Strategic, country-level evaluation of the European Union’s cooperation with Serbia over the period 2012-2018

Final report Annexes
March 2021
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Serbia context and EU Assistance
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1. Context Serbia

1.1. Baseline context

In 2012, at the start of the period covered by this evaluation, Serbia was struggling to recover from the effects of the global financial crisis of 2007-8. At the start of the year, it was awarded candidate status for EU membership, and elections in May the same year saw the end of Democratic Party (DS) rule and the start of a period of government dominated by the newly formed Progressive Party of Serbia (SNS).

The economic recovery experienced during the first part of the 2000s had stalled, and 2012 saw another decline in GDP\(^1\). Unemployment was at 24\(^2\)\%, its highest level since at least 1990. Despite the poor economic conditions, governance was improving on all measures on the World Bank’s governance index\(^3\).

Relations with Kosovo\(^4\) had been poor since its declaration of independence from Serbia in 2008, and this was one of the key sticking points affecting Serbia’s EU accession prospects.

1.2. Key events and trends 2012-2018

After 2012, Serbia began a slow economic recovery, with per capita GDP rising 23\% from EUR 5,145 in 2012 to EUR 6,330 in 2019\(^5\). Unemployment decreased notably from nearly 25\% to 13\% over the same period, and employment increased as a share of the population. Emigration, however, remained significant, and the consequent decline in working age population is a factor in the improved employment data. The business environment improved, and Serbia climbed the ‘Doing Business’ rankings\(^6\).

On the governance side, after some very modest improvements, performance against key indicators such as control of corruption, rule of law and voice and accountability declined from 2015 onwards. The only exception being ‘government effectiveness’ (see Figure 1 below). According to Freedom House and Reporters Without Borders, freedom of the media declined significantly both in terms of ranking against other countries and in absolute terms (see Figure 2 below).

There were modest improvements in the scores relating to judicial independence, with the World Economic Forum and World Justice Project registering improvements in civil justice (WJP) and judicial independence (WEF)\(^7\). In 2018 Serbia ranked 87 in the world in terms of the perception of corruption, a fall of 7 places since 2012. The corruption perception scores improved slightly to 2016, but in 2018 then fell back to the 2012 value\(^8\). Elections were held every two years until 2017, slowing down reforms and

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\(^1\) [https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=RS]
\(^2\) [https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=RS]
\(^4\) This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence
\(^5\) [https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=RS] calculated using current exchange rate of USD 1 = EUR 0.8557
\(^6\) For sources and additional data see Annex 10, Data for Key Strategic Indicators
\(^7\) See Annex 1 for lists of documents used.
\(^8\) Transparency International, [https://www.transparency.org], see Annex 10 for Data for Key Strategic Indicators, and Annex 1 for data and sources
creating disruption. The subsequent stabilisation following 2017 gave the Government space to continue with its programme without effective opposition in Parliament.

Transport infrastructure, logistics performance and energy supply all improved, following the completion of major infrastructure projects.

Figure 1: Serbia Worldwide Governance Indicators

Figure 2: Serbia Freedom of Press

World Economic Forum Global Competitiveness Report, World Bank Logistics Performance Indicator (see Annex 10, Data for Key Strategic Indicators, Annex 1 for data and sources)
1.3. Donor Assistance

1.3.1. Financial assistance

Between 2011 and 2017, Serbia received about EUR 7.3 billion of official development assistance in the form of grants and loans. Of this, 57% was from the EU, and a further 16% from EU Member States, meaning that the EU and its members contributed 73% of all development assistance\(^\text{10}\) (see Figure 3 below on ODA disbursements).

In almost every sector, the EU is the largest donor. The exceptions are notable. The figures for democracy and governance sector are skewed by a general budget support (510) contribution of EUR 1.4 billion from the United Arab Emirates in 2016 and 2017. And in the environment and energy sector, Member States contributed slightly more than the EU.

The figures show the strong support of the EU to competitiveness, agriculture and rural development and transport, while democracy and governance lags (not taking into account the UAE contribution), despite the importance of Serbia’s institutions as the prime mover in the country’s development.

If loans are included, the World Bank group is, alongside the EU, the leading international institution supporting the development of Serbia in terms of Euros.\(^\text{11}\) The individual sector desk reports contain more detailed breakdown of donor support to Serbia.

1.3.2. Interim evaluations and findings

There were two key evaluation exercises of donor assistance during the evaluation period. These were:

A series of sectoral evaluations commissioned by the EU Delegation in Serbia, published in 2013

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\(^\text{10}\) Source: OECD DAC ODA data, evaluation team analysis

\(^\text{11}\) World Bank contribution to Serbia 2012 to 2018 was 1.45 billion USD – source: d-portal/International Aid Transparency Initiative IATI
A 2012/2013 evaluation of all donor assistance to Serbia, commissioned by Swedish Sida, with the Government of Serbia,
The findings of the EU commissioned sectoral evaluations are largely in line with the findings of the Sida evaluation, particularly in terms of the key OECD DAC evaluation criteria. The results of these evaluations were compiled and analysed by the Government of Serbia’s Donor Aid Coordination Unit, now part of the Ministry of European Integration\textsuperscript{12}.

The summary of results was presented in the following table, and with a short commentary on each of the OECD DAC evaluation criteria.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Relevance</th>
<th>Effectiveness</th>
<th>Efficiency</th>
<th>Impact</th>
<th>Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rule of Law</td>
<td>High</td>
<td>Medium</td>
<td>Low-Medium</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Public Administration Reform</td>
<td>Very High</td>
<td>Medium</td>
<td>Low-Medium</td>
<td>Very Low</td>
<td>Low</td>
</tr>
<tr>
<td>Civil Society, Media and Culture</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Low-Medium</td>
<td>Low-Medium</td>
</tr>
<tr>
<td>Competitiveness</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Human Resource Development</td>
<td>Very High</td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Agriculture &amp; Rural Development</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>Low-Medium</td>
</tr>
<tr>
<td>Transport</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Environment &amp; Energy</td>
<td>Very High</td>
<td>Medium-High</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

Table 1: Summary of findings of SIDA evaluation of donor assistance to Serbia


**Relevance** – the evaluation found that international assistance was highly responsive to the national needs and that the collection of projects supported by this assistance was assessed as highly relevant to Serbia’s needs and consistent with both national priorities and donor policies.

One reason for [the high relevance] is that the challenges faced by Serbia, as well as the requirements set by the programming processes, (both national and donor’s), encouraged the development of a large number of sector strategies /programmes making it possible for almost every development assistance initiative to be cross-referenced to government objectives.

**Effectiveness** – the evaluation findings on effectiveness showed that, on the whole, most intervention objectives were achieved, or are expected to be achieved, taking into account their relative importance.

Effectiveness was rated at the medium level in six out of the eight sectors and at the high level for the two remaining sectors. In general, it was concluded that international assistance contributed to: (i) improvement of national capacities and systems; (ii) improvement of the regulatory framework; and (iii) strengthening of administrative management structures. However, the evaluators pointed out that sometimes the objectives were unrealistic or that findings of lower effectiveness resulted from missed

\textsuperscript{12} NAD 2014-2017 pp24-25
outcomes and under-performance against expected results, where international assistance managed to achieve the objectives only at a superficial level (e.g. the adoption of new regulations/laws which were not subsequently enforced).

**Efficiency** – the evaluation provided observations on both the resourcing of interventions and their management. In this regard, it was concluded that international assistance was predominately rated at the low to medium levels (efficiency was rated at the high level only in two sectors). The most efficient interventions were those where the government used a mix of different resources and financing sources to meet public policy objectives.

Efficiency was high when the most suitable mix of resources/inputs was used, and this varied from sector to sector, but efficiency also depended on whether the purpose of the intervention was well matched to the capacity of the beneficiary. However, there was a wide range of reasons for observed inefficiencies e.g. (i) some interventions were inefficient because small amounts of financial assistance were overwhelmed by much larger, hidden, administrative costs; (ii) poor quality of technical assistance provided; (iii) the length of the procurement processes; (iv) high turnover of consultants; (v) repetition of activities due to failures in achieving initial objectives; (vi) failures to match international assistance interventions with national priorities.

**Impact** – an important conclusion of the evaluation was that whilst most interventions financed by international assistance reach their specific objectives, they often failed to achieve higher (strategic) objectives.

In other words, assistance can be effective and efficient, but still have no impact. The evaluation took into consideration that some international assistance was programmed in a fragmented manner and that the setting for development assistance was hostile (i.e. the economic crisis which escalated over the period 2007-2011). However, despite this consideration the evaluation concluded that the prospects for impacts were poor. It is important to emphasize that the impact was not confined to the parameters of individual projects but subject to the availability of other non-project conditions. It may be unrealistic to expect all planned impacts to be achieved by any international assistance intervention, but it is to be expected that progress should be made towards achieving impacts through efficient programming, project design, the organisation of non-project factors (e.g. partner commitment, procedures, budgets, human resources, coordination with other projects, political support) and increased implementation capabilities. Furthermore, the failure to achieve planned impacts cannot be the responsibility of international assistance alone, since this is also the consequence of weaknesses in the beneficiary, particularly weak strategic planning, lack of mature projects, resource weaknesses and political will.

**Sustainability** – in general the sustainability of results achieved by international assistance interventions was rated at the low to medium level mainly due to insufficient government commitment in terms of both human and financial resources to sustain the outputs and results achieved.

### 1.4. EU Assistance

EU cooperation in Serbia is determined by Serbia’s EU membership perspective. From Serbia’s side, the country has since 2000 been aiming for EU membership. In 2008, Serbia signed the Stabilisation and Association Agreement, which came into force in 2013. Serbia was awarded candidate status in 2012, and an intergovernmental conference in 2014 marked the official start of membership negotiations.

EU cooperation is shaped by the Serbia’s needs to meet the Copenhagen Criteria for membership, and by the relevant EU strategies for enlargement, summarised below.
1.4.1. EU accession strategies

The evaluation period has seen four enlargement strategies. The 2011-2012 strategy emphasised the lessons learned from Croatia’s successful membership bid. “A credible enlargement process, providing a clear accession perspective based on strict conditionality, is key for enhancing reforms in the enlargement countries and provides the citizens of the enlargement countries with tangible results already along their path towards the EU.”\(^{13}\)

- The strategy set out the key issues for the prospective members and the EU’s engagement with them;
- Strengthening the rule of law, and prioritising judiciary and public administration reform, and the fight against organised crime and corruption;
- Freedom of expression, noting that there had been negative developments in some countries;
- Regional cooperation, particularly resolving the issues stemming from the 1990s conflicts;
- Resolution of bilateral issues between Western Balkans parties – for Serbia this meant progress in the bilateral talks with Kosovo;
- Visa liberalisation and its importance to the citizens of the Western Balkans;
- Economic recovery, structural reform and aiming for the Europe 2020 objectives;
- The importance of public support, and informed debate on EU membership.\(^{14}\)

The subsequent strategy, from 2013, highlighted the ‘Fundamentals First’ approach. This was a response to a perceived risk of backsliding in rule of law, corruption, and freedom of expression. The message was that “countries need to tackle issues such as judicial reform and the fight against organised crime and corruption early in accession negotiations. This maximises the time countries have to develop a solid track record of reform implementation, thereby ensuring that reforms are deeply rooted and irreversible.”\(^{15}\) This strategy also placed more emphasis on fundamental rights and announced the creation of a ‘Roma facility’ to support social inclusion of this vulnerable minority.\(^{16}\)
<table>
<thead>
<tr>
<th>Timeline</th>
<th>Evaluation period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political</td>
<td></td>
</tr>
<tr>
<td>EU related</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td></td>
</tr>
<tr>
<td>Regional</td>
<td>Multi-country Indicative Strategy Paper 2014-2020</td>
</tr>
<tr>
<td></td>
<td>2014 IPA II starts DG NEAR created</td>
</tr>
</tbody>
</table>

Figure 4: timeline of the evaluation period
The 2015 strategy paper both reaffirmed the ‘fundamentals first’ approach and widened its scope to include economic reform. It argued that “[t]he political, economic and institutional fundamentals are both indivisible and mutually reinforcing. The rule of law and economic development can be seen as two sides of the same coin. Strengthening the rule of law increases legal certainty, encourages and protects investment and contributes significantly to supporting economic development and competitiveness. Conversely, economic reforms and integration have the capacity to stabilise countries in the longer term.”\footnote{17 EU Enlargement Strategy 2015 p5}

Support for economic reform was centred on the preparation by Serbia and other prospective EU members of an Economic Reform Programme (ERP) paper. This approach was modelled on the EU members’ ‘European Semester’ experience.

The fundamentals first approach provides a strong steer for Commission support: “the Commission will continue to focus its efforts on ensuring that countries prioritise reforms in the fields of rule of law, including judicial reforms and tackling organised crime and corruption, fundamental rights, including freedom of expression and fighting discrimination, notably against the LGBTI community and Roma, and the functioning of democratic institutions, including public administration reform. It will also work on promoting economic development and strengthening competitiveness.”\footnote{18 EU Enlargement Strategy 2015 p13}

By 2018, the EU was concerned to walk a fine line between insisting on the need to meet the conditions of membership, while at the same time not discouraging efforts towards membership. The 2018 strategy was titled “A credible enlargement perspective for and enhanced EU engagement with the Western Balkans”. It noted that there was still some way to go: “in order for the countries to meet all membership conditions and strengthen their democracies, comprehensive and convincing reforms are still required in crucial areas, notably on the rule of law, competitiveness, and regional cooperation and reconciliation.”\footnote{19 EU Enlargement Strategy 2018, p3}

It noted that the countries have the choice whether to join, and that in making this choice they need to bring their citizens with them. The paper put much greater emphasis on the accession countries’ need to take ownership and leadership of the reform process, and to decisively address the outstanding issues, including rule of law, corruption, fundamental rights and good governance.\footnote{20 EU Enlargement Strategy 2018, p4}

The 2018 paper set out the areas where the Commission would enhance its support for accession countries:

1. Strengthened support to rule of law
2. Reinforcing engagement on security and on migration
3. Supporting socio-economic development
4. Increasing connectivity
5. Launching a digital agenda for the Western Balkans
6. Supporting reconciliation and good neighbourly relations.

In terms of the preparations that the EU has to make for potential new members to join, the paper sets out the need for IPA funds to gradually increase so that there is no abrupt increase of funding on joining and accessing EU members’ funds. At the same time, it emphasises strengthened conditionality: “Increased funding in both the current and next Multi-annual Financial Frameworks should be linked to progress on implementing fundamental reforms and good neighbourly relations.”\footnote{21 EU Enlargement Strategy 2018, p16}
These strategies set the framework for assessing EU cooperation with Serbia. The ‘fundamentals first’ approach is particularly relevant to the period covered by the evaluation, and cooperation will be examined with this in mind.

1.5. Financial Assistance

This section provides a summary of the financial assistance programmed and allocated and contracted. The former provides evidence for the intentions of EU assistance, particularly in relation to the agreed objectives, which in turn underpin assessments of relevance. Contracted values are closer to the actual amounts spent and provide indications in relation to efficiency; they are also the basis of assessments of effectiveness.

1.5.1. Programmed funds

The evaluation period covers EU financial assistance provided under the IPA\(^{22}\) and the IPA II\(^{23}\) regulations. The IPA I instrument was active for the 7-year budget period 2007-2013, and IPA II covers 2014-2020.

### IPA 1 Programmed Allocations for 2007-2013

<table>
<thead>
<tr>
<th>Sector</th>
<th>Allocation (million EUR)</th>
<th>Percentage of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Justice and home affairs</td>
<td>117</td>
<td>9.7%</td>
</tr>
<tr>
<td>Public administration reform</td>
<td>164</td>
<td>13.6%</td>
</tr>
<tr>
<td>Social development</td>
<td>171</td>
<td>14.2%</td>
</tr>
<tr>
<td>Private sector development</td>
<td>109</td>
<td>9.1%</td>
</tr>
<tr>
<td>Transport</td>
<td>146</td>
<td>12.1%</td>
</tr>
<tr>
<td>Environment, climate change and energy</td>
<td>192</td>
<td>16.0%</td>
</tr>
<tr>
<td>Agriculture and rural development</td>
<td>109</td>
<td>9.1%</td>
</tr>
<tr>
<td>Other EU acquis and horizontal activities</td>
<td>195</td>
<td>16.2%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,203</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Source: MIPD 2011-2013, reproduced in COA 2014*

Table 2: IPA1 Programmed Allocations for 2007-2013

In the MIPD programming document for the 2011-2013 period, each sector had multiple ‘specific objectives’ which were mostly describing activities rather than end-states, directional, non ‘SMART’ aspirations (e.g. “To strengthen the independence, efficiency, and accountability of the judiciary”). These were accompanied by indicators that were loosely defined and hard to measure (e.g. “Transparent selection process and career development for judges and prosecutors”)\(^{24}\). The loose definition of objectives and indicators is a factor in the evaluability of the programming.

Comparing the multi-year allocations in the MIPD with the annual allocations in the project fiches (see table below), the total annual allocations was 15% lower than the 3-year projection, with significant reductions in transport, agriculture and public administration sectors.

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\(^{24}\) MIPD Serbia 2011-2013, p17
IPA II assistance was programmed according to an Indicative Strategy Paper (2014-2020), which provided a longer-term framework. It allowed for greater sequencing of assistance, and allocations of larger amounts of funding for sectors in a particular year, rather than smaller amounts every year.

Objectives were again loosely defined (e.g. “A further objective is to support Serbia with a comprehensive public financial management reform, in order to have a sound basis for socio-economic and structural reforms”), though the ‘expected results’ define more specific areas where change is planned (e.g. “Capacities of democratic institutions, especially the parliament, are improved for efficient oversight”).

Progress indicators were clearly defined and included sources. However, they were generally based on publicly available data, and the links between the programmed activities and the indicators are highly contingent on many other external factors. They provide an indication of Serbia’s progress and the trends facing the country, but cannot provide a realistic assessment of the impact or results of IPA financial and non-financial assistance.

<table>
<thead>
<tr>
<th>MIPD sector</th>
<th>2011-2013 MIPD</th>
<th>EUR Millions</th>
<th>Variance MIPD and annual programming %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public administration reform</td>
<td>75.0</td>
<td>26.3</td>
<td>16.1</td>
</tr>
<tr>
<td>Justice and Home Affairs sector</td>
<td>75.0</td>
<td>12.0</td>
<td>32.5</td>
</tr>
<tr>
<td>Private sector development</td>
<td>75.0</td>
<td>18.5</td>
<td>6.2</td>
</tr>
<tr>
<td>Transport</td>
<td>75.0</td>
<td>13.8</td>
<td>-</td>
</tr>
<tr>
<td>Environment, climate change and energy</td>
<td>99.0</td>
<td>38.6</td>
<td>57.2</td>
</tr>
<tr>
<td>Social development</td>
<td>75.0</td>
<td>32.1</td>
<td>24.1</td>
</tr>
<tr>
<td>Agriculture and rural development</td>
<td>75.0</td>
<td>6.0</td>
<td>15.6</td>
</tr>
<tr>
<td>Other EU acquis and horizontal activities</td>
<td>75.0</td>
<td>31.3</td>
<td>20.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>624.0</td>
<td>178.6</td>
<td>171.6</td>
</tr>
</tbody>
</table>

Table 3: IPA 1 Allocations 2011-2013

IPA II Allocations 2014-2017

<table>
<thead>
<tr>
<th>Sector</th>
<th>Revised ISP Allocations</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017²⁸</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Democracy and governance</td>
<td>446.4</td>
<td>50.89</td>
<td>111.19</td>
<td>57.30</td>
<td>33.35</td>
<td>252.73</td>
</tr>
<tr>
<td>Rule of law and fundamental rights</td>
<td>246.2</td>
<td>27.51</td>
<td>20.60</td>
<td>33.00</td>
<td>26.65</td>
<td>107.76</td>
</tr>
<tr>
<td>Environment and climate action</td>
<td>321.8²⁹</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>28.60</td>
<td>28.60</td>
</tr>
</tbody>
</table>

²⁵ Source: evaluation team analysis of annual action programmes and project/sector fiches
²⁷ Source: evaluation team analysis of annual action programmes
²⁸ 2018 will be included in this table if data is available
²⁹ Combined with Energy in the Revised ISP
1.5.2. Actual expenditures 2011-2018

Two crises, in 2014 and 2015-2016, led to additional financial assistance being provided. The 2014 floods affected areas of the periphery of Belgrade in the Sava river basin, as well as parts of Bosnia and Herzegovina and Croatia. IPA funds were allocated to flood recovery and flood prevention measures.

EU funds were allocated to the 2015 migrant crisis, though mostly from other sources than IPA funds. Emergency assistance was provided through DG ECHO, while subsequent assistance was provided from a Special Measure\(^{30}\) and then through the MADAD fund\(^{31}\) for dealing with the effects of the Syria crisis.

Between 2011 and 2018, some EUR 1.2 billion of IPA funds were contracted. The table below shows the breakdown by sector. Some key points to note:

Data shown are from the CRIS database, which tracks centrally managed funds;

- It excludes transfers to Government for indirect/decentralised management;
- It excludes contracts which have been cancelled;
- The 'non sector allocated' category includes flood assistance, as well as other non-sector specific contracts, and in some cases the database includes contracts that were funded under allocations earlier than IPA 2011.

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\(^{30}\) [https://ec.europa.eu/commission/presscorner/detail/hr/IP_15_5795](https://ec.europa.eu/commission/presscorner/detail/hr/IP_15_5795)

\(^{31}\) [https://ec.europa.eu/trustfund-syria-region/content/home_en](https://ec.europa.eu/trustfund-syria-region/content/home_en)
Court of Auditors’ Evaluation

The 2014 European Court of Auditors conducted an evaluation of the IPA instrument, including country specific reviews. For Serbia, the key findings were that the Commission is managing pre-accession support and IPA projects effectively. Critically, the Court found that “audited projects produced their planned outputs but suffered from weaknesses regarding their design, implementation and sustainability”\(^{32}\) (ECA 2014, p5).

The audit also looked at the effectiveness of the Commission’s management of non-financial assistance, particularly dialogue in governance-related areas. The audit found that this was managed effectively, and that “the EU–Serbia structured dialogue adequately covered the key governance areas and made the link between political priorities and policy formulation. The emphasis put on governance in the dialogue was generally not explicit in the projects’ design, but most of the projects reviewed by the Court had indirectly contributed to better governance and/or to the fight against corruption through their activities related to building administrative capacity” (ECA 2014, p6).

The report’s recommendations are set out in full below, as reference for field work.

### European Court of Auditors, Special Report, no. 19, EU Pre-accession Assistance to Serbia, 2014

Recommendations:

\(^{32}\) European Court of Auditors 2014, “Special Report, no. 19, EU Pre-accession Assistance to Serbia”
To improve the programming, design and implementation of IPA projects, the Commission should:

(a) Make the project prioritisation and selection processes more transparent and more systematically documented, reflecting the individual stages of reasoned project prioritisation.

(b) Improve the lessons-learnt process by developing a dedicated database incorporating lessons drawn from past projects in Serbia and other relevant beneficiary countries. Lessons learnt should take into account the track record or typology of failed or repeated tenders. Entering into the database significant recommendations from contract final reports should also be considered. The database could be grouped according to the major sectors used by IPA programming.

(c) Systematically document the needs assessment underlying the expected outputs from projects and contracts, notably to improve beneficiary ownership of the needs identified.

(d) Reinforce the principle of conditionality. In particular, the beneficiary’s capacity to do what is required for a high-quality project should be verified in advance and in specific measurable terms, as should whether the project elements are compliant with the national legal framework and whether the necessary building permits are available. Stronger conditionality should help to reduce the number of projects that are not ready for implementation, in particular large infrastructure projects.

(e) Set up a system for a regular brief progress report in order to ensure an appropriate audit trail for the entire project instead of individual contracts. The overview reports should include a complete list of the contracts that come under a given project/sector.

(f) Put in place a system to check the usefulness of project outputs (including studies, analyses, procedures, protocols and training materials) in the medium and long term. More emphasis on ultimate usefulness should help to shift the focus from output delivery and meeting contracting and payment target figures to more lasting results.

In relation to its structured dialogue with Serbia on governance issues and to the DIS process, the Commission should carry out the following actions.

(a) Express the need for the Serbian authorities to further rationalise their set of national strategies and finalise a fully-fledged PFM roadmap, and if necessary, provide technical support in that respect.

(b) Take measures, in the IPA programming, to enhance the consultation mechanism with CSOs active in the area of governance.

c) Issue guidelines to ensure that the need for sector-specific anti-corruption or other good governance measures is, wherever relevant, assessed in the project design.

(d) In its assessment of the countrywide PFM reforms, verify that the audit work done by the Commission in the context of the DIS accreditation process is fully taken into account.

1.7. Management Modes and Implementation Modalities

This section aims to structure and clarify the various ways in which IPA funds are managed in reference to the evaluation question EQ 6: “To what extent has the use of different instruments and modalities contributed to achieving programme results?”
1.7.1. Management modes

IPA funds were managed under two ‘modes’ over the evaluation period. Under the IPA 1 regulation, funds could be centrally managed, or under ‘decentralised’ management. Under the IPA 2 regulation, funds could be managed by either ‘directly’ or ‘indirectly’.

<table>
<thead>
<tr>
<th>IPA 1</th>
<th>IPA 2</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised</td>
<td>Direct</td>
<td>Managed by EU (EC Brussels or EU Delegation)</td>
</tr>
<tr>
<td>Decentralised</td>
<td>Indirect</td>
<td>Managed by IPA beneficiary or ‘entrusted entity’ e.g. UN Agency</td>
</tr>
</tbody>
</table>

Neither the MIPD nor the Indicative Strategy Paper set out the amounts of funds that would be allocated for decentralised or indirect management. The allocations to management mode were typically made at the annual programming stage, either in the sector fiches (IPA 1), or the Commission Implementing Decision (IPA 2).

Based on data from the CRIS database, the following were the amounts contracted and paid for decentralised management by Serbia.

Table 6: decentralised management contracts

<table>
<thead>
<tr>
<th>IPA Year</th>
<th>Contract year</th>
<th>Planned amount (EUR)</th>
<th>Paid amount (EUR)</th>
<th>Total IPA funds planned in same IPA year</th>
<th>% planned decentralised/indirect</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPA 2013</td>
<td>2015</td>
<td>138,014,533</td>
<td>96,511,458</td>
<td>167,549,598</td>
<td>82%</td>
</tr>
<tr>
<td>IPA 2014</td>
<td>2017</td>
<td>67,830,000</td>
<td>32,749,598</td>
<td>183,938,343</td>
<td>37%</td>
</tr>
<tr>
<td>IPA 2015</td>
<td>2017</td>
<td>76,050,000</td>
<td>22,319,787</td>
<td>191,453,377</td>
<td>40%</td>
</tr>
<tr>
<td>IPA 2016</td>
<td>2018</td>
<td>19,660,000</td>
<td>13,907,904</td>
<td>118,017,869</td>
<td>17%</td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td>301,554,533</td>
<td>165,488,747</td>
<td>660,959,187</td>
<td>46%</td>
</tr>
</tbody>
</table>

For the period under review, 2012 to 2018, a total of EUR 1.005 billion was planned as part of the IPA allocations for each of these seven years (IPA 2012 to IPA 2018) until the end of calendar year 2018. The amount planned for decentralised/indirect management was therefore around 30% of all allocated funds.

1.7.2. Modalities

There is no formally agreed definition of ‘modalities’, but there are some approaches to contracting and managing IPA (and other EU) funds that are commonly referred to as ‘modalities’. Projects implemented by the different modalities may be managed either centrally/directly or decentralised/ indirectly. The table below sets out the modalities and the means for identifying which contracts refer to which modality.

---

34 Where “contract type” = “Financing Memorandum (ELARG)”; Excluding cancelled and provisional contracts
35 the evaluation team has not managed to find one
<table>
<thead>
<tr>
<th>Common term</th>
<th>Description</th>
<th>How to identify</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service contracts</td>
<td>Mostly competitively awarded contracts usually to a company for performing a service</td>
<td>CRIS ‘nature’ = ‘services’ CFCU database = various types of code, including word ‘service’</td>
</tr>
<tr>
<td>Grant contracts</td>
<td>Contracts awarded usually to a non-profit NGO or international organisation. May be organised through a ‘grant scheme’ in which an open call results in 2 or more awarded contracts. (Open calls are listed on EuropeAid site)</td>
<td>CRIS ‘nature’ = ‘action grants’ CFCU database = various types of code, including the word ‘grant’</td>
</tr>
<tr>
<td>Twinning</td>
<td>Partnership between an EU Member State institution and a counterpart in Serbia. Contracted as either a service or action grant</td>
<td>List of twinnings provided by EUD (centralised/direct), and NIPAC/CFCU (decentralised/indirect)</td>
</tr>
<tr>
<td>Budget support</td>
<td>Funding provided to the beneficiary treasury account for meeting specified conditions for achieving development results. Accompanied by supporting measures which may be grants or service contracts.</td>
<td>CRIS “nature” = “Pro forma registration (Program Estimates, Budget Support)” Only under centralised management, cannot be decentralised.</td>
</tr>
</tbody>
</table>

Table 7: modality identifying factors.

The breakdown of funds contracted by modality, by both centralised and decentralised management mode is shown in the table below.

<table>
<thead>
<tr>
<th>Common term</th>
<th>Centralised/ direct</th>
<th>Decentralised/ indirect</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. contracts</td>
<td>Total amount planned (EUR)</td>
<td>No. contracts</td>
</tr>
<tr>
<td>Service contracts</td>
<td>270</td>
<td>189,211,953</td>
<td>87</td>
</tr>
<tr>
<td>Action Grants</td>
<td>413</td>
<td>178,144,914</td>
<td>61</td>
</tr>
<tr>
<td>Twinning</td>
<td>29</td>
<td>30,690,000</td>
<td>24</td>
</tr>
<tr>
<td>Budget support</td>
<td>3</td>
<td>118,000,000</td>
<td>n/a</td>
</tr>
<tr>
<td>Works</td>
<td>32</td>
<td>109,417,971</td>
<td>11</td>
</tr>
<tr>
<td>Supply</td>
<td>82</td>
<td>75,640,955</td>
<td>40</td>
</tr>
</tbody>
</table>

Sources: CRIS for centralised funds, CFCU/Government of Serbia for Decentralised funds, Evaluation team calculations

Table 8: Breakdown of IPA funds 2011-2018

For direct management, grant contracts are the most frequently used modality by number of contracts. Service contracts are more frequent in indirect management. The total values of the contracts in both cases, however, are similar. Twinning is much less frequently used, and the amounts involved are modest in proportion with other modalities.

Existing evaluation findings regarding modalities point to inefficiencies and lack of effectiveness in the use of contracts that are too small (“57.6% of mapped projects in the HRD sector are below 200,000€”).

---

36 Twinning is here included as a ‘modality’ but the actual form of contracts used under direct management is typically a grant contract – so the values cannot be added up here. Under indirect management, twinning is a separate form of contract.
Euro", EU HRD evaluation, 2013). This factor, as well as the duration of contracts, will be factors to be explored during the field phase.

### 1.7.3. Grant Schemes

Some EUR 30 million in contracts has been allocated through open grant schemes managed directly by the European Commission in Serbia (this does not include grant schemes managed by the Government of Serbia using decentralised/indirectly managed IPA funds). Grant schemes are often established for a purpose above that of the component grants, such as for sectoral support to civil society (Civil Society Facility), or to innovate new forms of service delivery (e.g. Support to health, communal and social services in Serbian municipalities hosting migrants and refugees IPA 2013). To that extent, the grant schemes themselves can be considered a modality, although this is not always commonly regarded as such.

A list of open calls for grant schemes is given below.

<table>
<thead>
<tr>
<th>Description</th>
<th>No. of contracts awarded</th>
<th>Total EUR awarded</th>
<th>Average contract size (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross Border Cooperation</td>
<td>34</td>
<td>3,725,398</td>
<td>109,571</td>
</tr>
<tr>
<td>IPA 2007, 2008</td>
<td>1</td>
<td>66,020</td>
<td>66,020</td>
</tr>
<tr>
<td>IPA 2009, 2010 and 2011</td>
<td>16</td>
<td>1,611,480</td>
<td>100,718</td>
</tr>
<tr>
<td>IPA 2012, 2013</td>
<td>7</td>
<td>2,502,737</td>
<td>357,534</td>
</tr>
<tr>
<td>Civil Society Facility Serbia Programme 2011</td>
<td>15</td>
<td>1,572,660</td>
<td>104,844</td>
</tr>
<tr>
<td>EXCHANGE 3</td>
<td>5</td>
<td>836,106</td>
<td>167,221</td>
</tr>
<tr>
<td>IPA 2010 National Programme for Serbia /Support to Civil Society</td>
<td>1</td>
<td>86,498</td>
<td>86,498</td>
</tr>
<tr>
<td>National Annual Programme 2008 for Serbia/Developing Community-based Services for Children with Disabilities and their Families 08SER01/10/31</td>
<td>7</td>
<td>1,872,978</td>
<td>267,568</td>
</tr>
<tr>
<td>National Programme for Serbia 2009/Supporting access to rights, employment and livelihood enhancement of refugees and IDPs in Serbia</td>
<td>4</td>
<td>374,325</td>
<td>93,581</td>
</tr>
<tr>
<td>Regional Socio-Economic Development Programme II (RSEDP2)</td>
<td>10</td>
<td>3,036,718</td>
<td>303,672</td>
</tr>
<tr>
<td>Serbia National Programme 2011</td>
<td>1</td>
<td>1,362,739</td>
<td>1,362,739</td>
</tr>
<tr>
<td>Serbia National Programme 2011/ Support to the implementation of strategies for IDPs, refugees and returnees</td>
<td>4</td>
<td>3,586,351</td>
<td>896,588</td>
</tr>
<tr>
<td>South – East Europe (SEE) Programme</td>
<td>8</td>
<td>842,122</td>
<td>105,265</td>
</tr>
<tr>
<td>Annual Action Programme Serbia IPA 2015 - Objective 1 - Direct management</td>
<td>1</td>
<td>199,989</td>
<td>199,989</td>
</tr>
<tr>
<td>Civil Society Facility Programme (IPA 2015)</td>
<td>10</td>
<td>3,652,227</td>
<td>365,232</td>
</tr>
<tr>
<td>Serbia National Programme 2011/Support for de-institutionalisation and social inclusion of persons with mental disability and mental illness (IPA 2011)</td>
<td>19</td>
<td>2,369,179</td>
<td>124,694</td>
</tr>
<tr>
<td>Serbia National Programme IPA 2013 (Decentralised part)/ Support to health, communal and social services in</td>
<td>1</td>
<td>3,997,865</td>
<td>3,997,865</td>
</tr>
</tbody>
</table>
A key part of EU cooperation with Serbia is the ongoing dialogue in various forms. At the political level, these are mandated under the Stabilisation and Association Agreement, and include the high-level dialogue between Belgrade and Pristina regarding normalisation of relations. "Political dialogue meetings at ministerial level have been held since 2003. Policy dialogue between the European Commission and the Serbian authorities has been taking place as part of Enhanced Permanent Dialogue (EPD) since 2003. Inter-parliamentary meetings between members of the European Parliament and of the Serbian parliament have been held annually since 2006. Several EPD meetings covered sectors of the SAA that are not included in the Interim Agreement, such as energy, the environment, social policy, justice, freedom and security."37 The Government of Serbia’s sector approach to coordinating international assistance is the platform for regular dialogue with the EU and other donors and IFIs. Budget support programmes – in education and public administration reform – include a component of policy dialogue. Documentary sources regarding the content and effectiveness of policy dialogue is scarce. One of the key sources is the Court of Auditors’ Special Report of 2014 which assessed the effectiveness of dialogue in the context of IPA support to Serbia. For dialogue from 2014 onwards, there is only summary information about the dialogue that is taking place mentioned in the External Action Management Reports (EAMRs), but without information about the content of these dialogues. Further research is required during the field phase to determine the scope and likely effects of policy dialogue. The following sections summarise the information that is available.

1.8.1. From European Court of Auditors

The key points made in the ECA report are as follows: The latest European Partnership with Serbia38 served as a policy framework to encourage reforms and, through a conditionality clause, the basis for potentially suspending financial assistance. It gave a very broad set of short- and medium-term priorities covering the accession criteria and the enforcement of EU standards, but without any ranking of these priorities according to their importance to Serbia's EU accession or receipt of EU funding. "The Stabilisation and Association Agreement includes provisions on the EU–Serbia dialogue on political matters and cooperation policies. The Commission has put in place a complex system of official and less formal meetings and documents at multiple levels to enable in-depth continuous dialogue with the Serbian partners. The structures in place for the enhanced permanent dialogue (EPD), interim agreement (IA) dialogue and higher-level IPA dialogue are represented in Figure 2 in the diagram and Figure 5 in this report. The complexity of the overall policy dialogue and IPA programming is illustrated by Figure 3 in the diagram and Figure 6 in this report."
Figure 5 EU Serbia Dialogue Structures

Figure 6 Key elements of political and IPA related EU-Serbia dialogue
Under Enhanced permanent dialogue (EPD):

- The EPD gave great importance to public administration reform (PAR), including Public finance management (PFM) reform (the state audit institution, public internal financial control (PIFC), the Central Harmonisation Unit, internal audit and budget system law).
- Justice sector reform, including the fight against corruption, as a part of the political criteria.
- PAR and justice sector reform were consistently addressed in detail by both the EPD plenaries and designated sub-EPDs.
- “Action points relating to key governance issues were specifically revisited from year to year by both EPD plenary and subcommittee meetings.”

Under IPA planning, “the dialogue regularly refers to IPA assistance in general, or to specific IPA projects as important tools for improving governance in Serbia. In 2012, eight sector-monitoring sub-committees started operating under the Joint Monitoring Committee. Their primary focus is the context in which IPA assistance is delivered.”

- “Emphasis put on governance in the dialogue and the programming process was generally not explicit in project design.”
- “High-level IPA programming took good governance specifically on board, partly in view of the governance problems faced in previous accession rounds, which was considered an indicator of inadequate preparation of the countries concerned. However, this emphasis was in general not reflected explicitly at project-planning level by the Commission and the Serbian authorities.”

1.8.2. From the EAMRs

List of policy dialogues mentioned in the EAMRs:

Gender equality – Topics: implementation of the Strategy and National Action Plan for Gender Equality, gender analysis of Serbia was prepared and used for programming of IPA programmes, Program “Support to the Gender Equality” within IPA 2016 was signed.

Rule of Law - There is a structured process in place in connection to the acquis chapters 23 and 24, the possibility of budget support for the reform of the judiciary in Serbia.


Public administration reform –Topics: Sector reform contract in the field of Public administration reform and public financial management that include adoption and implementation of the first Public Finance Management reform programme, reporting on the implementation of the PAR action plan, and the development of a mid-term expenditure framework for the PAR sector. The Special group on PAR meets regularly to discuss the reform process.

Home affairs - Topics: Sector reform contract that is aimed to support the efficient and effective implementation of the Integrated border management strategy, considering the EU standards, and the requirements under the Chapter 24. A draft of the new Integrated border management strategy and its Action plan has been developed.

Education - Topics: Sector reform contract is focused on the inclusion of national minority rights related to education in their mother tongues into the education reform efforts, as well as on the education of Roma children.

Environment and Climate Change - Topics: overview of the situation in Serbia and status of Chapter 27, obstacles in implementation of projects (e.g. municipal environmental infrastructure projects), EU Agenda and initiatives. EUD highlights the importance of the environment sector at the political level and at the JMC/SMSC meetings, as well through panel discussion, conferences and other events.

EAMR 2016, 2017 and 2018
Transport and Energy Connectivity - Topics: The rail and roads transport connectivity, gas interconnector.

Migration - Topics: the European Commission’s agenda on migration, EU support to Serbia (IPA, MADAD Trust Fund) in tackling the crisis and anticipate possible increase of migrants stranded.

Normalisation of relations between Belgrade and Pristina

Programming and implementation of IPA – Topics: The programming and implementation of IPA in the form of the Sector Working Groups, as a sector policy dialogue.

EU accession: A dialogue with CSOs related to the accession through regular meetings and consultations with frameworks, such as the National Convent on European Integration.

SDGs and EU Agenda 2030 - Topics: SDGs implementation including governance, inclusive growth, integrated health, education for all and climate and environment. The Inter-Ministerial Working Group has been defining and capitalizing on linkages between the SDGs and EU Agenda.

During the field phase, research focused on the four areas for in-depth research and the likely effects of the policy dialogue that has been taking place since 2012.
ANNEX 2

Methodology and Evaluation Matrix
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   1.1.5. Theory based approach  
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<th>Description</th>
<th>Page</th>
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</thead>
<tbody>
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<td>Figure 1</td>
<td>defined outputs and outcomes</td>
<td>5</td>
</tr>
<tr>
<td>Figure 2</td>
<td>Overall Logic Model</td>
<td>14</td>
</tr>
</tbody>
</table>
1. Methodology and Evaluation Matrix

1.1. Methodology

This section provides a detailed explanation of the methodology used for this evaluation, including a description of the theoretical basis for the approach taken.

1.1.1. Evaluation requirements

The primary requirements for the evaluation are set out in the Terms of Reference, which described the aim of the evaluation as "to provide an assessment of the European Union's cooperation with Serbia on its path to EU accession, as well as its implementation, over the period 2012-2018."¹

The specific evaluation questions were included in the ToR and were subsequently revised to provide clearer and more relevant guidance. The original and revised questions are set out in the box below.

<table>
<thead>
<tr>
<th>As per the TOR</th>
<th>Revised question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 To what extent has the European Union's cooperation with Serbia addressed the variety of challenges/needs faced by Serbia on its path towards EU accession and within its own reform processes?</td>
<td>No change</td>
</tr>
<tr>
<td>Q2 What have been the effects of the European Union's cooperation strategy with Serbia over the evaluation period (e.g., on capacity building)?</td>
<td>No change</td>
</tr>
<tr>
<td>Q3 To what extent has the EU's cooperation strategy raised, over time, Serbia's awareness of the general principles the EU stands for and/or the EU's positive contributions?</td>
<td>No change</td>
</tr>
<tr>
<td>Q4 &quot;Considering the broad timeline, as well as the variety of other contributing factors and influences, to what extent have those effects corresponded to the European Union's initial objectives to contribute to Serbia's political and economic reform and capacity building efforts to prepare the country to take on the obligations of EU membership?&quot;</td>
<td>Q4 To what extent have the effects described in Q2 contributed to Serbia's political and economic reform and preparation for EU membership?</td>
</tr>
<tr>
<td>Q5 To what extent has the scale of resources deployed been justified considering the changes/results produced?</td>
<td>Q5 What factors have contributed to or hindered the efficient implementation of EU financial assistance, with specific consideration given to planning, monitoring, and management structures and processes, oversight and reporting?</td>
</tr>
</tbody>
</table>

¹ Specific Terms of Reference, Framework Contract COM 2015, EuropeAid/137211/DH/SER/Multi, Strategic, country-level evaluation of the European Union's cooperation with Serbia over the period 2012-2018, p3
| Q6 “To what extent have efficiency gains, or losses, occurred?” | Q6 To what extent has the use of different instruments and modalities contributed to achieving programme results? |
| Q7 To what extent have the various components of the European Union's cooperation with Serbia been properly coordinated and complementary with each other? Did they lead to any synergy effects? or were they divergent and/or duplicated each other? | Combined: Q7 To what extent are the various components of the European Union's cooperation with Serbia complementary with each other, in alignment with Government policies and harmonised with support from other donors? |
| Q8 To what extent have the various components of the European Union's cooperation with Serbia contributed to strengthening Serbian coordination of external support, and/or contributed to donor coordination, complementarity, coherence and synergies; including that of EU Member States? | Combined: Q8 How does the approach of the EU in Serbia differ from that of other actors, and to what extent does this help or hinder the effectiveness of its assistance? |

1.1.2. Evaluation matrix

Based on the evaluation questions, a matrix was constructed which provided the basis for the methodology. For each evaluation question, a set of Judgement Criteria were identified that elaborated the conceptual basis on which the evaluation questions could be answered. For each of the judgement criteria, a number of indicators were proposed which, if data were collected against each indicator, would then provide the evidence base for responding to the judgement criteria, and in turn, the evaluation questions.

The development of the evaluation matrix was somewhat iterative. On the basis of the evaluation matrix indicators, methods were proposed on which evidence was gathered. Assessment of the feasibility of these methods led to refinements and redefinitions of indicators and judgement criteria.

The full evaluation matrix is given in section 2.1.

1.1.3. Response to the requirements

The requirements of the evaluation clearly indicate that the essential element for the evaluation is to understand the effects of EU assistance and cooperation. It was therefore necessary to design an approach that could provide sufficiently robust evidence of the contribution of EU cooperation to changes taking place in Serbia. Monitoring tools, such as the annual EU Progress Reports (now Country Reports) provide detailed information on outcomes, changes taking place, but do not provide information or analysis on the mechanisms by which these changes occurred, or the reasons why expected change had not occurred. It was therefore essential that the evaluation methodology would capture an understanding of the contributions of EU assistance to change, including understanding what kinds of cooperation work, in what contexts for what purposes.
With these requirements in mind, the evaluation team, in close consultation with DG NEAR A4, agreed on an approach which draws on the conclusions presented in Hall 2020. Hall argues that typical approaches for evaluation of aid are ‘not fit for purpose’:

She argues that “A focus on the wrong questions and/or methods at the macro level has been at the expense of explicit aid theory as opposed to development theory. The micro level is too small to be useful in informing policy. A more useful question at a meso level is: “What types of development co-operation work in which contexts and why?” A trend of systematic reviews which rely on randomized control trials (RCTs) falls into similar traps as historical measures. Theory-based evaluation approaches are more explanatory as they investigate the mechanisms by which different types of development co-operation work.”

In response to these findings, Hall proposes that: “a meso level of analysis that sits above the level of individual initiatives and draws on the explanatory powers of theory-based evaluation and mechanisms will yield more useful theories about how different types of development co-operation work. It will also provide development co-operation policy-makers insights into what types of development co-operation are more likely to work effectively in different contexts, potentially allowing them to make better decisions.”

Guided by this argument, the evaluation team designed the specific methodology for the country level evaluation which combined a number of key features, described in the following sub-sections.

1.1.4. Four levels of information gathering:

1. **Context** – desk-based analysis of the events and trends over the period under review, and identification of potential external contribution factors influencing EU assistance, including data analysis of donor assistance to Serbia.

2. **Portfolio** – data-driven analysis of the whole set of EU assistance at the country level, based on programming data and contracted/expenditure data.

3. **Sector** – desk and field analysis of the thematic sectors of EU assistance, based on reports, monitoring data, and field interviews. The aim was to understand the scale, scope, and relevance of EU assistance within each sector and to identify key sectoral changes achieved with a likely contribution of EU assistance.

4. **Intervention** – desk and field analysis of specific EU-funded interventions to identify the mechanisms through which each intervention achieved outcomes.

1.1.5. Theory based approach

The ‘theory’ through which EU assistance was expected to contribute to change in Serbia is largely articulated through IPA programming documents, primarily Multi-annual Indicative Planning Documents (MIPDs), Indicative Strategy Papers (ISPs), and Annual Action Programmes (AAPs). A logic model was constructed based on the defined outputs and outcomes in the programming documentation (see Figure 7 below). While programming documents provide a good description of the expected outcomes, they are largely silent on the assumptions about how designed interventions will lead to institutional and policy level outcomes. To compensate for this, the evaluation team prepared a heuristic model based on previous experience and research with institutional change processes, as a tool for structuring research and analysis in relation to processes of change. It provides a structure and a checklist that helps in steering research towards identification of evidence of contributions between the conception of interventions right through to the contribution of interventions to overall governance change and meeting the requirements for EU membership. The model is presented below.

---

While this does not provide a specific ‘theory’ for the EU cooperation in Serbia, it provided an explanatory basis for understanding how and why some interventions ‘worked’ while others did not.

### 1.1.6. Sectoral approach

From 2012, EU assistance to Serbia had been programmed using a sector approach, with sectors defined first in the MIPD 2011-2013, and subsequently in the Indicative Strategy Paper 2014-2020, and its revised edition from 2018. The evaluation methodology structured research and data collection according to the sectors defined in the Revised Strategy Paper. For the purposes of categorisation of data, DAC purpose codes were allocated to each sector in order to facilitate consistent data analysis.

<table>
<thead>
<tr>
<th>SECTOR 1 DEMOCRACY AND GOVERNANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>15110</td>
</tr>
<tr>
<td>15111</td>
</tr>
<tr>
<td>15114</td>
</tr>
<tr>
<td>15142</td>
</tr>
<tr>
<td>15151</td>
</tr>
<tr>
<td>15152</td>
</tr>
<tr>
<td>16062</td>
</tr>
<tr>
<td>510</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SECTOR 2 RULE OF LAW AND FUNDAMENTAL RIGHTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>15113</td>
</tr>
<tr>
<td>15125</td>
</tr>
<tr>
<td>15130</td>
</tr>
<tr>
<td>15150</td>
</tr>
<tr>
<td>15153</td>
</tr>
<tr>
<td>15160</td>
</tr>
<tr>
<td>15170</td>
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<td>-------</td>
</tr>
<tr>
<td>15180</td>
</tr>
<tr>
<td>152</td>
</tr>
<tr>
<td>220</td>
</tr>
</tbody>
</table>

**SECTOR 3 ENVIRONMENT CLIMATE ACTION AND ENERGY**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>140</td>
<td>Water supply and sanitation</td>
</tr>
<tr>
<td>230</td>
<td>Energy grouping</td>
</tr>
<tr>
<td>410</td>
<td>General Environment Protection</td>
</tr>
</tbody>
</table>

**SECTOR 4 TRANSPORT**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>210</td>
<td>Transport and Storage</td>
</tr>
</tbody>
</table>

**SECTOR 5 COMPETITIVENESS AND INNOVATION, AGRICULTURE AND RURAL DEVELOPMENT**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>240</td>
<td>Banking and financial services</td>
</tr>
<tr>
<td>250</td>
<td>Business and other services</td>
</tr>
<tr>
<td>300</td>
<td>Production sector</td>
</tr>
<tr>
<td>43030</td>
<td>Urban development and management</td>
</tr>
<tr>
<td>43040</td>
<td>Rural development</td>
</tr>
<tr>
<td>43050</td>
<td>Non-agricultural alternative development</td>
</tr>
<tr>
<td>43073</td>
<td>Food safety and quality</td>
</tr>
</tbody>
</table>

**SECTOR 6 EDUCATION EMPLOYMENT AND SOCIAL POLICIES**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>110</td>
<td>Education</td>
</tr>
<tr>
<td>120</td>
<td>Health</td>
</tr>
<tr>
<td>130</td>
<td>Population Policies/Programmes and Reproductive Health</td>
</tr>
<tr>
<td>15190</td>
<td>Facilitation of orderly, safe, regular and responsible migration and mobility</td>
</tr>
<tr>
<td>16010</td>
<td>Social Protection</td>
</tr>
<tr>
<td>16020</td>
<td>Employment creation</td>
</tr>
<tr>
<td>16030</td>
<td>Housing policy and administrative management</td>
</tr>
<tr>
<td>16040</td>
<td>Low-cost housing</td>
</tr>
<tr>
<td>16050</td>
<td>Multisector aid for basic social services</td>
</tr>
<tr>
<td>16061</td>
<td>Culture and recreation</td>
</tr>
<tr>
<td>16063</td>
<td>Narcotics control</td>
</tr>
<tr>
<td>16064</td>
<td>Social mitigation of HIV/AIDS</td>
</tr>
<tr>
<td>16070</td>
<td>Labour Rights</td>
</tr>
<tr>
<td>16080</td>
<td>Social Dialogue</td>
</tr>
<tr>
<td>43071</td>
<td>Food security policy and administrative management</td>
</tr>
<tr>
<td>43072</td>
<td>Household food security programmes</td>
</tr>
<tr>
<td>43081</td>
<td>Multisector education/training</td>
</tr>
<tr>
<td>43082</td>
<td>Research/scientific institutions</td>
</tr>
<tr>
<td>720</td>
<td>Emergency Response</td>
</tr>
<tr>
<td>740</td>
<td>Disaster Prevention and Preparedness</td>
</tr>
</tbody>
</table>

**SECTOR 7 REGIONAL COOPERATION AND TERRITORIAL COOPERATION**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>15112</td>
<td>Decentralisation and support to subnational government</td>
</tr>
<tr>
<td>43010</td>
<td>Multisector aid</td>
</tr>
</tbody>
</table>

**OTHER/OUT OF SCOPE**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>43060</td>
<td>Disaster Risk Reduction</td>
</tr>
<tr>
<td>730</td>
<td>Reconstruction Relief and Rehabilitation</td>
</tr>
<tr>
<td>520</td>
<td>Developmental Food Aid/Food Security Assistance</td>
</tr>
<tr>
<td>530</td>
<td>Other Commodity Assistance</td>
</tr>
<tr>
<td>600</td>
<td>Action related to debt</td>
</tr>
<tr>
<td>910</td>
<td>Administrative Costs of Donors</td>
</tr>
<tr>
<td>930</td>
<td>Refugees/Asylum seekers</td>
</tr>
</tbody>
</table>
1.1.7. Sources

Evidence was drawn from the following key sources:

- Documentation: publicly available documents, academic and grey literature, plus project-level information from the EU Delegation and the Government of Serbia, Ministry for European Integration. Includes also sector monitoring reports.
- CRIS Database: a database extracted from the Commission’s CRIS system, covering details of all contracts concluded in Serbia by the EU Delegation with IPA funds between 2011 and 2018 (data extracted as of January 2019). Adjustments to the original database, such as changes to DAC purpose codes, were fully documented.
- CFCU Database: a database of contracts and projects constructed from data made available by the Government of Serbia’s Central Financing and Contracting Unit (CFCU).
- ROM analysis: a quantitative analysis of the ROMs conducted from 2015, with in-depth elaborated statistical analysis, provided by the ROM contractor for DG NEAR.
- Interviews with over 129 stakeholders, interviewed between March and May 2020.

1.1.8. Desk phase sample selection

In total, over the evaluation reference period, more than EUR 1.2 billion was contracted through more than 1,000 contracts. A sampling method was adopted in order to ensure that a relevant and representative sample of interventions were selected for review.

At the stage of the desk review, the evaluation aimed to cover all sectors in the ISG and select a sample of projects within each.

For each of these sectors, the evaluation team sought to provide a selection which would yield useful and representative information on the results and lessons learned. The contracts were selected on the basis of identifying interventions not individual contracts. The use of the term ‘intervention’ is more flexible, and can refer to, for example, an action, or a contract, but it can also be:

- a group of contracts that have a coherent purpose, such as a budget support programme together with technical assistance;
- a grant scheme, including the overall scheme design and the awarded contracts;
- a series of projects in phases following on from each other but clearly linked to the same intended purpose.”

For each sector, the evaluation team aimed to select 3-4 interventions, for which more in-depth research would provide sufficient and representative data against the evaluation questions, judgement criteria and indicators.

Each sector has more specific selection criteria and justification, because each sector has specific characteristics (e.g., Sector 2/Rule of Law and Fundamental Rights includes support to civil society, and

3 See Inception Report p6
so has many small grant scheme contracts, in contrast to Sector 4 Transport, which has fewer, but larger contracts.

In summary, the sample selection criteria aimed to:

1. Have a manageable number of contracts which can be explored in sufficient depth covering 3-4 interventions (or more if justifiable);
2. Ensure representativeness - 'typical' for the sector;
3. Have a mix of closed - to be able to assess longer term effects - and open - to understand design and implementation issues better;
4. Significance - they should be significant interventions for the sector - e.g., flagship projects, budget support programmes;
5. Ensure both centralised/direct and decentralised/indirect;
6. Include modalities most frequently in use in the sector, budget support, grants, service contracts, twinnings, etc;

The team also noted whether the interventions were covered by existing evaluations and ROMs, but this was not a selection criterion.

i. Summary of Sample Selection

The following table provides a quantitative summary of the interventions selected. The individual sector annexes provide a detailed list of sample interventions.

<table>
<thead>
<tr>
<th>Sector Description</th>
<th>Centralised/ Decentralised</th>
<th>Total no. contracts</th>
<th>Total value (EUR)</th>
<th>Sample contracts</th>
<th>Sample value</th>
<th>% coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Democracy and Governance</td>
<td>Centralised</td>
<td>113</td>
<td>395,516,169</td>
<td>6</td>
<td>81,894,930</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>Decentralised</td>
<td>15</td>
<td>31,812,701</td>
<td>1</td>
<td>2,234,920</td>
<td>7%</td>
</tr>
<tr>
<td>2 Fundamental Rights and Rule of Law</td>
<td>Centralised</td>
<td>227</td>
<td>88,299,261</td>
<td>6 +77</td>
<td>18,481,728</td>
<td>21%</td>
</tr>
<tr>
<td></td>
<td>Decentralised</td>
<td>18</td>
<td>15,127,278</td>
<td>2</td>
<td>3,200,000</td>
<td>21%</td>
</tr>
<tr>
<td>3 Environment, Climate Action and Energy</td>
<td>Centralised</td>
<td>72</td>
<td>125,395,091</td>
<td>9</td>
<td>12,034,190</td>
<td>9.6%</td>
</tr>
<tr>
<td></td>
<td>Decentralised</td>
<td>32</td>
<td>49,304,961</td>
<td>2</td>
<td>4,925,302</td>
<td>10%</td>
</tr>
<tr>
<td>4 Transport</td>
<td>Centralised</td>
<td>30</td>
<td>90,782,110</td>
<td>9</td>
<td>20,481,753</td>
<td>23%</td>
</tr>
<tr>
<td></td>
<td>Decentralised</td>
<td>1</td>
<td>13,883,528</td>
<td>1</td>
<td>1,750,000</td>
<td>13%</td>
</tr>
<tr>
<td>5 Competitiveness and Innovation, Agriculture and Rural Development</td>
<td>Centralised</td>
<td>76</td>
<td>68,231,522</td>
<td>6</td>
<td>25,350,047.23</td>
<td>37%</td>
</tr>
<tr>
<td></td>
<td>Decentralised</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Education, employment and social policies</td>
<td>Centralised</td>
<td>237</td>
<td>216,489,629</td>
<td>6</td>
<td>35,419,800</td>
<td>16%</td>
</tr>
<tr>
<td></td>
<td>Decentralised</td>
<td>95</td>
<td>50,993,964</td>
<td>13</td>
<td>13,287,001</td>
<td>26%</td>
</tr>
<tr>
<td>7 Regional and Territorial Cooperation</td>
<td>Centralised</td>
<td>53</td>
<td>65,234,068</td>
<td>4</td>
<td>43,744,642</td>
<td>67%</td>
</tr>
<tr>
<td></td>
<td>Decentralised</td>
<td>31</td>
<td>15,937,468</td>
<td>1</td>
<td>1,450,000</td>
<td>9%</td>
</tr>
</tbody>
</table>
1.1.9. Field phase sample selection

For the field phase, a smaller set of interventions was selected for more in-depth review. First, a selection was made of areas, rather than sectors, on which the field phase would focus. These ‘focus areas’ were agreed based on discussion with DG NEAR A4 and the EU Delegation in Serbia. The selected sample is listed below. The sample selection was chosen to primarily cover significant and representative interventions.

**i. Public Administration Reform**

<table>
<thead>
<tr>
<th>Contract year</th>
<th>Contract number</th>
<th>Status</th>
<th>Centralised/ decentralised</th>
<th>Contract title</th>
<th>Nature</th>
<th>Contracting party</th>
<th>Planned amount (EUR)</th>
<th>Paid (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>371218</td>
<td>Ongoing</td>
<td>Centralised</td>
<td>Serbia Public Administration Rightsizing and Restructuring Project</td>
<td>Action Grants</td>
<td>INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT</td>
<td>2,500,000</td>
<td>2,500,000</td>
</tr>
<tr>
<td>2016</td>
<td>383143</td>
<td>Ongoing</td>
<td>Centralised</td>
<td>Sector reform contract (Sector budget support component) for Public administration reform</td>
<td>Budget Support</td>
<td>REPUBLIKA SRBIJA</td>
<td>70,000,000</td>
<td>30,500,000</td>
</tr>
</tbody>
</table>

**ii. Rule of Law & Fundamental Rights**

<table>
<thead>
<tr>
<th>Contract year</th>
<th>Contract number</th>
<th>Status</th>
<th>Contract title</th>
<th>Nature</th>
<th>Contracting party</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>400714</td>
<td>Ongoing</td>
<td>EU for Serbia - Support to the High Judicial Council</td>
<td>Services</td>
<td>GIZ</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>399143</td>
<td>Ongoing</td>
<td>EU for Serbia - Support to the Supreme Court of Cassation</td>
<td>Services</td>
<td>THE BRITISH COUNCIL ROYAL CHARTER</td>
<td></td>
</tr>
</tbody>
</table>

**iii. Environment, Climate Action & Energy**

<table>
<thead>
<tr>
<th>Intervention description</th>
<th>Contract year</th>
<th>Contract number</th>
<th>Status</th>
<th>Centralised/ decentralised</th>
<th>Contract title</th>
<th>Nature</th>
<th>Contracting party</th>
<th>Planned IPA contribution (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wastewater /water management</td>
<td>2014</td>
<td>48-00-00175/2 014-28-1</td>
<td>Ope n</td>
<td>Decentralised</td>
<td>Construction of the Wastewater Treatment Plant for the City of Raška Republic of Serbia – Lot 1</td>
<td>Works</td>
<td>GP,MO RAVA IN., D.O.O.</td>
<td>2,808,748</td>
</tr>
<tr>
<td>Wastewater/ water management</td>
<td>2014</td>
<td>48-00-00175/2 014-28</td>
<td>Ope n</td>
<td>Decentralised</td>
<td>Water Supply, Wastewater Collection and Treatment Construction Project for the City of Raška - Lot 2</td>
<td>Works</td>
<td>RIKO D.O.O</td>
<td>1,847,648</td>
</tr>
<tr>
<td>Intervention description</td>
<td>Contract year</td>
<td>Contract number</td>
<td>Status</td>
<td>Centralised/ decentralised</td>
<td>Contract title</td>
<td>Nature</td>
<td>Contracting party</td>
<td>Planned IPA contribution (EUR)</td>
</tr>
<tr>
<td>--------------------------</td>
<td>---------------</td>
<td>-----------------</td>
<td>--------------</td>
<td>-----------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>-----------------</td>
<td>-------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Wastewater/ water management</td>
<td>2014</td>
<td>48-00-136/2014-28</td>
<td>Open</td>
<td>Decentralised</td>
<td>Supervision of construction of the water supply, wastewater collection and treatment project for the City of Raška, The City of Raška, Republic of Serbia</td>
<td>Service - Fb SEE D.O.O</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wastewater/ water management</td>
<td>2017</td>
<td>48-00-00234/2017-28</td>
<td>Open</td>
<td>Decentralised</td>
<td>Support to policy planning in water management sector</td>
<td>Twinning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Policy</td>
<td>2011</td>
<td>10/SER 01/26/11</td>
<td>Closed</td>
<td>Centralised</td>
<td>Sustainable Development in the Energy Sector</td>
<td>Servies</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**iv. Education**

<table>
<thead>
<tr>
<th>Contract year</th>
<th>Contract number</th>
<th>Status</th>
<th>Centralised/ decentralised</th>
<th>Contract title</th>
<th>Nature</th>
<th>Contracting party</th>
<th>Planned amount (EUR)</th>
<th>Paid (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>393654</td>
<td>Ongoing</td>
<td>Centralised</td>
<td>Sector Reform Contract for Education Reform in Serbia – strengthening links with employment and social inclusion</td>
<td>Budget support</td>
<td>Government of Serbia</td>
<td>24,000,000</td>
<td>6,800,000</td>
</tr>
<tr>
<td>2018</td>
<td>401002</td>
<td>Ongoing</td>
<td>Centralised</td>
<td>Sector Reform Contract for Education Reform in Serbia - Complementary assistance: Evaluation and monitoring</td>
<td>Services</td>
<td>ECORYS SOUTH EAST EUROPE EOOD</td>
<td>667,150</td>
<td>133,430</td>
</tr>
<tr>
<td>2019</td>
<td>405-242</td>
<td>Ongoing</td>
<td>Centralised</td>
<td>Capacity building of relevant institutions under the Sector reform contract for Education Reform in Serbia – strengthening links with employment and social inclusion</td>
<td>Services</td>
<td>WeGlobal Italy SRL, Tba</td>
<td>tba</td>
<td>tba</td>
</tr>
</tbody>
</table>
1.1.10. Process

The overall process of the evaluation was structured in four phases, inception, desk, field and synthesis. The following sub-sections describe the process of these phases.

i. Inception

The inception phase undertook an initial scoping of the task to be undertaken, provided a more in-depth understanding of the requirements, identified potential challenges, and presented a detailed proposed methodology, which was approved by DG NEAR.

ii. Desk phase

Desk phase was conducted by the evaluation team in the last quarter of 2019 and first quarter of 2020.

The desk phase was structured according to six sectors in the Revised Indicative Strategy Paper, plus additional research at the context and portfolio level. The aim was to provide a detailed analysis of the outcomes of EU assistance in each sector, and evidence-based answers to the evaluation questions. The findings from each component of the desk analysis were drawn together into a single desk report, with sector-specific annexes. For each sector, a logic model was reconstructed based on programming documentation, to identify the planned inputs, outputs and outcomes. These were a key reference point in assessing results against plans.

Based on the desk analysis, it was clear that the available evidence was able to answer the ‘what’ questions – what was done? what were the overall outcomes? – but not the ‘how’ or ‘why’ questions: how did an intervention work, why did it work in this case, but not another case? The desk analysis also highlighted the gaps in the documentary evidence around intermediate changes. Institution-building Interventions were reporting outputs, but there was less evidence describing capacity changes and performance improvements changes in the target institutions. The importance of the ‘how’ and ‘why’ questions is that the answers provide the evidence base for lessons learned and inform future programming.

iii. Field Phase approach

The findings of the desk phase showed that there was a key area of information required in order to have a better understanding of the contributions between EU cooperation and the eventual impact on Serbia’s accession prospects. The field methodology aimed to focus attention on understanding the contributions of EU cooperation at each stage, and to provide a more robust analysis.

The field phase focused on more in-depth examination of interventions in four sectors:

**Public Administration Reform** – projects plus sector budget support

**Rule of Law and Fundamental Rights** – support to the judiciary

**Environment** – decentralised management of solid waste and selected environment projects

**Education** – sector budget support

The aim of the field phase was to explore more of the ‘why’ and ‘how’ questions, in order to provide inputs to future planning and management of IPA 3. The approach enabled both individual analysis of each sector, as well as a comparative analysis between them. This drew out, based on evidence from the cases, the key factors that contributed to successful outcomes and those that inhibited a successful outcome, on which lessons learned were based.

---

4 The Revised ISP had seven sectors: 1) Democracy and Governance, 2) Rule of Law and Fundamental Rights, 3) Environment and Climate Action and Energy, 4) Transport, 5) Competitiveness and Innovation, agriculture and rural development, 6) Education, Employment and Social Policies, 7) Regional cooperation and territorial cooperation. The last sector, being primarily about regional cooperation, which was outside the scope of the evaluation, was excluded.
There were four key steps:

1. Longitudinal analysis of interventions in each sector
2. Contribution analysis for each sector
3. Comparative analysis between all sectors
4. Sense-making and conclusions

The follow text explains the steps in more detail.

**Step 1 – Longitudinal analysis**

This step aimed to reconstruct the processes through which the interventions were conceived, design and implemented. It also aimed to collect information relating to the nature of the changes experienced as a result of the interventions. The basic conceptual model for this step is in figure 8 below. The diagram lists indicative areas on which questions will focus.

Data for the longitudinal study will be based on the following:

- draft (or actual if it exists) theory of change for the interventions, developed from project/programme documentation, and drawing from the policy cycle to understand the intended relationship of the intervention with the government policy development and implementation.
- interviews with key interlocutors for each intervention. Interlocutors were people who were involved at the different stages of the interventions, from conception through to implementation (and possibly post-intervention review/evaluation)
- drafting a case study containing key information for each case.

**Step 2 – Contribution analysis**

For each sector analysis, the team developed a contribution analysis, categorising the contribution and constraining factors according to the following structure, and given weightings depending on their significance in contributing or constraining identified outcomes.

| Factors internal to the intervention logic and contributing to progress | Factors external to the intervention logic and contributing to progress |
| Factors internal to the intervention logic but preventing progress | Factors external to the intervention logic and preventing progress |

The aim of the contribution analysis was to identify the key factors that contributed to positive intervention outcomes, and those that hindered it. The format of the contribution analysis rates the factors on their strength of significance, and also ensures a record of the evidence that points to these contribution factors.

The contribution analysis drew directly from the evidence collected during the longitudinal analysis. The result of this stage was a table for each intervention setting out:

- whether the intervention made a contribution to change, and what those changes were
- the mechanisms through which the changes were achieved
- the key factors that constrained the achievement of planned changes.

These tables are presented at the end of the four in-depth sectoral analyses, in Annexes 4, 5, 6 and 9.

**Step 3 – Comparative analysis**

The comparative analysis was first conducted in a workshop format, during which the team together compares the four sectors and the focus interventions to identify:
What were the common significant factors that contributed to (or inhibited) change?
What were any key differences in change process and mechanisms that help to explain differences in outcomes?

This analysis then led to the key lessons learned. From the common significant factors, the team was able to provide a more generalised set of lessons learned that have practical application in the future and in other contexts.

**Step 4 – Sense-making and conclusions**

At this final step of the field phase, the evaluation team worked together to explore the lessons learned, validate them, and use them to develop recommendations for the future. This process was assisted by discussions with members of the Inter-services Steering Group (ISG), and staff in the EU Delegation.

