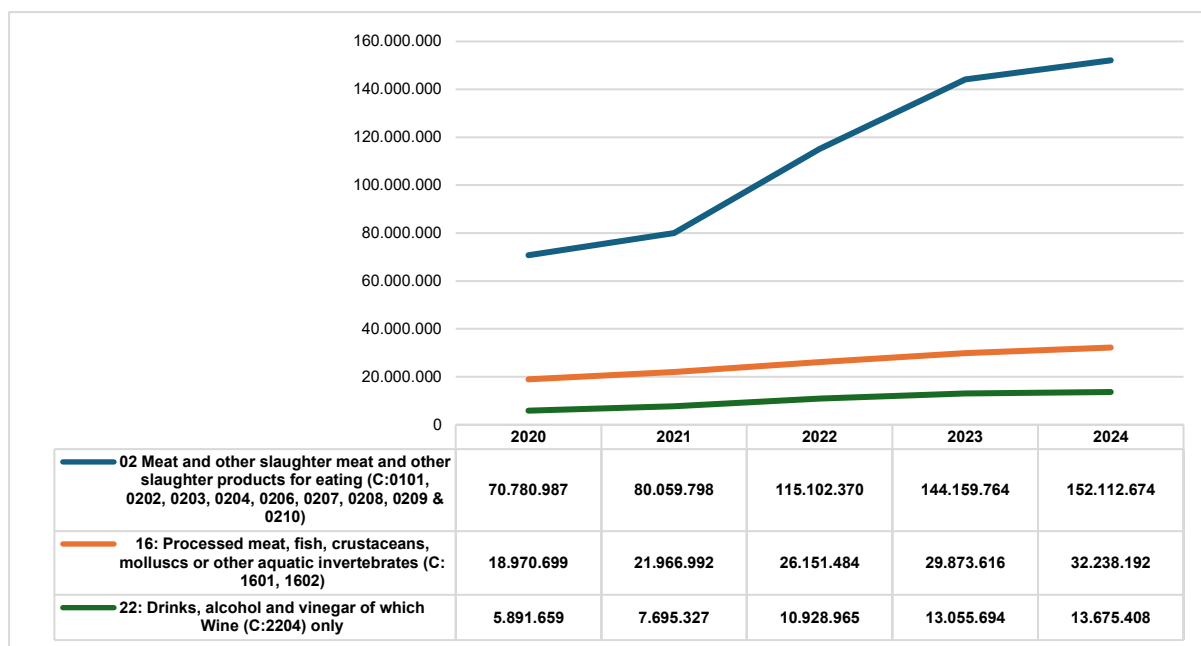


Figure 30: Import trends of selected agricultural products (2020 - 2024) (in EUR)

## Exports of agricultural products

<sup>40</sup> MONSTAT - Dissemination base 2020-2024 - <https://monstat.org/cg/page.php?id=1798&pageid=171>





Figure No. 31 below shows export trends for selected agricultural commodities for the period from 2017 to 2024<sup>(41,42,43,44,45,46)</sup>.

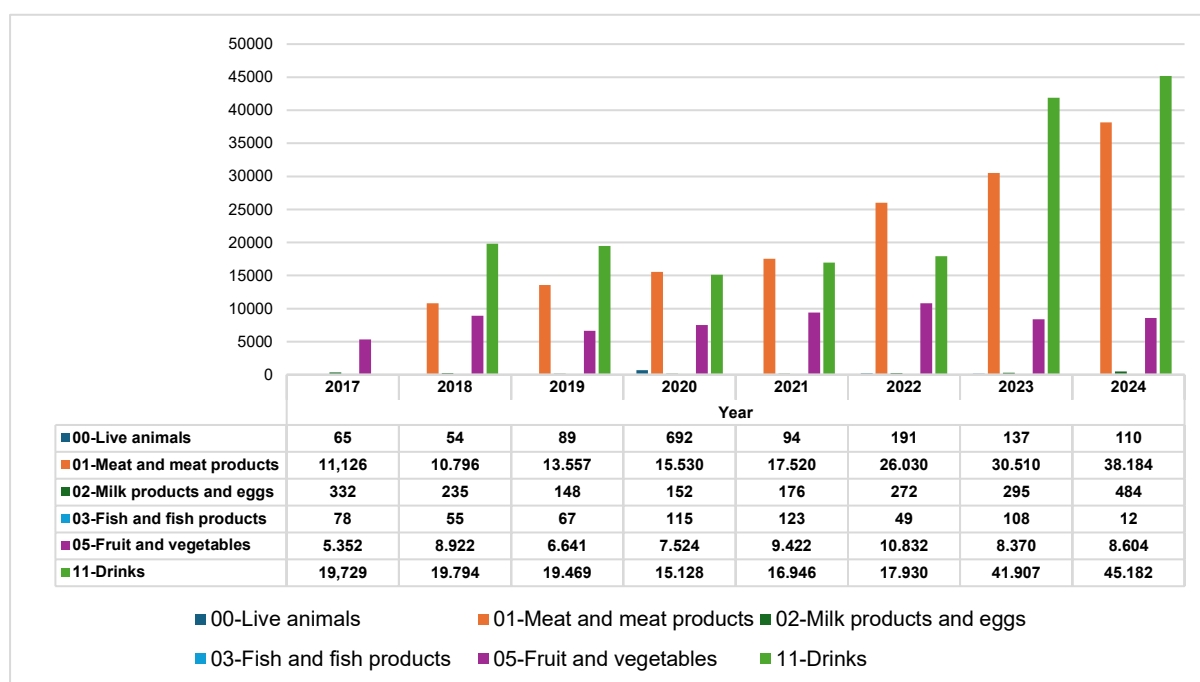


Figure 31: Export trends of selected agricultural commodities (2017 - 2024) (in EUR)

The exports of live animals (code: 00) trends seems to be on a slight increase for the period 2017 to 2019 (from around EUR 65,000 to around EUR 89,000, respectively). A nearly 10-fold increase in exports was recorded in 2020 (around EUR 700,000) with a nearly 8-fold sharp decrease in 2021 (around EUR 94,000) with a nearly 2-fold decrease in 2022 (around EUR 191,000) following by a relatively steady decline in 2023 and 2024 (around EUR 137,000) and EUR 110,000, respectively).

The exports of meat and meat products (code 01) trends seem to be on a slight increase for the period 2017 - 2021 (ranging between around EUR 11 million to EUR 17 million, respectively). There is noticeable increase in exports during the period 2022 to 2024 (ranging between around EUR 26 million to EUR 38 million, respectively).

The exports of milk products and eggs (code 02) trends seem to be steadily declining for the period 2017 - 2021 (ranging between around EUR 332,000 to EUR 176,000, respectively). There is noticeable increase

<sup>41</sup> MONSTAT -Montenegro in Figures, Podgorica 2019 - [https://monstat.org/userfiles/file/publikacije/cg2019/CG%20u%20brojkama%202019\\_Part2\\_Part1.pdf](https://monstat.org/userfiles/file/publikacije/cg2019/CG%20u%20brojkama%202019_Part2_Part1.pdf)

<sup>42</sup> MONSTAT -Montenegro in Figures, Podgorica 2020 - <https://monstat.org/uploads/files/publikacije/CG%20u%20brojkama%202020%20ENG.pdf>

<sup>43</sup> MONSTAT -Montenegro in Figures, Podgorica 2021 - [https://monstat.org/uploads/files/publikacije/Monstat%20-%20CG%20u%20Brojkama%20ENG\\_WEB.pdf](https://monstat.org/uploads/files/publikacije/Monstat%20-%20CG%20u%20Brojkama%20ENG_WEB.pdf)

<sup>44</sup> MONSTAT -Montenegro in Figures, Podgorica 2023 - <https://monstat.org/uploads/files/publikacije/CG%20u%20brojkama%202023%20ENG.pdf>

<sup>45</sup> MONSTAT - Gross domestic product of Montenegro - Release 125/2024, 18 September 2024 - [https://monstat.org/uploads/files/BDP/BDP%202023/Annual%20GDP%202023\\_eng.pdf](https://monstat.org/uploads/files/BDP/BDP%202023/Annual%20GDP%202023_eng.pdf)

<sup>46</sup> Montenegro, Statistical Yearbook 2024 - <https://monstat.org/uploads/files/publikacije/godisnjak2024/6.pdf>



in exports during the period 2022 to 2024 (ranging between around EUR 272,000 to EUR 484,000, respectively).

The exports of fish and fish products (code 03) trends seem to be slightly declining for the period 2017 - 2019 (ranging between around EUR 78,000 to EUR 67,000, respectively). While some slight increase in was recorded in 2020 and 2021 (around EUR 115,000 and EUR 175,000, respectively) there was nearly 3-fold decrease in 2022 (around EUR 49,000), followed by a nearly 3-fold increase in 2023 (around EUR 108,000) followed by a nearly 9-fold decrease in 2024 (around EUR 12,000).

The exports of fruit and vegetables (code 05) trends seem to be on a relatively stable levels for the period 2017 to 2025 (around EUR 5 million to EUR 8 million, respectively) with no significant increase recorded.

The exports of drinks (code 11) trends seem to be on a very slight decline for the period 2017 - 2021 (ranging between around EUR 19 million to EUR 17 million, respectively). While some increase in exports was recorded in 2022 (around EUR 18 million), there was a nearly a 3-fold increase in 2023 (around EUR 42million) followed by a slight increase in 2024 (around EUR 45 million).

Overall, Figure No. 32 below shows a steady increase in exports for the period 2017-2024 has been recorded for drinks (code: 11 - totalling around EUR 196 million) and meat and meat products (code: 01 - totalling around EUR 163 million).

At a slightly smaller scale, this is followed by a steady increase in exports of fruit and vegetables (code 05 - totalling around EUR 65 million), milk and milk products (code: 03 - totalling around EUR 2 million), live animals (code: 00 - totalling around EUR 1.5 million) and fish and fish products (code: 05 - total around 600,000EUR).

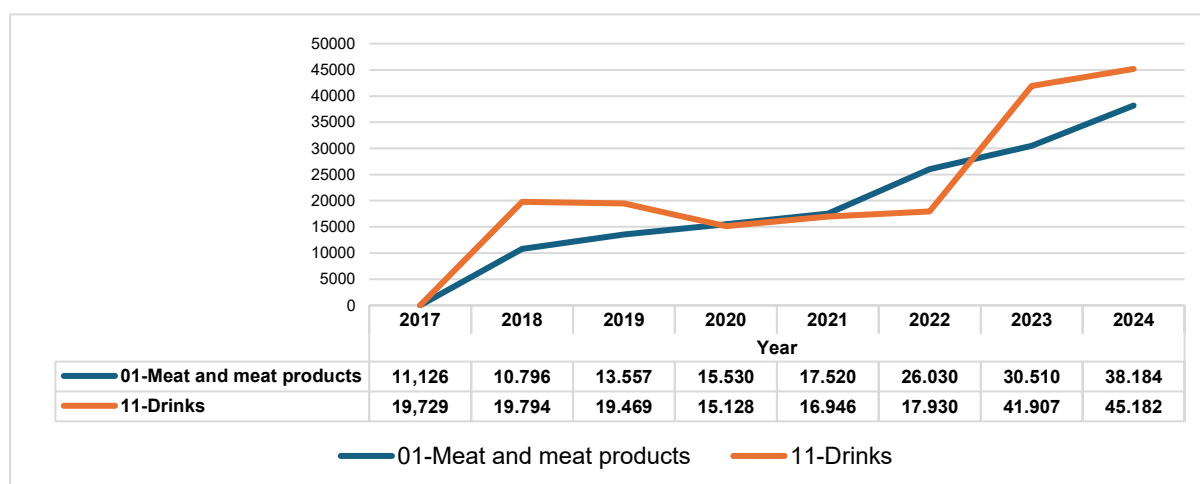


Figure 32: Total export trends for meat and meat products and drinks (2017-2024) (in EUR 000)

Table No. 22 below provides a more detailed breakdown for exports of meat and meat products and drinks and alcohol and vinegar with named specific code numbers and including relevant subcodes (subcodes number only)<sup>(47)</sup>.

Table 22: Export of specified agricultural commodities

Year	2020	2021	2022	2023	2024
02 Meat and other slaughter meat and other slaughter products for eating	9,785,299	12,457,264	21,845,671	25,791,659	32,177,448

<sup>47</sup> MONSTAT - Dissemination base 2020-2024 - <https://monstat.org/cg/page.php?id=1798&pageid=171>



(C:0101, 0202, 0203, 0204, 0206, 0207, 0209 & 0210)					
16: Processed meat, fish, crustaceans, molluscs or other aquatic invertebrates (C: 1601, 1602)	6,088,630	5,603,304	4,988,052	6,229,990	7,720,840
22: Drinks, alcohol and vinegar of which Wine (C:2204) only	10,928,434	12,217,662	12,424,834	13,453,370	16,398,873

Table 22 above shows that, in total, Montenegro exported meat and meat products, as well as other slaughter products for eating (i.e. Code 02 and Code 16 with corresponding subcodes) for the period 2020-2024 at the total value of EUR 198,111.329. These commodities include:

- ▶ Meat of bovine, sheep, goats and pigs - fresh, chilled and frozen (Codes 0201, 0202, 0203 and 0204) (total of EUR 11,978.899),
- ▶ Other meat and edible offal (Codes 0206, 0207, 0208 and 0209) (total of EUR 5.454,126)
- ▶ Meat and edible meat offal salted, in brine, dried or smoked (Code 0210) (total of EUR 84,623.316)
- ▶ Sausages and similar products, of meat, of other edible meat offal or of blood; composite food preparations based on these products (Code 1601) (total of EUR 23,390.205)
- ▶ Other prepared or preserved meat, meat offal or blood (Code 1602) (total of EUR 7,240,611)

Table 22 above also shows that, in total, Montenegro exported drinks, of which wine only (Code 2204), at the total value of EUR 65,423,173.

These figures show a steady increase in exports of these specified commodities (Figure No. 33)<sup>(48)</sup>, with significant overall increases in the trend of exporting meat and meat products, as well as other slaughter products for eating (codes 02 and 16 with relevant corresponding subcodes - total EUR 198,111,329) compared to the export of wine (subcode 2204 - total EUR 65,423,173).

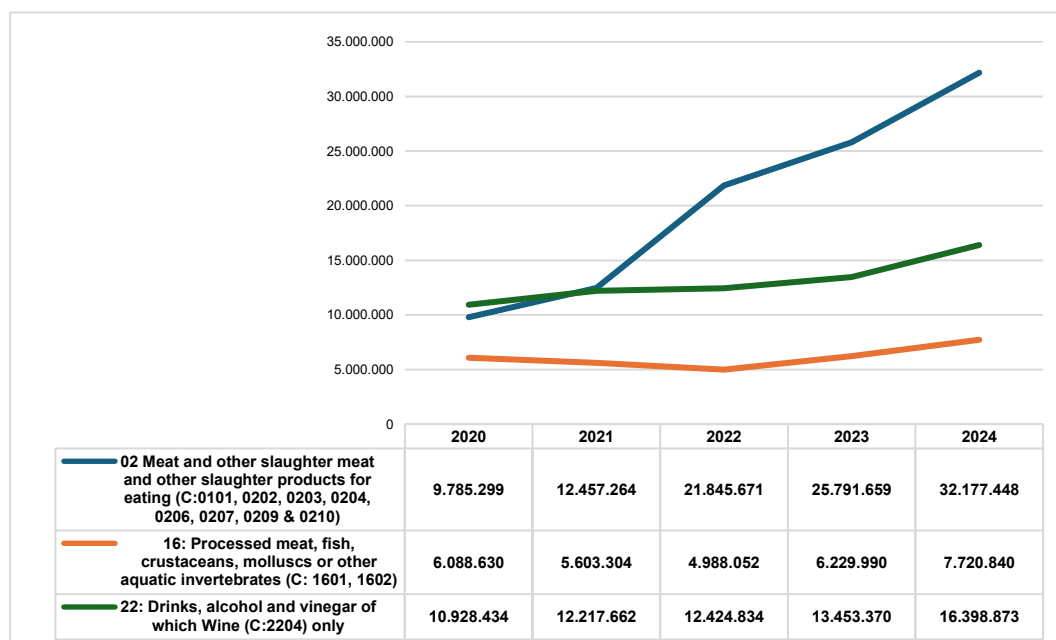


Figure 33: Export trends for selected agricultural products - meat and meat products and vine (2020 - 2024) (in EUR)

<sup>48</sup> MONSTAT - Dissemination base 2020-2024 - <https://monstat.org/cg/page.php?id=1798&pageid=171>



## 6 ANSWERS TO EVALUATION QUESTIONS

### 6.1 Analysis and discussion of indicators with respect to judgement criteria and target levels referred to by evaluation questions

This section analyses the extent to which the available indicators and targets used in the IPARD II programme provide an adequate basis for answering the evaluation questions and the associated assessment criteria. The discussion is based on an overview of the monitoring system, the development of targets during programme implementation and the results of the evaluation process.

