

SUMMARY

Performance Auditing Report

"Effectiveness of Incentives in Animal Husbandry"

ALTHOUGH IN THE 2016–2018 PERIOD THE REPUBLIC OF SERBIA HAS ALLOCATED ALMOST 28 BILLION DINARS FROM THE BUDGET FOR INCENTIVES IN LIVESTOCK BREEDING, THERE HAS NOT BEEN AN INCREASE IN THE POPULATION OF CERTAIN SPECIES, NO INCREASE OF MEAT PRODUCTION AND NO INCREASE IN EXPORTS IN THE FIELD OF ANIMAL HUSBANDRY

Animal husbandry production in the Republic of Serbia in the last few years has faced a number of problems, the consequence of which is reduction of cattle population and a decrease in the production of certain types of meat.

Number of livestock / hives (in thousands) for the period 2015–2018



	2015	2016	2017	2018
Cattle	916	893	899	878
Pigs	3,284	3,021	2,911	2,782
Sheep	1,789	1,665	1,704	1,712
Goats	203	200	183	196
Beehives	792	792	849	914

Source: Green Paper 2018

The Ministry of Agriculture management did not provide a stable and predictable policy in the animal husbandry incentive system. In planning, it did not meet the needs of farmers but adjusted to the funds received through frequent amendments to the Regulation on the allocation of incentives in agriculture and rural development and the Rulebook on the conditions and manner of exercising the right to incentives in animal husbandry. Also, the Ministry of Agriculture exercised partial control over the work of the Agrarian Payments Directorate.

The Agrarian Payments Directorate fails to process all beneficiaries' requests for incentives in animal husbandry, so, year after year, arrears from previous years make up about 35% of the planned funds in the current year. Farmers do not know when they will receive incentive funding when they make proper requests timely, because deciding on requests takes too long. Requests are not processed at maturity, which creates uncertainty for incentive users that incentive funds will be available for the new production cycle. The management has no prescribed internal procedures in the procedure for the allocation of incentive funds, so there is a risk that business processes, among other things, may take a long time.

Despite suitable natural resources for livestock development, incentive measures in livestock production have not led to significant progress in the export and production volume of the observed animal species. The Ministry of Agriculture is the creator of the Strategy for Agriculture and Rural Development as well as the National Program for Agriculture, however, these documents contain more descriptive than measurable goals and guidelines, so it is impossible to assess whether the level of animal husbandry development in the period under review has achieved strategic goals.

Recommendations

The State Audit Institution has made the following recommendations:

The Ministry of Agriculture, Forestry and Water Management should:

- Provide planning documents that will, in the short-term, determine by years the achievement of the objectives, the expected result, as well as the form, type, purpose and extent of the incentive.

- Provide the necessary conditions for the incentive funds to be implemented within a reasonable timeframe to ensure the certainty to farmers.

- Identify the reasons why incentive measures in livestock production have not led to significant progress in the export and production volume of the observed animal species and propose solutions for further development of livestock production.

The Directorate of Agrarian Payments should:

- Establish written procedures that define how employees of the Agrarian Payments Directorate conduct their work and document business processes and ensure that ex-post controls on acts made are carried out by persons to who have these duties in the job description.

- Organize training for new employees to fully prepare them for the type and scope of work they have to do in the process of controlling incentive applications.