**iv. Synthesis phase**

Finally, the *synthesis phase* methodology brought all the collected data together in response to the evaluation questions. The collected data was analysed by the team, and worked into a draft final report, structured according to the evaluation questions, together with proposed conclusions and recommendations.

The first draft report was completed at the end of July 2020, and went through three rounds of discussion and refinement, in conjunction with the ISG.

Finally, in December 2020, an online seminar was held, with 33 participants from Government and non-Government stakeholders, as well as international organisations, in December 2020. This generated some useful feedback, and a final version of the report was drafted in January 2020.
**Figure 2 - Overall Logic Model**

1. **Democracy and Governance**
   - IPA II EUR 253m
   - Improved transparency, rule of law, respect for human rights, and institutional capacity for rule of law and good governance.

2. **Rule of Law and Fundamental Rights**
   - IPA II EUR 108m
   - Progress towards an open, democratic, and pluralistic society.

3. **Environment, Climate Action and Energy**
   - IPA II EUR 91m
   - Improved environmental performance and climate change mitigation and adaptation.

4. **Transport**
   - IPA II EUR 65m
   - Enhanced transport networks and improved connectivity.

5. **Competitiveness, Innovation and Agriculture, Rural Development**
   - IPA II EUR 54m
   - Increased competitiveness and innovation in the agricultural sector.

   - IPA II EUR 46m
   - Improved access to quality education and training.

7. **Regional and Territorial Cooperation**
   - IPA II EUR 16m
   - Enhanced regional integration and cooperation.

---

**Strngthened Rule of Law, Fundamental Rights, Governance**

**Stronger economy**

**Application of EU rules and standards**

**Reconciliation, good neighbourly relations and regional cooperation**

---

Frame: “A credible enlargement perspective for and enhanced EU engagement with the Western Balkans.”
## 1.2. Evaluation Matrix

<table>
<thead>
<tr>
<th>Evaluation Questions</th>
<th>Proposed Criteria</th>
<th>Judgement No.</th>
<th>Indicators</th>
<th>Source(s) of information/ verification</th>
<th>methodology</th>
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<tbody>
<tr>
<td>EQ Relevance</td>
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<tr>
<td>1 To what extent has the European Union's cooperation with Serbia addressed the variety of challenges/needs faced by Serbia on its path towards EU accession and within its own reform processes?</td>
<td>JC 1.1 EU pre-accession assistance programming - including the type, quantity and quality of inputs provided and type of activities planned - was appropriate to the specific political and institutional contexts and needs of the beneficiary</td>
<td>1.1.1</td>
<td>extent to which analyses of context, capacities and needs which inform IPA programming reflect the actual situation in the country.</td>
<td>country context analysis; review of documents; stakeholders' assessments</td>
<td>Desk review; interviews</td>
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<td></td>
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<td>1.1.2</td>
<td>extent to which there is coherence between EU strategy and programming and nationally identified priorities and plans</td>
<td>review of documents; stakeholders' assessments</td>
<td>desk review; interviews</td>
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<tr>
<td></td>
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<td>1.1.3</td>
<td>extent to which EU strategy and programming incorporate analysis of capacity needs and constraints (overall and in focus sectors), and take account of lessons learned from previous periods</td>
<td>review of documents</td>
<td>desk review</td>
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<td>1.1.4</td>
<td>extent to which EU allocations of financial assistance reflect the stated priorities, considering both government allocations and other international assistance</td>
<td>CRIS data, CFCU data, IATI/OECD DAC data, Government expenditure data</td>
<td>data analysis</td>
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<td>1.1.5</td>
<td>extent to which EU strategy and programming offer appropriate sequencing of support, based on capacity analyses and lessons learned</td>
<td>review of documents; stakeholders' assessments</td>
<td>desk review; interviews</td>
</tr>
<tr>
<td>1.2.1 JC 1.2 the EU’s cooperation with Serbia responded to new and arising issues and needs encountered over the evaluation period</td>
<td></td>
<td>1.2.1</td>
<td>extent to which EU cooperation with Serbia appropriately monitored the changing context, identified challenges and proposed remedial measures</td>
<td>review of documents; stakeholders' assessments</td>
<td>desk review; interviews</td>
</tr>
<tr>
<td>Evaluation Questions</td>
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<tr>
<td>Effectiveness and Impact</td>
<td></td>
<td>1.2.2</td>
<td>extent to which financial allocations were amended and actions taken to respond to changing context and needs</td>
<td>review of documents; stakeholders’ assessments</td>
<td>desk review; interviews</td>
</tr>
</tbody>
</table>

2. **What have been the effects of the European Union's cooperation strategy with Serbia over the evaluation period (e.g., on capacity building)?**

<p>| JC 2.1 Government policy and implementation of policy in selected sectors are more in line with the requirements of EU accession as a result of contributions from EU cooperation | 2.1.1 | extent to which the role and capacities of democratic and judicial institutions in relation to each sector have changed over the evaluation period. | EU progress reports and other relevant documentation, stakeholder interviews | desk review, interview |
| 2.1.2 | extent to which EU cooperation has contributed to these changes in democratic and judicial institutions | EU IPA project reports, sector monitoring reports, annual reports and other relevant documentation, stakeholder interviews | contribution analysis |
| 2.1.3 | extent to which the legislative framework relevant to each sector this has changed over the evaluation period | EU progress reports and other relevant documentation, stakeholder interviews | desk review, interview |
| 2.1.4 | extent to which EU cooperation has contributed to these changes in the legislative framework | EU IPA project reports, sector monitoring reports, annual reports and other relevant documentation, stakeholder interviews | contribution analysis |
| 2.1.5 | extent to which public infrastructure relevant to each sector has changed over the evaluation period | EU progress reports and other relevant documentation, stakeholder interviews | desk review, interview |
| 2.1.6 | extent to which EU cooperation has contributed to these changes in public infrastructure | EU IPA project reports, sector monitoring reports, annual reports and other relevant documentation, stakeholder interviews | contribution analysis |</p>
<table>
<thead>
<tr>
<th>Evaluation Questions</th>
<th>Proposed Criteria</th>
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<tr>
<td>JC 2.2 State institutions relevant to each of the sectors have been strengthened with contributions from EU cooperation</td>
<td></td>
<td>2.1.7</td>
<td>extent to which <strong>government policy</strong> in each sector has changed over the evaluation period</td>
<td>EU progress reports and other relevant documentation, stakeholder interviews</td>
<td>desk review, interview</td>
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<td></td>
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<td>2.1.8</td>
<td>extent to which EU cooperation has contributed to these changes in government policy</td>
<td>EU IPA project reports, sector monitoring reports, annual reports and other relevant documentation, stakeholder interviews</td>
<td>contribution analysis</td>
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<td></td>
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<td>2.2.1</td>
<td>extent to which <strong>capacities of relevant sectoral institutions</strong> have changed over the evaluation period</td>
<td>EU IPA project reports, sector monitoring reports, annual reports and other relevant documentation, stakeholder interviews</td>
<td>desk review, interview</td>
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<tr>
<td></td>
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<td>2.2.2</td>
<td>extent to which EU cooperation contributed to the changes in capacities of relevant sectoral institutions</td>
<td>EU IPA project reports, sector monitoring reports, annual reports and other relevant documentation, stakeholder interviews</td>
<td>contribution analysis</td>
</tr>
<tr>
<td>JC 2.3 Civil society institutions and the enabling environment for civil society have been strengthened with contributions from EU cooperation</td>
<td></td>
<td>2.3.1</td>
<td>extent to which civil society, academia, unions, media and other non-governmental, non-business institutions, and their operating environment have changed over the evaluation period</td>
<td>EU IPA project reports, sector monitoring reports, annual reports and other relevant documentation, stakeholder interviews</td>
<td>desk review, interview</td>
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<td>2.3.2</td>
<td>extent to which EU cooperation contributed to the changes in capacities of civil society institutions and the enabling environment</td>
<td>EU IPA project reports, sector monitoring reports, annual reports and other relevant documentation, stakeholder interviews</td>
<td>contribution analysis</td>
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<tr>
<td>JC 2.4 businesses and the business enabling environment have been strengthened with contributions from EU cooperation</td>
<td></td>
<td>2.4.1</td>
<td>extent to which private sector businesses and their operating environment have changed over the evaluation period</td>
<td>EU IPA project reports, sector monitoring reports, annual reports and other relevant documentation, stakeholder interviews</td>
<td>desk review, interview</td>
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<tr>
<td>Evaluation Questions</td>
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<td>2.4.2</td>
<td>extent to which EU cooperation contributed to changes in the private sector and its operating environment</td>
<td>EU IPA project reports, sector monitoring reports, annual reports and other relevant documentation, stakeholder interviews</td>
</tr>
<tr>
<td>3</td>
<td>To what extent has the EU's cooperation strategy raised, over time, Serbia's awareness of the general principles the EU stands for and/or the EU's positive contributions?</td>
<td>JC 3.1 EU cooperation has contributed to strengthening the awareness of key targeted institutions of the general principles which the EU stands for</td>
<td>3.1.1</td>
<td>extent to which key government institutions in each sector are acting upon EU policy advice and guidance, and reported changes over the evaluation period</td>
<td>reported views of providers and recipients of technical assistance</td>
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<td>3.1.2</td>
<td>extent to which key government institutions value EU technical and other guidance and support</td>
<td>reported views of recipients of technical assistance and project participants</td>
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<td>3.2.1</td>
<td>extent to which the general public in Serbia is aware of the EU's principles</td>
<td>MEI and independent surveys of public opinion since 2011</td>
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<td>3.2.2</td>
<td>extent to which the general public in Serbia is aware of the EU's contributions to institutions, public services, public infrastructure, civil society and private sector</td>
<td>MEI and independent surveys of public opinion since 2011</td>
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<td>3.2.3</td>
<td>Extent to which Serbian media are reporting positively on the values and role played by the EU in the country, and changes over the evaluation period</td>
<td>MEI has regular media analysis; may be other sources too.</td>
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<td></td>
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<td>3.2.4</td>
<td>Extent to which sample projects generated positive stories and messages</td>
<td>project PR/media plans and monitoring (if available)</td>
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<td>Evaluation Questions</td>
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<td>Source(s) of information/verification</td>
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<tr>
<td><strong>4</strong> To what extent have the effects described in Q2 contributed to Serbia’s political and economic reform and preparation for EU membership?</td>
<td>JC 4.1 the key sectoral changes for which the EU has made a contribution have helped Serbia to move closer to meeting the Copenhagen criteria</td>
<td>4.1.1 extent to which the sectoral changes achieved, with the contribution of EU cooperation, have moved Serbia closer to meeting the <strong>political criteria</strong> for EU accession</td>
<td>desk review EQ2 sector templates; EU progress reports; interviews;</td>
<td>contribution analysis</td>
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<td>4.1.2 extent to which the sectoral changes achieved, with the contribution of EU cooperation, have moved Serbia closer to meeting the <strong>economic criteria</strong> for EU accession</td>
<td>desk review EQ2 sector templates; EU progress reports; interviews;</td>
<td>contribution analysis</td>
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<td>4.1.3 extent to which the sectoral changes achieved have achieved legislative alignment with the <strong>EU acquis</strong></td>
<td>desk review EQ2 sector templates; EU progress reports; interviews;</td>
<td>contribution analysis</td>
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<td>JC 4.2 state capacities which have been enhanced with support from the EU contribute to supporting Serbia’s ability to take on the obligations of EU membership</td>
<td>4.2.1 extent to which the sectoral changes achieved, with the contribution of EU cooperation, have strengthened Serbia’s <strong>administrative and institutional capacity to effectively implement the acquis and take on the obligations of membership.</strong></td>
<td>desk review EQ2 sector templates; EU progress reports; interviews;</td>
<td>contribution analysis</td>
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<td>4.2.2 extent to which the sectoral changes achieved, with the contribution of EU cooperation, have strengthened Serbia’s <strong>reconciliation, good neighbourly relations and regional cooperation</strong></td>
<td>desk review EQ2 sector templates; EU progress reports; interviews;</td>
<td>contribution analysis</td>
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<tr>
<td><strong>Efficiency</strong></td>
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<td>Evaluation Questions</td>
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<td>Indicators</td>
<td>Source(s) of information/verification</td>
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<td>5</td>
<td>What factors have contributed to or hindered the efficient implementation of EU financial assistance, with specific consideration given to planning, monitoring, and management structures and processes, oversight and reporting?</td>
<td>JC 5.1 the processes of planning and implementation of EU assistance deliver appropriate responses to correctly identified and diagnosed issues</td>
<td>5.1.1</td>
<td>extent to which planning of EU cooperation is completed on time</td>
<td>planning documents; interviews with planning participants; desk review - modelling of planning process; data analysis of critical dates; field research</td>
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<td>5.1.2</td>
<td>extent to which appropriate stakeholders were involved meaningfully in the planning process</td>
<td>planning documents; interviews with planning participants; desk review</td>
<td>field research</td>
<td>review</td>
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<tr>
<td>5.1.3</td>
<td>Extent to which the scale of resources deployed has been appropriate to needs and scope of interventions</td>
<td>planning documents; interviews with planning participants;</td>
<td>desk review</td>
<td>review</td>
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<tr>
<td>5.1.4</td>
<td>extent to which those responsible for execution and implementation feel and take ownership of the implementation plans</td>
<td>planning documents; interviews with planning participants;</td>
<td>desk review</td>
<td>review</td>
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<tr>
<td>5.1.5</td>
<td>extent to which completed projects report that design-stage planning, and analysis were accurate and helpful for implementation</td>
<td>project final reports; interviews with actors involved in project implementation;</td>
<td>desk review</td>
<td>review</td>
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<td>5.2.1</td>
<td>extent to which decision-makers received accurate, timely and relevant information on policy and national strategy implementation, and made appropriate decisions based on monitoring and evaluation information</td>
<td>design documents for policy/strategy level monitoring and evaluation procedures and standards; monitoring and evaluation reports; NIPAC and EUD annual reports; interviews with decision-makers;</td>
<td>desk research</td>
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<tr>
<td>No.</td>
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<tr>
<td>5.2.2</td>
<td>extent to which decision-makers received accurate, timely and relevant information on sectoral strategy implementation, and made appropriate decisions based on monitoring information</td>
<td>design documents for sector-level monitoring and evaluation procedures; monitoring and evaluation reports; NIPAC and EUD annual reports; interviews with decision-makers;</td>
<td>desk review</td>
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<tr>
<td>5.2.3</td>
<td>extent to which decision-makers received accurate, timely and relevant information on intervention/project level implementation, and made appropriate decisions based on monitoring information</td>
<td>design documents for monitoring procedures; project/intervention monitoring reports; NIPAC and EUD annual reports; interviews with decision-makers;</td>
<td>desk review</td>
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<tr>
<td>6</td>
<td>To what extent has the use of different instruments and modalities contributed to achieving programme results?</td>
<td>JC 6.1 the individual modalities and implementing partners selected are appropriate given the objectives pursued and the country context</td>
<td>6.1.1</td>
<td>use of modalities by value, number of interventions, and sector</td>
<td>planning documentation; CRIS data; CFCU data</td>
</tr>
<tr>
<td>6.1.2</td>
<td>extent to which the selected modalities for sample projects are contributing to the sample projects having achieved/achieving their planned results</td>
<td>project/intervention monitoring reports for sample interventions; NIPAC and EUD annual reports; interviews with intervention management teams;</td>
<td>field: individual/group discussions with implementation stakeholders</td>
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<tr>
<td>Evaluation Questions</td>
<td>Proposed Criteria</td>
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<tr>
<td>JC 6.2</td>
<td></td>
<td>6.2.1</td>
<td>Extent to which the choice of modality, and their mix, contributed to achievement of strategic results</td>
<td>project/intervention monitoring reports for sample interventions; NIPAC and EUD annual reports; interviews with planners and decision-makers;</td>
<td>desk and field: compare outcomes of sample projects against planning assumptions for the particular modality</td>
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<tr>
<td>JC 6.2</td>
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<td>6.2.2</td>
<td>extent to which political processes, such as policy dialogue, contribute to achieving sectoral and strategic goals</td>
<td>notes/minutes from policy dialogue meetings; analysis of follow-up actions taken; NIPAC and EUD annual reports</td>
<td>desk review; interviews</td>
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<td>JC 7.1</td>
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<td>7.1.1</td>
<td>extent to which the planning processes for multi-beneficiary, national programmes, and other EU programmes share analyses, planning information, and take account of each other’s goals and resource allocations</td>
<td>planning documentation; interviews with programme managers;</td>
<td>desk: analysis of planning documentation; field: interviews with programme managers</td>
</tr>
<tr>
<td>JC 7.1</td>
<td></td>
<td>7.1.2</td>
<td>extent to which the outcomes of multi-beneficiary, national programmes and other EU programmes were/are complementary</td>
<td>sector reports; NIPAC and EUD annual reports; multi-beneficiary programme reports</td>
<td>desk: analysis of reports and financial allocations; field: interviews with programme managers</td>
</tr>
<tr>
<td>JC 7.2</td>
<td></td>
<td>7.2.1</td>
<td>extent to which EU national programmes align with government stated priorities, strategies and policies</td>
<td>Government Needs Assessment document (NAD); NIPAC reports; EUD reports; key government and EU stakeholders</td>
<td>desk: analysis of actions, priorities and financial allocations; field: interviews with key stakeholders</td>
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<tr>
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<td>7.2.2</td>
<td>extent to which EU national programmes align with programming and planning of other donors and IFIs</td>
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<td>EU Added Value</td>
<td></td>
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<td>8</td>
<td></td>
<td>see proposed methodology in inception report</td>
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1. Learning brief No. 1
The Role of Specialist External Initiatives in Supporting Institutional Development

SIGMA (Support for Improvement in Governance and Management) is a joint initiative of the EU and OECD, which has been in operation since 1992. The role of SIGMA was identified as a critical contribution factor in the reforms of public administration in Serbia.

In 2014, the EU proposed to focus on ‘Fundamentals First’ in the enlargement process. One of these ‘fundamentals’ was the importance of a well-functioning public administration. To support this, the SIGMA initiative developed a set of Principles (‘The Principles of Public Administration’) specifically for enlargement countries, under six main headings: Strategic framework of public administration reform, Policy development and co-ordination, Public service and human resource management, Accountability, Service delivery, Public financial management, public procurement and external audit. The Principles included a set of indicators to assess performance of a public administration against the Principles.

In Serbia, the SIGMA team carried out a baseline assessment of the current situation against the principles in 2015, and reviewed the situation in 2016, 2017 and 2019.

The SIGMA initiative made an important contribution to public administration reform. The main mechanisms through which it achieved this contribution were identified as follows:

- The ‘Principles’ were credible, realistic and relevant to the public administration in Serbia, and were widely accepted by public administration in Serbia and in the European Commission. The publication of the Principles marked a turning point in the support of public administration in Serbia, providing for the first time a reference point for all involved.
- The Principles brought coherence in understanding the scope and reach of PAR, and, crucially, a means of measuring the status of reforms.
- The SIGMA initiative has a well-informed, expert staff with highly relevant experience of managing government reforms in EU accession contexts, and who have credibility in Serbia.
- SIGMA reports are carefully balanced and well-evidenced, providing a solid basis for the recognition of priority issues and planning, and fed into high level policy dialogue.
- The SIGMA initiative has continuity and can provide a long-term view and long-term support.

SIGMA was not alone in contributing to public administration reforms in Serbia. Three key interventions linked together to make a consolidated contribution. In addition to SIGMA’s principles and expertise, a Sector Budget Support contract provided significant financial assistance, and a high-level policy dialogue mechanism known as the ‘Special Group’ on Public Administration Reform provided a credible support and platform for reforms. The SIGMA principles and analysis fed into the Government of Serbia’s public administration reform strategies, which were in turn supported by the SBS; SIGMA’s indicators and monitoring provided the evidence base on which high level dialogue could identify and agree action points and areas of priority.

The key lessons learned that may be valid also in other contexts include:

- The basic scope, principles, definitions and monitoring mechanisms for reforms should be clearly defined, transparent and accepted by all sides;
- expertise needs to be credible and well-informed, with relevant experience;
- long term initiatives such as SIGMA provide the clarity of direction, expertise, information and monitoring capacity to inform institution building challenges;
- long term engagement provides necessary continuity to follow long-term processes of reform;
• close coordination between initiatives such as SIGMA, the programming and planning of EU financial support (particularly sector budget support), and the high-level policy dialogue mechanisms create a credible and effective mechanism for supporting institutional reform.
Both of the SBS programmes studied for this evaluation were found to have made more significant contributions to reform than prior technical assistance and other interventions at the project level. This brief explores the reasons and identifies learning that could be applicable in other contexts.

The larger size of the funding brings high level political commitment, ownership by the line Ministry, and active engagement from the Ministry of Finance. This in turn establishes an intra-government accountability mechanism which encourages the responsible Minister to actively push for progress.

The system-wide approach supported change in inter-connected institutions, addressed underlying issues beyond the scope of most projects, and contributed to more significant and sustainable performance improvement.

The independent monitoring mechanisms – based on well-formulated indicators – provide accurate and independent data on progress. This primarily informs disbursement decisions, but also provides the basic data for policy dialogue and learning about what works.

High-level policy dialogue mechanisms encourage more widespread understanding of the purpose and process of reforms across government and between government and the EU. This facilitates dialogue on more technical issues and increases support from across government.

Operational level dialogue provided forums for working through the details of the reform process. Typically, the design of the SBS did not provide much detail on how reforms would be achieved, only what should be done. The operational level of dialogue provided a forum to work through the operational approach and overcome any barriers.

Planning and implementation for the SBS required wide involvement of stakeholder institutions, including departments from across the lead ministry. This contrasts with the typical EU project approach, which involves only the unit for EU projects and maybe one or two other departments.

SBS was found to increase the confidence and competence of national authorities in managing large scale change, as an unintended effect of the intervention.

The involvement of expertise such as the SIGMA initiative contributed to solid design and implementation (see Learning Brief no.1)

Inevitably, this experience was imperfect and led to some key learning points:

- Design of SBS (and other reform) should spend more time working out how reforms will be achieved as well as what will be achieved. Use of theory of change approaches would help.
- Indicators and monitoring should not only measure disbursement criteria but should also assess progress towards achieving the intended reforms, based on a theory of change.
- Timeframes for major reforms can be longer than 4 years, and longer term SBS would provide continuity and the prospect of major sustainable impact.
- SIGMA-like technical assistance could help reforms in other sectors.
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Sector 1: Democracy and Governance Sector

1. Introduction

Review of the sector documents shows significant issues with definition of the sector and challenges. Relevant MIPD documents for Serbia mention support to Public Administration reform (PAR) as a separate sector (MIPD 2011-2013), with its specific objectives, the Indicative Strategy Paper for Serbia (2014-2020) and the Revised Indicative Strategy Paper for Serbia (2014-2020) recognize Democracy and Governance as a more comprehensive sector, within which, inter alia, PAR was supported. The Strategy Paper sets out two pillars on which the EU's pre-accession assistance will be based, i.e. democracy and governance and the rule of law and fundamental rights. Review of documents relating to the democracy and governance over the years shows a lot of overlaps between the sectors of Democracy and Governance and Rule of Law, which are also reflected in the extent to which the two sectors interconnect, particularly for support to civil society and anti-corruption.

Over the years, themes or sub-sectors within the wider Democracy and Governance Sector varied. Review of EU Progress Reports for Serbia within the time-frame from 2012-2018 shows that subsectors mainly included issues of public administration reform (PAR), constitution, government, civilian oversight over security forces, fight against corruption, fight against organised crime and judicial system, but also including civil society. There are certain overlaps between Rule of Law and Governance, but issues of anti-corruption and PAR are most stable subsectors over the years. Each of these sub-sectors has its specific issues, and is going through a reform process (See section 1.2 below). Good governance that includes Public administration reform (PAR) has always been one of assistance priorities but its importance is more and more recognised in recent years, particularly in IPA II programming that sets objectives such as more professional, depoliticised and accountable administration; public financial management reform; normalisation of the relations with Kosovo; stronger administrative capacity for EU funds management; legislative alignment and institution-building.

Main challenge for the sector is the horizontality of the issues, e.g. PAR and anti-corruption concern all sectors, making them difficult to implement, but also evaluate from the perspective of the scope of results achieved through horizontal actions (PAR) and through support to other thematic sectors. Namely, sectoral support across EU assistance to Serbia inevitably includes assistance to sector institutions to improve their efficiency and effectiveness, thus naturally including PAR elements.

1.1. Sector background

i. Scope of the sector

As mentioned above, the scope of sector has been evolving over years, with a number of themes and support areas moving between the Democracy and governance and Rule of law sectors. The relevant MIPD document 2011-2013 set specific sector objectives for PAR (see above) and the
Indicative Strategy Paper 2016-2020 set out the following specific objectives for support to the sector:

- Improved capacities of democratic institutions, especially the parliament, for efficient oversight;
- Efficient system for PAR coordination and monitoring, including for the public financial management reform programme, in place;
- Policy planning system established with medium-term planning documents and consolidated sector strategies, supporting the objectives of the Government and enabling prioritisation and budgetary planning and monitoring and more inclusive and evidence-based policy and legislative development, including for alignment with the acquis, ensured;
- Public service and human resources management system based on merit in place, including integrity systems and regularly trained civil servants both at central and local government level;
- Enhanced accountability of administration, including by gradual reduction of overlapping functions between ministries and agencies;
- Improved service delivery and legal certainty to citizens and businesses, including through sound administrative procedures and by upgraded e-government services;
- Improved public finances in line with a medium-term PFM reform programme, which sequences the key reforms in relevant sub-systems, including in revenue administration and collection, budget preparation, budget execution with cash management, debt management, public procurement, accounting and reporting, public internal financial control, and external audit. It contributes to Serbia meeting accession requirements in related negotiation Chapters;
- Enhanced macroeconomic stability and competitiveness through multilateral surveillance and implementation of the Economic Reform Programme and the policy guidance; Customs and Tax Administration supported to meet the acquis requirements, including IT interconnectivity and interoperability with the EU systems.
- Agreements between Serbia and Kosovo implemented according to an agreed timetable;
- Statistical methods applied by the Serbian Statistical Office are in line with the requirements of the European Statistical System;
- Serbia’s EU accession process supported with harmonisation of the acquis in line with the better regulation approach and general institution and capacity-building in other areas that fall outside the specific sectors;
- Enhanced capacity for EU funds management, as evidenced by timely procurement and contracting;
- Investment project preparation substantially improved both at the central and local government level, resulting in mature investment projects;
- Enhanced competitiveness and economic and social cohesion of the less developed areas;
- Enhanced cooperation of civil society organisations with public institutions; and
- Strengthened capacities of civil society organisations to increase their autonomy, representativeness and accountability, as well as their membership base, fundraising and effectiveness¹.

For the purpose of this evaluation, an Intervention logic for the sector has been reconstructed based on review of strategic documentation pertaining the sector (See Diagram 1 below). The assessment of the sector achievements has been performed based on the logic of sector intervention presented in the diagram.

### EU Activities (selection)
- Public Administration Reform Sector Budget support
- Strengthening Public Finance Management
- Support to Statistics, Tax and Customs
- Strengthening policy dialogue around Public Administration Reform
- Strengthening the regulatory and institutional framework
- Policy dialogue with Serbian authorities
- Support to civil society sector through grants and TA
- Support to EU funds management system

### Key stakeholders

Overall PAR process is overseen by the Ministry of State Administration and Local Government and it is developed and implemented in cooperation with all key stakeholders. Coordination of the PAR reforms is lead by the Ministry for Public Administration and Local Self Government (MPALSG), at the second level the inter-ministerial project group (IMPG), and at the third level, the Collegium of State Secretaries. At the fourth, highest level of coordination, the main actor is the PAR Council, composed of the Prime Minister and line Ministers, which has the overall responsibility for guiding PAR and defining proposals and priorities for the strategic development of Public Administration. EUD is still supporting civil society (and media) through centralised management, through instruments such as Civil Society Facility (CSF) and EU Instrument for Human Rights (EIDHR).

The support to PAR and other thematic areas is organised through both centralised and decentralised management (through CFCU). The PAR 2015-2017 was a participatory process that engaged CSOs, SAB, EU, SIGMA, and the Standing Conference of Towns and Municipalities. The sector also benefits from the Secretariat for Public Policies, which oversees policy development and coordination. Anti-corruption Agency leads the work on anti-corruption. The key implementing and reporting stakeholders for the AP PAR 2015-2017 include 16 institutions: the MPALSG, the PPS, the Office for Information Technologies and e-Government (ITE), the Ministry of Justice (MoJ), the MoF, the NAPA, the HRMS, the Ministry of European Integration (MEI), the Office for

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**Figure 1 Intervention logic of the Democracy and Governance sector**

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Outputs</th>
<th>Outcomes</th>
<th>Specific Impacts</th>
<th>Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy co-ordination, planning and development system is established, supporting the objectives of the Government and enabling prioritisation and budgetary planning and monitoring</strong></td>
<td><strong>Functional and efficient structures of the public administration and public finance management system in place</strong></td>
<td><strong>Democratic bodies, especially the parliament, are able to provide efficient oversight</strong></td>
<td><strong>Sound and quality Public Administration governance and service delivery to citizens and businesses</strong></td>
<td><strong>Country development through consolidation of democracy, generating economic growth and EU accession</strong></td>
</tr>
<tr>
<td><strong>Disbursement of funding to strategic development</strong></td>
<td><strong>Mechanisms for cooperation of civil society organisations with public institutions established/strengthened</strong></td>
<td><strong>Agreements between Serbia and Kosovo are implemented according to an agreed timetable</strong></td>
<td><strong>Serbia has increasingly functioning market economy</strong></td>
<td><strong>Increased trust and satisfaction of citizens in democratic bodies, government and public administration</strong></td>
</tr>
<tr>
<td><strong>Technical inputs</strong></td>
<td><strong>Strengthened civil society capacity and autonomy, representativeness, accountability and ability to participate in policy processes</strong></td>
<td><strong>CSOs are more able to engage in and monitor government policy making processes and address reform processes and EU integration process</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Investment project preparation is improved resulting in mature investment projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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2 External Evaluation of Serbian Public Administration Reform, 2019, p.18.
3 Ibid, p.18.
4 Ibid, p.34.
Cooperation with Civil Society (OCCS), as well as Senior Officials of Line Ministries and other Centre of Government Bodies. While political support has been ensured through the PAR Council (PARC), presided by the Prime Minister, the MPALSG is the central institution in charge of the reform implementation and its coordination on the operational level.

In order to enhance the professional development of the civil servants, in 2017, a National Academy of Public Administration (NAPA) was established. The Academy provided various trainings for civil servants at the national and local levels. Further, as a step forward regarding the e-government, Serbia established a new Office for IT and e-Government, which was tasked with policy implementation and horizontal coordination of various ministries and other institutions at central and local level.

With regards to civil society, main government actor is the Office for Cooperation with Civil society which received significant technical assistance from EU in its establishment and work. The Office has been very active in raising awareness both among the public and among state institutions of the importance of involving civil society and citizens in decision-making.

1.2. Key challenges over the period 2012-2018

Throughout the reference period of evaluation (2012-2018), Serbia has faced several challenges regarding its PAR process. The reform of public administration has been underway since 2004, albeit with little progress until 2013 when Serbia undertook to develop a new Public Administrative Reform Strategy, as well as an Action Plan for 2013-2016, which was adopted in 2014. The Strategy was seen as a solution to issues of weak alignment of Serbia’s administrative framework with the international standards, and gaps in implementation of existing laws and strategies. In 2013, the two-year freeze on employment in the PA was also introduced through the amendments to the Budget System law, per conditionality of IMF. The freeze has had significant negative influence on the overall PAR and but also affecting reforms in other areas. The result of this rationalisation was two-sided. The measure succeeded in reducing 45,000 of PA employees, but increased the number of temporary based contracts within the state administration, which undermined the reform process. Rightsizing of the state administration remains a key government priority throughout the years, although it has been hampered by the lack of administration accountability, which remains an issue for the country.

The adoption of the Strategy was followed by establishment of the Secretariat for Public Policies in 2014, whose aim was to strengthen the policy development and coordination at the centre of government.

As a part of reform of the civil service legal framework, the amendments to laws regulating the state administration and public services were adopted in 2014. This was an initial step towards establishment of a merit-based civil service system regarding selection, appointment, training, evaluation, remuneration, and dismissal of civil servants and other state employees. However, document review points to weaknesses of the law. Although the law prescribes merit-based recruitment, promotion, and dismissal procedure, discretionary powers are still often used, and especially senior civil servants are applied on the basis of exceptions or transitional arrangements. There is a lack of central payroll system, as despite the remuneration system being based on standard job classification, in practice, some discretionary awards occur. However, merit-principle

\[5\] Ibid, p.16
\[6\] Ibid, p.16
is hampered by the exemption from the normal recruitment and selection process for temporary personnel, who constitute around 10% of the civil service. Excessive discretion remains an issue for sustainable merit-based recruitment, and the percentage of senior civil servants appointed outside a regular legal framework did not decrease since 2012. However, the remuneration system marked progress, as in December 2017, new laws on public service salaries and employment relations and on salaries of local government and autonomous province were adopted.

The on-job training (professionalisation) of civil servants is another issue covered with the PAR. While in 2012, Serbia adopted a new training programme for civil servants, turnout was small. Not only a small number of civil servants, but in particularly a small number of managers took part in trainings. A negative trend of a lack of importance awarded to training is closely related to the inefficient grading system, with around 80% of graded civil servants obtaining the two highest grades. Due to such appraisal system, it was impossible to determine the influence of the attended training on the final assessment of employee performance. Some steps forward were taken in the forthcoming years. Number of training courses in 2016 was 183 training courses totalling 3350 participants, which is an increase compared to 2015, when a new system for professional development was adopted. Especially in 2017 a tangible progress was seen as A National Academy of Public Administration (NAPA) tasked with a provision of various trainings for civil servants at the national and local levels was established. Additionally, a new Law on National Training Academy for public servants has been adopted, aiming at the enhancement of professional development.

An important aspect of PAR was a public financial management (PFM) reform aiming at ensuring economy, efficiency, and effectiveness in the use of public funds. The World Bank Public Finance Review 2015 noted important challenges for Serbia’s public finance system, noting “Until 2008, fiscal deficits were moderate and public debt declined significantly. Since the start of the global economic and financial crisis in 2008, however, Serbia has struggled with the interlinked problems of minimal growth and unfavourable fiscal dynamics. As economic activity has stagnated, revenues have fallen and expenditures, particularly mandatory spending on pensions and wages, have remained high. At the same time, structural fiscal issues, such as continued state support to state-owned enterprises (SOEs) and tax administration inefficiencies, have been a drag on growth. As a result of these pressures, general government fiscal deficits averaged 5.6 percent of GDP a year between 2009 and 2014. Reflecting the high fiscal deficits and poor economic growth, Serbia’s public debt has more than doubled, from 34 percent of GDP in 2008 to 71 percent at yearend-2014.” To tackle these challenges, the Serbian government and the IMF agreed for a set of measures to consolidate its fiscal space, and IMF granted Serbia a €3 billion loan in May 2009. To top up the IMF loans, the European Commission signed a €200 million macro financial assistance loan, with a plan to disburse only up to €100 million in light of the gradual economic recovery, and lower foreign financing needs. The EU also provided €100 million of budget support through IPA funds. The World Bank approved lending of US$250 million through Private Sector and Finance and Public Expenditure Development Policy Loans in late 2009 and beginning of 2010. PFM reforms have been ongoing since the start of IPA I. Within the PFM reform process, the Ministry of Finance engaged in a public expenditure and financial accountability assessment in 2014 and was preparing a PFM reform programme aiming to sequence the reform actions in different parts of the public finance system. The new reform programme (PFM) 2016-2020 was adopted covering all relevant PFM sub-systems. Some of the short-term reform priorities within this programme include improvement of macroeconomic forecasting, alignment of the medium-term budgetary framework and annual budget processes with strategic planning, enhancement of programme budgeting, enhancement of tax collection and voluntary compliance, improvement of debt management, and strengthening public investment and capital project planning. In 2018, a full fiscal consolidation was achieved.
One of the most ambitious activities within a PAR was the adoption of the e-Government Strategy and Action Plan in 2015. Besides, a Stop to Bureaucracy Action Plan was developed and aimed at better service delivery for citizens and businesses. It is notable that e-Government remained one of the main concerns of the Government across the reference period of evaluation, resulting also in establishment of a new Office for IT and e-Government, tasked with policy implementation and horizontal coordination of various ministries and other institutions at the central and local level. The 2018 Progress report noted remarkable progress in this field with new legal and institutional framework for e-governance under development, with a range of new e-services for citizens and businesses being launched.

Document review shows scarce information regarding statistics. However, Indicative Strategy Paper for Serbia 2014-2020 states that the legal framework of statistics is broadly aligned with the international standards, but that in order to comply with the European Statistical System, the Serbian Statistical Office needs to adopt more modern methodologies and adequate mechanisms.

One of the debated areas of PAR has been the local governance, with opposing views on whether the local governance is part of PAR or not. For a long time, Serbia was lacking a legal framework regulating the status of local government employees, their salaries, criteria for appraisal, and career development for civil servants. The reform agenda, with support of EU, the two laws regarding civil servants were adopted in 2016, the Law on Provincial and Local Government Employees and the new Law on the Civil Service Salary System, based on the principle of equal pay for equal work.

Civil society has been receiving stable support from EU throughout the IPA I and continued in that spirit during IPA II. Review of EU progress reports from 2011 and 2012 shows that already at that period the role and enabling environment for civil society was strengthened through different measures including establishment of the Office for Cooperation with Civil society but also efforts to engage civil society in various policy and decision making processes at central and local level, albeit with varying degree of success. EU Progress report from 2015 noted that "[t]he authorities included civil society organisations in the accession negotiations process. However, civil sector's participation in policy making is still to a large extent ad hoc which prevents the use of the full potential of the sector." Moreover, throughout the reference period of this evaluation, civil society encountered rather volatile political context and shrinking space, in particular for media and some civil society organisations promoting and exercising watch dog function.

### 1.3. National strategies and principles

The first public administration reform (PAR) strategy was adopted in 2004 and it was implemented through two action plans covering the periods 2004-2008 and 2009-2012. This strategy focused primarily on setting up a legal framework of public administration. In January 2014 Serbia adopted a new PAR strategy covering all key horizontal aspects of reform in accordance with SIGMA principles of public administration. A related PAR Action Plan was adopted in March 2015. Overall PAR process is overseen by the Ministry of State Administration and Local Government and it is developed and implemented in cooperation with all key stakeholders.

The Public Financial Management Reform Program (PFM Reform Program) has been adopted by the Government of the Republic of Serbia on 28 November 2015. The aim of 2016 – 2020 PFM Reform Program is to provide a comprehensive and integrated framework for planning, coordinating, implementing and monitoring the progress in the implementation of activities of public finance management in order to improve macroeconomic stability, ensure efficient and effective
allocation and use of public resources, and thereby easier to achieve the strategic objectives defined by the Government, improve the services provided by the public administration of the Republic of Serbia, whilst at the same time improving transparency and overall functionality of the public finance management and the fulfilling of the necessary requirements for European Union (EU) accession.7

Overview of main strategies adopted and implemented within the scope of IPA II assistance:

- PIFC Strategy paper (2009)8
- Strategy for DIS accreditation (2008)9
- Strategies and Programs related to the Implementation of the AP PAR 2015-2017
- The Strategy for Regulatory Reform and Improved Policy Management System, 2016-2020;
- AP for implementation of the Strategy of Regulatory Reform and Improving the Policy Management System, 2016-2017;
- PFM Program 2016-2020 and Action Plan 2016-2020;
- Strategy for Internal Financial Control Development in the Public Sector for the period 2017 – 2019;
- Strategy for Development of Public Procurement in the Republic of Serbia for the period 2014 – 2018;
- The Strategy and AP for Regulatory Reform and Improved Policy Management System, 2016-2020;
- Strategies and Programs related to the Implementation of the AP PAR 2018-2020
- AP for implementation of the Strategy of Regulatory Reform and Improving the Policy Management System for the period 2019-2020;
- Reform Program for Local Self-Government (LSG);
- The PFM RP review and new AP drafting;
- Action plan for the implementation of the National Anti-Corruption Strategy for the period 2013-2018 (“Official Gazette of RS”, No. 71/13, 55/14)
- Action Plan for Chapter 23 in negotiations with the EU (April 2016)10;

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8 http://www.finac.org.rs/files/library/Strategy%20of%20public%20internal%20financial%20control%20development%20in%20the%20Republic%20of%20Serbia%20for%20period%20of%202017-2020.pdf
Legislation:

- Law on the Public Sector Salary System (2006)\(^{12}\)
- Law on Salaries of Civil Servants and General Service Employees in the Bodies of Autonomous Provinces and Local Self-Government Units (2017)\(^{13}\)
- Law on Employees in Public Services, (2017)\(^{14}\)
- Law on Administrative Procedures (2016)\(^{15}\)
- The Law on Administrative Dispute (2009)\(^{16}\)
- Law on Salaries of Employees in Public Agencies and Other Organizations Founded by the Republic of Serbia, Autonomous Province or Local Self-Government Unit.\(^{17}\)
- Law on Financing Political Activities ("Official Gazette of RS", No. 43/11 and 23/14)
- Law on Public Procurement ("Official Gazette of RS", No. 124/12)
- Law on Privatization ("Official Gazette of RS", No. 83/14)
- Law on ratification the UN Convention against Corruption ("Official Gazette of Serbia and Montenegro - international contracts", No. 12/2005).\(^{18}\)

1.4. International/donor interventions in sector

In terms of support, IPA stands out as a leading source of funding, through assistance in drafting administrative legislation, human resources management, PFM, statistics, civil society, etc (See Table 1 below). EU has been a major donor, providing financial and technical support. European Union is also amongst the most committed supporters of PAR, professional development of civil servants, and e-governance, which is demonstrated through the importance the EU gives to regular dialogue on PAR, as well as through its technical support dedicated to PAR capacity building.\(^{19}\)

Other bilateral donors and international financial institutions include Germany, Sweden, the United States and the World Bank (PFM, PAR), France, Norway, Spain. EC, WB, and IMF remain the largest donors to the sector.\(^{20}\) Thematic support through technical assistance and advisory is provided by the UNDP, OSCE, SIGMA.

<table>
<thead>
<tr>
<th>Donor type</th>
<th>15110</th>
<th>15111</th>
<th>15114</th>
<th>15142</th>
<th>15151</th>
<th>15152</th>
<th>16062</th>
<th>510</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU Institutions</td>
<td>124.79</td>
<td>16.61</td>
<td>0.46</td>
<td>0</td>
<td>0.167</td>
<td>7.762</td>
<td>7.03</td>
<td></td>
<td>158.32</td>
<td>10.42</td>
</tr>
</tbody>
</table>


\(^{17}\) Annex 1 Implementation report Sector Budget Support for the Public Administration Reform (reporting period 01.01.2018. - 31.12.2018.), p.16


\(^{19}\) External Evaluation of Serbian Public Administration Reform, p.8

The External Evaluation of the PAR strategy noted that Serbian government had shown positive trend and represented very good practice regarding the stakeholders’ involvement in the PAR process, engaging the Coordination Team, the Expert Team, and the Operational Team, as well as civil servants from other domestic institutions in the process.\(^{21}\) Besides the EU, Civil society also distinguished itself as one of the key stakeholders involved in the development of the AP PAR 2015-2017, represented through the SECO mechanism.\(^{22}\)

Action Plan for the PAR 2018-2020, represents an example of good practice. It was praised as it was conducted through a "structured, participatory and more transparent and inclusive approach from the start, short from publishing the proceedings and employing a gender mechanism."\(^{23}\) The External Evaluation of PAR however emphasised that "despite the involvement of CSOs, their influence on AP monitoring, steering, and risk management via the IMPG [was] limited, and the reports on CSOs inclusion or meeting reports were not published".\(^{24}\)

### 1.5. Overview of EU interventions in sector

The democracy and governance sector was among the largest recipients of international assistance with some 25% of all ODA directed to this sector alone (See Table 2 below).

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Total 2017</th>
<th>% of total ODA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>41.07</td>
<td>29.70</td>
<td>31.86</td>
<td>29.71</td>
<td>207.38</td>
<td>1,179.23</td>
<td>1,518.94</td>
<td>25.2</td>
</tr>
</tbody>
</table>

Table 2: ODA disbursement for the sector 2012-2017, expressed in EUR Millions

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\(^{21}\) Ibid, p.35.

\(^{22}\) Ibid, 2019, p.34.

\(^{23}\) Ibid, 2019, p. 34.

\(^{24}\) Ibid, 2019, p.35.
More specifically, the support to PAR was highest of all areas, being further exacerbated by Sector Budget support to PAR that started full power from 2016 as presented in Table 3 below.

<table>
<thead>
<tr>
<th>DAC Code</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>15110</td>
<td>25.41</td>
<td>17.63</td>
<td>18.24</td>
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<td>15111</td>
<td>9.21</td>
<td>7.67</td>
<td>4.35</td>
<td>0.95</td>
<td>3.63</td>
<td>3.46</td>
<td>29.26</td>
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</tr>
<tr>
<td>15114</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.66</td>
<td>1.89</td>
<td>0.68</td>
<td>3.23</td>
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</tr>
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<td>15142</td>
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<tr>
<td>15151</td>
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<td>0.12</td>
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<td>0.23</td>
<td>1.43</td>
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<td>1.48</td>
<td>0.69</td>
<td>0.11</td>
<td>0.00</td>
<td>9.01</td>
<td>0.59</td>
</tr>
<tr>
<td>16062</td>
<td>1.76</td>
<td>1.70</td>
<td>0.73</td>
<td>1.65</td>
<td>3.03</td>
<td>0.89</td>
<td>9.77</td>
<td>0.64</td>
</tr>
<tr>
<td>510</td>
<td>0.00</td>
<td>0.27</td>
<td>6.95</td>
<td>0.00</td>
<td>181.37</td>
<td>1088.19</td>
<td>1276.78</td>
<td>84.06</td>
</tr>
<tr>
<td>Total</td>
<td>41.07</td>
<td>29.70</td>
<td>31.86</td>
<td>29.71</td>
<td>207.38</td>
<td>1179.23</td>
<td>1518.94</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Table 3: Sector breakdown of ODA disbursements in sector Democracy and Governance by DAC Code, in EUR Millions

The main objectives of EU support to Serbia were to help the country to build up institutions and to enhance administrative capacity and supporting its transition to a democratic and economically developed country. The MIPD and the ISP elaborate these objectives further aiming at building administrative capacity in all fields covered by the EU acquis in order to enhance policy coordination and enable the country to align and implement the EU acquis effectively, as well as to meet the requirements for implementation of IPA assistance under the Decentralised Management System (DIS). The EU support starts from the premise that an efficient and merit-based public administration is key for progress towards EU accession, with PFM and sub sector pillars (procurement, tax, statistics, etc.) contributing to better governance with strong civil society and parliament offering oversight and democracy practices (See figure 1 above).
EU support was characterised by both financial assistance (IPA) and non-financial through the mechanisms of political dialogue. During IPA I (2007 – 2013) the successive MIPDs (prepared every two years for subsequent years (e.g. 2007-09; 2008-2010; 2009-2011; 2010-2012; 2011-2013), focus on PAR under the subheading Political requirements, and further into main areas of intervention, priorities and objectives concerning the reform of public administration in Serbia. For example, the Multi-annual Indicative Planning Document (MIPD) 2011-2013 of the Republic of Serbia public administration reform has been identified as one of seven priority sectors in which the EU wants to concentrate its support. Among others, the following priority objectives of EU support within the sector of public administration were presented: 1) To improve efficiency, effectiveness, transparency, commitment to preventing discrimination and accountability of public administration at both central and local level; 2) The rationalisation of administrative resources.

In the seven annual programmes 2007-2013, IPA Component I (Transition assistance and institution building - TAIB) focused both on targeted technical assistance in the areas of financial control, revenue administration and financial supervision, statistics, etc. and horizontal support to the reform of the central and local public administration. IPA funding — about €170 million per annum on average — has been quite evenly allocated over a broad range of sectors. The area of governance — ‘justice and home affairs’, including the fight against corruption, and ‘public administration reform’, including public finance management (PFM) reform - received a quarter of the funding, which reflects the Commission’s recognition of the importance of tackling shortcomings in this area.²⁵

Starting in 2011, the sector wide approach was introduced under IPA programming and management. This constituted an important shift between the past EU assistance and the assistance to be provided to Serbia over the period 2014-20. Serbia has also begun recently to move towards a multi-annual perspective in planning of EU assistance. The coordination mechanisms and procedures were established to support the new approach. Sector working groups are now operational, donor coordination mechanisms under the leadership of the SEIO have been set up, and institutional setting with lead institutions for each sector has been identified with sufficient capacity for implementation.²⁶ From 2016, the Sector Reform Contract (SRC) for PAR begin implementation focusing on supporting implementation of the parts of the reform agenda identified in the PAR action plan and in the PFM reform programme. The envisaged action amounts €84 million and it includes a sector budget support component (€70 million), and complementary support (€10 million).

Overview of types of contracts within the sector is presented in Table 4 below.

²⁶ Ibid
Regarding international assistance, the public administration bodies in the field of planning the EU funds and development assistance received the necessary trainings, implemented through cooperation between SEIO and HRMS. Other than that, the EU support included the consulting services, assistance in the preparation of documentation, trainings in the form of workshops, direct engagement on preparation of project proposals, technical and other documentation.

Overall, in 2013, public administration reform, together with public finance management and development of legal and judicial system, was the area where more than half of international grants were disbursed. EU was the largest donor and the second key stakeholder for the PAR 2015-2017.

When it comes to the support granted to Serbia for the implementation of the Public Finance Management Reform Program, it is also expected to be conducted through the financial and technical support by the European Union through the Sector Budget Support for Public Administration Reform Sector.

According to AP PAR 2015-2017, 93% of the total cost of implementation is covered by the external funding. However, this ought to be changed in the forthcoming period. Namely, the Government of Serbia has pledged to contribute 50% of the funds required for the implementation of AP PAR 2018-2020, which indicates a more favourable financial sustainability regarding the implementation, compared to the AP PAR 2015-2017.

---

Table 4: Overview of types of contracts

<table>
<thead>
<tr>
<th>Row Labels</th>
<th>Number of contracts</th>
<th>Average of Planned amount (EUR)</th>
<th>Sum of Planned amount (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector 1 Democracy and Governance</td>
<td>113</td>
<td>3.500.143</td>
<td>395.516.169</td>
</tr>
<tr>
<td>Action Grants</td>
<td>26</td>
<td>749.641</td>
<td>19.490.664</td>
</tr>
<tr>
<td>Financing Agreement</td>
<td>4</td>
<td>1.908.507</td>
<td>7.634.030</td>
</tr>
<tr>
<td>Functioning Grants (operating)</td>
<td>2</td>
<td>2.571.848</td>
<td>5.143.695</td>
</tr>
<tr>
<td>Late payment interests</td>
<td>1</td>
<td>437</td>
<td>437</td>
</tr>
<tr>
<td>National Funds (ELARG)</td>
<td>7</td>
<td>29.863.505</td>
<td>209.044.533</td>
</tr>
<tr>
<td>Pro forma registration (Program Estimates, Budget Support)</td>
<td>2</td>
<td>47.000.000</td>
<td>94.000.000</td>
</tr>
<tr>
<td>Recommitment</td>
<td>3</td>
<td>30.120</td>
<td>90.361</td>
</tr>
<tr>
<td>Services</td>
<td>61</td>
<td>875.600</td>
<td>53.411.606</td>
</tr>
<tr>
<td>Supplies</td>
<td>7</td>
<td>957.263</td>
<td>6.700.843</td>
</tr>
</tbody>
</table>

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29 Ibid, p.20.
30 External Evaluation of Serbian Public Administration Reform, 2019, p.16.
31 Ibid, p.44.
32 Ibid, 2019, p.91.
33 Ibid, 2019, p.91.
The component of EU contributions provided in the Sector through the Civil Society Facility (CSF) is important to be highlighted and detailed, given the significant size of this component both in terms of numbers of contracts and in terms of financing.

<table>
<thead>
<tr>
<th>DAC Code/ DAC 3 Code</th>
<th>DAC Description</th>
<th>Number of contracts</th>
<th>Contract plan value (EUR)</th>
<th>Contract paid value (EUR) to mid-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>15113</td>
<td>Anti-corruption organisations and institutions</td>
<td>6</td>
<td>669,544</td>
<td>669,544</td>
</tr>
<tr>
<td>15150</td>
<td>Democratic participation and civil society</td>
<td>54</td>
<td>8,852,394</td>
<td>8,391,533</td>
</tr>
<tr>
<td>15153</td>
<td>Media and free flow of information</td>
<td>16</td>
<td>2,256,079</td>
<td>2,232,443</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td><strong>76</strong></td>
<td><strong>11,778,017</strong></td>
<td><strong>11,293,520</strong></td>
</tr>
</tbody>
</table>

Table 5. EU contributions to the sector through the CSF
<table>
<thead>
<tr>
<th>#</th>
<th>Contract year</th>
<th>Contract number</th>
<th>Status</th>
<th>De/Centralised</th>
<th>Contract title</th>
<th>Nature</th>
<th>Contractor</th>
<th>Main objectives</th>
<th>Main activities</th>
<th>Planned amount</th>
<th>Paid</th>
<th>DAC 5 code description</th>
<th>ROM (yes/no)</th>
<th>Evaluation (yes/no)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2015</td>
<td>371218</td>
<td>Ongoing</td>
<td>Centralised</td>
<td>Serbia Public Administration Rightsizing and Restructuring Project</td>
<td>Action Grant</td>
<td>INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT</td>
<td>Overall Objective: to assist the Republic of Serbia in improving the organizational and functional structures of its public administration system in accordance with the Strategy for Public Administration Reform. Specific Objective 1: implemented rightsizing exercise in selected public administration sub systems. Specific Objective 2: implemented change management and communication strategy</td>
<td>The project is divided into two interlinked activities: functional reviews (Bank Executed); and support to implementation, accompanied with change management and communication (Recipient Executed).</td>
<td>€2.5mn</td>
<td>€2.5mn</td>
<td>Public sector policy and administrative management</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>2</td>
<td>2011</td>
<td>264722</td>
<td>Closed</td>
<td>Centralised</td>
<td>Support to Public Administration Reform</td>
<td>Service</td>
<td>HULLA &amp; CO HUMAN DYNAMICS KG</td>
<td>Project overall objective: to enhance the efficiency, effectiveness, and accountability of Public Administration in Serbia in line with the Public Administration Reform Strategy and in accordance with the requirements of the EU integration process</td>
<td>Project activities: Project interventions towards: (i) improvement of PAR coordination, monitoring and reporting (ii) providing information to the wider public on PAR Strategy, its goals and achievements in order to increase awareness, transparency and accountability (iii) formulating and implementing strategic and operational plans and implementing organizational reengineering within the selected Public Administration authorities (iv) and enhancing the strategic policy lead capacity of the MHMRPALS in the field of professional training for civil servants (on the basis of the Strategy for Professional Training of Civil Servants).</td>
<td>€1.5mn</td>
<td>€1.5mn</td>
<td>Public sector policy and administrative management</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>No</td>
<td>Year</td>
<td>Code</td>
<td>Status</td>
<td>Type</td>
<td>Project Title</td>
<td>Overall Objective</td>
<td>Key Activities</td>
<td>Key Partners</td>
<td>Budget Support</td>
<td>Total Support</td>
<td>Sector</td>
<td>Policy Area</td>
<td>Finance</td>
<td>Additional Notes</td>
</tr>
<tr>
<td>---</td>
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<td>---</td>
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<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>2016</td>
<td>383143</td>
<td>Ongoing</td>
<td>Centralised</td>
<td>Sector reform contract (Sector budget support component) for Public administration reform</td>
<td>The overall objective of this sector reform contract (SRC) is to improve efficiency, accountability and transparency of public administration and the quality of service delivery and management of public finances.</td>
<td>- transfer of EUR 70 million in tranches over the period 2016-2019 (sector budget support component); - strengthened policy dialogue with the Government on the areas identified as the objectives of the sector reform contract, including in the PAR Special Group; - complementary support (technical assistance) of EUR 10 million to increase the capacity of the stakeholders involved in the process of public administration reform including public financial management; - more efficient reporting on PAR/PFM reforms by relying on the Government’s internal monitoring and reporting structure outlined in the PAR action plan and the PFM reform programme; regular monitoring of progress with sector policy reforms and other budget support eligibility criteria.</td>
<td>REPUBLIK A SRBIJA</td>
<td>€70mn</td>
<td>€30.5m</td>
<td>Public sector policy and administrative management</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>2017</td>
<td>386597</td>
<td>Ongoing</td>
<td>Centralised</td>
<td>Prevention and fight against corruption</td>
<td>Overall Objective To improve overall efficiency in the fight against corruption and reduce all forms of corruption</td>
<td>- Gap Analysis; - Implementation Plan; - Implementation of Recommendations; - International Conference; - Training needs analysis; - Preparation and delivery; whistle-blower legislation implementation, raising public awareness, support to local self-governments and CSOs. - Human resources assessment;</td>
<td>PRICEWATERCOOPERS EU SERVICES EESV</td>
<td>€3.2mn</td>
<td>€1.65mn</td>
<td>Public sector policy and administrative management</td>
<td>No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Strengthening Capacities of the State Audit Institution of Serbia

**Objective:**
- Capacity building and strengthening of relevant institutions for the prevention, investigation and prosecution of corruption related offenses;
- Establish, train and mentor four regional task forces to investigate corruption related activities;
- Recommendations for improvement of communication and inter-institutional cooperation

**Components:**
- Action Grants (Twinning)

**Funding:**
- €1.26m

---

### Support for further Improvement of Public Procurement system in Serbia

**Objective:**
- To enhance accountability and effective management of public and EU funds in Serbia and strengthen the Serbian State Audit Institution.
- To provide further support to the Serbian State Audit Institution in aligning its organisational structure, procedures, practice and the overall performance with international standards and EU best practice

**Funding:**
- €1.26m

---

### Support for further Improvement of Public Procurement system in Serbia

**Objective:**
- To reach modern and efficient public finance at all government levels and that will be expressed in a more transparent use of public resources, as well as in their savings. This should be achieved through strengthening and developing of strategic, legal and institutional framework for public procurement, which is to be aligned with EU legislation.

**Funding:**
- €2.2mn
<table>
<thead>
<tr>
<th>Week</th>
<th>Year</th>
<th>Code</th>
<th>Status</th>
<th>Area</th>
<th>Implementer</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>2015</td>
<td>371594</td>
<td>Ongoing</td>
<td>Centralised</td>
<td>Strengthening the Serbian Statistical System by Upgrading Methodologies and Standards and by the appliance of Good Practice (re-launch)</td>
<td>The overall objective of the project is to harmonise methodologies, standards and good practices applied for the production of a reliable statistical basis necessary for Serbia's social and economic system in view of accession to the EU, and to harmonise relevant statistics and indicators available for use as basis for public policies in all key areas.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Service</td>
<td>GOPA-GESELLSC HAFT FUR ORGANISATIONPLANUNG UND AUSBILDU NG MBH</td>
<td></td>
</tr>
</tbody>
</table>

The present project aimed at further modernisation of the Serbian statistical system and its harmonisation with European and international standards. The project focused on three core fields, namely the further development of the SORS ICT system, the upgrade of the national accounts system, and the progressing of efforts in the field of sustainable development indicators. Efforts in these three fields were supported by horizontal activities oriented at raising awareness and promoting communication with stakeholders, beneficiaries, and end-users. The work to be done can be summarised as follows:

- TA through expert missions to Serbia to give on-the-spot guidance;
- improvement of the IT infrastructure at SORS;
- development of new methodologies and/or improvement of available methodologies; data collection through pilot surveys;
- cross-cutting activities: workshops, training courses to disseminate best practices and exchange views; study visits to statistical offices and other stakeholders.|

| | | | | | €3.39mn | Statistical capacity building |
official statistics providers in Europe; and visibility activities.
1.6. Project selection for the field phase

Following the desk phase, the second ‘deeper look’ was planned. In consultations with the EU, it was determined that this second analysis during the field phase would focus on interventions supporting the public administration reform. Such a focus allows details on a critical component of the democracy and governance to be further investigated. The two Actions decided for detailed study are presented in the Table below.

<table>
<thead>
<tr>
<th>Contract year</th>
<th>Contract number</th>
<th>Status</th>
<th>Centralised/ decentralised</th>
<th>Contract title</th>
<th>Nature</th>
<th>Contracting party</th>
<th>Planned amount (EUR)</th>
<th>Paid (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>371218</td>
<td>Ongoing</td>
<td>Centralised</td>
<td>Serbia Public Administration Rightsizing and Restructuring Project</td>
<td>Action Grants</td>
<td>INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT</td>
<td>2,500,000</td>
<td>2,500,000</td>
</tr>
<tr>
<td>2016</td>
<td>383143</td>
<td>Ongoing</td>
<td>Centralised</td>
<td>Sector reform contract (Sector budget support component) for Public administration reform</td>
<td>Budget Support</td>
<td>REPUBLIKA SRBIJA</td>
<td>70,000,000</td>
<td>30,500,000</td>
</tr>
</tbody>
</table>

These two interventions were selected to be ‘windows’ into work in the PAR sector. Field enquiry included all stakeholders with a direct interest/engagement in the sampled interventions, as well as other knowledgeable stakeholders including civil society organisations, development partners (SIDA and SWISS) following directly or indirectly the public administration reform.
2. Response to Evaluation Question/Judgement Criteria

2.1. EQ 1 Relevance

EQ 1 To what extent has the European Union’s cooperation with Serbia addressed the variety of challenges/needs faced by Serbia on its path towards EU accession and within its own reform processes?

There is evidence of alignment of the EU assistance objectives and approaches related to the democracy and governance with Serbia’s priorities on its path towards EU accession. EU has managed to implement a mix of financial and non-financial support (policy dialogue) across the reference period of the evaluation to respond to identified needs and priorities of the Serbian government for efficient fulfilment of the European agenda. The evolution of the democracy and governance sector has been visible throughout the reference years of the evaluation, but in essence the main areas of support included “More professional, depoliticised and accountable administration; public financial management reform; normalisation of the relations with Kosovo; stronger administrative capacity for EU funds management; legislative alignment and institution-building”\(^{34}\). The revised ISP also included focus on civil society and parliament, though the latter did not receive direct financial support. Most continuous support was provided to PAR, though the support became more comprehensive and targeted in the IPA II, mainly as a result of introduction of the sector-based approach since 2012. Sector Reform Contract (SRC) for Public Administration Reform of IPA 2014 – 20 program directly is focused on supporting implementation of the parts of the reform agenda identified in the national strategic documents – PAR Strategy and action plan and in the PFM reform programme and references to relevant measures are explicitly mentioned in it. The SRC noted that “The quality of public administration impacts all areas of society. Public administration reform (PAR) is an essential requirement for the successful implementation of various ongoing sectoral reforms in Serbia, also in view of Serbia’s EU accession perspective. This vital role of PAR is strongly reiterated in the EU’s enlargement strategy from October 2014, where PAR is explicitly referred to as one of the three fundamental pillars of the enlargement process together with rule of law and economic governance. All three areas need to be systematically addressed early on in the accession process. Public financial management (PFM) is an integral part of PAR. It has an impact on economic governance and sustainability of socio-economic reforms. PFM is also closely linked and directly impacts specific accession negotiation chapters such as taxation (Chapter 16), customs (Chapter 29), budgetary frameworks (Chapter 17), public procurement (Chapter 5) and internal control and external audit (Chapter 32).”\(^{35}\)

The SRC was based on important lessons learned from the IPA-funded sector evaluations from the implementation of IPA I (2007–12) that were reflected under IPA II programming. Document review shows that some of the specific recommendations addressed in the sector evaluations were reflected in the new IPA II setting (Regulation (EU) No 231/2014), the common implementing regulation (Regulation (EU) No 236/2014) and draft framework agreements.\(^{36}\) Specifically, the horizontality of PAR and associated difficult to understand the scope and outcomes of assistance to reforms of public administration.


\(^{36}\) Special report n19 EU Pre Accession assistance for Serbia, p.46
JC 1.1 EU pre-accession assistance programming - including the type, quantity and quality of inputs provided and type of activities planned - was appropriate to the specific political and institutional contexts and needs of the beneficiary

1.1.1 Extent to which analyses of context, capacities and needs which inform IPA programming reflect the actual situation in the country

Evidence collected through document review and stakeholder interviews across stakeholder groups confirms alignment of the EU assistance objectives and approaches related to the democracy and governance with Serbia’s priorities on its path towards EU accession. Document review and interviewed stakeholders noted appropriate response to identified needs and priorities of the Serbian government for efficient fulfilment of the European agenda. The evolution of the democracy and governance sector has been visible throughout the reference years of the evaluation, but in essence the main areas of support included “More professional, depoliticised and accountable administration; public financial management reform; normalisation of the relations with Kosovo; stronger administrative capacity for EU funds management; legislative alignment and institution-building”37.

Within the period of 2012-2019, Serbia has undergone tremendous reforms in efforts to efficiently fulfil the EU agenda, and within the sector of democracy and governance, support primarily focused on PAR and anti-corruption. Document review shows that the assistance within PAR and PFM, stronger administrative capacity for EU funds management; and legislative alignment and institution-building evolved with evolution of needs of the Serbian government, but also shortcomings and lessons learned from the previous rounds of assistance within IPA I but also with accession process of other countries included in previous accession assistance (e.g. Croatia, Romania, Bulgaria, etc.). The wider focus on governance and democracy was intertwined with other sectors, such as the ROL. Specifically, support to normalisation of the relations with Kosovo was primarily organized through non-financial assistance through policy dialogue and political processes. Financial assistance was provided through regional projects (IPA multi-beneficiary assistance) and support to civil society (e.g. Civil Society Facility (CSF) and EIDHR had a number of action grants to exchange between CSOs in Serbia and Kosovo (See ROL section on civil society). Document review and stakeholder interviews show that both PAR and governance as concepts were evolving throughout the implementation of IPA I and II, in line with government priorities and needs enshrined in policies and strategies. However, the horizontality of PAR has remained the main obstacle to understanding of the scope and extent of EU support to PAR, as confirmed by interviewed stakeholders. This is mainly due to the fact that besides the EU support to PAR and PFM, other sector interventions also include elements of institution building across themes, which makes it more difficult to understand EU contribution. The administrative capacity of national institutions was an issue during IPA I and it still remains one of the hindrances for efficient achievement of objectives in current IPA II period. Besides, the governance was also rather broad theme, without clear definition. For instance, the 2014 Special report on EU assistance noted that “fewer than half of the 2007–12 project design documents contained specific references to good governance. In the case of projects where governance aspects were relevant but not among the primary objectives, the project documentation referred most commonly, in general terms, to the need for transparency. Only in a few project design documents did the Commission and the Serbian authorities refer specifically to the risks of corruption or potential conflicts of interest. However, from 2011, the good-governance language in the project design became stronger”38.

Document review and stakeholder interviews point to extensive analysis of national capacities and needs presented in EU Programming documents (e.g. MIPDs, Indicative Strategy Paper, Sector Reform

38 European Court of Auditors (2014): Special report on EU Pre Accession assistance for Serbia, p.3
Contract). For instance, review of the SBS planning documents but also reviews conducted during the implementation of the SBS shows that assessments of the public finance management, macroeconomic stability and budget transparency has been conducted as an integrated part of context assessment. Reviews of these areas were used to inform the planning process and the assessment of progress of SBS (and overall reform of the public administration). The BS PAR Review reports, under relevance but also under other assessment criteria used for the review offer an insight into the PFM and macroeconomic stability and budget transparency.39

The selected areas of interventions and measures respond largely to the needs identified through various planning processes, and in particular the capacity building measures which were standard components in EU assistance interventions. Interviewed stakeholders from the government noted that consultative programming process and policy dialogue within the framework of the PAR Special Group sessions brought important improvements and benefits in terms of understanding needs and then responding to them appropriately. Stakeholders also noted that such approach brought more ownership over interventions.

Project level analysis brings some evidence that data which IPA collects through the analysis of context, capacities and needs, reflect the actual situation in the country, in particular for PAR. Programming of projects is based on analysis of country specific socio-economic and socio-political context, and challenges arising from political changes (e.g. elections). The political circumstances are noted at project level as influencing factors for implementation of the EU Projects, especially in terms of needed policy decision making processes. For example, the inception report for the project “Support to implementation of Public Administration Reform process” included the acceptance i.e. approval of relevant legislative and regulatory acts, and other public policy instruments, but also as a treat for the overall work of the Serbian Public Administration as factors affecting the project implementation.40 The same project noted in its final report that a solid political support and stable political environment were essential conditions for making progress with PAR, so as after the elections when the new Government treated the PAR process as a high priority, a supportive environment for the project relevance and implementation was created. The political decision to draft a new PAR strategy rather than to amend the old one was an important milestone and change in approach which affected the direction of the project.41

1.1.2 Extent to which there is coherence between EU strategy and programming and nationally identified priorities and plans

There is evidence across the documentation and collected through primary data collection methods that EU strategy and programming corresponds to nationally identified priorities and needs and that the projects planned to take into account country-specific socio-economic and socio-political conditions. On a sector level, public administration reform (PAR) is an imperative requirement for the successful implementation of various ongoing sectoral reforms in Serbia, also in view of Serbia’s EU accession perspective. This vital role of PAR is strongly reiterated in the EU’s enlargement strategy from October 2014, where PAR is explicitly referred to as one of the three fundamental pillars of the enlargement process together with rule of law and economic governance.42 Review of EU projects within the sector as well as interviews with government, EU, civil society and development partners show strong alignment with strategic and legislative framework, some of which was also established as a result of EU support (both financial and non-financial). Policy dialogue plays an important role in ensuring coherence as noted by government and EU stakeholders. Direct channels for discussion on PAR, in particular since

39 See for instance the 2019 Compliance assessment Report - Mission #2 within the scope of Request for tranche release 2017; Evaluation and monitoring of the Sector reform contract for Public administration reform and public finance management
40 Inception Report, Project: „Support to implementation of Public Administration Reform process” p.18.
42 ROM Report, Serbia Public Administration Rightsizing and Restructuring Project, 2017, P.7
establishment of the PAR Special group bring added value in discussing and reflecting on achievements thus far and recommendations and/or ways forward in the next cycle of cooperation. Both EU and government stakeholders find the policy dialogue as an important investment in coherence.