The evaluation of IPARD II in Montenegro shows that, overall, the indicator system provided a useful basis for answering the evaluation questions, particularly in relation to efficiency, effectiveness and key programme results. However, several important limitations in the design of indicators and monitoring system were also identified, which affected the ability to fully assess all aspects of programme performance.

For the key evaluation questions related to efficiency (e.g. resource inputs in relation to outputs), effectiveness (achievement of objectives) and specific impact areas (income generation, added value), the indicators were generally well aligned with the evaluation criteria and allowed for robust analysis. An important positive element of programme implementation was the flexible and adaptable management approach that was pursued during several programme revisions, culminating in version 1.7. For all three measures analysed (Measure 1, Measure 3 and Measure 7), the values of the target indicators were modified during implementation – in most cases downwards – to better reflect actual absorption capacity and changes in programme scope. This helped to maintain the relevance and evaluability of the programme and ensured that the assessments of efficiency and effectiveness remained meaningful and realistic.

At the same time, significant gaps were identified in relation to certain evaluation issues – particularly in relation to qualitative impacts such as environmental protection, product quality improvement and sustainability. In these areas, the monitoring system proved to be inadequate. For example, investments in wastewater treatment were not clearly recorded under appropriate codes from the list of eligible costs, although site visits showed that such investments had been made in some cases.

This situation meant that evaluators had to rely more on qualitative methods, such as field visits and triangulation with external sources, to answer these evaluation questions. While this approach has had some positive impacts, it also highlights the structural limitations of the current monitoring system in supporting a comprehensive and evidence-based assessment.

The IPARD II experience has shown that while quantitative indicators can effectively support the assessment of efficiency and output-related issues, the monitoring system needs to better capture qualitative impacts. The lack of systematic tracking of certain types of investments and results limits the ability of evaluators to make a fully evidence-based assessment of these aspects.

In conclusion, although the adaptation of the objectives under the IPARD II programme (especially in version 1.7) is a good example of the programme's ability to react to changes and thus preserve the possibility to assess key measures, it is still necessary to further improve the way indicators are defined and monitoring is carried out in order to enable a comprehensive assessment of the overall impact of the programme.



## 6.2 Answers to the evaluation questions

### 6.2.1 Programme level questions

#### To what extent has IPARD contributed to the development of human and physical capital?

The IPARD II programme made a **visible contribution to the development of physical capital**, while its **contribution to the development of human capital was through the creation and maintenance of jobs** – as detailed in the answers to the evaluation questions – the acquisition of new knowledge and, to some extent, the professionalisation of business activity. The role of the programme in improving the skills and knowledge of users should be considered as an indirect effect, while the strengthening of human capacity at both institutional and user level remains an area to be further developed in future programming periods.

Beyond its impact on employment, IPARD II should also be considered in the broader context of human potential development. In particular, by participating in IPARD calls, users – mainly from measure 3 – have acquired basic skills in project management, documentation handling and cost monitoring, which represents a step forward in the professionalisation of small and medium-sized producers. However, systematic training, advisory support and institutional capacity building were limited as Measure 9 – Technical Assistance – which was specifically designed to support these objectives, was not accredited.

In terms of physical capital, **IPARD II had a very tangible impact – it enabled the construction of new facilities, the modernization of infrastructure, the purchase of equipment and the technological improvement of production capacities**. Most users experienced increased production efficiency and process standardisation, providing a solid foundation for long-term competitiveness.

#### To what extent has IPARD contributed to the increase of security and safety of the food supply?

The IPARD II programme has contributed to **improving food security in Montenegro**, although the extent of this contribution has varied by sector and measure. The most direct impact was achieved through **Measure 3**, where the **supported investments led to the modernisation of food processing facilities, the improvement of hygiene standards and the introduction of internationally recognised food safety certifications (such as HACCP)**. This not only increased the safety of processed products, but also enabled more companies to access EU markets that require strict compliance with food safety standards.

In parallel, the investments under **Measure 1** – particularly in the areas of manure management, milking facilities and calf rearing – have **contributed to better standard of animal welfare on farms**, thereby improving the safety of primary agricultural products.

The **growing number of Montenegrin companies with EU export numbers** and the **increasing export of products such as meat and traditional meat products** are a further indication that **food safety standards have risen as a result of the IPARD II-supported investments**. Overall, the programme has had a positive impact on improving the safety and quality of food along the entire value chain, from primary production to processing.

#### To what extent has IPARD contributed to the ability of the agri-food sector to cope with competitive pressure?

The IPARD II programme has **strengthened the ability of the Montenegrin agri-food sector to withstand competitive pressure**, although the extent of this effect varies from one sub-sector to another. In the processing sector (Measure 3), the supported investments have enabled companies to modernise their production processes, expand their product range and improve their packaging and quality, making them more competitive both on the domestic market – where the import ratio remains high – and on selected export markets, including the EU. The **increasing export of high value-added products**, such as traditional cured meat, and the **growing number of companies with EU export numbers** show that IPARD II helped key players adapt to the demands of more competitive markets.



In primary production (Measure 1), modernisation through better equipment, **improved farm hygiene and animal welfare practices has increased efficiency and product quality and helped farmers to maintain their market presence despite strong competitive pressure from imports**. However, the impact remains uneven, and many producers still face structural challenges if they are to achieve full competitiveness.

IPARD II has helped to lay the foundations for a more competitive agri-food sector, although **further efforts will be needed under IPARD III** to extend this impact to a wider range of producers and processors.

For some beneficiaries, the **investment served as a basis for obtaining international quality and food safety certifications** and for future participation in measures under the new rural development policy.

IPARD II has made a significant contribution to building the infrastructure and technical conditions for alignment with EU requirements, in particular through targeted investments in the areas of hygiene, food safety, environmental protection and working conditions. Even though the alignment process has not yet been completed, IPARD II has enabled an important step to be taken towards raising standards in the Montenegrin agricultural and food sector.

#### **To what extent has IPARD contributed to the progressive alignment with EU standards concerning hygiene, environment, animal welfare, public health, and occupational safety?**

The measures under the IPARD II programme in Montenegro, in particular Measures 1 and 3, were clearly aimed at the gradual alignment of beneficiaries and investments with European Union standards, focusing on hygiene, environmental protection, animal welfare, public health and occupational safety. The established standards constituted obligations for the beneficiaries both during and after the completion of the investment implementation.

Under **Measures 1 and 3**:

- ▶ Beneficiaries (holdings, company) were required to comply with national standards in the areas of environmental and animal welfare at the time of final payment, while the investment had to comply with EU standards.

Although there are insufficient quantitative indicators to accurately determine the level of compliance, an analysis based on online and telephone surveys, case studies and other publicly available sources (including the media) shows that the investments made have improved significantly:

- ▶ Infrastructure conditions (renovation and construction of facilities that meet hygiene and sanitation standards),
- ▶ The safety of production processes and working conditions,
- ▶ Waste management systems and energy efficiency, and
- ▶ The conditions of animal husbandry in accordance with the principles of animal welfare.

Although the IPARD Agency verified compliance criteria with national and EU standards, through surveying users, we aimed to investigate what percentage of them aligned their entire operations (enterprises, farms) with EU standards, which was not a requirement under the IPARD II rules. According to the results of the semi-structured interviews, of the 58 beneficiaries interviewed under measure 1, 39 (67%) stated that their entire farm was already adapted to EU standards before the IPARD II investment was implemented, while 33% were not. After completion of the investment, 18 beneficiaries (31%) had not brought their entire farm into line with EU standards, even though the investment itself was compliant under IPARD II rules before the final payment.

One recipient under Measure 1, included in the sample for the on-the-spot visit, has adapted its farm to EU standards in the field of vegetable production by introducing good agricultural practises, in particular with regard to environmental protection.





However, according to the evaluators, these results should be interpreted with caution, although all respondents were familiarised with the concepts of national and EU standards during the interview, mainly due to the limited understanding of the terminology among the beneficiaries from the category of agricultural holdings, which represent the majority of Measure 1 users. As compliance of investments with the relevant EU standards was a condition for the investments to receive funding, it can be concluded that significant progress has been made, particularly regarding environmental standards.

For Measure 3, the situation is significantly different, mainly due to the nature of the beneficiaries, primarily limited liability companies (d.o.o.). Out of the 12 companies surveyed under this measure, 10 (83%) stated that their entire business was already aligned with EU standards before the investment, while the **remaining** 2 (17%) did not fully align their business with EU standards even after the investment, although the investment itself was in line with EU standards.

A concrete example is **Mesopromet d.o.o.**, a recipient from the on-site visit sample, which used IPARD II support to invest in a wastewater treatment system, significantly improving compliance with environmental standards and reducing environmental impacts. This investment demonstrates that IPARD funds can be used to tackle structural environmental problems in the food industry.

Given that the subject of this project is the evaluation of the implementation of the IPARD II programme in Montenegro, the evaluators did not conduct a revision of the existing procedures under which projects had been approved, as these had been accredited by the European Commission. The very fact that the projects were paid confirmed that, at the time of approval and payment, all the criteria defined in the accredited procedures had been fulfilled, as verified by the IPARD Agency and the technical bodies authorised by it. However, towards the end of the preparation of this ex post evaluation report, in June 2025, it was recorded that following a DG SANTE audit, the Administration for Food Safety, Veterinary Medicine and Phytosanitary temporarily restricted the export of products from Mesopromet LLC to EU countries. This newly emerging circumstance may indicate certain challenges in terms of full compliance with relevant national and EU standards, which points to the need for further monitoring and ensuring consistent application of the accredited procedures in the future.

#### **To what extent has IPARD contributed to the balanced territorial development of rural areas, while pursuing economic, social and environmental goals?**

The IPARD II programme in Montenegro has **contributed significantly to a balanced territorial development of rural areas**, also taking into account economic, social and environmental objectives – especially when considering the impact on local communities and not only the number of beneficiaries or the volume of financial disbursements. Certain regional differences in the number of beneficiaries and funds disbursed are visible but should be interpreted in the context of the territorial specificities of each region.

A total of 748 beneficiaries received support under all three IPARD measures (1, 3 and 7). The Northern region had the highest number of beneficiaries (57,35% or 429 beneficiaries), which was to be expected as it also has the highest number of registered farms – 14,966 out of a total of 26,711, according to preliminary data from the 2024 agricultural census. The Central region follows with 8,465 farms and 295 IPARD II beneficiaries (39.43 %), while the Coastal region has 3,280 farms but only 24 beneficiaries (3.2 %).

It is important to note that there were no beneficiaries of Measure 7 in the coastal region due to the subsequent introduction of a criterion restricting eligibility to investments located exclusively in areas above 600 meters above sea level.

In terms of financial disbursements, the Central region recorded the highest amount with €28.892.507,95 (62,25% of total disbursements), while the Northern region received €16.1 million and the Coastal region only €1.42 million (3%), reflecting the lower participation in the programme.

However, in terms of the social and community impact of IPARD, it is in the Northern region that the most tangible progress has been made. In this part of the country, IPARD has had a remarkable social impact,





including job creation and local community participation in the production and processing facilities. This is particularly important given the limited alternative employment opportunities in the region. Field visits confirmed that the investments in the North are also making a wider contribution to the local community, including infrastructure improvements through initiatives such as affordable housing schemes (e.g. the Mesopromet company).

Thus, the IPARD II programme in Montenegro has had its greatest qualitative impact in the Northern region, which is the most socially and economically vulnerable. While the Central region recorded the highest financial flows, the actual social and territorial impact of IPARD is most visible in the North. This shows that the programme contributes, albeit indirectly, to reducing regional inequalities, strengthening local communities and promoting sustainable rural development.

It should be noted that the quantitative calculations of the economic impact of the IPARD II programme by region were based on the location of the farm or company headquarters, which may differ from the actual investment location.

**To what extent has IPARD contributed to management and control systems which are compliant with good governance standards of a modern public administration?**

The IPARD II programme contributed to the establishment of the main institutional and procedural framework necessary for the functioning of the management and control system in line with EU requirements. Accredited bodies were established, responsibilities defined and basic procedures introduced, which is an important step towards building modern public administration mechanisms. It is expected that these mechanisms will become fully operational upon Montenegro's accession to the EU and the launch of the CAP Strategic Plan.

However, despite the formal alignment, certain challenges remain in terms of functionality and efficiency of the system. There are **operational limitations**, particularly in **institutional coordination, timely monitoring and systematic evaluation of results**. The **accredited monitoring tables, which should serve as the main source of information on the use of IPARD II funds, are inconsistent and vary depending on the public call**. Based on the data received, and interviews conducted, the finding was that **various sectors within the IA adopted distinct approaches to data recording and management**, leading to some inconsistencies and errors. During the implementation period of the IPARD II programme, the monitoring tables were updated, but the system still encounters challenges. Given that software is currently being developed and will soon enter the testing phase (data obtained from the IA), it is assumed that the identified issues will be resolved in the implementation of the IPARD III programme. Positive experiences from the implementation of the IPARD II programme, related to the creation of auxiliary monitoring tables, highlight the necessity of establishing such an approach from which data can be easily analyzed.

One of the **factors potentially limiting the development of the system during the IPARD II programme was the non-accreditation of Measure 9 - Technical Assistance**. This measure could have significantly supported the development of digital tools, improvements in monitoring and reporting, and the strengthening of institutional capacity through training and advisory services. **Its exclusion from implementation represents a missed opportunity for more systematic modernization**.

In addition, there are persistent challenges that slow down the strengthening of good governance, including **limited human resource capacity, particularly in operational and analytical functions, and insufficient digitalization of processes**. In discussions with MA representatives it also became clear that inadequate working conditions pose a challenge for employees and hinder the smooth execution of work related tasks. In addition, simultaneous work on tasks unrelated to the IPARD II programme – primarily national funding schemes – limits the ability of staff to devote themselves fully to IPARD implementation, which can also affect the overall performance of the programme. To address this situation, some measures previously implemented by the Directorate for Rural Development are gradually transitioning to the Directorate for Payments, thereby ensuring the prerequisites for more efficient functioning of employees in the implementation of the IPARD III programme and other obligations of the EU agenda.



Although the overall absorption rate of IPARD II is high relative to the initial allocation of funds, it remains unclear what factors led to the sudden acceleration in the processing of payment applications during the last six months of programme implementation compared to the rest of the implementation period.

**To what extent has IPARD contributed to maintaining of diversified and viable farming systems in the rural areas?**

The IPARD II programme has contributed to the maintenance of diversified and viable agricultural systems in rural areas, although the scope and depth of this contribution has varied according to sector and measure.

Under **Measure 1**, a wide range of small and medium-sized farms in different production sectors – particularly in the dairy, meat, fruit and vegetable sectors – were supported in **modernizing their farms and improve their economic viability**. The sectoral distribution of supported investments indicates that **IPARD II has helped to maintaining production diversity rather than promoting excessive specialisation**. However, some sectors – typically smaller and less developed – have had limited uptake of IPARD funds, possibly due to structural constraints and limited capacity to prepare applications. This suggests that more customised support will be needed in the future. In this regard, it is encouraging to include start-ups as potential beneficiaries of Measure 1 within the framework of the IPARD III programme.

Although **Measure 7** was formally aimed at promoting the diversification of the rural economy, it **had limited impact in this respect**, as relatively **few beneficiaries were genuine agricultural producers** and the measure's **contribution to the diversification of agricultural income was therefore marginal**. It should be emphasized that through several amendments to the IPARD II programme, the initial idea of diversifying from agriculture into non-agricultural activities was replaced with the idea of developing non-agricultural activities in rural areas, which allowed a wide range of users to apply for investments.