Data collected through document review and stakeholder interviews show that the interventions have been responsive to challenges noted in EU progress reports and priorities and gaps presented in the strategic documents of the Serbian government with regards to PAR. However, within wider sector of governance, the EU Court of Auditors report from 2014 The Court found that the emphasis on governance in the dialogue and the programming process was reflected to a lesser extent in project design. There was very limited or completely absent level to which risks related to governance in the segments of the project documentation concerning conditionality, the lessons learnt from the past and the cross-cutting aspects. In particular, the report noted the lack of explicit mention of the need for anti-corruption or other good-governance measures in most of the recent projects that it reviewed, but emphasised that a majority of those projects had indirectly contributed to the fight against corruption and better governance through their activities related to building administrative capacity.\textsuperscript{43} The report also noted that the EU has assessed the Serbian structures for managing EU funds within the process of approving the DIS, assessing the risks within the IPA structures and monitoring the measures taken to mitigate them. The DIS process only engaged the IPA implementing bodies in accreditation process, so there was no comprehensive assessment of public finance management and the fight against corruption at country level\textsuperscript{44}.

| 1.1.3 extent to which EU strategy and programming incorporate analysis of capacity needs and constraints (overall and in focus sectors), and take account of lessons learned from previous periods |

Programming documents provide for linkages to the EU Progress reports and also elaborate of needs and constraints within the sectors, and also lessons learned. The MIPDs and also ISP present clearly the needs within the sector in terms of capacities and constraints for the sector and how specific objectives respond to these needs and constraints. At the project level, analysis of available documentation shows that the needs and constraints are elaborated in more details both in planning documents and project inception and progress reports. For instance, Project “Support to implementation of Public Administration Reform process” was envisaged as a rather demand driven support intervention which “[did]not apply pre-arranged or standardised solution, but it target[ed] strategic planning and aspects of civil service reform as are important early priorities for the Public Administrative Reform (PAR) journey.\textsuperscript{45} The project noted the capacity of the Ministry of Public Administration and Local Self-Government to coordinate the activities related to implementation of the Public Administration Reform as a key for the success, so its intervention were directed to assist the ministry to fulfil its role.\textsuperscript{46} Stakeholder interviews noted that projects are based on needs assessment in the sector, however the time lapse between the project conception to contracting and implementation affects the relevance, particularly taking into the account the pace of reforms, where many issues noted for assistance may already be solved by the time that project is contracted.

The project also present analyses of the current state of affairs in the field of strategic and operational planning, coordination and implementation of public policies, and to support the beneficiaries in further development in this domain. The analysis on the level of the horizontal strategic management process was conducted in order to ensure that the policy initiatives coming from the ministries and other administrative authorities would be in line with the strategic priorities of the Government and with the Budget, while the analysis on the level of vertical policy planning where the planning is mostly done within

\textsuperscript{43} Ibid
\textsuperscript{44} Ibid
\textsuperscript{45} Project Closure Summary Sheet, Project: „Support to implementation of Public Administration Reform process”. P.1.
the ministry or the other administrative authority (or among several ministries in the case of cross-cutting policy issues) is conducted to ensure that the Government priorities will be adequately addressed through specific policies and programmes.47

For instance, the Project Prevention and Fight Against Corruption included a thorough background analysis of the country context related to corruption. It refers to data from Transparency International Global Corruption Barometer 2015/16 as basis for selection of interventions to ensure they are tailor-made and in this case cross-sectorial and extended across all relevant stakeholders (government institutions, bodies, departments, organizations and society at large), enhance coordination of the anti-corruption institutions and develop their capacities for implementation of the National Anti-Corruption Strategy and Action Plan and the Chapter 23 Action plan.48

1.1.4 Extent to which EU allocations of financial assistance reflect the stated priorities, considering both government allocations and other international assistance

Overall, the Democracy and Governance sector has received the largest portion of EU and ODA assistance with 25% of overall ODA assistance coming to thematic interventions falling generally under this sector. Document review and stakeholder interviews note that the EU allocations of financial assistance reflected the stated priorities in line with the progress of Serbia towards EU accession.

Project level analysis show that the allocation of financial support for Public Administration Reform was based on capacity analyses and lessons learned. For instance, the decision to invest in a sector reform contract (SRC) was a natural evolution of EU assistance in the PAR. The amount allocated for budget support (EUR 70 million; complementary support EUR 10 million) was based on comprehensive discussions with the stakeholders and is reflective of: the financing needs of the partner country; the sums allocated by the Government in the Annual Budget 2016 and the Fiscal Framework 2017-2018 to support the implementation of the public administration reforms; the effectiveness, impact and added value that Sector Budget Support would bring to the achievement of the partner country’s policy objectives; and the incentive that it will provide to introduce a more policy-driven, results-oriented, information-based management approach in public institutions.49 Stakeholder interviews confirm the relevance and utility of SBS for Serbia, noting in particular the possibility to ensure adequate response to the horizontal nature in PAR through budget support to the sector as a whole.

Data collected through document review and stakeholder interviews points to relevance of additional types of non-financial assistance (primarily political and policy dialogue) to PAR. The relevance of policy dialogue was in particular emphasised in the period when Serbia obtained the candidate status and establishment of the sector budget support to PAR. For example, the PAR Special Group was established under the Stabilisation and Association Agreement (SAA) as a main policy dialogue forum on PAR between the Commission and the Serbian government. The meetings of the Special group are important source of information and venue for consultation of EU with the government but also with civil society in planning assistance, as confirmed in stakeholder interviews.

JC 1.2 The EU’s cooperation with Serbia responded to new and arising issues and needs encountered over the evaluation period

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1.2.1 Extent to which EU cooperation with Serbia appropriately monitored the changing context, identified challenges and proposed remedial measures

1.2.2 Extent to which financial allocations were amended and actions taken to respond to changing context and needs

Document review and data collected through field inquiry show that EU has been closely monitoring the changing context, identifying challenges and proposing remedial measures. The EU Progress/Country reports provide a clear cut annual assessment framework across Serbia’s sectors of support and in particular democracy and governance. Besides, during the reference period of this evaluation, other reports (e.g. SIGMA monitoring reports on PAR; Evaluation of Serbian PAR strategy; EU commissioned evaluations on civil society, etc.) were used extensively in planning the EU support within the sector. Besides, EU, in particular with support to SBS complementary assistance project for monitoring of SBS, monitors achievement of results of SBS and overall progress in PAR sector.

Analysed sampled projects also show evidence of close monitoring of context and adaptation to the raising challenges and needs. For instance, the Project Support to implementation of Public Administration Reform process recognised that one of the most important challenges and at the same time milestones which changed the project’s direction, was a political decision to draft a new PAR strategy instead of amending the old one. Such decision was followed by number of changes (e.g. inclusion of new activities under component 2), which further complicated the process of monitoring of the actual contribution of the project outputs to the expected results, delays in implementation, weak responsiveness of the main beneficiaries. Given the new time constraints, the project made adjustments and was refocused on three significant issues: i) preparation of the new PAR strategy and the action plan (AP) for implementation of the strategy; ii) overview of the current situation of the PA for the purpose of recording relevant data on existing authorities and institutions within the PA system; and iii) support for further implementation of the strategy for professional training of civil servants in RS to harmonise and improve the legal framework.50 Further, the project encountered a number of challenges within activities of the Within Component III, especially the ones related to supporting the implementation of the “Strategy for the Professional Training of Civil Servants in Serbia”. Following several requests from the Main Beneficiary to change or delay certain activities and in agreement with the EUD, the project steering committee decided to discontinue planned project activities within this component. The project report noted that it was made clear that “there was no longer a requirement that the project support the dissemination of the training system to the civil servants, a discussion paper was drafted that presents background and advice to the MJPA on a future dissemination process (which will still be necessary once a new training system is in place)”.51 The final report also noted that “financial resources were adequately planned while the distribution of man-days was re-arranged in accordance with the newly introduced activities which were necessary to accommodate the changes in the project approach”.52

Documentation related to SCR provides for measures within which “in case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the Financing Agreement.”53 Stakeholder interviews noted that no major deviations to the SCR were encountered.

53 Instrument For Pre-Accession Assistance (IPA II) 2014-2020 Annex Ia Budget Support, SERBIA Sector Budget Support for Public Administration Reform, P.7
2.2. EQ 2 Effectiveness and Impact

EQ 2 What have been the effects of the European Union's cooperation strategy with Serbia over the evaluation period (e.g. on capacity building)?

The assistance under IPA is designed to support the reforms undertaken as part of the European integration process, with a focus on, inter alia, institution building and approximation with the EU acquis. Within the support to democracy and governance, the EU cooperation Strategy with Serbia has had strong focus on horizontal issues of strengthening institutional capacities of public administration to encourage and sustain reforms across all sectors. However, document review and stakeholder interviews point to uneven effects with regards to enhancement of governance and democracy in Serbia. The EU Auditor’s report noted that the Commission was effective in managing non-financial assistance to Serbia in the area of governance. Per the report findings, the EU used its dialogue with Serbia effectively in addressing governance issues and the fight against corruption. It gradually improved its approach to take them on board in policy formulation and project design. The Commission was effective in supporting governance within the structures of EU funding but did not fully consider national public finance management. In particular, the report recognized the EU’s structured dialogue mechanisms on governance issues with Serbia, covering key governance areas, such as the PAR Special Group. Review of the PAR Group meeting reports show that each meeting is concluded with a number of action points and their follow-up and makes the link between political priorities and policy formulation. Stakeholders from government and EUD note that these meetings have been very effective in terms of monitoring progress and maintaining commitment and joint focus on PAR as important prerequisite for all other reforms.

With regards to strengthening of public administration, comparative review of consecutive EU Progress reports, available evaluations of assistance to Serbia and other studies shows that there have been improvements across the public administration overall. Analysis of available evaluation reports note that many of these improvements were resulting with EU contribution. The PAR process has been facilitated by EU accession agenda and EU integration is the driving force for PAR at national level. Adoption of the Public Administration Reform Strategy 2014-2020, the Public Financial Management Reform Program, the entry into force of the new law on salaries and the simplification of administrative procedures are significant steps of progress in PAR sector. The OECD/SIGMA baseline assessment report from April 2015 noted progress in reforming public administration, with remaining challenges. SIGMA assessed that the general legal framework for a functioning public administration is in place in Serbia but noted that the lack of effective institutional structures and inter-institutional co-operation still hinders its implementation. Stakeholder interviews across all stakeholder groups confirm that the EU support has been an important driver of results in PAR, in light of above mentioned constraints, bringing more continuous focus on specific areas of PAR.

Comparative review of EU progress reports over the period between 2012 and 2018 shows improvements across public administration, particularly in terms of e-governance, budget planning and preparation, midterm planning and program-based budgeting in SABs and LSG units. Although the new legal and institutional framework is under development, a range of new e-services for citizens and businesses has been launched. Review of EU support to these areas shows continuous support. However, overall, Serbia remains moderately prepared with the reform of its public administration as emphasised in the EU progress reports. Main challenges that persist, despite EU engagement, relate to merit-based

54 European Court of Auditors (2014): Special report on EU Pre Accession assistance for Serbia
56 External Evaluation of Serbian Public Administration Reform, p.50.
57 External Evaluation of Serbian Public Administration Reform, p.46.
recruitment, „Rightsizing” of the state administration and the lack of administration accountability, which remains an issue for the country.\textsuperscript{58} Also, data collected through document review and stakeholder interviews point to push-backs in implementation of the EU principles of public administration due to lack of political will or prevailing political interests. This relates particularly to establishment of impartial and professional civil services, including higher level positions.

**JC 2.1 Government policy and implementation of policy in selected sectors are more in line with the requirements of EU accession as a result of contributions from EU cooperation**

There is evidence collected through review of EU and national documents and reports and also stakeholder interviews of EU’s direct contribution to the progress in terms of improvement of design and implementation of policies within the democracy and governance sector, specifically within PAR, PFM and anti-corruption through combination of financial and non-financial assistance. Throughout the IPA I and IPA II, the EU financial assistance has been focusing on institution building across the public administration, and in combination with policy dialogue, support was specifically focused on enhancing the policy framework and coordination of its implementation. Main weakness during the IPA I on the EU side was the fact that the approach to PAR was not strategically designed until introduction of sector based approach\textsuperscript{59}. This affected significantly the extent to which outcomes in this sector were recorded and understood. The PAR as a sector started to emerge with introduction of the sector-wide approach in 2012, and particularly upon development of the key principles of PAR by OECD SIGMA in 2014. Before that assessments of PAR process followed the same fragmented and not strategically focused approach as the PAR design itself as confirmed through desk review and stakeholder interviews.

| 2.1.1 Extent to which the role and capacities of democratic institutions in relation to each sector have changed over the evaluation period. |
| 2.1.3 Extent to which the legislative framework relevant to each sector this has changed over the evaluation period |
| 2.1.7 Extent to which government policy in each sector has changed over the evaluation period |
| 2.1.2, 2.14, 2.18 Extent to which EU cooperation has contributed to these changes in democratic institutions |

There is evidence across the documentation and stakeholder interview indicating that the legislative framework relevant for several sectors has changed over the evaluation period. In particular, stakeholders raised two recently adopted laws, Law on planning system and also Inter-municipal cooperation Law, as well as Law on Administrative procedures, all of which brought important new mechanisms and systems for approaching areas tackled by the laws respectively. It is further evident that those changes emerged as a result of the EU contribution. Review of documentation, and in particular the assessments of the legislative and policy making processes in the area of governance, and also stakeholder interviews indicate that the IPA II implementation was marked by establishment of basic foundations for evidence-based and inclusive policy development. Throughout the reference period of evaluation, consecutive PAR strategies were adopted, along with other documents such as Strategy for Development of Public Procurement in the Republic of Serbia for period 2014-2018 (with the Action Plan) was adopted in October 2014; the new Fiscal Strategy for 2016 with Projections for 2017 and 2018 and Public Financial Management Reform Program 2016-2020 were adopted in November 2015; Chapter 32 on Financial control was opened in December 2015. Besides the laws mentioned above, Serbia also adopted of a number of strategic and legislative documents with the aim to improve the HRM/HRD at the local level,

\textsuperscript{58} European Commission (2011): Interim Evaluation of EU IPA assistance to Serbia

\textsuperscript{59} EU Progress Report for Serbia 2018, p.11
such as the Law on employees in autonomous provinces and local self-government units (adopted in March 2016), the Law on the system of salaries of employees in public sector, the Strategy for Professional Development of Employees in LSG units and its Action plan/AP, adopted in March 2015.60 Besides, stronger strategic framework was established for e-governance.

There is evidence that EU’s financial and policy dialogue (non-financial) engagement and support has been a strong driver for progress in adoption of this important strategic framework. As noted by interviewed stakeholders, thanks to EU support, and in particular policy dialogue on PAR, the processes for adoption of these strategies were increasingly participatory and inclusive. However, until 2018, Serbia did not manage to mark substantive, but rather formal accomplishments61. The 2017 SIGMA report noted that “Serbia has made steady progress in some areas of PAR since SIGMA’s 2015 Baseline Measurement Report and the legal framework for a functioning public administration is in place, but the lack of effective institutional structures and inter-institutional co-operation hinders implementation of the legislation. The Public Administration Reform Strategy and its associated PAR Action Plan, along with the PFM Reform Programme, provide the foundation for implementing more cost-effective ways of delivering public services but the reforms will only be achieved if they are developed and implemented in a co-ordinated manner involving the key centre of government institutions. The delivery of tangible results for the reform agenda will depend on adequate administrative capacity, as well as appropriate institutional independence being guaranteed, especially in those cases where transparency and accountability are essential. The reform agenda needs to be delivered within the framework of the Government’s fiscal consolidation programme, which aims to maintain the sustainability of the public finances”62.

According to Findings, conclusions and recommendation of the Sectoral/Joint Monitoring Committee, “the consolidation and improvement of the strategic framework, in line with the steps and timetable defined in Sector Approach Roadmap as well as the procedure and methodology set in the relevant public policy planning/ coordination acts will be instrumental for a more effective planning and programming of IPA. Draft law regulating planning system, and accompanying by-laws which regulate in detail an integrated system for public policy management and mid-term institutional planning is prepared and it passed the procedure of public consultations. According to the Annual work plan of Government for 2017, the draft Law should be adopted by government in Q1 2017, while the adoption of its bylaws is expected in Q2 2017. Through its adoption, principles and standards of planning at all levels, and consequently of adopting and implementing public policies will be established, ensuring the quality and consistency of public policy and other planning documents and regulations thus contributing to their effective implementation. In addition, effective planning system of public polices will be accomplished through connection of planning and implementation of public policies to the budget process and by introducing medium-term planning of the public administration”63. Further, the IPA II Annual report from 2018 noted that “although very complex, the strategic framework for PAR sector can be assessed as consistent, coherent, relevant and credible.”64

As regards the democratic and judicial institutions in relation to anti-corruption sector, it has been reported that significant institutional, legal and strategic framework has been established, but suffering from several flaws. Corruption is still widespread, there are no sustainable results and the institutional setup, in terms of staff and in terms of full independence of law enforcement and judicial bodies dealing with investigations into especially high-level corruption, needs improvement.65 Although the Anticorruption Council’s recommendations have not always been properly accepted, it should continue its mandate as

60 EU Integration Facility – Direct management, European Commission, 2017, p.5
61 EU Progress Report for Serbia 2018, p.9
63 3rd Annual report on implementation: IPA Serbia, NIPAC Technical Secretariat Government of the Republic of Serbia, Ministry of European Integration, Department for Planning, Programming, Monitoring and reporting on EU funds and Development Assistance, 2017, p.40
64 IPA II Annual Report Serbia 2018, p. 25
the advisor to the government on anti-corruption policy as well as a critical watchdog of the Serbian anti-corruption policy.\textsuperscript{66} Serbia was also praised by the Council of Europe Anti-Corruption Group (GRECO) for the legislative reforms introduced in recent years as they suitably address its recommendations. However, the report noted that “while a great number of corruption-related prosecutions has been initiated; more must be done to secure final convictions - not only for petty bribery, but especially high-level corruption when this occurs.”\textsuperscript{67} The Inception Report for the Project for Prevention and Fight against Corruption came up with the same findings regarding the low number of the final convictions for corruption offenses and stated that only convincing track records of prosecution and especially final convictions (involving confiscation and recovery of criminal assets at all levels as well as cases involving high level corruption) prove concrete results and ensure the recognition of public.\textsuperscript{68} The Project’s inception report noted the following expected results resembling the intent to bring government policy in the referring area in line with the requirements of EU accession. These include “strengthened transparency, efficiency and coordination of anti-corruption institutions and policies in prevention and fight against corruption as envisaged by the National Anti-Corruption Strategy and Action Plan and the Action Plan for Chapter 23 (Chapter 2. Fight against corruption); strengthening capacities for prevention of corruption in line with the Strategy and Action Plan and the recommendations of the Action Plan for Chapter 23 (Chapter 2. Fight against corruption); Strengthened capacities for repression of corruption by improving quality of investigation, prosecution and trial of corruption-related cases in line with the Strategy and Action Plan and the recommendations of the Action Plan for Chapter 23, as well as with the Financial Investigation Strategy and the newly adopted “Law on organization and jurisdiction of government authorities in suppression of organized crime, terrorism and corruption”.\textsuperscript{69} Regarding the Law on organization and jurisdiction of government authorities in suppression of organized crime, terrorism and corruption, its adoption was ensured as envisioned under the Financial Investigation Strategy 2015-2016 (beside other tools and measures). The Law, which is in power since 01 March 2018, represents an important piece of legislation for the anti-corruption framework, with a particularity of setting up four special departments for both prosecutors and courts based in Belgrade, Kraljevo, Nis and Novi Sad.\textsuperscript{70} Outcome level results across project will be further investigated in the field.

Document review of sampled interventions shows further examples of positive changes across the sector. For instance, the first component of “Support to Public Administration Reform” Project aimed at “improving and making more effective PAR coordination and monitoring mechanisms, and at providing information to the wider public and intra-institutional environment on the PAR in order to increase awareness, transparency and accountability within the Serbian PA”.\textsuperscript{71} The Project documentation indicates results in these areas, particularly from standpoint of success of the PAR Strategy (2014) implementation within the legislative domain, whereas due to circumstances independent of the Project (e.g. organizational rationalizations and restructuring of the ministries and other PA authorities), implementation of different functional and organizational projects had not happened during the project cycle.\textsuperscript{72} These were also noted by stakeholders during the field inquiry.

EU support has been of critical importance for empowering civil society to take more active role in policy processes in line with Guidelines for civil society adopted by EU in 2016. The EU support was implemented both through financial and non financial (policy dialogue) engagement, focusing on building

\textsuperscript{66} Annex II: Terms Of Reference For The Implementation Of Service Contract "Prevention and fight against corruption", 2016, p.7
\textsuperscript{67}ANNEX II: TERMS OF REFERENCE FOR THE IMPLEMENTATION OF SERVICE CONTRACT "Prevention and fight against corruption", 2016 P.7
\textsuperscript{68} Inception Report. Technical Assistance for Prevention and Fight against Corruption, 2017, p.3
\textsuperscript{69} Inception Report, Technical Assistance for Prevention and Fight against Corruption, 2017, p.7.
\textsuperscript{70} ANNEX II: TERMS OF REFERENCE FOR THE IMPLEMENTATION OF SERVICE CONTRACT "Prevention and fight against corruption", 2016, p.6
\textsuperscript{71} Inception Report Project “Support to Public Administration Reform”, Serbia (PARiS), 2011, p.8
\textsuperscript{72} Inception Report Project “Support to Public Administration Reform”, Serbia (PARiS), 2011, p.8-9.
capacities and empowering civil society to take on their oversight/watch dog role. Within increasingly strong pressure for engagement of civil society, CSOs are increasingly engaged in consultation processes on strategy development, legislative amendments or new legislation as noted in a number of evaluations conducted on issue of civil society across the reference period of this evaluation\(^73\). Document review shows that legislation is increasingly being adopted, indicating sustainable outcomes as adopted legislation will bring significant and sustainable impact to targeted populations or the targeted sectors for the legislation.\(^74\)

There are firm evidence indicating that CSOs role in legislative process, in the context of Serbia, has been strengthened. They have been providing important inputs to legislative processes through several projects, such as “\textit{project 383180 - Providing effective support to the members of the most discriminated groups and their organizations in which 3 legislative changes were proposed (on same sex marriages; gender identity and consequences of changing gender; amendments to the other laws) – laws under consideration or which have already been adopted (the law on changing the name of a transgender person)}”.\(^75\) Additionally, CSO worked on strategies, or monitoring of the implementation of strategies (\textit{project 383184 – Putting the Victim First}), and CRTA through its project 393343 – \textit{Citizens on Watch} has been also working on election legislation, which included a wide range of CSOs developing amendments to regulations on election bodies, the voter register, misuse of public resources, transparency of election bodies and media in elections.\(^76\)

Government policies especially in the sector of civil society have been changed over the evaluation period, with support of EU. Some of the examples are: The civil society project 383195 - Voice of Communities on the EU - Enhancing local CSOs-government policy dialogue looks to improve the working relationship between civil society and government; Project 394852 - \textit{Future of freedom of information in Serbia (FFIS) - strengthening capacities of civil society and young generations for defending the right to know} focused on monitoring the implementation of the FOI act and influencing policy development in this area.\(^77\)

\begin{table}[h]
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\begin{tabular}{|l|}
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2.1.5 Extent to which public infrastructure relevant to each sector has changed over the evaluation period \\
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2.1.6 Extent to which EU cooperation has contributed to these changes in public infrastructure \\
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While there is no explicit evidence on the extent to which public infrastructure relevant to each sector has changed over the evaluation period, the Article 114 (Chapter VIII - Cooperation policies ) of the Stabilisation and Association Agreement deals with the public administration, points out that the cooperation between the EU and the Republic of Serbia \textit{“will aim to ensure the development of efficient and dependable public administration in Serbia, and in particular to support the implementation of the rule of law, the proper functioning of state institutions for the benefit of the entire population in Serbia and the uninterrupted development of relations between the EU and Serbia. Cooperation in this area will focus chiefly on institutional building, together with the development and implementation of a transparent and unbiased recruitment system, HR management and promotion in the civil service, continuous training and}


promoting ethics in PA. The cooperation will cover all levels of public administration". Across the reference period of this evaluation, there have been efforts for improving the IT and structural composition across the public administration, and in particular within the interventions supporting e-governance, PFM and overall PAR. As a result of the combination of support, public infrastructure has change, with new institutions (e.g. Agency for Anti-corruption, Secretariat for Public Policies) were established or reconstructed. Field inquiry did not bring any evidence on this area of support either.

**JC 2.2 State institutions relevant to each of the sectors have been strengthened with contributions from EU cooperation**

| 2.2.1 Extent to which capacities of relevant sectoral institutions have changed over the evaluation period |
| 2.2.2 Extent to which EU cooperation contributed to the changes in capacities of relevant sectoral institutions |

Data collected through document review and stakeholder interviews confirms that the EU support and perspective of EU accession have been important drivers for strengthening institutions within the governance sector, and in particular the PAR but also in terms of improving administrative capacity for EU funds management. Across the support to PAR but also support to other sectors across the spectrum of EU support, EU has invested significant efforts through Technical assistance to strengthen the Serbian institutions. From its horizontal nature, support to PAR has had inter-linkages across sectors, particularly in fields of fighting corruption, justice, public finances etc. Also, projects designed to support local self-governments have components related to PAR.

In particular, the EU supported projects supporting the PAR as a horizontal sector through projects (such as IPA 2010 Project “Support to Public Administration Reform”, IPA 2011 ”Reforming policy coordination and the Centre of Government”; consecutive support to rightsizing through IPA 2012, Rightsizing phase 1. “Creation of conditions for organizational and functional restructuring within the public administration system in the Republic of Serbia” and IPA 2014 Project Serbia rightsizing and restructuring of public administration; and since 2016 sector budget support to PAR, etc.) but also through the wide support implemented through the SBS, in particular the complementary technical assistance to capacity building, which was included as a part of the Sector Budget Contract for PAR in amount of 10 million EUR. These projects directly influenced reforms in the PAR as noted by stakeholders. For instance, report noted that the SBS helps the beneficiary institutions to improve operational capacities “thanks to training and “learning by doing”". In particular, the support to enhancement of the role of NAPA in provision of professional development activities at both national and local levels has been one of the “key steps towards establishing a unified and integrated system of professional development in all parts of the public administration, which has been running for almost a decade. The Compliance report noted that the adoption of the Law on the National Academy of Public Administration (NAPA) in 2017, and amendments to the Law on Civil Servants, and the Law on Employees in Autonomous Provinces and Local Self-Government Units, created legal preconditions for the commencement of work and the establishment of the NAPA as a modern, functional central institution for professional development. The NAPA has also started engaging LSGs in trainings. Stakeholder interviews noted that the SBS and overall EU assistance in this field has assisted the creation of national mechanisms for continuous capacity development of public servants. Review of progress reports for the complementary TA for capacity building “Support to Public Administration Reform under the PAR Sector Reform Contract” shows that the project, despite the fact that it encountered delays, managed to contribute to important documents such as “the Guidance document supporting the Sector Reform

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78 P.9
80 Ibid, p. 174
Contract Self-Assessment process; the finalisation of the Medium-term Planning Manual; the finalisation of three pilot Medium-Term Plans (for the Ministry of Health; the MPALSG and the PPS); the finalisation of the piloting of the policy costing methodology with the Ministry of Culture on the draft Culture Strategy; the finalisation of the Checklist for the PPS on assessing RIAs/PIAs; the finalisation and dissemination of the comprehensive Training Needs Analysis; the finalisation of the ex-post and ex-ante analyses for the draft e-Government Programme. The 4th progress report also notes that the capacity building activities were not initiated yet by the beginning of 2020 due to project delays and also due to longer period needed to conduct the Training needs assessment which was finalised by the end of 2019. The report also notes that the training expert team was mobilised but some challenges were noted due to the COVID-19 situation.

Other reviewed reports, such as the IPA II Annual report from 2018 emphasised, that “Concerning institutional setting, PAR sector institutional framework can be assessed as well structured, since all relevant structures and clear lines of responsibility and communication are present and determined in PAR strategy. Under the overall guidance of the Prime Minister’s Office, the MPALSG is playing the leading role in the PAR process, while the Ministry of Finance (MoF) is responsible for those elements of the reform process that relate to the reform of the PFM. As regards the administrative capacities, there is significant room for improvement. Although there are numerous interventions of donor support dedicated to capacity building in this area, great challenges in the area of administrative capacity building are limited employment opportunities, as well as the outflow of public administration staff”. Interviewed stakeholders confirm this finding, noting that main challenges for uptake of reform include turnover of staff, limited absorption capacity of beneficiary institutions as well as political volatility which affects changes across senior management positions across PA.

Document review also offers insight into the benefits of Serbia’s participation to EU Programmes towards contributing to capacity-building of stakeholders when dealing with European issues and projects. The 3rd Annual IPA II report from 2017 noted that “some changes happened in the Operating structure, accreditation of new bodies: two IPA Units in line ministries/institutions were accredited for the implementation of IPA funded projects. The NAO SO performed the review of the setup of the Internal Control System (ICS) and readiness of the two IPA Units. There were no major weaknesses identified.” As stated in the 3rd Annual report on IPA implementation, all bodies within the Operating structure were required to prepare their recruitment plans in order to ensure the necessary measures for strengthening the institutional capacities. The implementation of the recruitment plans was regularly monitored by NAO SO. Furthermore, “TNA was conducted and training programme for 2017 was based on the TNA findings. Training program includes approximately 35 basic and advanced training courses. Planned budget allocation for the implementation of the Training Plan for 2017 will be significantly increased”.

Also, European Integration Facility (EIF) 2016 Report reported that in terms of the institutional framework, Serbia had established structures to coordinate and carry out the process of accession negotiations. “The Chief Negotiator is appointed and supported by the Negotiation team. National line institutions have a
key role in the accession negotiations, in accordance with their respective competences. The Coordination body for the accession process has been established to deliberate on the most important issues and streamline accession-related tasks.\textsuperscript{88}

On project level, there is evidence of EU interventions directly supporting capacity building and improvement of institutional framework. For instance, the EIF provided capacity building support to overcome main obstacles in the area of statistics. Specifically, the EIF addressed challenges relating to the inadequate administrative capacity to adopt more modern methodologies in order to comply with the European Statistical System (ESS) and to respond to the requirements for delivery of national accounts data and government statistics according to ESA 2010.\textsuperscript{89} Stakeholder interviews note that EU funded projects bring important support to capacity development and institution building of beneficiary institutions, which affect positive changes in which institutions operate. Stakeholders, particularly those coming from the government, make distinction between classical TA projects and SBS, noting that while TA offers opportunity to an institution or a group of institutions to benefit from hands-on expert support, SBS brings possibility for more horizontal and wide coverage of systematic support across PA, with more uniform solutions applicable to different institutions. In this regard, SBS provides potential to have larger impact on institutions and cumulative and more balanced improvements across PA.

As regards development of the capacities for strategic planning, functional analysis and performance management, according to Final Report on “Support to Public Administration Reform” Project, there were several important outputs for some of the beneficiaries. The project contributed to preparation of the Integrated Strategic Planning Methodology, which was then adopted. The Methodology “defined the integrated (strategic) planning system of the Government of the Republic of Serbia and specified relevant stages in the planning process and the roles and responsibilities of the key players involved”.\textsuperscript{90} In relation to performance management framework, the Project Component 2 identified options for improving the overall legal and performance management framework, and especially developed the study and recommendations with criteria for establishing subordinate bodies, identified appropriate typology and organizational form.\textsuperscript{91} Moreover, project contributed to Serbia’s alignment with the EU aquis, since (upon the request of the Main Beneficiary), it identified which subordinate/independent bodies are essential prerequisites for the Government of Serbia to fulfil its requirements under EU accession process.\textsuperscript{92} As a recommendation, Final Report noted that these areas need a significant amount of horizontal coordination as well as central coordination and reporting to the Government, since there is currently no capacities.\textsuperscript{93} Stakeholder interviews noted that the project was beneficial in bringing more uniform approach to strategic planning, which inter alia contributed to the Law on Planning system which is an important milestone of the government.

However, according to Final Report on the Project “Support to Public Administration Reform”, despite some improvements of the institutional capacities (as seen above), there is a need for more efforts to be put in strengthening of institutional and management capacities. The project also recommended to invest additional IPA and other bilateral programs in this area to ensure also other stakeholders are capacitated to work with the MPA.\textsuperscript{94}

JC 2.3 Civil society institutions and the enabling environment for civil society have been strengthened with contributions from EU cooperation

\textsuperscript{88} European Integration Facility 2016, European Commission, p.4  
\textsuperscript{89} Ibid, p.6  
\textsuperscript{90} Final Report, Project “Support to Public Administration Reform”, Serbia (PARiS)”, 2014, p.22  
\textsuperscript{91} Ibid, p.6  
\textsuperscript{92} Ibid, p.6  
\textsuperscript{93} Ibid, p.22  
\textsuperscript{94} Final Report, Project “Support to Public Administration Reform”, Serbia (PARiS)”, 2014, p.44.
2.3.1 Extent to which civil society, academia, unions, media and other non-governmental, non-business institutions, and their operating environment have changed over the evaluation period

2.3.2 Extent to which EU cooperation contributed to the changes in capacities of civil society institutions and the enabling environment

There have been significant changes across the level of capacity and engagement of civil society, academia, unions, media and other non-governmental, non-business institutions, and their operating environment over the evaluation period. Available documentation shows that overall, capacities of civil society have been strengthened, though with variations between civil society in capitals and elsewhere. Evaluations of EU support to civil society showed that EU assistance has been critical in this regard, offering both financial and non-financial support. Notably, the Mid-Term Evaluation of CSF found that “The main results of CSF support are visible in the extent to which CSO capacities, skills, outreach and structures have been improved. Thanks to CSF support, CSOs are increasingly better at advocating for, and caring for, their constituency.” With regards to media, EU support was of critical importance, filling in the gap in financing of media, particularly independent and small productions across the country. Two relevant evaluations, Mid Term Evaluation of CSF and Evaluation of Contracts Implemented and Financed by IPA under the Civil Society and Media Action, found that EU assistance to media was of critical importance, providing support in the challenging and complex area of media and freedom of expression. The support focused on improving standards of work and the quality of journalism, also supporting production of independent media content, through which the EU assistance filled in the gap in media financing and shrinking media space. Evaluations found that this support was instrumental to ensure media independence and functioning within ever-shrinking space for media in Serbia, particularly in recent years.

With regards to engagement with social partners, EU has supported some initiatives, albeit to lesser extent. Social partners (employers’ associations and trade unions) and CSOs engagement in design, management, and implementation of the interventions was foreseen in the Sector Planning Document 2015-2017 and the Sector Reform Contract under AP2015. The role of these partners became significantly more important, as they became members of the SRC Coordination Committee, which will further allow the involvement in the in the steering arrangements at project level. Besides, Open Government Partnership (coordinated by the MoPALSG) and structured mechanisms within specific individual line Ministries ensured the cooperation between the Serbian Government and CSOs, and guaranteed the inclusion of social partners and CSOs in development phase of the PAR strategy and Action Plan. Civil society is also engaged more strongly in EU accession process, particularly through the National Convene, which is, inter alia, funded by EU. The National Convention on the European Union gathers CSOs across the country within different sectoral areas to provide inputs to government accession negotiation process. EU support has been very important for establishment of this body and also capacitating its members to take more active part in the accession process, as found by the Evaluation of Contracts Implemented and Financed by IPA under the Civil Society and Media Action.

As regards the anti-corruption area, or more precisely the financial investigations, there is some evidence of Civil society role in the process. For instance, as a part of its regional project “Strengthening the Investigation and Prosecution Capacity in Western Balkan Countries - Financial Investigations as a Tool for Combating Organized Crime and Corruption”, Transparency Serbia organized a national working meeting between the Republic Public Prosecutor’s Office, Ministry of Justice, Ministry of Interior and civil society organizations. Wider engagement of civil society within this thematic area will be explored during the field inquiry.

95 See Mid-Term Evaluation of the Civil Society Facility for the Western Balkans and Turkey (2017)
96 European Commission (2017); Mid-Term Evaluation of the Civil Society Facility for the Western Balkans and Turkey; p. 10
97 Annex 7 Assessing Public Policy Eligibility Public Administration Reform p.16.
98 Ibid p.16
However, some evidence also points that despite the positive changes for civil society and media, there are some aspects where the improvement is much welcome. For example, according to the European Commission’s IPA II 2014-2020 Serbia Civil Society Facility and Media Programme 2014-2015 Action Document, “institutional mechanisms for cooperation between the government and CSOs are not fully developed and institutionalized as there is a lack on the side of government of understanding the role of CSOs, and low awareness of benefits of cooperation with CSOs.” This was further confirmed through the Evaluation of Contracts Implemented and Financed by IPA under the Civil Society and Media Action, where a field inquiry came up with the firm evidence of a lack of public confidence in CSOs as well as fragmented cooperation between civil society organisations and government. The National Convention on the European Union, adopted in June 2014 as a platform for cooperation with civil society, around 200 civil society organisations structured in 22 working groups were in charge of covering all 35 negotiation chapters. However, it is important to mention that despite a visible progress, the Progress Report considers that “although public consultations have been slightly further developed in the legislative process, they remain to be conducted more extensively and under more realistic timelines to enable interested parties to provide qualitative input. This is especially needed for draft legislations of high economic and social impact to improve the social dialogue, which has deteriorated over the reporting period.”

Also, there is some evidence of failed activities, which despite Projects’ plans, were not realized due to the country related issues. Such case was organization of the seminars for media representatives (including possible training for better press-releases preparation at the Ministry), where the evidence shows that as a part of “the implementation of the new Communication Platform during 2012, the Project Team through the two ST experts prepared the program and all organizational preconditions for the implementation of the seminar for civil servants (planned for July 2012, but postponed because of the post-election circumstances during 2012)” Document review shows that this activity was cancelled altogether due to post-election circumstances.

**JC 2.4 Businesses and the business enabling environment have been strengthened with contributions from EU cooperation**

<table>
<thead>
<tr>
<th>2.4.1 Extent to which private sector businesses and their operating environment have changed over the evaluation period</th>
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<tr>
<td>2.4.2 Extent to which EU cooperation contributed to changes in the private sector and its operating environment</td>
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There is almost no information across strategic and project level documentation referring to the operating environment of private sector from the perspective of their engagement in democratic processes. The IMF Serbia Report notes that Serbian authorities are moving forward with the reform of large public enterprises, with some successful and some partly successful privatizations. According to the IMF

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102 Annex 7 Assessing Public Policy Eligibility: Public Administration Reform p.16

103 Ibid., p.16

104 Final Report, Project “Support to Public Administration Reform”, Serbia (PARiS)”, 2014, p.15

105 Ibid., p.15

106 For instance, chemical company MSK, failed to sell, in Petrohemija the authorities have not yet launched the privatization tender, while in Elektroprivreda Srbije (EPS) and Srbijagas the authorities showed commitment to bring changes either in reference to legal status, corporate governance, management, and procurement and planning frameworks of the national power utility or adoption of capital expenditure plan in line with their new investment appraisal methodology.
Country Report, the authorities and staff agreed that developing an ownership and governance strategy for SOEs which “would provide an integrated approach to oversight and monitoring of SOE operations, financial consolidation, restructuring or divestment for some strategic SOEs, and measures to improve governance and the institutional framework would contribute to the current efforts to reduce and monitor fiscal risks and improve efficiency”\textsuperscript{107}.

However, no instances of their engagement in policy processes or EU support to this regard is found.

### 2.3. EQ 3 Awareness of EU Principles

**To what extent has the EU’s cooperation strategy raised, over time, Serbia’s awareness of the general principles the EU stands for and/or the EU’s positive contributions?**

Evidence collected through document review shows overall improvement of the Serbian institutions awareness of general principles that EU stands for across the democracy and governance sector and in particular within PAR as confirmed through stakeholder interviews across different stakeholder groups. Comparative review of EU Progress reports shows that, despite the fact that changes within the PAR have been slow and incremental, there is cumulative change in terms of improved services and strengthened system. The improvements have been visible in many areas. For instance, the Serbian government has integrated mechanisms for more inclusive policy making, and the PAR Action Plans (2015-2017 and 2018-2020) are examples of consultative process which was applied in drafting the strategy for 2018-2020, engaging government institutions horizontally, CSOs, and development partners. Besides, a Platform for participation and monitoring the negotiation process with the EU, i.e. the National Convention on the European Union (NCEU) has also been established as a permanent body for thematically structured debate on Serbian accession into the European Union, between representatives of the governmental bodies, political parties, NGOs, experts, syndicates, private sector and representatives of professional organizations\textsuperscript{108}.

The PAR planning and monitoring process in line with EU guidelines and standards also evolved within the evaluation period. The government, with support of EU, has conducted evaluations of consecutive PAR strategies, and the elaboration of the monitoring system has been strengthened for the PAR Strategy. However, the 2019 EU Country report for Serbia criticised the weaknesses in terms of coordinated monitoring and reporting system of the public administration reform strategy and public financial management reform programme\textsuperscript{109}. Interviewed government stakeholders noted that the system improvements in terms of planning (and monitoring) are ensured through adoption of the Law on planning system, which brings important new/enhanced measures for planning of public policies and normative acts.

Reform reports and results are particularly discussed and managed through different forms of dialogue with the European Commission and the EU Delegation in Serbia, mostly through meetings of the PAR Special Group within the framework of the Stabilization and Association Agreement and the established Platform for Dialogue about the Policies within the framework of the EU Sector Budget Support (SBS) for the area of the public administration reform and public finance management reform. The coordination structure for monitoring and managing the public administration reform process was created in the PAR Strategy and was operational in 2015 as a four-level structure: two policy levels – the Public Administration Reform Council and the College of the State Secretaries, and two administrative levels – Inter-Ministerial Project Group and the Ministry of Public Administration and Local Self-Government.\textsuperscript{110}

Review of the PAR Special Group meeting notes points to interactive dialogue between EU and national


\textsuperscript{108} European Integration Facility 2016, European Commission, p. 33

\textsuperscript{109} https://europeanwesternbalkans.com/2019/05/29/key-findings-2019-european-commission-report-serbia/

\textsuperscript{110} Annex 1 Implementation report

Sector Budget Support for the Public Administration Reform (reporting period 01.01.2018. - 31.12.2018.)
government partners on priorities, achievements and challenges in implementation of PAR. Stakeholders interviewed within the framework of this evaluation noted that this dialogue is important as it enables both parties (EU and the government stakeholders) to discuss achievements and priorities and also next steps in the process towards fulfilment of joint goals enshrined in the SBS and EU accession principles more generally.

There have been significant advances in terms of e-government services, with direct contribution of EU, as emphasised by interviewed national stakeholders. Results in the field of statistics have also been noted, however lesser results have been recorded in terms of rightsizing of the Public administration and merit-based recruitment, all of which are EU standards that will need to be integrated.

With regards to strengthening the management system for EU funds, there is evidence of improvements of the system overall. The CFCU has been strengthened through significant TA and manages funds within the decentralised management.

In the other areas, such as the normalisation of relations with Kosovo, policy dialogue has been continuous. No significant steps forward were recorded in this regard, and the 2019 EU Country Report for Serbia noted that Serbia has remained engaged in the dialogue but showed restraint in its response to the introduction of the customs tariffs.

JC 3.1 EU cooperation has contributed to strengthening the awareness of key targeted institutions of the general principles which the EU stands for

| 3.1.1 Extent to which key government institutions in each sector are acting upon EU policy advice and guidance, and reported changes over the evaluation period |

There is some, albeit not extensive direct evidence is found of EU non-financial support in the documents, except from the perspective of the PAR Special Group and Sectoral/Joint Monitoring Committee for PAR. Nevertheless, data collected through stakeholder interviews and across other secondary sources, e.g. media reporting, etc. points to enormous influence of EU policy and political engagement with Serbia in gearing Serbia’s responsiveness to EU accession requirements, across all sectors, and notably in PAR. The EU has promoted and pressured Serbian government to undertake reforms across all sectors, and each step of Serbia’s EU accession process was monitored, and feedback was provided through EU progress reports, and other communication by EU in different areas. Stakeholders note that introduction of PAR Special Group meetings particularly brought stronger focus on PAR and helped maintain commitment to joint priorities. The extent to which Serbia aligned its strategic, institutional and legislative framework to respond to EU accession requirements is a direct result of EU’s policy advice and guidance. While references to direct interventions on this are limited, annual IPA II reports, the EIF reports, EU progress reports, and PAR Special group reports all provide extensive examples of progress of Serbia in terms of alignment with EU standards. For instance, the 2019 EU Country Report for Serbia noted that “Serbia has continued to work towards aligning its legislation with the EU acquis across the board”. The Report on Support to participation to the EU Programmes mentioned that “Serbia’s involvement in Union Programmes has contributed to a deeper knowledge and capacity-building of many stakeholders when dealing with European issues and projects. Citizens were provided with opportunity to get familiar with EU principles, standards and learn about best practices form other EU countries”.

The IPA – interim evaluation and meta-evaluation of IPA assistance noted that close cooperation of the provider/contractor with the beneficiary organisation is crucial for ensuring transfer of know-how and

113 Support to participation to the EU Programmes, 2017, p.7
achieving the planned effects of institution building assistance. “Twinning assistance is more likely than TA to be located within the premises of the beneficiary and more likely to support the beneficiaries in achieving project deliverables. Although this issue has been included in only two CPIEs and in one of the thematic reports, it suggests that there is a systematic lack of consideration of the knowledge transfer process, particularly under TA contracts. The location of advisors outside of the beneficiary premises reduces their involvement in the delivery of outputs. Whilst some tools such as working groups can alleviate this, they cannot compensate for the lack of real day-to-day collaboration.”

Stakeholders positively assess EU contribution to strengthening the awareness of key targeted institutions of the general principles which the EU stands for, though there is general concern with political influences in this regard. Besides, evaluation found that there is little reflection on the EU(D) side of political dialogue happening beyond PAR Special group meetings and official events (e.g. bilateral meetings, exchanges, etc.) which were noted as important inputs by national stakeholders. For instance, this evaluation could not identify any reports or internal notes on the number, scope, themes of bilateral meetings, consultations or other types of events aside PAR Special Group meetings and official programming and/or monitoring meetings with the government. Such reports or notes would have been beneficial to understand the extent to which EUD invests in day-to-day dialogue which does happen but is not promoted in the way it should be taking into account its contribution to change overall.

On a project level, changes are visible across the sector, there is only limited evidence pointing directly that these changes emerged as a result of acting upon EU policy advice and guidance. However, as the changes are emerging during the evaluation period while the sectors were under the guidance of EU cooperation, it is indicative that these changes ensued as a result of the EU’s support. The EU organized several activities relevant for the beneficiaries, which were than accepted and implemented by these. For example, the EU organized and conducted anti-corruption trainings and workshops for public officials and relevant stakeholders – such initiatives support the strengthening of capacity of relevant stakeholders to get a better understanding on the negative consequences of corruption, raise their knowledge and expertise in identification of corruption practices, raise awareness and cooperation in fighting corruption, drafting anti-corruption policies and documents, where relevant. Training events facilitate in increasing relevant expertise in fighting corruption of stakeholders (public officials, NGOs, business organizations) and thus better transparency and integrity in achieved.

3.1.2 Extent to which key government institutions value EU technical and other guidance and support.

Key government institutions acknowledge and value EU technical and other support and guidance, as confirmed by interviewed stakeholders and also other evaluations of EU support across the sector. For instance, the Serbia Rightsizing and Restructuring Project Single-Donor Trust Fund documentation noted that “the task team continues to acknowledge EU support during consultations with government

114 IPA – interim evaluation and meta-evaluation of IPA assistance, Ecorys, 2013, p.44
officials”, Interviewed stakeholders noted in particular the expertise of SIGMA and international and regional experts provided through TA projects, with preference for experts whose selection was conducted with participation of national beneficiary institutions (See above). In most cases, interviewed national stakeholders assess technical support as beneficial and mostly appropriate, noting that EU is sufficiently flexible to replace experts who are underperforming.

**JC 3.2 EU cooperation has contributed to the general public’s awareness of the principles the EU stands for and the EU’s positive contributions**

### 3.2.1 Extent to which the general public in Serbia is aware of the EU’s principles

EU has undertaken a number of measures to promote EU principles through the development of specific communication activities, including presentation and promotion of the projects financed from IPA funds and overall presentation of EU principles. The 4th IPA II Report noted that “active presentation of EU Projects has “contributed to a better understanding and increased interest of citizens for the projects implemented from these funds. Special attention in the process of communication was also paid to developing and delivering more innovative approach, having in mind the specific momentum of the process of EU integration, but also due to wide expansion of the use of digital platforms/social media as a successful, achievable, affordable and more approachable communication tools to targeted audiences and getting the messages cross to the wider public. Continuous cooperation with Delegation of the European Union to Serbia is conducted, as well as with the relevant Serbian governmental institutions in designing and delivering of media/social events and other communication activities with the main aim of promoting and informing on EU funds in Serbia. The development of specific communication activities has contributed to maintaining stable citizens’ support to the European integration. Public opinion polls demonstrated the results of this strategic approach to communication on EU funds. According to the last public opinion poll held in December 2017, as regards the development grants Serbia has received since 2000 to date, the majority of respondents - 24% of recognise that the EU has been the largest donor to our country in the past 16 years; according to the perception of citizens, Russia ranks second, China is the third, while Japan is in the fourth place. Compared to the results of the poll conducted a year ago i.e. in December 2016, the number of those who perceive the EU as the largest provider of assistance to Serbia has increased by 3%, while the number of those who thought that it was Russia has dropped by 1%.”

On a project level, there is evidence across the interventions’ records of the EU investing efforts to increase the general public’s awareness of the EU principles and activities as well as evidence about the media projects which among other activities are “raising awareness of the general public on topics related to CSF priorities, EU priorities and pre-accession objectives.”

In order to enhance its visibility, every output under the **Serbia Rightsizing and Restructuring Project Single-Donor Trust Fund**, is marked with a visibly displayed EU logo and the following paragraph: “The preparation of the report was financed by the European Commission through the Instrument for Pre-Accession Assistance (IPA II) 2014-2020.” Other activities aimed at the same purpose of the enhanced

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visibility include delegation staff participation in meetings with the Serbian government at all levels, and the MPALSG’s obligation to prepare a visibility/communication plan.\textsuperscript{120}

As regards to the CSO and Media sector, not only has it been shown that the “implementing partners have followed the EU’s visibility guidelines and acknowledged the role of the EU in all promotional materials produced”, but also relevant visibility tracking tools and documentation indicate a good visibility and outreach of activities.\textsuperscript{121} Additionally, the Evaluation of Contracts Implemented and Financed by IPA under the Civil Society and Media Action finds in its field analysis that the implementation partners are applying the communication strategies, which incorporate the EU’s visibility guidelines, while putting one particular focus on European values.\textsuperscript{122}

An encouragement for the continuation of the activities aimed at the awareness raising can be found in the Evaluation of Contracts Implemented and Financed by IPA under the Civil Society and Media Action. Republic of Serbia which states that “the general public is and will continue to be interested in media productions that address serious issues if those productions are well-designed and well-presented.”\textsuperscript{123} It also points at the cooperation between the media and civil society organisations to this matter claiming that these two sectors can mutual assist one another, and particularly in terms of awareness raising, as the specific areas of importance for the CSOs or affirmation of the CSOs’ role have been promoted through the media.\textsuperscript{124}

Important media projects in this context include media Projects such as “Providing effective support to the members of the most discriminated groups and their organizations”, “Putting the Victim First”, “Public Money for Public Interest”, “LOVE (Law, Order, Values)” and “Loud Whistle”. Notable civil society projects include “Reveal and Heal” and “Creative drive- support to media literacy” as noted in the Evaluation report.\textsuperscript{125}

In the area of anti-corruption, there have been activities which contribute to awareness raising of general public in Serbia about the EU’s principles on anti-corruption. The Anti-corruption Project conducted various activities aimed at raising the general public awareness about the EU’s contributions to institutions, public services, public infrastructure, civil society and private sector. The activities were diverse, as for example in the area of anti-corruption, the Project planned the Anti-Corruption Forum in Nis and Anti-Corruption Classes for high-school students in Kraljevo and Novi Sad, which “will enable high-school students to learn more about the Law and role of institution and organizations that are involved with the implementation.”\textsuperscript{126} Additionally, as a part of the activities related on the raising awareness on the measures and the results in the area of fight against corruption through, the engaged NKEs worked on draft scenario of promoting movie.\textsuperscript{127}

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3.2.2 Extent to which the general public in Serbia is aware of the EU's contributions to institutions, public services, public infrastructure, civil society and private sector

3.2.4 Extent to which sample projects generated positive stories and messages

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\textsuperscript{120} Ibid, P.6
\textsuperscript{121} Evaluation of Contracts Implemented and Financed by IPA under the Civil Society and Media Action. Republic of Serbia, Evaluation Report. Specific Contract No 402-763. 2019, p.31
\textsuperscript{122} Ibid, p.31
\textsuperscript{123} Ibid, P.31
\textsuperscript{124} Ibid, P.6
\textsuperscript{125} Ibid, P.21
\textsuperscript{126} Monthly Report, March 2019. Prevention and Fight against Corruption p.3
\textsuperscript{127} Monthly Report, May 2019. Prevention and Fight against Corruption p.3
Plan of IPA communication and visibility of the Government of Serbia (was developed in 2017) while regular communication and exchange of information was implemented during 2016 among IPA Visibility Officers network. Specifically, IPA Serbia, “Information and visibility activities are targeted to: increasing the public awareness and transparency of the activities and results achieved by of the EU through the pre-accession assistance; Informing potential beneficiaries about possibilities within the IPA. In the previous period numerous activities were organized, included the organisation of specifically defined activities aimed at informing the public on the opening of new chapters in the process of negotiations on the accession of the Republic of Serbia to the EU and tangible benefits from alignment in particular areas, on the realisation of projects financed from EU funds, participation of the civil and business sector in the process and cooperation with the media and civil society organisations. The focus of communication activities was on initiating a debate within various target groups (defined by the Strategy itself) on numerous aspects of EU accession, ranging from the benefits of the membership to the costs we will have on the road to accession. Through development and implementation of specific communication activities regarding information and visibility of IPA more attention has been paid to the results and greater visibility of the EU funded projects. All Government institutions within the IPA II indirect management system actively work to promote them. The basic strategic areas within the communication and visibility activities that were carried out during 2017 were: organization of public events (campaigns, conferences, debates, EU project fairs, kick of meetings, exhibitions, etc.); publishing (brochures, bulletins, leaflets, Aid Matters - electronic bulletin on development aid which is committed to promotion and raising awareness on international assistance in Serbia, with specific focus on EU funds/IPA assistance -promoting projects, programs, agenda, announcing events, etc.. The newsletter targets international and local audience - institutions, stakeholders, diplomats, to promote achievements, results and possibilities of financial support available to Serbia..); cooperation with the media (organization of trainings, media trips, regular communication, media analyses, etc.); carrying out public opinion polls (digital agenda (regular updating of official sites as well as use of social media for promotion of IPA. “

There is documentary evidence of the EU activities contributing directly to citizens’ awareness of the EU contributions. The Evaluation of Contracts Implemented and Financed by IPA under the Civil Society and Media Action finds that civil society actions contributed to “deepening citizen understanding of the legislative and policy reforms a country requires to qualify for EU membership, including a focus on the reform of public finance, public tendering processes and transparency in governance”. However, Mid-term evaluation of CSF found that weaknesses in terms of visibility of EU support to public awareness of EU support to civil society and media. The Evaluation recommended that “visibility of the CSF support is improved by introducing a clear visibility plan for the CSF-supported actions. Key components of this approach are as follows: a focus on assisting and ensuring that CSOs understand the intent of the EU’s visibility approaches; assistance to CSOs to understand the value to them of these approaches and the potential outcomes of this focus; assistance in developing project-level approaches that genuinely address visibility in project design and implementation; and ensuring, in these approaches, both project/CSO needs and EU needs/priorities”.

Document review of projects shows that, for instance, Project “Reinforced Implementation of Visibility and Communication activities of IPA Programs” included activities aiming to improve governmental capacities.
to establish partnership with media and other stakeholders regarding the communication on EU funds in Serbia etc. Within the framework of this intervention, the project intended to revise the IPA Communication Strategy.\footnote{Ibid.p.24}

The SBS complementary PAR Visibility and Communication project was designed to tackle the general lack of understanding of PAR among Serbian public, as the government had not invested much effort to inform public on the process and benefits of such reform process. Interviews with national stakeholders and project implementing team noted that the PAR as a sector is difficult to understand due to its technocratic nature, making it difficult even for journalists and media to understand what this is about. The TA developed a strategic approach to communication of PAR (and PFM related issues), starting with context analysis on the level of understanding of the public of what PAR means. Based on the findings, the Project developed a strategic communications framework built around strategic areas of PAR strategy, to enable adequate communication of key areas where achievements were demonstrated. The Project is preparing and implementing wide ranging TV and social media campaigns to explain PAR and promote results of the process. National and EU stakeholders confirm that such type of complementary assistance particularly focusing on PAR is valuable and especially needed to generate and promote positive stories and results.

\subsection{3.2.3 Extent to which Serbian media are reporting positively on the values and role played by the EU}

While there is solid evidence on the EU visibility (as seen from the previous indicators), there is almost no evidence regarding its promotion in media or regarding the projects being able to generate positive stories and messages. One example was found in relation to Prevention and Fight against Corruption Project, where the kick-off ceremony of one of the events which included sixty representatives of the project beneficiary institutions, project stakeholders, international organisations and donors participated was covered by the media.\footnote{Prevention and Fight against Corruption EuropeAid/138423/DH/SER/RS 2017/386-597 , 1st Interim Report, p.16} Field inquiry did not provide additional information and/or evidence on extent to which Serbian media reports positively on values and role of EU.

\section{2.4. EQ 4 Impact}

\subsection{EQ 4 To what extent have the effects described in Q2 contributed to Serbia's political and economic reform and preparation for EU membership?}

Data collected through document review and stakeholder interviews indicate that over the years, Serbia has progressed in preparation for EU membership, with direct contribution of EU per sectoral and horizontal support. Concretely, the support to PA has been provided across all sectors, and in particular within the efforts to gain the candidate status and open (and close) the Chapters. However, the overall progress of PAR has been slow, as highlighted by interviewed stakeholders. Consecutive EU progress/Country reports found that Serbia has made moderate progress, with recognition of improvements across the reports, particularly in terms of improved legislative and strategic base and services. Many challenges remain, in particular with merit based recruitment, rightsizing and governance, which have direct effect on the extent to which PA can promote and sustain EU accession agenda.

\subsection*{JC 4.1 The key sectoral changes for which the EU has made a contribution have helped Serbia to move closer to meeting the Copenhagen criteria}

\subsection*{4.1.1 Extent to which the sectoral changes achieved, with the contribution of EU cooperation, have moved Serbia closer to meeting the political criteria for EU accession}

EU objectives relating to democracy and governance sector have been relevant and aligned with the underlying EU integration agenda and Copenhagen Criteria for Accession. It is evident that improved
institutional framework in all segments of democracy and governance contribute to fulfilment of the political and economic criteria and certain changes have been made in this regard. In terms of harmonisation of domestic legal framework with acquis, EU has contributed in systematic manner. "Assistance until now has led to an improvement of structures related to harmonization and approximation of national legislation with EU legislation, including mechanisms for consultation of relevant external stakeholders; improvements of compatibility of national legislation with EU legislation through preparation of relevant draft laws particularly during accession negotiations and capacities of institutions for the implementation of the aligned legislation in several prioritized chapters. EU has through the EIF supported Policy and Legal Advice Centre (PLAC) aiming to support legal framework harmonisation processes. PLAC was focused on only 13 chapters of the Acquis so far while the continuation of the PLAC project allows to include other chapters as well and especially those areas where is significant volume of Acquis."

However, the 2019 EU Country report for Serbia emphasized that “Serbia is moderately prepared in the area of public administration reform. Some progress was made in the area of service delivery and with the adoption of several new laws. Political influence on senior managerial appointments remains an issue of serious concern, especially regarding an excessive number of acting positions. Serbia’s ability to attract and retain qualified staff in the administration dealing with EU issues is crucial. A coordinated monitoring and reporting system of the public administration reform strategy and public financial management reform programme is yet to be established.”

A Final Report on the “Support to Public Administration Reform” Project, also indicates that despite the improvement in administrative and institutional capacity, there is still more work to be done to this matter. This negative trend is also corroborated by the fact that indicators referring to the improved institutional development management for the European integration process in 2017 and 2018 were not achieved. Although some findings do not refer to administrative and institutional capacity as a direct precondition for the effective implementation of the acquis, having in mind that such capacities are requested for e.g. implementation of the PAR Strategy, it is justified to understand them in the context of EU membership. Above mentioned Final Report states that although the Project has provided a technical support almost exclusively to the staff within the MJPA, while neglecting other stakeholders, all institutions still need to strengthen their institutional and management capacities, which according to the same Report, should be done through bilateral programs and additional IPA. Further support, in terms of staff is need for the PAR Strategy implementation process as well as for the Secretariat General of the Government. While regarding the PAR Strategy implementation, the existing civil servants are responsible for logistical and organization matters and there is a lack of those capable to provide a substantive support, the Secretariat General of the Government is under-staffed. 

There is further evidence referring explicitly to the institutional capacities from the point of acquis and EU accession process. As regarding Serbia obligation to establish independent regulatory and control bodies, it has been noted that public agencies are not independent from the executive government, which is necessary to ensure a support to the “rule of law, and provide public security as well as essential competition regulation on the market.” It is important to note that according to Final Report on a Review of republic of Serbia European obligations with regard to the establishment of independent regulatory

135 Country Action Programme for Serbia, European Commission, 2015, p.9  
136 Ibid. p.5-6  
141 Review of republic of Serbia European obligations with regard to the establishment of independent regulatory and control bodies. Draft Final Report, May 2013, p.2.
and control bodies, Serbia is not required to establish any new agencies to fulfil the acquis requirements, “other than some bodies like standardisation and market surveillance mechanisms becoming independent from any political influence”.142

On a more positive note, although the findings on the impact of these activities were not available at the time, there is evidence that the EU has undertaken several activities regarding the administrative and institutional capacity of Serbia to effectively implement the acquis and ability to take on the obligations of membership from the perspective of anti corruption. Some of the activities launched under the Prevention and Fight against Corruption Project include “Support to the strengthening capacities of internal control units in state (central and local) bodies for the efficient detection and repression of corruption, through comprehensive analysis of the capacities gaps in the internal control units of the relevant state bodies and preparation of its recommendations and Conduct the Human Resources assessment within all anti-corruption involved Investigations Units; Conduct analysis and provide recommendations for improving communication and data exchange, as well as the promotion of inter-institutional cooperation among all anti-corruption involved Investigation Units, other criminal and financial intelligence units and where relevant, with bodies abroad (Interpol, Europol); Building capacity of Tax Administration to identify Tax evasion/ illicit Income and Supporting Accountant Position within Prosecutor's Office.”143

Review of documents with regards to Civil Society and Media Sector strongly indicates that the EU cooperation, its programmes and activities have a potential to move Serbia closer to meeting the political criteria for EU accession. Evaluation of Contracts Implemented and Financed by IPA under the Civil Society and Media Action noted that especially CFS and Media Programme’s objectives are “well-aligned with the Copenhagen Political criteria for accession, particularly preservation of democratic governance and human rights, with civil society empowerment an integral part of the political criteria for the EU accession process”. A particular strength of the CSF and media programme is its relevance, to EU documents and priorities, to Serbia’s stated accession priorities, to civil society and independent media organisations in Serbia. “The relevance to the EU is particularly related to how the civil society and media programme links the priorities of funded organisations with the EU’s focus on rights, and how the funded projects deliver specific outputs that contribute to building a belief in European values as a foundation for Serbia’s EU accession processes. While there is a clear linkage between European values and EU accession processes, Chapter 23 in particular defines the critical values that underpin accession, and the funded projects have a significant focus around Chapter 23 and those values.”144

4.1.2 Extent to which the sectoral changes achieved, with the contribution of EU cooperation, have moved Serbia closer to meeting the economic criteria for EU accession

Document review also shows that in terms of the economic criteria, EU has encouraged Serbia to continue with structural reforms including private sector development, and capacities to cope with competitive pressure and market forces within the Union. In terms of Serbia’s accession process and obligations deriving from it, main focus of EU support was directed towards improvement of the legislation in the areas of public procurement, statistics and financial control.145

4.1.3 Extent to which the sectoral changes achieved have achieved legislative alignment with the EU acquis

142 Ibid, p.2.
143 Prevention and Fight against Corruption. Monthly Report May 2019 P.4
145 EU Integration Facility – Direct management, European Commission, 2017, p.8
As discussed across EQ 2 and 3 above, there is ample evidence of EU support to legislative alignment with the EU standards in the governance area, particularly public administration. While sub-sectors covered within the Democracy and Governance sector are mostly horizontal issues and not falling directly within any of the Chapters, EU insistence on reforms within PAR, PFM, civil society engagement, etc. have contributed to strengthening of PA, financial management and democratic processes towards improved alignment of legislation with EU acquis.

**JC 4.2 State capacities and other reforms which have been enhanced with support from the EU contribute to supporting Serbia’s ability to take on the obligations of EU membership**

State capacities and reform are being enhanced, and are supporting Serbia’s reform pathway, although in line with the analysis at JC 2.1 and JC 2.2 above, resulting from well-focused assistance based on both the EU’s and the Government of Serbia’s stated priorities. However, most recent reports, primarily the EU Country Report for Serbia 2019, and also stakeholder interviews point to much more work that remains to be done before it can be said that state capacity and other reforms have prepared Serbia to take on the obligations of EU membership.

**4.2.1 Extent to which the sectoral changes achieved, with the contribution of EU cooperation, have strengthened Serbia's administrative and institutional capacity to effectively implement the acquis and take on the obligations of membership.**

This evaluation found limited direct records of results of specific activities on Serbia’s ability to take on obligations of EU membership. Some evidence found is presented below. The EIF 2016 reported noted that “[t]he development of official statistics is connected to the EU accession process (Chapter 18), as well as to the monitoring of indicators of fulfillment of economic criteria for the membership and forthcoming negotiations with this process. Serbia has adopted the Programme of Official Statistics 2016 – 2020, which defines the activities needed for the harmonization of statistical surveys and indicators with international standards, primarily with the standards of the European Statistical System (ESS) and the European Union. The main obstacles in this area relate to the inadequate administrative capacity to adopt more modern methodologies in order to comply with the ESS and to respond to the requirements for delivery of national accounts data and government statistics according to ESA 2010. The actions planned within EIF will help build capacities and deliver concrete results in the key areas, according to the national plan.”

The 2017 SMC report noted that “activities envisaged by the contracts contribute to the fulfilment of the requirements from the Chapter 32 – Financial control, which was opened in Brussels on 14 December 2015, Chapter 5 which was opened on 13 December 2016 and Chapter 29 which was opened on 20 June 2017.”

Interviewed stakeholders note that the government has been very proactive in cooperating with the EU and building institutional systems (and Public administration) in line with its EU accession priorities. Stakeholders noted that out of 35 negotiation chapters, 18 chapters have been opened for negotiations of which 2 chapters have already been provisionally closed.

**4.2.2 Extent to which the sectoral changes achieved, with the contribution of EU cooperation, have strengthened Serbia's reconciliation, good neighbourly relations and regional cooperation**

Although there is only limited evidence of concrete impacts to date, in both the media and civil society sectors, there are prospects for longer term or wider impact in a number of projects that address specific

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146 European Integration facility, European Commission, 2016, p.5
147 Sector monitoring committee report, NIPAC Technical Secretariat/BCPME (Body for Coordination of Programming, Monitoring and Evaluation) The Ministry of European Integration Department for Planning, Programming, Monitoring and Reporting on the EU funds and Development Assistance 2017, p.4
aspects of Serbia’s accession agenda, including citizen engagement, legislative and policy development and addressing public financial reform, as well as project focused on the long-term resolution of regional reconciliation (including notably cross-border networking with Kosovo\textsuperscript{148}) and certain critical issues related to human rights\textsuperscript{149}.

2.5. EQ 5 Efficiency

EQ 5 What factors have contributed to or hindered the efficient implementation of EU financial assistance, with specific consideration given to planning, monitoring, and management structures and processes, oversight and reporting?

There are a number of factors that affect efficient implementation of EU financial assistance (See Section 6 with Contribution analysis). Document review and stakeholder interviews point to significant delays in planning and contracting of EU assistance interventions and the challenges with absorption capacity of the government stakeholders, particularly within reforms of public administration. Stakeholders specifically pointed to delays in contracting and implementation of the SBS complementary assistance, with some of the projects being very significantly delayed, preventing their contribution to SBS as such.