Overall, IPARD II made a positive, if only partial, contribution to maintaining a diversified and viable agricultural base. In the future, **it will be important to pay greater attention to supporting less represented sectors and smaller producers** – for example through targeted sectoral calls – in order to further strengthen the resilience and diversity of agricultural systems in rural areas of Montenegro.

**To what extent has IPARD contributed to addressing the challenges of climate change by promoting resource efficiency and renewable energy?**

Although climate change and environmental protection are among the priorities of the EU's Common Agricultural Policy, the **IPARD II programme in Montenegro has made only a limited contribution to these objectives**, particularly in terms of **promoting resource efficiency and the use of renewable energy sources**.

Under the IPARD II programme, investments in renewable energy sources were formally eligible according to the list of eligible expenditures under Measures 1 and 3. Although, **according to official data from the monitoring tables**, it was not possible to identify any individual investment related to these expenditures (which also indicates the need for further development of the monitoring system), the data from the Final Implementation Report of the IPARD II programme shows that 9 out of the planned 35 projects in renewable energy sources were realized under Measure 1 (25.71%). In Measure 3, 5 out of the planned 10 projects were realized, raising the implementation indicator to 50%.

These discrepancies in the data are a result of including elements that contribute to energy efficiency or components related to renewable energy were integrated into broader investments, such as the construction of buildings.



Furthermore, as Measure 4 - Agri-environmental measures and organic farming - was not accredited under IPARD II in Montenegro, the programme lacked a direct instrument to address the environmental impacts of agriculture or to incentivize more climate-resilient practises.

**IPARD II programme, when viewed overall, had a direct impact on resource efficiency, mainly through technical requirements for equipment:**

- ▶ All equipment and machinery financed under the programme had to be new and comply with relevant EU standards;
- ▶ New agricultural machinery is generally characterised by lower fuel consumption and improved energy efficiency;

**Investments in cold storage, refrigeration, processing and warehousing systems observed during site visits also implied the use of modern equipment that complies with energy and environmental standards.**

Although these types of measures are primarily economic in nature, they also have a positive impact on the environment, particularly in terms of reducing greenhouse gas emissions, making better use of operating resources and reducing losses throughout the value chain.

#### **To what extent has IPARD contributed to improve the overall performance of agricultural holdings in the production of primary agricultural products?**

Measure 1 of the IPARD II programme in Montenegro - investments in fixed assets of agricultural holdings - made a significant contribution to the modernisation of agricultural holdings, in particular through investments in mechanisation. However, the impact on far-reaching structural changes and harmonisation with European Union standards remained limited. The financial participation of the beneficiaries was high, and the results of surveys indicate positive changes in income, employment and beneficiaries' perception of the benefits of the investments.

Out of a total of 1,187 applications submitted, 777 projects were contracted, and support was disbursed to 650 beneficiaries. The total value of funds disbursed amounted to €26.76 million with total eligible costs of €34.808.855, indicating a significant share of private co-financing (€15.79 million), i.e. a co-financing rate of beneficiaries of over 40%. This demonstrates both the seriousness of the beneficiaries' intentions and a real need for investment.

Geographically, the majority of beneficiaries came from the Northern region (429), while in terms of sectors, the dairy sector dominated with 370 beneficiaries. However, most beneficiaries in this sector (274) invested exclusively in the purchase of tractors, while only a few (24) invested in production or processing facilities. This indicates that most of the investments were of an operational nature (facilitating daily work) and not aimed at structural modernisation of production - an aspect that should be taken into account in the implementation of the IPARD III programme. Interestingly, despite significant investments in the dairy sector, official statistics recorded a decrease in the number of dairy cows by 21.4% in the period 2020 - 2024, while at the same time the amount of cow's milk purchased in dairies in Montenegro increased by 1%. However, according to MONSTAT data, 12.7 million kg of milk was imported in 2020, while this volume increased by almost 76% to 22.29 million kg in 2024.

As most beneficiaries belong to the category of family farms that are not required to submit financial reports, it is difficult to quantify the overall increase in output. However, a survey carried out on a sample of 58 beneficiaries (9% of all beneficiaries) provides valuable insights:

- ▶ 60% of respondents indicated that their income increased by more than 10% after the IPARD investment,
- ▶ 12% reported a modest increase in income (up to 5%),
- ▶ 55 out of 58 beneficiaries believe that the investment has contributed to the modernisation of their business,



- ▶ 60 % confirmed that the number of employees had increased, while the rest reported no change in the employment situation.

This indicates that IPARD II investments have a positive impact on the economic sustainability and social capital of rural areas.

Compliance of the investment with EU standards was an obligation for all beneficiaries, and they all fulfilled it before submitting the final request for payment. However, the harmonization of the entire business with EU standards is something that should be put additional focus in the future.

In light of the DG SANTE findings from June 2025, greater attention in the implementation of IPARD III projects should be dedicated to verifying compliance with both national and EU standards.

### **To what extent has IPARD contributed to the creation of new jobs and maintaining the existing jobs through the development of business activities?**

Under **Measure 1**, it is difficult to determine precisely the number of jobs created for beneficiaries in the family business category, as these beneficiaries are not obliged to submit financial data to the competent institutions (e.g. the tax administration). The data provided by the MA shows the creation of 105 new jobs.

However, according to the results of a survey conducted among the beneficiaries of Measure 1, 35 (60%) of the total 58 respondents stated that there was an increase in employment as a result of the implementation of the IPARD II investment, while 23 did not report any new jobs. The responses indicate that in most cases the increase was related to self-employment of family members, while only a small number of beneficiaries hired external (non-family) workers.

The field visits also confirmed that finding suitable workers is an increasing challenge as the local population, especially in rural areas, tends to migrate or look for better opportunities abroad. In response to this challenge, some beneficiaries have started hiring foreign workers.

In **Measure 3**, where manufacturing sector companies predominate, there have been more frequent cases of permanent employment of foreign workers. For example, recipient Primato P reported during the interview that the company employs citizens of Cuba to make up for the lack of skilled local labour.

In addition to creating new jobs, the IPARD II programme also contributed significantly to the preservation of existing jobs, particularly those that were at risk during the COVID-19 crisis and due to unforeseen events, such as the fire at the Mesopromet d.o.o. factory, on 30 April 2018, which damaged much of the production equipment.

For **Measure 1**, the situation is slightly different - beneficiaries predominantly hire seasonal workers, often from neighbouring Albania due to the proximity of the border and the availability of labour for temporary agricultural work.

Looking at the macroeconomic indicators, 1.62 % of the total labour force in Montenegro was employed in the agricultural sector in 2013, while this percentage will rise to 4.3 % in 2024 according to the latest agricultural census. It should be noted that the 2024 census summarises the data for employees in agriculture and forestry, while in 2013 these data were recorded separately (only 0.1 % in forestry). Even if this increase cannot be attributed exclusively to the IPARD programme, the data is nevertheless meaningful, as both the surveys and the actual number of employees in agriculture are increasing. In the processing industry, the number of employees in food processing increased from 2.02% (2013) to 2.16% (2020). As most of the IPARD II projects of Measure 3 ended after 2020, this increase cannot be attributed to the effects of the IPARD II programme. In general, the impact of the IPARD II programme on the beneficiaries of Measure 3 is clearly visible on the basis of the available data and the case studies carried out.



A **counterfactual analysis** carried out on a sample of 20 IPARD beneficiaries and 135 non-beneficiaries from the same category of companies, based on official data from the tax administration, including data on previous years' financial results and data on employees, **confirms the impact on employment/job retention**. Indeed, **the counterfactual analysis carried out predicts that without IPARD II support, the number of employees would decrease in 85% of cases**. In particular, for the recipient company Mesopromet Ltd, the analysis shows that the number of employees increased from 40 to 430 as a result of the IPARD investment, which is somewhat consistent with the data obtained during the project visit, which shows that IPARD served both to preserve jobs after a major fire that affected the facilities and to create new jobs after the construction/reconstruction of new facilities.

### **To what extent has IPARD contributed to the increase of the farming households' income?**

The question of the impact of the IPARD II programme on the income of agricultural households was **analysed under the conditions of limited availability of official data**. This is because farms in Montenegro are not legally obliged to submit financial reports to the competent institutions, which precludes the use of administrative sources for the quantitative analysis of income.

The **evaluation is therefore based on a survey of beneficiaries of measure 1 of the IPARD II programme (58 respondents), on field visits to selected beneficiaries of the same measure and on a qualitative assessment of changes in the economic activity of the beneficiaries after the investments**. In the survey, beneficiaries answered a question about the estimated increase in income on their farm after the implementation of the IPARD II investment. 60% of respondents estimated that their income had increased by more than 10%, 28% indicated an increase of between 5 and 10%, while 12% estimated an increase of less than 5%. These figures show that the **vast majority of beneficiaries (88%) perceive a concrete increase in income, with more than half reporting an increase of more than 10%**.

Site visits were carried out to further validate the survey. During these visits, all users confirmed an increase in income, with some reporting an increase of 30% or more.

The **IPARD II programme has contributed to an increase in the income of agricultural households, as shown by the results of the surveys of the beneficiaries of Measure 1 and the analysis of data from the FADN database**. However, the availability of relevant data – especially for natural persons – is still very limited. Nevertheless, an additional attempt was made to assess the impact using the FADN database, which provides key economic indicators at farm level.

It was found that **out of a total of 599 beneficiaries of Measure 1 categorised as natural persons, only two beneficiaries are currently included in the FADN database**, confirming the extremely low representativeness of this group in this important monitoring tool.

**One of these two beneficiaries, from the Northern region and active in the vegetable sector, recorded a 74% increase in production value between 2022 and 2024**. In addition, **the use of labour (AWU) increased by 117 and operating costs increased by 106%**, which is probably related to the repayment of loans or increased investment in inputs.

The **second recipient from the Central region, which is active in the fruit and vegetable sector, was able to maintain production value and standard production at a similar level over the same period**. However, this recipient also **reported a 150% increase in the use of labour**, the majority of which was provided by family members. In addition, **the value of agricultural machinery increased by 17% and the value of land and buildings by 14%**, indicating an expansion of production capacity and an increase in the value of agricultural assets.

Although this very small sample is not sufficient to draw general conclusions, both cases clearly show the **positive impact of IPARD support on the beneficiaries' farms**, which is reflected in an increase in production, labour input and the overall value of the farm.

On the basis of these results, it is **strongly recommended that the proportion of IPARD beneficiaries – especially from Measures 1 and 7 – are significantly increased within FADN sample**. This would allow for a more robust and quantitative monitoring of IPARD impacts at farm level, particularly in terms of income,





employment, investment and productivity, which is essential for effective programme management and future planning of rural development measures.

Although the results indicate a positive impact of the IPARD II programme on the income of beneficiaries of Measure 1, they should be interpreted with certain caveats. **The estimates are based solely on the personal perception of the beneficiaries, which may lead to an over- or underestimation of the actual impact.** The sample of 58 beneficiaries does not allow a reliable generalisation of the results to all beneficiaries of the IPARD programme or to the broader population of agricultural households. As there is also no comparison with households that did not benefit from IPARD, the possibility of attributing the changes solely to the programme is limited. On the basis of the available data, **it can be concluded that the IPARD II programme, particularly through Measure 1, has contributed to some extent to an increase in beneficiaries' incomes.** Although this finding has not been statistically verified, the high level of subjective income growth among most beneficiaries, supported by qualitative evidence from the field, indicates a positive socio-economic impact of the IPARD measures in this area.

For future evaluations, **it is recommended to introduce systematic mechanisms for the collection of data on the income of beneficiaries** (e.g. through the obligation to apply for new tenders), to develop control and reference groups for a more precise impact measurement and to make the inclusion of certain beneficiaries of the IPARD III programme in the FADN sample mandatory.

#### **To what extent has IPARD contributed to diversification and development of rural activities on farms and development of non-agricultural activities, under measure 7?**

The contribution of the IPARD II programme to the diversification of rural activities in rural areas through measure 7 in Montenegro was limited due to the modest scale of implementation, the short timeframe and the focus on only one sub-sector. During the programme period, only one public call was launched, exclusively for the rural tourism sector. A total of **25 beneficiaries** signed contracts, of which 17 received payments. Two payments were made during 2023, while others in 2024, of which one in October and two in November, while 12 payments were only made in December 2024.

Due to the relatively late implementation of payments, many investments have not yet had enough time to have a noticeable, measurable impact. However, a survey conducted among seven beneficiaries indicates a positive subjective perception – **all respondents reported an increase in income as a result of the investment, although this result should be interpreted with caution given the short period between disbursement and evaluation.**

Measure 7 has a clear objective, namely, to promote the diversification business developments, thus ensuring the sustainability and stability of rural areas. This is one of the main reasons for launching the intervention, which is described as such in the IPARD II programme. However, **as a result of several amendments to the IPARD II programme, additional investment opportunities for companies operating in rural areas have been included in this measure, which means that the actual significance of the measure has been lost.** Regarding the impact of the measure on employment, the Annual Report on the Implementation of the IPARD II Program for 2024 states that there were 18 newly employed individuals, while the conducted survey yielded different data. According to the collected responses, **the number of jobs has generally not increased, nor were existing jobs maintained, as these are mainly family businesses, most of which have no employees.**

It is quite certain that the investments will contribute to enriching the tourist offer of Montenegro, just as it is certain that the financial impact of the beneficiaries will be positive very quickly, while the impact of the measure itself on the set objectives is not visible for the time being and is questionable for the future. Therefore, it is **advisable to place greater emphasis in the future on the measure's contribution to the rural population, particularly to farms,** for those who will ensure income stability through additional non-agricultural activities and at the same time will market their agricultural products through tourism sector. Bearing that in mind, through the IPARD II programme the essential purpose of the measure was partially missed, since in most cases it was not about the actual diversification of agricultural production, but about initial investments in rural tourism, exclusively by users who have no points of contact with agricultural



production.

The **on-site visits also confirmed that user, although registered as an agricultural holding**, was actually not active in agriculture production, but that they came from other sectors.. This example shows that the conditions for registering agricultural holdings and applying for this measure may not be precise enough or are not applied uniformly. On the other hand, despite these **shortcomings in the design and implementation of the measure**, it can be concluded that the investments made under measure 7 have contributed to the revitalization of rural areas, through the improvement of tourism infrastructure and services, which can have a positive impact on the local economy and employment in the long term. The actual impact of this measure will only become apparent in the coming years when the facilities are put into operation.

The information available at the time of writing this ex-post evaluation report, including the data published by the Government, mentions 67 IPARD contracts signed with Montenegrin agricultural producers for investments in rural tourism, which indicates the attractiveness of the measure. Given that the prerequisite for applying for new calls for measure 7 was the receipt of direct payments in the previous year, measure 7 in the IPARD III program takes on its primary function - to help farmers who diversify into non-agricultural activity. It should not be overlooked that the survival of rural areas also depends on traditional craft enterprises and small processing businesses, for which calls for proposals should be published as soon as possible.

#### **To what extent has IPARD contributed to involvement of young farmers and women in the implementation of the programme?**

The IPARD II programme in Montenegro has made a **significant contribution to increasing the involvement of young farmers and women**, particularly due to the clearly defined selection criteria (IPARD II v. 1.7) and the additional financial support (+5%) for young farmers under measure 1.

According to the selection criteria:

- ▶ Measure 1, young farmers received +10 points and women +5 points.
- ▶ Under measure 3, young applicants received +10 points.
- ▶ For measure 7, both young people and women received +10 points.

However, it should be noted that in this programming period the available funds were sufficient to provide support to all eligible applicants, so the ranking system did not play a decisive role in project selection. Nevertheless, the introduction of these criteria is of great importance as they are likely to become more important in future programming periods, particularly when competition for funding is expected to increase.

Quantitative results demonstrate the following findings:

#### **Measure 1:**

- ▶ Young people accounted for 23,7% of beneficiaries (154 out of 650).
- ▶ The proportion of women among the beneficiaries was 14,3% (93 out of 650), of which 37% were young women (32 out of 87).

#### **Measure 3:**

- ▶ The proportion of women among the beneficiaries was 34,56% (28 out of 81), at 33% (27 out of 81), the proportion of young people was high.

#### **Measure 7:**

- ▶ 30% (5 out of 17) of beneficiaries were young people, and 30 % were women (5 out of 17).

The IPARD II programme has **paved the way for greater inclusion of young people and women as beneficiaries, with results that exceed their representation in the sector**. According to the 2024





agricultural census, women represent only 12.9% of farm managers, while the average age of farm managers is 59 years. Against this background, the participation rates of young people and women in IPARD II measures are very positive and above the national average, showing that the measures were particularly attractive to these groups, – especially young women.

**To what extent IPARD promoted cooperation in implementation of the measures (e.g., support to co-operatives, short supply chains etc.)?**

The IPARD II programme **did not achieve tangible results in promoting formal cooperation through cooperatives**, although this possibility was foreseen in the programme, in particular through the selection criteria under Measure 1. These criteria awarded an additional 5 points to applicants that were cooperatives or members of cooperatives, which could have been decisive for receiving support in case of limited funds. However, as with other vulnerable groups (young people, women), the evaluation criteria did not have a decisive influence on the selection of beneficiaries, as the number of applications was lower than the funds available.

Among all beneficiaries of **Measure 1**, **there was not a single applicant from the category of cooperatives, which suggests that IPARD II had no direct impact on the promotion of producer organizations (cooperatives)**. This result points to a structural problem of low trust in cooperative forms of organisation, partly due to negative historical experiences from the post-World War II period, when cooperatives were seen as instruments of state control and centralization. In such a context, it is unrealistic to expect a spontaneous increase in cooperation without more substantial and coordinated support from the relevant Ministry. Targeted education, financial incentives and institutional support are needed to raise small producers' awareness of the practical benefits of cooperation – from joint procurement and sales to stronger market positioning and better access to support programmes.

Although the programme did not lead to significant formal collaboration between producers, **it indirectly contributed to the development of short supply chains**. By expanding production capacity and investing in storage and transportation infrastructure, the beneficiaries of Measure 1 were forced to create new distribution channels for their products.

Case studies and field visits show that the beneficiaries are marketing their agricultural products:

- ▶ at local farmers' markets,
- ▶ directly from the farm,
- ▶ through organised buyers, depending on the type of product and market conditions.

One of the beneficiaries who participated in a field visit invested in a refrigeration and storage facility with the aim of postponing the sale of the products to a more favourable time, thus increasing the flexibility of the market and the added value of the products. This practise shows that IPARD supports the development of local market-oriented solutions, albeit not through structured supply chains, but rather through individual, market-oriented approaches.

**To what extent the resources allocated to the IPARD have been used efficiently in relation to achieving the intended outputs?**

**Measure 1**

The analysis of the efficiency of resource use within the IPARD II programme in Montenegro must be viewed in the context of **multiple revisions of the programme document**. The latest valid version, v1.7, was adopted in September 2024, in the final phase of programme implementation. **In each version, the target values for key indicators were adjusted**, which is important to take into account when evaluating the overall efficiency of implementation.



Overall, resources were used relatively efficiently, especially in those segments where targets were realistically defined and aligned with the actual capacities and interest of beneficiaries in the field. Regarding the number of projects implemented under Measure 1, the **initial target was 850 projects, which was later revised to 690 projects in version 1.7**. Ultimately, **76.5% of the initial target was achieved, and 94.2% of the revised target**. This demonstrates a **high level of efficiency** following the adjustment of targets to reflect actual implementation potential and **recipient demand**.

Since all investments under Measure 1 were aimed at business modernisation, the performance of this indicator mirrors that of total project completion, which is logical and expected. Similarly, each investment was required to achieve compliance with EU standards as a prerequisite for payment, meaning that performance on this indicator also matches that of project completion. In contrast, the indicator relating to investments in renewable energy (RES) did not achieve its targets. While the initial target foresaw 35 projects and the revised target 43 projects, by analysing the Monitoring tables, observed by the cost code from the approved LEE, no investment in RE has been formally recorded. The likely reason is that certain investments, such as complete construction or reconstruction, included investments in components related to renewable energy sources (RE). However, the Final Implementation Report of the IPARD II programme states 9 projects related to renewable energy sources (RE) were realized under Measure 1. This indicates low efficiency in this area, as only 20,93% of the set target was achieved. For investments in manure storage, the initial target was 250 projects, later revised to 190. Only 11 projects, were formally recorded as manure storage facilities, according to the eligible costs, equating to 4% of the initial target and 5.8% of the revised target. According to the final report, 39 of these projects were realized, and when considering investments in manure handling equipment, a total of 218 holdings implemented such investments.

### Measure 3

The efficiency of resource use under Measure 3 of the IPARD II programme in Montenegro should be assessed in the context of several programme revisions, where the original objectives were adjusted to better reflect the actual absorption capacity and market demand. In the final version of the programme (version 1.7), which was adopted in September 2024, **some of the original targets in Measure 3 were significantly revised downwards**, which ultimately helped to ensure a more realistic implementation framework.

Originally, 150 projects were to be funded under Measure 3, all of which were to contribute to modernisation and achieve partial compliance with EU standards. In version 1.7 of the programme, this target was reduced to 68 projects. In the end, **a total of 81 projects were implemented, which corresponds to 54% of the original target and 119% of the revised target**. This shows that the funds under Measure 3 were utilised very efficiently after the change in targets and even exceeded expectations.

All funded projects **contributed to the modernisation of the companies** in accordance with the programme concept. In addition, compliance of the investment with EU standards was a prerequisite for all projects and this indicator followed the same pattern of achievement as the project completion rate. In contrast, **investments in renewable energy (RE), under Measure 3, according to the relevant LEE code, were not recorded in the monitoring system, while the Final Implementation Report of the IPARD II programme states the realization of 5 projects, which corresponds to 26,32% of the planned target indicator**. This also indicates that the programme did not completely achieve this specific output target under Measure 3, similar to Measure 1. In terms of **job creation**, the programme originally aimed to create 120 new jobs, which was later revised to 58 in version 1.7. According to the Final Implementation Report of IPARD II programme, 304 jobs had been realized under Measure 3, significantly exceeding the plan. A high impact on employment was also evident through the application of research methods. Firstly, **a survey of 12 of the sampled 25 beneficiaries showed that the number of permanent employees increased from 329 before IPARD II funding to 429 afterwards – an increase of 30% within this sample**. Secondly, the analysis based on financial data using "naive" data also shows a positive trend. **According to the available data on a sample of 27 companies that benefited from the IPARD programme, the total number of employees increased by 8.71%. More specifically, from 1.171 employees in 2021 to 1.273 employees in 2024**. Specifically, the **largest increase in the number of employees is among IPARD recipients who have repeatedly used IPARD II funds**, with those from the meat sector leading the way. Specifically, the company Mesopromet increased the number of employees by 13.81% from 507 to 577 employees in the



period 2021-2024, while the percentage increase for some smaller companies is even higher compared to the total number of employees. An example of this is the company Mediteranea, also from the meat sector, which has two projects from the IPARD II programme and where the number of employees has increased from 9 to 18.

### Measure 7

The efficiency of the use of resources under Measure 7 of the IPARD II programme should be assessed in the light of the circumstances of implementation. Measure 7 was implemented through a single call for proposals focussing exclusively on the rural tourism sector. During the programming period, the target values for the indicators were changed several times, most recently in 2024 (version 1.7).

Originally, the programme planned to support 120 projects under this measure. However, after it was decided to limit Measure 7 exclusively to projects in the field of rural tourism, this target was reduced to 30 projects in the final version of the programme. Parallel to this adjustment, new indicators were introduced that specifically target the number of newly built and rebuilt facilities in the rural tourism sector. The aim was to construct 5 new buildings and reconstruct 10 existing buildings. However, due to the way in which the investments were recorded in the monitoring tables – with both construction and reconstruction measures being summarised under a single LEE code – **it was not possible to accurately verify the achievement of this target according to its formal definition.** According to the subsequently provided document titled "List of Activities", which was published on the Ministry's website, it is noted that 13 projects were related to the construction of new facilities with or without equipment, while 4 projects pertained to reconstruction with or without equipment. In accordance with this document, it can be concluded that the established indicators have been met. **However, the Final Report on the implementation of the IPARD II program presents a somewhat different picture, stating 15 construction projects and 2 reconstruction projects.**

**A target of 14 family farms was set** in the programme for the number of farms supported under measure 7. Out of the final beneficiaries, **10 were natural persons who were registered as such, which corresponds to 58.8% of the target.** However, as explained elsewhere in this report, the type of farm involved is an important consideration. In many cases, participants were not engaged in an agricultural activity.

As regards the indicator for **newly created jobs**, the **original target of 50 jobs was later revised to 6 in version 1.7.** Final Implementation Report of IPARD II programme states that 18 new jobs were realized under Measure 7, significantly exceeding the established goal. However, at the time of writing this report, **it was not possible to confirm this number**, as the subsidized facilities were still not operational., Given the specific conditions under which measure 7 was implemented, and in particular the severe limitation of its scope, the funds provided for this measure were efficiently used to support rural tourism projects. Although certain indicator targets could not be fully verified due to technical limitations in monitoring and the agricultural nature of some **recipient** farms remains questionable, the number of projects supported is in line with revised expectations. However, the impact on job creation remains to be confirmed once the supported facilities are fully operational.

### What is the total investment (eligible and not eligible) generated by the programme?

The programme enabled **significant mobilisation of private funds**, with **beneficiaries contributing 60% of the total resources required for project implementation through a combination of financing eligible and non-eligible costs.** Given that IPARD only co-finances eligible costs, and only partially, it is evident that beneficiaries played a key role in the implementation of investments. This **highlights the programme's added value in encouraging private investment in the agriculture and rural development sector.**

The **total value of all investments implemented under the IPARD II programme in Montenegro, including both eligible and non-eligible costs, amounts to EUR 115,926,162.38**

This amount is composed of the following main components:

Component	Amount (EUR)	Share of Total Investment
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<b>Public Support (EU + National)</b>	46,411,811.12	40%
- EU Funds	34,808,855.86	30%
- National Co-financing	11,602,955.34	10%
<b>Private Contribution by Beneficiaries</b>	69,514,351.26	60%
- Private Co-financing (eligible)	31,274,149.97	27%
- Non-eligible Costs	38,240,201.29	33%
<b>TOTAL</b>	115,926,162.38	100%

**Note:** The private co-financing (eligible) was calculated as the difference between the total eligible investment costs (EUR 77,685,961.23) and the disbursed public support (EUR 46,411,811.12).

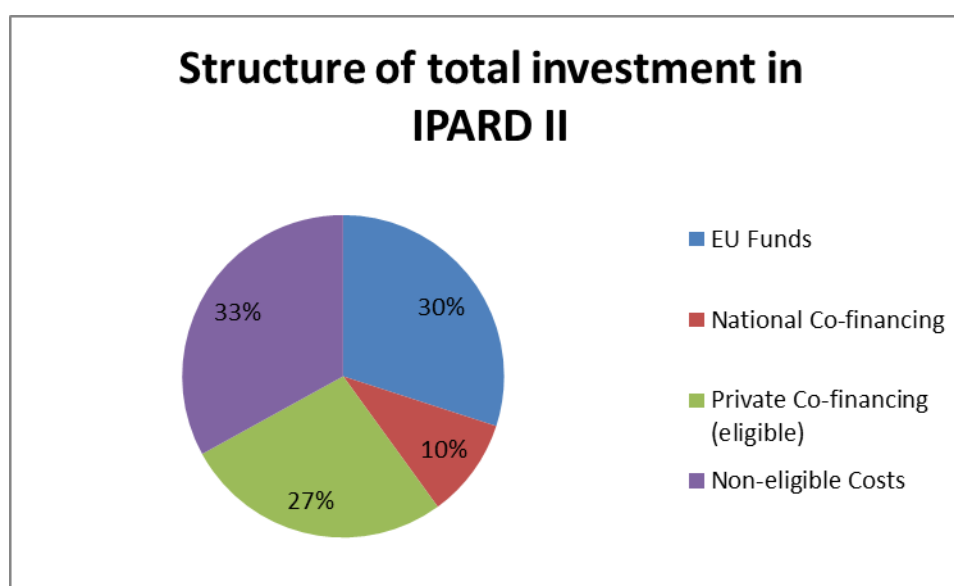


Figure 34: Structure of total investment in IPARD II

#### To what extent and how the lack of own resources and the difficulties to obtain credits hampered the implementation?

The lack of own resources and limited access to credit was a major obstacle to the implementation of the activities financed under the IPARD II programme, especially in the earlier phases. Discussions with beneficiaries during the field visits revealed that the inability to obtain loans, particularly from the Investment Development Fund (IRF), which offered more favourable terms and lower interest rates, was often cited as a reason for delayed implementation of investments. In contrast, commercial banks offered less favourable loan terms, including higher interest rates and more complex procedures, which placed an additional burden on applicants.

The results of a user survey carried out as part of Measure 1 confirm this finding, particularly in the area of necessary further adjustments. When asked about satisfaction with the commercial bank used to secure a loan for project implementation (on a scale of 1 - not satisfied to 5 - very satisfied), 14 out of 58 respondents rated the co-operation as 1 or 2, while 39 respondents gave it a high rating of 4 or 5. The most frequent complaints concerned high interest rates and complicated loan procedures. As a suggestion for improvement, many respondents proposed the establishment of a state-supported guarantee fund, as individual collateral requirements are often high, lower interest rates and simplification of the bank procedures.

A similar pattern was observed for Measure 3. Out of 12 respondents, 11 rated co-operation with banks as a 4 or 5, and the suggestions for improvement mirrored those of Measure 1: there is a need for more accessible loans supported by government mechanisms.



An analysis of the financing models used in the implementation of the investments supports this view.

Out of a total of 748 beneficiaries:

- ▶ 55.21% (413 beneficiaries) used only own resources,
- ▶ 32% (238 beneficiaries) utilised bank loans,
- ▶ 12.8% utilised a combination of own funds and loans.

It is important to note that the **changes to the IPARD II programme** introduced in July and October 2021 – in particular the **introduction of advance payments of up to 50%** of the approved grant amount and the **possibility of interim payments** – had a positive impact on the speed and simplicity of project implementation. It should also be mentioned that the introduction of advance and interim payments has influenced an increase in the number of users who realized their projects using their own funds. These changes reduced the financial pressure on beneficiaries and enabled faster implementation of activities, especially for projects awarded under the calls for proposals published following the policy decisions on advance and interim payments adopted by the Government of Montenegro.

In summary, although own resources were the main source of financing, the lack of accessible and favourable credit lines was a real obstacle for many beneficiaries, especially for small and medium agricultural producers. The introduction of structured financial support instruments – such as a national guarantee fund – could significantly improve the implementation of future programmes.

**To what extent synergy was ensured between implementation of IPARD II, national rural development policies and international funding schemes? What were main identified deficiencies?**

During the implementation period of the IPARD II programme in Montenegro (2014-2020), **the synergy between IPARD II, the national rural development policy and the international financial instruments was partially ensured**. Although there was strategic alignment, significant institutional and operational challenges limited the full realisation of synergies.

**Positive aspects and synergies realised:** The IPARD II programme was **aligned with national rural development priorities**, particularly in areas such as farm modernisation, diversification of the rural economy and investment in infrastructure and the environment. Between the end of 2014 and the end of 2018, so-called IPARD-like projects were implemented, which were financed via World Bank loans. **Two public calls under IPARD-like I financed 347 projects with EUR 5.06 million, and four calls under IPARD-like II funded 77 projects with EUR 3.92 million. These programmes served both the beneficiaries and the administration as preparatory steps for the transition to the “real” IPARD model.** International donors (e.g. WB, GIZ, UNDP) supported capacity building, advisory services and project preparation, thus indirectly improving readiness for the implementation of IPARD II. Over time, there has been a gradual shift from national funding programmes to the EU model of project funding, resulting in increased interest and improved quality of applications for IPARD calls.

**Main shortcomings and obstacles to synergy identified:** **Delayed IPARD II implementation** – the first IPARD II call was only launched in 2018, meaning that Montenegro was four years behind in the start of the implementation of the IPARD II programme. This was aggravated by the fact that the previous IPARD programme was never operational. Parallel national programmes with similar support – In the same period, similar types of investments (up to EUR 10,000) were supported under national calls with simple application forms and minimal documentation requirements. From 2017 to 2020, these national programmes supported 4,537 projects with a total investment volume of EUR 6.98 million. The availability of these simpler measures clearly contributed to the lower initial interest in IPARD II and the poor quality of applications. The implementation of national measures that financed investments similar to those eligible for the IPARD II programme significantly affected the initial utilization of IPARD funds. Joint planning, information exchange and operational co-operation were largely absent. **Limited administrative capacity** – implementing agencies (paying agency, advisory services) faced staff and technical constraints that hampered effective guidance and management of the complex IPARD procedures. Although a gradual phasing out of national schemes began in 2021, certain national support measures (e.g. investments in rural infrastructure) are still in force. These may overlap with future IPARD measures and affect the overall





effectiveness and financial efficiency of the programme.