Other challenge that was highlighted in reviewed documents and in stakeholder interviews is the selection of projects. For instance, the IPA evaluations on IPA I assistance and also the EU Court of Auditors report noted challenges with selection of immature or problematic projects that often lacked national authority support; inter-institutional coordination; weak project design; poor definition of terms of reference; unsustainable financing solutions; and inadequate use of lessons learnt from previous projects.\textsuperscript{150} The report noted that “At the beginning of the IPA I implementation, there were inadequate attention paid to precise definition of the project objectives, specific assessment of the needs and lessons learnt from past projects. In 2012 the Commission started to introduce measures that placed more emphasis on needs assessment in the intervention design”.\textsuperscript{151}

The introduction of the Sector wide approach from 2011 helped address the deficiencies and in particular the IPA II programming introduced more consistent tools, including the Sector Budget support which enables integration of a complete set of interlinked structure of objectives, outcomes, outputs, inputs and indicators as compulsory part of project fiches during IPA II. Interviewed stakeholders, particularly from the government, noted that moving from ‘classical’ TA to SBS brought improvements in terms of relevance of EU assistance, ensuring more coherence in implementation of PAR related support interventions. However, stakeholders point to delays in SBS complementary assistance as source of a number of lessons learned on how to programme and implement such TA support projects. In essence, main lesson learned highlighted by interviewed stakeholders on both the EU and national government side is to ensure that such TA projects begin implementation either prior or at the onset of SBS in order to be useful as complement to SBS.

There are mixed records on the level of ownership across the reviewed documents. Document review reveals are cases when working with EU assistance projects is not recognised as high priority by national institutions, revealing that results had questionable prospects for sustainability in two thirds of the projects within PAR; in particular, the sustainability of governance-related projects was at risk due to personnel

\textsuperscript{149} Evaluation of Contracts Implemented and Financed by IPA under the Civil Society and Media Action. Republic of Serbia, Evaluation Report
and ownership issues.

On the other side, some documentary records show a different picture. For instance, some reviewed documents, such as Evaluations and planning documents, offer insight into the manner in which responsible authorities take ownership of the implementation plans, noting that “the ownership of the Serbian administration and beneficiaries is better both in planning and in implementation. The thematic report on Civil Society notes that the goals set may not always correspond to citizens’ socio-economic priorities and that partnerships with local authorities are needed.”

Stakeholders interviewed within the scope of this evaluation highlight ownership over support to PAR as high, emphasising that EU assistance is relevant to national priorities and needs in the public administration. National stakeholders specifically pointed to evolution of EU assistance to PAR and with it the ownership, distinguishing between IPA I and IPA II period. During the IPA I, EU assistance to PAR was fragmented and scattered, without clear objectives mainly due to the fact that PAR was not recognised as a separate sector. With introduction of sector based approach, and specifically with introduction of SBS both of which are rooted in national (PAR) strategies, was important measure to increase government ownership. This is in particular thanks to deep engagement of national stakeholders in prioritisation of interventions and selection of expertise. National stakeholders feel that their needs and voices are heard and acted upon, which helps feel ownership over interventions and results. In line with this, Sector fiche – IPA National programmes indicated that the “Government of Serbia is committed to institutional building within the public administration sector thus contributing to the implementation of the national policy objectives and reform agenda and fulfilling the membership obligations.”

Annex 1 of the Implementation report Sector Budget Support for the Public Administration Reform indicates that Serbia has maintained an efficient and credible policy dialogue ever since 2014. “The dialogue has enabled the country to focus on key achievable objectives within the PAR process. The structures established under the policy dialogue have held regular meetings through which a set of conclusions are being adopted and followed on. The dialogue involves all stakeholders relevant for the PAR policy and receives technical and logistical support by the Serbian Government which demonstrates full ownership of the process. Through established structures and their activities Serbia has been building trust among the stakeholders in the public administration, as well as with the European Union representatives. The work scope of the policy dialogue structure is wide enough to cater for varying needs and challenges that the PAR process commands. Thus, the dialogue involves areas which range from general topics to very specific ones. The dialogue has been also used for the discussion on delays on the implementation of reforms and finding ways to mitigate the risks. However, it has maintained full focus on objectives and priorities of the PAR Strategy.”

The Sector Reform Contract for Public Administration Reform noted that “[t]he Commission’s flexible management approach mitigated the effects of some of these design weaknesses and, when drawing up the latest IPA annual programmes, the Commission had taken steps to address the shortcomings identified in the earlier IPA programmes.”

Stakeholder interviews across different stakeholder groups (government, civil society, EU, donors) confirm the quality of dialogue between EU and national stakeholders, in particular within the framework of SBS.

### JC 5.1 The processes of planning and implementation of EU assistance deliver appropriate responses to correctly identified and diagnosed issues

1. **Extent to which planning of EU cooperation is completed on time**

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153 IPA – interim evaluation and meta-evaluation of IPA assistance, Ecorys, 2013, p.49
154 Sector fiche – IPA National programmes / Component I I -Public Administration Reform Sector, 2013. p.18
156 Ibid.
There are a number of factors that hindered the efficient implementation of EU financial assistance, including delays in contracting and absorption capacity of the government. With regards to delays, evaluation found that while planning was conducted on time, challenges are visible in terms of the contracting throughout the reference period of evaluation. The Interim Evaluation of EU IPA assistance to Serbia found that time period between planning-tendering-contracting has been extensively long and resulted in delays affecting implementation and achievement of results. Evaluation found that “these delays in general do not have significant negative effects on the achievement of results and are viewed as a management tool. The contracting authorities and the EU Commission usually use this management flexibility and grant no cost extensions where it is possible and where there is benefit for project performance.”\textsuperscript{157} This finding was confirmed by the EU Court of Auditors report which highlighted that “[t]he problem was too long periods for project cycles starting from design to real implementation and delivery of results (4-5 years)”\textsuperscript{158}.

This challenge has been continuously recorded also during IPA II implementation. For instance, both the 3\textsuperscript{rd} and the 4\textsuperscript{th} Annual IPA reports include notions on this. The 3\textsuperscript{rd} report mentions that contracting rate was lower than planned, with target of min. “90\% contracting of the National Programme for Serbia under IPA TAIB 2013 was not reached and 50.7\% contracting rate in 2016 is reported by the CA. Contracting rate regarding the overall value of the Financing agreement is 30.73\%.”\textsuperscript{159} The report noted that, “due to the late start of contract implementation and mainly advance payments done in 2016, the disbursement rate of the National Programme for Serbia under IPA TAIB 2013 is 8.4\%. The de-commitment rate is 0\% as the contracting deadline is 7 June 2017. Irregularity amount recovery rate is 0\% as no irregular amounts paid and requested to be recovered were reported.”\textsuperscript{160} The 3\textsuperscript{rd} Annual IPA report further states that having in mind the assessment of the existing absorption capacities, all infrastructure actions are going to be implemented through indirect management of EU funds, while the remaining part of the Action Programmes are going to be implemented through direct management mode. This principle has been fully applied in preparing the Action programmes under IPA 2015 and 2016\textsuperscript{161}.

The 4\textsuperscript{th} Annual report on IPA implementation emphasised that there was an acceleration of contracting during the reporting period, albeit with certain delays in relation to contracting dynamics. “These delays have been mostly caused due to insufficient capacities of either CA or national institutions, necessary to timely prepare tendering documentation or to fulfil requirements defined as preconditions to tendering or contracting procedures”\textsuperscript{162}. The report lists reasons that contributed to delays, “namely the strengthening capacities of the Contracting Authority (CFCU) as well as experience gained during the previous period. However, lessons learned during the contracting of IPA 2013 should be taken into account during the same stage of future IPA programmes, especially in the area of capacity development and fulfilment of preconditions. The overall progress in implementation of the contracts which are signed until the cut-off date of this Report is satisfactory and without the major issues or risks. The achievement of immediate outcomes is according to schedule, while there is no reason to question the achievement of expected results.”\textsuperscript{163}

\textsuperscript{157} IPA – interim evaluation and meta-evaluation of IPA assistance, Ecorys, 2013, p.42
\textsuperscript{158} European Court of Auditors’ 2014 EU Pre-accession Assistance to Serbia. p.15. [http://www.eca.europa.eu/Lists/ECADocuments/SR14_19/QJAB14019ENN.pdf]
\textsuperscript{159} 3\textsuperscript{rd} Annual report on implementation: IPA Serbia, NIPAC Technical Secretariat Ministry of European Integration, Government of the Republic of Serbia
\textsuperscript{160} Ibid, p.9
\textsuperscript{161} Ibid, p.43
\textsuperscript{162} 4\textsuperscript{th} Annual report on implementation: IPA Serbia, NIPAC Technical Secretariat Ministry of European Integration, Government of the Republic of Serbia Department for Planning, Programming, Monitoring and reporting on EU funds and Development Assistance 2018, p.26
\textsuperscript{163} Ibid, p.3
IPA II Annual Report for Serbia 2018 also refers to significant delays in tender preparation of IPA 2014 projects managed under indirect management, causing the oversized workload in last two months before the contracting deadline in Division for Tender Evaluation & Contracting, leading to the high risk of untimely contracting majority of the projects.\textsuperscript{164}

Project level analysis shows varying experiences with regards to the timeliness of competition of the EU cooperation interventions. The available evidence indicate that as regards the activities within the PAR Section, several delays occurred while in the Section of Media and Civil Society activities were conducted in a timely manner. As regards PAR, not only there are evidence indicating that delays occurred but there were caused by different reasons. Due to electoral period in 2012, numerous outputs have not been formally adopted before the conclusion of the PAR Project. Despite later efforts and Government’s commitment to the finalization of the PAR Strategy and Action Plan (which have been acknowledged by in the Final Report of the PAR Project), a primary timeline could not be fully respected.\textsuperscript{165} Later on, in 2016 due to the same reasons- recent elections- the signing of the Grant Agreement between the World Bank and the Government of Serbia has been delayed, and was signed only later in September 2016.\textsuperscript{166}

Challenges in terms of timely initiation of projects are also found. For instance, the Trust Fund encountered significant delay in preparation of the Administration Agreement, leading further to substantial delay in commencement of project activities as well as to preparation of project outputs to some extent.\textsuperscript{167} Moreover delays occurred during the preparation of Horizontal Functional Review, backfiring on the task team to meet the timelines of the Sector Budget Support.\textsuperscript{168}

On a contrary, findings related to Civil Society and Media sector indicate that “the funded Actions demonstrate a high level of effectiveness in completing activities on time and within budget and through these in delivering the expected results. The 46 projects are all progressing well against plans or have been completed well against plans, and by-and-large activities have been delivered as planned and within the timeframe proposed and the Outputs programmed from delivery have been or are being delivered.”\textsuperscript{169}

Stakeholder interviews confirm these delays happen and emphasise that delays affect significantly the relevance and utility of projects. For instance, stakeholders highlight delays in implementation of complementary SBS assistance, which affected utility and timeliness of such type of support. All four TA projects encountered some delays in terms of contracting and implementation while some of them also encountered staffing changes which affected utility of these projects. Stakeholders note that there has been flexibility to adapt the project approaches and scope to ensure continued relevance, but in general find the delays as important weakness of EU support framework as a whole.

5.1.2 Extent to which appropriate stakeholders were involved meaningfully in the planning process

Evidence gathered through document review and field inquiry shows that EU has applied consultative and inclusive planning process which contributed to better alignment of EU assistance. Document review shows that consultation with relevant stakeholders have evolved towards a more systematic and meaningful manner. For example, the PAR Sector Fiche from 2013 noted “[t]he process of IPA 2013

\textsuperscript{164} IPA II Annual Report Serbia 2018, p.27
\textsuperscript{166} Progress Report for Serbia Functional Review Trust Fund TF No. TF072531 (EC CRIS 2015/371-2018), (Reporting period Feb 1- July 31 2016; p.3.) (Reporting period Aug 1, 2016- Jan 31 2017; p.1)
\textsuperscript{167} Progress Report for Serbia Functional Review Trust Fund TF No. TF072531 (EC CRIS 2015/371-2018), Reporting period Feb 1- July 31 2016; p.3
\textsuperscript{168} Progress Report for Serbia Functional Review Trust Fund TF No. TF072531 (EC CRIS 2015/371-2018), Reporting period Feb 1- July 31 2016; p.3
programming extended the already established consultation process developed on a sector basis during the preparation of the NAD 2011-2013 and the IPA 2012 programme preparation. Strategic approach to the programming process has been improved through more systematic approach in identification of the priority needs and earlier involvement of all relevant stakeholders in programming process, including civil society organisations. A strategic (or gap) analysis has been conducted to identify priority areas relevant for the IPA 2013 programme. The strategic (or gap) analysis has been conducted through a range of actions including analysis of the correlation between the NAD 2011-2013, the MIPD 2011-2013, the analysis of EC Opinion on Serbia (Analytic Report) 2011 and correlation with on-going and proposed 2012 assistance\textsuperscript{170}.

The main platform for discussion since establishment of the sector wide approach have been the Sector Working Groups (SWGs), which serve as the basis for introduction of the sector approach through consultations between all stakeholders involved in programming, including national institutions, donor community and CSOs. SWGs were regularly organized since establishment of sector wide approach and across the IPA II. For example, the Sector Fiche from 2013 notes “analysis has been carried out through the framework of SWGs (SEIO, Line ministries, the EUD representatives and Civil Society Organisations) that have discussed the key messages derived from the abovementioned strategic documents. On the basis of this cross-checking strategic analysis, SWG during the consultation process have identified a number of IPA I 2013 priority areas (also commented by the EUD and DG Enlargement) which have been used as basis for development of the Sector Identification Fiche and through further rounds of consultations, also for the present Sector Fiche”\textsuperscript{171}. Another documentary record shows that SWGs were recently engaged in programming of IPA 2018 and the start of programming of IPA 2019 and IPA 2020. Additionally, the programming missions from the EC were conducted regularly in the crucial phases of the programming process, as well as the ad-hoc consultations when needed.\textsuperscript{172}

Implementation of projects is steered by Steering committees that monitors implementation and decides on potential changes where needed. Since establishment of the PAR Special group, reform reports and results are particularly discussed and managed through different forms of dialogue with the European Commission and the EU Delegation in Serbia, mostly through meetings of this Group. It functions through three levels:

1) High level policy dialogue – the Special Group for Public Administration Reform
2) Strategic level dialogue – the PAR/PFM Dialogue and the PFM Policy Dialogue
3) Operational level dialogue – the PAR Working Group and the PFM Working Group.\textsuperscript{173}

This evaluation found that these measures help deliver appropriate responses to correctly identified and diagnosed issues, as confirmed by national stakeholders who value such dialogue platforms.

\textbf{5.1.3 Extent to which the scale of resources deployed has been appropriate to needs and scope of interventions}

Financial assistance envelope across the Democracy and Governance sector has been big and covered all areas of support, except support to the parliament. While little records or reflections on appropriateness of the scale of resources are found in the document review, some evaluations, such as those focusing on Civil Society and Media Action, noted that funded initiatives have largely been delivered in an efficient

\textsuperscript{170} Sector fiche – IPA National programmes / Component I 1 -Public Administration Reform Sector, 2013, p.18
\textsuperscript{171} Sector fiche – IPA National programmes / Component I 1 -Public Administration Reform Sector, 2013, p.18
\textsuperscript{172} IPA II Annual Report Serbia 2018, p.13
\textsuperscript{173} Annex 1 Implementation report Sector Budget Support for the Public Administration Reform (reporting period 01.01.2018. - 31.12.2018.), p.3
manner - on time and within budget. However, some weaknesses are noticed in this sector too. There is a lack of “practical understanding of results-based management principles and processes and an effective, practical use of results-based management tools. Where this is most noticeable is in the failure of many project to define a clear linkage between Activities (what they are funded to do) and their planned outputs (what they are funded to directly achieve), with a further lack of strong linkage to the longer term outcomes they want to contribute to (and indeed a visible linkage to overall programme objectives). While consultation processes are noted, and visible, the consistent feedback from implementing partners indicating an ineffective engagement with the EU on matters of political importance and in development of a collaborative approach with CSOs and media organisations indicates that a more visible and structured approach would be of benefit to all parties.

5.1.4 Extent to which those responsible for execution and implementation feel and take ownership of the implementation plans

5.1.5 Extent to which completed projects report that design-stage planning and analysis were accurate and helpful for implementation

With regards to ownership, evaluation finds that the sector of Democracy and Governance has been challenged by the level of absorption capacity of beneficiary institutions throughout the IPA I and IPA II periods, which has direct linkage to the level of ownership. The challenges include high turnover of staff in the public administration and the employment freeze, but also lack of commitment by the senior management to projects implemented. In particular, decentralized (indirect) management approach required more capacity and specific competences in civil service that did not always exist.

Findings on a project level rarely indicate the extent which those responsible for execution and implementation feel and take ownership of the implementation plans, but it certainly shows a more or less clear division of duties among the actors. For example, during the PAR process, "the MPALSG, the Secretariat for Public Policies (SPP)–responsible for an increased focus on policy planning and coordination—along with the MoF and the Serbian European Integration Office (SEIO) were designated as the principal institutional stakeholders responsible for the management and implementation of the sector reform contract." However, it is noted that despite the right commitment and participation of the line ministries is there is a need for the appropriate understanding of all their roles within the PAR process and the integral role they have in it.

As regards the project “Public Administration Rightsizing and Restructuring”, stakeholder interviews confirmed the findings of the ROM Report which stated that while the ownership among the main target groups and institutional stakeholders is good as the ministries are performing the specific tasks well and timely, “the overall understanding (i.e. of the MoF) that PAR process is a joint “restructuring” platform of the GoS and all its sectors, is not as evident and MoF’s taking more of a leading role is imperative in the PAR process to uphold its full scope.”

JC 5.2 Monitoring, evaluation and oversight mechanisms provide real time feedback on results, and appropriate corrective action is decided and taken in good time

176 ROM Monitoring Questions for the Project, Serbia Public Administration Rightsizing and Restructuring Project, p.4.
177 ROM Monitoring Questions for the Project, Serbia Public Administration Rightsizing and Restructuring Project, p.4.
178 ROM Monitoring Report for the Project, Serbia Public Administration Rightsizing and Restructuring Project, p.4.
5.2.1 Extent to which decision-makers received accurate, timely and relevant information on policy and national strategy implementation, and made appropriate decisions based on monitoring and evaluation information

Evidence collected through the evaluation process shows that decision-makers are making appropriate decisions based on monitoring and evaluation information. Like in other segments of programming and implementation of EU assistance, approach to monitoring also saw evolution over the reference time of this evaluation. The Sector Fiche for PAR presents an overview of this evolution:

"In 2013 sector monitoring was still under development. Sector monitoring for PAR sector is based on two key mechanisms: system of performance indicators which have been developed to accompany the document "Needs of the Republic of Serbia for International Assistance 2011-2013" and on periodical review of the implementation of the Action Plan for PAR. In order to monitor the implementation of the Action Plan for PAR, the Ministry in charge for Public Administration in the period since 2009 had continuously collected relevant information and data from ministries, other PA bodies, state bodies and organisations that were in the Action Plan identified as carriers of certain activities, through semi-structured questionnaire. Collected information and data were used for preparation of periodic Reviews of the Action Plan implementation. Result-based system of indicators accompanying document "Needs of the Republic of Serbia for International Assistance" defines baseline and target values (benchmarks) for a four-year period and will be revised annually. Indicators are linked with the relevant sector priorities and measures defined in the document, and are, to the extent possible, taken from sector performance frameworks described in the first paragraph. It is intended that this system of indicators is used in planning and monitoring of EU funds and development assistance and integrated in the relevant planning/programming documents (including sector/project fiches)."

Stakeholder interviews point to the Steering committee meetings, the PAR Special group, etc. as good venues to monitor implementation of assistance and discuss and develop action points for next cycle or period of implementation. Besides, stakeholders view the SBS complementary assistance project for Assessment and monitoring as important mechanism for oversight of SBS implementation and achievement of mutually agreed results (as per set SBS indicators).

5.2.2. Extent to which decision-makers received accurate, timely and relevant information on sectoral strategy implementation, and made appropriate decisions based on monitoring information

The Evaluation of participation of the Republic of Serbia in the EU Programmes in the period from 2007-2012, indicates that there is a need for strong national coordination mechanism between all relevant institutions responsible for Union Programmes in the Republic of Serbia in order to ensure effective and efficient participation in Union Programmes and absorption of available funds cost effectiveness of the entry ticket payment. In addition, the evaluation pointed out that regular exchange of information between EU and line ministries shall be secured, in order to enable national authorities to regularly monitors, on an annual base, the efficiency and effectiveness of Serbia's participation Union Programmes as well as the progress in alignment of the Serbia's strategic goals with the EU programmes financed initiatives.

As noted above, the PAR Special group serves as an important venue to discuss the implementation of PAR and jointly agreeing on a number of action points for the next cycle of implementation of PAR related interventions. National and EU stakeholders confirm utility and value of these meetings for monitoring and jointly agreeing on next steps, but also to ensure continued commitment to reform. Besides, stakeholders, particularly on the EU side, pointed to utility of the SBS complementary assistance TA project for Assessment and monitoring which produces independent evaluations of progress of PAR with set of recommendations for continued work on PAR within the framework of SBS.

179 Sector fiche – IPA National programmes / Component I 1 -Public Administration Reform Sector, 2013., p.14
180 Support to participation in EU Programmes, 2015, p.7
5.2.3 Extent to which decision-makers received accurate, timely and relevant information on intervention/project level implementation, and made appropriate decisions based on monitoring information

Evaluation found that all sampled projects have Steering committees and relevant monitoring and oversight bodies. The meetings are organized regularly and serve the purpose of monitoring of implementation and decision making on adaptations/modifications of support to be better aligned with the needs.

2.6. EQ 6 Modalities and Instruments

EQ 6 To what extent has the use of different instruments and modalities contributed to achieving programme results?

Evaluation found limited reference to differences between instruments and modalities and their contribution to achieving programme results. Different types of interventions have been implemented, including national/multi-beneficiary/regional projects, SIGMA assistance, sector budget support, as well as TAIEX, which offered strong support to institutional strengthening. Evaluation of TAIEX assistance noted that support was effective and it is broadly used for capacity building in relation to EU integration that is contribution also to PAR181. SIGMA support has also been very important particularly for support to PAR. Regarding the twinning instrument no projects in the field of PAR were identified during the desk study.

Overall, it is evident that with establishment of the sector wide approach, the support to PAR has been more visible and focused. Also, there was a move from the project towards the Sector budget support approach. Stakeholder interviews point to a variety of pros and cons of different types of assistance. All stakeholders interviewed within the scope of PAR sector agree that TAIEX is very valuable and contribution to the capacity building. National stakeholders find that SBS is very useful instrument that provides them with possibility to tackle a number of horizontal issues. Interviewed stakeholders note differences between ‘classical’ TA and SBS, finding that classical TA is useful for ‘deep dive’ in a certain topic and/or institution or a group of institutions; however SBS provides more breath of support which is especially valuable when such horizontal sectors like PAR are tackled. Twinning is seen as a useful instrument from the point of mutual exchange and learning.

JC 6.1 The individual modalities and implementing partners selected are appropriate given the objectives pursued and the country context

6.1.1 Use of modalities by value, number of interventions, and sector

6.1.2 Extent to which the selected modalities for sample projects are contributing to the sample projects having achieved/achieving their planned results

Documentation that has been analysed does not provide significant comment on this question. Stakeholder interviews find that SBS has been a good tool for achievement of results within PAR.

JC 6.2 The combination/portfolio of different modalities were used appropriately and complemented each other in order to achieve strategic goals

181 European Commission (2015); Evaluation of TAIEX
6.2.1. Extent to which the choice of modality, and their mix, contributed to achievement of strategic results

Documentation that has been analysed does not provide significant comment on this question. Stakeholder interviews point to the fact that SBS in combination with complementary assistance (with caveat that it is implemented in timely manner) have a strong potential to achieve strategic results in PAR.

2.7. EQ 7 Coordination, complementarity and coherence

7. To what extent are the various components of the European Union’s cooperation with Serbia complementary with each other, in alignment with Government policies and harmonised with support from other donors?

Evaluation found that coordination has been evolving throughout the reference period of this evaluation. For instance, the report on Support to participation in EU programmes noted that “Inter-institutional cooperation and coordination as well as increased efficiency and effectiveness of international assistance in the PAR sector has been improved through establishing SWGs for all assistance sectors. SWG will also include representatives of newly established Republic Secretariat for Public Policies. The Lead Donor represents the interests of all donors active in the PAR sector at the SWG meetings and takes part in consultation processes for analysing sector priority goals, measures and operations supported by EU funds and other international assistance.”

The SWGs meetings held serve as a forum for discussion not only for IPA programming but also for preparation and implementation of relevant policies and strategies within each sector, as confirmed by stakeholder interviews.

Special report n19 on EU Pre Accession assistance for Serbia finds that the coordination of the national strategies with the IPA goals has become even more consistent since introducing sector-based approach in 2012. Stakeholder interviews confirm that the coordination has been improving since introduction of the PAR Special group. Stakeholders noted that the Special Group brought structured dialogue which helps find mutual agreement on priorities and solutions to arising needs and challenges.

JC 7.1 The multi-beneficiary, national programmes and other EU programmes were well coordinated and mutually supportive in achieving strategic goals

Very limited evidence is found with regards to the coordination of different EU programmes. Few instances found show that, for instance actions proposed within the EIF derive from the priorities listed under the IPA II Indicative strategy paper (ISP) for Serbia and have been aligned with the recommendations of the 2015 Annual Report for Serbia (AR 2015).

However, project level analysis brings more evidence about a lack of coordination between the multi-beneficiary, national programmes, and other EU programmes and shows that linkages across these levels have been very differently arranged across the projects. For instance, despite the given effort, it has been noted that in the field of Public Administration Reform, there have been overlaps and waste of

182 Support to participation in EU Programmes, 2015, p.7
183 Special report n19 EU Pre Accession assistance for Serbia, European Court of Auditors, 2014, p.12
184 European Integration Facility 2016, European Commission, p.8
available financial and other resources. The Final Report on the PAR Project finds that “during the implementation process of this project, there were two on-going projects in the field of general PAR (this project as well as SIDA funded project “Support to the PAR 2010-2013”), as well as two projects in the field of policy-making and coordination at the Secretariat General of the Government (again, a part of this project and one SIDA funded project in this field).” The report recommended that to remedy and avoid these overlaps and inefficient use of resources, more efforts need to be invested in a better coordination among the donors, especially bi-lateral (e.g. Swedish SIDA). The PAR Project also noted overlaps regarding the substantial and repeated funds ensured by the EU in the last decade to all regional development agencies (RDA) and all SMEs agencies, NARD etc.

Inception Report on Technical Assistance for Prevention and Fight against Corruption dating from 2017, names numerous other donors and projects active in this area and reports that one of the potential risks to endanger the project implementation is a poor coordination between donors and across related EU projects. The Interim report though noted that MoJ held a coordination meeting with other projects supporting the new Law on Organization and Jurisdiction of State Authorities in Combating Organized Crime, Terrorism and Corruption to ensure coordination between the donors in order to avoid the duplication of project activities. Examples and best practices will be further investigated in the field.

Media and Civil Society is yet another Sector where a disconnect between programming and strategy has been noted, and according to Evaluation of Contracts Implemented and Financed by IPA under the Civil Society and Media Action. The evaluation found that “the EU could reconsider its approaches regarding the priorities of coordination, coherence and consistency with other donor agencies and with funded organisations.” On the other hand, the analysis of documents about the Serbia Public Administration Rightsizing and Restructuring Project shows a satisfactory level of coordination of the programming, without the overlapping between this and other interventions supporting the PAR process. Good coordination has been further confirmed as the project coexists with other donor led interventions active in the PAR Sector, and collaborates with other actors, such as SIGMA (development of the PAR Action Plan).

7:1:2 Extent to which the outcomes of multi-beneficiary, national programmes and other EU programmes were/are complementary

Neither documentary analysis, nor the field inquiry offered evidence related to the complementarity of the outcomes of different programmes conducted in Serbia. However, there is some evidence pointing towards their coordination and alignment and this evidence is presented under indicator 7.1.1.

JC 7.2 EU cooperation supports government policies and strategies, and complements support of other donors, including IFIs and Member States

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187 Comments Relating To The Public Administration Reform Strategy And Action Plan, February 2013, p.10
191 ROM Report for the Serbia Public Administration Rightsizing and Restructuring Project, 2017 P.4
7.2.1. Extent to which EU national programmes align with government stated priorities, strategies and policies

As discussed in assessment of relevance (See EQ 1), there is a strong alignment of EU programmes with government stated priorities and policies. Project level analysis also offers evidence on alignment of EU national programmes with government stated priorities, strategies and policies, as elaborated in EQ 1. For instance, there is coherence between the "PAR Strategy and the Prime Minister's exposé (Government’s framework programme), the Action Plan for the implementation of the Government's Work Programme, the "EU Principles of Public Administration", updated in November 2014, and the communication of the EC 'Enlargement Strategy and Main Challenges 2014-15".193 As regards other sub-strategies, it is especially relevant to mention the e-governance strategy, as a central element for efficiency improvement within public institutions, as despite the PAR Strategy alignment with this as well as other sub-strategies, the beneficiaries did not seize the opportunity to integrate the e-governance initiative into the wider reforms.194 These findings are also confirmed through field inquiry.

7.2.2 Extent to which EU national programmes align with programming and planning of other donors and IFIs

Evaluation found that donor coordination is well coordinated and functional. Efforts are invested by Serbian authorities and EU in terms of coordination and harmonisation of donor activities in Serbia. Coordination with a particular focus on country ownership over coordinating aid-funded activities, is ensured through the functioning of SWG for Programming in PAR sector as coordinated by Serbian European Integration Office (SEIO) while MPALSG and MoF are lead national institutions in PAR sector.195 DEU in Serbia holds regular sector donor coordination meetings with representatives of the EU Member States. It also co-chairs with the World Bank an informal donor group including international organisations and non-EU bilateral donors on a bi-monthly basis. Additionally, representatives of the EU Delegation participate in sector coordination groups convened at the initiative of line ministries and/or other donors. The EU Delegation also maintains close working relations with International Financial Institutions (IFIs), including IMF, EIB, EBRD and World Bank. NIPAC is responsible for donor coordination and a full round of written consultations on IPA 2012 proposals were conducted in 2012 with the EU Member States, IFIs, as well as CSOs. 196

IPA II 2018 Annual Report stipulates that donor coordination area has recorded significant efforts towards improvement of donor coordination at national level by developing standardised table which the comprehensive data on EU and bilateral projects and by improving communication with representatives of donor community.197 Specifically, this report noted that "in the course of 2017 significant progress has been made in improving the donor coordination system and tools with national planning and budgeting processes, but there is still a need to improve the efficiency of dialogue with development partners on different levels and in various sectors, particularly having in mind that there are many stakeholders involved."198 In the process of MIPD 2019-2025 preparation a comprehensive consultation process was

193 ANNEX II: TERMS OF REFERENCE FOR THE IMPLEMENTATION OF SERVICE CONTRACT “Prevention and fight against corruption”, 2016 p.3
194 ANNEX II: TERMS OF REFERENCE FOR THE IMPLEMENTATION OF SERVICE CONTRACT “Prevention and fight against corruption”, 2016 p.3
195 Sector monitoring committee report, NIPAC Technical Secretariat/BCPME (Body for Coordination of Programming, Monitoring and Evaluation) The Ministry of European Integration Department for Planning, Programming, Monitoring and Reporting on the EU funds and Development Assistance, 2016, p. 7
196ANNEX National programme for Serbia under the IPA – Transition Assistance and Institution Building Component for the year 2012, p.2-3
197 IPA II Annual Report Serbia 2018, p.25
held with representatives of the donor community, and it was focused on the topic related to aid programming and need assessment. The process of preparation of MIPD is conducted by MEI, and it represents one of the key mechanisms in the coordination of development aid.

Further findings corroborating the cooperation between the EU and other donors are found on the project level analysis, in the area of Prevention and Fight against Corruption, where the Project met with the representatives of the MoJ and held the meetings with the USAID GAI and Pistaljka, with the aim to co-organize national conference on the whistle-blower's protections.

3. Contribution analysis

Evidence collected through document review and stakeholder interviews point to limited outcome level results in the area of democratic governance, concretely in the way that public administration functions. Despite huge investment by the Serbian government and EU into the PAR, the incrementality of nature of PAR reform meant achievement of a number of output level results, yet emerging outcome level changes could be observed in only some sub-areas of the PAR as a whole. Most promising results have been evidenced across strategic planning and legislative drafting within the sector and e-services (e-gov). Least visible changes are noted in the area of accountability and to some extent HRM and public services.

Output level results

- Improved institutional capacities
  EU investment (financial and non-financial) has contributed to improvement of institutional capacities across PA, though with variations. Most important improvements were noted in the field of e-services, policy planning and legislative drafting. Improvements were also noted to some extent in participatory decision-making mechanisms.

<table>
<thead>
<tr>
<th>Contributing FACTORS</th>
<th>TYPE</th>
<th>EVIDENCE</th>
<th>SIGNIFICANCE</th>
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<tbody>
<tr>
<td>Intervention Selection</td>
<td></td>
<td>Document review and stakeholder interviews both on the side of Serbian government stakeholders, EU, civil society confirm that moving to the sector-based approach has brought significant positive measures for supporting the PAR as a horizontal priority. Before introduction of the sector-based approach, support to PAR was fragmented which significantly affected the delivery of results for the sector. Additionally, this move to sector-based approach also meant more focus of non-financial assistance (policy dialogue, advocacy) that was not there before. This approach supported stronger focus of the government on PAR as a sector with more thorough policy framework for the sector as a whole.</td>
<td>4</td>
</tr>
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201 Four types are considered: contributing internal factor, preventing internal factor, contributing external factor, preventing external factor.
### B. Introduction of Sector Budget support (SBS)

Internal contributing

Following the introduction of the sector-based approach, another important change in the way in which EU organized its support to the PAR was introduction of the SBS. Stakeholders across all stakeholder groups agree that SBS brought a new momentum for the reform and also helped focus, relevance and strength of the support (decreasing the fragmentation).

### C. Complementary assistance delays

Internal inhibiting

SBS has been an important driver of relevance and efficiency according to stakeholders and desk review. The SBS comes with complementary assistance which is conceptualized as a group of supporting actions for delivery of SBS envisaged results. Conceptually, complementary assistance was well designed, however delays in its implementation diminished the potential of stronger results.

### D. Adoption of the so-called SIGMA Principles

External/internal contributing

Until 2015, there were diverging views and understanding of PAR across different stakeholders within EU, with beneficiary countries and other relevant development partners. This affected the level of fragmentation and also differences in approaches in support to PAR. The publication of the so-called SIGMA Principles of PAR brought coherence in understanding of the scope and reach of PAR, with elaboration of PAR areas, principles and indicators to help measure the status of reforms. Stakeholder interviews noted that this created a turning point in the manner to which both the EU and national stakeholders understood the sector as a whole.

### E. Participatory planning and design helps increase the relevance of interventions

Internal contributing

Across the reference period of the evaluation, stakeholders noted that participatory programming was implemented helping to design relevant and needed support interventions. In particular, SBS programming process is noted to be positive example of participatory process.

### F. Time-lapse between programming – contracting – implementation

Internal inhibiting

Across the board of EU financial support to PAR, delays and time-lapse between programming-contracting-implementation have been noted, affecting delivery of results but also the relevance of assistance. Illustrative examples of such delays and their effects are found in the delays of the SBS complementary assistance. Due to delays in contracting but also due to some internal staff changes, etc. complementary assistance was significantly delayed, with some projects only really starting by the end of 2018 or 2019. Stakeholders following this type of assistance noted that this brought a number of negative effects in terms of availability of technical assistance to the government institutions and overall support to the PAR process.
Stakeholder interviews also noted that significant delays were noted in TA projects (before SBS), and such delays affected relevance of support. Delays demanded changes in the project design in the inception phase to ensure that the projects can contribute to reform processes in given areas.

Interviews with all stakeholders point to the selection of experts as a strong factor that affects delivery of assistance. Stakeholders their views on different forms of EU financial support (TA service contracts, twinning, TAIEX, SBS) noting that the success of any kind of support depends to great extent on expertise commissioned for such support. National stakeholders emphasise that their participation in selection process helps to procure good expertise and that there is a noted difference in experts selected by the EU and those where national stakeholders also participated in selection. Thus far, national stakeholders were satisfied with selected expertise, and noted that in cases when expertise is not appropriate, EU is open to changing the teams to ensure better relevance of expertise.

Absorption capacity of beneficiary agency/institution is of critical relevance for achievement of results. Document review and stakeholder interviews (government, civil society, development partners and the EU) note that in many cases, absorption capacity of beneficiary institutions has been limited or not conducive for the assistance to achieve its catalytic potential. In many areas, notably HRM, accountability, absorption capacity was not high affecting the extent to which delivered technical assistance could promote institutional changes that would be needed for full uptake of reform ideas.

EU accession as a whole, and the role of PAR as a ‘soft acquis’ has been a driver of commitment to the reform as such. Despite the fact that Serbian government has been at times ambivalent to EU as an actor, EU accession remains underlying driver of reforms. Within this, PAR has been seen as a sector which needs to be strengthened in order to uptake the wider set of reforms required within EU accession path.

As mentioned above, Serbian government has maintained commitment to EU accession across the reference period of the evaluation, with more-less enthusiasm along the way. This has been a driver of the PAR thus far. However, the senior decision-makers’ commitment does not always translate into
commitment of beneficiary institutions/agencies and this affects the delivery of results along with overall absorption capacity (see above). Stakeholders agree that while high-level policy commitment exists and is visible through delivery of PAR Strategy priorities and an open policy dialogue with the EU (Special Groups on PAR, etc.), main obstacle to achievement of transformative results is the lack of commitment of institutions (their management) to participate in activities and transform their institutions per international and regional best practices.

| K. Political volatility, staff turnover | External inhibiting | Volatile political context is the most important external inhibiting factor affecting achievement of results in PAR. Frequent elections and resulting staff/appointee turnover and changing institutional and government policies affect the thinking on PAR and then also delivery of PAR results. While most of the PAR interventions are rather technocratic and would be expected not to be affected by political changes, stakeholders noted that transformative results are hindered by staff and changes in priorities which demand repeated investment in some sectors which were supported before. |
| L. Coordination with other development partners | External contributing | Document review and stakeholder interviews noted positive developments in terms of donor coordination of PAR support. EU MSs coordinate with EUD when it comes to PAR assistance, and the support is complementary. There is also coordination with other development partners (IFIs) and overall coherence is viewed positively, with no examples of clear overlaps. |
| M. Coordination among national stakeholders | External inhibiting | Document review and stakeholder interviews note that lack of coordination among government institutions and agencies is an important hindrance to achievement of PAR results. Despite government and EU efforts to enhance coordination, which is also one of the pillars of PAR per SIGMA principles, stakeholder interviews confirm that the coordination is still suboptimal. |
| N. Delivery of appropriate interventions | Internal Contributing | Document review and stakeholder interviews note that, once the assistance is underway, in most cases the delivery is of quality and appropriate (with variations). In cases, where expertise is not appropriate or when problems arise, there is flexibility on EU and contractor side to replace/change. This flexibility is a driver of results. |
4. Concluding remarks

The EU assistance in the sector of Democracy and Governance has been stable over the reference period for this evaluation and consisted of relevant and evolving assistance in line with Serbia’s steps towards EU accession. The main challenge within the sector in terms of design has been linked to horizontality of most themes under the sector (e.g. PAR, governance, civil society) which created difficulties to monitor and gain buy in from the government stakeholders for reform, as none of the themes are directly tackled in any chapter, yet demands are made across each sector.

At the same time, monitoring of results has been extremely difficult particularly at outcome level, as TA projects across the board of EU assistance in all sectors includes elements and measures supporting enhancement of capacities of public administration to uphold sectoral reforms. However, direct linkages between and across these efforts have not been made making it difficult to grasp and measure the change achieved cumulatively. This is a missed opportunity.

Efficiency of assistance has been affected by significant delays, particularly in the process between programming – tendering – contracting of assistance. These issues seem not to have affected relevance to great extent but have caused in some cases dwindling ownership and support of beneficiaries to reform that given interventions were focusing on. Monitoring of assistance was also of varying quality which affects the extent to which achievements and EU attribution can be measured across the sector.

The EU assistance has been effective in achieving outputs across the sector, albeit with variations. However, outcomes across the sector have been minimal. The EU assistance has been instrumental in strengthening the PA and PFM structures to provide more functional and efficient services. However, efficiency of the structures varies and depends on the sector and the extent to which investment resulted in more tangible change of mindsets and commitment to fulfilling the principles of public administration in line with SIGMA. Closely interlinked are the outcomes of investment in depoliticization and professionalisation of the PA, which has been significant over the reference period of this evaluation. While progress is there as found by consecutive EU reports, the change is still not sufficiently rooted across the PA in Serbia and is still fragile. Institutional and legislative mechanisms are largely in place but are not uniformly applied. EU assistance to parliament was minimal and mostly non-financial, resulting in minimal outcomes of assistance in this regard. When it comes to relations between Serbia and Kosovo, they are marred with volatile political context and external and internal political influences. Most visible outcomes are captured with regards to the civil society. The civil society has been strengthened and offers important inputs in policy and EU accession processes.

Across the board of sector themes and strongly affecting results of EU interventions are factors such as volatile political situation, reluctance and slow reform in PA. On the other side, driver of results is Serbia’s commitment to EU accession.

EU assistance within the sector seems to have been coherent and coordinated well.

4.1. Assessment of hypotheses emerging from the desk review

<table>
<thead>
<tr>
<th>Emerging hypotheses from the desk review</th>
<th>Field phase</th>
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The EU assistance to the democracy and governance has been instrumental to create foundations for upholding and sustaining reforms towards EU accession.

There has been an evolution of EU assistance, in particular to PAR, and this evolution was important factor for better responsiveness to needs and increased effectiveness of EU assistance within the sector.

The outputs resulting from EU assistance have not, thus far, materialized in tangible outcomes in PAR. The PAR is incremental and slow reform, so further support is needed.

Coordination and coherence seem to be strong.

4.2. Recommendations

Effectiveness of EU support with regards to capacity building and rightsizing the PA needs to be strengthened. EU should support further efforts towards depoliticization of public administration and merit-based recruitment and career advancement. Accountability and transparency of public administration are other areas where further investments are needed.

Monitoring of cumulative results of TA across sectors on increase in capacity of PA to uphold reforms should be strengthened.
ANNEX 5

Sector 2: Rule of Law and Fundamental Human Rights
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Sector 2: Rule of Law and Fundamental Human Rights

1. Introduction

Serbia obtained candidate status for EU membership in March 2012 and officially opened accession negotiations in January 2014. The EU’s strategic framework for its work with Serbia is defined in its strategic documents, most importantly the Indicative Strategy Paper for Serbia (2014-2020) and the Revised Indicative Strategy Paper for Serbia (2014-2020). The Strategy Paper sets out the priorities for EU financial assistance for the period 2014-2020 to support Serbia on its path to EU accession. It translates the political priorities, set out in the enlargement policy framework, into key areas where financial assistance is most useful to meet the accession criteria. The Strategy Paper notes the four key IPA II (Instruments for Pre-accession Assistance) are support for political reforms, support for economic, social and territorial development, strengthening the ability of beneficiary countries (of which Serbia is one) to fulfil obligations associated with membership of the EU through alignment with and implementation of the EU’s acquis and strengthening regional integration. The acquis defines the rights and obligations binding on all EU countries, and all applicant countries, such as Serbia, must accept the acquis before their membership in the EU can proceed.

The Strategy Paper notes that the priorities it defines serve as the basis of multi-annual programming of IPA II with Serbia. It also notes that ’a key lesson is the importance of addressing the fundamentals first: rule of law/ fundamental rights, economic governance and public administration reform.’ Further, the Strategy Paper references the Communication of the Commission A credible enlargement perspective for and enhanced EU engagement with the Western Balkans in noting that paper’s clear statement on the requirement for substantive reforms in the area of rule of law and fundamental rights. The Strategy Paper closely mirrors NAD regarding the priorities for EU assistance in the next seven years.

The Strategy Paper describes the two pillars on which the EU’s pre-accession assistance will be based. The first pillar is democracy and the rule of law and covers democracy and governance and the rule of law and fundamental rights. The Strategy Paper notes that in line with the accession negotiation framework the rule of law chapters have been put ’at the heart of the enlargement process’.

The Strategy Paper notes that it was prepared in cooperation with Serbia, particularly noting the Ministry for European Integration (MEI), with sector working groups comprised of line ministry representatives, other national stakeholders, civil society organisations, EU member states, other donors, international

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3 Ibid, page 2.
4 https://ec.europa.eu/neighbourhood-enlargement/instruments/overview_en
5 https://eur-lex.europa.eu/summary/glossary/acquis.html
7 Ibid, page 6.
financial institutions and other international organisations. The Strategy Paper also notes other, directly related, MEI consultations with civil society organisations.\textsuperscript{11}

The \textit{European Convention on Human Rights}\textsuperscript{12} and the \textit{Charter of Fundamental Rights of the European Union}\textsuperscript{13} also provide background to discussions on this sector in Serbia, particularly in the context of processes of accession to the EU – the Charter notes specifically that the provisions of the Charter ‘are addressed to the institutions, bodies, offices and agencies of the Union with due regard for the principle of subsidiarity and to the Member States only when they are implementing Union law. They shall therefore respect the rights, observe the principles and promote the application thereof in accordance with their respective powers and respecting the limits of the powers of the Union as conferred on it in the Treaties.’\textsuperscript{14}

Further, the EU approves membership when applicants comply with the EU’s ‘standards and rules’\textsuperscript{15} which are defined in the \textit{acquis}. These ‘rules’ are divided into 35 policy areas, called \textit{Chapters}. For this sector, Chapter 23 is fundamental:

\begin{quote}
‘EU policies in the area of judiciary and fundamental rights aim to maintain and further develop the Union as an area of freedom, security and justice. The establishment of an independent and efficient judiciary is of paramount importance. Impartiality, integrity and a high standard of adjudication by the courts are essential for safeguarding the rule of law. This requires a firm commitment to eliminating external influences over the judiciary and to devoting adequate financial resources and training. Legal guarantees for fair trial procedures must be in place. Equally, Member States must fight corruption effectively, as it represents a threat to the stability of democratic institutions and the rule of law. A solid legal framework and reliable institutions are required to underpin a coherent policy of prevention and deterrence of corruption. Member States must ensure respect for fundamental rights and EU citizens’ rights, as guaranteed by the acquis and by the Fundamental Rights Charter.’\textsuperscript{16}
\end{quote}

Chapter 23 – Judiciary and Fundamental Rights, the Chapter critical to this sector, was opened together with Chapter 24 – Justice, Freedom and Security in 2016. The Press Service of the Ministry of Foreign noted on 19 July 2016 that ‘The opening of negotiating chapters 23 and 24 implies that the Republic of Serbia would embark with greater intensity on the process of essential alignment with European values and standards in the areas of key relevance for every society and our citizens as well, namely the judiciary, anti-corruption, respect for fundamental and minority rights, freedom of the media, as well as security, primarily with regard to combating organized crime, terrorism, migration, asylum policy, visa policy and cooperation in many areas.’\textsuperscript{17}

Following consent on the \textit{Action Plan} from the Working Party on Enlargement and Countries Negotiating Accession to the EU, the Government of Serbia in June of 2016 presented its \textit{Negotiating position of the Republic of Serbia for Inter-governmental Conference on accession of the Republic of Serbia to the

\begin{footnotes}
\item[12] https://www.echr.coe.int/Documents/Convention_ENG.pdf
\item[14] Ibid. Article 51.
\item[16] https://ec.europa.eu/neighbourhood-enlargement/policy/conditions-membership/chapters-of-the-acquis_en
\end{footnotes}
European Union for Chapter 23 Judiciary and Fundamental Rights.\textsuperscript{18} This was directly followed by the EU’s draft European Union common position on Judiciary and fundamental rights on 5 July 2016.\textsuperscript{19}

Reporting on progress

Once the two negotiating chapters were open, Serbia committed itself to submit reports on monitoring of the implementation of the Action Plan for Chapters 23 on a quarterly basis. The intent of these reports is an updating of the status of activities being implemented from within the Action plan (providing detail against results indicators), including in relation to established deadlines and justifications where these deadlines are not being met. In response, the EU reports each six months on implementation against the interim benchmarks based on inputs from the Government of Serbia (the Serbian Ministry of Justice and the Ministry of Interior), feedback/inputs from civil society organisations, inputs from EU experts/expert missions.

Annual progress reports, i.e., the Commission Staff Working Documents now styled as Serbia 2019 Report etc. provide critical commentary on the status of the work of the Government of Serbia in relation to its reform agenda. The analysis of these annual progress reports will be found throughout the balance of this report, commenting on the framework and content of Serbia’s accession priorities and processes, particularly in relation to Chapter 23. It is worth noting that while the annual progress reports address each Chapter of the EU Acquis, the Serbia 2018 Report and the Serbia 2019 Report both place Chapters 23 and 24 at the front of the document, emphasising thematically and in the actual narrative the importance of these Chapters.

Serbia itself reports in the form of annual National IPA Coordinator (NIPAC) reports (the most recent from February of 2019).\textsuperscript{20}

1.1. Sector Background

Scope of the sector

The Action Plan for Chapter 23

The lead-up to the opening of Chapter 23, during the period from 2014 through to 2016, included clarification of the basic requirements for opening the chapter and the fulfilment by the Government of Serbia of these basic requirements. Fundamental to this process was the development by the Government of Serbia of its Action Plan for Chapter 23.\textsuperscript{21} The Action Plan notes the commitment of the Government of Serbia to processes related to European integration. The document also specifically notes that this process ‘requires substantial and fundamental changes in the judiciary, the anti-corruption system and the protection of fundamental rights, both at the normative and the implementation level’.\textsuperscript{22} Importantly, the document states that ‘the Action Plan for Chapter 23 represents the overarching strategic document with which all the other strategic documents shall be aligned upon its approval’,\textsuperscript{23} and therefore

\begin{itemize}
\item \textsuperscript{19}\url{http://www.mei.gov.rs/upload/documents/pristupni_pregovori/pregovaracke_pozicije/Ch23%20EU%20Common%20Position.pdf}.
\item \textsuperscript{20} February 2019. Annual Report on the implementation of IPA II assistance under direct and indirect management by the RS. NIPAC Technical Secretariat.
\item \textsuperscript{22} Ibid, page 3.
\item \textsuperscript{23} Ibid, page 3.
\end{itemize}
the framework, recommendations, anticipated results and indicators of the document are of particular importance to the analysis in this document.

Development of the Action Plan included preparatory workshops, consultative meetings, workshops with negotiating groups, training in the methodology of preparing budgets for actions plans and development/implementation of a consultative process with civil society organisations (CSOs).

The Action Plan provides a detailed description of the structure and process for:

- Supervision of the Action Plan – a wide range of bodies are nominated
- Expert support – Council for the implementation of the Action Plan
- Administrative technical support – the Ministry of Justice, European Integration Office
- Early warning – focused on the Council for the implementation of the Action Plan

The Action Plan provides a specific approach for the engagement of civil society in the implementation of the Action Plan, also with a specific mention of biannual meetings with the National Convention on the EU as a coordination/feedback process.

The Action Plan defines a range of recommendations (and related activities) in each of the defined sub-chapter areas. These recommendations and activities are looked at below and will form an important component of the analysis of this report.

Sectoral framework

This analysis has been undertaken and is structured in line with EU sectoral frameworks (notably Chapter 23) and reporting, specifically annual Progress Reports. The Action Plan for Chapter 23 is not completely consistent across categories for discussion, specific analysis of priorities and actions to be undertaken. Neither is the Action Plan consistent with the Screening Report, although there is significant correlation in the categories used. The discussion below provides the most complete discussion framework, making use of the categories found in the Action Plan from page 203 onwards. While there is some variation in strategic documents and reports, overall categories and priorities are generally consistent across strategic, planning and reporting document. In this context, and to facilitate analysis, what follows is structured to look at specifically relevant aspects related to Chapter 23 and then to provide analysis according to the three main areas of the Action Plan for Chapter 23:

- The functioning of the Judiciary
  - Independence
  - Impartiality and Accountability
  - Professionalism, competence and efficiency
  - War crimes
- The fight against corruption
  - Implementation of anti-corruption measures
  - Prevention of corruption
  - Repression of corruption
- Fundamental rights
  - Prohibition of torture and inhuman or degrading treatment or punishment
  - Position of the ombudsman, the provincial ombudsman and local ombudsmen
Prison system
Freedom of thought, conscience and religion
Freedom of expression and freedom and pluralism of media
Principle of non-discrimination and social position of vulnerable groups
Procedural safeguards
Position of national minorities
Position of refugees and internally displaced persons
Measures against racism and xenophobia
Personal data protection

The functioning and structure of the judiciary

Strategic and negotiating documents note the complexity and length of time needed for changes to the Constitution of the Republic of Serbia and in this stated context point to the range of interim measures undertaken to address judicial reform processes while working within the existing constraints of the legislative and institutional framework.  

This institutional framework for the Judiciary encompasses:

- The Constitutional Court
- The High Judicial Council
- The State Prosecutorial Council
- The Ministry of Justice
- The Judicial Academy
- The Supreme Court of Cassation
- Four appellate courts
- 25 higher courts
- 66 basic courts with 25 court units
- The misdemeanour court of appeal with three departments
- 44 misdemeanour courts
- The Commercial Court of Appeal
- 16 commercial courts
- The Administrative Court with three departments
- The Republic Public Prosecutor’s Office
- Four appellate public prosecutors’ offices
- 25 higher public prosecutors’ offices

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• 58 basic public prosecutors’ offices.

In September of 2014 the judicial system of the Republic of Serbia comprised 2800 judges, 90 public prosecutors and 741 deputy public prosecutors.27

The Screening Report28 made 8 recommendations in relation to judicial independence, 2 recommendations in relation to judicial independence and 11 recommendations in relation to judicial professionalism, competence and efficiency. How these recommendations are to be specifically addressed, and anticipated results, form a key component of the Action Plan for Chapter 23.

Strategic framework


Serbia faces a number of challenges in the judiciary and fundamental rights sub-sector, which is at the heart of Serbia’s accession process to the EU and is covered under the negotiation Chapter 23 (Judiciary and Fundamental rights). There are weaknesses regarding independence and efficiency of judiciary (judicial elections, budgetary dependence, court network, electronic case management, capacities of the key stakeholders, procedural laws, prosecutorial investigation, access to legislation and jurisprudence).29

The Serbia Judicial Functional Review30 provided a detailed and objective analysis of the justice sector in Serbia in 2014. This analysis, and its contribution to development of the Action Plan for Chapter 23 are noted in the Action Plan: ‘A significant contribution to the quality of the activities in the sub-chapters Judiciary and Fundamental Rights was provided by the results of the Judicial Functional Review in the Republic of Serbia conducted by the World Bank during 2014. Through intensive and constructive dialogue with the World Bank experts, the recommendations from the Judicial Functional Review have been incorporated into the content of the activities of the Action Plan to the greatest extent, bearing in mind the level of generality of recommendations, as well as the scope of the recommendations and the Screening report.’31

The Evaluation of Rule of Law sector implemented and financed by IPA Programme and other Donors in the Republic of Serbia noted a number of challenges in the reform of the justice sector. These include:

• An unstable political environment
• Absorption capacity
• Consistency of indicators across donor agencies and related projects
• Court procedures that are not ready for the current workload
• Difficulties in providing appropriate IT solutions to the sector through a project approach.32

The development of the Action Plan for Chapter 23, in relation to the Judiciary, included a number of drafts for the Action Plan and involved ‘seven plenary and 26 bilateral meetings that included representatives of the High Judicial Council, the State Prosecutors Council, Ministry of Justice, Supreme Court of Cassation, the Republic Public Prosecutor’s Office, the Prosecutors’ Office for the War Crimes,
Judicial Academy and Anti-corruption Agency. In relation to the fight against corruption more than 20 consultative meetings were held with representatives of numerous institutions. In the field of fundamental rights ‘over 40 bilateral meetings were held as well as daily online consultations’ including representatives of the Ministry of Justice, Ministry of Labour, Employment, Veterans and Social Affairs, the Ministry of Culture and Information - Department of Information, Ministry of Interior, the Ministry of State Administration and Local Self-Government, Ministry of Education, Science and Technological Development, the Office of Human and Minority rights, the Republic Public Prosecutor’s Office, the Supreme Court of Cassation, the Commissariat for Refugees and Migration, the Administration for Enforcement of Criminal Sanctions, the Administration for Cooperation with Churches and Religious Communities, the Team for Social Inclusion and Poverty Reduction, the Ombudsman, the Commissioner for Information of Public Importance and Personal Data Protection, the Provincial Ombudsman and UNICEF.

The Government of Serbia facilitated three separate consultative processes with CSOs during the development and revision processes for the Action Plan. The Action Plan document also notes the oversight/scrutiny of the Action Plan by the Parliament, both in its development and its adoption.


The national judicial reform strategy

In July of 2013 the Government of Serbia enacted the National Judicial Reform Strategy (NJRS) for the period 2013-2018, noting its alignment with a number of strategic documents such as the National Programme for the Adoption of the Acquis. As the NJRS preceded the Action Plan for Chapter 23 it was not detailed in the context of this document. However, the NJRS is clear about its role:

The reform of the judiciary is an integral part of the reform of the judicial system and police. The most comprehensive document which lays out the priorities of the Government of Serbia in this area is the National Programme for the Adoption of the Acquis. Among the key priorities is “Democracy and Rule of Law”. In that sense, the reform steps envisaged by the Strategy and the Action Plan are designed on the basis of the principle of compatibility with requirements set out for Serbia in terms of alignment of Chapters 23 and 24 in the negotiations process with the European Union.

In July of 2013 the Government of Serbia also adopted its Action Plan for Implementation of the NJRS which included specific activities aimed at the implementation of the priorities and strategic goals. The Action Plan defines strategic guidelines, measures and activities for the implementation of the Strategy; the competent authority responsible for implementing the activities; deadlines for completion of the activities; sources of funds.
The Strategy Objective of the NJRS is the improvement of the quality and efficiency of justice, strengthening the independence and accountability of the judiciary, with the aim of strengthening the rule of law, democracy, legal certainty, improving access to justice for citizens and restoring trust in the judicial system.44

According to the NJRS, the ‘objective of the new Strategy is to prepare the judicial system to meet new challenges in line with the European standards and values.’45 The NJRS defined priorities, strategic goals and strategic guidelines of reform measures in the area of the Judiciary and ‘stipulates implementation of measures aimed at improvement of impartiality, ethics and integrity of the judicial office holders … (and) established a Board of Ethics.’46 The NJRS lays out 5 basic principles and priorities for the Judiciary which align generally with the Action Plan for Chapter 23:

- **'Independence'** - A judicial system in which the work of judicial institutions and judicial office holders is free of any undue/prohibited interference or pressures that might obstruct the course of justice, regardless of its source

- **Impartiality and quality of justice** - A judicial system with regulations that are clear, conceivable, precise, easily accessible and harmonised both mutually and with the European Union Acquis and case law of international judicial institutions and in which uniform and accessible case law exists. A judicial system ensuring equal treatment and access to justice to each individual under equal conditions, free of discrimination on any grounds, as well as equal opportunities to protect and exercise their rights and interests

- **Competence** - A judicial system providing comprehensive/organised in-service training and education, enabling judicial office holders and judicial and prosecutorial assistants and trainees to acquire and upgrade their theoretical and practical knowledge and skills. Judicial official holders and staff as well as members of other judicial professions will perform their duties professionally/competently/responsibly, bringing quality decisions within a reasonable time and establishing pro-active and transparent communication channels with citizens, which will gradually lead toward raising public trust in the judiciary

- **Accountability** – A judicial system with an accountability mechanism applicable to judicial institutions and criteria of accountability of judicial official holders for quality, equity, performance and use of the allocated public funds

- **Efficiency** – A judicial system characterised by effective management and rational use of resources, the processing of cases within reasonable deadlines in proceedings compliant with the law, respecting human and minority rights and freedoms guaranteed by both national and international legislation.47

**The fight against corruption**

**Structure**

The legislative framework related to anti-corruption in Serbia includes the following:

- Action plan for the implementation of the National Anti-Corruption Strategy for the period 2013-2018 (“Official Gazette of RS”, No. 71/13, 55/14)
- Law on Financing Political Activities (“Official Gazette of RS”, No. 43/11 and 23/14)


• Law on Anti-Corruption Agency (“Official Gazette of RS”, No. 97/08, 53/10, 66/11-CC, 67/13-CC and 8/15-CC)
• Criminal Code of Serbia (“Official Gazette of RS”, No. 85/05, 88/05, 107/05, 72/09, 111/09, 121/12, 104/13)
• Law on Public Procurement (“Official Gazette of RS”, No. 124/12)
• Law on Privatization (“Official Gazette of RS”, No. 83/14)
• Criminal Procedure Code (“Official Gazette of RS”, No. 72/11, 101/11, 121/12, 32/13, 45/13 and 55/14)
• Law on Seizure and Confiscation of the Proceeds from Crime (“Official Gazette of RS”, No. 32/13)
• Law on ratification the UN Convention against Corruption (“Official Gazette of Serbia and Montenegro international contracts”, No. 12/2005).

Strategic framework

The Government of Serbia prepared both a National Anti-Corruption Strategy \(^49\) and a related Action Plan \(^50\) in 2013. The two documents were prepared for the period 2013-2018, the Anti-Corruption Strategy having replaced the first Anti-corruption Strategy from 2005. The Anti-Corruption Strategy notes in its introduction that a number of defined issues from the 2005 document still remained unresolved in 2013, including judicial reform, privatisation and public procurement processes, insufficient transparency in media ownership and insufficient involvement of the public in the legislative process. The Strategy document specifically notes the ‘strong awareness and political will in the Republic of Serbia to make substantial progress in the fight against corruption with due respect of democratic values, the rule of law and protection of fundamental human rights and freedoms.’ \(^51\) According to the document, the general objective of the Anti-Corruption Strategy is ‘to eliminate corruption as much as possible.’ \(^52\)

As with the NJRS, the Anti-Corruption Strategy designates 6 principles that underly the way authorities and holders of public powers are obliged to perform their duties:

• The principle of the rule of law
• The principle of zero tolerance for corruption
• The principle of accountability
• The principle of universality of implementation of measures and cooperation of entities
• The principle of efficiency
• The principle of transparency. \(^53\)

The Screening Report \(^54\) made 4 recommendations in relation to implementation of anti-corruption measures, 11 recommendations in relation to prevention of corruption and 8 recommendations in relation to repression of corruption. How these recommendations are to be specifically addressed, and anticipated

\(^{52}\) Ibid, page 2. 
\(^{53}\) Ibid, page 2. 
results, form part of the *Action Plan for Chapter 23*. According to the Serbia 2019 Report, 'The Anti-corruption Agency monitored the implementation of Serbia’s anti-corruption strategy and action plan for 2013-2018. Out of 177 measures to be completed by the end of 2017, the Agency found that 26% were implemented in accordance with the indicators, while 61% were deemed not implemented at all (while the remaining measures were deemed to be partially implemented). 55

*Fundamental rights*

*Structure*

In the field of fundamental rights, representatives of the following institutions were actively involved in the process of development of the *Action Plan for Chapter 23*:

- The Ministry of Justice, Ministry of Labor, Employment, Veterans and Social Affairs
- The Ministry of Culture and Information - Department of Information
- The Ministry of Interior
- The Ministry of State Administration and Local Self-Government
- The Ministry of Education, Science and Technological Development
- The Office of Human and Minority rights
- The Republic Public Prosecutor's Office
- The Supreme Court of Cassation
- The Commissariat for Refugees and Migration
- The Administration for Enforcement of Criminal Sanctions
- The Administration for Cooperation with Churches and Religious Communities
- The Team for Social Inclusion and Poverty Reduction
- The Ombudsman
- The Commissioner for Information of Public Importance and Personal Data Protection
- The Provincial Ombudsman
- UNICEF. 56

The *Screening Report*57 made 1 recommendation in relation to prohibition of torture and inhuman or degrading treatment or punishment, 1 recommendation in relation to the ombudsman, 1 recommendation in relation to the prison system, 1 recommendation in relation to freedom of thought, 2 recommendations in relation to media freedoms, 2 recommendations in relation to the principle of non-discrimination, 2 recommendations in relation to procedural safeguards, 1 recommendation in relation to the position of refugees/ internally displaced persons, 2 recommendations in relation to the position of national minorities, 1 recommendation in relation to racism and xenophobia and 1 recommendation in relation to personal data protection. How these recommendations are to be specifically addressed, and anticipated results, forms part of the *Action Plan for Chapter 23*.

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Strategic framework

Prohibition of torture and inhuman or degrading treatment or punishment - The Action Plan for Chapter 23 points to the Office of the Ombudsman as the National Preventative Mechanism against torture and notes the intention of the Government of Serbia to strengthen the role of the Ombudsman in this function. Training within the Police service and within enforcement institutions is a noted priority in this area, focused on delivering a higher level of expertise as well as the necessary growth in awareness of the unacceptability of torture by authorities of the Government of Serbia. The Action Plan also notes an intention to address overcrowding in the prison system.58

Position of the ombudsman, the provincial ombudsman and local ombudsmen - As noted above, the Action Plan notes the intention of the Serbian Government to strengthen the capacity of the Ombudsman, although this is noted specifically in relation to torture and inhuman or degrading treatment or punishment. No general comments are made in the Action Plan’s discussion of current status regarding the Ombudsman. The discussion on ongoing reform activities notes that ‘the Rulebook on organisation and job systematisation at the technical service of the Ombudsman was adopted on the 31st session of the Parliamentary Committee on administrative and budgetary issues and received positive opinion.”59

Prison system - No general comments are made in the Action Plan’s discussion of current status regarding the prison system, however the section on completed reform activities notes ongoing ‘training for enforcement judges in the field of rights of individuals deprived of liberty, with the support of OSCE.”60 Further, initiatives related to ‘alternative sanctions’ are ongoing, including a Draft Rulebook for these, and processes for establishing conditions for social reintegration of convicted individuals on their release. In December 2017 the Centre for International Legal Cooperation noted that ‘A 3-year project to enforce the rule of law in Serbia officially started last week when a needs assessment has been conducted in Belgrade and Novi Sad. The project aims to decrease overcrowding in correctional institutions through a more proper use of alternatives to imprisonment, as well as to decrease of recidivism as a result of more efficient pre- and post-penal supervision and active support towards successful reintegration.”61

Freedom of thought, conscience and religion - The direction set out in the Action Plan for Chapter 23 was to conduct an analysis of the legal status of churches and religious communities, an analysis based on Serbia’s constitutional commitment to equality and independence of religious affairs. The analysis is to include recommendations which will then form the basis of standards and practice.62 According to the Action Plan, the analysis was initiated in 2016.

Freedom of expression and freedom and pluralism of media - Certain critical aspects of media freedom is pointed to in the Action Plan for Chapter 23. The Action Plan notes the new media laws that came into force in 2014, as well as noting they will all be implemented, particularly referencing the ‘full withdrawal of the state from media ownership”.63 The Action Plan references the Strategy for Development of the Public Information System where removing the State from media ownership is a key objective.64 The Action Plan commits to ‘implementation of the recommendations of the Anti-Corruption Council (to) ensure greater transparency of media ownership.”65 The Action Plan specifically notes the threats of violence against journalists and commits to addressing this through coordination and training of competent authorities as a ‘key focus’ of the coming period.66 This view is support by civil society: In this

60 Ibid, page 208.
61 Ibid, page 208.
62 https://www.cilc.nl/serbia-start-of-a-new-project-on-alternative-sanctions/
64 Ibid, page 204.
68 Ibid, page 204.
context, the Action Plan notes the training already provided to judges and other in relation to the new media laws. 68

Principle of non-discrimination and social position of vulnerable groups - In 2014 the Government of Serbia adopted an Action Plan for the implementation of the 2013 Strategy for Prevention and Protection Against Discrimination for the period 2014-2018.69 The Action Plan ‘specifies the framework for the implementation of strategic goals, enabling the implementation of the objectives and measures established by the Strategy, as well as a systemic oversight of the implementation of the Strategy’.70 While details are not provided, the Action Plan for Chapter 23 states that ‘Positive progress has been made in improving the situation of the LGBTI community.’71 The Action Plan does detail current actions being undertaken to improve communication and understanding between police and the LGBTI community. The Action Plan further notes the significance of the implementation of the Action Plan for the implementation of the Strategy for Prevention and Protection Against Discrimination to the improvement of the situation with the LGBTI community. In relation to gender equality, The Action Plan for Chapter 23 states that ‘In the forthcoming period, the Republic of Serbia plans to pay due attention to the promotion of the principle of gender equality, including mainstreaming gender equality issues in relevant policy areas, both at strategic and legislative level, as well as to strengthen capacity of the institutions and their mutual coordination.’72 The Action Plan also notes that the ‘existing legal framework on gender equality has not adequately regulated the field of gender equality, it is not aligned with undertaken international obligations in the field of gender equality.’73 Having said this, the Republic of Serbia is signatory to a number of international documents related to gender equality including the Council of Europe’s Social Charter, the European Convention on Human Rights, the UN Convention on Civil and Political Rights, the Council of Europe Convention on Preventing and Combating Violence Against Women and Domestic Violence, the Istanbul Convention and the UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW).

Procedural safeguards - The Action Plan for Chapter 23 makes specific reference to the Law on Free Legal Aid in its discussions on procedural safeguards, noting its development and the expectation that it will be adopted by the Serbian Parliament in the autumn of 2015. However, the Lawyers’ Committee for Human Rights (YUCOM) raised a range of issues with changes in what remained a draft law in August of 201874 and in fact the Law did not come into effect until October of 2019.75


Position of refugees and internally displaced persons - Through the Action Plan for Chapter 23, the Government of Serbia committed to making ‘significant efforts … to improve the living conditions of refugees and internally displaced persons.’78 This commitment included for resolution of housing

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72 Ibid, page 204.
73 Ibid, page 204.
75 http://rs.n1info.com/English/NEWS/a530598/Law-on-free-legal-aid-takes-effect-Serbian-Justice-Minister-says.html
problems for the most vulnerable families and for enabling economic empowerment that will contribute to sustainable integration.

**Measures against racism and xenophobia** - The Action Plan for Chapter 23 commits the Government of Serbia to a number of measures to combat racism and xenophobia, including legislative alignment with the Council of the EU’s Framework Decision 2008/913/JHA\(^79\) that suppresses racism and xenophobia through criminal law. A specific commitment is made to align Serbian legislation with paragraphs © and (d) of Article 1 related to crimes against humanity and hate crimes. The Action Plan also commits the Government of Serbia to the training of judges, prosecutors and police officers for the effective prosecution of hate crimes.

**Personal data protection** - The Action Plan for Chapter 23 commits the Government of Serbia to analysis of the current Law on Personal Data Protection and a higher level of harmonisation with the EU Acquis in this area. This harmonisation includes adoption of Bylaws accompanying a Law on Amendments to the Law on Personal Data Protection. The Action Plan also notes Serbia’s intention to align its legislation fully with the General Data Protection Regulation when it comes into effect.\(^80\)

1.2. **Key issues faced**

The 2019 Communication on EU Enlargement Policy noted that ‘not all countries have seized the opportunities offered by the Western Balkans Strategy\(^81\). Some stagnated in their efforts, in particular in the crucial areas of the rule of law and fundamental rights. The countries most advanced in the accession process risk falling behind on their stated ambitious goals if they do not also significantly step up efforts, in particular on fundamental reforms. All political leaders in the region must live up to the reform expectations of their citizens and leave no doubt as to their strategic orientation and commitment to join the EU. EU accession is a fundamental choice, based on values, which each country must embrace more actively.’\(^82\)

Challenges in the sector were noted early in the period covered by this evaluation. The Thematic Evaluation of Rule of Law, Judicial Reform and Fight against Corruption and Organised Crime in the Western Balkans noted in 2012 that ‘the challenge has been local political will and ownership, and secondly local capacity to plan, implement, monitor and develop the activities over time. In most of the Western Balkans there is not strong political support for putting in place effective rule of law, anti-corruption and organised crime implementation.’\(^83\) In relation to the judiciary, the evaluation noted the challenge of ‘changing the “corporate culture” of the larger judiciary – an understanding of the EU concepts and how to apply them, including clearer roles and better performance standards.’\(^84\) In relation to corruption the report noted that ‘corruption is pervasive and touches on core interests of important parts of the political elite’, with corruption ‘deeply embedded in the national and local politics.’\(^85\)

Overall, and throughout the period covered by this evaluation, the EU’s perspective on the rule of law and fundamental rights in Serbia has remained consistent. The below extracts, from the years since Chapter 23 was opened, illustrate this point:

- The *Serbia 2019 Report* notes ‘some progress’ in relation to the functioning of the judiciary and states ‘Serbia has made limited progress’ in applying the acquis and European standards in the

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\(^80\) The GDPR came into effect in May of 2018.


\(^83\) December 2012. Thematic Evaluation of Rule of Law, Judicial Reform and Fight against Corruption and Organised Crime in the Western Balkans – Lot 3, page vi. Berenschot and Imagos

\(^84\) Ibid. page ix.

\(^85\) Ibid. page x.
judiciary and fundamental rights. The report notes that ‘corruption is prevalent in many areas and remains an issue of concern,’ that the ‘legal framework on fundamental rights is broadly in place but its implementation is inconsistent’ and that there has been ‘no progress made as regards freedom of expression’.86

- The Serbia 2018 Report notes ‘some progress’, particularly in relation to the backlog of old court cases but notes that ‘corruption is widespread’ and the legal framework on fundamental rights is mostly in place but remains incomplete and its implementation inconsistent’ and ‘freedom of expression has seen no progress’.87

- The Serbia 2016 Report notes the development of the National Judicial Reform Strategy but also notes the ‘correct and timely implementation of all activities’ did not happen. The report notes that ‘corruption remains prevalent in many areas and continues to be a serious problem. Conditions for the full exercise of freedom of expression are still not in place.’88

The annual NIPAC report for 2019 notes, in this context, ‘Taking into account that the reform process in the justice sector is defined by the implementation of the AP for the CH 23, and all relevant sub sector strategies action plans, it is very important to follow the process in both directions. It should be noted that all subsector strategies and their AP, are until the 2018 and that most of the new actions related to the new developments in terms of strategic framework have been still ongoing. It is very important to underline that the revision of the AP CH 23 is still under preparation.’89

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89 February 2019. Annual Report on the implementation of IPA II assistance under direct and indirect management by the RS. NIPAC Technical Secretariat.
## 1.3. Relevant documentation

### Strategic EU documents

<table>
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<tr>
<th>Document Description</th>
<th>Date</th>
<th>Document Title</th>
<th>Source</th>
</tr>
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</table>
## 1.4. National strategies, action plans

The following table summarises the key national strategies, and their relevant action plans, as well as relevant national policy documents.

<table>
<thead>
<tr>
<th>Document Name</th>
<th>Details of publication date, publisher</th>
<th>Any additional comment</th>
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| Negotiating position                               | 2016. Negotiating position of the Republic of Serbia for Inter-governmental Conference on accession of the Republic of Serbia to the European Union For Chapter 23 Judiciary and Fundamental Rights | The Government noted at this time that ‘Serbia has demonstrated a high degree of awareness of the EU's strategic and policy framework in this area and has undertaken important reforms to

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<thead>
<tr>
<th><strong>Strategy</strong></th>
<th><strong>Details</strong></th>
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<tbody>
<tr>
<td>23 Judiciary and Fundamental Rights. Government of Serbia.</td>
<td>align itself with the acquis and meet the European standards. However, further efforts are needed, in particular in fully ensuring judicial independence, impartiality, competence and efficiency.(^{93} 94)</td>
</tr>
<tr>
<td>National Strategy of Social Inclusion of Roma for the period from 2016-2020</td>
<td>The Strategy of Social Inclusion of Roma for the Period from 2016 to 2025</td>
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<tr>
<td>Serbia Judicial Functional Review</td>
<td>Serbia Judicial Functional Review</td>
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<tr>
<td>National Programme for the Adoption of the Acquis</td>
<td>Ministry of European Integration. Republic of Serbia. The National Programme for the Adoption of the Acquis is a detailed, multi-annual plan for the alignment of domestic legislation with EU regulations. The legislation of the Union is divided in accordance with the jurisdiction of state authorities, enabling the regular planning and monitoring of their legislative activities.</td>
</tr>
<tr>
<td>Sector Monitoring Committee Reports – Home Affairs</td>
<td>NIPAC Technical Secretariat/BCPME (Body for Coordination of Programming, Monitoring and Evaluation) Ministry of European Integration Department for Planning, Programming, Monitoring and Reporting on the EU funds and Development Assistance A range of reports covering 2016-2019</td>
</tr>
<tr>
<td>Sector Monitoring Committee Reports – Justice</td>
<td>NIPAC Technical Secretariat/BCPME (Body for Coordination of Programming, Monitoring and Evaluation) A range of reports covering 2015-2019</td>
</tr>
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</table>

1.5. **Sample selection**

Per the agreed approach/methodology of this evaluation, the desk-based analysis drew on secondary sources that provided directly relevant insight into the evaluation questions and the evaluation’s overall analysis. These secondary sources include:

- The full range of relevant national documentation found in 1.3 - Relevant National Documentation above.
- Project and project documentation per the agreed sector selection of interventions for focus, detailed in the above section. This sectoral selection was the first of two ‘deeper’ looks at interventions. For this first deeper look, five interventions were selected.

**Project selection for desk review**

The five interventions selected for deeper analysis during the desk phase are summarised in the following narrative. A full explanation of the selection criteria and reasoning can be found in 1.5 – Rule of Law/Fundamental Rights Sample Selection.

**Brief resume of each of the selected interventions**

*Implementation of Anti-Discrimination Policies in Serbia*

Contract Number: 303211

Contract Nature: Service

Implementation start date: 20 November 2012 – the project is closed.

Contracting partner: Eptisa Servicios de Ingenieria SI

Summary of the intervention: The project's overall objective was to increase the ability of Serbia to implement human and minority rights, equality and non-discrimination, with the purpose of strengthening the institutional capacity of the Office for Human and Minority Rights and the Office of the Commissioner for the protection of Equality in order to ensure more effective implementation of anti-discrimination policies in line with EU standards and best practice. The project intended to achieve three results:

- The enhanced capacity of the Office for Human and Minority Rights to implement and monitor anti-discrimination policies, promote tolerance, equality and diversity and prevent discrimination.
- Strengthened institutional support to the victims of discrimination at national and local levels.
- Result 3: Raised awareness within the general public and specific target groups on key aspects of anti-discrimination policies.

*Modern Concept of Human Resources Management in the Ministry of Interior of the Republic of Serbia*

Contract Number: 335272

Contract Nature: Action Grant (a twinning contract)

Implementation start date: 3 February 2014 – the project is closed.
Contracting partner: United Kingdom of Great Britain and Northern Ireland

Summary of the intervention: The project’s objective was the strengthening institutions in the area of justice, freedom and security in line with the EU acquis, through police reform and migration management, with the specific purpose of developing institutional capacity to manage the human resource system effectively and efficiently. There were three intended results:

- That all required legal frameworks and procedures for the functioning of a modern human resource management system were adopted and implemented.
- That modern human resource management organisational units were restructured and supported in line with human resource management strategic documents – specifically aligned with the strategy and action plan and supported by the new human resource IT system.
- That modern human resource management procedures and practices were promoted and implemented throughout the Ministry and the Police Service, in line with international standards.

EU for Serbia - Support to the High Judicial Council
Contract Number: 400714
Contract Nature: Service
Implementation start date: 15 October 2018 – the project is ongoing.

Contracting partner: Deutsche Gesellschaft Fur Internationale Zusammenarbeit (GIZ) GmbH

Summary of the intervention: the project’s objective is to contribute to the advancement of Serbia's judicial system and Rule of Law in line with the EU accession requirements, with the purpose of strengthening the capacities of the High Judicial Council in the execution of its mandate. Priorities include:

- Enhancing the management skills of Council staff to monitor and manage courts
- To develop a mechanism for the career development of judges
- To improve financial management and budget planning
- To improve the effectiveness of disciplinary proceedings.

Support to Priority Actions for Gender Equality in Serbia
Contract Number: 391238
Contract Nature: Financing agreement
Implementation start date: 1 March 2018 – the project is ongoing.

Contracting partner: United Nations Entity for Gender Equality and the Empowerment of Women

Summary of the intervention: the Support to Priority Actions for Gender Equality project (also known as the Gender Equality Facility - GEF) supports the Government of Serbia to consistently comply with national and international gender commitments and the EU Gender Equality Acquis. The project aims to empower partners - the Coordination Body for Gender Equality (CBGE), the Ministry of European Integration (MEI), and women’s organisations - to implement the National Action Plan for Gender Equality and create sustainable institutions and systems for gender mainstreaming. The project has three intended results:

- The Coordination Body for Gender Equality has the administrative capacities to implement the National Action Plan for Gender Equality and to perform gender mainstreaming of state funded programmes
- The Ministry of European Integration and Instrument for Pre-accession Assistance (IPA) units, have the knowledge and skills to include gender perspective in programming, implementation, monitoring and reporting for IPA programmes.
• Women CSOs are supported to implement measures and share experiences and good practices in the implementation of measures of the National Action Plan on Gender Equality in the area of women’s economic empowerment and the empowerment of rural women.

**The Civil Society Facility**

Contract Number: Various

Contract Nature: Facility – 80 projects in total including 7 on Rule of Law and 73 on Fundamental Rights

Implementation start date: Various

Contracting partner: Various

Summary of the intervention: The Civil Society Facility (CSF) is one of the European Commission’s instruments for supporting the development of the civil society and media in enlargement countries. The CSF was set up in 2008 and has been providing the pre-accession assistance to civil society in the Western Balkans and Turkey, through National and Multi-beneficiary initiatives, since then. The overall intent of the CSF is to support the development of an active civil society that is capable of participating in public debate on democracy, human rights, social inclusion and the rule of law. The CSF aims to assist civil society in developing its capacity to influence policy-making and decision-making processes. Assistance to media focuses on direct support to media in quality investigative reporting and enforcement of the freedom of expression, democratisation of media and application of EU standards in the media field.

**Project selection for the field phase**

Following the desk phase, the second ‘deeper look’ was planned. In consultations with the EU, it was determined that this second analysis during the field phase would focus on interventions in the judicial sub-sector. Such a focus allows details on a critical component of the rule of law to be highlighted, particularly in recognition of the two recent detailed evaluations into the CSF. The two Actions decided for detailed study were:

• Support to the Supreme Court for Cassation.

• Support to the High Judicial Council.

These two interventions were selected to be ‘windows’ into work in the judicial sector. Field enquiry included all stakeholders with a direct interest/engagement in these Actions, as well as a wide range of knowledgeable stakeholders and non-stakeholders including representatives of the GoS/ MoJ, the EU Delegation, the HJC, the Supreme Court for Cassation, the Judicial Academy, project implementers, international organisations including donors, Embassies and the OSCE and representatives of civil society organisations involved in reform of the judicial sector.

1.6. **International/donor interventions in sector**

While there are many examples of support to development in Serbia, the *Strategy Paper* notes that the ‘main donors in Serbia are the EU, USAID, Germany, Sweden, Switzerland and Norway. Many EU Member States also provide targeted assistance in specific sectors. The IFIs – EBRD, EIB, KfW, CEB, World Bank - provide loans for development of the Serbian economy.*

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Some further detail on international contributors is provided below.

1.6.1. **Sweden**

Sweden has been engaged in development assistance in Serbia for many years, with a specific strategic focus on support that enhances Serbia’s prospects for EU membership. Sweden’s support is particularly directed at strengthening democratic governance and human rights, promoting environmentally sustainable development and promoting exchange within trade, culture and civil society. Sweden’s support to Serbia since the early 2000s has totalled more than 200 million Euros, including some 12 million Euros in 2018. Further information can be found at: [https://www.swedenabroad.se/en/about-sweden-non-swedish-citizens/serbia/development-and-aid/](https://www.swedenabroad.se/en/about-sweden-non-swedish-citizens/serbia/development-and-aid/).

1.6.2. **Norway**

Norway is a significant bilateral donor to Serbia, with a focus on democracy and the rule of law. The Royal Norwegian Embassy in Belgrade supports initiatives that promote:

- Stability – regional cooperation, reconciliation, transitional justice
- Socio-economic development
- Good governance – strengthening rule of law through capacity-building with courts, prosecution authorities, police and the defence sector and support to civil society and the media.

Further information can be found at: [https://www.norway.no/en/serbia/norway-serbia/project-cooperation/priorities-and-channels-of-support/](https://www.norway.no/en/serbia/norway-serbia/project-cooperation/priorities-and-channels-of-support/).

1.6.3. **USAID**

USAID has been a significant contributor to development assistance in Serbia for many years. USAID’s current programme is described in the Serbia Country Development Cooperation Strategy FY 2013-2020. This strategy defines two development objectives:

- Accountability of Key Democratic Institutions Strengthened
- Conditions for Broad-based, Inclusive Economic Growth Improved.


1.6.4. **Multi-donor Trust Fund**

The Multi-Donor Trust Fund for Justice Sector Support (MDTF-JSS) aims to strengthen the capacity of the justice sector of the Republic of Serbia in order to facilitate Serbia’s integration in the European Union. The MDTF-JSS focuses on improving aid effectiveness and donor coordination across the sector through the implementation of a coordinated work programme financed by pooled contributions from Serbia’s development partners. Current donors of the MDTF-JSS are the United Kingdom, the Netherlands, Denmark, Spain, Slovenia, Sweden and Switzerland. In the past, the MDTF-JSS has also received contributions from the Delegation of the EU in Serbia and Norway. The World Bank facilitates the MDTF-JSS Management Committee. Further information can be found at: [http://www.mdtfjss.org.rs/en/about-us/#.XfDAvy3MxuU](http://www.mdtfjss.org.rs/en/about-us/#.XfDAvy3MxuU).

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1.6.5. The United Nations

Also not a financial contributor, the United Nations in Serbia plays an important role in the development context through engagement of 19 UN Agencies operating within the Development Partnership Framework (DPF) for the period 2016-2020. The DPF is a formal agreement between the Republic of Serbia and the UN Country Team. Through the DPF some USD 193 of donor assistance was delivered. Further information can be found at: https://serbia.un.org/en/about/about-the-un.

The following table draws on OECD data on Official Donor Assistance to Serbia from 2011-2019:

<table>
<thead>
<tr>
<th>DAC</th>
<th>15113</th>
<th>15130</th>
<th>15150</th>
<th>15153</th>
<th>15160</th>
<th>15170</th>
<th>15180</th>
<th>EUR (millions)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU Institutions</td>
<td>4.02</td>
<td>80.88</td>
<td>14.85</td>
<td>8.87</td>
<td>18.59</td>
<td>0.12</td>
<td>0.25</td>
<td>127.58</td>
<td>39.8%</td>
</tr>
<tr>
<td>Member States</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>82.05</td>
<td>25.6%</td>
</tr>
<tr>
<td>Norway</td>
<td>0.47</td>
<td>17.43</td>
<td>2.91</td>
<td>0.61</td>
<td>2.76</td>
<td>2.32</td>
<td></td>
<td>26.51</td>
<td>8.3%</td>
</tr>
<tr>
<td>Sweden</td>
<td></td>
<td>8.14</td>
<td></td>
<td>16.75</td>
<td>8.95</td>
<td>0.80</td>
<td></td>
<td>34.65</td>
<td>10.8%</td>
</tr>
<tr>
<td>Germany</td>
<td></td>
<td>7.91</td>
<td>9.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17.79</td>
<td>5.5%</td>
</tr>
<tr>
<td>Slovenia</td>
<td>0.42</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.42</td>
<td>0.1%</td>
</tr>
<tr>
<td>Czech Republic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.04</td>
<td>0.04</td>
<td>0.04</td>
<td>0.0%</td>
</tr>
<tr>
<td>Finland</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.65</td>
<td></td>
<td>2.65</td>
<td>2.65</td>
<td>0.8%</td>
</tr>
<tr>
<td>Others non-EU</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>111.00</td>
<td>34.6%</td>
</tr>
<tr>
<td>United States</td>
<td>4.32</td>
<td>38.82</td>
<td>30.19</td>
<td>6.13</td>
<td>0.95</td>
<td></td>
<td></td>
<td>80.41</td>
<td>25.1%</td>
</tr>
<tr>
<td>Switzerland</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.53</td>
<td></td>
<td>2.53</td>
<td>2.53</td>
<td>0.8%</td>
</tr>
<tr>
<td>Multilateral</td>
<td>0.49</td>
<td>15.93</td>
<td>8.17</td>
<td>3.01</td>
<td>0.00</td>
<td>0.37</td>
<td>0.11</td>
<td>28.07</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

98 https://serbia.un.org/en/about/about-the-un
99 https://stats.oecd.org/qwids/
100 While the data is likely not complete as it is self-reported, it provides a useful picture on levels and sources of development assistance during the period covered by the evaluation.
Table 1: OECD data on Official Donor Assistance to Serbia from 2011-2019

According to this data, the above contribution data relates to the following project information:

- 15113 projects totalled 23 (7 active) in the period 2011-2018.
- 15150 projects totalled 262 (46 active) in the period 2011-2018.
- 15153 projects totalled 111 (22 active) in the period 2011-2018.
- 15160 projects totalled 369 (28 active) in the period 2011-2018.
- 15170 projects totalled 27 (8 active) in the period 2011-2018.
- 15180 projects totalled 14 (5 active) in the period 2011-2018.

1.7. Overview of EU interventions in sector

1.7.1. EU contributions in the sector

EU contributions to the Sector are summarised in the table below, in line with DAC 3 and DAC 5 codes.

<table>
<thead>
<tr>
<th>DAC 5 Code/ DAC 3 Code</th>
<th>DAC Description</th>
<th>Number of contracts</th>
<th>Contract plan value (EUR)</th>
<th>Contract paid value (EUR) to mid-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>15113</td>
<td>Anti-corruption organisations and institutions</td>
<td>6</td>
<td>669,544</td>
<td>669,544</td>
</tr>
<tr>
<td>15130</td>
<td>Legal and judicial development</td>
<td>36</td>
<td>49,921,487</td>
<td>36,680,676</td>
</tr>
<tr>
<td>15150</td>
<td>Democratic participation and civil society</td>
<td>87</td>
<td>13,491,299</td>
<td>11,573,441</td>
</tr>
<tr>
<td>15153</td>
<td>Media and free flow of information</td>
<td>56</td>
<td>8,625,167</td>
<td>7,365,226</td>
</tr>
<tr>
<td>15160</td>
<td>Human rights</td>
<td>9</td>
<td>2,670,661</td>
<td>2,439,114</td>
</tr>
</tbody>
</table>

101 Data is from the CRIS database of IPA contracts from 2011-2018
Some more detailed breakdown of the above table is of value.

**i. DAC code 15113 – Anti-corruption organisations and institutions**

The 6 contracts are all from the CSF and all 6 are action grants. There are other contracts with a focus on corruption that are coded in other DAC codes. These include:

- 15130 – EUR 991,896 in one contract. This is a financing agreement focused on strengthening the capacities of law enforcement and the judiciary in the fight against corruption.
- 15150 – EUR 184,405 in two action grant contracts. These are both CSF projects.
- 15153 – EUR 345,007 in four action grant contracts, all of which are small media actions.

**ii. DAC code 15130 – Legal and judicial development.**

The 36 contracts in Legal and judicial development total approximately EUR 50 million and represent 56.54% of the sector’s planned contributions.

Based on the nature of the contracts, 15130 – Legal and judicial development, includes the following breakdown:

- CSF contracts – 1, totalling EUR 99,966.
- Financing agreements – 5, totalling EUR 19,291,896. A single Financing agreement contract (372214) represents 26% of 15130 - Legal and judicial development contributions. This project is a Financing Agreement with the UN Office for Project Services titled *Integrated Border Management Programme (IBM) Construction of Common Crossing Points (CCPs) between Serbia and Kosovo* and is planned at EUR 13 million.
- Service agreements – 16, totalling EUR 18,923,884. One service agreement (371353) is titled Judicial Efficiency and totals EUR 3,781,580.
- Supply agreements – 5, totalling EUR 6,506,035. One supply contract (320094) titled Establishment of Stationary and Mobile Video Surveillance System was for EUR 3,212,795.
- Works agreements – 2, totalling EUR 2,096,027.
- There is also one contract for late payment of interest and 2 recommitments.
Based on the status of projects, there are:

- 26 closed projects – representing 51% of total contract value.
- 10 ongoing projects – representing 49% of total contract value.

iii. DAC code 15150 – Democratic participation and civil society

The 87 contracts in 15150 - Democratic participation and civil society total approximately EUR 13,50 million and represent 15,28% of sector contributions. A single contract in this category (307594 – Technical Assistance to the Government Office for Cooperation with Civil Society) was for EUR 1,189,655 9% of contributions in this sub-sector.

Based on the nature of the contracts, 15130 – Democratic participation and civil society includes the following breakdown:

- Action grants – 75, totalling EUR 11,570,347 including 54 CSF contracts totalling EUR 8,852,394.
- Service agreements – 12, totalling EUR 1,834,455.

Based on the status of projects, there are:

- 56 closed projects – representing 42% of total contract value.
- 27 ongoing projects – representing 55% of total contract value.
- 4 cancelled projects – representing 2% of total contract value.

iv. DAC code 15153 - Media and free flow of information

The 56 contracts in 15153 - Media and free flow of information total approximately EUR 8,7 million and represent 10% of sector contributions. The single largest contribution is contract 331463, Strengthening Media Freedom, a Services contract for 1,051,229.

Based on the nature of the contracts, 15153 - Media and free flow of information includes the following breakdown:


Based on the status of projects, there are:

- 35 closed projects – representing 45% of total contract value.
- 20 ongoing projects – representing 55% of total contract value.

v. The Civil Society Facility

The component of EU contributions provided in the Sector through the Civil Society Facility (CSF) is important to be highlighted and detailed, given the significant size of this component both in terms of numbers of contracts and in terms of financing. Summary contributions are seen in the table below, which is a sub-set of the above table.

<table>
<thead>
<tr>
<th>DAC 5 Code/ DAC 3 Code</th>
<th>DAC Description</th>
<th>Number of contracts</th>
<th>Contract plan value (EUR)</th>
<th>Contract paid value (EUR) to mid-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>15113</td>
<td>Anti-corruption organisations and institutions</td>
<td>6</td>
<td>669,544</td>
<td>669,544</td>
</tr>
<tr>
<td>----------</td>
<td>-----------------------------------</td>
<td>-----------</td>
<td>-----------------</td>
<td>------------------</td>
</tr>
<tr>
<td>80</td>
<td>Legal and judicial development</td>
<td>1</td>
<td>99,966</td>
<td>99,966</td>
</tr>
<tr>
<td>54</td>
<td>Democratic participation and civil society</td>
<td>16</td>
<td>8,852,394</td>
<td>8,391,533</td>
</tr>
<tr>
<td>2</td>
<td>Human rights</td>
<td>2</td>
<td>196,354</td>
<td>196,354</td>
</tr>
<tr>
<td>0</td>
<td>Women's equality organisations and institutions</td>
<td>16</td>
<td>2,256,079</td>
<td>2,232,443</td>
</tr>
<tr>
<td>1</td>
<td>Ending violence against women and girls</td>
<td>1</td>
<td>57,796</td>
<td>57,796</td>
</tr>
<tr>
<td>0</td>
<td>Conflict, Peace &amp; Security</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>0</td>
<td>Communications</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>80</td>
<td>Sub-total</td>
<td></td>
<td>12,132,133</td>
<td>11,647,636</td>
</tr>
</tbody>
</table>

Table 3: EU contributions to the sector through the CSF

**Performance indicators**

**vi. Revised Indicative Strategy Paper**

The following table references the Performance Indicators from the *Revised Indicative Strategy Paper for Serbia for the Period 2014-2020.*

---

<table>
<thead>
<tr>
<th>Sector/ sub-sector indicators</th>
<th>Measure</th>
<th>Explanation</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Judicial reform</td>
<td>Composite indicator (Access to Justice (WJP) and Judicial Independence (WEF))</td>
<td></td>
<td>41.43</td>
<td>44.50 (2016)</td>
<td>46.43</td>
<td>55.71</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fight against corruption and organised crime</td>
<td>Composite indicators Global Corruption (TI) and Control of Corruption (WB)</td>
<td></td>
<td>40.31</td>
<td>43.84 (2016)</td>
<td>54.21</td>
<td>65.25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fundamental rights</td>
<td>Composite indicator Freedom of Press (FH) and Press Freedom (RWB)</td>
<td></td>
<td>28</td>
<td>36.30 (2016)</td>
<td>30</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

vii. Judiciary

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Measure</th>
<th>Explanation</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Justice, a factor of WJP Rule of Law Index[^103]</td>
<td>rank</td>
<td>Ranges from 1 - highest rank from 126 in total</td>
<td>N/A</td>
<td>72</td>
<td>71</td>
<td>72</td>
<td>83</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td></td>
<td>score</td>
<td>Scores range from 0 to 1, with 1 indicating the strongest adherence to the rule of law</td>
<td>N/A</td>
<td>0.47</td>
<td>0.45</td>
<td>0.47</td>
<td>0.46</td>
<td>0.49</td>
<td></td>
</tr>
</tbody>
</table>

### Judicial Independence (WEF)\(^{104}\)

<table>
<thead>
<tr>
<th>rank</th>
<th>Ranges from 1 - highest rank</th>
<th>129</th>
<th>124</th>
<th>118</th>
<th>123</th>
<th>122</th>
<th>118</th>
<th>107</th>
</tr>
</thead>
<tbody>
<tr>
<td>score</td>
<td>1-7 (best)</td>
<td>2.4</td>
<td>2.6</td>
<td>2.6</td>
<td>2.6</td>
<td>2.8</td>
<td>2.8</td>
<td>3.0</td>
</tr>
</tbody>
</table>

#### viii. Fight against corruption and organised crime

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Measure</th>
<th>Explanation</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption Perceptions Index (TI)(^{105})</td>
<td>rank</td>
<td>Ranks countries/territories based on how corrupt their public sector is perceived to be. (ranges from 1 - highest rank)</td>
<td>80.0</td>
<td>72.0</td>
<td>78.0</td>
<td>71.0</td>
<td>72.0</td>
<td>77.0</td>
<td>87.0</td>
</tr>
<tr>
<td>score</td>
<td>Score indicates the perceived level of public sector corruption on a scale of 0 - highly corrupt and 100 - very clean)</td>
<td>39.0</td>
<td>42.0</td>
<td>41.0</td>
<td>40.0</td>
<td>42.0</td>
<td>41.0</td>
<td>39.0</td>
<td></td>
</tr>
<tr>
<td>Control of Corruption (WGI)(^{106})</td>
<td>rank</td>
<td>Percentile rank among all countries (ranges from 0 (lowest) to 100 (highest rank)</td>
<td>46.4</td>
<td>46.9</td>
<td>51.4</td>
<td>49.0</td>
<td>45.2</td>
<td>43.3</td>
<td>41.8</td>
</tr>
<tr>
<td>score</td>
<td>Estimate of governance (ranges from approximately -2.5 (weak) to 2.5 (strong) governance performance)</td>
<td>-0.3</td>
<td>-0.3</td>
<td>-0.2</td>
<td>-0.3</td>
<td>-0.3</td>
<td>-0.4</td>
<td>-0.4</td>
<td></td>
</tr>
</tbody>
</table>

#### ix. Fundamental rights

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Measure</th>
<th>Explanation</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
</table>

---


\(^{105}\) Transparency International, [https://www.transparency.org/cpi2010/results](https://www.transparency.org/cpi2010/results)

\(^{106}\) World Bank, The Worldwide Governance Indicators (WGI)
<table>
<thead>
<tr>
<th>Freedom of the Press (FH)</th>
<th>Freedom of the Press (FH) rank</th>
<th>Ranges from 1 - the best rank, from a total of 197.</th>
<th>74</th>
<th>74</th>
<th>80</th>
<th>87</th>
<th>98</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freedom of the Press (FH) score</td>
<td>Score from 0 (the most free) to 100 (the least free), which serves as the basis for a press-freedom status designation of Free, Partly Free, or Not Free. The best score in 2018 was 10.</td>
<td>36</td>
<td>37</td>
<td>40</td>
<td>45</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>Press Freedom Index (RWB)</td>
<td>Press Freedom Index (RWB) rank</td>
<td>Ranges from 1 - the best rank, from a total of 180.</td>
<td>63</td>
<td>54</td>
<td>67</td>
<td>59</td>
<td>66</td>
</tr>
<tr>
<td>Press Freedom Index (RWB) score</td>
<td>Scores is ranging from 0 to 100, with 0 being the best possible score and 100 the worst. The best score in 2018 was Norway with 7.63.</td>
<td>26.6</td>
<td>25.1</td>
<td>27.7</td>
<td>27.6</td>
<td>28.1</td>
<td>29.6</td>
</tr>
</tbody>
</table>

x. Outcome and impact indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Measure</th>
<th>Explanation</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Control of Corruption (WGI)$^{109}$</th>
<th>rank</th>
<th>Percentile rank among all countries (ranges from 0 (lowest) to 100 (highest) rank)</th>
<th>46.4</th>
<th>46.9</th>
<th>51.4</th>
<th>49.0</th>
<th>45.2</th>
<th>43.3</th>
<th>41.8</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>score</td>
<td>Estimate of governance (ranges from approximately -2.5 (weak) to 2.5 (strong) governance performance)</td>
<td>-0.33</td>
<td>-0.30</td>
<td>-0.23</td>
<td>-0.27</td>
<td>-0.32</td>
<td>-0.38</td>
<td>-0.37</td>
</tr>
<tr>
<td>Rule of Law (WGI)$^{110}$</td>
<td>rank</td>
<td>Percentile rank among all countries (ranges from 0 (lowest) to 100 (highest) rank)</td>
<td>44.6</td>
<td>45.5</td>
<td>51.0</td>
<td>52.4</td>
<td>48.1</td>
<td>48.1</td>
<td>49.0</td>
</tr>
<tr>
<td></td>
<td>score</td>
<td>Estimate of governance (ranges from approximately -2.5 (weak) to 2.5 (strong) governance performance)</td>
<td>-0.36</td>
<td>-0.33</td>
<td>-0.15</td>
<td>-0.12</td>
<td>-0.16</td>
<td>-0.19</td>
<td>-0.15</td>
</tr>
<tr>
<td>Corruption Perceptions Index (TI)$^{111}$</td>
<td>rank</td>
<td>The Corruption Perceptions Index ranks countries/territories based on how corrupt their public sector is perceived to be. (ranges from 1 - highest rank)</td>
<td>80</td>
<td>72</td>
<td>78</td>
<td>71</td>
<td>72</td>
<td>77</td>
<td>87</td>
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$^{109}$ World Bank, The Worldwide Governance Indicators (WGI)
$^{110}$ World Bank, The Worldwide Governance Indicators (WGI)
$^{111}$ Transparency International, [https://www.transparency.org/cpi2010/results](https://www.transparency.org/cpi2010/results)
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<tr>
<td>Freedom of the Press (FH)(^\text{112})</td>
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<td>Freedom of the Press (RWB)(^\text{113})</td>
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<tr>
<th>EU Activities (selection)</th>
<th>Inputs</th>
<th>Outputs</th>
<th>Specific Impacts</th>
<th>Impacts</th>
</tr>
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<tbody>
<tr>
<td>• Support to implementation of the judicial reform strategy and Action Plans under Chapters 23 and 24.</td>
<td></td>
<td>Improved constitutional and legal framework.</td>
<td>An accountable, independent and efficient judicial system.</td>
<td></td>
</tr>
<tr>
<td>• Support for training, mentoring and evaluations systems for fundamental rights including national and community-based mechanisms.</td>
<td>• Support to anti-discrimination based on ethnicity and gender.</td>
<td>Reduction in backlog of cases.</td>
<td></td>
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<tr>
<td>• Media strategy and Action Plan under Chapter 23.</td>
<td>• Support to strengthening strategic frameworks against organised crime with an emphasis on border systems including human trafficking.</td>
<td>Improved track record of inter-agency cooperation, investigation, processing, prosecution and final convictions in corruption cases.</td>
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<td>Twinning</td>
<td>Regional Housing Programme</td>
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<td>Technical Assistance</td>
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<td>Supply of Equipment</td>
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<td>The Rights and Citizenship and Union Civil Protection Financial Mechanism</td>
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<td>Strand III (Media) of the Creative Europe programme</td>
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Figure 1: Theory of change/intervention logic for the Rule of Law and Fundamental Rights sector

2. Response to Evaluation Question / Judgement Criteria

2.1. EQ 1 Relevance

To what extent has the European Union's cooperation with Serbia addressed the variety of challenges/needs faced by Serbia on its path towards EU accession and within its own reform processes?

Documentation analysed for the evaluation demonstrates a high level of correlation between the institutional contexts and needs of the beneficiary and the EU's pre-accession assistance. Of particular importance in this judgement is the range of Serbia’s own legislation, policy, strategy and action planning detailed above, all of which points to Serbia’s commitment to EU membership and alignment with EU systems and structures. EU pre-accession programming is designed to respond to both EU accession requirements and the stated intention of the Government of Serbia to meet these requirements. The narrative below provides detail on how funded programmes have been designed to address these requirements and how they respond to Serbia’s stated strategic directions.

JC 1.1 EU pre-accession assistance programming - including the type, quantity and quality of inputs provided and type of activities planned - was appropriate to the specific political and institutional contexts and needs of the beneficiary

1.1.1 Extent to which analyses of context, capacities and needs which inform IPA programming reflect the actual situation in the country

According to the Mid-term Evaluation of the Civil Society Facility for the Western Balkans and Turkey, ‘The CSF was set up with well-thought-through objectives, and policy priorities, and a strong intent to link policy initiatives and funding assistance in this context. The Enlargement Strategy priorities are very visible, as are the Copenhagen Criteria for accession. At the policy level, support has been stipulated in several key documents, including national strategies and action plans.’

This document also notes that ‘Responses from funded organisations in the online survey are indicative of a very strong relevance of the CSF to the development of enlargement countries.’ Having said this, the report also points the need for ‘ensuring a more active support to the engagement of civil society in national-level conversations on priorities and processes of democratic reform and EU accession.’

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for ‘ensuring a more active support to the engagement of civil society in national-level conversations on priorities and processes of democratic reform and EU accession’.\textsuperscript{120}

The Modern Concept of Human Resources Management in the Ministry of Interior of the Republic of Serbia (hereinafter Serbia HRM) project, clearly focused in its design\textsuperscript{121} on responding to the specific political and institutional contexts and needs of the beneficiary (the Ministry of the Interior). The intention of this pre-accession assistance programming was specifically on necessary reforms to public administration ‘fully capable of coping with the alignment and implementation of the EU acquis.’\textsuperscript{122} The Action Description provides a range of further justifications for the project, all of which provide reasoning for how this twinning project is relevant to the needs of the Ministry of the Interior and for the required reforms in Serbia’s administration, based around Serbia’s own Public Administration Reform (PAR) Strategy (2004), and its related Action Plans (2004-2008 and 2009-2012).

The NJRS made specific note of amendments to judicial laws and ‘interim measures’ as setting in train the process of judicial strengthening.\textsuperscript{123} The NJRS stipulates the establishment of a system of appointment and promotion of judges and public prosecutors according to clear, objective and criteria determined in advance.\textsuperscript{124} Changes included the establishment of the High Judicial Council and State Prosecutorial Council as the key institutions of the judiciary ‘with precisely defined system of transparency and accountability.’\textsuperscript{125}

Specifically, in relation to whistle-blowers, the Revised Indicative Strategy Paper for Serbia (2014-2020) notes that the law on whistle-blower protection entered into force in June of 2015 and related training for the judiciary has been conducted.\textsuperscript{126}

The Anti-Corruption Strategy delineates and discusses a number of ‘fields of priority action’ in relation to the fight against corruption. They are:

- Political activities
- Public finance
- Privatisation and Public-Private Partnership
- Judiciary
- Police
- Spatial planning and construction
- Health care system
- Education and sport
- Media.

The Action Plan for the Anti-Corruption Strategy details specific Objectives, Measures, Activities and Indicators in each of these nine priority areas.\textsuperscript{127} As well as the National Anti-Corruption Strategy and the Action Plan, the Action Plan for Chapter 23 provides details on the agreed steps for addressing corruption in Serbia. As with the judicial sub-sector, these strategic and action documents are closely related, with the Action Plan for Chapter 23 referencing and drawing on the Action Plan for Implementation of the Anti-Corruption Strategy.

\textsuperscript{120} Ibid, page 10.
\textsuperscript{121} Contract, Modern Concept of Human Resources Management in the Ministry of Interior of the Republic of Serbia. See Annex A1 – Description of the Action.
\textsuperscript{122} Ibid. See Annex A1 – Description of the Action.
The Thematic Evaluation on IPA Support to the Fight Against Corruption made a number of observations relevant to the implementation of anti-corruption measures in Serbia, observations that resonate with the strategy and action documents prepared for this area. Among others, the observations include:

- Reform of the judiciary is a pre-requisite for a successful fight against corruption
- More transparent cooperation between law enforcement agencies is needed
- Collaboration between the Anti-Corruption Agency and the Anti-Corruption Council is limited
- Strengthening the capacities of the Anti-Corruption Agency is a priority
- Stronger budgetary inspections and a stronger inspection mandate are needed.  

A confirmation of the appropriateness of EU pre-accession assistance can be found in the 2019 evaluation in Serbia of contracts implemented under the Civil Society and Media Action programme: ‘The evaluation heard why Chapters 23 and 24 are critical, because they are about European values, more than accession processes; they are about fundamental reforms, rather than legislative and policy framework. All reviewed projects address the issue of rule of law in general and a number of projects directly address issues related to Chapter 23 and Chapter 24 of the EU Acquis, with significant focus on human rights, the protection of rights, media freedoms, building public awareness and the importance of citizen engagement.’

This report also notes that ‘CSF objectives, and the priorities of consecutive Calls for Proposals, are well-aligned with the Copenhagen Political criteria for accession, particularly preservation of democratic governance and human rights.’ Within the framework of this evaluation question, this report also notes that ‘Reviewed projects are also relevant to the EU priorities and pre-accession objectives in terms of addressing the recommendations from the European Commission Progress/ Country Reports for Serbia indicating the need to maintain and foster space for political dialogue, critical discussion and debate and expression of differing opinions both in mainstream media and in social networks. Interventions are also relevant from the perspective of the need to empower CSOs and media to create demand for enhanced transparency, accountability and effectiveness from public institutions and facilitate a greater focus on the needs of citizens in policy-making.’

‘A specific set of Media Guidelines have been drafted and are used in programming. The Media Guidelines are monitored systematically, with input sought from all relevant civil societies and other national stakeholders. There is a clearly stated and visible intent to maintain a link between the Media Guidelines and the priorities of calls for proposals, although it is noted that the guidelines do not have a thematic bearing – they provide a unified framework on which programming for civil society is undertaken.’

Field enquiry provided strong evidence for/ support to the processes of need analysis and its contribution to understanding of the needs and priorities of the judicial sub-sector.

1.1.2 Extent to which there is coherence between EU strategy and programming and nationally identified priorities and plans

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128 August 2015. Thematic evaluation on IPA support to the fight against corruption, page 150. Business and Strategies Europe
130 Ibid, page 11.
131 Ibid page 13.
Directly in line with the NJRS, and with specific reference to ‘advancement of Serbia’s judicial system and Rule of Law in line with the EU accession requirements,’ the Terms of Reference for the project EU for Serbia - Support to the High Judicial Council note that the ‘independence of the judiciary is guaranteed and ensured by the Constitution of the Republic of Serbia. In recent years significant reforms within the judicial sector have been implemented in order to strengthen the independence, professionalism, accountability, administration and management of the judicial system and its representative institutions.’ This provides a clear expression of the correlation between the EU’s provided assistance and the ongoing reforms in the sector.

The Action Plan notes the intention of the Government of Serbia to harmonise Serbia’s legal system with the EU acquis and guidelines for the required legislative changed were already defined in the Action Plan for the National Anti-Corruption Strategy for the period 2013-2018. The Action Plan for Chapter 23 includes (Section 2) analysis of recommendations from the Screening Report and related activities, expected results, indicators and assignments to responsible authorities.

According to the Action Plan for Chapter 23 there is a ‘developed consciousness and political will to eliminate corruption to the fullest extent’, with a recognition that corruption impoverishes society and the state. Further, the Action Plan notes that Serbia has ‘ratified all major international instruments in the fight against corruption and that generally laws and regulations are partly compatible with international standards.

The Revised Indicative Strategy Paper for Serbia (2014-2020) notes the relationship between the Action Plan for the National Anti-Corruption Strategy and the Action Plan for Chapter 23, and notes that they have ‘a structural approach covering issues such as good governance, independent institutions, internal control and external audit, and protection of whistle-blowers, and a sector approach addressing corruption in most sensitive sectors such as public procurement, spatial planning, judiciary, police, education and health.’

As noted above the Thematic Evaluation on IPA Support to the Fight Against Corruption made a number of observations relevant to the implementation of anti-corruption measures in Serbia, observations that resonate with the strategy and action documents prepared for this area. However, the application of the work of this evaluation is not visible in analysed documentation.

The Anti-Corruption Strategy delineates and discusses a number of ‘fields of priority action’ in relation to the fight against corruption and the Action Plan for the Anti-Corruption Strategy details specific Objectives, Measures, Activities and Indicators in each of the priority areas. As well as the National Anti-Corruption Strategy and the Action Plan, the Action Plan for Chapter 23 provides details on the agreed steps for addressing corruption in Serbia. As with the judicial sub-sector, these strategic and action documents are closely related, with the Action Plan for Chapter 23 referencing and drawing on the Action Plan for Implementation of the Anti-Corruption Strategy.

The National Anti-Corruption Strategy sets out a range of objectives in preventing corruption. These stated objectives can also be seen as steps to be taken in the process of corruption prevention, and the

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139 August 2015. Thematic evaluation on IPA support to the fight against corruption, page 150. Business and Strategies Europe
Action Plan for the National Anti-Corruption Strategy specifically defines Objectives, Measures and Indicators for each of these objectives. The objectives include:

- Analysis of the hazards of corruption in the drafting of regulations
- Establishment of a system of employment and promotion based on criteria and merit
- Ensuring transparency in the work of public authorities
- Ensuring continuous education regarding corruption
- Creating conditions for the participation of civil society in anti-corruption practice
- Creating conditions for the more active participation of the private sector in anti-corruption practice
- Ensuring the monitoring of implementation of recommendations by the National Assembly
- Extending competencies and capacities in the Anti-Corruption Agency, the Protector of Citizens, the Commissioner for Public Importance and Personal Data Protection and the State Audit Institution
- Establish efficient and effective protection of whistleblowers
- Enact a law on the prevention of conflict of interest of employees in the public sector.

The Serbia 2016 Report notes Serbia’s commitment to human rights through its ratification of ‘all of the main international human rights instruments’, although it also notes the necessary improvement needed in implementation. The Serbia 2018 Report and the Serbia 2019 Report both echo the findings of the 2016 Report, including the ongoing concerns about implementation of the legislative and institutional frameworks for upholding human rights. The Serbia 2019 Report states ‘Serbia was granted observer status in the European Agency of Fundamental Rights … an important step towards its gradual alignment with Union law in the area of fundamental rights.’

The Mid-term Evaluation of the Civil Society and Media Fund (CSF) notes the CSF funds projects that ‘focus on the EU political agenda’, covering ‘governance, social inclusion, rule of law, anti-corruption and human rights.’ Here the report specifically comments on anti-corruption systems and processes and the engagement of civil society organisations in this area, as well as projects related to the media, transparency, and the role of the media in accession processes. However, the 2019 evaluation of the CSF in Serbia is critical of the ‘slow pace’ of implementation of the Government of Serbia’s Media Strategy and the need for strengthening of and further support to media freedoms and professional journalism.

A total of 13 contracts bear some relationship to addressing anti-corruption priorities, of which 6 are within DAC code 15113 – anti-corruption organisations and 7 others are coded against other DAC codes. Of these 13, 8 are CSF action grants and 4 are small actions grants to media. Only one is a service grant – with a focus on capacity-building in law enforcement and the judiciary. It is worth further enquiry during the field phase to ascertain feedback/comment on whether this is sufficient focus on anti-corruption, both in the amount of contributions and in the type of activity.

Of contributions to DAC code 15130 – Legal and judicial development, a total of almost EUR 50 million is planned, of which

- Approximately EUR 8,600,000 are for works and supply contracts.
- A single financing agreement is planned at EUR 13 million for Construction of Common Crossing Points (CCPs) between Serbia and Kosovo.

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This leaves some 50% for other aspects of work on legal and judicial development. It is also worth further enquiry during the field phase to ascertain feedback/ comment on whether this is sufficient focus on this area, in terms of contribution amounts and contribution types.

Field enquiry provided strong evidence for/ support to the processes of need analysis and strategy formulation and their relevance and contribution to judicial reform and development.

1.1.3 extent to which EU strategy and programming incorporate analysis of capacity needs and constraints (overall and in focus sectors), and take account of lessons learned from previous periods

The Modern Concept of Human Resources Management in the Ministry of Interior of the Republic of Serbia (hereinafter Serbia HRM) project is focused in its design on responding to the needs of the beneficiary (the Ministry of the Interior). The intention of this pre-accession assistance programming is on necessary reforms to public administration 'fully capable of coping with the alignment and implementation of the EU acquis.' The project is in early stages of implementation.

1.1.4 extent to which EU allocations of financial assistance reflect the stated priorities, considering both government allocations and other international assistance

The Action Plan for Chapter 23 notes that the NJRS has a specific focus on ‘measures aimed at improvement of impartiality, ethics and integrity of the judicial office holders’ as well as noting the establishment by the State Prosecutorial Council of a Board of Ethics. The Serbia 2018 Report notes that ‘judges and prosecutors have an obligation to declare their assets on an annual basis and to report possible conflicts of interest.’ The Serbia 2019 Report notes that ‘Disciplinary procedures are in place for both judges and prosecutors.’

The Serbia 2016 Report notes Serbia’s commitment to human rights through its ratification of ‘all of the main international human rights instruments’, although it also notes the necessary improvement needed in implementation. The Serbia 2018 Report and the Serbia 2019 Report both echo the findings of the 2016 Report, including the ongoing concerns about implementation of the legislative and institutional frameworks for upholding human rights. The Serbia 2019 Report states ‘Serbia was granted observer status in the European Agency of Fundamental Rights … an important step towards its gradual alignment with Union law in the area of fundamental rights.’

In terms of gender equality, the project document for the project design document for the Support to Priority Actions for Gender Equality in Serbia project notes that although ‘gender equality and women’s rights are integral to Serbia’s strategic and policy documents, implementation is lagging and the inequalities persist.’ This document provides specific indicators in support of this statement, including the higher level of unemployment for women compared to men, the higher qualifications of employed women compared to men although their wages are 111% less than men’s and the much higher proportion of property owned by women compared to men. The document notes that the ‘Implementation of laws

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151 Ibid. See Annex A1 – Description of the Action.
and gender equality policies and measures remains a challenge …\textsuperscript{161} and points to the Law on Gender Equality (2009) which makes specific provision for respecting equal rights but ‘provides no means for the Law enforcement.’\textsuperscript{162}

It is this disconnect between legislation/policy and implementation that the project attempts to address, that is a similar theme across documentation analysed for this evaluation and that is indicative of the appropriateness of the EU’s pre-accession programming.

Field enquiry provided strong evidence for/ support to the processes of need analysis and strategy formulation and their relevance and contribution to judicial reform and development. However, there was also a range of evidence that indicates a need for greater correlation between provided financial assistance and strategic priorities. Actions which are supported are defined within strategies, but to what extent does the provided assistance actually ensure achievement of the strategy – this is a consistent question from field enquiry.

Analysed documentation did not provide evidence related to this indicator.

Indicator 1.1.5 - extent to which EU strategy and programming offer appropriate sequencing of support, based on capacity analyses and lessons learned

Data from the evaluation’s field research indicates little overall focus on sequencing of support based on analysis and lessons learned, except within specific Actions when they are extended or continued - this is specifically true of work being done on the backlog of cases in the Courts, where current support follows on well from support provided earlier by other international donors.

2.2. EQ 2 Effectiveness

What have been the effects of the European Union’s cooperation strategy with Serbia over the evaluation period (e.g. on capacity building)?

Documentation analysed for the evaluation demonstrates a high level of correlation between government policy/legislation and the requirements of EU accession across the rule of law and fundamental rights sector. There is a clear link between EU accession requirements and Serbia’s strategic frameworks, legislative changes and policy structures, as well as a clear link between these frameworks and the assistance provided by the EU. What is not so clear in analysed documentation is a strong, effective link between the strategic/policy framework, EU assistance and actual implementation of policy/legislation. This is particularly true in relation to corruption and a number of areas of fundamental rights, notably freedom of expression and the media, where issues are visible even in late 2019.

In the context of the sectoral Theory of Change, some outputs are visible in legal frameworks. Within the judicial sub-sector there are some indications of outputs being achieved (although the Support to the High Judicial Council project is at a relatively early stage of implementation so cannot yet be judged in this area). In other areas even results at the output level are limited – particularly in relation to corruption and in freedom of expression and media transparency. There is little evidence of results at the outcome level.

JC 2.1 Government policy and implementation of policy in selected sectors are more in line with the requirements of EU accession as a result of contributions from EU cooperation

Indicator 2.1.1 - extent to which the role and capacities of democratic and judicial institutions in relation to each sector have changed over the evaluation period

\textsuperscript{161} Ibid, page 7.
\textsuperscript{162} Ibid, page 8.
According to the Mid-term Evaluation of the Civil Society Facility for the Western Balkans and Turkey, ‘The advocacy role of CSOs engaged is demonstrably stronger, based on effective approaches, improved knowledge and an increase in skills built through training programmes and engagement with regional and EU-based partners. The use of evidence-based approaches is particularly noted. CSOs are engaged in the preparation of policy briefs, and policy documents, and are advocating with government on behalf of this work. They are engaged locally and at the national level.’ This report also states that in ‘creating opportunities for non-state actor participation in policy-making and implementation processes the CSF can be understood as a cross-cutting cooperation instrument, complementing the EU relations instruments of political dialogue, conditionality and assistance.’

In 2018 the Revised Indicative Strategy Paper for Serbia (2014-2020) stated:

“The legal framework is not yet in line with EU standards thus leaving scope for political influence in the recruitment and the appointment of judges and prosecutors. Serbia needs to amend the constitutional provisions related to the system for recruitment and career management in line with European standards related to the independence of the justice system” (p23).

There is a clear emphasis in the Serbia Judicial Functional Review on both efficiency and effectiveness, and the relationship between the two, in the judicial sector. The Review concluded (overall conclusion 8) that ‘Serbia’s judicial system performs at a lower standard than that of EU Member states’, struggling with a ‘legacy of bureaucracy and red tape’. The Review also notes that ‘courts are clogged with old cases that go unattended’ and that ‘arcane processes cause delays’. The Review also concluded (overall conclusions 9 and 10) that while in recent years workloads have decreased and resources have increased, and while there has been an era of successive reforms, sector performance has not improved. The Review (overall conclusion 12) notes an absence of a framework for performance management which coupled with a ‘haphazard’ application of reforms leads to the addressing of ‘symptoms rather than the causes of systemic under-performance’. The project EU for Serbia - Support to the High Judicial Council also provides a direct response to this issue, and the comments above are relevant also here.

Annual reporting is consistent in its commentary on Serbia’s corruption prevention institutions. The Serbia 2016 Report notes that ‘Serbia’s institutions for preventing corruption broadly meet international standards and continue to show good potential.’ The Serbia 2018 Report uses the exact same wording, as does the Serbia 2019 Report. The Serbia 2016 Report further notes the active nature of the Anti-Corruption Council in exposing cases of systemic corruption, but also notes the failure of the Government of Serbia to follow up on its recommendations. The Serbia 2019 Report uses exactly the same wording while the message in the Serbia 2018 Report is also the same. The fact that the wording has not changed in the past three reports is of concern as it is an indication of a lack of progress.

Field enquiry – specifically related to the judiciary - provided detailed information on the mixed outcomes in this area. The strongest positive developments are in relation to the efficiency of the Courts, with significant reductions in the size of the backlog of cases. Further, the work on case law harmonisation is proceeding well and is likely to contribute to a more effective and efficient judiciary. On the other side, little evidence was provided that indicates any significant growth in capacity in judicial sector institutions. Ongoing blocks to Constitutional change are specifically hampering the work of the Action with the High Judicial Council. The HJC is not currently demonstrating the independence and accountability envisaged in the judicial reform strategy.

Indicator 2.1.2 - extent to which EU cooperation has contributed to these changes in democratic and judicial institutions

The Serbia HRM Closing Report noted how, even in the face of some serious difficulties was able to assist in the implementation of policy in selected sectors are more in line with the requirements of EU
accession. Overall this meant introduction of ‘robust systems that will ensure open, fair and transparent approaches to the management of the Ministry’s staff.’ These included

- a standardised system of creating and maintaining job descriptions allowing a rationalisation of job roles across the Ministry
- a system of performance appraisal
- merit-based recruitment systems
- merit-based promotion systems
- the concept of career development
- an organisational development function.

The revised Indicative Strategy Paper noted the need for a ‘systematic approach to judges’ and prosecutors’ career, based on performance criteria.’. The project EU for Serbia - Support to the High Judicial Council provides a response to this issue (although at the time of writing it is relatively early in its implementation and further enquiry will be required during the field phase). The Terms of Reference for the project state the project’s purpose as strengthening the capacities of the High Judicial Council (HJC) in key areas for the execution of its mandate, including managerial skills for HJC staff, a mechanism for career development for judges, improvements to financial management and improvements to the effectiveness of disciplinary proceedings. The project’s inception report reaffirms the importance of the EU acquis, the Action Plan for Chapter 23 and the NJRS in providing context and strategic frameworks for this EU assistance, and points to Article 6 of the European Convention on Human Rights in framing EU standards for the judiciary: ‘an independent judicial budget is based on transparent and objective, merit-based criteria, providing at the same preconditions for resolving the cases in a reasonable time.’

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Indicator 2.1.3 - extent to which the legislative framework relevant to each sector this has changed over the evaluation period

While the Serbia 2018 Report indicated some progress being made, it also noted issues with operational capacity and notes ‘no measurable impact of anti-corruption reforms’. The Serbia 2019 Report notes that the revised Law on Prevention of Corruption was adopted in May of 2019 but also notes that limited progress has been made in the fight against corruption and no measurable impact from corruption prevention reforms.

The 2019 Report indicates three priorities for Serbia in anti-corruption work:

- Improve the investigation track record and indictments/ convictions in high-level corruption cases
- Implement the anti-corruption legislation, ensuring it is compliant with the EU acquis
- Conduct an impact assessment on the anti-corruption policy with a view to adopting a new strategy and action plan.
The Serbia 2016 Report notes that the revised law on the Anti-Corruption Agency ‘has been pending for many months and needs to be adopted urgently.’ Again, the Serbia 2018 Report uses the same wording while the Serbia 2019 Report notes the Law has been prepared by the Ministry of Justice Working Group (July 2018) but that the ‘draft did not fully comply with the GRECO recommendations.’

A new Law on Organisation and Jurisdiction of Government Authorities in Suppression of Organised Crime, Terrorism and Corruption entered into force in March 2018, as well as the new Law on Amendments and Supplements to the Law on Seizure and Confiscation of Proceeds from Crime and the Serbia 2018 Report states the ‘legal framework for the fight against corruption is broadly in place,’ including ongoing implementation of the Law on Whistle-blower Protection.

In terms of non-discrimination, ‘Serbia’s non-discrimination legislation is generally in line with European standards (although) amendments to bring it fully in line with the acquis remain to be adopted.’ It is worth noting that the need to bring legislation into line with the acquis is reported on each year and has not happened. As a further example, the ‘anti-discrimination strategy expired in January 2018 and a new one has yet to be adopted.’ The Serbia 2018 Report notes that the situation in relation to the rights of persons with disabilities ‘remains very difficult’. The Serbia 2018 Report notes a new Gender Equality Law but also that it has not been adopted. The Report also notes the Law on Prevention of Domestic Violence adopted in 2016 as well as the national strategy and action plan for combating violence against women (which expired in 2015). The Serbia 2019 Report confirms the non-adoption of the Law on Gender Equality.

There are significant ongoing areas of difficulty in relation to legislative frameworks in the judiciary, according to the field enquiry undertaken in this area. Of critical significance is the inability of the GoS to finalise and implement changes to the Constitution of Serbia. All other intended changes are held up by this delay, as are a range of initiatives currently being supported by the EU. The Support to the HJC project is the most affected Action that was looked at during field research, with a number of its components being unable to be addressed.

Indicator 2.1.4 - extent to which EU cooperation has contributed to these changes in the legislative framework

Provided assistance from the EU has not been focused on nor contributed to legislative changes in this sector.

Indicator 2.1.5 - extent to which public infrastructure relevant to each sector has changed over the evaluation period
Staffing in the Ombudsman’s Office was increased although there are expressed concerns over the independence and efficiency of the Ombudsman’s Office, with the Serbia 2018 Report calling for amendments to the Law on the Ombudsman. In this context, the Serbia 2019 Report highlights Parliament’s failure to discuss the annual reports of the Ombudsman for the fourth year in a row.

The Serbia 2018 Report: ‘measures were taken to improve infrastructure and living conditions in several locations. The strategy and action plan for reducing overcrowding in prisons was adopted in March 2017. However, serious understaffing in prison treatment and probation services is hampering progress in its implementation. Some initial steps were taken to reorganise the service for treatment and alternative sanctions.’

Assistance to the judicial sector has made a significant contribution to public infrastructure specifically in relation to the judiciary. This includes physical infrastructure such as buildings, but more importantly, from the perspective of stakeholders interviewed during field research, IT infrastructure has been of particular significance. This is true in terms of the backlog of cases but of a longer term impact the work with the harmonisation of case law is likely to be more significant.

Indicator 2.1.6 - extent to which EU cooperation has contributed to these changes in public infrastructure

Assistance to the judicial sector has made a significant contribution to public infrastructure specifically in relation to the judiciary. This includes physical infrastructure such as buildings, but more importantly, from the perspective of stakeholders interviewed during field research, IT infrastructure has been of particular significance. This is true in terms of the backlog of cases but of a longer term impact the work with the harmonisation of case law is likely to be more significant.

Indicator 2.1.7 - extent to which government policy in each sector has changed over the evaluation period

Annual reporting notes improvements in policy and procedure in the prison system. The Serbia 2016 Report: ‘a system of judicial protection and supervision of prisoners’ and detainees’ exercise of their rights is in place. Pilot projects on cooperation with local self- governments and civil society on alternative sanctions and reintegration continued and proved successful.’

In terms of freedom of expression, and specifically in terms of the media and journalists, annual reporting is consistently concerning as to policy frameworks and practice. The Serbia 2019 Report notes ‘serious concern’ over the lack of progress in freedom of expression in Serbia. This follows on from the 2018 Report which used the words ‘this lack of progress is increasingly a lack of concern.’

In terms of gender equality, the Serbia 2016 Report noted a ‘national strategy for gender equality 2016-2020 and an action plan for 2016-2018 were adopted’ although it was noted also that a ‘sustainable institutional set-up for promoting gender equality (with adequate resources) is needed.’

The 2019 CSF Serbia evaluation notes ‘a large number of interviewees believe that the EU sends mixed messages to both media and the government by supporting media projects but not offering policy or political support to (independent) media efforts, and that what is lacking is stronger EU political support, particularly in cases when smear campaigns or pressure on journalists takes place, and where visible support to journalists (freedom of expression/ media independence) is needed.’

The project Implementation of Anti-Discrimination Policies in Serbia was specifically directed in policy areas related to anti-discrimination, to build on previous developments and to take them further. The project’s stated purpose was the ‘strengthened institutional capacity of the Ministry of Human Rights and Minorities, Public Administration and Local Self-Government/ Directorate for Human and Minority Rights and the Office of the Commissioner for the Protection of Equality for more effective and efficient implementation of anti-discrimination policies in line with EU standards and best practice’, clearly directly in line with the requirements of EU accession. This is supported by the ROM report on this project which states that ‘Previous interventions in the sector were successful in establishing the legal and institutional set-up to fight discrimination and protect human rights. Despite the adoption of relevant legislation and the existence of institutions to combat discrimination there is a clearly perceived need to further streamline anti-discrimination policy to contribute to human rights standards and minority protection in Serbia and a further alignment with EU standards in this area.’

In its annual report from March 2019 the Support to Priority Actions for Gender Equality in Serbia project notes successes in strengthened administrative structures within the Coordination Body for Gender Equality and also points to improvements in this Body’s capacity to lead implementation of the National Action Plan for Gender Equality and to strengthening of the system of Gender Focal Points. Further, the Coordination Body for Gender Equality ‘supported vertical and horizontal cooperation and coordination between national institutions through regular Gender Focal Point meetings and with local Gender Equality Mechanisms through an annual Gender Equality Mechanism conference.’ The report also notes the project’s support to the Ministry of European Integration in a number of areas, including in conducting gender mainstreaming in the NAD process and document. The project (and its current results) both indicate a focus on policy and implementation of policy in selected sectors being more in line with the requirements of EU accession.

**JC 2.2 State institutions relevant to each of the sectors have been strengthened with contributions from EU cooperation**
Documentation analysed for the evaluation is consistent with comments above on implementation, as opposed to policy, i.e., that there are some issues with the application of assistance that would more clearly demonstrate a *strengthening of state institutions*. Analysis of documentation provides a clear indication that assistance is pointed in the right direction, but in some areas this does not appear to result in the anticipated structural change. As will be seen below, this is particularly true in relation to corruption and to a number of areas of the judiciary. Field enquiry, which was focused on the judiciary, confirmed the document review. On one hand, there are visible improvements in addressing the backlog in the Courts, and the development and implementation of a case harmonisation approach is progressing well across Serbia. On the other hand, there is little visible capacity change in other areas of the judiciary.

Of some concern in relation to capacity-building/capacity-strengthening projects is that reporting on these projects is far too focused on what inputs have been provided, i.e. what training has been done, than on what capacity has actually been built/strengthened. Reporting done on these projects needs to be much more focused on the outputs and outcomes of funded capacity-building initiatives.

Analysis below of the relevant documentation also makes note of specific indicators being used against each Judgement Criteria of the evaluation. Relevance to capacity strengthening is visible through the extent to which indicators are relevant across this section.

Analysis at JC 2.1 above summarises a number of changes in the Ministry of the Interior, brought about through the *Serbia HRM* project, that are also relevant here. The project analysed strategic and normative frameworks within the Ministry, contributed to drafting of human resource management regulations, assisted with assessment of the functions of the human resource management service and, following from an earlier Sida-funded project contributed to organisational structures and job descriptions. The project also provided support to the continuous monitoring and evaluation of the human resource management service. All of these activities were directly relevant to *strengthening the functioning of the Ministry of the Interior*.

The *Serbia 2016 Report* notes ‘political comments on ongoing investigations and cases (which) call judicial independence into question’, analysis that is echoed in the *Serbia 2018 Report* which notes that ‘current constitutional and legislative framework still leaves room for undue political influence over the judiciary’ and that little ‘progress has been made in establishing a fully objective, transparent and merit-based system for the appointment of judges and prosecutors.’ This report also notes that ‘Pressure on the judiciary (including from authorities within the judiciary) remains high.’ The *Serbia 2019 Report* uses virtually the same words, indicating the continuing challenges to judicial independence which are not being met. Serbia is undertaking a constitutional reform process on judicial independence, a process that began in 2017 and continues today. The process has not proceeded smoothly, even in the beginning when a number of civil society organisations and professional associations withdrew from the consultative process, partly as a result of the process and partly as a result of the ‘atmosphere’ of the process. These difficulties have continued – the *Serbia 2019 Report* describes the constitutional reform process as being held in ‘an acrimonious environment (with) no consensus reached during stakeholder consultations.’

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The Action Plan for the NJRS noted that ‘inefficiency has been the greatest long-standing problem of the Republic of Serbia judiciary’\textsuperscript{178} and in this context pointed to a range of measures to address this area of concern. These measures include:

- Improving of procedural laws
- Establishing an e-justice system
- Monitoring and correction of the functioning of the judicial network
- The introduction of a system of enforcement agents, notaries and mediation in dispute resolution.

The GRECO Compliance Report\textsuperscript{180} and the GRECO Interim Compliance Report\textsuperscript{181} both confirm the concerns of the Revised Indicative Strategy Paper for Serbia (2014-2020), concluding in 2018 that ‘that the overall very low level of compliance with the recommendations is “globally unsatisfactory” within the meaning of Rule 31, paragraph 8.3 of the Rules of Procedure’\textsuperscript{182} and in 2019, while acknowledging improvements, concluding ‘despite the fact that none of the recommendations have been implemented, GRECO concludes that the overall level of compliance with the recommendations is no longer “globally unsatisfactory” within the meaning of Rule 31 revised, paragraph 8.3 of the Rules of Procedure’.\textsuperscript{183}

The Serbia 2016 Report notes training being provided to judges, prosecutors and investigators who specialise in financial crime, while emphasising the need for further training in this area for police officers and prosecutors. This view is supported in the Serbia 2019 Report:

‘… the institutional and technical capacity of police, prosecutors and judges remains insufficient overall and needs improvement. Financial investigations are being launched more proactively, but their impact on a substantially increased number of final convictions is yet to be demonstrated.’\textsuperscript{184}

In terms of the prison system, the Serbia 2019 Report states that ‘the renovation and modernisation of several prisons, including the prison hospital in Belgrade, continued in line with the strategy for reducing overcrowding in penal institutions. A new prison was built in Pančevo and is operational. A decision on reorganising the service for treatment programmes and alternative sanctions was adopted in May 2018 but has yet to be implemented.’\textsuperscript{185}

In terms of freedom of expression, and in line with comments above about policy frameworks and implementation, annual reporting points to critical areas that need to be addressed, including:

- An enabling environment where freedom of expression can be exercised without hindrance
- Full implementation of the media laws
- Strengthening the independence of the Regulatory Body for Electronic Media
- A new strategy for development of a public information system
- Adequate funding for public broadcasting services and transparent co-funding for media content serving the public interest.\textsuperscript{186} \textsuperscript{187}

\textsuperscript{179} Ibid, page 20.
\textsuperscript{182} March 2018. Fourth Evaluation Round - Corruption prevention in respect of members of parliament, judges and prosecutors - Compliance Report Serbia, paragraph 103. GRECO Secretariat Council of Europe.
According to annual report of the Support to Priority Actions for Gender Equality in Serbia project, the strengthening of the Gender Focal Points includes provision of expertise, collection of data, validation of findings and advocating for gender equality in their respective institutions. This work, as well as the work done with the Ministry of European Integration, in terms of training and with assistance in gender mainstreaming of processes and documents are all indicators of a strengthening of state institutions in the sector.