**Conclusion and recommendations:** the synergy between the IPARD II programme and other funding sources was limited at institutional and operational level despite common strategic focus aimed at increased utilization of IPARD II funds. **Lack of coordination, overlapping regulations, a late programme start and competition from simpler national funding measures** hampered the implementation and visibility of IPARD II in the first years. However, as time progressed, the implementation of the IPARD II programme accelerated and intersectoral cooperation improved, resulting in the maximum utilization of IPARD funds being achieved in 2024, thereby avoiding a significant amount of EU fund withdrawals.

## 6.2.2 Measure-related Common Evaluation Questions

### How and to what extent has a measure contributed to restructuring?

The measures of the IPARD II programme **contributed to the restructuring of agricultural and food processing activities in Montenegro to varying degrees**, depending on the nature and objectives of the individual measures.

**Measure 1** primarily supported the modernisation of primary production through investments in **agricultural machinery, manure management, milking facilities and stables**. While these investments significantly improved farm productivity, hygiene and, in some cases, animal welfare, their contribution to wider restructuring was rather limited. The **predominant trend was the continuation of existing production models**, albeit at a higher technological level. Exceptions include farms that expanded their production capacity or switched to more specialised production, but overall, the structural change in primary production under Measure 1 was only partial.

The **strongest contribution to restructuring was made by Measure 3**, which enabled the subsidised companies, particularly in the meat and fruit and vegetable sectors, to:

- ▶ **Introduce new product lines** (e.g. pre-cut meat products, minced meat products), introduce modern packaging and processing technologies,
- ▶ **Obtaining important certifications** (HACCP, Halal, EU export numbers),
- ▶ **Access to new markets, including EU countries** (Slovenia, Germany, France).

These changes represent a clear shift in the structure of the subsidised companies – from traditional production to more diversified, **higher value-added and export-oriented models**. The increase in the number of companies with EU export numbers (now 24 companies, mainly in the meat sector) is a key indicator of this reorganisation. In addition, the **increasing product differentiation and improved quality management** systems show that the investments under Measure 3 have supported a strategic restructuring of the Montenegrin food industry.

In terms of actual export performance, the meat sector remains at the top of Montenegrin agri-food exports, including live animals, frozen meat and processed meat products. At the individual product level, wine remains Montenegro's top export, while exports of dried and cured meat products – including traditional products such as "Njeguški pršut" – show strong and steady growth, reflecting both the increased capacity of the sector and the added value realised through IPARD-supported restructuring.

**Measure 7 contributed to the diversification of the rural economy** rather than to the restructuring of the agricultural sector per se. Through the development of rural tourism capacity (tourist accommodation), the supported beneficiaries created new sources of income that were often complementary to or independent of their agricultural activities. However, the measure faced some challenges in terms of targeting genuine agricultural producers and the depth of structural change varied depending on the project.

### How and to what extent has a measure contributed to upgrading to the EU standards?



Measures 1 and 3 of the IPARD II programme in Montenegro were designed with the aim of achieving gradual alignment with EU standards, particularly in the areas of food safety, environmental protection, hygiene, animal welfare and occupational safety. Thus, the programme served as a pre-accession instrument for Montenegro, enabling the beneficiaries to invest in infrastructure and technology that meet the minimum standards of the European Community.

Before the final payment of the projects within the Measures 1 and 3, the entire holding/enterprise must comply with the relevant national minimum standards in force regarding environmental protection, animal welfare, public health and occupational safety. In addition, the investment itself, once completed, must meet the applicable EU standards in these areas. Although the monitoring system did not establish quantitative indicators to accurately measure the level of compliance with specific EU standards, the qualitative analysis - including case studies and interviews - shows that almost all projects implemented led to significant improvements in conditions on the ground.

In most cases, the investments enabled:

- ▶ the construction or reconstruction of facilities that meet hygiene and sanitation standards,
- ▶ the purchase of modern equipment that ensures safer and more efficient processing and storage,
- ▶ the introduction of or preparation for certification according to quality standards such as HACCP and ISO.

Some beneficiaries used IPARD support as a first step to further modernise the business and prepare for participation in new rural development policy programmes. Some users also indicated that they were planning additional investments aimed at accessing EU markets, confirming that IPARD contributes not only to technical compliance but also to a broader shift towards market standards and competitiveness – both domestically and in EU markets, where some beneficiaries already export their products.

This is also underpinned by the fact that, as a result of IPARD investments, the number of exporters of cured meat and meat products has increased, and is approaching the wine sector, which is still in first place. It is also worth mentioning that **18 processing plants have received an EU export number, which means full compliance with the stricter EU standards.**

#### **To what extent has a measure contributed to the development of the rural economy?**

The analysis of the available data and the activities implemented under the IPARD II programme in Montenegro shows that the accredited measures, in particular **Measures 1 and 3, have contributed significantly to the development of the rural economy, with a focus on the Northern region of the country.**

**Measure 1, as the most frequently implemented measure, has a total of 650 implemented projects, of which 398 (61.23%) were implemented in the Northern region.** According to the OECD classification, this region is considered a predominantly rural area, where **59.17% of the total population of Montenegro lives.** Looking only at the number of projects implemented in this context, it can be concluded that the **impact of Measure 1 on the rural economy is significant.** Although most of the funds in terms of value were disbursed in the Central region (51.63%), **the Northern region received 43.16% of the total payments under this measure, which represents an important contribution to strengthening the local rural economy.**

For **Measure 3**, although the statistics show that **80.74% of the investments are located in the Central region**, it is important to point out a methodological note that the monitoring system records the headquarters of the companies and not the actual locations of the investments. This fact partially distorts the actual territorial impact. **During the evaluation process, field visits (study visits) were carried out and it was found that two large companies – Mespromet and Primato P – are located in rural areas, both of which are beneficiaries of Measure 3.** Their contribution to the development of the rural economy is manifold: in addition to **direct investment in production capacity**, they provide **jobs for the local population** and thus **contribute to the retention of people in rural areas** as well as to **local public revenues**





through taxes and levies. **Mespromet also invests in housing construction**, for example, which is indirectly linked to rural infrastructure, which has a direct impact on improving the living conditions of the population and retaining the labour force in rural areas in the long term.

**Measure 7** was even more directly focused on rural areas: **88% of all investments under this measure were made in the Northern region**, further confirming the IPARD programme's focus on territorial balance and strengthening the less developed areas.

Overall, **57.35% of all projects under the IPARD II programme were implemented in the extremely rural Northern region, while 34.69% of the total funds were disbursed by value**. This disproportion indicates that smaller but numerically more significant projects were implemented in the rural areas, which corresponds to the structure of the rural economy based on small and medium-sized units. Based on the quantitative data, field visits and analysis of the territorial distribution of investments, **it can be concluded that the IPARD II programme had a significant impact on the development of the rural economy in Montenegro**. This impact was achieved both **through direct investment in rural areas and through the creation of local jobs, raising living standards and encouraging additional investment**. However, some caution is required when interpreting the results, as it cannot be ruled out that additional factors contribute to the success of IPARD beneficiaries that are not exclusively related to the allocated funds.

**What other effects, including those related to other objectives, are linked to the implementation of this measure (indirect, positive/negative effects on recipients (such as leverage, demonstration effects, deadweight effects, displacement effects, eligibility criteria etc.), non-recipients, local level)?**

The implementation of the IPARD II programme in Montenegro has led to a number of indirect impacts that go beyond the direct objectives of the individual measures and affect beneficiaries, non-beneficiaries, the institutional framework and the local community. For larger beneficiaries, particularly those that participated in **Measure 3**, IPARD II played an **important role in strengthening administrative capacity**, as the application and project management requirements necessitated the development of internal procedures, financial documentation and technical expertise. This experience has significantly increased the willingness of these organisations to participate in more complex EU funding mechanisms in the future.

On the other hand, for small beneficiaries, especially those involved in Measure 1, **IPARD promoted the professionalisation of business operations and the adoption of good practises, such as systematic collection of documentation, compliance with regulations and adherence to prescribed procedures**. This represents significant progress in the context of the national support system, which was previously characterised by a low level of formality and minimal requirements.

In addition, the programme has led to demonstration effects: Successful examples of IPARD beneficiaries have motivated other actors in the sector to consider investments and applications, creating a virtuous circle of trust and commitment. **An indirect effect can also be seen in the development of the market for consultancy services**, which supports beneficiaries in the preparation of project documentation. However, despite positive progress, there are also some challenges – due to the low proportion of funds paid for general expenses, it can be concluded that some recipients work with unregistered consultants, and unofficial information from the market suggest that some project applications are even prepared by employees of public institutions, which raises concerns about the transparency and integrity of the system.

In addition to the positive effects, some potentially negative effects have also been identified, among which the **risk of deadweight effects** stands out – certain investments, especially among large beneficiaries.. The challenge has also been highlighted in the ongoing mid-term evaluation of the IPARD II programme, and a recommendation was made to establish modalities for verification within the processing of applications for IPARD II calls. However, the verification of deadweight was not incorporated into the accredited procedures of the IA and was not carried out. In accordance with the identified risk, it is recommended that deadweight verification be included as an integral part of the procedures in future programs, as well as the establishment of a modality for dealing with users where a certain percentage of deadweight is identified.



From a regional perspective, although a significant number of projects were implemented in the Northern, predominantly rural region, a **much higher proportion of funding was allocated to the central part of the country**. This could also be **due to the influence of proximity to administrative capacity**. For example, beneficiaries currently have to visit institutions in the capital Podgorica for all questions and applications related to the IPARD II programme, which can be a major challenge due to poor transport links, especially from the north. **The planned spin-off of the IPARD Agency from the Ministry and the opening of regional offices will therefore significantly improve accessibility for beneficiaries.**

IPARD II has also had an impact on non-beneficiaries. **By increasing the competitiveness of beneficiaries and their influence on local labour and service markets, other companies are put under pressure to raise their business standards.** In addition, beneficiaries employing local workers contribute indirectly to the financing of local public needs through taxes and levies, multiplying the positive effects of the programme beyond the circle of direct beneficiaries.

Overall, it can be said that the IPARD II programme has had a wide range of impacts that go beyond the purely financial impact on the beneficiaries - particularly in terms of strengthening institutions, changing the business culture and influencing local communities.

Within the framework of the IPARD II programme in Montenegro, 35 cases of identified irregularities have been recorded, of which 19 have been closed, while 16 are still being monitored. Out of the 35 irregularities, 7 are of a non-financial nature, while the others resulted in partial or complete recovery of funds from the users. At the time of writing this report, the total amount recovered as a result of identified financial irregularities is EUR 45,942.63.

Although fraud has not been identified so far, the control and monitoring system is designed to enable their timely identification and prevention throughout the entire implementation cycle - from the submission of applications to payment and field control.

To strengthen the integrity of the system and ensure the proper use of IPARD funds, a mechanism for reporting irregularities has been established. Irregularities can be reported through the official MAFWM website, to the Anti-Corruption Agency, OLAF, as well as through contacts in the IPARD agency and the Managing Authority (MA). During the IPARD II programming period, there were anonymous reports of irregularities, all of which were processed.

To prevent irregularities and potential fraud, the following is recommended:

- Further strengthening of the administrative capacities of the relevant authorities for detecting and monitoring irregularities;
- Consistent application of procedures and checklists at all stages of program implementation;
- Regular training for officials and users on eligibility rules, conflict of interest and obligations of IPARD fund users;
- Improvement of the internal control system and coordination among institutions involved in the identification and management of irregularities.
- Promotion of mechanisms for reporting suspicions of irregularities, ensuring anonymity and protection for the whistleblower.

In the context of transitioning to the IPARD III program and Montenegro's future EU membership, a strengthened system for the prevention and management of irregularities and potential fraud will be crucial for ensuring transparency and sustainability in the management of funds.

Although the report from the European Commission's Office for the Fight Against Fraud (OLAF) for 2023 mentioned several cases of irregularities in the use of IPARD funds in Albania, according to available data, no similar irregularities have been recorded in Montenegro that would indicate any resemblance between the two countries in the context of utilizing the IPARD II programme.

According to the evaluation team's opinion, there are no elements suggesting a systemic connection or similar patterns of irregularities. Considering that the primary goal of this evaluation is to assess the results and impacts of the measures implemented under the IPARD II programme, all conclusions are based solely on official documentation, rather than unofficial or speculative information.



### 6.2.3 Measure 1 - Related common evaluation questions:

**To what extent have the supported investments contributed to improve the income of recipient farmers? To what extent have supported investments contributed to improving the competitiveness of the agricultural sector?**

The investments supported under the IPARD II programme, in particular through Measure 1, have contributed positively to improving the income of the recipient farmers and, to a certain extent, to increasing the competitiveness of the agricultural sector.

Based on a survey of 58 beneficiaries of Measure 1 (about 9% of total beneficiaries), respondents were asked to indicate the percentage increase in their income after the implementation of their IPARD-supported investment. The results are in line with expectations and were confirmed by site visits to the family farms. **The majority of respondents, 35 out of 58 (60 %), indicated an increase in income of more than 10 %. A further 16 beneficiaries reported an increase of between 5 and 10 %, while 7 reported an increase of less than 5 %.** These results indicate that the subsidised investments have had a noticeable and positive impact on the income of the majority of beneficiaries.

In terms of market positioning and competitiveness, **family farms (individual farms) are still predominantly present on the Montenegrin domestic market** and export only to a limited extent to regional markets. In contrast, some larger producers – primarily companies in the meat sector – have gained access to export markets, including the European Union, especially to Croatia. This illustrates the different competitive gains depending on the type of **recipient** and market segment.

In terms of **product innovation, no significant introduction of new products was observed among the beneficiaries of Measure 1 visited during the fieldwork.** This is in contrast to Measure 3, where product diversification was more evident. However, all new equipment and machinery purchased under Measure 1 had to be new and comply with EU standards. As a result, the beneficiaries were able to increase their production efficiency and reduce their production costs. Although it was expected that modern machinery and equipment would reduce the need for manual labour, in practice many beneficiaries took the opportunity to expand their production scale – either by cultivating larger areas or farming larger facilities – which in turn has boosted income growth and the resilience of the sector.

A notable **example of improving competitiveness is the construction and equipping of storage facilities. Twelve beneficiaries, all natural persons, invested in the construction and equipping of storage facilities with ultra-low oxygen (ULO) conditions.** These investments will probably help to improve the marketability and shelf life of the products and thus increase their competitiveness, particularly in the fresh produce sector.

**To what extent have the supported investments contributed to a better use of production factors on holdings?**

The supported investments under IPARD II – particularly through Measure 1 – **have contributed to a more efficient use of production factors on agricultural holdings**, with visible effects at both the level of individual farms and at sectoral level. Most notably, the **introduction of new machinery and equipment**, which represented the **dominant type of investment**, led to a **marked improvement in labour productivity**. With modern equipment requiring less manual effort, beneficiaries reported that they could maintain – and in some cases increase – production volumes with the same or only slightly expanded workforce. In fact, despite reduced labour requirements per unit of output, the expansion of production capacities typically led to stable or even increased employment. This pattern reflects the dynamic response of holdings to the availability of new technologies: rather than reducing workforce size, many chose to scale up production. Work safety has also improved. **The use of new, EU-compliant machinery significantly reduces occupational risks** compared to older equipment, especially in the context of mechanised planting, harvesting, and crop protection operations.

**A concrete example comes from a recipient in the Municipality of Tuzi who invested in a full set of modern agricultural machinery, including specialised equipment for potato cultivation. Prior to the**



IPARD-supported investment, this farmer cultivated one hectare of potatoes. Following the investment, production expanded to 10 hectares of potatoes, along with an additional 3 hectares of vegetable production in plastic tunnels. This case clearly demonstrates how access to modern machinery enables more effective use of land, unlocking latent production potential.