Indicator 2.2.2 - extent to which EU cooperation contributed to the changes in capacities of relevant sectoral institutions

The Serbia HRM project is also relevant here. The project analysed strategic and normative frameworks within the Ministry, contributed to drafting of human resource management regulations, assisted with assessment of the functions of the human resource management service and, following from an earlier Sida-funded project contributed to organisational structures and job descriptions. The project also provided support to the continuous monitoring and evaluation of the human resource management service. All of these activities were directly relevant to strengthening the functioning of the Ministry of the Interior although there is no clear indicator in reviewed documentation of actual improvements in performance. This will require further analysis in the field phase.

The national backlog reduction programme is noted in the Serbia 2018 Report, as is its relative success in reducing the backlog. Implementation by the Supreme Court of Cassation has seen a significant reduction in the number of cases backlogged (a reduction of almost one million cases between 2016 and 2017). Field enquiry confirmed these important changes in the operation of the Courts.

The project EU for Serbia - Support to the High Judicial Council provides a direct response in this area although the project reporting period covered by this evaluation was at approximately halfway through implementation, so the specific strengthening of the sector anticipated through this project has not been completed. Some activities were reported on in the project’s interim report that indicate directions towards capacity change, although at this stage the change is not visible. These activities include:

- HJC Rulebook on Internal Organisation and Systematisation of Workplaces developed
- Ongoing analysis of the constitutional and legislative framework for the HJC and the judiciary
- Analysis of national legal framework, as well as international standards and performed expert analyses pertaining to discipline of judges
- Rulebook on Anonymization of HJC Decisions drafted
- Continuous coordination and information exchange with Disciplinary Prosecutor and Disciplinary Commission members on legal framework improvement and improvement of overall working capacities related to disciplinary proceedings.

In terms of anti-discrimination, the Implementation of Anti-Discrimination Policies in Serbia project’s stated purpose was the ‘strengthened institutional capacity of the Ministry of Human Rights and Minorities, Public Administration and Local Self-Government/ Directorate for Human and Minority Rights and the Office of the Commissioner for the Protection of Equality’, and both project and ROM reporting indicate this strengthening of institutional capacity has taken place:

• Project reporting points to training sessions, manuals, curriculum development, cooperation protocols, guidelines, awareness sessions, legislative analysis, monitoring mechanisms, etc. were undertaken by the project.

• ROM reporting states that ‘The project is strengthening the institutional capability of the Office of Human Rights and Minorities (OHRM) and Commissioner for Protection of Equality (CPE) to effectively implement anti-discrimination policies in line with EU standards. The achieved results address the core competencies of OHRM in reporting to UN bodies, the provision of human rights education for public officials and co-ordination and communication with governmental and non-governmental organisations. The CPE has strengthened its support for victims of discrimination which is seen in an increase in the number of formal complaints coming from the local level, which is a key indicator.’

Comments on the Support to Priority Actions for Gender Equality in Serbia project, in terms of training and with assistance in gender mainstreaming of processes and documents are also relevant here, in relation to EU contributions to strengthening of state institutions in the sector.

2.3. EQ 3 Awareness

To what extent has the EU’s cooperation strategy raised, over time, Serbia’s awareness of the general principles the EU stands for and/or the EU’s positive contributions?

The documents that have been analysed, including documentation from the sample projects and strategic/policy documents, do not provide a strong indication that targeted institutions are being provided or are gaining a greater awareness of the EU’s general principles. There is a focus in documentation on EU frameworks such as the EU acquis, and a related focus on alignment with these frameworks, but provided documentation does not then provide any discussion of the strengthening the awareness of key targeted institutions of general principles. Documentation is much more related to structure and process. One exception to this is the work done by civil society organisations, funded through the CSF. Much of the focus of CSF-funded projects is on principles, and on bringing policy and legislation into line with EU frameworks and a European perspective. However, this focus and these contributions form only a relatively small component of the EU’s contributions. Further enquiry is required during the field phase.

JC 3.1 EU cooperation has contributed to strengthening the awareness of key targeted institutions of the general principles which the EU stands for

Indicator 3.1.1 - extent to which key government institutions in each sector are acting upon EU policy advice and guidance, and reported changes over the evaluation period

The Mid-term Evaluation of the Civil Society Facility for the Western Balkans and Turkey provides relevant insight to this discussion particularly in relation to the semi-formal/structural relationships between governance structures (national and local) and civil society. The discussion on page 24 of the report canvasses a number of points in these relationships, including building awareness of the need for policy dialogue (dialogue that takes place between government institutions, citizens and CSOs regarding key questions on the development and implementation of public policies), awareness of the work of CSO in this area, improving communication and building the capacity of civil servants to engage in policy dialogue. While the report notes that ‘effectiveness of this support has been variable’, reasoning for this is pointed to more at political factors than the actual EU-funded assistance, which implies some lack of success in ‘strengthening the awareness of key targeted institutions of the general principles which the EU stands for’. The 2017 CSF evaluation does note the perspective of civil society that ‘they initiate the dialogue between local authorities and CSOs, resulting in more involvement of civil society in decision-
making, and more evidence-based local policies and measures’, although it is noted that these impacts are ‘uneven’. The report also notes that one ‘key to effective democracy that is not visible enough currently is the building of effective dialogue by CSOs up to authorities and down to citizens/civil society more generally. This process of dialogue is as important as the activities of CSOs and is missing to a certain extent, which is detrimental to the potential for impact.’

While largely silent on the general principles the EU stands for, documentation from the Serbia HRM project that was analysed consistently references the EU acquis, specifically related to justice, freedom and security, as well as referencing equal employment opportunities as an overall principle in establishing a modern human resource management system in the Ministry of the Interior. The Closing Report of the project mentions reforms and the EU acquis, but does discuss the project in the context of general principles of the EU. Further enquiry will be required during field research to ascertain the project’s contribution to the Ministry’s understanding of fundamental EU principles.

Documentation from the EU for Serbia – Support to the High Judicial Council project is also generally silent on the general principles which the EU stands for although the focus of project context and strategy points to the EU acquis and there are references to the European Convention on Human Rights. Further enquiry will be required during field research to ascertain the project’s contribution to the HJC’s understanding of fundamental EU principles.

Annual reporting is particularly notable in its commentary on freedom of expression and the media in relation to the general principles of the EU. Reporting notes the failure of systems and processes, particularly in protecting media freedoms and the safety of journalists.

• The Serbia 2016 Report: ‘the situation has not improved. There is a need to maintain and foster space for political dialogue, critical discussion and debate and expression of differing opinions both in mainstream media and in social networks. Hate speech is often tolerated in the media and is rarely tackled by regulatory authorities or prosecutors. Statements by state officials in relation to the investigative work of journalists have not been conducive to creating an environment in which freedom of expression can be exercised without hindrance.’

• The Serbia 2018 Report: ‘As regards intimidation of journalists, cases of threats, intimidation and violence against journalists remain a concern. There are numerous credible reports of verbal, physical attacks and attacks against property of journalists. In this respect, Serbia needs to elaborate guidelines clarifying their classification as criminal or other type of offences and closely monitor their follow-up by the law enforcement authorities. While several cases have been solved and some criminal charges have been filed, convictions are still rare. Serious efforts are needed to identify and prosecute those suspected of violating internet freedoms. A Memorandum of Understanding signed between journalists’ organisations, the Prosecutor’s Office and the Ministry of the Interior aimed at providing greater security for journalists at work has yet to lead to more efficient legal treatment of cases and ensure access to justice.’

• The Serbia 2019 Report: ‘Seven physical attacks and attacks against the property of journalists were recorded by the Serbian authorities during the reporting period. Some media associations reported that political, economic, and other pressures on journalists increased. In this respect, Serbia needs to categorise these crimes as criminal or as other types of offences and ensure appropriate investigation and adjudication. While several cases have been solved and some criminal charges filed, convictions remain rare overall. Serious efforts are needed to identify and prosecute those suspected of violating internet freedoms, as well as those using social media to intimidate and threaten journalists. The 2016 memorandum of understanding between journalists’ organisations, the Prosecutor’s Office and the Ministry of the Interior has yet to lead to more efficient legal treatment of cases and to ensure access to justice.’

With regards to anti-discrimination policy and practice, the project selected for analysis, Implementation of Anti-Discrimination Policies in Serbia, includes in its project purpose statement ‘policies in line with EU
standards and best practice’. However, while reference is made to EU standards in defining the aims of training content, there is no other mention of standards in the final report, and no mention of best practice other than in the project purpose statement. This is also true of ROM reporting. Of concern here is that it is not possible from reporting on this project to ascertain if there has been a sufficient focus on the general principles which the EU stands for, or whether or not targeted institutions have a strengthened awareness of these principles and how they are a priority of EU financial assistance.

Similar to the discussion at JC 2.1 above, the annual report of the Support to Priority Actions for Gender Equality in Serbia project gives strong indications of both a focus on and a strengthening of awareness of key targeted institutions of the general principles which the EU stands for. This is visible in the project’s focus on and work with the Coordination Body for Gender Equality, the system of Gender Focal Points, the Ministry of European Integration and on documents such as the National Action Plan for Gender Equality and the NAD.

Project documentation was largely silent in this area.

Field enquiry make a specific effort to understand how the support provided to institutions was perceived. There is a strong support expressed generally for the role played by EU assistance, including particular mention of improvements to infrastructure and IT systems. However, feedback from the field related to the judicial sector was less supportive of the reforms being implemented through EU assistance. In the view of most interviewed stakeholders, the technical and other support being provided is not contributing to reform, nor to bringing Serbia into a closer alignment with EU principles. Interviewees point to the structural blocks within Parliament (no Constitutional reform) on the Serbian side and to a lack of impetus and direction on the EU’s side. The consistent findings of the evaluation are visible in this specific criteria and indicator: high level alignment is excellent but it does not transfer to actual reform; EU assistance improves some areas of the work of the judiciary but more with infrastructure and IT than with policy and practice (particularly in relation to independence and accountability and with the exception of specific outcomes on judicial efficiency); the role of the EU in Serbia is not well enough promoted across Serbian society.

JC 3.2 EU cooperation has contributed to the general public’s awareness of the principles the EU stands for and the EU’s positive contributions

Analysed documentation provides little insight into any focus on or results with relation to the general public and the public’s awareness of EU principles. One exception to this is the work of some CSF-funded projects which are directed at the general public, either in local CSO actions or in media productions. Feedback from field enquiry also pointed to a lack of clear understanding on the part of the general public of the role of the EU in Serbia’s development and of what exactly the intent and philosophies of EU assistance are.

The Serbia HRM project documentation and the EU for Serbia – Support to the High Judicial Council project documentation are silent on any contributions that project may have made to the public’s awareness of the principles the EU stands for. Further enquiry will be required during field research.
Interim and final reporting from the Implementation of Anti-Discrimination Policies in Serbia project both indicate increased awareness within the general public on anti-discrimination policy, although neither of these reports indicate on what basis this judgement has been made. While field feedback was not extensive on this aspect of support to the judiciary, it was consistent that the general public is not sufficiently aware of the contributions of the EU to Serbia’s development.

In terms of gender equality, the Serbia 2019 Report notes ‘A new EU Index of Gender Equality for Serbia was published in December 2018, indicating that the largest amount of progress made in gender equality was in the area of politics, due to the increased participation of women in the parliament, government, and local assemblies. Older, rural and Roma women, as well as women with disabilities continued to be among the most discriminated against in society. The role of the media in perpetuating gender stereotypes and minimising gender-based violence remains a concern.’

The 2019 evaluation of the CSF in Serbia noted that ‘productions funded through the CSF demonstrate that the general public is and will continue to be interested in media productions that address serious issues if those productions are well-designed and well-presented.’ Having said this, the report also states that there is a ‘challenge of airing these stories on (public) broadcasters with national frequencies, or in national newspapers, as these organisations are generally not interested in the productions or the topics. This limits the audience to a relatively limited number of viewers/ readers.’

The Support to Priority Actions for Gender Equality in Serbia project has a direct focus on good practices in the implementation of measures of the National Action Plan on Gender Equality in the area of women’s economic empowerment and the empowerment of rural women (Result 3) and has included in its work on this result area a level of focus on engagement with media outlets to promote to the wider public ‘the value of EU accession, gender equality and women’s rights.’ The report specifically notes that the rights of women ‘remained visible in the public discourse, and that combating violence against women became a clear state goal.’

Comments on the Support to Priority Actions for Gender Equality in Serbia project, particularly that the rights of women ‘remained visible in the public discourse, and that combating violence against women became a clear state goal’ \(^{189}\) are also relevant here.

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2.4. EQ 4 Impact

To what extent have the effects described in Q2 contributed to Serbia’s political and economic reform and preparation for EU membership?

Q2 notes in relation to the ‘effects on Serbia’s preparation for EU membership’ that while there is a high level of correlation between government policy/ legislation and the requirements of EU accession across the rule of law and fundamental rights sector, and a clear link between EU accession requirements and Serbia’s strategic frameworks, legislative changes and policy structures, what is not so clear is a strong link between these frameworks, EU assistance and actual implementation of policy/ legislation.

Relevance of sectoral changes in assisting Serbia to move closer to meeting the Copenhagen criteria are visible in how indicators are noted below.

JC 4.1 The key sectoral changes for which the EU has made a contribution have helped Serbia to move closer to meeting the Copenhagen criteria

<table>
<thead>
<tr>
<th>Indicator 4.1.1</th>
<th>Extent to which the sectoral changes achieved, with the contribution of EU cooperation, have moved Serbia closer to meeting the political criteria for EU accession</th>
</tr>
</thead>
</table>

Political criteria: stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.

- The 2017 CSF evaluation specifically notes one area of ineffectiveness of the CSF – it has not been able to assist governments and CSOs to implement and work together within the framework of an enabling environment, emphasising a lack of development of
  - Legal, judicial and administrative environment for exercising freedom of expression, assembly and association
  - An enabling financial environment
  - Suitable structures and mechanisms for cooperation with civil society.

- However, in terms of local governance, the 2017 CSF evaluation also notes the ‘consistent focus on civil society actions, particularly in terms of local democracy. These include an emphasis on EU accession activities and on the development of democratic processes and citizen engagement. Each of these areas of focus are visible across a range of funded projects, and includes the development of CSO advocacy roles …’

The EU for Serbia – Support to the High Judicial Council project is intended to directly contribute to the functioning, independence, and efficiency of the HJC, an institution directly contributing to the Rule of Law and human rights.

<table>
<thead>
<tr>
<th>Indicator 4.1.2</th>
<th>Extent to which the sectoral changes achieved, with the contribution of EU cooperation, have moved Serbia closer to meeting the economic criteria for EU accession</th>
</tr>
</thead>
</table>

Economic criteria were not assessed in this sector.

<table>
<thead>
<tr>
<th>Indicator 4.1.3</th>
<th>Extent to which the sectoral changes achieved have achieved legislative alignment with the EU acquis</th>
</tr>
</thead>
</table>
The inability of the Parliament of Serbia to finalise changes to Serbia’s Constitution completely blocks any potential outcomes of EU provided assistance in the judicial sector to impact on legislative change.

JC 4.2 State capacities and other reforms which have been enhanced with support from the EU contribute to supporting Serbia’s ability to take on the obligations of EU membership

State capacities and reform are being enhanced, and are supporting Serbia’s reform pathway, although in line with the analysis at JC 2.1 and JC 2.2 above, while assistance is well-focused and is based on both the EU’s and the Government of Serbia’s stated priorities, much more work remains to be done before it can be said that state capacity and other reforms have prepared Serbia to take on the obligations of EU membership. As will be seen below, for the judiciary, with corruption and in terms of fundamental rights, application of EU standards is not happening.

In terms of resourcing, the Serbia Judicial Functional Review notes the sector’s funding is ‘consistent with EU averages’ but the resources are not allocated effectively. The Review was a significant resource in the development of the Action Plan for Chapter 23 - its key recommendations are noted here:

- Development of a performance framework
- Making use of the full functionality of the case management systems
- Development of a comprehensive continuing training programme
- Reform of procedural laws

• Elimination of the backlog of old utility bill enforcement cases
• Development of a more realistic budget
• Adjustment to the resource mix to reduce the wage bill and increase investments in productivity and innovation.193

The project EU for Serbia - Support to the High Judicial Council provides a direct response to this issue. The Terms of Reference for the project state the project’s purpose as strengthening the capacities of the High Judicial Council (HJC) in key areas for the execution of its mandate, including managerial skills for HJC staff, a mechanism for career development for judges, improvements to financial management and improvements to the effectiveness of disciplinary proceedings.194 Having said this, this Action is hampered in actually implementing the intended changes by the lack of a new Constitution and by a number of other aspects of the functioning of the HJC, including the ongoing differences with the MoJ on transfer of HJC budget competences to the HJC.

The Serbia 2016 Report notes that Serbia needs to ‘amend the constitutional provisions on the system for recruitment and career management in line with European standards for the independence of the justice system’195, pointing to this as a way of contributing to a career system for judges and prosecutors. Further, the Serbia 2018 Report notes progress in this area with the ‘implementation of rulebooks using merit-based and transparent selection criteria and evaluation standards for first-time appointments of judges and deputy prosecutors’.196 The Serbia 2019 Report then emphasises this as a further step related to performance and career advancement, addressing the role of the Judicial Academy in preparing eligible candidates for judicial professions.197 In line with this, Action Plan for the NJRS in fact established specific measures for the reform of the Judicial Academy, including:

• Improvements to initial and continuous training for both judges and prosecutors, as well as their associates and assistants, and development of training programmes.
• Improvements to the functioning/ operation of disciplinary bodies within the High Judicial Council and State Prosecutorial Council.198

The Revised Indicative Strategy Paper for Serbia (2014-2020) noted that the ‘administrative capacity of relevant authorities and especially inter-institutional cooperation and coordination among relevant authorities such as judiciary, prosecution, police, customs and tax authorities remains insufficient for proper joint investigations’.199 This document also specifically notes that ‘strong coordination mechanisms at the highest level will be needed for implementation of the strategy.’ These remain issues in 2016 – the Serbia 2016 Report states:

• ‘Judges, prosecutors and investigators specialised in financial crime, including corruption, have received further training, but a more sustainable approach to specialist training at all levels is needed. The specialist prosecution service for organised crime and corruption has continued to initiate investigations and raise indictments in cases of high-level corruption. Appropriate training

and awareness-raising about the prosecution-led method of investigation among police officers and prosecutors is crucial.\textsuperscript{201}

- ‘Inter-institutional cooperation, between law enforcement agencies and with the prosecution service, has improved to a certain extent but requires further strengthening\textsuperscript{202}.

There is consistency as well in the Serbia 2019 Report with these ongoing needs: ‘Priority should be given to adequately resourcing the Anti-Corruption Agency in order for it to be a leading player in preventing corruption …’\textsuperscript{203}

The National Anti-Corruption Strategy and its Action Plan are silent on the specifics of repression of corruption beyond the above-detailed objectives, measures and actions. The Action Plan for Chapter 23 however provides a range of detail in this area. This document notes that ‘The key measure in the field of repression of corruption is the adoption of the Financial Investigations Strategy. This Strategy is an integrative document for the largest number of anti-corruption repressive measures.’\textsuperscript{204} It is noted however in the Revised Indicative Strategy Paper in 2018 that while the Financial Investigations Strategy has been adopted it is yet to be implemented\textsuperscript{205}.

In terms of anti-discrimination, it is necessary to repeat the analysis from question 4.1 above related to the effectiveness of the Implementation of Anti-Discrimination Policies in Serbia project in developing the capacities of target institutions. While the ROM report and project reporting both note the capacity building as a strength, the ROM also notes that the ‘present HR capacity in the OHMR and CPE is not satisfactory which limits the effectiveness of the capacity building efforts of the action.’\textsuperscript{206} This raises questions about the project’s actual contribution to the enhancement of state capacities supporting Serbia’s ability to take on the obligations of EU membership. This is a question that will need further feedback and analysis in the field and synthesis stages of this evaluation.

With regards this evaluation question it is relevant to reiterate the findings above from the Support to Priority Actions for Gender Equality in Serbia project in relation to state capacity and the ability to take on the responsibilities of EU membership. Each of the following are indicative of areas where this project is assisting Serbia to meet its obligations:

- Capacity in and outputs of the Coordination Body for Gender Equality
- Capacity in and the work of the Gender Focal Points
- Capacity in the Ministry of European Integration
- Contributions to the National Plan for Gender Equality
- Work being done with women civil society organisations and the work of these organisations, particularly with relation to women’s economic empowerment and the empowerment of rural women\textsuperscript{207}.

Indicator 4.2.2 - extent to which the sectoral changes achieved, with the contribution of EU cooperation, have strengthened Serbia's reconciliation, good neighbourly relations and regional cooperation

\textsuperscript{202} Ibid, page 59.
\textsuperscript{206} Ibid, page 4.
\textsuperscript{207} March 2019. Narrative Report - Support to Priority Actions for Gender Equality in Serbia. UN Women.
The Action Plan for Chapter 23 emphasises cooperation with both national and international organisations/institutions (Eurojust, OLAF, GRECO and the OECD), and points to the prosecution office in particular in this area. One area of importance mentioned in the Action Plan for Chapter 23 is the development and operation of a uniform system of reporting on corruption and organised crime across police, the prosecution and the court system.208

2.5. EQ 5 Efficiency

What factors have contributed to or hindered the efficient implementation of EU financial assistance, with specific consideration given to planning, monitoring, and management structures and processes, oversight and reporting?

JC 5.1 The processes of planning and implementation of EU assistance deliver appropriate responses to correctly identified and diagnosed issues

Indicator 5.1.1 - extent to which planning of EU cooperation is completed on time

As analysed documentation did not provide evidence related to this indicator.

Field enquiry noted two specific aspects related to the planning of EU cooperation:

- The length of time between setting of strategic priorities and delivery of assistance is too long. Numerous stakeholders commented on the disconnect between defined need and applied response.
- The inability of EU assistance to be modified, as a result of changed in need because of the delay in provision of assistance or for other strategic reasons, means the aim of assistance is often off target when it is applied.

The strategic link between the EU’s political criteria/priorities and its contributions was not visible in the desk phase and further enquiry was made during the field phase to better understand this process, including in particular how strategic thinking and planning take place within the EU’s contribution apparatus determines the focus, instruments and modalities of assistance. What was not able to be demonstrated was the role funded Actions play ‘up’, in the change theory. It is very clear that Actions are defined and implemented within an agreed strategic framework, and against the specifically stated priorities noted in the NJRS, and have support across all actors. What is not clear is how, given noted issues such as timing and difficulties with modifications, Actions being currently funded and implemented are effectively contributing to the delivery of the overall, agreed strategic priorities (independence, accountability, transparency).

Indicator 5.1.2 - extent to which appropriate stakeholders were involved meaningfully in the planning process

The Mid-term Evaluation of the Civil Society Facility for the Western Balkans and Turkey states the ‘most notable aspect of efficiency in the CSF processes is the commitment, by both EUD and DG NEAR, to appropriate instruments/modalities of assistance’209, a strong indicator of ‘appropriate responses’ in EU assistance. The evaluation report details the use of a variety of instruments, a focus on reaching down

further into civil society (in terms of size of organisation) and to a wider geography, and a focus on linking CSF projects to a related sector and an increase in project duration. The report also points to areas where improvements in efficiency could assist the efficiency of EU funding modalities, including, among others, improving the timeliness of issuing of Calls for Proposals and a better use of electronic databases/management information systems.210

The Mid-term Evaluation of the Civil Society Facility for the Western Balkans and Turkey notes that ‘there are organisational or administrative constraints within DG NEAR and in the EUDs, as limited staffing constrains possibilities in terms of the numbers (and sizes) of awarded grants’.211

There was a clear commitment and professionalism demonstrated by the resources directly involved in implementation of Actions in the judicial sector, both consultants engaged on projects and the stakeholders with whom they work.

Analysed documentation did not provide evidence related to this indicator.

There is a noted need for refinement to design during implementation. The Support to the HJC is an example of an Action where anticipated changes to the Constitution did not take place, blocking the implementation of a number of aspects of the Action. The project, and results, would have benefited from changes being allowed to activities and intended results.

**JC 5.2 Monitoring, evaluation and oversight mechanisms provide real time feedback on results, and appropriate corrective action is decided and taken in good time**

- **Indicator 5.2.1** Extent to which decision-makers received accurate, timely and relevant information on policy and national strategy implementation, and made appropriate decisions based on monitoring and evaluation information

ROM reporting on the Implementation of Anti-Discrimination Policies in Serbia project was timely, extensive and appropriate, although there is an apparent weakness in how the ROM report questions, analyses and reports on effectiveness as it pertains to capacity building/strengthening - analysis and reporting should be much more clearly linked to the specifics of how the OHRM and CPE are better able to effectively implement anti-discrimination policies in line with EU standards rather than analysis related to capacity-building inputs such as workshop delivery and participation.

- **Indicator 5.2.2** Extent to which decision-makers received accurate, timely and relevant information on sectoral strategy implementation, and made appropriate decisions based on monitoring information

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211 Ibid, page 12.
The inputs provided by Sector Monitoring Sub-Committees and the Sector Monitoring Committee Reports provide regular, detailed monitoring information on sectors and sub-sectors. This reporting includes updating of financial and contract status and updated status information on quantitative outputs against established indicators and, importantly, provides an analysis of current and potential risks to initiatives being implemented in each sector. Reports also provide recommendations.

5.2.3 Extent to which decision-makers received accurate, timely and relevant information on intervention/project level implementation, and made appropriate decisions based on monitoring information.

The inputs provided by Sector Monitoring Sub-Committees and the Sector Monitoring Committee Reports provide regular, detailed monitoring information on sectors and sub-sectors. This reporting includes updating of financial and contract status and updated status information on quantitative outputs against established indicators and, importantly, provides an analysis of current and potential risks to initiatives being implemented in each sector. Reports also provide recommendations.

Intervention reporting, i.e., reporting from teams implementing funded Actions, provide regular, up-to-date information on Action implementation against plans, and update risk analysis.

2.6. EQ 6 Modalities and Instruments

To what extent has the use of different instruments and modalities contributed to achieving programme results?

Documentation that was analysed did not provide significant comment on how the use of different modalities and instruments have contributed to achievement of results. There is material however on some aspects of the composition and effectiveness of different modalities. As important as the question of modality and instrument is the underlying issue with the overall conversion rate of contribution to change in policy or practice, this connection is not readily visible at the strategic or contract level. There is an implication, requiring further analysis, that the key to effective use of EU contributions is at a step back from, or up from, the actual funded initiatives – i.e., at the strategic and planning level within the EU’s contribution apparatus.

JC 6.1 The individual modalities and implementing partners selected are appropriate given the objectives pursued and the country context

Indicator 6.1.1 - use of modalities by value, number of interventions, and sector

Contributions in the sector comprise a wide range of modalities and instruments. A summary of these contributions is as follows:

<table>
<thead>
<tr>
<th>NATURE</th>
<th>SECTOR 2 RULE OF LAW AND FUNDAMENTAL RIGHTS</th>
<th>No of contracts</th>
<th>Planned contri.</th>
<th>Percentage of sector planned contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action Grants</td>
<td></td>
<td>142</td>
<td>23,751,263</td>
<td>26.9%</td>
</tr>
<tr>
<td>Financing Agreement</td>
<td></td>
<td>8</td>
<td>27,287,441</td>
<td>30.9%</td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td>63</td>
<td>28,221,201</td>
<td>32.0%</td>
</tr>
<tr>
<td>Supplies</td>
<td></td>
<td>7</td>
<td>6,864,742</td>
<td>7.8%</td>
</tr>
<tr>
<td>Works</td>
<td></td>
<td>2</td>
<td>2,096,027</td>
<td>2.4%</td>
</tr>
<tr>
<td>Late payment interests</td>
<td></td>
<td>2</td>
<td>838</td>
<td>0.0%</td>
</tr>
<tr>
<td>Recommitment</td>
<td></td>
<td>3</td>
<td>77,749</td>
<td>0.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>222</strong></td>
<td><strong>88,220,675</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
The 80 CSF contracts are all Action Grants. However, the CSF has been particularly flexible and open to ways in which CSOs can use contributions to increase funding. The CSF uses short-term and medium-term action grants, framework partnership agreements (for regional/multi-beneficiary projects), operating grants (for core funding of organisations), direct grants to international organisations, sub-granting schemes (a modality of growing importance for increasing the reach of CSF funds to a wider geography and to smaller CSOs).

The Mid-term Evaluation of the Civil Society Facility for the Western Balkans and Turkey which comments that the ‘most notable aspect of efficiency in the CSF processes is the commitment, by both EUD and DG NEAR, to appropriate instruments/modalities of assistance.’ The report notes that CSF modalities allow for piloting and developing new methodologies, contribute to a better cooperation with national authorities and have allowed for the development of thematic networks. The report further states that ‘There are a number of aspects of this commitment, and its impact on the design and administrative processes of the CSF; these particularly include a wider variety of instruments, including a more visible and effective approach to improving the reach of the CSF funding to smaller organisations and a longer project duration.’

The CSF Serbia evaluation in 2017 noted ‘the main CSF effectiveness element: projects ensure that some topics and some discussions remain open to viewers despite the closing of media space.’ The ‘closing of media space’ is a consistent theme of the CSF and of funded media projects, so an effective response to this issue is appropriate.

Field enquiry noted two specific aspects related to modalities and implementation of modalities:

- The length of time between setting of strategic priorities and delivery of assistance is too long. Numerous stakeholders commented on the disconnect between defined need and applied response.
- The inability of EU assistance to be modified, as a result of changed in need because of the delay in provision of assistance or for other strategic reasons, means the aim of assistance is often off target when it is applied.

These comments are specifically related to Action Grants, although the comment on the time needed to get Twinning projects up and operational is also mentioned by stakeholders as detrimental to their effectiveness.

JC 6.2 The combination/portfolio of different modalities were used appropriately and complemented each other in order to achieve strategic goals

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of specific calls for proposals to have a real focus on using the CSF as a tool for the growth of civil society.\textsuperscript{216}

The evaluation also noted that the ‘CSF is focused on reaching out to smaller and new stakeholders, and is developing and implementing innovative approaches, although there are organisational or administrative constraints within DG NEAR and in the EUDs, as limited staffing constrains possibilities in terms of the numbers (and sizes) of awarded grants.’\textsuperscript{217}

It is worth noting however that a significant proportion of the CSF’s contributions area for sub-granting activities to smaller, more geographically dispersed CSOs. The 2019 CSF evaluation noted that sub-granting schemes such as ‘TRAG’s Voice of Communities, have an elaborate granting mechanism involving an open Call for Proposals, others such as CRTA’s Citizens on Watch, NUNS’s In Focus and the European Movement’s National Convention on the EU in Serbia offer grants to their partners and stakeholders. In general, subgrants are very useful for local partners as through these schemes there is an opportunity to build capacities and to build references in implementation of EU projects which many of these organisations would not otherwise have.’\textsuperscript{218}

There is little evidence in analysed documentation as to how political processes are contributing to sector and strategic goals.

Field enquiry provided feedback on the role and function of the political sections of the EU, with a number of stakeholders questioning the relatively limited engagement of the EU Delegation in judicial reform questions. A number of stakeholders representing different stakeholder types expressed a degree of disappointment in the level of engagement of the Delegation with the GoS in pushing for the fundamental reforms noted in the NJRS, reforms focused on transparency, independence and accountability. Greater engagement of the political section with programming is pointed to as an area of need/ and area of current weakness.

Indicator 6.2.2 - extent to which political processes, such as policy dialogue, contribute to achieving sectoral and strategic goals

There is little evidence in analysed documentation as to how political processes are contributing to sector and strategic goals.

Field enquiry provided feedback on the role and function of the political sections of the EU, with a number of stakeholders questioning the relatively limited engagement of the EU Delegation in judicial reform questions. A number of stakeholders representing different stakeholder types expressed a degree of disappointment in the level of engagement of the Delegation with the GoS in pushing for the fundamental reforms noted in the NJRS, reforms focused on transparency, independence and accountability. Greater engagement of the political section with programming is pointed to as an area of need/ and area of current weakness.

\textsuperscript{217} Ibid, page 12.
2.7. EQ 7 Coordination, complementarity and coherence

EQ 7. To what extent are the various components of the European Union’s cooperation with Serbia complementary with each other, in alignment with Government policies and harmonised with support from other donors?

Analysed documentation provides comment on coordination and complementarity with international organisations and other donors but is largely silent on complementarity within the EU’s contributions apparatus. There is clear alignment with Government policy and strategy, as discussed in the Relevance section above, and there is also a clear priority within the wider donor community on maintaining a focus on EU accession processes and coherence with EU priorities and approaches. There is some discussion at the strategic level, such as the NAD, but documents of this type provide no indication of coordination as a regular or ongoing process. Documentation provides some commentary on coordination between donors but other than within the CSF there is no discussion on coordination between multi-beneficiary, national programmes and other EU programmes.

JC 7.1 The multi-beneficiary, national programmes and other EU programmes were well coordinated and mutually supportive in achieving strategic goals

Indicator 7.1.1 Extent to which the planning processes for multi-beneficiary, national programmes, and other EU programmes share analyses, planning information, and take account of each others’ goals and resource allocations

Sectoral enquiry did not provide evidence related to this indicator.

Indicator 7.1.2 Extent to which the outcomes of multi-beneficiary, national programmes and other EU programmes were/are complementary

The Mid-term Evaluation of the Civil Society Facility for the Western Balkans and Turkey:

There is a clear complementarity in the work of the CSF with EIDHR, although areas of potential overlap are noted. In its ‘support to democratic processes,’ the EIDHR has a specific focus on ‘cooperation between civil society and local authorities and relevant state institutions,’ which, while complementary to the CSF, can be seen also as clearly overlapping with the CSF’s objectives with public authorities, and advocacy in support of democratic issues and participation in the democratic process. The CSF focus on social inclusion, anti-discrimination and gender complements EIDHR priorities, but also can be seen as overlapping with the EIDHR’s strong emphasis on vulnerable groups.

There are, however, visible and not unimportant issues related to coherence to be addressed across/within the CSF. These issues are visible in a number of ways. There is a lack of consistency between EUDs and between EUDs and DG NEAR in the frameworks of calls for proposals. While not strictly speaking a ‘problem,’ this lack of consistency is indicative of a lack of coherent direction. EUDs do not know enough about multi-beneficiary/regional projects, generally and in their country. There is a related lack of correlation in the responses provided by EUDs and DG NEAR to questions from funded organisations. There is not enough learning across or between EUDs and up to DG NEAR, particularly in relation to successful approaches and strategies.219

The annual report of the Support to Priority Actions for Gender Equality in Serbia project makes specific reference to the partnership approach taken by the project, with government entities as well as civil

society organisations, IPA Units and Sector Working Groups, and also notes a ‘strong coordination mechanism’ with development partners such as government, donors, UN Agencies and academia.”

The Serbia HRM project makes specific mention of how other assistance (from Norway and Swedish Sida) laid the groundwork for this project.

**JC 7.2 EU cooperation supports government policies and strategies, and complements support of other donors, including IFIs and Member States**

<table>
<thead>
<tr>
<th>Indicator 7.2.1. Extent to which EU national programmes align with government stated priorities, strategies and policies</th>
</tr>
</thead>
</table>
| There is clear alignment between programming and the GoS stated priorities and strategies. Available documentation on the Implementation of Anti-Discrimination Policies in Serbia project does not provide insight into any complementarity of or coordination with the activities of other donors. It is worth noting as well that prior to the project’s inception phase the key target beneficiary, the Office for Human and Minority Rights, had its mandate reduced, both directly and indirectly impacting on the work and likely results of the project in the context of EU Accession priorities.

<table>
<thead>
<tr>
<th>7.2.2 Extent to which EU national programmes align with programming and planning of other donors and IFIs</th>
</tr>
</thead>
</table>
| The two most recent evaluations that considered the CSF programme in Serbia were consistent in their comments on coherence, coordination and consistency:

The evaluation found a clear view among interviewees that given its overall role and size of programme the EU should drive a more formal and directed coordination and coherence dynamic, ensuring at the least that donors engaged in financial support to Serbia’s reform process are communicating and sharing on a regular basis. There was also consistent comment on a lack of coordination effort by the EUD of the grantees benefiting from the CSF/media programme support - noted by interviewees as an important weakness of EU support to partners. In the CSO sphere, coherence exists though areas of improvement are visible, particularly in terms of ensuring synergy and coherence.

‘Coherence and coordination with other donors takes place in all geographies of the CSF, to a greater or lesser level of effectiveness, and generally could be improved. There are a range of processes in place to ensure the work and priority of other donors and the EU are coordinated, and these generally work well but tend to be more at the level of reporting on priorities, directions and funded activities, rather than on coordination of efforts – on sharing of information rather than on any focused attempt at coherence.’

There is clear alignment between IFI programming and EU-stated priorities and strategies. As detailed above, the Judicial Functional Review was driven by the World Bank with support from other international donors and the NJRS is aligned with the Functional Review and with other priorities.

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3. Contribution analysis

Three different analyses of EU contributions in the Rule of Law sector are presented below. The first two relate directly to the Actions selected for desk and field analysis. The third is an overall look at the judicial sub-sector based on data from both the sectoral desk review and the material from the field research.

Support to the Supreme Court for Cassation

The change observed (Outcome): There are measurable improvements in functioning of the Court system. These improvements are visible particularly in defined areas of Court efficiency – addressing the backlog of cases reaching a decision, and in the development and use of the case law harmonisation database.

<table>
<thead>
<tr>
<th>Contributing FACTORS</th>
<th>TYPE\textsuperscript{225}</th>
<th>EVIDENCE Signs/facts</th>
<th>SIGNIF. scale \textsuperscript{226}</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Significant in principle support from across the donor/international community.</td>
<td>External contributing (opportunity)</td>
<td>Key stakeholders of the Action, including GoS and Court interviewees, as well as representatives of international organisations point to the value of the Action in general – confirming that improvements in Court efficiency improves the implementation of the rule of law.</td>
<td>3</td>
</tr>
<tr>
<td>B. The full range of Serbia’s legislation, policy, strategy and action planning points to Serbia’s commitment to EU membership and alignment with EU systems and structures.</td>
<td>External contributing (opportunity)</td>
<td>Both strategic and planning documentation and the inputs from stakeholders confirm that the Action addresses rule of law principles in terms of access to justice, responding to both EU and GoS requirements, and related international frameworks.</td>
<td>2</td>
</tr>
<tr>
<td>C. The priorities of EU pre-accession assistance frame rule of law (and the Action’s access to justice priorities) to meet the requirements of the EU Acquis.</td>
<td>External contributing (opportunity)</td>
<td>Functional Judicial Review widely commented as excellent framing document NJRS seen as clear strategy forward AP23 provides well-defined directions linked to the NJRS and the Functional Review Removal of the case backlog and reassigning of cases to other approaches improves the possibilities for citizens to have issues addressed. Facilitation of case law harmonisation encourages and facilitates consistency of Court rulings.</td>
<td>2</td>
</tr>
<tr>
<td>D. There is clear alignment between Government policy and strategy and within the wider donor community on maintaining a focus on EU accession</td>
<td>External contributing (opportunity)</td>
<td>Key stakeholders of the Action, including GoS and Court interviewees, as well as representatives of international organisations point to need for initiatives and developments in the implementation of the rule of law.</td>
<td>1</td>
</tr>
</tbody>
</table>

\textsuperscript{225} Four types are considered: contributing internal factor, preventing internal factor, contributing external factor, preventing external factor.

\textsuperscript{226} Significance scale is from 1 (low) to 4 (high)
<table>
<thead>
<tr>
<th>Process and Coherence with EU Priorities and Approaches</th>
<th>E. There is a strategic level of coordination</th>
<th>External contributing (opportunity)</th>
<th>The NAD is one example, and there are other demonstrations of alignment between the EU and the GoS at the strategic level.</th>
</tr>
</thead>
<tbody>
<tr>
<td>F. EU pre-accession programming is designed to respond to both EU accession requirements and the stated intention of the Government of Serbia to meet these requirements.</td>
<td>F. EU pre-accession programming is designed to respond to both EU accession requirements and the stated intention of the Government of Serbia to meet these requirements.</td>
<td>Internal contributing (mechanism)</td>
<td>The focus areas of the Action are visible in EU strategy and programming documentation. \nThe focus areas of the Action are visible in GoS need definition documentation, strategy documentation, action plans. \nKey stakeholders of the Action, including GoS and Court interviewees, as well as representatives of international organisations all point to the need of addressing the areas of focus of the Action.</td>
</tr>
<tr>
<td>G. The Action with the Supreme Court for Cassation is a follow-on from earlier, internationally funded, projects also working on Court efficiency.</td>
<td>G. The Action with the Supreme Court for Cassation is a follow-on from earlier, internationally funded, projects also working on Court efficiency.</td>
<td>Internal contributing (mechanism)</td>
<td>Key stakeholders of the Action, including GoS and Court interviewees, as well as representatives of international organisations point to the value of the Action continuing and building on previous initiatives. \nIndications are that both relevance and effectiveness of the Action benefit from this approach.</td>
</tr>
<tr>
<td>H. The emphasis of the Action is at the more technical level, in terms of systems and processes, and does not enter into areas that are of a 'political' nature in addressing the functioning of the judiciary.</td>
<td>H. The emphasis of the Action is at the more technical level, in terms of systems and processes, and does not enter into areas that are of a 'political' nature in addressing the functioning of the judiciary.</td>
<td>Internal contributing (mechanism)</td>
<td>Key stakeholders of the Action, including GoS and Court interviewees, as well as representatives of international organisations comment on the technical nature of the Action – software development, systems approaches, etc.</td>
</tr>
<tr>
<td>I. EU pre-accession programming is designed to respond to both EU accession requirements and the stated intention of the Government of Serbia to meet these requirements.</td>
<td>I. EU pre-accession programming is designed to respond to both EU accession requirements and the stated intention of the Government of Serbia to meet these requirements.</td>
<td>Internal contributing (mechanism)</td>
<td>Both strategic and planning documentation and the inputs from stakeholders confirm that the Action addresses rule of law principles in terms of access to justice, responding to both EU and GoS requirements, and related international frameworks.</td>
</tr>
</tbody>
</table>
| J. There is insufficient strategic thinking and planning in the linkage of the EU’s political priorities and required structural reforms with actual contributions – in their timing, content and modality of implementation. | J. There is insufficient strategic thinking and planning in the linkage of the EU’s political priorities and required structural reforms with actual contributions – in their timing, content and modality of implementation. | External inhibiting (roadblock) | Documentation and field interviews both provide strong confirmation of the link between need analysis, the judicial reform strategy and the Action, and the relevance of the Action to the timeliness and quality of justice delivery in Serbia. What is not visible, and what was commented on in field enquiry, is a) the significance to overall justice sector reform of addressing the backlog and developing the harmonisation process and b) where this component fits into the overall strategic structure of EU support. In other words, the Action
| K. Coordination as a regular or ongoing process between Government, the EU and the wider donor community. | External inhibiting (roadblock) | is good, but where does it fit in terms of overall sectoral reform and is the current sectoral reform process in line with EU political priorities. There is little evidence in reviewed documentation of coordination processes. Field interviews indicate there are coordination processes but these are not described as effective, or substantive. There are no indications that the Action itself is hampered by any lack of coordination within the donor community. | 2 |
| L. Reporting on Actions does not convey improvements in capacity. | Internal inhibiting (pitfall) | There are ongoing weaknesses in the approaches taken by implementers to reporting on how training and related inputs are being converted into outcomes – i.e., increased agency or government capacity and performance. Examples of where this issue is visible include: • From Component 3 we have this indicator – ‘Two one day trainings on case law database search organised for at least 100 judges, court assistants and IT staff from the courts of all instances.’ This indicator, and related reporting, do not tell the reader anything about what any participant learned or how this has changed the way they do their work. It only tells us about the input. • In this component we also have ‘Quarterly sessions organized for judges of appellate and higher courts.’ Again, it is important to be able to understand the importance of the quarterly sessions to actual performance, and this is not visible in this documentation. | 3 |
| M. The governance and implementation structure of the Action are complex and detract from effective and efficient implementation. | Internal inhibiting (pitfall) | Per reviewed documentation and confirmatory inputs from a number of stakeholders, Component 2 is governed by the MoJ while the rest of the Action is the responsibility of the Supreme Court of Cassation. It is also Component 2 that is least advanced and subject to most delays. | 3 |
| N. The role of the MoJ is considered problematic given perceptions of a lack of depth in its strategic and management leadership. | Internal inhibiting (pitfall) | Description from field interviews of perceptions in the sector of its lack of strength in dealing with organisations such as the Bar Association and Judicial Academy. Descriptions of political interference beyond its mandate. Descriptions of a lacking in depth of quality (educated, trained, experienced) personnel. | 3 |
| O. The quality of human resources is shallow in the Courts | Internal inhibiting (pitfall) | Descriptions of a lacking in depth of quality (educated, trained, experienced) personnel from field interviews. | 2 |
Support to the High Judicial Council

The change observed (Outcome): there is some development of the capacities of the High Judicial Council but these developments are being hampered by a range of factors.

<table>
<thead>
<tr>
<th>Contributing FACTORS</th>
<th>TYPE</th>
<th>EVIDENCE</th>
<th>SIGNIF. scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. In principle support from across the donor/ international community for development actions with the HJC.</td>
<td>External contributing (opportunity)</td>
<td>Key stakeholders of the Action, including GoS and HJC interviewees, as well as representatives of international organisations point to need for the Action – confirming the view that the HJC can and should be an effective representative body for Judges.</td>
<td>3</td>
</tr>
<tr>
<td>B. The full range of Serbia’s legislation, policy, strategy and action planning points to Serbia's commitment to EU membership and alignment with EU systems and structures.</td>
<td>External contributing (opportunity)</td>
<td>Both strategic and planning documentation and the inputs from stakeholders confirm that the Action addresses rule of law principles in terms of access to justice, responding to both EU and GoS requirements, and related international frameworks.</td>
<td>2</td>
</tr>
<tr>
<td>C. The priorities of EU pre-accession assistance frames rule of law priorities to meet the requirements of the EU Acquis.</td>
<td>External contributing (opportunity)</td>
<td>The Functional Judicial Review widely commented as excellent framing document. NJRS seen as clear strategy forward. AP23 provides well-defined directions linked to the NJRS and the Functional Review.</td>
<td>2</td>
</tr>
<tr>
<td>D. There is clear alignment between Government policy and strategy and within the wider donor community on maintaining a focus on EU accession processes and coherence with EU priorities and approaches.</td>
<td>External contributing (opportunity)</td>
<td>Key stakeholders of the Action, including GoS and HJC interviewees, as well as representatives of international organisations and Serbian civil society point to the need for initiatives and developments in the implementation of the rule of law.</td>
<td>2</td>
</tr>
<tr>
<td>E. There is a strategic level of coordination</td>
<td>External contributing (opportunity)</td>
<td>The NAD is one example, and there are other demonstrations of alignment between the EU and the GoS at the strategic level.</td>
<td>1</td>
</tr>
<tr>
<td>F. EU pre-accession programming is designed to respond to both EU accession requirements and the stated intention of the Government</td>
<td>Internal contributing (mechanism)</td>
<td>The focus areas of the Action are visible in EU strategy and programming documentation. Key stakeholders of the Action, including GoS and HJC interviewees, as well as representatives of international organisations all point to the need of addressing the areas of focus of the Action.</td>
<td>4</td>
</tr>
</tbody>
</table>

227 Four types are considered: contributing internal factor, preventing internal factor, contributing external factor, preventing external factor.

228 Significance scale is from 1 (low) to 4 (high)
of Serbia to meet these requirements.

G. Much of the work of the Action is dependent on legislative/Constitutional changes which have not been agreed or implemented.

| G | Much of the work of the Action is dependent on legislative/Constitutional changes which have not been agreed or implemented. | External inhibiting (roadblock) | The focus areas of the Action are visible in GoS need definition documentation, strategy documentation, action plans. Action reporting describes blocks to implementation as a result of the changes to the Constitution that have not happened. The delay is now three years in duration. Field research confirmed the significance to Action design and implementation as a result of the changes not happening. | 4 |

H. The role of the MoJ is considered problematic by a range of stakeholders as it has not followed AP23 in terms of the control of the budget of the HJC.

| H | The role of the MoJ is considered problematic by a range of stakeholders as it has not followed AP23 in terms of the control of the budget of the HJC. | External inhibiting (roadblock) | The focus areas of the Action are visible in GoS need definition documentation, strategy documentation, action plans. AP23 identifies two key competences to be transferred from the MoJ to the HJC (and Supreme Prosecutorial Council):
- Transfer of budgetary competences.
- Transfer of competences in overseeing or administrative supervision over courts (and Public Prosecutor Offices). These transfers have not happened. GoS has stated that the HJC is not ready for full budget competences (Policy Dialogue 2018). Other interviewed stakeholders express the view that the transfer of the budget will not happen at all. | 4 |

I. The MoJ is considered generally to have only a shallow depth of leadership and management, often slowing change processes.

| I | The MoJ is considered generally to have only a shallow depth of leadership and management, often slowing change processes. | External inhibiting (roadblock) | Description from field interviews of perceptions in the sector of its lack of strength in dealing with organisations such as the Bar Association and Judicial Academy. Descriptions of political interference beyond its mandate. Descriptions of a lacking in depth of quality (educated, trained, experienced) personnel. | 3 |

J. There is little evidence of close coordination between GoS and the EU in relation to the Action.

| J | There is little evidence of close coordination between GoS and the EU in relation to the Action. | External inhibiting (roadblock) | Stakeholders indicate in their comments on interview questions that the Action has lost its urgency as a result of the inability to implement it while waiting for constitutional changes and as a result of a failure of resolution of the situation with budget control and other aspects of the role of the MoJ. | 4 |

K. There is insufficient linkage between the actual performance of programmed reforms (as described in legislative, strategic and policy documents) and provision of on-going pre-accession assistance.

<p>| K | There is insufficient linkage between the actual performance of programmed reforms (as described in legislative, strategic and policy documents) and provision of on-going pre-accession assistance. | External inhibiting (roadblock) | Neither reviewed documentation nor stakeholder feedback provides any indication that funding is linked to performance. Country reports are the most relevant example of this issue – Country reports provide consistent statements of a ‘lack of progress’, but this does not flow into other, further discussions in available documentation on further funding. Stakeholders note a need for conditionality of funding, conditionality that is not the current policy. | 4 |</p>
<table>
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<tbody>
<tr>
<td>L. There are differences in views about the role and independence of the HJC, as well as an indifference to its role.</td>
<td>External inhibiting (roadblock)</td>
<td>Stakeholders have widely divergent views on the value of the role of the HJC, as well as on the quality of its performance. The definition of ‘independent judiciary’ is not agreed among key actors, nor is its importance in any case.</td>
</tr>
<tr>
<td>M. In terms of implementation, as opposed to policy, there are issues with the application of assistance and how it can more clearly demonstrate a strengthening of state institutions.</td>
<td>Internal inhibiting (pitfall)</td>
<td>There is no significant evidence that the Action is actually delivering a stronger HJC. The Action is hampered in a number of areas as indicated here and as commented on by a wide range of stakeholders. Component 2 has not happened at all. Component 3 is deeply affected by the lack of a new Constitution.</td>
</tr>
<tr>
<td>N. The budget for the HJC has never been given to the HJC for it to control.</td>
<td>Internal inhibiting (pitfall)</td>
<td>The plans for the sector include transfer of the HJC budget to the HJC. This has not happened. Not everyone agrees it has not happened, as some stakeholders are of the view only payments to judges should be with the HJC anyway. This is indicative of the division in the sector. Some see this as intentionally blocking judicial independence.</td>
</tr>
<tr>
<td>O. There is no agreement between the HJC and the MoJ that the budget should be the responsibility of the HJC.</td>
<td>Internal inhibiting (pitfall)</td>
<td>The plans for the sector include transfer of the HJC budget to the HJC. This has not happened. Not everyone agrees it has not happened, as some stakeholders are of the view only payments to judges should be with the HJC anyway. This is indicative of the division in the sector. Some see this as intentionally blocking judicial independence.</td>
</tr>
<tr>
<td>P. Necessary Constitutional changes are not in place.</td>
<td>Internal inhibiting (pitfall)</td>
<td>A number of proposed changes in the judiciary require the proposed new Constitution – without it change is blocked. No changes are happening with the Ethics Board as stakeholders are waiting for the new Constitution so as not to do double work. Some specific components of the Action depend on the changes to the Constitution.</td>
</tr>
<tr>
<td>Q. There are in any case deep divisions about the content of the proposed Constitution in relation to the judiciary and judicial reform.</td>
<td>Internal inhibiting (pitfall)</td>
<td>A number of proposed changes in the judiciary require the proposed new Constitution – without it change is blocked. A number of interviewed stakeholders oppose the proposed changes – particularly those regarding the oversight of the HJC. A number stated that the old Constitution provides greater judicial independence than the proposed document. There was disagreement over the proposed status of the Judicial Academy and it being noted specifically in the proposed Constitution.</td>
</tr>
</tbody>
</table>
The sector as a whole is deeply divided

Between the sector and Government. Within the judiciary. Between civil society and the government. Between civil society and the judiciary.

Views on the role of the MoJ are divisive.

Expressed views of political interference beyond mandate. Expressed views of shallowness of quality of personnel.

The role of the MoJ is problematic

Perceptions of lack of strength in dealing with organisations such as the Bar Association and Judicial Academy. Perceptions of political interference beyond mandate. Shallowness of quality of personnel.

The quality of human resources is shallow

In the MoJ. In the Courts. In the HJC.

Reporting on Actions does not convey improvements in capacity.

There are ongoing weaknesses in the approach implementers take to reporting on how training and related inputs are being converted into outcomes – i.e., increased agency or government capacity and performance. While project designs discuss capacity-building, project reporting is largely focused on provision of training, or on provision of equipment or on development of 'rulebooks' – there is no direct correlation between these inputs and what capacity has been built – this needs to be clearly described.

Overall contributions to the justice sector

The change observed (Outcome): there is some alignment of the normative frameworks and practice in Serbia in the judiciary that have the potential to bring Serbia’s closer to the EU. However, these outcomes are relatively unsubstantial and are hampered by a range of factors.

<table>
<thead>
<tr>
<th>Contributing FACTORS</th>
<th>TYPE</th>
<th>EVIDENCE</th>
<th>SIGNIF.</th>
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</thead>
<tbody>
<tr>
<td>A. There is clear alignment between Government policy and strategy on maintaining a focus on EU accession processes and coherence with EU priorities and approaches.</td>
<td>External contributing (opportunity)</td>
<td>Both strategic and planning documentation and the inputs from stakeholders confirm that the Action addresses rule of law principles in terms of access to justice, responding to both EU and GoS requirements, and related international frameworks. Functional Judicial Review widely commented as excellent framing document. NJRS seen as clear strategy forward.</td>
<td>4</td>
</tr>
</tbody>
</table>

229 Four types are considered: contributing internal factor, preventing internal factor, contributing external factor, preventing external factor.

230 Significance scale is from 1 (low) to 4 (high)
<table>
<thead>
<tr>
<th>B. Significant in principle support from across the donor/international community.</th>
<th>External contributing (opportunity)</th>
<th>There are a number of donor agencies involved in the rule of law sector/judicial sub-sector, indicating the perceived importance of the sector. Further, interviewed representatives of these agencies note the importance of judicial sector reform. A significant majority of interviewees during field enquiry confirm their confidence in the strategic level documents and related action planning.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C. There is a strategic level of coordination</td>
<td>External contributing (opportunity)</td>
<td>The NAD is one example.</td>
</tr>
<tr>
<td>D. EU pre-accession assistance to the sector is appropriately focused on EU priorities and reforms needed for Serbia to meet the requirements of the EU Acquis</td>
<td>Internal contributing (mechanism)</td>
<td>Reviewed documentation includes a number of documents addressing the links between EU accession requirements and GoS intentions in relation to accession. Relevant documentation includes the Copenhagen Criteria, the indicative strategy papers, the multi-annual indicative planning documents (MIPD), the ‘credible enlargement perspective’ document, etc. Programming of EU assistance falls within these frameworks. On the GoS side, the NJRS and AP23 are also closely aligned within this framework. Strong evidence from stakeholders that the needs definition and strategy frameworks are well-defined and focused.</td>
</tr>
<tr>
<td>E. The full range of Serbia’s legislation, policy, strategy and action planning points to Serbia’s commitment to EU membership and alignment with EU systems and structures.</td>
<td>Internal contributing (mechanism)</td>
<td>Functional Judicial Review widely commented as an excellent framing document. NJRS seen as clear strategy forward and is clearly linked to EU accession requirements and processes. AP23 provides well-defined directions linked to the NJRS and the Functional Review.</td>
</tr>
<tr>
<td>F. There is insufficient strategic thinking and planning in the linkage of the EU’s political priorities and required structural reforms with actual contributions – in their timing, content and modality of implementation.</td>
<td>External inhibiting (roadblock)</td>
<td>This strategic linkage, within the EU’s contributions apparatus, is arguably the key component for effective usage of contributions and is not sufficiently visible in programming. Priorities and strategies are established at higher levels and are strongly supported by stakeholders (NJRS, AP23, etc.), and Actions are framed within this structure. What is not visible in documentation is exactly how funded Actions contribute to achieving strategic aims. There is no documented link visible between the provided assistance and achievement of stated strategic priorities. That is, funding is provided</td>
</tr>
<tr>
<td>Section</td>
<td>Description</td>
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<tr>
<td>G.</td>
<td>There is insufficient linkage between the actual performance of programmed reforms (as described in legislative, strategic and policy documents) and provision of ongoing pre-accession assistance.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>External inhibiting (roadblock) Within a strategic framework, but the provided funding does not necessarily contribute to strategic outcomes – and/ or it is not required to report on how strategic priorities are being delivered.</td>
<td></td>
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<tr>
<td></td>
<td>Priorities and strategies are established at higher levels and are strongly supported by stakeholders (NJRS, AP23, etc.), and Actions are framed within this structure. What is not visible in documentation is exactly how funded Actions will contribute to achieving strategic aims.</td>
<td></td>
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<tr>
<td></td>
<td>Field research provides little evidence of GoS level performance improvements in relation to the judiciary. There is strong evidence from interviewees indicating little significant change, or an inability to link Actions to higher level change and EU accession requirements. There is no documented link visible between the provided assistance and achievement of stated strategic priorities. That is, funding is provided within a strategic framework, but the provided funding does not necessarily contribute to strategic outcomes – and/ or it is not required to report on how strategic priorities are being delivered.</td>
<td></td>
</tr>
<tr>
<td>H.</td>
<td>Necessary Constitutional changes are not in place.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>External inhibiting (roadblock) A number of proposed changes in the judiciary require the proposed new Constitution – without it change is blocked.</td>
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</tr>
<tr>
<td>I.</td>
<td>There are deep divisions about the content of the proposed Constitution in relation to the judiciary and judicial reform.</td>
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<tr>
<td></td>
<td>External inhibiting (roadblock) Field research demonstrated divisions between the judicial sub-sector and GoS on strategic directions. It also showed divisions within the judiciary. It also showed differences between GoS and civil society. It also showed differences between the judiciary and civil society. A number of interviewed stakeholders oppose the proposed changes. A number stated that the old Constitution provides greater judicial independence than the proposed document. There was disagreement over the proposed status of the Judicial Academy.</td>
<td></td>
</tr>
<tr>
<td>J.</td>
<td>Reporting on Actions does not convey improvements in capacity.</td>
<td></td>
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<tr>
<td></td>
<td>External inhibiting (roadblock) There are ongoing weaknesses in the approaches implementers take to reporting on how training and related inputs are being converted into outcomes – i.e., increased agency or government capacity. Action designs discuss capacity-building, capacity strengthening, etc. but project reporting is largely focused on provision of training, or on provision of equipment or on development of ‘rulebooks’. There is no direct correlation between discussed inputs and what capacity has been built – this correlation needs to be clearly described, i.e., description of what capacity has actually been built is required, as</td>
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<tr>
<td>K. In terms of implementation, as opposed to policy, there are issues with the application of assistance and how it can more clearly demonstrate a strengthening of state institutions.</td>
<td>External inhibiting (roadblock)</td>
<td>are examples of what is done differently as a result of this change in capacity. Similarly, in terms of agency or government level performance improvements, Action designs discuss capacity-building, capacity strengthening, etc. but there is no direct correlation between discussed inputs and how performance has improved – this correlation needs to be clearly described, i.e., description of how performance has improved is required, as are examples of what is done differently as a result of this change in capacity. A direct link to AP23 and the NJRS, and Action contributions at these levels is also required.</td>
</tr>
<tr>
<td>L. Coordination as a regular or ongoing process between Government, the EU and the wider donor community.</td>
<td>External inhibiting (roadblock)</td>
<td>There is little evidence in reviewed documentation of coordination processes. Field interviews indicate there are coordination processes but these are not described as effective, or substantive. As an example, one interviewee viewed the ‘coordination’ processes more as annual reporting/sharing.</td>
</tr>
<tr>
<td>M. Perceptions that EU assistance in no longer focused on Serbia’s accession; that this is no longer the first priority.</td>
<td>External inhibiting (roadblock)</td>
<td>A number of stakeholders interviewed during the field enquiry raised this perception.</td>
</tr>
<tr>
<td>N. There is significant focus in both Serbian government and EU strategic documents and reports on EU frameworks such as the EU Acquis but much less visible focus on underlying principles.</td>
<td>External inhibiting (roadblock)</td>
<td>EU approaches and Government responses tend much more to structure and process than to the EU’s general principles.</td>
</tr>
<tr>
<td>O. Actions are seen as being too short in length.</td>
<td>Internal inhibiting (pitfall)</td>
<td>Field enquiry points to a number of other donor agencies who a) have longer term approaches and b) allow for modifications to project designs as approaches that clearly improve effectiveness and results.</td>
</tr>
<tr>
<td>P. The length of time between ‘need definition’ and Action is too long for defined needs to be addressed in a timely fashion.</td>
<td>Internal inhibiting (pitfall)</td>
<td>Evidence from field enquiry points to this disconnect in time. While need definition and strategy are viewed as well-defined, the length of time necessary to put experts into assignments related to the strategy is seen as too long. The work of the experts is then not well-focused on current need.</td>
</tr>
<tr>
<td>Q. The role of the MoJ is problematic given</td>
<td>Internal inhibiting (pitfall)</td>
<td>Perceptions of lack of strength in dealing with organisations such as the Bar Association and Judicial Academy Perceptions of political interference beyond mandate.</td>
</tr>
</tbody>
</table>
R. Role of GoS/ MoJ in blocking transfer of full HJC budget to the HJC. | Internal inhibiting (pitfall) | Shallowness of quality of personnel. | Perceived as a political step not in line with the NJRS. Also perceived as intentionally blocking reform. | 3

S. The quality of human resources is shallow | Internal inhibiting (pitfall) | In the MoJ | In the Courts | In the HJC. | 3

### 4. Conclusions

EU pre-accession assistance to the sector is appropriately focused on EU priorities and reforms needed for Serbia to meet the requirements of the EU Acquis. There is a high level of correlation between the institutional contexts and needs of the beneficiary and the EU's pre-accession assistance. Of particular importance in this judgement is the range of Serbia's own legislation, policy, strategy and action planning detailed above, all of which points to Serbia's commitment to EU membership and alignment with EU systems and structures. EU pre-accession programming is designed to respond to both EU accession requirements and the stated intention of the Government of Serbia to meet these requirements. There is a clear alignment in these stated strategic priorities and those of other IFIs.

There is insufficient strategic thinking and planning in the linkage of the EU's political priorities and required structural reforms with actual contributions – in their timing, content and modality of implementation. While funded Actions respond within the framework of the NJRS, and stated priorities of the NJRS (2013), there has been a significant time delay between the nomination of these priorities and the related Actions and results of these Actions which are currently ongoing. Further, the stated priorities are not strongly focused on independence and transparency, and Actions in these areas have not been funded. This strategic linkage, within the EU’s contributions apparatus, is arguably the key component for effective usage of contributions and is not sufficiently visible in programming.

In terms of implementation, as opposed to policy, there are issues with the application of assistance:

- Assistance needs to more clearly demonstrate a strengthening of state institutions. Documentation provides a clear indication that assistance is pointed in the right direction, but in some areas, this does not appear to result in the anticipated structural change.
- Assistance needs to provide a clearer linkage between the assistance that is provided and the actual performance of programmed reforms (as described in legislative, strategic and policy documents). This is a fundamental area of concern. Serbia's strategic, legislative and policy frameworks are all directed at addressing the reform requirements of the EU Acquis, and documents such as the National Strategy for Judicial Reform point clearly at transparency, accountability and independence, but provided EU pre-accession assistance is not being effective in actually delivering these necessary and defined reforms.
- There appears to also be a related inability on the part of the Government of Serbia to effectively contribute to delivery of the required reforms, notwithstanding its own strategic, legislative and policy frameworks and the provided assistance.

Work is required with project implementation agencies in how they report on capacity-building/capacity-strengthening projects so that this reporting makes it much clearer what new capacity is in place, or what capacity has been strengthened. While project designs discuss capacity-building, project reporting is largely focused on provision of training, or on provision of equipment or on development of ‘rulebooks’ –
there is no direct correlation between these inputs and what capacity has been built – this needs to be clearly described, in terms of how new knowledge and skills are being applied – how things are done differently as a result of new knowledge and skills.

There is insufficient focus being given to the actual policies, processes and skills necessary for addressing corruption at the national level. Anti-corruption initiatives cannot be largely left to civil society and media organisations but must also address the actual functioning of state entities – those affected by corruption and those tasked with addressing corruption.

An enabling environment for civil society’s engagement in Serbia has not been developed, even with focused EU contributions. Legal, judicial, financial and administrative developments that encourage the exercising of freedoms of expression, assembly and association and the development of structures and mechanisms of cooperation between Government and civil society remain insufficiently developed.

There is significant focus in both Serbian government and EU strategic documents and reports on EU frameworks such as the EU Acquis but much less visible focus on underlying principles. EU approaches and Government responses tend much more to structure and process than to the EU’s general principles. CSF funded projects tend to be an exception in this area.

There is clear alignment between Government policy and strategy and within the wider donor community on maintaining a focus on EU accession processes and coherence with EU priorities and approaches. There is a strategic level of coordination (the NAD is one example) but there is little evidence of effective coordination as a regular or ongoing process between Government, the EU and the wider donor community.
ANNEX 6

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Sector 3: Environment Climate Action and Energy

1. Introduction

1.1. The framework of the scope of EU’s cooperation with Serbia

The European Union’s cooperation with Serbia in the sector “Environment, Climate Action and Energy” has been framed by the Stabilisation and Association Agreement (SAA)\(^1\), which was signed in 2008 and entered into force in 2013. Over the period 2012-2018, the scope of the cooperation has been defined by the following programming documents: Multi-annual Indicative Planning Document (MIPD) 2011-2013 (2011)\(^2\), Indicative Strategy Paper 2014-2020 (2014) and the revised Indicative Strategy Paper 2014-2020 (2018). Based on these documents, the areas of cooperation in the field of environment and climate action are:

- Alignment of Serbia’s legislation with the EU environmental and climate change acquis and strengthening institutional capacities for its implementation and enforcement;
- Improvement of water and air quality;
- Waste management, water management and municipal wastewater treatment including the investments in physical infrastructure;
- Mitigation of and adaptation to climate change;
- Nature protection, industrial pollution control and risk management

In the field of energy, the above-mentioned documents defined the areas of the European Union’s cooperation with Serbia as follows:

- Alignment of Serbia’s energy legislation the Energy Community Treaty and the acquis obligations;
- Reform of the overall energy policy in the direction of the EU's Climate and Energy Policy Framework;
- Development of renewable energy sources,
- Improvement of the energy efficiency and security of supply,
- Competitiveness of the Serbian energy market.

\textit{EU accession negotiation process}

As concerns Serbia’s EU accession negotiation process, Chapter 15 - Energy and Chapter 27 - Environment and Climate Change are the most relevant for this sector. The screening meetings on Chapter 27 - Environment and Climate Change were conducted in September and November 2014, that was followed by preparation of a post-screening document “Transposition and Implementation


of Environmental and Climate Change acquis – Chapter 27: Status and Plans” in 2015. The European Commission requested this follow-up information to have insight into “Serbia’s understanding of the scale and complexity of the task in order to reach full compliance”.3 The EC screening report was adopted in December 20164 and in line with its recommendations the EU Council President invited Serbia to submit the Negotiation Position for this Chapter. Until the end of 2018, Serbia was working on the preparation of the Negotiation Position for Chapter 27 in consultation with the European Commission5, which was adopted by the Serbian Government in 2020.

As regards the Chapter 15 – Energy, the screening meetings were held in April and June 2014 and the screening report was published in May 2015.6 As results of the screening process the European Commission set two opening benchmarks for the Chapter 15 that refers to: “the adoption of the Action Plan on Minimum Supplies of Crude Oil and/or Oil Derivatives” and “the division in the sector of oil in line with the provisions of the Third Energy Package of the EU”.7 The Stabilisation and Association Council’s report from December 2018 stated that the latest revised Draft Action Plan on Minimum Supplies of Crude Oil and/or Oil Derivatives was submitted to the EC in July 2018, while on the way was as preparation of the Action plan related to division in the sector of oil and Srbijagas restructuring.8

The Screening Report on Chapter 27, the post-screening document and the EC Serbia Reports are structured around nine subsectors: air quality, waste management, water quality, nature protection, industrial pollution and risk management, chemicals, noise, civil protection and climate change. As regards the Chapter 15, the energy sector was analysed in the Screening report on Chapter 15 and EC Serbia Reports by the following eight subsectors: security of energy supply, internal energy market, hydrocarbons, renewable energy, energy efficiency, nuclear energy, nuclear safety and radiation protection. This desk report on sector “Environment, Climate Action and Energy” is taking into consideration the above-mentioned subsectors.

**Legal framework adopted in the period 2012-2018**

The environmental acquis consists of “over 200 major legal acts covering horizontal legislation, water and air quality, waste management, nature protection, industrial pollution control and risk management, chemicals and genetically modified organisms (GMOs), noise and forestry”.9 Over the period 2012-2018, Serbia has been harmonising its environmental legislation with the acquis, especially in the area of horizontal legislation, waste management, water and air quality, industrial pollution, chemicals and civil protection. However, there has been a lack of alignment with the acquis in the area of climate change. Screening report on Chapter 27 states that “Serbia’s legislation has a satisfactory level of alignment with the acquis”, however “a substantial amount of work to be undertaken as regards the implementation of legislation.”10

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3 [http://eupregovori.bos.rs/progovori-o-pregovorima/uploaded/Post-screening-ENG.pdf](http://eupregovori.bos.rs/progovori-o-pregovorima/uploaded/Post-screening-ENG.pdf)
8 Ibid.
“The energy acquis consists of rules and policies, notably regarding competition and state aids (including in the coal sector), the internal energy market (opening up of the electricity and gas markets, promotion of renewable energy sources), energy efficiency, nuclear energy and nuclear safety and radiation protection.”11 Screening report on Chapter 15 noticed that Serbia’s energy legislation has been harmonised with the acquis to a large extent due to its membership to the Energy Community.12,13 Over the period 2012-2018, Serbia adopted two main legal acts that regulate the energy sector: the Law on Efficient Use of Energy and the Energy Law; as well as the Amendments to the Law on planning and construction. In 2014, Serbia adopted the new Energy Law and by-laws in 2015 to transpose the so-called Third Energy Package (EU electricity and gas market legislation)14, that has been part of the Energy Community acquis since 2011.15 The Legislative acts related to “Environment, Climate Action and Energy” that were produced over the period 2012-2018.

Institutional framework over the period 2012-2018

In the environmental and energy governance sector, there was a considerable change in the institutional framework over the period 2012-2018. In 2012, the Ministry of Energy, Development and Environmental Protection of Republic of Serbia was responsible body for the enforcing environmental legislation and policy at the national level.16 Two years later, the competencies of environment protection were moved under the Ministry of Agriculture and Environmental Protection, while the competencies of the energy sector were given to the Ministry of Mining and Energy.17 In 2017, the Ministry of Environmental Protection was established by the amendments to the Law on Ministries (OGRS, No. 44/2014, 14/2015, 54/2015 and 96/2015). This ministry has assumed a role in environmental management and protection, as well as in the area of climate change.

With the aim of monitoring national climate change policies, the government of Serbia established the National Climate Change Committee in 2014, which has been chaired by the Ministry of Agriculture and Environmental Protection (later by the Ministry of Environmental Protection).18 This ministry has been in charge of climate change policies, as within its organisational structure, the Sector for Nature Protection and Climate Change has been dealing with the issue of the mitigation and adaptation to climate change.19 The institutional chances occurred also in the field of chemicals management, as in 2013, the Serbian Chemicals Agency was closed and its mandate transfer to the Ministry in charge of environment.20

Serbian Environmental Protection Agency (SEPA), under the Ministry in charge of environment, has been responsible for the management of the national information system on environmental
protection, the monitoring air and water quality, and management of the National Laboratory, among others.\textsuperscript{21} Other relevant institutions in the field of environmental protection have been Ministry of Agriculture, Forestry and Water Management, the Ministry of Construction, Transport and infrastructure; Ministry of Mining and Energy, the Ministry of Health, the Ministry of Justice, Republic Geodetic Institute, Republic Hydro-meteorological Service, Institute for Nature Conservation, Republic Water Directorate, Institutes for Health Protection, etc.\textsuperscript{22}

At the subnational level, the Autonomous Province of Vojvodina and local-self governments have been, among other duties, in charge of development, implementation and assessment of environmental-related programs on their territory. In particular, secretariats for environmental protection of the local self-government unites have had a role in: “air quality protection, noise protection, municipal waste management, urban planning, construction permits for small objects and the strategic assessment of plans and programmes, assessment of project impact on the environment and issuing integrated permits within their competence”.\textsuperscript{23}

Since 2012, the main national institution in energy field has been the Ministry in charge of energy (since 2014 the Ministry of Mining and Energy) which has been responsible for the national energy policy, and the Energy Agency of the Republic of Serbia, which has been in charge of “electricity, natural gas, oil and oil product, and CHP heat energy sectors”\textsuperscript{24}. The Energy Agency of the Republic of Serbia (AERS) is an independent body, which has have the following competencies: “price regulation, licensing of energy entities to conduct energy activities, deciding appeals, energy market supervision, and international agreement implementation”.\textsuperscript{25} In 2015, the Energy Agency of the Republic of Serbia (AERS) had 32 employees.\textsuperscript{26} The Screening report on Chapter 15 notes that implementation of the Third energy package will require more staff (20 persons more by 2017) and an improved IT system.

With regards to energy efficiency, there was an institutional change in management of this area, as the Government of Serbia closed the Serbian Energy Efficiency Agency in 2012, after ten years of operation, and transferred agencies’ competencies to the Ministry in charge of energy. At the local level, the local self-government units have been responsible for the heating market and preparation of the local energy development plans that include energy efficiency measures.\textsuperscript{27} Furthermore, there have been two public enterprises in the energy sector over the evaluation period. “Elektromreze Srbije” has been responsible for the transmission of electrical energy, development of the electricity market and cross-border energy cooperation, while Electric Power Industry of Serbia has had the main role in electricity production, distribution and the public electricity supplier. In regard to gas market, in 2015, Serbia has had two transmission system operators (Srbijagas and Yugorosgaz Transport), Storage System Operator, 34 Distribution System Operators, 24 suppliers, 33 public suppliers.\textsuperscript{28} Serbia has been working on the restructuring and unbundling of Srbijagas that is one of the requirements for opening the Chapter 15 in Serbia’s EU negotiation process.

\textsuperscript{21} Serbian Environmental Protection Agency’s website: http://www.sepa.gov.rs/
\textsuperscript{22} Government of Serbia (2011) Answers to the EC questionnaire, Chapter 27 Environment, page 29.
\textsuperscript{23} Ibid, page 36.
\textsuperscript{24} Energy Agency of the Republic of Serbia’s website, available at: https://www.aers.rs/Index.asp?l=2&a=1
\textsuperscript{25} Ibid.
\textsuperscript{27} Government of Serbia (2011) Answers to the EC questionnaire, Chapter 27 Environment, page 61.
\textsuperscript{28} EC (2015) Screening report Serbia Chapter 15 – Energy
Other relevant institutions in this field are: the Provincial Secretariat for Energy and Mineral Resources of the Autonomous Province of Vojvodina (energy program at its territory), local-self-government units, the Ministry of Construction, Transport and Infrastructure (energy efficiency issues in the field of building construction), the Ministry of Trade, Tourism and Telecommunication (quality control of goods), the Ministry of Environment Protection (the environmental protection); Institute for Standardization (responsible for the adoption of standards), Serbia Accreditation body (accreditation), the Serbian Radiation Protection and Nuclear Safety Agency (nuclear safety regulation), etc.

1.2. Strategic framework over the period 2012-2018

In an effort to fulfil obligations regarding the environment, climate change and energy, that arising from the national legislation and international conventions and treaties (e.g., Kyoto Protocol, the Paris Agreement, environmental acquis, Energy Community acquis), Serbian institutions have been developing various strategies, action plan and programs, over the evaluation period. The need of improvement of the policy framework in the environment and energy sector was defined and set as a priority by the document “Needs of the Republic of Serbia for International Assistance” (NAD) for the period 2011-2013, as well 2014-2017.

In 2009, the Republic of Serbia has started the process of alignment of its national regulation with the EU environmental regulations by the adoption of the “green package of laws”. Over the evaluation period, the National Programme for the Adoption of the EU acquis (NPAA) has foreseen accelerating harmonisation of laws and standards with the EU environmental and energy acquis. Therefore, the readiness of the Republic of Serbia to align with EU acquis has been elaborated by the National Environmental Approximation Strategy from 2011, and later by the “Transposition and Implementation of Environmental and Climate Change acquis – Chapter 27: Status and Plans”, that was adopted in 2015.

The National Sustainable Development Strategy for the period 2009-2017 was adopted in 2008 (OGRS, No. 57/2008), while the action plan for its implementation was approved one year later. This strategy was defined around three main factors of sustainable development: “sustainable economy development, sustainable society development and environment protection with rational utilization of natural resources”. “The Serbia and the 2030 Agenda” document gives an overview of the National Strategic Framework against Sustainable Development Goals (SDGs). In 2010, according to the Law on environmental protection, the Government of the Republic of Serbia enacted the National Program for Environmental Protection (OGRS, No. 12/2010) which sets out the broad framework in this field for ten years. In that year, the Government of the Republic of Serbia also prepared and adopted the Waste Management Strategy (2010-2019), which was amendment in 2016.

Other relevant strategic documents in the field of environment include: Biodiversity Strategy of Republic of Serbia 2011-2018, Strategy for implementation of Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental

31 European Integratio Office (2014) National Programme for the Adoption of the EU acquis, page 741.
Matters, Aarhus Convention (2012), Water Management Strategy of Republic of Serbia (2016), Approximation Strategy for the air quality and climate change sector (2012), Approximation Strategy on waste management (2012), National implementation plan on the Stockholm Convention, National Strategy of Sustainable Use of Natural Resources and Goods (2012), etc. According to the Energy Law, the main strategic documents which define the energy policy of Serbia are the energy sector development strategy, the program for implementation of this strategy, and the energy balance of the Republic of Serbia. From 2012 to 2015, development of the energy sector has been based on the Energy Sector Development Strategy of the Republic of Serbia by 2015. The Serbian Energy Sector Development Strategy until 2025 with projections up to 2030 (Official Journal 101/2015) was adopted in December 2015. This new strategy was structured around three main priorities of the energy sector: provision of energy security, energy market development and overall transition towards sustainable energy sector, and it was determined by the obligations from the Energy Community Treaty. Program for the implementation of Serbia’s Energy Sector Development Strategy covers the period 2017 – 2023, while the Energy Balance of the Republic of Serbia has been produced annually.

As a result of the screening process in 2015, two opening benchmarks were defined for opening EU negotiations with Serbia on Energy Chapter. One of them was the implementation of “The Council Directive 2009/119/EC of 14 September 2009 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products”. In order to fulfil this requirement, Serbia prepared the Action Plan for Establishment and Maintenance of Emergency Stocks of Crude Oil and Oil Products in 2017, and the Long-term Plan for Establishment and Maintenance of Emergency Stocks of Crude Oil and Oil Products (period 2018-2025) in 2018. Also, a preventive gas action and emergency plan was adopted following the new EU regulation on the security of gas supply. In the field of energy efficiency, Serbia has adopted two energy efficiency plans over the evaluation period (in 2013 and 2016) based on the Law on Energy Efficiency (OGRD, No. 25/2013), by the model prepared by the Energy Community Secretariat. National Renewable Energy Action Plan is the main document that set the targets of use of renewable energy sources until 2020, “on the basis of energy needs, economic capabilities and commitments of the Republic of Serbia undertaken in the ratified international agreements”.

34 https://www.mre.gov.rs/doc/efikasnost-izvori/UREDBA%20%20OSTVARIVANJA%20STRATEGIJES%20RAZVOJA%20ENERGETIKE%20ZA%20PERIOD%20OD%202017%20DO%202023.pdf
38 Ibid.
1.3. Sector background

State of play at the beginning of the evaluation period

At the beginning of the period of evaluation (2012-2018), Serbia has faced several challenges in the sector “Environment, Climate Action and Energy” that were related to air quality, water and waste management, industrial pollution control and risk management, nature protection, energy market and use of renewable energy sources.

Multi-annual Indicative Planning Document MIPD 2011-2013 noted that Serbia was recorded poor environmental indicators as it had “a CO2 footprint twice the size of economies with a comparable GDP per capita”, “air pollutants exceed EU ambient air quality standards”, “90% of domestic and household waste water remain untreated and 40% of the population is not connected to public solid waste collection systems”, “disposal of hazardous waste is not assured”, “drinking water quality is problematic in parts of the country”, while “more than 600 animal and plant species are considered to be under threat”. Besides this, it was reported that Serbia faced several problems in the energy sector as there was a limited amount of foreign investment in this field, lack of market openness and it was based on traditional energy sources. According to the EU questionnaire from 2011 on Chapter 15, of renewable energy sources, the private sector had a lack of experience in this field and faced transition issues, state and local authorities were not aware enough of renewable energy sources, while there was a lack of technical standards, as well as financial funds for the infrastructural projects.

EC Serbia 2012 Progress report noticed that “significant further efforts are needed in order to implement the national legislation, especially in the areas of water management, industrial pollution control and risk management, nature protection and air quality.” It was also noticed that the public participation and dialogue with the NGOs need to be improved, particularly in the environmental impact assessment and in the nature protection. The European Commission stressed that the administrative capacities concerning the areas of air quality, noise, water management, protected areas, industrial pollution, and risk management have to be substantially strengthened. Additionally, alignment with the climate acquis was remained to be achieved, as well as waste and noise reporting further improved.

With regards to the energy sector, the European Commission in this report concluded that “further efforts are needed to achieve real market opening, unbundling and cost-reflective tariffs”. Also, it stated that Serbia needs to adopt legislation on the rational use of energy and commodity reserves and to create a favourable regulatory environment for the use of renewable energy sources. A strengthening of administrating capacity for renewable energy sources and independence of the energy agency and the nuclear regulator was recognised as needed.

Key changes over the period 2012-2018

Each year, EC Serbia reports give a detailed assessment of the progress occurred in Serbia in environment and climate change (Chapter 27) and the energy (Chapter 15). The below are presented the main findings of these reports over the evaluation period.

Environment and climate change

At the end of reporting period, European Commission reported that “Serbia has achieved a high level of alignment with the acquis” in the area of horizontal environment legislation. In 2015, Serbia adopted “the Transposition and Implementation of Environmental and Climate Change acquis – Chapter 27: Status and Plans” with aim to contribute to this alignment. Since 2012, Serbia


\[\text{(42 Ibid, page 43.)}\]


has made progress in environmental monitoring and data flow which was also stressed by the Commission during the policy dialogue with the national authorities. \[44\] There was improvement in this field, as in 2013 Serbia has established “the Serbian node of the European Environmental Information and Observation Network (EIONET), which connects 23 national providers of environmental monitoring data, including the public health institutes and statistical office.”\[45\] As result of this cooperation, EC reported that Serbia recorded timely and high-quality data deliveries to the EIONET. \[46\] This was followed by launching the first National Eco register for Environmental Information in January 2014.

The progress was made in the strategic prioritisation of the investments in this sector, as a Single Project Pipeline was set up and the National Investment Committee was established in 2014. The EU Commission praised Serbia for the development of a single project pipeline in the energy sector and encouraged Serbia to further consolidate the list of prioritised energy projects. \[47\]

A pipeline of priority infrastructure projects was also prepared in the area of waste management and wastewater management. The progress was also noticed in the environmental strategic planning in line with the “Transposition and Implementation of Environmental and Climate Change acquis – Chapter 27: Status and Plans”, which was also part of the EC policy dialogue with the national authorities. In particular, the Ministry of Environment protection adopted the Action Plan for Administrative Capacities Development and Multiannual Investment and Financing Plan (MIFP), with support of the two-year EU funded project (during period 2016-2018). This was followed by the revision of the Single Project Pipeline in order to be in line with the MIFP. These documents, including Directive Specific Implementation Plans (DSIP), are part of supporting documents of the Negotiating position for Chapter 27 of Republic of Serbia, which was approved by the Government in January 2020. An important step toward establishment of the new instrument for financing environmental activities was made in 2016 when Serbia adopted the Decision on the Establishment of the Green Fund (OGRS, No. 91/2016)\[48\]. EC, through policy dialogue, has encouraged and closely followed the establishment of this fund, as it is “a core element of Serbia’s system for financing environmental approximation costs which are estimated to amount to EUR 7.8 billion”\[49\]. However, by the end of 2018, this fund was still not fully operational.\[50\]

With regards to the public participation, over the evaluation period, EC’s progress reports assessed that public participation and consultation in the environmental decision-making process need to be improved, particularly at local level. EC’s Serbia 2016 Report stated the improvement in transposing EU directives on public participation in this field. The two Aarhus centres were established over the evaluation period (2013 in Nis, and 2015 in Belgrade). These reports also noticed an improvement in the process of the environmental impact assessment. However, it was acknowledged that further strengthening of this process was needed, as well as further expanding of the practice of the strategic environmental assessments to relevant policy areas. The latest EC report noticed that the capacities of the environmental inspectorate need to be further strengthened.


\[47\] Minutes of the EU-Serbia Subcommittee on Transport, Energy, Environment, Climate Action and Regional Development Meeting of 8-9 June 2014 in Brussels.

\[48\] https://www.paragral.rs/izmene_i_dopune/101116-odluka_o_osnivanju_zelenog_fonda_republike_srbije.html


both at central and local levels, which has been also stressed by EC at the policy dialogue meetings. In addition, it was reported that “it is necessary to further strengthen the capacities of the judiciary and the environmental inspectorate and establish a track record on implementing the Environmental Crime Directive”\textsuperscript{51}.

EC’s reports stated that several urban areas had air pollution above limits (fall under category III). Over the evaluation period, air quality management plans were developed for Bor (2013), Belgrade (2016), Pančevo (2017), Smederevo and Novi Sad (2018). Serbia was missing a national air protection strategy, while the National Emission Reduction Plan (NERP) for its power sector was carried out but not adopted. The last EC Serbia report (2019) noticed that a network of monitoring of air quality needs to be significantly strengthened.\textsuperscript{52}

As regards waste management, a good level of alignment with the acquis was achieved, as the waste legislation was improved 2015 and 2016, however, its implementation was lacking behind. The latest EC Serbia’s report noticed that a strategic framework for waste need to be updated at national and local level, in order to be in line with “legal provisions on waste minimisation and waste separation at source, and to include quantitative targets for waste recovery and recycling”\textsuperscript{53}. Serbia made progress in opening of regional waste management centres (in Pirot, Sremska Mitrovica, Sabac, Subotica), that was also noticed and welcomed by EC at the policy dialogue with national authorities. On the other side, there was no significant progress in the field of non-compliant landfills, and the European Commission remained consistent in the view that “increased efforts are needed to close Serbia’s non-compliant landfills more quickly and invest in waste reduction, separation and recycling”\textsuperscript{54}.

In the area of water quality, EC was consistence it the statement “Serbia needs to make significant efforts to further align its legislation with the acquis, and to strengthen administrative capacity, in particular for monitoring, enforcement and inter-institutional coordination”\textsuperscript{55}. Strategic framework was improved in the end of 2016 when Serbia adopted a strategy for water management running until 2034. However, a national strategy and action plan on water protection was missing over this period. In addition, there was no significant progress in water management at the local level, and insufficient administrative capacity in this area has been highlighted at the meetings on policy dialogue.

In natural protection, legislation related to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) has been updated, however, there was a room for further improvement, particularly in addressing an issue of hunting of non-huntable birds.\textsuperscript{56}

There was little progress in natural protection, as the national ecological network and Natura 2000 were not established until the end of 2018 and institutional set-up and administrative capacities were not strengthened. A fund was allocated for this purpose in 2017 but the fund was not spent until the end of that year.\textsuperscript{57} In 2018, there were some on-going activities related to assessment of habitats types and species and the establishment of the above-mentioned ecological network.

In industrial pollution and risk management, Serbia made little progress, and EC remained consistent in the view that “alignment with most of the related acquis was at an early stage”\textsuperscript{58}. Besides the lack of legal alignment, the EC assessed that there were also no sufficient administrative capacities across this sector.

\textsuperscript{52} EC (2019) Serbia 2019 Report
\textsuperscript{54} Ibid, page 86.
\textsuperscript{55}Ibid, page 86
\textsuperscript{57} EC (2018) Serbia 2018 Report
The EC assessed that Serbia has achieved a high level of alignment with the acquis on chemicals over the evaluation period, except the REACH and CLP Regulations. At the beginning of the evaluation period, there was an institutional change in the area of chemicals management, as the Chemicals Agency was closed in 2012 and its mandate was transferred to the Ministry of Energy, Development and Environmental Protection.\footnote{EC (2013) Serbia Progress Report} According to the EC Serbia Progress Report from 2014, the Ministry in charge of environmental protection took over all the tasks of the Chemicals Agency, however, “technical posts have been reduced by 30\%”\footnote{EC (2014) Serbia Progress Report, page 58.} which implied that further support to the administrative capacity was needed. All EC’s reports assessed that Serbia needs to improve its administrative capacity to implement the legislation on chemicals, that was also stressed at the meetings on policy dialogue. In the area of noise, Serbia did not make significant progress, as Serbia did not adopt strategic noise maps and action plans over the evaluation period, due to a lack of administrative capacity.

Improvement was recorded in civil protection. In 2012, Nis humanitarian centre was established based on an agreement between Russia and Serbia. Thereafter, Serbia joined in the EU Civil Protection Mechanism in 2015, and since that the EC has been emphasizing that Serbia should ensure that Nis centre does not duplicate the role of EC Civil Protection Mechanism. There was an improvement of the strategic and legal frameworks in this area in 2018 and 2019, due to preparation of the post-disaster need assessments, flood risk mapping, the action plan on disaster risk management for 2017-2020, as well as adoption of the Law on disaster risk reduction and emergency management in 2018. However, internal coordination and capacity for disaster prevention, disaster risk reduction and disaster risk management need to be improved at all levels.\footnote{EC (2016) Serbia 2016 Report}

In the area of climate change, the national strategy on climate changes was under development, as well as the Law on climate change, but there was no adoption of these documents, until the end of the evaluation period. In 2014, the National Climate Change Committee was established, and EC assessed that this committee should do more on winder integration of climate action into other sectors.\footnote{EC (2019) Serbia 2019 Report} Progress was noticed in the implementation of international environmental agreements. In 2016, Serbia submitted the First Biennial Update Report on greenhouse gases to the UN Framework Convention on Climate Change (UNFCCC), which was followed by the submission of the second report to in 2017. During the same year, Serbia ratified the Paris Agreement. Over the evaluation period, the EC had a view that significant strengthening of administrative capacity is needed, as well as awareness-raising activities.\footnote{EC (2019) Serbia 2019 Report} Serbia worked on improving greenhouse gas inventories, as well on the legislation on greenhouse gas emissions in 2017.

Energy

The European Commission emphasised that mandatory oil stock reserves need to be established by 2023 according to ECT obligations.\footnote{Minutes of the EU-Serbia Subcommittee on Transport, Energy, Environment, Climate Action and Regional Development Meeting of 8-9 June 2014 in Brussels.} Serbia has achieved a high level of alignment in the field of security of supply, over the considered period. In 2013, the Law on Commodity Reserves, regulating the compulsory reserves of oil and oil derivatives was adopted. This was followed by the adoption of secondary legislation for oil stocks in 2014, the energy sector development strategy in 2015, a long-term plan to establish and maintain emergency oil stocks in 2018, etc. Progress was also made in the institutional framework, as Serbia established a central stockholding body in 2015.\footnote{EC (2016) Serbia 2016 Report} This was reflected in an increase in oil stocks from 14 days in 2015 to 19 days of average daily consumption at the beginning of 2019.

Progress was made toward development of the Trans-Balkan electricity corridor which is aimed to support "further integration of regional and national electricity markets into a single European market". A new electricity interconnector has been developing between Serbia with Romania, Montenegro and Bosnia and Herzegovina since 2016.

The European Commission in its policy dialogue with Serbia emphasized the strategic importance of the gas interconnector with Bulgaria and the benefits on security of supply this project would to Serbia and EU as a whole, and invited Serbia to commit to the realisation of the project. In this regard, in 2012, Serbia and Bulgaria signed a memorandum of understanding on the construction of a gas interconnector between the two countries. However, the EC stressed that the preparation of building this gas interconnector was delayed, over the evaluation period.

Serbia also planned to build “South Stream Gas Pipeline”, as in 2013, the Law on the South Stream Gas Pipeline was adopted, based on “the Inter-Governmental Agreement between Serbia and Russia on the South Stream Gas Pipeline.” In this regard the European Commission underlined that the construction of South stream needs to be in line with the EU acquis and notably provisions on third party access and tariff setting, and invited Serbia to ensure this, and refrain from starting construction works until a global solution is found. In this regard, Serbia expressed its readiness to act in compliance with the EU accession process and the commitments taken by the Treaty Establishing the Energy Community as well as other international agreements. There was no preparation for the South Stream Gas Pipeline, due to Russia withdrawal of the project in 2015. In 2018, Serbia removed the destination clause from this inter-governmental agreement, in order to be compatible with the Energy Community obligations. On the other side, in October 2018, Energy Agency of the Republic of Serbia “granted an exemption for the Serbian part of the “Turk Stream 2” (Gastrans) project from rules of the third energy package”. Furthermore, in 2013, Serbia and Kosovo signed an agreement on energy under the Brussels Agreement, followed by an inter-transmission system operator agreement between Kosovo’s and Serbian transmission system operators in 2014. Nevertheless, these agreements were not implemented until the end of 2018.

In the internal energy market, the primary legislation is in line with the third energy package, as Serbia adopted the law on energy in 2015 that incorporates provision from this last EU energy package. The bylaws still have to be compliant with this EU regulation. Serbia made progress in the liberalisation of the electricity and gas market, over the evaluation period. Since 2012, this market was gradually opening up, in 2013 for large consumers who are connected to the transmission network, then in 2014, for all consumers linked to the distribution network (excluding households and small private customers), until its full opening in 2015.

In addition to this, Serbia has been working on the unbundling of the two gas companies, Srbijagas and Yugorosgas, as well as public power utility EPS. Yugorosgaz-Transport (2012) and Transport gas Srbija (2015) were established to separate gas transport from other gas activities of Yugorosgaz and Srbijagas, respectively.

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67 Minutes of the EU-Serbia Subcommittee on Transport, Energy, Environment, Climate Action and Regional Development Meeting of 8-9 June 2014 in Brussels.
68 EC (2013) Serbia Progress Report
70 Minutes of the EU-Serbia Subcommittee on Transport, Energy, Environment, Climate Action and Regional Development Meeting of 8-9 June 2014 in Brussels.
72 Ibid
COM and ECS recognized progress made in the restructuring of public utilities, notably the adoption of the financial restructuring plan for EPS and legal and functional unbundling of Srbijagas in 2015. Yet, The COM and Energy Community expressed concern about the continuous breach of the Energy Community acquis in relation to the unbundling of Srbijagas (Decision 2014/03/MCEnC) and urged Serbia to proceed towards full unbundling of Srbijagas without delay. According to the EC’s Serbia 2019 Report, Srbijagas separation was not completed, while the unbundling and certification of Yugorosgaz (2017) was not in line with the Energy Community acquis, until the end of the evaluation period. A legally binding timetable for the second phase of restructuring of Srbijagas has been set as an opening benchmark for starting negotiations in the energy chapter. The Energy Community stated that “the independent system operator model that Yugorosgaz Transport applied for in the certification continues to contravene Energy Community law”. In EPS, unbundling of the distribution system operator was completed, while functional unbundling of the electricity transmission system was not fully finished, by the end of 2018.

Review of the EC’s Serbia reports shows that the Serbian Energy Agency strengthened its independence since 2012. However, it has been understaffed for the implementation of all tasks related to the third energy package. An increase in staff members has been needed, from 38 in 2018 to 56 by 2020.

The European Commission throughout its policy dialogue with Serbia underlined the importance of renewables and energy efficiency and specifically of a sound regulatory framework for investments in this area and a sustainable financing system for energy efficiency. Serbia in response made efforts to increase the use of renewable energy during the period 2012-2018. National Renewable Energy Action Plan was adopted in 2013. The energy law (2014), amendments to the planning and construction law (2014) and its by-laws were adopted in line with the renewable energy Directive, except by-law on bio-fuels. Furthermore, in 2016, there was a new model for power purchase agreements, a new feed-in tariff system, as well as procedures for obtaining incentives for renewable energy. As a result of these change, investments in wind power increased slightly. Serbia has planned to achieve 27% of gross final energy consumption from renewable sources in 2020, but in 2017 this indicator was at the level of 20.6%.

Serbia made effort to increase energy efficiency in line with the corresponding EU Directives. Several documents were adopted, such as the law on energy efficiency (2013), the second action plan for energy efficiency (2013-2015), third energy efficiency action plan (2016), first annual report under the energy efficiency Directive, and several by-laws (2017, 2018). On the other hand, alignment with EU Directives was not fully achieved, especially with the Directive on Energy Performance of Buildings and its implementation remains low. Over the evaluation period, the EC stated that there was a lack of administrative capacity for the implementation of the acquis in Serbia. Budgetary Fund for improvement of energy efficiency has been operational since 2014, and funds have been allocated based on the public calls for the improvement of energy efficiency in public buildings. The EC’s Serbia reports stated that funding of 1.2 million euros of 2016 was “seriously insufficient to meet demands”. A total amount of fund was 4.44 million euros over the period

75 Minutes of the EU-Serbia Subcommittee on Transport, Energy, Environment, Climate Action and Regional Development Meeting of 2-3 March 2016 in Brussels.
77 Energy Community’s website, https://www.energy-community.org/implementation/Serbia/GAS.html
79 Ibid.
80 Ibid.
81 Ibid.
82 Ibid.
83 Ibid.
84 Ibid.
2014-2018, and it was significantly increased in 2019 as it amounted to 4.22 million euros that year.\textsuperscript{86}

As regards to the nuclear energy, nuclear safety and radiation protection, there was a step forward in adoption of a nuclear safety and security programme regulation, and the regulation on safety of nuclear facilities and nuclear material (2014), in ratification of the Convention on Nuclear Safety and the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management (2016), in adoption of protocol with the International Atomic Energy Agency related to the Treaty on the Non-proliferation of Nuclear Weapons (2018). Besides, Serbia radioactive waste storage facility (2016) and started to improve the radiological and security situation at the Vinča (2018). The European Commission welcomed the progress made in the adoption of implementing legislation, On the other hand, The European Commission raised concerns about the administrative capacity of the Radiation protection and nuclear safety agency, which is insufficient, its inspection functions are fragmented, and its independent functioning needs improvement. This remained problematic during the evaluation as there have been an insufficient number of staff members of the Radiation Protection and Nuclear Safety Agency by 2018, while its budget was not sufficient to ensure proper inspection in this field.\textsuperscript{87}


The Revised Indicative Strategy Paper for Serbia 2014-2020\textsuperscript{88} look at CO2 emissions (metric tons per capita) as an environmental performance indicator. According to the World Bank development indicators, CO2 emission in Serbia was reported at 5.283 metric tons per capita in 2014, that is an improvement compared with this value in 2012 (6.121).\textsuperscript{89}

The progress made by Serbia in environmental indicators, according to the State on environment report for 2012 and 2018\textsuperscript{90}, was as follows:

- **Air quality and emission**: In 2012, four urban areas (Belgrade, Bor, Kosjeric and Pancevo) recorded over-polluted air quality, and in 2018, five of them (Belgrade, Pancevo, Smederevo, Kosjeric and Uzice). However, sulphur oxide and nitrogen oxide emissions were reduced over the evaluation period, as total emission of sulphur oxide slightly declined from 376.95 Gg in 2012 to 370.85 Gg in 2018, while total emission of nitrogen oxide dropped from 53.41 Gg in 2012 to 51.56 Gg in 2018.

- **Water quality and emission**: The worst quality of surface water was recorded in the province of Vojvodina over the comparison period. The connection rate to public water system went up from 80.1 per cent of the population in 2012 to 86.9 per cent in 2017. The positive trend is also recorded in the percentage of the population connected to public sewers (which grew by 12.1%, from 55.5% in 2012 to 62.2% in 2017), as well as in the proportion of the population connected to wastewater treatment (which rose from 9.89% in 2012, to 13.85% in 2017).

- **Biodiversity**: There was an increase in protected area coverage. In 2012, 5.91% of the territory of Serbia was under protection, that rose to the level of 7.56% in 2018. Over the evaluation period, additional 23 species were under strict protection. In 2018, in total 2633 wild species were protected.

- **Soil quality**: The majority of local soil pollution sources were from public municipal waste dumps and locations used for exploitation and oil production.

- **Waste management**: A total amount of generated municipal solid waste decreased from 2.62 million tonnes (0.36 t per capita) in 2012 to 2.23 million tonnes (0.31 t per capita) in 2018, with


\textsuperscript{87}EC (2019) Serbia 2019 Report


\textsuperscript{89}https://data.worldbank.org/indicator/EN.ATM.CO2E.PC?locations=RS

the lowest amount recorded at the level of 1.84 million tonnes (0.26 t per capita) in 2015. The amount of industrial waste increased from 8.2 million tonnes in 2012 to 9.37 million tonnes in 2018, as well as an average coverage of waste collection from around 70% in 2012 to 87.2% in 2018.

- Progress was recorded in investments in waste infrastructure, as four out of 10 regional sanitary landfills were established in Serbia, over the period 2012-2018 (one in 2014, two in 2015, and one in 2018). Although the amount of disposed waste at this regional landfill increased since 2012 by 165%, in 2018, only 19.7% of the generated municipal solid waste ended up in these landfills or 3.8% of a total generated waste (non-hazardous and hazardous) in Serbia. Besides, there was 82 unsanitary landfills and 1602 illegal dumpsites in 87 local self-governments that reported on waste management in 2018. As regards to waste management permits, there was a significant increase in the total number of active permits by 49.1%, from 1434 in 2012 up to 2139 at the end of May 2018.92

- Forestry: Forest cover percentage increased from 32% in 2012 to 36% in 2018.

In regard to climate action, an indicator for Serbia’s performance in the area of climate action is “extent to which climate change strategies are (a) developed and/or (b) implemented with EU support”93. IPA II assistance funded “The Climate Strategy and Action Plan” project94 which started in September 2016. The preparation of the Climate Strategy and Action Plan has been on-going until the end of 2018. Besides, during the considered period, the Law on Climate Change was drafted, and its public consultations were held, however, it has not been adopted.

The Quality of electricity supply (WEF)95 was identified as an indicator of progress in the energy sector. This indicator was to some extent improved, as its score rose from 4.8 in 2012 to 5.0 in 2017. As well, Serbia’s rank improved by four places over the evaluation period, taking 69th position in 2017 (1 – the highest rank).

![Quality of electricity supply (WEF), 2010-2017](image)

**Figure 1** Quality of electricity supply of Serbia over the period 2010-2017

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94 http://www.serbiaclimatestrategy.eu
### 1.5. International/donor interventions in sector

#### 1.5.1. The key players and their strategies

The environment, climate action and energy sector has been supported by various bilateral and multilateral donors. Bilateral donors are Austria, the Czech Republic, Germany, Italy, Japan, the Netherlands, Norway, Sweden, Spain, Switzerland, the United Kingdom and the United States while major multilateral donors in Serbia include the EBRD, UNDP and the World Bank.

The Western Balkan Investment Framework (WBIF), as instruments to channel investment from IPA, 20 international donors and multilateral banks, has been providing grants and loans for energy and environment, in particular for the water and wastewater, solid waste, flood protection and river basin management, as well as energy efficiency and energy supply. Loans for environmental projects have been provided by:

- **The European Bank for Reconstruction and Development (EBRD):** EBRD have been supporting projects related to the energy efficiency, wastewater and water supply infrastructure, renewable energy resources (e.g., wind farm), and solid waste.
- **The European Investment Bank (EIB):** As well as EBRD, EIB has been supporting the project in the area of water supply and sewers systems in Serbia. EIB, in cooperation with the KfW, has been supporting the energy efficiency and smaller renewable energy investments (e.g., wind farms) by The Green for Growth Fund (GGF).
- **KfW:** Besides the Green for Growth Fund, KfW has been supporting the energy sector (e.g., rehabilitation of district heating systems), water supply and wastewater disposal, waste and environment.
- **The World Bank:** The World Bank support has been focused on energy efficiency (e.g., infrastructure efficiency and sustainability in energy sectors, energy efficiency in public buildings) and environmental issues (e.g., addressing urgent environmental legacy issues arising from mining sector restructuring in the Bor region).

In addition to the investment provided by the KfW (German Development Bank), the **German Agency for International Cooperation (GIZ)**, commissioned by German Federal Ministry for Economic Cooperation and Development (BMZ), cooperate with Serbia in the field of energy efficiency, renewable energy sources and water management. Some of the implemented projects during the period 2012-2018 are: Development of a sustainable bioenergy market (2013-2018), Energy efficiency in public buildings (2015-2018); Waste management, circular economy and green job opportunities (2018-2020); Open Regional Fund for South-East Europe – Energy Efficiency (2006-2020), Open Regional Fund for South-Eastern Europe for the Implementation of Biodiversity Agreements (2018-2020).

The **United Nations Development Program** was focused on enabling a framework for environmental management and energy efficiency strengthening (2010-2015), and on low-carbon and climate-resilient development (2016-2020). During the period 2012-2018, the UNDP was conducting the following projects: “Policy Advice on Renewable Energy Sources” (2013), “Energy Efficiency Awareness Rising for Decision Makers at Local Level in Serbia” (2011-2013), “Reducing Barriers to Accelerate the Development of Biomass Markets in Serbia” (funded by the Global Environment Facility (GEF), 2013-2019), Removing Barriers to Promote and Support Energy...

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96 [https://www.wbif.eu/beneficiaries/serbia](https://www.wbif.eu/beneficiaries/serbia)
100 [https://www.kfw-entwicklungsbank.de/international-financing/KfW-Development-Bank/Local-presence/Europe/Serbia](https://www.kfw-entwicklungsbank.de/international-financing/KfW-Development-Bank/Local-presence/Europe/Serbia/)

Furthermore, Japan has been one of the largest donors in the energy sector, which focus on providing ODA loan for the construction of a Flue Gas Desulphurization Plant for the Nikola Tesla Thermal Power Plant (2012). Over the period 2016-2020, the Swedish International Development Cooperation Agency (SIDA) has been supporting Serbian government in its negotiation process and effort to comply with the Chapter 27 through the project Environment Accession Project 3 (ENVAP 3). SIDA funded the "Environmental Civil Society Support Programme for Serbia (CSOnnect)" that was implemented by the Regional Environment Centre (REC) during the period 2015-2018, intending to support CSO to have more proactive role in the EU negotiation process under Chapter 27. Furthermore, SIDA has provided technical assistance to the government of Serbia in the area of environmental infrastructure through the project "Environmental Infrastructure Support Programme in the Republic of Serbia" (EISP). SIDA has also supported the preparation of priority projects to be ready for financing and implementation within the environmental sector (e.g. WWTP and waste management) by the project “Priority Environmental Infrastructure for Development project” (PEID project).

Overview of OECD data of ODA
According to the OECD data, the environment, climate action and energy sector received EUR 497.27 million of international donor assistance (ODA - grants and loans), over the period 2012-2017, which represent 8.25% of total ODA disbursements to Serbia.

This sector is composed of three main DAC categories. A little over half (55.16%) of ODA disbursements for environment, climate action and energy sector has been aimed for support of energy (out of, 66.9% were loans), while 33.1% has been focused on water supply and sanitation (out of, 82.7% were grants). ODA disbursements in this sector over 2012-2017 are presented in the table below.

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103 https://events.developmentaid.org/attachment/bd5e18cc-b155-4fe8-a59b-85177cf7acd6/Report_Serbia.pdf
104 http://www.pregovarakcagrupa27.gov.rs/?wpfb_dil=142
105 http://serbia.rec.org/project-detail-ecn.php?id=77
106 https://eas.europa.rs/related-projects/
In period 2012-2017, EU institutions and the member states disbursed EUR 417.5 million for Serbian environment, climate action and energy sector (83.4% of total ODA), out of its EUR 246.5 million in form of grants. Germany has been the largest bilateral donor in this sector, as it disbursed EUR 60.21 million in the water supply and sanitation (out of, 62% were grants), EUR 137.69 million in the energy (86.4% in form of loans), and EUR 15.67 million in general environment protection (all grants). Other large donors are Japan (EUR 40.33 million, 82% for loans), Sweden (EUR 15.86 million, all grants), Luxembourg (EUR 3.99 million, all grants), as well as World Bank (EUR 14.19 million, all loans). ODA disbursements by the donor are presented in Table 1 above.

![ODA Disbursements Serbia 2012-2017 By donor Type (EUR Millions)](image)

**Table 1 Sector breakdown of ODA (grants and loans) disbursements in the environment, climate action and energy sector by DAC Code, in EUR Millions**

<table>
<thead>
<tr>
<th>DAC Code</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Total</th>
<th>% of total</th>
<th>Grant</th>
<th>% of grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>140</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water supply and sanitation</td>
<td>25.7</td>
<td>21.9</td>
<td>25.3</td>
<td>25.6</td>
<td>29.9</td>
<td>36.2</td>
<td>164.6</td>
<td>33.1</td>
<td>136.1</td>
<td>48.8</td>
</tr>
<tr>
<td>230</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy grouping</td>
<td>63.8</td>
<td>40.2</td>
<td>42.3</td>
<td>14.6</td>
<td>37.6</td>
<td>75.8</td>
<td>274.3</td>
<td>55.2</td>
<td>90.7</td>
<td>32.5</td>
</tr>
<tr>
<td>140</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Environment Protection</td>
<td>9.1</td>
<td>7.5</td>
<td>7.0</td>
<td>7.3</td>
<td>22.1</td>
<td>5.3</td>
<td>58.4</td>
<td>11.7</td>
<td>52.0</td>
<td>18.6</td>
</tr>
<tr>
<td>Total</td>
<td>98.6</td>
<td>69.6</td>
<td>74.5</td>
<td>47.6</td>
<td>89.6</td>
<td>117.3</td>
<td>497.3</td>
<td>100.0</td>
<td>278.8</td>
<td></td>
</tr>
</tbody>
</table>

**Figure 3 ODA (grants and loans) disbursements by donor type over the period 2012-2018, in EUR millions**
The following table shows Official Donor Assistance to Serbia from 2012-2017, based on OECD data.

<table>
<thead>
<tr>
<th>Donor type</th>
<th>Energy 230</th>
<th>Water supply and sanitation 140</th>
<th>General Environment Protection 410</th>
<th>Total</th>
<th>% of total</th>
<th>Grants</th>
<th>% of grants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EU Institutions</strong></td>
<td>70.255</td>
<td>83.801</td>
<td>16.993</td>
<td>171.049</td>
<td>34.398</td>
<td>148.214</td>
<td>35.230</td>
</tr>
<tr>
<td><strong>Member States</strong></td>
<td>139.137</td>
<td>71.886</td>
<td>35.457</td>
<td>246.480</td>
<td>49.567</td>
<td>98.225</td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>0.025</td>
<td>0.278</td>
<td>0.065</td>
<td>0.344</td>
<td>0.069</td>
<td>0.344</td>
<td>0.124</td>
</tr>
<tr>
<td>Belgium</td>
<td></td>
<td></td>
<td></td>
<td>0.025</td>
<td>0.005</td>
<td>0.025</td>
<td>0.009</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>1.105</td>
<td>2.024</td>
<td>0.076</td>
<td>3.204</td>
<td>0.644</td>
<td>3.204</td>
<td>1.149</td>
</tr>
<tr>
<td>Denmark</td>
<td>0.068</td>
<td>0.009</td>
<td></td>
<td>0.077</td>
<td>0.015</td>
<td>0.077</td>
<td>0.027</td>
</tr>
<tr>
<td>Finland</td>
<td>0.135</td>
<td>0.103</td>
<td></td>
<td>0.237</td>
<td>0.048</td>
<td>0.237</td>
<td>0.085</td>
</tr>
<tr>
<td>France</td>
<td>0.095</td>
<td>0.196</td>
<td>6.618</td>
<td>6.909</td>
<td>1.389</td>
<td>0.515</td>
<td>0.185</td>
</tr>
<tr>
<td>Germany</td>
<td>137.689</td>
<td>60.210</td>
<td>15.672</td>
<td>213.571</td>
<td>42.949</td>
<td>71.71</td>
<td>25.720</td>
</tr>
<tr>
<td>Italy</td>
<td>0.009</td>
<td>0.064</td>
<td>0.372</td>
<td>0.446</td>
<td>0.090</td>
<td>0.446</td>
<td>0.156</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>3.989</td>
<td></td>
<td></td>
<td>3.989</td>
<td>0.802</td>
<td>3.989</td>
<td>1.431</td>
</tr>
<tr>
<td>Poland</td>
<td>0.002</td>
<td>0.014</td>
<td></td>
<td>0.016</td>
<td>0.003</td>
<td>0.016</td>
<td>0.006</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>0.010</td>
<td>0.060</td>
<td>0.009</td>
<td>0.079</td>
<td>0.016</td>
<td>0.079</td>
<td>0.028</td>
</tr>
<tr>
<td>Slovenia</td>
<td>1.537</td>
<td>0.184</td>
<td></td>
<td>1.721</td>
<td>0.346</td>
<td>1.721</td>
<td>0.617</td>
</tr>
<tr>
<td>Sweden</td>
<td>3.506</td>
<td>12.350</td>
<td></td>
<td>15.856</td>
<td>3.189</td>
<td>15.856</td>
<td>5.687</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0.006</td>
<td></td>
<td></td>
<td>0.006</td>
<td>0.001</td>
<td>0.006</td>
<td>0.002</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>64.926</td>
<td>8.894</td>
<td>5.921</td>
<td>79.741</td>
<td>16.036</td>
<td>32.373</td>
<td>11.611</td>
</tr>
<tr>
<td>Australia</td>
<td>35.747</td>
<td>3.173</td>
<td>0.001</td>
<td>0.001</td>
<td>0.000</td>
<td>0.001</td>
<td>0.0004</td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td></td>
<td>1.412</td>
<td>40.332</td>
<td>8.111</td>
<td>7.153</td>
<td>2.565</td>
</tr>
<tr>
<td>Norway</td>
<td>0.872</td>
<td>0.091</td>
<td>0.467</td>
<td>1.430</td>
<td>0.288</td>
<td>1.430</td>
<td>0.513</td>
</tr>
<tr>
<td>Switzerland</td>
<td>16.286</td>
<td></td>
<td>0.017</td>
<td>16.303</td>
<td>3.278</td>
<td>16.303</td>
<td>5.847</td>
</tr>
<tr>
<td>United States</td>
<td>0.010</td>
<td>0.162</td>
<td>0.005</td>
<td>0.172</td>
<td>0.035</td>
<td>0.172</td>
<td>0.062</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td></td>
<td></td>
<td></td>
<td>0.005</td>
<td>0.001</td>
<td>0.005</td>
<td>0.002</td>
</tr>
<tr>
<td>United Nations</td>
<td>0.350</td>
<td>0.145</td>
<td></td>
<td>0.495</td>
<td>0.099</td>
<td>0.495</td>
<td>0.177</td>
</tr>
<tr>
<td>World Bank Group (IDA)</td>
<td>8.558</td>
<td>5.631</td>
<td></td>
<td>14.189</td>
<td>2.853</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Other Multilateral (GEF)</strong></td>
<td>3.104</td>
<td>3.711</td>
<td></td>
<td>6.814</td>
<td>1.370</td>
<td>6.814</td>
<td>2.444</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>274.318</strong></td>
<td><strong>164.582</strong></td>
<td><strong>58.371</strong></td>
<td><strong>497.270</strong></td>
<td><strong>100.000</strong></td>
<td><strong>278.812</strong></td>
<td><strong>100.000</strong></td>
</tr>
</tbody>
</table>

Table 2: Official Donor Assistance (grants and loans) to Serbia (EUR Millions)
### 1.6. Overview of EU interventions in sector

#### 1.6.1. EU Serbia agreements

The objectives of EU financial assistance in this sector have been set by the Multi-annual Indicative Planning Document (MIPD) 2011-2013 and Indicative Strategy Paper (ISP) 2014-2020. The objectives of EU intervention in the sector, over the evaluation period, were focused on the continuation of support to Serbia to align legislation with the EU’s energy acquis, as well as to the environment and climate change acquis, and to build institutional capacities for implementation of that legislation. EU support was intended to promote sustainable growth by supporting overall energy policy, investments in environmental and energy infrastructure, as well by boosting climate change policy in Serbia.

The EU support to this sector has been further elaborated by the Annual Country Action Programmes that define the objectives of the intervention, expected results, implementation modality, assumptions and conditions, and a total allocated annual amount. IPA I's Annual Country Action Programmes was allocating fund for this sector yearly, which was ranged from 21% (2011, 2013) to 33% (2012) of a total EU support in the respective year. On the other side, IPA II has not planned yearly allocation of the fund in this sector, as for 2015 and 2016 there were no allocated funds. However, the annual allocation in 2017 was 56.6% of the total amount of EU support to Serbia for that year.

<table>
<thead>
<tr>
<th>Year</th>
<th>Allocated amount in EUR million</th>
<th>% of total allocated amount for EU support</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>38.6</td>
<td>21.6%</td>
</tr>
<tr>
<td>2012</td>
<td>57.15</td>
<td>33.3%</td>
</tr>
<tr>
<td>2013</td>
<td>38.0</td>
<td>21.3%</td>
</tr>
<tr>
<td>2014</td>
<td>12.6</td>
<td>7.1%</td>
</tr>
<tr>
<td>2015</td>
<td>/</td>
<td>/</td>
</tr>
<tr>
<td>2016</td>
<td>/</td>
<td>/</td>
</tr>
<tr>
<td>2017</td>
<td>78.2 (28.6 - environment and climate action; 49.6 - energy)</td>
<td>56.6% (20.7% - environment and climate action, 35.9% - energy)</td>
</tr>
<tr>
<td>2018</td>
<td>65.1 environment and climate action</td>
<td>25.4%</td>
</tr>
</tbody>
</table>

Table 3 IPA I and IPA II Country Programme Allocations for the sector “Environment, climate change and energy”

#### 1.6.2. Direct managed/centralised and indirect managed/decentralised EU contracts

**i. Direct managed/centralised EU contracts**

As regards to directly managed/centralised EU support, there were 72 contracts with a total value of EUR 109.3 million that was allocated between 2011 and 2018, out of which 87% was spent by the mid-2019. The largest amount was allocated to water supply and sanitation, followed by energy distribution and generation. Out of 72 contracts, 17 were twinning contracts, with a total value of EUR 19.1 million.

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108 Contracts from 2011 are included because actions are likely to be continuing into the evaluation period.
<table>
<thead>
<tr>
<th>DAC code</th>
<th>DAC Description</th>
<th>Number of contracts</th>
<th>Contract plan value (EUR)</th>
<th>Contract paid value (EUR) to mid-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>140</td>
<td>Water Supply &amp; Sanitation</td>
<td>27</td>
<td>68,773,010</td>
<td>63,033,270</td>
</tr>
<tr>
<td>230</td>
<td>Energy</td>
<td>1</td>
<td>1,494,164</td>
<td>1,494,164</td>
</tr>
<tr>
<td>231</td>
<td>Energy Policy</td>
<td>2</td>
<td>2,110,755</td>
<td>2,110,755</td>
</tr>
<tr>
<td>232</td>
<td>Energy generation, renewable sources</td>
<td>4</td>
<td>564,467</td>
<td>564,467</td>
</tr>
<tr>
<td>233</td>
<td>Energy generation, non-renewable sources</td>
<td>5</td>
<td>16,916,213</td>
<td>10,739,687</td>
</tr>
<tr>
<td>236</td>
<td>Energy distribution</td>
<td>7</td>
<td>21,575,766</td>
<td>19,137,865</td>
</tr>
<tr>
<td>410</td>
<td>General Environment Protection</td>
<td>26</td>
<td>13,960,716</td>
<td>12,218,962</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>72</td>
<td>125,395,091</td>
<td>109,299,169</td>
</tr>
</tbody>
</table>

Table 4 EU directly managed contract to the Sector are summarised in the table below, in line with DAC 3 codes.

The 27 contracts in **Water Supply and Sanitation**, with a total value of EUR 68,773,010 and represent 55% of the sector’s planned contribution. Based on the nature of the contracts, 140 – Water Supply & Sanitation, includes the following breakdown:

- Action Grants – 6 contracts, a total value of EUR 669,467.8 (CBC and EXCHANGE 4)
- Services – 6 contracts, a total value of EUR 2,792,090 (e.g., technical assistance)
- Work – 15 contracts, EUR 65,311,441.9 (e.g., for building regional water supply, wastewater treatment Plant, regional waste management centre)

In the **Energy sector**, there are 19 contracts, a total value of EUR 42,661,365 (31%). Based on the nature of the contracts, 230, 231, 232, 233, 236 - Energy grouping includes the following breakdown:

- Action Grants – 4 contracts, a total value of EUR 1,905,835 (e.g., CBC)
- Services – 7 contracts, a total value of EUR 4,382,137 (e.g., supervision work)
- Supplies - 5 contracts, a total value of EUR 17,988,386 (e.g., supply related to substations)
- Work – 3 contracts, a total value of EUR 18,385,007 (e.g., construction of substations)

Regarding **General Environment Protection**, there are 26 contracts a total value of EUR 13,960,716 (11%). Based on the nature of the contracts, 410 – General Environment Protection, includes the following breakdown:

- Action Grants – 9 contracts, a total value of EUR 2,202,120 (e.g., CBC)
- Services – 8 contracts, a total value of EUR 5,216,341 (e.g., capacity building activities, technical assistance)
- Supplies - 8 contracts, a total value of EUR 2,158,473 (e.g., capacity building activities)
- Work –1 contract, a total value of EUR 4,383,782 (e.g., reduction of dust emission from thermal power plant)
ii. Indirect managed/decentralised EU contracts

There are 23 contracts listed in the dataset provided by the Government of Serbia (CFCU), related to energy, environment and water. The total value of the contracts is EUR 40.3 million, out of which IPA contribution is EUR 35.1 million. In terms of modality, the distribution is as follows:

- **Service** – 13 (3 Fee based, 3 Framework, 7 Global price), a total value of EUR 13.6 million (e.g., cadastre of mining waste and mall hydro power plants, supervision contracts, technical assistance relevant ministries to align with EU regulations)
- **Supply** – 1, a total value of EUR 1.5 million (Srbijagas Management SCADA System)
- **Twinning** - 5 (of which 1 Twinning light), a total value of EUR 5.5 million (e.g., waste management, the transposition of the Monitoring Mechanism Regulation (MMR))
- **Works** – 4, a total value of EUR 19.7 million (e.g., Wastewater Treatment Plant, Wastewater Collection, NOx emission reduction at the TPP Nikola Tesla Unit A4).

1.7. Sample selection

The desk phase reviewed documentary and data sources relating to EU cooperation in Serbia. These sources include relevant national documentation, as well as project documentation of the selected sample contracts. In this phase, out of 72 contracts under decentralised management, a sample of 9 contracts was selected for review with a total contract value of EUR 10,528,523, while out of 32 contracts under decentralised management, 2 were selected for a sample with a total value of EUR 4,925,302. In total 8 contracts were reviewed in the desk report, as evaluation team did not receive documentation of three contracts. An overview of the selected contracts in the desk phase is presented in the table below.
<table>
<thead>
<tr>
<th>Contract year</th>
<th>Contract number</th>
<th>Status 109</th>
<th>De/Centralised</th>
<th>Contract title</th>
<th>Nature</th>
<th>Contracting party</th>
<th>Main objectives</th>
<th>Main activities</th>
<th>Planned amount (EUR)</th>
<th>DAC 5 description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>347153</td>
<td>Closed</td>
<td>Centralised</td>
<td>Construction of Wastewater Treatment Facilities in TPP Nikola Tesla A</td>
<td>Works</td>
<td>ESOTECH, Joint stock company</td>
<td>All waters from the site TENT A which go into the Sava River be brought to the level prescribed by European Union standards.</td>
<td>Works implemented following FIDIC (Plant &amp; Design - Build) implementation rules.</td>
<td>5,994,340</td>
<td>Energy generation, non-renewable sources, unspecified</td>
</tr>
<tr>
<td>2017</td>
<td>48-00-00175/2014-28-1</td>
<td>Open</td>
<td>Decentralised</td>
<td>Construction of the Wastewater Treatment Plant for the City of Raška Republic of Serbia</td>
<td>Works</td>
<td>GP,MORAVA IN., D.O.O.</td>
<td>TO establish a waste water system in the municipality of Raška</td>
<td>There are two main activities: Construction of WWTP (main collector and sewage network with pumping stations, rehabilitation of existing sewage network and reconstruction of the raw water supply pipeline), and Training of public utility company staff for maintenance of WWTP.</td>
<td>3,425,302</td>
<td>Sanitation - large systems</td>
</tr>
<tr>
<td>2017</td>
<td>48-00-00234/2017-28</td>
<td>Open</td>
<td>Decentralised</td>
<td>Support to policy planning in water management sector</td>
<td>Twinning</td>
<td>FED.MINISTRY FOR ENCNNS, GERMANY</td>
<td>To support Serbian administration to effectively conduct accession negotiations and successfully manage overall EU integration and pre-accession assistance geared towards EU membership</td>
<td>Three main activities are: Assessing existing RBMP development process, Improvement of knowledge and practices of RWD and Technical Bodies on pressure and impact analysis, cost recovery and cost effectiveness analysis Preparation of communication strategy related to RBMP development</td>
<td>1,500,000</td>
<td>Water sector policy and administrative management</td>
</tr>
<tr>
<td>2013</td>
<td>334356</td>
<td>Closed</td>
<td>Centralised</td>
<td>Preparation of Second Energy Efficiency Plan</td>
<td>Services</td>
<td>DAI EUROPE LIMITED</td>
<td>To supplement energy balance sheet with the data on</td>
<td>Two main activities are:</td>
<td>1,770,300</td>
<td>Energy policy and administrative management</td>
</tr>
</tbody>
</table>

109 Status of centralised contracts refers to June 2019, and of decentralised contracts to August 2019.
<table>
<thead>
<tr>
<th>Year</th>
<th>Code</th>
<th>Status</th>
<th>Type</th>
<th>Description</th>
<th>Cost</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>354230</td>
<td>Closed</td>
<td>Centralised</td>
<td>Establishment of an integrated environmental monitoring system for air and water quality – Lot 1</td>
<td>103,800</td>
<td>Environmental policy and administrative management</td>
</tr>
<tr>
<td>2014</td>
<td>354226</td>
<td>Closed</td>
<td>Centralised</td>
<td>Establishment of an integrated environmental monitoring system for air and water quality – Lot 2</td>
<td>1,484,661</td>
<td>Environmental policy and administrative management</td>
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<tr>
<td>2015</td>
<td>367358</td>
<td>Ongoing</td>
<td>Centralised</td>
<td>Establishment of an integrated environmental monitoring system for water quality - 12SER01/08/41</td>
<td>16,100</td>
<td>Environmental policy and administrative management</td>
</tr>
</tbody>
</table>

Preparation of study on energy consumption in residential, commercial and public services, agriculture, transport and industry sectors in Serbia.

<table>
<thead>
<tr>
<th>Year</th>
<th>Project ID</th>
<th>Status</th>
<th>Type</th>
<th>Title</th>
<th>2014/354-226 Lot No.</th>
<th>Description</th>
<th>Amount</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>335824</td>
<td>Closed</td>
<td>Centralised</td>
<td>Regional landfill „Srem – Mačva”- municipal solid waste primary selection</td>
<td>“Establishment of an integrated environmental monitoring system for air and water quality” Lot No. 2</td>
<td>To improve efficiency of public utilities and proper preservation of the environment in targeted municipalities.</td>
<td>131,441</td>
<td>Waste management/disposal</td>
</tr>
<tr>
<td>2017</td>
<td>385264</td>
<td>Ongoing</td>
<td>Centralised</td>
<td>Technical Assistance for preparation of ToR for the project “Continued support to implementation of chapter 27 in the area of Nature Protection” (Natura 2000 II)</td>
<td>AECOM INTER Nasional Development Europe SL</td>
<td>To develop the ToR for further IPA assistance in the area of nature protection, hereafter referred to as Natura 2000 II and which is expected to strengthen the legal and institutional framework for Nature protection in Serbia and specifically complete the designation process for all SPAs and at least 80% of the pSCIs</td>
<td>41,632</td>
<td>Environmental policy and administrative management</td>
</tr>
<tr>
<td>2015</td>
<td>366914</td>
<td>Closed</td>
<td>Centralised</td>
<td>Capacity Building to implement acquis standards and conventions in nature</td>
<td>DUO BACCO DOO BEograd-Savski Venac</td>
<td>Preparation of the ToR for service contract IPA 2016 Natura 2000 I, and Assistance with procurement of services</td>
<td>137,849</td>
<td>Environmental policy and administrative management</td>
</tr>
<tr>
<td>Year</td>
<td>Project Code</td>
<td>Status</td>
<td>Sector</td>
<td>Description</td>
<td></td>
<td></td>
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<tr>
<td>2015</td>
<td>SER01/08/25</td>
<td>On-going</td>
<td>Centralised</td>
<td>Capacity building to implement Acquis Standards and conventions in nature protection - establishment of Natura 2000.</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>SER01/08/11</td>
<td></td>
<td>Services</td>
<td>BALCON TANACSADO KORLATOLT FELELOSSE GU TARSASAG</td>
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<td>Setting up the system for the designation of pSCI and SPAs in accordance with the Habitats and Birds Directives and to raise relevant capacities of the beneficiaries, project partners and other relevant groups through specialized trainings and data gathering field.</td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td>Preparation of preliminary list of potential NATURA 2000 sites compliant with the requirements of the Habitats and Birds Directives, Mapping selected habitat types and carrying out field inventories of selected species</td>
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<td></td>
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<td></td>
<td>Establishment of the Basis for the management of potential future NATURA 2000 sites</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Communication and public awareness on NATURA 2000</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>848,400</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Environmental policy and administrative management</td>
<td></td>
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</tbody>
</table>

| Table 5 Overview of the sector sample |

1.8. Project selection for the field phase

Following the desk phase, the evaluation team explored a narrower range of interventions in greater depth. In consultations with the EUD, it was determined that this second analysis during the field phase would focus on interventions in wastewater infrastructure, and water and energy sector policy planning. Such a focus allows more explanatory depth in terms of how and why changes occurred or didn’t occur, which institutional arrangements prove more effective, and what barriers need to be overcome.
The six contracts selected for the field phase are summarised in the following narrative.

**Brief resume of each of the selected interventions**

**Construction of the Wastewater Treatment Plant for the City of Raška Republic of Serbia – Lot 1**

- Contract Number: 48-00-00175/2014-28-1
- Contract Nature: Works
- Implementation start date: 8.08.2017, open.
- Planned IPA contribution: 2,808,748
- Contracting partner: GP,MORAVA IN, D.O.O. in consortium with GIS Aqua Austria GmbH

**Summary of the intervention:** The project’s overall objective was “construction of WWTP which shall provide safety and efficient operation and improve water quality in compliance with requirements of EU Directive/Serbian Law.”110 The project intended to achieve two main results:

- To construct WWTP (preparation of Detailed designs, construction of the WWTP and connection to the sewerage, testing, etc), and
- To train public utility company staff for maintenance of WWTP (preparation of operation and maintenance manuals, training of staff, technical assistance to operation of the WWTP for one year period).

**Water Supply, Wastewater Collection and Treatment Construction Project for the City of Raška - Lot 2**

- Contract Number: 48-00-00175/2014-28
- Contract Nature: Works
- Implementation start date: 09.01.2017, closed.
- Planned IPA contribution: 1,847,648
- Contracting partner: RIKO D.O.O

**Summary of the intervention:** The project main objective was to construct sewage main collector and rehabilitation, reconstruction and extension of the sewage network and reconstruction of raw supply water pipeline for The City of Raska. The project intended to achieve two main results:

- Rehabilitation and extension of the existing wastewater collection system,
- Rehabilitation of the existing water supply system.

**Supervision of construction of the water supply, wastewater collection and treatment project for the City of Raška, The City of Raška, Republic of Serbia**

- Contract Number: 48-00-136/2014-28
- Contract Nature: Service
- Implementation start date: 27.09.2016, open.
- Planned IPA contribution: 522,360
- Contracting partner: EPTISA SEE D.O.O

**Summary of the intervention:** The project’s overall objective was to “ensure the timely completion of the Works, to a high quality and within the budget, through the provision of administrative, technical and financial supervision services in support of the Contracting Authority”.111 The project intended to realise two main activities:

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110 Volume 3, Section 1 Employment Requirements, page 6.
Support to policy planning in water management sector

- Contract Number: 48-00-00234/2017-28
- Contract Nature: Twinning
- Implementation start date: 08.01.2019, open.
- Planned IPA contribution: 1,500,000
- Contracting partner: Consortium of the Federal Republic of Germany, the Republic of Austria and the Kingdom of the Netherlands

Summary of the intervention: The project’s overall objective was to “support Serbian administration to effectively conduct accession negotiations and successfully manage overall EU integration and pre-accession assistance geared towards EU membership. Specific objective was to strengthen capacities of Republic Water Directorate and Public Water Management Companies Srbijavode and Vode Vojvodine to implement the principles of the EU WFD in integrated water management, through development of elements of the River Basin Management Plan.” The project intended to achieve three results:

- Assessment of existing RBMP development process.
- Improvement of knowledge and practices of RWD and technical bodies on pressure and impact analysis, cost recovery and cost effectiveness analysis.
- Increase of public and stakeholder involvement related to development of elements of RBMPs.

Preparation of Second Energy Efficiency Plan and Development of Energy Indicators

- Contract Number: 334356
- Contract Nature: Service
- Implementation start date: 29.11.2013, closed.
- Planned IPA contribution: 1,770,300
- Contracting partner: Consortium of DAI Europe Ltd., Austrian Energy Agency, Ipsos Strategic Marketing d.o.o. and Motiva Services Oy

Summary of the intervention: The overall objective of the project was “to assist Serbian Ministry in charge of Energy in successful implementation of EU treaty requirements with the main goal to support sustainable development by creating an action plan and building capacities to advance energy saving and energy efficiency measures that will contribute to reduction of energy consumption and CO2 emissions. The purpose of the project is to supplement energy balance sheet with the data on energy consumption per sector with detailed database of energy/data indicators crucial for the preparation of NEEAP and for proper identification and evaluation of measures which will increase energy efficiency resulting in reduction of energy consumption.”

The project intended to achieve two main results:

- Comprehensive study on energy consumption in residential, commercial and public services, agriculture transport and industry sectors in Serbia,

Sustainable Development in the Energy Sector

- Contract Number: 10/SER 01/26/11
- Contract Nature: Service
- Implementation start date: 18.04.2011, closed.
- Planned IPA contribution: 643.000

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Contracting partner: Kommunalkredit Public Consulting

**Summary of the intervention:** “The overall objective of the project is to assist Serbia in the activities with the main goal to create sustainable development by enhancing capacities in the energy sector to efficiently use resources according to EU standards. The purpose of this project is implementation of sustainable energy policy, implementation of Kyoto protocol, rational use of conventional fuels and increased use of renewable energy sources.”

The project intended to achieve two main results:

- Kyoto protocol (preparation of Kyoto Protocol mid-term Implementation Plan in the Energy Sector and awareness raising),

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**EU Activities (selection)**

- Support to the International Sava River Basin Commission in the development of the Sava Geographic Information System
- Civil Protection Cooperation with the candidate countries and potential candidates – phase II
- Strengthening system of Environmental Protection and Climate Change
- Environment and Climate Regional Accession Network (ECRAN) project
- Support to Environment and Climate Change Sector
- Climate Strategy and Action Plan project
- EU support to the Environment sector project
- Greater capacity for Subotica WWTP (WBIF)
- Wastewater treatment in municipality of Vranje and Užice (WBIF)
- Construction of collectors II & VII and water well in Subotica and preparation of technical documents (WBIF)

**Timeframe:** 2012-2018  
**Budget:** TBC  

**Financing modalities:**
- TA, calls for proposals, Service contracts, supplies of equipment and investments;  
- Grants and blending of IFI loans and IPA II grants / multi-country programme (through WBIF).

**Technical Inputs**
- Financial support

**Outputs**
- Support provided for alignment of Serbian environmental and climate change legislation with the acquis (incl. EIA, SEA Directive, GH emissions monitoring/reporting) and civil protection/floods prevention;
- Measures/action for strengthening administrative capacity (public dialog, implementation of horizontal legislation, institutional set-up and procedures to carry out environmental assessments, development of integrated monitoring and information systems on environmental quality);
- Support for establishment of collecting and recycling facilities for different waste categories and facilities for the treatment of hazardous waste; requests to upgrade existing landfills considered only on a case-by-case basis;
- Assistance on improvement of quality of the surface, groundwater, and drinking water according to the relevant directives; (preparation and implementation of river basin management plans); Investment projects implementing the Drinking Water & Urban Waste Water Directives supported.
- The process of designation of Natura 2000 sites, including capacity building for data collection, monitoring, and enforcement as well as reporting supported.
- Capacity-building, TA & priority investment projects support provided to enhance Air quality measures (completing / implementing cleaner air plans), incl. internal and external emergency plans of severe installations, implementation of obligations against Industrial Emissions Directive (incl. support for the creation of an effective permitting system and Improving capacities of installations);
- National cross-sectorial Climate change strategy & action plan (capacity building, design, implement and monitor mitigation policies and measures supported; strengthening process of reducing GHG emissions);
- Support to Flood Risk management Plans based on the IPCC/AR4 Programme for Sustainable Flood Protection (progress toward EU Civil Protection Mechanism).