With regard to input use, while the general level of awareness regarding sustainable pesticide application remains low among many farmers, investments in specialised machinery for crop protection have led to more rational and targeted application among those beneficiaries who acquired such equipment. This has resulted in reduced overall pesticide consumption per hectare in these cases. In addition to machinery, a **number of beneficiaries also invested in advanced storage infrastructure**, including ULO (Ultra-Low Oxygen) cold storage units. While these investments have been discussed elsewhere in this report, it is important to highlight that such technologies contribute to a better use of the capital factor, enabling more efficient post-harvest handling, reducing losses, and extending marketability of perishable products.

#### To what extent have the supported investments improved the quality of farm products in compliance with EU standards?

The investments supported under the IPARD II programme, in particular Measure 1 have **made a significant contribution to bringing agricultural production into line with EU standards** and thus to improving the quality of agricultural products in Montenegro.

#### Compliance with EU standards – institutional and procedural framework

In accordance with the requirements of the IPARD II programme, **a condition for support was that the farm complied with national standards at the time of application and that the investment itself should lead to compliance with EU standards, before the final disbursement of funds**. This ensured that each approved project was designed and implemented with the aim of achieving a higher level of technical, sanitary, hygienic and environmental compliance.

#### Structure of investments and relevance to EU standards

The **majority of beneficiaries under Measure 1 used the funds to purchase modern agricultural machinery, with eligibility criteria requiring that this equipment comply with EU technical standards** (e.g. energy efficiency, safety, environmental criteria). Technical harmonisation with EU standards was thus integrated into the investment conditions from the outset. In addition to machinery, some users have invested in storage facilities, cold stores, irrigation systems, etc., which have contributed to food safety, extending shelf life and preserving nutritional value, all of which directly improve product quality. Considering the fact that there is generally little storage capacity in Montenegro, especially on farms, these investments represent a major step forward. One of the beneficiaries visited during the evaluation in the municipality of Tuzi, who grows vegetables, pointed out that the **investment in a cold store has contributed to a significant increase in his income**, as by the time most vegetables arrive, their purchase price drops. Today, due to the storage capacity, he stores some of the product and brings it to market when prices are higher. For this reason, he is considering increasing storage capacity through new IPARD tenders.

Results of the survey on 58 IPARD II beneficiaries:

- ▶ 39 of the respondents stated that they were already EU compliant before the investment,
- ▶ Out of the 19 who did not fulfil the requirements, 18 stated that they had fulfilled them after the investment.

Although this data should be interpreted with caution, as some farmers (often with little formal education) know little about the specific EU standards, **it is important to emphasise that the payment of IPARD funds was made conditional on verification of compliance with the standards**. It can therefore be assumed that significant progress towards EU standards has been made in practise.

A clear indicator of the improvement in production quality is the fact that some IPARD II recipients have



**become exporters, including exports to the EU market**, especially of fresh meat. This shows that not only the technical but also the veterinary and sanitary requirements are being met throughout the production chain – an important milestone.

In addition, **the following improvements** have been achieved through the modernisation of equipment and infrastructure:

- ▶ Better animal welfare and feeding conditions (in line with EU requirements),
- ▶ Improved hygiene and handling in production,
- ▶ Improved quality control systems that facilitate the implementation of the HACCP concept and the traceability of products.

**Additional positive results:**

- ▶ Increased motivation of beneficiaries to further professionalise their businesses,
- ▶ Increased awareness of the importance of standardisation and quality assurance,
- ▶ Basis for future product certifications (e.g. PGI, PDO, organic),
- ▶ Improved competitiveness of domestic agricultural production on regional and international markets.

**To what extent have the supported investments improved production conditions in terms of better working conditions in compliance with EU standards?**

The investments supported under the IPARD II programme, in particular Measure 1 have **led to significant improvements in both production and working conditions on Montenegrin farms**. These improvements have contributed to **making agricultural workplaces safer and more efficient and increasingly aligning them with European Union labour standards**. All equipment had to be new and EU-compliant, which means that the basic safety and ergonomics of work processes have been significantly improved, investments in the equipment have further improved hygienic, space and safety conditions in the workplace.

Most beneficiaries used the funds to purchase new agricultural machinery, which had a direct impact on improving working conditions. According to previous **data from the Statistical Office of Montenegro (MONSTAT)**, the **average age of tractors before the programme was over 15 years**. With the introduction of modern equipment:

- ▶ The physical workload was reduced,
- ▶ Work processes became faster and more efficient,
- ▶ Safety has been increased through EU-compliant technical features (e.g. improved brakes, enclosed cabs, reduction of vibrations).

In addition to machinery, **many beneficiaries invested in the construction and modernisation of facilities such as barns, storage buildings, cold rooms and supporting infrastructure**. These investments brought the following improvements:

- ▶ Better hygiene standards in the workplace,
- ▶ Increased safety from injuries (e.g. improved flooring, ventilation systems, LED lighting),
- ▶ Reduced exposure to extreme weather conditions,
- ▶ Greater efficiency in daily operation in closed, standardised environments.

#### Practical example – viticulture sector

During an on-site visit, a **recipient from the viticulture sector who purchased a new tractor reported that his working conditions have become much more comfortable, and he can complete his tasks faster**. However, he also mentioned that he had not invested in a cabin, which is now a problem when applying pesticides, as he is not protected from exposure to hazardous substances. This case illustrates that while basic working conditions have improved, some aspects of occupational safety, especially when dealing with chemicals – still require additional attention and education for operators. There is still a need for targeted



education of users on occupational safety standards, especially in the handling of pesticides and the use of protective equipment.

### **To what extent have the supported investments improved production conditions in terms of animal welfare in compliance with EU standards?**

The investments supported under Measure 1 of the IPARD II programme **contributed to the improvement of production conditions on Montenegrin farms, with a clear and measurable positive impact on animal welfare**, in particular through **targeted investments in animal housing, milking practises, calf rearing and manure management** in line with EU standards.

A total of **34 investments were made in the construction or reconstruction of barns**. These investments helped to create modernised housing conditions and ensure that the usable area per animal or livestock unit complies with national regulations that are in line with EU animal welfare requirements. These standards ensured that the animals had more space, better flooring, better ventilation and better lighting, which contributed to improved welfare.

Additionally, **39 investments focussed on the purchase of milking equipment** (both mobile and fixed systems) **and milk cooling and storage equipment**. These investments supported improved milking hygiene, reduced the risk of mastitis and promoted better udder health, thereby contributing to animal welfare in dairy herds.

A particularly important contribution was made by **239 investments in equipment for calving and housing calves (calving pens and individual pens for calves)**. These investments directly contribute to **better welfare of calves and cows during calving by providing specialised spaces with improved hygiene, comfort and management** in line with EU animal welfare recommendations.

**192 Investments were made in equipment for the transport and handling of solid, semi-solid and liquid manure**. Improved manure management plays a key role in maintaining a clean barn environment, reducing ammonia emissions and improving hygiene and comfort for the animals, as well as mitigating the negative impact of agriculture on the environment.

Although no direct site visits to livestock farms were carried out during the evaluation, the nature and scale of the investments supported, combined with compliance with animal housing and management requirements, provide **clear evidence that these investments make a significant contribution to improving animal welfare**.

To summarise, the investments under Measure 1:

- ▶ support the improvement of animal housing conditions through the construction and refurbishment of facilities,
- ▶ improved milking practises and udder health,
- ▶ the welfare of calves was significantly improved through targeted investments in calving and calf rearing facilities,
- ▶ better hygiene and animal welfare through improved manure management.

**Lessons learnt: Targeted investment in calving facilities and calf housing has a clear positive impact on animal welfare and should be prioritised in future programming.**

### **To what extent have the supported investments facilitated environmentally friendly farming?**

The investments supported under Measure 1 of the IPARD II programme **were formally linked to compliance with relevant EU environmental standards, which were a condition for disbursement**. Whilst this requirement ensured a reduction in the negative impact of agriculture on the environment within the framework of new investments, overall, the total **environmental results achieved varied**.

There is still a **significant limitation in the area of manure management**. According to data from the





monitoring tables, analysed by eligible cost codes (LEE), there are **8 farms that have invested in manure storage facilities**, indicating that the **effective management of livestock manure is still underdeveloped**. Final Implementation Report on IPARD II programme cites a slightly higher number of these users, totalling 39, which is still very low considering the overall number of 598 realized investments in the dairy and meat sectors under Measure 1. While many farms fulfil the minimum requirements for their specific investments, they still represent a significant environmental burden in this respect. The lack of fully established GAEC (Good Agricultural and Environmental Condition) and SMR (Statutory Management Requirements) standards in Montenegro exacerbates this challenge, as there is no comprehensive policy framework for environmentally sound agricultural practises.

According to available data, a positive note has been achieved by **34 recipients in the fruit and vegetable sector who invested in modern plant protection equipment**. This type of equipment allows for more precise and efficient application of pesticides, which in turn reduces the overall consumption of pesticides and minimises negative effects of pesticide use on the environment. During site visits, the evaluation team found that farms equipped with such technology were applying pesticides in a more controlled and environmentally conscious manner.

To summarise, although the IPARD II investments under Measure 1 have brought some improvements – particularly in the use of pesticides – **the overall contribution to environmentally friendly agriculture remains incomplete and limited**. Strengthening the legal framework (through GAEC and SMRs) and promoting wider uptake of green investments will be crucial to enhance this impact in future programming.

#### 6.2.4 Measure 3 - Related Common Evaluation Questions:

**To what extent have the supported investments helped to increase the added value of agricultural and fishery products through improved and rationalized processing and marketing of products?**

The investments supported under Measure 3 of the IPARD II programme have **contributed significantly to increasing the added value of agricultural products in Montenegro**, mainly through improved and modernised processing capacities and improved marketing of the products. Most of the supported investments were focussed on the meat sector, especially on meat processing equipment, followed by investments in fruit and vegetable processing. In all these sectors, **the introduction of modern processing technologies has directly enabled the production of products with higher added value**.

An **important development** observed during the site visits is the **shift of many beneficiaries to export markets**. One meat processing plant visited has **significantly increased its export volume** and now not only supplies regional markets but also exports to EU countries such as Slovenia, Germany and France. This **expansion was facilitated by the purchase of a new slicing and packaging line for pre-sliced meat products**, a product category that the company did not offer before the IPARD investment. In addition to expanding its product range, the company also obtained new certifications, including not only HACCP, but also Halal and other relevant certifications, further improving market access and competitiveness. Another **recipient** invested in a new production line for minced meat products, which in turn enabled the company to diversify its product portfolio. This type of product innovation and expansion of the product range is a clear example of how the subsidised investments have led to additional value creation in the domestic processing industry.

In contrast, **the fisheries sector was only marginally represented in Measure 3**. In total, **only three companies, all located in the Northern region of Montenegro, made investments in this sector**. The total amount of support granted to these projects was relatively modest at €53,000. The contribution of the subsidised investments to increasing value creation in the fisheries sector has therefore been limited to date.

The growing demand from the Montenegrin tourism sector is an additional driver for this trend. In response to increased consumption in the tourism market, the subsidised companies have expanded their production capacities to meet this demand. Despite these positive developments, however, the Montenegrin market remains largely dependent on imports due to the low level of self-sufficiency in many agricultural products. Nevertheless, **the investments supported by IPARD are contributing to a gradual strengthening of**





domestic processing capacities and a more diversified supply of locally processed products.

To summarise, the investments supported under Measure 3 have **demonstrably contributed to increasing the added value of agricultural products** through the introduction of new products, improved product presentation and packaging, increased processing capacity and improved access to domestic and international markets. The positive examples documented during the field visits are clear evidence of this impact. While the impact in the fisheries sector is still limited, the experience gained in this sector can provide a basis for more targeted support in future programming.

**To what extent have the supported investments helped to increase the added value and competitiveness of agricultural products by improving their quality?**

The investments supported under Measure 3 of the IPARD II programme have **contributed to improving the added value and competitiveness of agricultural products**, in part by improving product quality – although this aspect is not systematically tracked in the monitoring system.

The monitoring tables also have certain limitations in this respect. **It was not possible to determine the exact nature of the specific investments that would directly and significantly contribute to increasing value added through improved product quality based on the cost codes recorded.** This limits the ability of the evaluation to fully quantify such impacts for the entire portfolio of funded projects.

Nevertheless, **indirect evidence gathered during field visits points to clear examples of positive impacts.** Investments in ULO cold storage facilities have enabled longer storage times and the preservation of product quality, especially for fruit and vegetables, which has improved competitiveness in these market segments.

In the meat processing sector, **investments in modern processing and packaging equipment have enabled companies to enter higher value-added product categories.** For example, a leading meat processing company has significantly expanded its product portfolio by installing a packaging line for pre-cut meat, which was not previously part of its operations. This investment also **supported the company's successful entry into new export markets, including the EU**, and was accompanied by the achievement of additional certifications such as HACCP and Halal, which are an important mark of quality for both domestic and international consumers.

While the exact extent of overall quality improvements in all supported projects cannot be quantified based on monitoring data alone, **field observations and specific cases show that the investments supported by IPARD II have contributed to improving product quality**, which in turn has resulted in higher added value and competitiveness in the agricultural sector.

To support a better assessment of the impact on product quality in future programming periods, **it is recommended to improve the design of monitoring systems to allow systematic tracking of investments specifically targeting quality improvement** (e.g. through specific cost codes or additional reporting fields). This would allow a more accurate assessment of how the subsidised investments contribute to increasing the added value and competitiveness of agricultural products.

**To what extent have the supported investments improved health and welfare conditions in compliance with EU standards?**

The investments supported under Measure 3 of the IPARD II programme **contributed significantly to the improvement of health and social conditions in food processing establishments**, in particular with regard to **compliance with EU hygiene and food safety standards.**

Investments in the **meat sector (34 projects)** and the **fruit and vegetable sector (24 projects)** focussed mainly on improving production conditions and introducing modern equipment to ensure a higher level of food hygiene. These include:

- installation of new processing lines with automatic cleaning systems,



- ▶ modern cold stores that ensure continuous temperature control,
- ▶ refurbishment of floors and walls with materials that comply with EU food hygiene requirements,
- ▶ better separation of clean and dirty areas to minimise the risk of cross-contamination.

Field visits confirmed that the supported companies have noticeably improved their hygiene controls and many of them have obtained or updated their HACCP certification following the investments. In the meat sector, this was particularly important given the microbiological risks associated with meat processing. The introduction of pre-cut product lines and new packaging solutions also required strict hygiene control at all stages of processing.

During the study visits to the Measure 3 projects, the evaluation team was able to **confirm high hygiene standards in the subsidised facilities**. When entering the processing areas, the evaluators had to wear protective clothing, including disposable caps, shoe covers and overalls, to avoid any risk of contamination of the production lines. In addition, the entire visit was closely monitored by the responsible hygiene officers of each facility, further confirming the companies' commitment to complying with EU-compliant hygiene protocols. In addition, the subsidised investments **helped to improve working conditions for employees**.

The introduction of modern machinery has reduced the need for heavy manual handling of products, improved ergonomics and increased the overall safety of the working environment. On the ground, it has been shown that the processing plants comply better with EU occupational health and safety requirements following the investments.

In the meat sector, obtaining an EU export number requires full compliance with EU hygiene and food safety standards. The increase to 24 companies with an EU export number, most of them in the meat sector, is clear evidence that the supported companies have improved their health and animal welfare conditions to an EU-compliant level.

In summary, it can be concluded that the investments under Measure 3 have led to significant improvements:

- ▶ hygiene and food safety conditions in the processing plants,
- ▶ working conditions and worker safety,
- ▶ general compliance with EU food hygiene standards, especially in export-orientated companies.

Further progress could be made by encouraging smaller processing companies to also strive for these improvements and certifications in the next programming period.

#### **To what extent have the supported investments contributed to protect the environment?**

The investments supported under Measure 3 of the IPARD II programme **contributed only to a limited extent to environmental protection**, and the available monitoring data does not show any significant results in this area. A review of the monitoring tables also indicates that a small number of the supported projects included investments specifically recorded under cost codes related to the construction, reconstruction or equipping of facilities for wastewater treatment, air pollution control, environmental protection, or the processing, treatment or disposal of waste – including machinery for waste management. Similarly, no investments in renewable energy sources were recorded under Measure 3.

However, further verification revealed some discrepancies between the monitoring data and actual project implementation. While no such investments were recorded in the monitoring tables, the Final Implementation Report on IPARD II programme prepared by MA mentions the realization of 5 investments in renewable energy sources. Furthermore, a site visit to recipient confirmed that the investment had in fact been carried out, but as part of the larger, more comprehensive investments, particularly in the construction/reconstruction of facilities. Additional checks using online sources confirmed that this company, which was the subject of the field visit, had submitted an application for approval to invest in a wastewater treatment plant back in 2020. This **highlights a clear limitation of the monitoring system**, where relevant environmental investments are not always adequately captured under the corresponding



codes. In contrast, **another recipient visited did not implement such an investment** and, according to statements from media sources, this company may still be a significant polluter. **This case further illustrates the gap between the formal reporting of project outcomes and actual compliance with environmental regulations.**

Overall, although the environmental impact of the investments supported under Measure 3 was not negative per se, **there is little documented evidence that the measure made a significant contribution to environmental protection, although it can undoubtedly be stated that all implemented investments were in compliance with national and EU standards regulating this area.** The identified weaknesses in the monitoring system further limit the ability to fully assess this aspect.

In future programming periods, it will be **important to improve the tracking of environmental investments and to introduce stricter environmental compliance requirements and enforcement measures** – particularly for larger companies – to ensure that the entire business operation, not only the IPARD-supported part, is fully aligned with EU environmental standards.

**To what extent have the supported investments contributed to restructure the processing food industry in the sectors involved in order to be able to compete in the single market?**

The investments supported under Measure 3 of the IPARD II programme have **contributed to the restructuring of key segments of the Montenegrin food processing industry**, in particular in the meat processing and fruit and vegetable processing sectors, thus strengthening the capacity of Montenegrin companies to better compete in the EU internal market.

The **sectoral structure of the supported projects shows a clear focus on areas with high market potential: 34 projects were implemented in the meat sector and 24 in the fruit and vegetable sector.** These sectors were **strategically important given the strong domestic demand and dependence on imports** – Montenegro recorded meat imports worth EUR 910 million and fruit and vegetable imports worth EUR 534 million between 2017 and 2024. Demand trends on the domestic market create clear opportunities for import substitution and increasing export potential.

**Subsidised investments enabled companies to modernise their production processes and expand their market orientation.** In the meat sector, the introduction of new processing lines (e.g. pre-cut products, minced meat products), advanced packaging systems and improved hygiene and cold storage systems have significantly raised the technological level of production. The effects can be seen not only in the positioning on the domestic market, but also in export performance: Montenegro exported meat and meat products (codes 02 and 16) worth almost EUR 198 million between 2020 and 2024, including high-quality products such as dried and smoked meat (EUR 84 million) and sausages (EUR 23 million). Companies that have received IPARD support (e.g. a leading meat processor) have reported that they have entered new EU markets – including Slovenia, Germany and France – which would not have been possible without the restructuring made possible by the supported investments.

In addition, Montenegro now has **24 companies with EU export numbers**, most of which are active in the meat sector – a significant increase compared to the previous period. This demonstrates the positive impact of the investments on compliance with EU hygiene and food safety standards and the willingness of the industry to compete beyond the domestic market.

In the **fruit and vegetable sector, the supported companies invested in advanced storage facilities** (including ULO cold storage), modern packaging solutions and processing equipment, enabling them to offer both fresh and processed products of higher quality and longer shelf life.

**Progress in certification has further supported the reorganisation:** Many companies have obtained or upgraded HACCP and other certifications (Halal, ISO) required to access EU and high-value domestic markets.

**Although the share of agriculture in GDP declined from 7.9% in 2017 to 5.55% in 2023 due to structural economic shifts, the absolute value added of the agricultural sector increased from USD 0.38 billion in**



**2022 to USD 0.41 billion in 2023.** Livestock production, which contributes about 3.3% to GDP, remains an important driver of rural income, and investments under Measure 3 helped strengthen this segment of the economy through improved processing capacity.

To summarise, **investments under Measure 3 have clearly contributed to a targeted and strategic restructuring of the food processing industry in Montenegro in key sectors**, with tangible results in the following areas:

- ▶ improved technological capacities,
- ▶ improved hygiene and food safety standards,
- ▶ expanded product ranges,
- ▶ increased EU export readiness,
- ▶ and a stronger positioning on both the domestic and EU markets.

However, **the effects of restructuring remain concentrated on a relatively limited number of leading companies.** For IPARD III, it is recommended to further support broader industry-wide restructuring, with a focus on enabling smaller and medium-sized processors to achieve similar progress and better market integration.

#### 6.2.5 Measure 7 - Related Common Evaluation Questions:

**To what extent have the development and diversification of on-farm and/or off-farm activities contributed to increase the income (and standard of living) of the beneficiary rural population?**

The development and diversification of on-farm and off-farm activities envisaged under IPARD II measure 7 has not led to a visible improvement in the income or standard of living of the rural population of the recipients, as the projects realized at the time of this report were still not operational. The actual impact can be assessed after the completion of the first year of operation, when it will be clear from the monitoring system how high the average occupancy rate of the facilities was. The first and only call for tenders for this measure was only published in 2021 and due to restrictions related to conditional approval - in particular due to non-compliance with the criteria related to the minimum number of jobs - the contracting procedure was stopped. The contracts with the beneficiaries were not signed until 2023.

Out of the total of 17 approved investments, 15 concerned construction projects (with or without equipment), while the remaining two were aimed exclusively at equipping facilities. All projects were disbursed in the second half of 2024, with 12 payments only being made towards the end of the year, in December 2024, just before the end of the IPARD II programming phase. Therefore, **at the time of the evaluation, no facility was yet operational and the implementation of activities that could generate revenue could not even begin.**

Accordingly, while the responses of the beneficiaries collected in the survey (n=6) show that 67% of respondents perceive an increase in income of more than 10%, this cannot be considered a relevant indicator of the actual economic impact of the measure. Subjective estimates of income in this case are not based on the operational results of the investments, but possibly on expectations or other factors that have nothing to do with the implementation of the project.

In summary, there are **currently no reliable indicators that would allow an assessment of the contribution of Measure 7 to increasing the income and living standards of the rural population.** The evaluation of this component of the IPARD II programme can only take place once the facilities are operational and sufficient time has passed to measure and monitor their actual effects on the income of the beneficiaries.

**To what extent have supported investments promoted the diversification of farm households' activities towards non-agricultural activities? Focus the analysis on the most important activities in this respect?**

Based on the available data and the results of the field visits, it can be concluded that **no real diversification of agricultural households' activities into non-agricultural sectors took place under the IPARD II programme, through the implementation of Measure 7, as was anticipated in the initial versions of the**



**IPARD II programme.** Out of the 17 beneficiaries receiving support under this measure, seven were legal entities that, according to IPARD II rules, were not required to engage in agricultural production to be eligible. In this context, their participation in non-agricultural activities does not constitute diversification from agriculture but rather concerns enterprises with a direct interest in rural tourism or related services.

The analysis revealed that the **majority of the remaining ten beneficiaries, who were natural persons, were not actually engaged in agricultural activity at the time of application.** This assumption was confirmed by an on-site visit to one of the beneficiaries, which revealed that the **recipient** was not actively engaged in farming. Although IPARD II rules required natural persons to be registered in the farm register, a subsequent verification revealed that registration does not require proof of active production, but only proof of land ownership. Such a procedure was insufficient to ensure that the beneficiaries were actually active farming households, a fundamental prerequisite for a credible assessment of diversification.

This issue was discussed during the evaluation process with representatives of the Managing Authority (MA) and the IPARD Agency (IA), who acknowledged the system's shortcomings. **An important change was already introduced in the IPARD III programme for all future recipients of support, whereby all those who have received support through direct payments in previous years are considered eligible recipients.**

In this context, it is clear that the analysed implementation of Measure 7 cannot be considered a genuine diversification from agricultural to non-agricultural activities, since in most cases there was no original agricultural activity from which the beneficiaries could have deviated. Instead, **the measure supported the development of non-agricultural activities in rural areas, but without a clear link to the transformation or expansion of existing agricultural holdings.**

Although the development of non-agricultural activities in rural areas is a valuable objective in itself, the overall objective of diversification in the true sense of the word would be achieved primarily through the inclusion of agricultural holdings. Through diversification, these could secure additional and stable income and enable the marketing of agricultural products—particularly those with added value—through direct sales channels. This would make a tangible contribution to Montenegrin agriculture.

#### **To what extent have supported investments promoted additional employment opportunities for farm households outside the agricultural sector?**

**All investments under measure 7 of the IPARD II programme in Montenegro were exclusively focused on the rural tourism sector, which is considered a non-agricultural activity in rural areas.** In this sense, there is a theoretical potential for the creation of additional jobs outside the agricultural sector, particularly for members of agricultural households who wish to diversify their sources of income. However, as mentioned above, the beneficiaries of Measure 7 are not farmers who derive their income from the sale of agricultural products.

From the observations from field visits and the data collected during the evaluation, it can be concluded that **at the time of the evaluation it was not possible to determine the actual impact of IPARD investments on employment.** All investments were completed by the end of 2024, but at the time of the evaluation none of the supported facilities had yet been put into operation. Therefore, the analysis could not be based on the actual results, but solely on the expectations and perceptions of the beneficiaries.

For the evaluation, an online and telephone survey was conducted among the beneficiaries of measure 7. Out of 17 beneficiaries, 6 responded to the survey. One of the questions was whether IPARD investment were expected to increase employment. Of the 6 respondents:

- 4 stated that they did not expect to hire new labour,
- 2 stated that they expected an increase in employment from a total of 7 to 12 employees, which corresponds to the creation of 5 new jobs.

Despite these indicators, caution is required when interpreting the results. Five out of six respondents were already been active in tourism prior to IPARD funding, so it is difficult to determine the extent to which the increase in employment is directly attributable to the IPARD investment rather than general market growth



or expansion of existing business activities.

Another challenge is the anonymous nature of the survey, which makes it difficult to link responses to specific types of beneficiaries (natural/legal persons, newly established businesses or existing businesses).

In addition to the quantitative limitations, the timing of the assessment is also important. As the investments are not yet in operation, the actual employment effects can only be objectively assessed in the medium term when the facilities are in operation.

Therefore, **on the basis of the information available, it is not possible to draw a reliable conclusion about the actual impact of IPARD investments on employment outside the agricultural sector.** While there are indications of potential job creation, the small sample size, anonymity and lack of clear distinction between the impact of IPARD and general trends in tourism demand mean that these results remain of limited significance.

#### **To what extent have supported investments contributed to improving the diversification and development of the rural economy?**

As the projects funded under Measure 7 of the IPARD II programme in Montenegro were not completed until 2024 and were not yet operational at the time of this evaluation, **it is not possible to reliably assess their actual impact on the diversification and development of the rural economy.**

According to the information available, the calls for proposals carried out so far have only supported investments in rural tourism. While this sector can contribute to the generation of additional income in rural areas, its potential to create sustainable jobs and maintain year-round economic activity is limited due to its highly seasonal nature. For this reason, **it can be concluded that a significant long-term impact on rural economic development is unlikely if investments continue to focus mainly on tourism.**

However, Measure 7 is broader in scope and provides for the possibility to support service activities and small processing businesses that have not been included in the implementation so far. These sectors hold greater potential for real diversification of the rural economy, not only by generating income for the rural population, but also by improving access to basic local services (e.g. repair workshops, small-scale food processing, handicrafts, etc.).

#### **To what extent have supported investments contributed to improving the quality of life in rural areas?**

The investments supported under Measure 7 of the IPARD II programme are expected to contribute to improving the quality of life in rural areas, although it is still too early to fully assess their actual impact, as most of the investments were not completed until the end of 2024.

The construction of new tourism facilities in rural areas required the use of modern technologies and equipment, which in itself is a contribution to improving the quality of life in these areas. In addition, the development of such facilities can be expected to stimulate improvements to local infrastructure – roads, utilities and related services – either as a direct result of the investments or through subsequent public or private initiatives. In this context, it is strongly recommended that the IPARD III measure on rural infrastructure be launched as soon as possible, as its synergy with Measure 7 could maximise the wider development effects for rural areas.

During the study visits, some beneficiaries indicated that they plan to integrate local traditional products into the services offered by their tourism facilities, which in turn will encourage the involvement of local farms and small producers. This type of collaboration can further contribute to the socio-economic vitality of rural communities. However, for greater impact and added value, it is important to kick-start the small-scale processing sector under Measure 7 as soon as possible to enable the supply of local products that meet food safety standards and can be marketed through rural tourism channels.

It should also be noted that a significant number of Measure 7 beneficiaries do not live in the rural areas where their facilities are located, but in urban centres. This raises the question of the long-term socio-





economic anchoring of these projects in local communities and suggests that a stronger focus on genuine rural stakeholders may be needed in future programming.

## 7 CONCLUSIONS AND RECOMMENDATIONS

### 7.1 Assessment of the Performance of the IPARD II Programme Implementation

In order to assess the success of the implementation of the IPARD II programme in Montenegro, the overall performance assessment was based on two main indicators:

1. Achievement of performance indicators, and
2. Degree of utilization of available funds (EU part).

Unlike the approach that uses median values of payment ratios, the evaluation in this report is based on a direct comparison between the initial program objectives (version 1.0) and the final program settings (version 1.7). This ensures a more precise analysis of the performance of each measure concerning the finally defined goals and budgets.

#### 1. Utilization of Funds

In this aspect, the percentage of fund realization is observed in relation to the allocations from both versions of the program:

- Initial budget (version 1.0) and
- Final budget (version 1.7).

The degree of utilization is expressed as the percentage of disbursed funds in relation to available funds in each version. Based on this, deviations are identified, and the performance assessment of individual measures is defined.

#### 2. Achievement of Performance Indicators

The analysis of effectiveness is based on comparing planned and achieved values of indicators at the measure level, focusing on indicators defined within the program documents. The evaluation takes into account:

- Whether the indicators were met in relation to the plan from version 1.0 and/or version 1.7, and
- What the realization percentage is for each indicator.

For each measure, performance indicators defined in program versions 1.0 and 1.7 were identified. Performance was assessed based on the arithmetic mean of the realization percentage of all indicators within a single measure, specifically for each version.

Categorization of the performance of measures in terms of effectiveness and fund utilization is carried out according to the following thresholds:

- Up to 50% realization - low performance (unsuccessful),
- 51% to 80% realization - moderate performance,
- Over 81% realization - high performance.

By combining the results of both aspects of the evaluation - effectiveness and fund utilization - an overall rating for each measure is formed through classification:

- Exceptionally successful,
- Successful,





- Moderately successful,
- Unsuccessful,
- Exceptionally unsuccessful.

This classification allows for a clear and systematic assessment of the implementation of IPARD measures in Montenegro, taking into account the changes that occurred during the programme's duration.

**Table 23: Assessment of the performance**

	Measure	Absorption (v1)	Assessment (v1)	Absorption (v1.7)	Assessment (v1.7)	Performance (v1)	Assessment (v1)	Performance (v1.7)	Assessment (v1.7)
1	Investments in physical assets of agricultural holdings	169%	Extremely successful	100.5%	Extremely successful	79.6%	Successful	60.6%	Moderately successful
3	Investments in physical assets concerning processing and marketing of agricultural and fishery products	77.7%	Successful	84.6%	Extremely successful	84.07%	Extremely successful	177.35%	Extremely successful
7	Farm diversification and business development	42.1%	Moderately successful	101.36%	Extremely successful	25.09%	Unsuccessful	112.68%	Extremely successful
9	Technical assistance	0%	Extremely unsuccessful	0%	Extremely unsuccessful	0%	Extremely unsuccessful	0%	Extremely unsuccessful

Note: For each measure, the corresponding performance indicators have been identified. The performance of the measure was assessed based on the arithmetic mean of the realization percentage of all relevant indicators, separately for program versions 1.0 and 1.7. This allows for an examination of the difference between initial goals and revised expectations, as well as the actual efficiency of measure implementation. Additionally, the table also shows the programme's performance related to the percentage of fund utilization in relation to the initial allocation and the final allocation. The assessment also included Measure 9 - TA, which was accredited in the IPARD II program, but only at the very end of its implementation. The categorisation of performance levels has been carried out according to the following thresholds of implementation (%):

- ▶ Extremely successful: 81-100% (and above, in cases of overachievement).
- ▶ Successful: 61-80%.
- ▶ Moderately successful: 41-60%.
- ▶ Unsuccessful: 21-40%.
- ▶ Extremely unsuccessful: 0-20%.

#### 7.1.1. Conclusion on the Performance of the IPARD II Program

Based on the comparison of the performance of measures in the initial version of the program (v1.0) and its final version (v1.7), a clear shift in the implementation of the IPARD II program can be observed.

Based on the results of the evaluation of individual measures, it can be concluded that the implementation of the IPARD II programme in Montenegro was generally successful. The most significant measures - investments in the physical assets of agricultural holdings and investments in the processing and marketing of agricultural and fishery products - achieved results that can be assessed as successful to extremely successful, thereby directly contributing to improving competitiveness and modernising the agricultural sector. The measure on farm diversification and business development showed mixed results, with a combination of unsuccessful and extremely successful indicators, placing it in the moderately successful category. Nevertheless, the effects achieved under this measure indicate that there is potential for a stronger development of supplementary activities on farms, provided that technical support and advisory services are improved in the next programming period.

In contrast, the Technical Assistance measure was not implemented and is therefore assessed as extremely unsuccessful, although its budgetary significance within the overall programme framework remained



limited. This nevertheless highlights the underutilised potential of a measure that could have provided important support in programme implementation and in strengthening institutional capacities.

Taking everything into account, the overall implementation of the IPARD II programme can be assessed as successful. However, there are significant differences among the measures, showing that although the main objectives were largely achieved, there remains room for improving efficiency, better preparing beneficiaries, and further strengthening the capacities of the competent institutions.

It is important to emphasise that if Measure 9 (Technical Assistance) were excluded from the overall assessment, the programme's overall performance would be rated at a higher level, as the remaining measures mostly fall into the categories of successful or extremely successful. This indicates that the programme's effectiveness was primarily determined by its key investment measures, while the limited implementation of Technical Assistance slightly reduced the aggregate success score.

These findings provide valuable input for the planning and implementation of the IPARD III programme, where special attention should be devoted both to those measures that showed weaker performance and lower absorption of funds under IPARD II, and to ensuring the full utilisation of the Technical Assistance component, which can significantly contribute to strengthening institutional capacities and supporting final beneficiaries.

### 347.2 Recommendations based on evaluation findings, including possible proposals for the IPARD III programme

The results of the ex-post evaluation of the IPARD II programme in Montenegro show that the programme has achieved important impacts, particularly in the areas of modernisation, increasing competitiveness and improving processing infrastructure. However, several areas for improvement were also identified, both at the level of programme planning and management and in the area of monitoring programme implementation and impact measurement.

Based on the analyses carried out, the surveys of beneficiaries, the field visits and the insights into the monitoring system, the following key recommendations are made to improve the implementation of the IPARD III programme:

#### Maintaining the focus on investments to modernise and increase competitiveness

Investments in agricultural machinery and equipment, processing capacity and storage facilities have proven to be highly effective and of great interest to beneficiaries. It is recommended to maintain this focus within the IPARD III programme, but to provide additional support with:

- ▶ To foster the development of value-added products in Montenegro, efforts should focus on traditional and regionally specific product lines such as artisanal cured meats, dairy products, and other heritage-based foods with strong market potential,
- ▶ the improvement of product quality,
- ▶ adaptation to market requirements and quality standards.

It is also proposed to **introduce percentage incentives for primary producers who invest in processing and agro-tourism** in order to strengthen the link between primary production and processing and to increase the value of the products both on the domestic and international markets.

#### Greater focus on investment in environmental protection in synchronisation with introduction of conditionality

Although environmental protection was formally included in the IPARD II programme, its contribution in this area was limited when considering agriculture and the processing industry as a whole. The monitoring system did not allow for precise tracking of investments, e.g. in wastewater treatment systems, renewable energy, or other environmentally focused actions. However, during field visits, as well as according to data from the final implementation report of the IPARD II programme in Montenegro, it is evident that such



investments did take place and that environmental concerns were present – particularly among Measure 3 recipients, who also represent the segment with the highest potential environmental impact.

In this context, it is important to highlight that work on Measure 4 - agro-environment measure and organic farming, which directly targets environmental protection and aims to reduce the negative environmental impact of agriculture, began during the implementation of the IPARD II programme. These efforts were further intensified in order to ensure timely accreditation of the measure within the IPARD III programme. The experience gained so far through support to organic production within national support models indicates a smooth and unobstructed transition to financing under Measure 4 in IPARD III.

Additionally, given that Montenegro is expected to become an EU Member State in the near future – as foreseen by the EU enlargement strategy – preparations for the implementation of the IACS control system (including LPIS) for Measure 4 and all future area-based agro-environmental measures have already been launched and are being intensified.

Some elements of farm management obligations defined under GAEC (Good Agricultural and Environmental Conditions) and SMR (Statutory Management Requirements) have already been implemented. Full compliance with conditionality requirements will be enforced upon Montenegro's accession to the EU.

Therefore, it is recommended that within the IPARD III programme the following improvements are made:

- A clear definition of indicators and conditions related to the environmental protection that are monitored through the monitoring system, including data that should be tracked by MONSTAT,
- The development of a monitoring system capable of systematically tracking and assessing the environmental impact of supported investments,
- The launch and operationalisation of Measure 4, as a key step towards sustainable agricultural development,
- The alignment of future support with EU conditionality standards, ensuring that only beneficiaries who exceed minimum environmental standards are rewarded.

These actions will not only enhance the effectiveness of environmental measures under IPARD III but also contribute to Montenegro's readiness for full integration into the EU's Common Agricultural Policy framework.

### Improving the monitoring system

One of the main challenges in carrying out the evaluation of the IPARD II programme was accessing the data from the official monitoring tables and ensuring their quality. These tables were revised several times after the involvement of the evaluators, and some were still not complete at the time of finalising the draft report. A particular challenge is that data within the IA is kept by different departments in separate monitoring tables, which often do not match because of different templates used.

In addition, the contact details of the beneficiaries were often incorrect, which made it difficult to carry out the survey. Another challenge was that the beneficiaries did not respond to the surveys and did not provide high quality answers, although they are obliged to participate in the evaluations after the last payment.

It is recommended that:

- The IA should urgently develop a centralised software system for monitoring the implementation of the IPARD programme that ensures the accuracy and consistency of the data;
- To ensure the monitoring of indicators related to realized investments (in terms of achieved income and employment), particularly in Measure 1, it is essential for users from the category of agricultural holdings (PG) who are not required to submit financial data to the relevant state authorities. This approach will enable more efficient monitoring in the future, making it easier to identify changes that need to be made within the programme;



- The implementation of the technical assistance measure should be initiated as soon as possible in order to provide funds for the development of this software and the improvement of the monitoring system;
- The number of beneficiaries included in the FADN survey, in particular Measures 1 and 7, should be increased to allow more accurate and concrete conclusions on the impact of the programme.

It is also recommended to plan the targets for each measure more realistically instead of repeatedly changing them in the different versions of the programme, as this makes monitoring and evaluation more difficult.

### **Strengthening the capacities of Technical Bodies in the implementation of the IPARD programme**

In order to reinforce the effectiveness of the IPARD management and control system, it is necessary to place stronger emphasis on the role of the Technical Bodies, particularly in the area of verifying the compliance of investments with both national and EU standards. The strengthening of effectiveness should encompass regular and continuous training of staff in the Technical Bodies to ensure full awareness of applicable requirements, the systematic review and adjustment of control checklists so that they adequately capture all relevant compliance aspects, and the introduction of stricter follow-up and supervision measures in the ex post period. These actions would contribute to ensuring more consistent compliance controls and to further safeguarding the credibility, transparency and reliability of IPARD programme implementation.

### **Promoting economic diversification in rural areas and better targeting of beneficiaries of Measure 7**

The evaluation of Measure 7 found that a significant number of beneficiaries formally met the eligibility criteria but were not actual agricultural producers. It was clearly established that beneficiaries were entered in the register of agricultural holdings only for the purpose of applying for the program, which in the future can be considered as an artificial creation of conditions.

It is recommended that:

- ▶ Investments primarily enable agricultural producers to diversify their sources of income through the measure, allowing them to establish channels for marketing their primary agricultural products;
- ▶ The calls for proposals for the processing and service sectors under Measure 7 should be published as soon as possible to increase the attractiveness of the measure and its contribution to the development of the rural economy.

### **Increased control of deadweight effects**

The ongoing evaluation of IPARD II highlighted the need to strengthen control of deadweight, however, not enough action was taken in this regard during IPARD II programme.

It should be emphasized that in discussions with representatives of the IPARD Agency and the Managing Authority, it was established that procedures for assessing deadweight have been implemented and are applied in the control of incoming applications for the IPARD III programme measures. It was indicated that among the applicants in the IPARD III programme, a significant portion are those who were also recipients of the IPARD II programme, and so far, the effect of deadweight has not been observed.

It is proposed that the procedures include the possibility of grading deadweight, allowing for a reduction in the amount of support based on the degree of deadweight, rather than completely rejecting the application.

### **Improving the user's information**

When it comes to raising awareness among farmers about the IPARD programme, experience so far shows that posts on social media have a limited impact on farmers, especially the older population, who are not inclined to use social networks. It is recommended to create a dedicated website exclusively for the IPARD III program, where information would be centralized and easily accessible to users. Currently, data related



to the legislative framework, public calls, guidelines, frequently asked questions (FAQ) and other key information are scattered across multiple sources, making access and navigation difficult, particularly for users with limited digital skills.

The new website should enable easy searching, sorting, and filtering of information, including an overview of public calls, guidelines, as well as a review of all users along with basic information about their projects. In this context, the initiative to establish a Geographic Information System (GIS) is supported, which would allow for an overview of all supported IPARD projects along with their locations and summarized information. Such a tool would significantly contribute to increasing transparency and promoting the results of the programme.

Additionally, although IPARD programme users are required to participate in public announcements, and successful stories are regularly presented in the IPARD newsletter, their names are not mentioned in the official overview of all users, which leaves room for ambiguity. If the reason for not publishing names is the interpretation of GDPR regulations, it is important to emphasize that GDPR does not prohibit the publication of the names and surnames of individuals, but rather concerns sensitive and personal data such as personal identification numbers, addresses, contact information, etc. It is proposed that these statements be further verified and the legal basis for concealing the identities of users in publicly available records be re-examined.

Furthermore, greater attention needs to be paid to users from rural areas, especially those who are potential beneficiaries of Measure 7. It is recommended to organize informational events that are not limited to the formal presentation of regulations, rules and public calls, but rather to create greater trust and security among potential users through a more accessible, practical, and human approach, especially for those who have not had prior experience with the IPARD programme.

In this respect, the following recommendations are made:

- **Establish one-stop centres**, especially in the rural areas of the Northern region, where beneficiaries can receive comprehensive information and support;
- **Open regional offices of IA** as soon as possible to bring the IPARD programme closer to the actual users;
- **Raising beneficiaries' awareness of their obligations after the implementation of the investment** – especially in terms of project labelling and participation in evaluations, which were often neglected in practise.

#### Improving administrative efficiency and reducing application processing time

One of the key recommendations relates to accelerating the process of administrative verification, particularly during the contracting phase, as the duration of this phase is largely conditioned by the speed of the IPARD Agency's operations.

In this regard, it is proposed that, following the functional separation of the IPARD Agency as an independent body, options be considered to process IPARD applications outside the formal administrative procedure, which would allow for greater flexibility and efficiency. Additionally, it is recommended that the mandatory documentation be clearly defined in advance, which cannot be supplemented later, as this would have a positive effect on both the quality of applications and the speed and simplicity of processing.

Considering all the objective obstacles that have accompanied the implementation of measures, the fact that, under Measure 7, an average of 619 days elapsed from the submission of the application to contracting is extremely concerning and indicates serious weaknesses in administrative capacities.

Furthermore, the fact that the conditional accreditation of Measure 7 was a result of an insufficient number of employees in certain organizational units, which directly affected the length of procedures, should not be a practice in the future, as this is easily resolvable.



Overall, most applications were processed after more than 200 days, which is a timeframe that should be significantly reduced in the future, while the time from the submission of the Payment Request to the final payment should be maintained at the levels achieved in the second half of 2024, just before the end of the utilization of IPARD II funds.

The table below provides an overview of the average processing time for applications in each individual phase.

**Table 24: Average processing time for the application**

Measure/Public call/Indicators	Number of users	Number of days from application to project contracting <sup>49</sup>	Number of days from application submission to payment	Number of days from project contracting to payment
<b>M1</b>	<b>650</b>			
M1/1JP	207	375,8	864	488,2
M1/2JP	63	176,64	693	516,36
M1/3JP	60	170,5	556	385,5
M1/4JP	41	214,49	577	362,51
M1/5JP	279	232,59	447	214,41
<b>M3</b>	<b>81</b>			
M3/1JP	13	171,7	1.033	861,3
M3/2JP	15	219,07	909	689,93
M3/3JP	8	235,17	908	672,83
M3/4JP	6	209,5	673	463,5
M3/5JP	27	92,82	281	188,18
<b>M7</b>	<b>25</b>			
M7/1JP	17	618,53	1.149	530,47

*Table 24 was prepared by the evaluation team based on the data from the Monitoring Tables.*

Considering that the success of the IPARD programme is directly related to the efficiency of its implementation, it is recommended to:

- Strengthen the administrative and spatial capacities of the IPARD Agency, particularly during the processing and contracting phases of applications,
- Reform the procedural framework to allow for faster and simpler processing of applications outside the classical administrative procedure,
- Strictly define documentation requirements to avoid subsequent amendments and delays in the process.

These measures would contribute to creating a more favorable institutional environment and strengthening user trust in the transparency and efficiency of the IPARD system in Montenegro.

<sup>49</sup> The number of days from application to project contracting includes the administrative control of applications, as well as field control, control conducted by technical bodies, and price control carried out by the Evaluation Commission.



### Key comment from the evaluators

Based on the available evidence, the evaluation team has identified some systemic weaknesses within the IPARD II programme implementation in Montenegro which may have potential to have a negative impact on the implementation and the success of the future programme (i.e. IPARD III).

The IPARD II programme, while designed to be demand-driven, has experienced challenges. These are due a combination of factors such as, for example, institutional readiness and the complexity of requirements, particularly in comparison to the requirements for national funding, which users were previously accustomed to, application requirements, and insufficient knowledge among potential beneficiaries which may have hindered farmers' ability to access the programme's funding. If not addressed appropriately, these systemic weaknesses may also impact on future planning, implementation and long-term ability of IPARD III programme to meet intended objectives reliably, consistently and sustainably.

The evidence of inconsistencies or inaccuracies in financial and RECIPIENT data during an evaluation of IPARD II programme suggests that, in some instances, the available data used to track progress may be unreliable to some extent. It may also highlight potential misunderstanding of the general EU fund management system as some of the interviewees displayed a certain lack of familiarity with the standard practice of using official monitoring tables for evaluation processes. This may also indicate a potential misunderstanding of the fundamental principle that transparent monitoring and evaluation are mandated responsibilities, not optional choices, within the EU's fund management framework.

All these challenges may indicate a need for:

- ▶ Further strengthening of institutional frameworks,
- ▶ Enhancement of management structures,
- ▶ Investment in human resources and
- ▶ Combining and integrating sectoral analysis.

This would allow for a more comprehensive understanding of integrating the sectoral perspective and facilitating the overall IPARD III programme impact on relevant Montenegro's sectors development and contribution to national economy. Addressing these needs would also allow for more structured approach to measuring and evaluating the programme effectiveness and identifying areas for improvement.

This would require more robust data governance framework, which is already in progress and which is crucial for effectively tracking progress, making informed decisions, and maintaining accountability. Specifically, these improvements would enable for standardised approach to data collection including training and capacity building and implementing quality control measures for collection of data to identify and address errors, inconsistencies and missing data. In turn, these improvements should facilitate development and implementation of an integrated monitoring and reporting system and full transparency of data which can be readily made available to supervisory and auditing agencies, and independent external evaluations.

## 8 ANNEXES

### Annex 1 - ToR





Annex 2 - Survey questionnaires

Annex 3 - Interviews' meeting minutes

Annex 4 - Field visits materials



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