**Outcomes**
- Serbian environmental and climate change legislation harmonised with the acquis
- Strengthened institutional framework and administrative capacity for acquis implementation (at central & local government levels); incl. implementation of Paris Agreement on Climate Change (2015): EU expenditure dedicated to climate action;
- Waste management improved in line with the EU requirements, incl. improved physical infrastructure and increased recycling rates at the largest waste collection.
- Water management, municipal WW collection (sewage) and WWTP, incl. physical infrastructure, in the largest agglomerations improved in line with the EU Directives.
- Natura 2000 network sites selected on the basis of sound scientific data; implementation of conservation measures started.
- Adoption & implementation of cleaner Air plans for all agglomerations; Air quality improved in line with Ambient Air Quality Directive 2008/50/EC;
- Capacity for disaster risk reduction & floods prevention improved; Climate change impacts resilience enhanced (2012/13).

**Specific Impacts**
- Serbian legislation aligned with the EU environmental and climate change acquis.
- Strengthened institutional capacities for acquis implementation & enforcement.
- Financing strategies for the sub-sectors overarched, mature viable projects for investment prepared, FDI attract (2012/13).
- Environmental infrastructure developed & improved, especially in the areas of waste management, water management and urban WW treatment.
- Env. standards in air, water and waste management improved (2012/13).
EU Activities (selection)

- Support Serbia in reforming energy policy by meeting EU Acquis through enhanced strategic planning, increase use of renewable energy and infrastructure support for establishing a regional gas market (IPA 2013)

- Contribution to the security of supply, more competitive energy market and sustainable energy development (IPA 2014)

- Energy Efficiency in Serbian Public Building (WBIF)

- Building regional electricity connectivity (400 kV OHL from substation Bajina Bašta to substation Kraljevo) WBIF

Figure 5: Logic Model - Energy

**Timeframe:** 2012-2018

**Budget:** TBC

**Financing modalities:**
- TW, TA, Service and Work contracts, supplies of equipment and investments;
- Grants and blending of IFI loans and IPA II grants / country and multi-country programme (through WBIF).

**Technical inputs**
- Financial support

**Inputs**

**Outputs**

Support provided for alignment of Serbian Energy legislation with the acquis

Measures/action for strengthening administrative capacity, incl. support to unbundling of public entities in the energy sector, procedural reforms and improvement of business environment

Support for establishing of the fully independent energy regulatory body and strong regulatory frame

Support for improving Monitoring and reporting mechanisms and strategic planning;

Support for improving household energy efficiency, support for analysis of available heat production alternatives;

Support for fully integration of energy efficiency principles into spatial and urban planning

Priority investments from the national SPP supported, especially in areas such as gas transport and electricity interconnection, renewable energies & negative impact mitigation

**Outcomes**

Serbian Energy legislation harmonised with the acquis

Strengthened institutional framework and administrative capacity for acquis implementation

Third national energy efficiency action plan fully implemented; improving formal and informal environmental and energy efficiency education

National energy markets fully liberalised;

Improved security of supply in electricity generation, transmission and gas transport enabling regional market integration, including compliance with the Oil stocks Directive. (2014-2020)

Financing strategies for Energy sub-sector prepared and viable projects for investment to attract FDI on place (2012-2013)

**Specific Impacts**

Serbia align with the requirements of the Energy Community Treaty and related acquis;

Strengthened institutional capacities for acquis implementation & enforcement

Energy policy reformed

Energy efficiency increased

Renewable energy sources developed

Security of supply (also in the regional context) improved

Competitiveness of the Serbian energy market increased

As concerns energy, the objective of EU assistance is (i) to increase energy efficiency and competitiveness of the Serbian energy market, (ii) to improve security of supply (also in the regional context), and (iii) develop renewable energy sources.
2. Response to Evaluation Question/Judgement Criteria

2.1. EQ 1 Relevance

EQ 1 To what extent has the European Union’s cooperation with Serbia addressed the variety of challenges/needs faced by Serbia on its path towards EU accession and within its own reform processes?

JC 1.1 EU pre-accession assistance programming - including the type, quantity and quality of inputs provided and type of activities planned - was appropriate to the specific political and institutional contexts and needs of the beneficiary

1.1.1 Extent to which analyses of context, capacities and needs which inform IPA programming reflect the actual situation in the country

EU planning documents, such as Multi-annual Indicative Planning Document 2011-2013, Indicative Strategy Paper 2014-2018 and Annual programme documents (2012-2018), reflect the knowledge and understand of the context, needs and capacities of Serbia in the field of environment, climate change and energy. Context analysis gives insight into progress in the harmonising legal framework in this sector, assessment of the institutional and administrative capacity, as well as main challenges which are explained by looking at the relevant indicators.

Planning of support under the Annual programme documents has taken into account context and main identified needs. For instance, over the considered period, EU planning documents for support to Serbia noted that substantial effort was needed in harmonising Serbian legal framework with the environment acquis, as well that one of a major issues has been high level of untreated waste water (90%)\textsuperscript{115} and inadequate waste management (e.g. 8 regional landfills out of 3500 waste dumpsites comply with the EU requirements).\textsuperscript{116} Country Action Programmes, for this period, were designed to respond to these challenges as their planned activities were focused among other things on: development of waste and waste water infrastructure (IPA 2012, IPA 2013, IPA 2017); preparation of national plans for specific waste streams and integrated hazardous waste management plan (IPA 2013); alignment on EU environment acquis in the area of water management (IPA 2016); and increasing efficiency of management of water services (IPA 2017).

At the project level, the evaluation found that all projects gave reference towards alignment with the EU energy and environmental acquis, as well sufficient insight into policy situation and institutional capacities in this field. For example, “Preparation of Second Energy Efficiency Action Plan and Development of Energy Indicators”, is prepared to respond to the needs of the Ministry responsible for energy to develop an energy efficiency action plan and build “capacity to advance energy saving and energy efficiency measures”\textsuperscript{117}, in line with the Energy Community Treaty requirements. Furthermore, the EXCHANGE 4 Grant scheme worked with local authorities to build their administrative capacities and policies in the waste management, in line with the national legislation and the EU Landfill Directive and the Regulation on waste disposal in landfills.\textsuperscript{118} Establishment of an integrated environmental monitoring system for water quality was designed in regards to the capacity of monitoring of Priority substances under the Water

\textsuperscript{118} Concept note Exchange 4, page 3-4.
Framework Directive substances listed in the Directive on Environmental Quality Standards (2008/105/EC) and (COM (2011)876). Last but not least, “Capacity Building to implement acquis standards and conventions in nature protection – establishment of Nature 2000” was developed to help the further Serbia alignment with EU environmental acquis. EU progress reports have been widely used in the description of the situation analyses.

1.1.2 Extent to which there is coherence between EU strategy and programming and nationally identified priorities and plans

On the one hand, the priorities of the Environment, Climate Change and Energy sector was defined to mirror national priorities set by strategic documents (e.g., NAD, NPAA, environmental and energy policy framework), and driven by the Serbian EU negotiation process. On the other hand, the priorities relied on the EU Enlargement Strategies, and are linked with the Europe 2020 strategy, 2030 Agenda and its Sustainable Development Goals (SDGs).

Environment, climate change and energy are recognised as a priority sector for EU supports under IPA II, as well under IPA I. In environment and climate change, a specific focus was put on alignment with the environment and climate acquis, enhancement of institutional framework at central and local levels; improvement of air quality, waste and water treatment, mitigation of and adaptation to climate change. Priorities under energy sector were alignment with the energy acquis, security of supply in electricity and gas sector, use of renewable energy resources and energy efficiency.

The focuses on these areas are fully in line with the NAD’s priorities in Environment and Climate Change and Energy sector. As example, National Priorities for International Assistance 2014-2017 with projections until 2020 (NAD) estimated that infrastructure for waste and water treatment in Serbia requires “an annual investment of about 235 M€ in order to achieve the implementation of the Landfill and Urban Waste Water Directives by 2030”, as well that “for the period until 2020 about 30% of investment resources should go to implement waste management requirements and the remaining 70% should be allocated to water and waste water management”. Therefore, EU support to waste and water management and investments in infrastructure are clearly in line with the national priorities.

At the project level, EU support has been in line with the priorities identified in the national as well EU strategic documents, and in line with the identified challenges and the recommendation from the EU Country Reports. For instance, the project fiche “Construction of Wastewater Treatment Facilities” states that the intervention is linked with EU documents (the Energy Community Treaty, the environmental acquis, SAA, the MIPD 2011-2013, EU Country report 2010), as well with national strategic documents (e.g., Energy Development Strategy of the Republic of Serbia by 2015, the Energy Strategy Action Programme 2009-2015, etc.). Then, the project “Preparation of second Energy Efficiency Action Plan and Development of Energy Indicators” was the priority for the Republic of Serbia, as it was requirement arising from Directive 2006/32/EC on energy services. Also, the project “Capacity Building to implement “acquis” standards and conventions in nature protection – establishment of Nature 2000” is based on the requirements under the Serbia’s EU negotiation process in the field of environment, and it was in line with the Environmental Approximation Strategy, the National Programme for the Adoption of the Acquis (NPAA), NAD 2011-2013, and environmental strategy framework. Furthermore, twinning Fiche “Support to policy planning in water management sector” states that this support will contribute to “the fulfilment of multiple priorities defined in the strategic documents”, such as Council Decision (2008/213/EC), SAA, ISP, and the Progress Report 2016.

119 ToR of the project „Establishment of an integrated environmental monitoring system for water quality”, page 6.
120 ToR of the project „Capacity Building to implement acquis standards and conventions in nature protection – establishment of Nature 2000”, page 11.
122 National Priorities for International Assistance in the Republic of Serbia 2014-17 with projections until 2020 (NAD), page 150.
Nevertheless, field data and sectoral allocations show that environment and energy efficiency did not come to enjoy higher priority over the period 2012-2018. National allocations to energy efficiency are extremely low, at EUR 1.2 euros per year, which is inadequate compared to the needs.\textsuperscript{123}

**EU strategies and programming documents were developed through a process of wide consultation.** The MIPD 2011-2013 and ISP 2014-2020 confirms that different form of consultation with relevant ministries, institutions, CSOs and other actors were undertaken, for instance, specific consultations with the Sector Working Groups. Priorities of the sector fiches (for energy, environment and climate change) under IPA programmes were prepared through the SWG for Energy and the SWG for Environment and Climate Change, that consisted of relevant ministries, institutions, MEI (former SEIO), EUD and donors. Members of the Sectorial Civil Society Organisations (SECOs)\textsuperscript{124} have been participating at the SWG meetings. Priorities have been identified based on the “a strategic (or gap) analysis”\textsuperscript{125} that looked into correlation between the NAD, the MIPD 2011-2013 (later ISP 2014-2018), EC Country Reports and with on-going and proposed IPA assistance.

Although the analysed project proposals and ToRs do not provide sufficient information with regards to the consultation process during the project design nevertheless the field analysis pointed that the high inclusiveness of project design and implementation processes contributed to effectiveness of projects. The project selection committees involved members from various stakeholder organization which contributed to cooperation during project implementation.

1.1.3 extent to which EU strategy and programming incorporate analysis of capacity needs and constraints (overall and in focus sectors), and take account of lessons learned from previous periods

The MIPD, ISP and the sector fiches elaborated the capacity needs and constraints in the sector “Environment, Climate Action and Energy”, and explained mitigation measures for identified risks. Some constraints which were taken into account are limited capacities for policy implementation and monitoring, weak institutional and administrative capacity to implement and enforce the relevant legislation, weak project identification, problems with land expropriation, delays in issuing building permits, divided responsibility for policymaking among several institutions, etc. For instance, the revised ISP 2014-2018 noticed that “delays with preparation of technical documentation for investment projects have caused considerable delays for implementation of investment projects until now, sometimes even putting the IPA II and IFI funded projects at risk”.\textsuperscript{126} This was confirmed by the field data which pointed that projects suffered from the large time gap between design and implementation of projects which reduced relevance of interventions.

Similarly, the European Commission pointed that the administrative capacity and inter-ministerial coordination on climate change in Serbia should be considerably strengthened. This was also confirmed by the results of the field research which indicated that lack of technical knowledge and experience affected projects quality. This involved also aspects such as preparation of project ToRs and tendering (e.g., first environmental investment project in Raska implemented under indirect management mode by the CFCU). Assessment of the selected projects showed that, on project level, shortcoming existed regarding the quality of needs assessments that fed into project design. Interviews with all stakeholders confirmed quality project design can improve. For example, document review and stakeholder interviews confirmed that Employer’s requirements gave the parameters of quantity and quality of incoming water that were not based on the real data, as during the feasibility study relevant parameters of wastewater were not accurately assessed. In March 2020, the delivered quantity of incoming water to the WWTP in Raska was around 50% of the designed flow, which means that the built WWTP has been oversized. In

\textsuperscript{123} The EC’s Serbia reports stated that funding of 1.2 million euros of 2016 was “seriously insufficient to meet demands” (EC (2019) Serbia 2019 Report).

\textsuperscript{124} SECOs mechanism has been aimed to enable exchange of information and contribution of CSOs in relation to planning of IPA.

\textsuperscript{125} Sector fiche „Environment and Climate Change Sector” (IPA 2013/023621.09/RS/ Environment and Climate Change), page 18.

\textsuperscript{126} Revised ISP 2014-2018, page 36.
addition, there has been an inadequate quality of incoming water that was polluted more than it was estimated in Employer’s requirements, which could affect the work of the plant and danger its steel equipment. At the time of conducting interviews, CFCU, PIU and contractors have worked on a solution to overcome these issues.

Consequently, to overcome this risk, it was planned that “IPA II support will be provided only to investments, which are part of the nationally adopted investment project pipeline and which are sufficiently advanced in terms of technical preparation”.  

Evaluation findings and lessons learned from previous IPA support projects were taken into consideration during programming of the EU support. In particular, documentation relied on findings and recommendations from evaluation reports “Evaluation of effectiveness and efficiency of development assistance to the Republic of Serbia” 128, and “EU – IPA – interim evaluation and meta-evaluation of IPA assistance” 129, both conducted in 2013. For instance, “the strengthening of institutions responsible for policy, regulatory oversight and implementation (or reorganisation, in the case of energy liberalisation) should be synchronised with infrastructure development, given the two are inextricably linked” 130 is an evaluation recommendation that was considered in the programming of the EU support.

As an example, on how sector programming was linked with previous IPA support, the sector fiche “EU Support to the Environment Sector” (IPA 2017) states that “there have been difficulties in the preparation and implementation of investment projects in the environment sector and in the water sector in particular (bottleneck projects)” and that “investment needs in the water sector are extensive and will take many years to implement”. As a response to these challenges, it was noticed that “the capacity shortfalls in the implementing bodies, particularly sector specific bodies, will therefore also be addressed.” 131

The constraints and lessons learned were mainly considered in the design of project proposals/ToRs. For instance, the Concept note of EXCHANGE 4 Grant scheme, that funded development of the Regional landfill „Srem – Mačva”, in its design took into account the recommendations of “the European Court of Auditors Report on EU funding effectiveness in area of solid waste within member states (Special Report No 02/2012)” which was pointed out importance of synergies between public awareness raising and waste management infrastructure. 132 Therefore, the project “Regional landfill „Srem – Mačva””, included awareness raising activities, such as workshops in three secondary schools, visits to the regional landfill, competition for high school students, etc. 133

1.1.4 extent to which EU allocations of financial assistance reflect the stated priorities, considering both government allocations and other international assistance

Documentation analysis indicated that the EU allocations of financial assistance were in line with the stated priorities. Under IPA I 2012 and IPA I 2013, EUR 95.2 million (27.2% of total allocation) were allocated to the environment, climate change and energy. Under IPA II, EUR 156 million were allocated for this sector (23% of total IPA II allocation), and the highest amount was predicted for IPA 2018 (EUR 65.1 million). 134

According to the available data on direct managed/centralised EU contracts, the largest amount was allocated to water supply and sanitation (55% of the sector’s planned contribution), in particular to a river basins’ development, regional water supply, wastewater treatment plant and regional waste management centres. This was followed by allocations for energy distribution (17.2%) and generation (13.5%).

127 Ibid.
128 SIDA (2013) Evaluation of Effectiveness and Efficiency of Development Assistance to the Republic of Serbia per Sector
132 Concept note Exchange 4, page 3-4.
133 Action Plan of the project “Regional landfill „Srem – Mačva””
134 Inception report “Strategic, country-level evaluation of the European Union’s cooperation with Serbia over the period 2012-2018”, Annex 2. Programme Summaries
on indirect managed/decentralised EU contracts shows that, over the concerned period, 30% of a total IPA allocation was aimed for the water sector.

This EU support to the water and waste management is highly relevant, as the NAD 2014-2017 states that these two subsectors “alone require some EUR 4 billion of investments to comply with the EU requirements”.\(^\text{135}\) This document also mentioned that “despite high levels of investment, due to the huge national needs, environmental infrastructure in Serbia needs additional investments and further enhancement”, particularly in “subsectors like waste water collection and treatment, waste treatment and disposal, air pollution abatement”\(^\text{136}\). The revised ISP 2014-2020 also highlighted that investments are particularly needed in waste management, water management and municipal wastewater treatment, to Serbia fulfils the EU requirements in the environmental sector.

Since 2014, EU financial support to investment project was allocated by taking into account projects from the Single Project Pipeline, which enabled financing strategic, relevant and mature projects, adopted by the government. Sector fiche “Support to Energy sector”, under IPA 2014, states that “Until 2013, selected projects were not systematically checked in terms of strategic relevance, quality and maturity, hence there was no consistent single project pipeline; as from 2014, this problem has been overcome”, and as a result “this will also enable better sequencing and coordination of interventions”.\(^\text{137}\) The data collected through the interviews confirmed that prior to introduction of the single project pipeline, selection of project for financing was based on administrative readiness of projects instead of other factors such as final impact potential. Field data also confirmed that the single project pipeline contributed to making selection of the projects has more accession oriented.

Interviews related to the construction of the wastewater treatment plant confirmed that the project was selected based on the readiness of documentations, not based on the economic return on investment or real priority (e.g., environmental challenges of big agglomerations). “Water Supply, Wastewater Collection and Treatment Construction Project for the City of Raška” (IPA 2013) was the first on the list of infrastructural projects for financing as it had the prepared technical documentation (by the support of EU funded project - EU Progress).

**JC 1.2 The EU’s cooperation with Serbia responded to new and arising issues and needs encountered over the evaluation period**

**1.2.1 Extent to which EU cooperation with Serbia appropriately monitored the changing context, identified challenges, and proposed remedial measures**

EU cooperation with Serbia to a significant extent monitored the changing context, identified challenges and applied appropriate remedial measures in the sector of environment, climate change and energy. Over the evaluation period, the progress of EU cooperation with Serbia was monitored by the annual EU Serbia report which has provided the recommendations for further action in this sector.

**The monitoring of IPA support and sector approach assessment was evolving over the evaluation period.** The sector fiche “Support to improvement of Energy Efficiency”, under IPA 2012, noticed that one of the lessons learned from previous sector projects is “that proper monitoring and evaluation of the implementation of strategic documents is of key importance for their further successful improvement and implementation”\(^\text{138}\). Further, the sector fiche “Strengthening system of Environmental Protection and Climate Change”, under IPA 2012, states that “bottleneck meetings” between EUD, NIPAC and line

\(^\text{135}\) National Priorities for International Assistance (NAD) 2014-2017 with projections until 2020, page 150.
ministries were introduced to discuss the progress of IPA funded projects.139 Besides, problematic "bottleneck" projects, that refers to wastewater treatment plant (WWTP) and water supply project under IPA I140, were part of policy dialogue where EC welcomed these “bottleneck meetings” of the working group on environment.

Further, under IPA 2013 and IPA 2014, two mechanisms were foreseen for the monitoring for environment and energy sector: a result-based system of indicators which has been developed to accompany NAD documents (NAD 2011-2013, 2014-2017 with 2020 projections), and an annual review of the implementation of strategies and action plans relevant for the sector.141 The monitoring mechanism was further developed, as the sector fiche “EU support to the energy sector”, under IPA 2017, states that IPA II monitoring process was led by the NIPAC/Ministry of European Integration (MEI) as a NIPAC TS/BCPME, following the monitoring rules and procedure under indirect management mode. Besides, it was mentioned that sector approach assessment will be conducted by the mechanism of the Sector Lead Institution (SLI) and the Sector Working Group (SWG).

Analysed sampled projects’ documentation shows that monitoring of progress and adjustments to the context was conducted by the Project Steering Committee (PSC) meetings, progress meetings, progress reports, and in some cases technical monitoring missions.

1.2.2 Extent to which financial allocations were amended and actions taken to respond to changing context and needs

EU financial allocations were responsive to changing context and needs, in particular Serbian priorities in the post-flood period and energy connectivity initiatives. EU supported Serbia in its recovery effort after the floods that hit Serbia during 2014. In the sector of energy and environment, floods significantly harmed the electricity distribution network; activated around 2000 landslides, damaged flood protection infrastructure, etc. As a flood response, the EUR 30 million were reallocated from the IPA 2012 and EUR 65 million from the IPA 2014.142 Addition, EUR 20 million were allocated for the project Regional Reconstruction and Improvement of Flood Protection Infrastructure in the Sava River Basin that covers the regions in Bosnia and Herzegovina and Serbia. Also, the IPA funds of the CBC Programmes between Serbia and Bosnia and Herzegovina, and Serbia-Croatia were directed to support the recovery of the affected cross-border areas.143

In 2018, the Indicative Strategy Paper 2014-2020 was revised to be in line with the new EU strategy "A credible enlargement perspective for and enhanced EU engagement with the Western Balkans" and the six Flagship Initiatives. In particular, the WB6 energy connectivity initiative has been relevant for the EU support in this sector as it focuses on the development of a regional electricity market. The revised ISP states that IPA II will support the connectivity initiative through the Western Balkans Investment Facility (WBIF), as well as that EUR1 billion was set aside for connectivity investment projects in the Western Balkans and related technical assistance, over the period 2014-2020”.144 The Energy Community Secretariat has been monitoring progress in this area quarterly.145

Furthermore, financial allocations to environmental infrastructure projects were paused under IPA II for several years due to “bottleneck projects” of IPA I, as confirmed by interviewed stakeholders. This was also part of the policy dialogue, where it has been mentioned that there was "a consensus to defer IPA

139 The sector fiche “Strengthening system of Environmental Protection and Climate Change”, under IPA 2012, page 7.
140 Such as: WWTP Leskovac (IPA 2010), WWTP Great Backa Kanal - Kula and Vrbas municipalities (IPA 2008), WWTP Sabac (IPA 2008), Morava Regional Water Supply (IPA 2010), and Rasina District Regional Water Supply (IPA 2008).
142 The project fiche “Assistance to flood recovery “, under IPA 2014, page 11.
143 The project fiche “Regional reconstruction and improvement of flood protection infrastructure in the Sava River Basin”, under IPA 2014.
145 https://www.energy-community.org/regionalinitiatives/WB6/Monitoring_EL.html
funding of new environmental infrastructure projects until said generic issues had been successfully addressed.”146

Results of the field assessments also showed that on the project level the design of EU interventions was responsive to the needs and changes in the context. Although such changes were often also the result of the large time gap between project design and actual implementation.

2.2. **EQ 2 Effectiveness**

**EQ 2 What have been the effects of the European Union’s cooperation strategy with Serbia over the evaluation period (e.g., on capacity building)?**

**JC 2.1 Government policy and implementation of policy in selected sectors are more in line with the requirements of EU accession as a result of contributions from EU cooperation**

<table>
<thead>
<tr>
<th>2.1.1 Extent to which the role and capacities of democratic and judicial institutions in relation to each sector have changed over the evaluation period.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.2 Extent to which EU cooperation has contributed to these changes in democratic and judicial institutions</td>
</tr>
<tr>
<td>2.1.3 extent to which the legislative framework relevant to each sector this has changed over the evaluation period</td>
</tr>
<tr>
<td>2.1.4 extent to which EU cooperation has contributed to these changes in the legislative framework</td>
</tr>
</tbody>
</table>

Over the evaluation period, the Parliament has worked on the environmental and energy issues, ratification of international environmental conventions and protocols, and toward the approximation of the EU acquis Communautaire. The Parliament of the Republic of Serbia has been tackling the issue of the Environment, Climate change and Energy sector through the work of several Committees such as the Environmental Protection Committee; Agriculture, Forestry and Water Management Committee; and Committee on the Economy, Regional Development, Trade, Tourism and Energy. The Environmental Protection Committee had its first sitting in 2016 and since then it has been considering the submitted amendments and Laws in this sector, reviewing the Report on the environmental situation, reviewing the Law on the confirmation of protocols, reviewing the Ministry of Environmental Protection Activity Information, etc. Besides this, an informal Green Parliamentary in Serbia has been operational over the evaluation period, with support of the GIZ Open Regional Fund for South-East Europe. There is evidence that the legislative framework for environment and energy was changed over the evaluation period, driven by the Serbian EU accession process and the requirement to transpose EU acquis Communautaire.

In the environment and climate change area, progress was made in aligning Serbian legislation with the EU acquis, especially in the area of horizontal legislation, waste management, water and air quality, industrial pollution, chemicals and civil protection. However, there has been a lack of alignment with the acquis in the area of climate change. Serbia adopted a transposition and implementation plan in 2015. By the end of 2018, Serbia has achieved a higher level of alignment with the acquis, as stated by the EC Serbia 2019 Report.147

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In the energy area, the Serbian legal framework has been harmonised with the EU energy acquis to a large extent, which has been motivated by Serbian membership to the Energy Community. In 2013, the Law on Efficient Use of Energy was adopted, followed by the adoption of the Energy Law (2014) and several by-laws (2015) relevant for transposing the so-called Third Energy Package.

There is evidence that EU cooperation has contributed to further translation of EU directives in the domestic legal framework. For instance, two twinning projects under IPA 2012 contributed to the environmental legal framework: “Strengthening the capacities of authorities responsible for CITES and wildlife trade regulations enforcement in Serbia” and “Creation of a monitoring, reporting and verifying system for the successful implementation of the EU Emissions Trading System”.

As a result of project related to wildlife trade, the EU Serbia 2016 Report noticed that “EU standards on prohibited means of capturing and killing wild animals have been included in amendments to the law on nature protection”, as well that “implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) improved as responsibilities of competent bodies in the area of wildlife trade control were clarified”. However, it was stressed that this EU standard needs to be fully incorporated in all legislation, in particular, hunting. As a result of the project related to the EU Emission Trading System, the EU Serbia 2019 Report stated that “Legislation on greenhouse gas emissions monitoring, reporting and verification in line with the EU emissions trading system and Effort Sharing Regulation was finalised in 2017 but is not yet adopted”.

Support to energy legal framework was planned under IPA 2014 with the project “IPA 2014 - Technical assistance to AERS – approximation of NRA tasks to the energy third package”. This project was decentralised to the Government of Serbia, and contracted in April 2018 with duration of 18 months, so results were not visible by the end of 2018.

In access to justice, the Ministry of Justice has been responsible for the legislative alignment with the Directive 2008/99/EC on environmental crime, while the competent courts, the State Prosecutor's office and the Inspectorate for Environmental Protection are responsible for putting it into practice. This Directive has been partly transposed by the Criminal Code, the Law on Liability of Legal Entities to Criminal Offences and the Law on Nature Protection. EC Serbia reports for 2018 and 2019 stated that “Efforts to implement the Environmental Crime Directive are on-going” and “it is necessary to further strengthen the capacities of the judiciary and the environmental inspectorate and establish a track record on implementing the Environmental Crime Directive”. That numerous training of representatives of judicial system was held over the evaluation period in order to build capacities of judicial authorities.

regarding the right of access to justice in matters related to environmental protection (e.g., SEA procedures).\textsuperscript{154}

Right to access to justice was supported mainly through OSCE, TAIEX and ECRAN projects. Trainings of representatives of judicial system were held in cooperation with the OSCE Mission to Serbia and Judicial Academy, which work is support under IPA. The Guide on the Right of Access to Justice in Matters Related to Environmental Protection in Administrative Procedures and Administrative Disputes was developed in 2013 with OSCE support.\textsuperscript{155} EU regional project “Environment and Climate Regional Accession Network (ECRAN)” has contributed to the Serbian transposition and implementation of the EU environmental and climate policies between 2013-2016. In 2019, a new EU funded project “EU Environment Partnership Programme for Accession (EPPA)” was started which aimed to further support and strengthen the implementation of the EU environmental acquis in Serbia and other IPA II countries.

2.1.5 Extent to which public infrastructure relevant to each sector has changed over the evaluation period

2.1.6 Extent to which EU cooperation has contributed to these changes in public infrastructure

Over the period 2012-2018, EU support contributed to the development of environmental and energy infrastructure, in particular, in the field of air quality, wastewater and waste management.

As regards the preparation of infrastructural projects, a new methodology for prioritization and selection of project was developed in 2014, which enable “the creation of Single Project Pipeline which represents a unique overview of infrastructural projects with a particular focus on their maturity”. Preparation of technical documentation for large infrastructure projects in the environment and energy sector of the Single Project Pipeline has been supported through Project Preparation Facility (PPF) under IPA Country Programme of 2013, 2014, and 2016.

EU cooperation did not contribute to the gas infrastructure over the evaluation period, due to the lack of project maturity and political willingness. IPA Country Annual Programmes for 2017 pointed out that “Financing of the natural gas pipeline from Serbia to the Bulgarian border was originally foreseen for financing from IPA 2013 funds. The level of maturity and political willingness to support the project undermined the implementation of activities. Consequently, the project was cancelled, and the allocated funds are withdrawn. The lesson learned from this previous attempt to finance the project is that certain maturity of project preparation activities should be provided before the final decision is made. Political support from both countries should be secured by legal commitment to do so. The milestones with deadlines for implementation must be clearly identified and easy to monitor.”\textsuperscript{156} This intervention was planned again under IPA Country Annual Programme for 2017 but has not been contracted by mid-2019.

There is no explicit evidence on the effectiveness of environment and energy infrastructure projects that were planned by Sector Fiche or Annual Document under IPA II (Table 5). It is too early to evaluate their effectiveness since two projects are not contracted, three are on-going and two are completed. The previous evaluation indicated that ROM scores “C” (problems) for effectiveness “were given to the waste and water infrastructure construction due to the delayed construction”.\textsuperscript{157}

The “Construction and supervision of WWTP in Raška municipality is in the final stage as performance testing were conducting in December 2019. Monthly progress report from December 2019 stated that “In the course of start-up of the plant, settings of the equipment of the water line has been checked again and has been adjusted onto the actual needs. The sludge line has not been started-up so far.

\textsuperscript{154} http://www.pregovarackagrupa27.gov.rs/?wpfb_dl=135&lang=lat
\textsuperscript{155} http://www.pregovarackagrupa27.gov.rs/?wpfb_dl=135&lang=lat
\textsuperscript{156} IPA Country Action Programme 2017, page 8.
Performance testing for all process pumps (both water and sludge line) has been performed on 02.12.2019.\textsuperscript{158}

<table>
<thead>
<tr>
<th>Area</th>
<th>Title</th>
<th>IPA AD</th>
<th>IPA contribution</th>
<th>Status/May of 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste management</td>
<td>Regional waste management centre for Kolubara district – “Kalenic”</td>
<td>2012</td>
<td>EUR15.8 million</td>
<td>Not contracted</td>
</tr>
<tr>
<td>Waste management</td>
<td>Regional waste management centre for Subotica district</td>
<td>2012</td>
<td>EUR16.8 million</td>
<td>Completed</td>
</tr>
<tr>
<td>Pollution Prevention and Control</td>
<td>Reconstruction of electrostatic precipitators at TPP Nikola Tesla A, unit A3 and TPP Morava (work and service contract)</td>
<td>2012</td>
<td>TPP Morava (4.4 million)</td>
<td>Completed</td>
</tr>
<tr>
<td>Wastewater</td>
<td>Construction and supervision of WWTP in Raška municipality (work and service contract)</td>
<td>2013</td>
<td>EUR5.97 million</td>
<td>On-going</td>
</tr>
<tr>
<td>Wastewater</td>
<td>Construction and supervision of Industrial WWTP in TPP Kostolac B (work and service contract)</td>
<td>2013</td>
<td>EUR5.98 million</td>
<td>On-going</td>
</tr>
<tr>
<td>Security of supply</td>
<td>Support construction of Serbian part of gas interconnection Serbia-Bulgaria</td>
<td>2013</td>
<td>EUR14.3 million</td>
<td>Cancelled</td>
</tr>
<tr>
<td>Pollution Prevention and Control</td>
<td>IPA 2014 Implementation of the DeNOx Action at thermal power plant Nikola Tesla A4</td>
<td>2014</td>
<td>EUR 1,1150 million</td>
<td>On-going</td>
</tr>
<tr>
<td>Wastewater</td>
<td>Construction and upgrading of municipal wastewater collection (sewage) and treatment system Brus-Blace and in Kraljevo TA and Capacity Building for the Public Utility Companies (PUCs) responsible for the operation and maintenance of the infrastructure investments</td>
<td>2017</td>
<td>EUR49.6 million</td>
<td>Not contracted</td>
</tr>
<tr>
<td>Security of supply</td>
<td>Construction of Gas Interconnection Niš – Dimitrovgrad</td>
<td>2017</td>
<td>EUR49.6 million</td>
<td>Not contracted</td>
</tr>
</tbody>
</table>

Table 6 Environmental and energy project planned under IPA Country Annual Programme,

\textsuperscript{158} Monthly progress report, December 2019, page 6.
When it comes to implementation of infrastructural projects in the waste management, four regional sanitary landfills were established, over the period 2012-2018. Construction of regional landfills for Pirot, Užice, Sremksa Mitrovica-Šabac, and Subotica was funded under IPA support. Support to regional landfill in Subotica was funded under IPA 2012 and this landfill started with pilot operations in July 2019. Documentation of the sample project “Regional landfill „Srem – Mačva”, funded under Exchange 4 indicates that “At the moment, effectiveness is low due to the fact that the project still has important activities to implement that might create meaningful outputs and benefits that will contribute to the project overall objective”. It was concluded that two outputs out of four (the collected biomass quantities measurement system is developed, and the production of pellets started) were not achieved due to various obstacles related to the procurement of pellet mill.

Data on waste management shows that only 19.7% of the generated municipal solid waste ended up in the regional landfills in 2018, therefore the final impact of building existing regional landfills has been limited over the evaluation period. One of the main reasons for this situation has been the financial problems of municipalities and public utility companies (PUC). Policy Monitoring Report of the project “Regional landfill „Srem – Mačva” mentioned that “The good example illustrating this is collection of glass: even if the 20 tons trucks collect the glass from the containers, these 20 tons have to be transported to the company that buys out the glass and that will create a revenue of 20,000 rsd which is less than the created costs for such action. In addition, price for depositing of waste is high for local PUCs and the PUCs' managements are coming up with the creative solution on how to control the waste without depositing it at the regional landfill, for example collecting of bio-waste and depositing of it on one location on the border of the city.” Sector Monitoring Committee Report No. 01/2019 noticed that “primary separation still needs to be established in these regional Waste Management Centres”.

This topic was closely followed throughout EU and Serbia policy dialogue where EC took note of the progress in opening new regional sanitary landfills but highlighted the need to increase capacities. The national authorities throughout this policy dialogue confirmed that 17 municipality was identified to be included in the Project of Introduction of Primary Separation in 4 regional waste management centres, that will be funded under IPA 2017.

The Sida Evaluation of effectiveness and efficiency of development assistance to the Republic of Serbia per sector (2013) concluded that infrastructure projects in the field of waste management “have been either partly successful (for example, the Duboko RWMC, which has a functioning but under-utilised waste separation line and a complex organizational structure), or subject to significant delays and hence costs (for example, the preparation of a hazardous waste facility, which has been delayed by two changes in site location), or stalled by factors external to the specific ODA project (for example, establishing a PUC to manage the Pirot RWMC)”.

In terms of wastewater, the EU is contributing to increased capacity in terms of wastewater management. Serbia needs about five billion Euros worth of investments for building 300 wastewater purification facilities, as only 8% of such water is currently treated. The construction of the Raska wastewater plant is coming to an end while the preparation for other wastewater treatment plants such as the one in Niš is ongoing. Yet although the Raska project is coming to an end serious effectiveness issues exist with regard to the project. The facility is currently functional but to some extent oversized and issues exist with the quality and quantity of sewage water which hamper proper operations of the facility.

159 http://deponija.rs/zapocet-je-probni-rad-regionalnog-sistema-upravljanja-otpadom-u-subotickom-regionu/?lang=en
161 Site visit report 3, page 20.
163 Sector Monitoring Committee Report No. 01/2019, Environment and Climate Change, page 8.
164 https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/2017-040499.05-eu_support_to_the_environment_sector.pdf
Over the period 2012-2018, EU cooperation to a large extent contributed to the improvement of the strategic framework that was linked with the change of legislation and the requirements of alignment with EU energy and environmental acquis.

In the field of energy efficiency, EU cooperation has contributed to the development of the National Energy Efficiency Action Plan and improvement of statistic in the energy sector. Under IPA Country Annual Programme 2012, EU provided support to the improvement of Energy Efficiency, by conducting “a comprehensive survey on energy consumption in residential, agricultural, commercial and public services, transport and industry sectors in Serbia” and developing Energy Efficiency Action Plan.\textsuperscript{166} Final report of the contract “Preparation of the Second Energy Efficiency Action Plan and Identification of Energy Indicators in the Republic of Serbia” confirmed that these results were achieved. The 3rd National Energy Efficiency Action Plan until 2018 was adopted in 2016. The Capacity building in the energy planning was further supported under IPA 2013 Sector fiche “Energy Sector”, as well Upgrading of existing cadastre of small Hydropower plants.\textsuperscript{167}

In the environmental area, the European Commission emphasised the importance of climate adaptation measures to mitigate the impact of extreme natural disasters. Improvements in this regard involved the strategic framework due to preparation of the post-disaster need assessments, flood risk mapping and the Action plan on disaster risk management for 2017-2020.\textsuperscript{168} The EU supported the project Preparation of flood hazard and flood risk map, which was finalised in 2018,\textsuperscript{169} while the Action plan on disaster risk management for 2017-2020 was funded by the World Bank and UNDP through the CADRI programme.

EU supported the development of the “National Sludge Management Strategy of the RS” which was finished in 2019 but not adopted. Under IPA II support, there are several on-going contracts aimed to support government policy in the following areas: waste management (Cadastre for Mining Waste), water management (Serbian River Basin Management Plan 2021-2027), climate change (Climate Strategy with Action Plan), etc.\textsuperscript{170} Conducted interviews confirmed that EU support significantly contributes to the improvement of the strategic framework by transferring and adjusting the EU best practices in the development of strategic plans, such as Serbian River Basin Management Plan 2021-2027. It was also confirmed that report “Climate Change Aspects of Energy Sector Development in Serbia” developed by EU support, has been used as input for strategic planning of climate change, including the development of the National Emission Reduction Plan which adoption was on hold from 2016 to 2020.

JC 2.2 State institutions relevant to each of the sectors have been strengthened with contributions from EU cooperation

\textbf{2.1.7 extent to which government policy in each sector has changed over the evaluation period}

\textbf{2.1.8 extent to which EU cooperation has contributed to these changes in government policy}

\textsuperscript{166} Sector fiche „Support to improvement of Energy Efficiency”, IPA Country Annual Programme 2012.

\textsuperscript{167} Sector fiche „Energy Sector”, IPA Country Annual Programme 2013.

\textsuperscript{168} EC Serbia 2019 Report

\textsuperscript{169} https://europa.rs/eu-funded-flood-risk-mapping-in-serbia/?lang=en

\textsuperscript{170} Sector Monitoring Committee Report No. 01/2019, Environment and Climate Change, page 8.
2.2.2 Extent to which EU cooperation contributed to the changes in capacities of relevant sectoral institutions

There was an issue of administrative capacities of sectoral institutions to implement the national legal and strategic framework. Review of the EC Serbia reports pointed out that the capacities of the judiciary and environmental inspectorate need to be further strengthened, as well as administrative capacities for water management, particularly at the local level. Also, institutional set-up and administrative capacities in regard to NATURA 2000 were not developed by the end of 2018, while there were no sufficient administrative capacities in the area of industrial pollution and noise. Furthermore, institutional changes in the chemicals sector, linked to the closure of the Chemicals Agency in 2012, had an impact on administrative capacities in this area. As an example, the EU Progress report 2014 noticed that technical posts decreased by 30% after the mandate for chemical management was moved to the ministry in charge of the environment. This issue was part of EU and Serbia policy dialogue where EU pointed out need for strengthening of administrative capacity in this area, that was later supported by EU projects (e.g., the European Chemicals Agency IPA project, twinning project with Slovenia and Austria) and Sweden technical support (Chemical Risk Management in Serbia).

In the area of energy, EC Serbia 2016 report noticed that there was an improvement in the institutional framework of the maintenance of oil stocks by the establishment of the central stockholding body in 2015. Progress was also evident in the Serbian Energy Agency strengthened its independence and in the unbundling of the Srbijagas’ and EPS’ distribution and the electricity transmission system. On the other hand, the European commission and ECS recognized progress made in the restructuring of public utilities, notably the adoption of the financial restructuring plan for EPS and legal and functional unbundling of Srbijagas in 2015.

EC’s Serbia 2019 Report stated that the unbundling and certification of Yugorosgaz was not in line with the Energy Community acquis. As well, there was an issue of insufficient number of staff members of the Radiation Protection and Nuclear Safety Agency and the Serbian Energy Agency to conduct all tasks arising from the alignment with the third EU energy package.

Field results however pointed towards the issue of staffing and small number of human resources compared to the needs in the sector. Challenges because of understaffing at various responsible government bodies and also the uncompetitive salary levels in public sector compared to private counterparts were seen in almost all of the selected interventions. The high level of understaffing and gaps with regard to HR (including high turnover) was often contributed to the employment ban in Serbia over the evaluation period.

At the project level, the capacities of the Serbian Environmental Protection Agency’s (SEPA) staff are increased for monitoring air and water quality. Namely, through the contract “Establishment of an integrated environmental monitoring system for air and water quality”, EU supported SEPA to obtain and apply advanced analytical instrumentation for analysing the air and water quality. After the equipment was procured, SEPA’s staffs were trained to work with new high-tech instruments. An independent consultant was engaged to verify the effectiveness of the provided training course. The final report of this consultant pointed out that staff is capable to carry out analyses and validate obtained results, and that the developed methods are a great extent suitable to be used in the monitoring process. 171 Two persons were employed to work with this new equipment, as it was one of the tender preconditions.

Effectiveness of the sample project “Capacity Building to implement “acquis” standards and conventions in nature protection – the establishment of Natura 2000” was limited, as project terminated due to administrative reasons. It was designed to contribute to the capacity-building of relevant authorities to meet the EU standards in nature protection, in the period 2015-2017. 172 This project achieved certain outputs, such as the first draft of the Interpretation Manual of habitat types, the map of biogeographical regions with justification, a first desktop inventory of existing Natura 2000,

172 ToR of the project “Capacity Building to implement “acquis” standards and conventions in nature protection – the establishment of Natura 2000”, page 4.
Reference lists of Habitats Directive habitat types and species, Reference Lists of Birds Directive species.\textsuperscript{173}

In line with this, the EC Serbia 2018 report and the coalition 27 Shadow Report on Environment and Climate Change stated that little progress has been made in the nature protection area. The EC Serbia 2018 report concluded that “the institutional set-up and national and local administrative capacity need to be substantially strengthened, focusing on improving enforcement”.\textsuperscript{174} To respond to these challenges, the EU has continued to support capacity building in the nature protection through IPA 2016. ToR for a new project “Continued support to the implementation of Chapter 27 in the area of nature protection” (Natura 2000 II) was prepared, and this project contract was signed.\textsuperscript{175}

Results of the field analysis showed that an important aspect hampering effectiveness of capacity building efforts was that capacity building was not done on a structural and/or strategic manner. Interviews with consultants and EUD confirmed that the capacity building activities were not planned based on the strategic midterm documents.

**JC 2.3 Civil society institutions and the enabling environment for civil society have been strengthened with contributions from EU cooperation**

2.3.1 Extent to which civil society, academia, unions, media and other non-governmental, non-business institutions, and their operating environment have changed over the evaluation period

2.3.2 Extent to which EU cooperation contributed to the changes in capacities of civil society institutions and the enabling environment

Civil society organisations have had an important role in the Serbia EU negotiation process in implementing, programming and monitoring of IPA over the period 2012-2018. A consultative mechanism Sectorial Civil Society Organisations (SECOs) was established by SEIO to “serve as a platform that enables exchange of information and contribution of CSOs in relation to planning development assistance, particularly programming and monitoring of the Instrument for Pre-Accession Assistance (IPA).” Document review showed that members of SECO were participating at the meetings of the SWG for energy and SWG for environment and climate change and in that way took part in the consultation process since 2015 until the end of 2017.\textsuperscript{176} However, evaluation could not find evidence of SECO mechanism involvement in the work of these SWGs after 2017. Further, **National Convention on the European Union (NCEU)** was established as a platform for participation and monitoring the negotiation process with the EU, which has Working Groups on Energy, and Environment and Climate Change that provide recommendations for negotiation chapters 15 and 27.\textsuperscript{177} There has been also active the Coalition 27, that is an independent initiative established by civil society organizations in 2014, which has prepared five Shadow Reports on Chapter 27 Environment and Climate Change during the period 2014-2018.\textsuperscript{178}

Over the period 2015-2018, civil society organisations were supported by the SIDA project “Environmental Civil Society Support Programme for Serbia (CSONnect)”. The Regional Environment Centre (REC) implemented this project aimed to support CSOs in having a more proactive role in the EU negotiation process under Chapter 27.\textsuperscript{179} Another project that supports CSO participation is “Let’s Talk About Negotiations: Active participation of civil society in the process of negotiation with the European Union” that was initiated by the Belgrade Open School (BOS) in 2013 and funded by the European Union

\textsuperscript{173} ToR of Technical Assistance for preparation of ToR for the project “Continued support to implementation of Chapter 27 in the area of nature protection” (Natura 2000 II)

\textsuperscript{174} EC Serbia 2018 report, page 80.

\textsuperscript{175} Sector Monitoring Committee Report, No. 1/2019, Environment and Climate Change, page 6.


\textsuperscript{177} http://eukonvent.org/eng/

\textsuperscript{178} https://www.koalicija27.org/en/publications/

\textsuperscript{179} http://serbia.rec.org/project-detail-eng.php?id=77
within the framework of the “Europe for Citizens” program. As part of the EU regional project ECRAN (2013-2016), NGOs Environment and Climate Forum was established to foster dialogue between the public sector and the civil society. Also, CSOs were engaged in the implementation of the project related to the environmental measure of the CBC programmes.

**JC 2.4 Businesses and the business enabling environment have been strengthened with contributions from EU cooperation**

<table>
<thead>
<tr>
<th align="left">2.4.1 Extent to which private sector businesses and their operating environment have changed over the evaluation period</th>
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<tbody>
<tr>
<td align="left">2.4.2 Extent to which EU cooperation contributed to changes in the private sector and its operating environment</td>
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EU support to Serbia contributed to the liberalisation of the electricity and gas market, over the evaluation period. Since 2012, these markets were gradually opening up, in 2013 for large consumers who are connected to the transmission network, then in 2014, for all consumers linked to the distribution network (excluding households and small private customers), until its full opening in 2015. This implies that users are allowed to switch to a distributor other than the state-owned utility company.

Furthermore, in 2016, there was a new model for power purchase agreements, a new feed-in tariff system, as well as a new procedure for obtaining incentives for renewable energy. As a result of these change, investments in wind power increased slightly.

The EC Serbia 2019 report stated that “The wholesale electricity market and day-ahead markets are functional and trading volumes on the organised power exchange market increased in 2018. The electricity balancing market is also functional, although it has only one provider of balancing services.” In regard to public power utility EPS, unbundling of the distribution system operator was completed, while functional unbundling of the electricity transmission system was not fully finished, by the end of 2018.

In the gas sector, the gas market was not fully opened until the end of 2018. Serbia has been working on the unbundling of the two-gas company, Srbijagas and Yugorosgas. Yugorosgaz-Transport (2012) and Transportgas Srbija (2015) were established to separate gas transport from other gas activities of Yugorosgaz and Srbijagas, respectively. Under IPA 2013, EU support procurement of Srbijagas Management SCADA System to create conditions for the unbundling of gas market. According to the EC’s Serbia 2019 Report, Srbijagas separation was not completed, while the unbundling and certification of Yugorosgaz (2017) was not in line with the Energy Community acquis, until the end of the evaluation period. The Energy Community stated that “the independent system operator model that Yugorosgaz Transport applied for in the certification continues to contravene Energy Community law”.

In regard to the environment field, the new Rulebook on permits for performing business activities and/or permits for the use of particularly hazardous chemicals was adopted in 2017. Shadow Report on Chapter 27 Environment and Climate Change noticed that “The system of issuing the relevant permits to distributors by local government has not yet come into practice to the desired extent”, as

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181 https://ec.europa.eu/environment/enlarg/reg_cooperation.htm
well as that “transparency in the adoption of regulations and the predictability of costs related to the chemicals business on our market are not satisfactory”. Industrial pollution was part of the EC policy dialogue with the national authorities where the issue of administrative capacity was highlighted and followed over the evaluation period, but significant progress in this area was not achieved.

2.3. EQ 3 Awareness

EQ 3 To what extent has the EU's cooperation strategy raised, over time, Serbia's awareness of the general principles the EU stands for and/or the EU's positive contributions?

JC 3.1 EU cooperation has contributed to strengthening the awareness of key targeted institutions of the general principles which the EU stands for

3.1.1 Extent to which key government institutions in each sector are acting upon EU policy advice and guidance and reported changes over the evaluation period

The policy advice between Serbia and the EU in the Energy, Environment and Climate sector – particularly the policy dialogue between the European Commission and the Serbian Government – was rather effective. As pointed throughout the report, significant changes were reported regarding many of the topics discussed during meetings of the EU-Serbia Subcommittee on Transport, Energy, Environment, Climate Action.

Examples of successful policy advise, and discussion involved:
- Renewable Energy
- Single Project Pipeline
- Gas interconnector with Bulgaria
- South Stream Gas Pipeline
- Oil stuck
- Administrative capacity development and inter-ministerial coordination in the sector
- Climate-related spending,
- Disaster Risk Reduction,
- Preparation for Opening Chapter 27, strategic planning and in the area of horizontal legislation, monitoring and reporting on environment issues, development of strategies.

Less successful areas involved:
- Srbijagas restructuring and other in compliance with the Energy Community Secretariat (EnCS) acquis such as the unbundling and certification of Yugorosgaz, and
- Nuclear Safety, in terms of development of adequate administrative capacity of the Radiation Protection and Nuclear Safety Agency
- Administrative capacities (e.g., inspection bodies), the construction of the waste treatment facility at Vinča, pollution prevention and control, and financing in the environmental sector.

3.1.2 Extent to which key government institutions value EU technical and other guidance and support.

Although the document review provided limited information on this indicator, nevertheless the assessment of the selected projects during the field phase clearly pointed towards high quality of technical

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assistance and support and high levels of appreciation of target government institutions of the received EU technical and other support.

**JC 3.2 EU cooperation has contributed to the general public’s awareness of the principles the EU stands for and the EU’s positive contributions**

**3.2.1 Extent to which the general public in Serbia is aware of the EU's principles**

According to the Public Opinion Survey “Balkan Barometer” (2019) most people in Serbia perceive climate change as a problem (69%), as 32% believe that it is a very serious problem and 35% it is a somewhat serious problem. In environmental saving actions, 47% of all respondents stated that try to cut down on consumption of disposal items whenever possible, 44% confirmed that buy locally produced and seasonal food whenever possible, while 36% try to reduce waste and regularly separate it for recycling. It is hard to evaluate to what extent EU support to the environment has contributed to the environmental attitudes of people in Serbia.

**3.2.2 Extent to which the general public in Serbia is aware of the EU's contributions to institutions, public services, public infrastructure, civil society and private sector**

Documentation of the project “Regional landfill „Srem – Mačva“shows that “One of the positive benefits of the project relates to raising awareness of local population on importance of waste separation. During the 12 months of its implementation project contributed to the overall objective through the dissemination of idea of encouraging citizens to a more responsible attitude to waste and the promotion of primary separation of waste at source through intensive media campaign and closure of local city dumps and equipping service providers in domain of waste management.”

**3.2.3 Extent to which Serbian media are reporting positively on the values and role played by the EU**

Document review provides limited information regarding this indicator. One example of the reporting of the EU role in the environment in Serbia is Balkan Green Energy News. It is an online platform which provides news related to the environment, climate change and energy sector from Serbia and the Balkan region, including the EU funded projects. This online platform has been supported by the GIZ Programme Open Regional Fund for South-East Europe – Energy Efficiency (ORF-EE), run by the Centre for Promotion of Sustainable Development, CSO from Serbia.

**2.4. EQ 4 Impact**

EQ 4 To what extent have the effects described in Q2 contributed to Serbia’s political and economic reform and preparation for EU membership?

**JC 4.1 the key sectoral changes for which the EU has made a contribution have helped Serbia to move closer to meeting the Copenhagen criteria**

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185 Regional landfill „Srem – Mačva“, [https://balkangreenenergynews.com/](https://balkangreenenergynews.com/)

186 [https://balkangreenenergynews.com/](https://balkangreenenergynews.com/)
Environmental issues were not strongly in the focus of political debate in Serbia, over the period 2012-218. However, the general public took an interest in the construction of small hydropower plants, in recent years. Since 2018, there have been several protests against small hydropower plant at Stara Planina, particularly in village Rakita, but also in Belgrade and Pirot. The civic initiative “Defend the Rivers of Stara Planina” organized a protest in Belgrade. During 2019, three protests were organized due to excessive air pollution in Bor.

Parliament of Serbia made changes in its work on environmental issues as it established the Environmental Protection Committee in 2016. Also, Serbia’s judicial system has been working towards the implementation of the Environmental Crime Directive and strengthening the capacities of the judiciary to deal with this issue.

Field data however showed that political controversy and vested interest in certain Policy sectors can inhibit reform progress to some extent. Topics such as State Aid in the energy sector made policy formulation and implementation in these areas difficult.

The evaluation results made it evident that financial problems may undermine the achievement of the outcomes of the environmental infrastructure projects. The EU Serbia 2019 report noticed that the budget capital expenditure was low compare to the needs of environmental infrastructure. Further, previous evaluation “The IPA – interim evaluation and meta-evaluation of IPA assistance”, from 2013, concluded that “The lack of co-financing by beneficiaries (municipalities, healthcare providers and government) for the infrastructure projects as well as financial resources for maintenance and/or operation of some equipment delivered, casts a shadow over the prospects for sustainability and impact of some IPA projects.”

This was also confirmed by the results of the field assessments. No studies were done to identify the cost of the wastewater services in the city of Raska (utility tariff).

At the project level, the financial problem affected the outcomes of the waste separation. Document review of the project Regional landfill “Srem – Mačva” shows that the system for picking up recyclables has created additional costs for PUCs, which already facing financial difficulties. In particular, financial support from local municipalities to PUCs was limited due to strict measures prescribed by the Ministry of Finance.

The 2015 EC Enlargement Strategy introduced a new methodology to quantify the progress of candidate and potential candidate countries and where they stand in terms of preparedness for taking on the obligations of membership. According to the EC assessments, Serbia made an improvement from an early stage of preparation (score 1, 2015) to apply the environmental and energy acquis and European standards, to some level of preparation (score 2, 2016, 2018, 2019), on a five-point scale (1 - at an early stage, 5 well advanced). EC assessed a decline in the level of progress made in further alignment with the acquis for the period 2018-2019.

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187 https://balkangreenenergynews.com/run-of-river-hydropower-two-years-on-the-struggle-continues/
188 https://balkangreenenergynews.com/fresh-protest-held-in-serbias-bor-over-excessive-air-pollution/
191 Site visit Progress report of the project Regional landfill „Srem – Mačva“, page 16.
According to the EC assessments, over the evaluation period, Serbia was moderately prepared for taking on the obligations of membership in the energy sector with score 3 (in 2015, 2016, 2018, and 2019), on a five-point scale (1 - at an early stage, 5 well advanced). Limited progress was assessed towards the adoption of the EU acquis in the field of energy, in the period 2018-2019.

The results of the field research made it evident that the effectiveness of EU support with regard to strategic and legislative improvement is some cases could have been higher if the timing of the support projects were better harmonized with the general reform agenda in the country. The Sustainable Development in The Energy Sector project could for example could have been better more effective if the timing of the intervention was better linked with the internal national processes of updating the national strategy development.

**JC 4.2 state capacities and other reforms which have been enhanced with support from the EU contribute to supporting Serbia’s ability to take on the obligations of EU membership**

**4.2.1 Extent to which the sectoral changes achieved, with the contribution of EU cooperation, have strengthened Serbia's administrative and institutional capacity to effectively implement the acquis and take on the obligations of membership.**

This indicator was elaborate in the JC 2.2. The EU support to a large extent contributed to the improvement of the strategic framework, in line with the requirements of the alignment with EU energy and environmental acquis. However, EU support to some extent contributes to the strengthening of Serbia’s administrative and institutional capacity to implement the energy and environmental acquis. The lack of administrative capacities to implement changes in the legal and policy framework has been constantly pointed out by EU reports, as well as through EC policy dialogue with the national authorities, over the period 2012-2018.

**4.2.2 Extent to which the sectoral changes achieved, with the contribution of EU cooperation, have strengthened Serbia’s reconciliation, good neighbourly relations and regional cooperation**

As regards Connectivity agenda, infrastructure project in the energy sector might contribute to the improvement of the regional cooperation. Evaluation of Western Balkans Investment Framework
(WBIF) from 2015 noticed that “Where regional projects are really taken on board, improved regional cooperation and communication is evident”, as well that “Upon completion, current investments supported by the WBIF might significantly increase the facility’s role in regional cooperation, especially in TRA and ENE”. Projects supported in the period 2015-2018 are “Trans-Balkan Electricity Corridor (II): Grid Section in Serbia (Kragujevac - Kraljevo)”, and “Project of Energy Community Interest: Serbia (Niš) – Bulgaria Gas Interconnector”.

There was progress in the area of environmental impact assessment procedures in a transboundary context, in the way that “Serbia ratified the Bucharest Agreement among the countries of South-Eastern Europe on implementing the Convention on Environmental Impact Assessment in a Transboundary Context” in September 2018.

There has been an issue the energy agreement between Serbia and Kosovo. EC called for the implementation of this agreement “in order to avoid this longstanding dispute from having further consequences for energy stability and security in Serbia, Kosovo and countries across Europe”.

EU supported creation of the regional structures and networks through several regional initiatives which contributing to regional cooperation. For instance, under the Regional Cooperation Council (RCC), the Regional Working Group on Environment (RWG Env) was established “an intergovernmental platform aimed at coordinating important regional initiatives and projects in the area of environment and climate change.” One of the other regional initiatives is the Environment and Climate Regional Accession Network (ECRAN) project. As well, EU supports participation of Serbia in the Energy Community and the relevant EU agencies (e.g., EEA).

Also, territorial cooperation, in the environment, climate change and energy sector, was boosted by regional projects of IPA Cross-Border Cooperation Programmes and Interreg transnational cooperation programmes. As an example, CBC projects have been implemented to solve regional environmental issues, such as floods.

2.5. EQ 5 Efficiency

EQ 5 What factors have contributed to or hindered the efficient implementation of EU financial assistance, with specific consideration given to planning, monitoring, and management structures and processes, oversight and reporting?

JC 5.1 The processes of planning and implementation of EU assistance deliver appropriate responses to correctly identified and diagnosed issues

Analysis of the project level documentation and stakeholder interviews confirmed that many projects suffer from the large time gap between planning (design) and implementation of projects due to slow administrative procedures or relaunches of the tendering process. In particular, the winning project “Support to Policy Planning in the Water Management Sector” started 1.5 years after the project Fiche was developed. In addition, due to relaunch of the tender, Construction of the Wastewater Treatment Plant for the City of Raška – Lot 1 (IPA 2014) started in August 2017, which is 11 months after the start of its supervision contract (Supervision of construction of the water supply, wastewater collection

196 https://www.rcc.int/working_groups/20/regional-working-group-on-environment
197 https://ec.europa.eu/environment/enlarg/reg_cooperation.htm
and treatment project for the City of Raška) and 8 months after the beginning of contract under Lot 2 (Water Supply, Wastewater Collection and Treatment Construction Project for the City of Raška).

Besides, review of documentation and stakeholder interviews confirmed that the delays in start of the project implementation sometimes happened due to poor analysis of capacity and needs during planning (design) stage. Several progress reports documents state that for the implementation of activities was needed more time than it was specified in the ToR or Project Proposal.

Furthermore, stakeholders confirmed that the real needs did not fit with the situation explained in the ToR. In particular, the Twinning project fiche has foreseen develop of some part of the River Basin Management Plan, but there has been a need for the development of the full plan. This was overcome as the consultants made changes in the initial phase of the contract implementation in line with the beneficiary needs, that prolonged the start of the project activities.

There are a number of factors that hindered the efficient implementation of EU financial assistance. For instance, some challenges that were pointed out by documentation and stakeholder interviews are long procurement of equipment, inability to receive necessary environmental and energy data, floods that affected Serbia during 2014, the elections period, etc.

In the procurement procedure, documentation of the intervention "Establishment of an integrated environmental monitoring system for air and water quality" shows that delay in the provision of training programme occurred due to delay in procurement and installation of necessary equipment. As another example, documentation of the project "Regional landfill „Srem – Mačva” - municipal solid waste primary selection" shows that the production of pellets has significantly delayed since procurement procedures for pellet mill were repeated for four times.  

Also, delays occurred in the project “Preparation of the Second Energy Efficiency and Development of Energy Indicators” as survey on energy consumption was delayed for six months primary due to lack of data in the energy sector, but also because of floods that affected Serbia and the elections.

The work contracts in the wastewater area had several other challenges that affected the project implementation on time. Documentation of the project “Construction of the Wastewater Treatment Plant for the city of Raska” states that time for completion of the contract has prolonged three times. The first time was prolonged to 665 days (Addendum No1), and the last one to 865 days (Addendum No 3). There have been many causes for delays in project implementation such as administrative issues; poor analysis of capacity and needs during design stage; poor analysis of risks and mitigation measures, poor weather conditions that affected works in a site, issue of the connection of WWTP to the local power supply. Employer’s requirement for constructions of the wastewater treatment plan did not reflect the real situation on the ground that was confirmed by stakeholder interviewed and the project documentation. The monthly report for November 2019 pointed out additional issues as an inadequate quality of incoming sewerage and a very low ration of flow and load measurements at the inlet of the plant (approx. 40% of design load, approx. 57% of design flow) which will result in a delay in view of forming biomass.

There is an evidence of weak sequencing of contracts that are linked. At the project level, there was an issue with the supervision of this the contract “Construction and commissioning of the new Wastewater Treatment Plant at TPP Nikola Tesla A, Serbia”, as three months had passed until the new supervision was engaged, after the expiry of the previous contract. The problem of ensuring adequate sequencing between the linked contracts was pointed out in the 2nd IPA annual report on implementation: IPA Serbia (2015) and, in particular, sequencing between works contracts (e.g., Construction of industrial wastewater treatment facility in Kostolac B) and service contracts (e.g., Supervision of construction and commissioning of the new WWTP in TPP Kostolac B).

Review project documentation states that there was a risk of breaching the deadline for the spending of financial allocations under IPA in the area of environment and energy. For example, the contract “Construction and commissioning of the new Wastewater Treatment Plant at TPP Nikola Tesla A, Serbia” was shortened for 4 months due to the deadline for the spending of financial resources from IPA 2011. The final beneficiary (Elektroprivreda Srbije) stated that, due to this factor  

200 As a consequence, only 18.7% of planned value has been spent in July 2019, but this percentage was increased to 99.2% until 30th of November 2019.
and a lack of sequencing, the stable operation of the wastewater treatment plant was not ensured, after the formal finalisation of the Work Contract.\footnote{201}

In line to this, the annual reports on IPA implementation pointed out that a risk of breaching the Financing Agreement deadlines for the several projects in environment and energy sector. Some of them are: “Supervision of Construction and Commissioning of the New WWTP in TPP Kostolac B in the Republic of Serbia”, “Water Supply, Wastewater Collection and Treatment Construction Project for The City of Raska (Republic of Serbia) LOT 1; and Procurement of Srbijagas Gas management SCADA System.

There were also cases of a delay in the contracting of interventions that affected efficiency of EU support. Sector Monitoring Committee reports stated that “Efficiency of implementation of one supply contract: “Procurement of Srbijagas Gas Management SCADA System”, can be considered as jeopardized due to ineffective implementation pace.”\footnote{202}

5.1.2 Extent to which appropriate stakeholders were involved meaningfully in the planning process

Previous evaluation on environment sectors, conducted in 2013, “IPA – interim evaluation and meta-evaluation of IPA assistance”, noted that most beneficiaries participated in the project implementation through involvement in working groups.\footnote{203} Reviewed documentation and stakeholder interviews confirmed that this was a common practice over the evaluation period.

Documentation review shows that planning of stakeholder's involvement was mostly properly designed. During the implementation of the project stakeholders were mainly involved as a member of the Steering Committee Groups, or invited to the meetings, conferences and involved in the implementation of the project activities. For instance, Interim Quarterly Report of the Twinning Project “Support to policy planning in water management sector” stressed that an initiating meeting was organized with numerous participants from all beneficiaries, as well as individual meetings with main beneficiaries. Stakeholder interviews confirmed that another important instrument for the involvement of beneficiaries was a communication strategy, which served as a guide for the implementation of the Water Framework Directives related to public participation, but also a communication tool for the implementation of project’s activities. Furthermore, a Steering Group of the River Basin Management Plan 2021-2027 was established with all beneficiaries with a task to supervise the preparation of this document. In particular, the Public Water Management Companies Serbia Vode and Vode Vojvodine were as final beneficiaries of improved river basin management practices included in the implementation of this twinning contract from the beginning.

As another example, a design of the project “Regional landfill „Srem – Maćva“- municipal solid waste primary selection” included active involvement of NGOs in implementation of the awareness raising campaign together with the Public Utilities Companies.

Although, it was not designed by the project proposal “Preparation of the Second Energy Efficiency Action Plan and Development of Energy Indicators”, activities of discussion of the survey results with the member of the working group was introduced as a regular activity. In this way, main stakeholders were informed about survey results, and survey findings additionally verified.\footnote{204}

Review of documentation and stakeholder interviews point that the inclusion of CSOs varies among projects. Conducted interviews showed that the Ministry of Energy did not to fully use benefits of public consultations during the preparation of the report “Climate Change Aspects of Energy Sector Development” related to Kyoto Protocol (in 2012). On the other hand, a communication strategy for development of the River Basin Management Plan 2021-2027 enable involvement of CSOs from the beginning.

Level of involvement of the stakeholders differs depending on the type of contract and the area of intervention. For example, the work contracts in the field of waste water management have not

\footnote{201 Final report of the Beneficiary, November 2017, page 2. \footnote{202 Sector Monitoring Committee Report, No. 01/2017, page 5. \footnote{203 EC (2013) IPA – interim evaluation and meta-evaluation of IPA assistance, page 34. \footnote{204 Final progress report, March 2016}
involved stakeholders in the planning or implementation of the contract. Documentation of the project “Construction of the Wastewater Treatment Plant for the city of Raska” and “Construction and commissioning of the new Wastewater Treatment Plant at TPP Nikola Tesla A, Serbia” do not provide information on involving stakeholders in the planning and implementation of the project.

5.1.3 Extent to which the scale of resources deployed has been appropriate to needs and scope of interventions

As the circumstances were changed during the time gap between planning (design) and implementation, the planned EU support sometimes did not reflect the real needs of the beneficiaries that was confirmed by documentation review and stakeholder interviews. This often resulted in a need to change the scope of a project in the initial stages of project implementation that prolong the start of the project activities. In particular, the Second National Energy Efficiency Plan which was supposed to be prepared in the framework of the project was already developed prior to start of the project and so the scope of the project had to change to develop the third plan.

Furthermore, an example of insufficient scope of interventions was mentioned in the document of the intervention “Construction and commissioning of the new Wastewater Treatment Plant at TPP Nikola Tesla A, Serbia”. It was noticed that the supervision of this contract was not fully appropriate, as “according to its scope, wasn’t sufficient for realization technical support and detailed analysis of the solutions proposed by the Works Contractor, but it only enabled formal monitoring of the important Contract stipulations. On the other hand, the scale of resources has been appropriate to the establishment of the integrated environment monitoring system for water quality. Documentation confirmed that trained staffs (SEPA chemistry experts) had sufficient capacity to apply proposed analyses and validate obtained results; as well that SEPA was well equipped for the analysis of the Water Framework Directive substances.

Evaluation found that often poor capacity of stakeholders hampered implementation (human capacity, technical capacity etc). The Annual reports on IPA implementation (2016) shows that staffing was not adequate in the institutions that running environmental infrastructural projects (e.g., Vrbas, Sabac, Leskovac, and Morava water management project). Inline to this, it was recommended that proper staffing must be ensured to secure ownership of the projects and sustainability. Stakeholder interviews confirm that there was a low capacity regarding implementing infrastructural projects according to the FIDIC rules by different actors, as it was the first time that they dealt with this type of project.

Delays and operational inefficiencies existed with regard to the CFCUs operations that was confirmed by different stakeholders, but the progress is visible in recent years. This relates to both bureaucratic procedures in terms of decision making and more administrative issues such as approval of reports etc. which is sometimes also due to lack of experience. Other underling factors for such inefficiencies involved low experience levels at the CFCU with contract management particularly in the initial stages of decentralized management which later gradually improved.

5.1.4 Extent to which those responsible for execution and implementation feel and take ownership of the implementation plans

Evaluation found that the key stakeholders demonstrate mixed levels of ownership. Interviews with key beneficiaries confirm that decentralized management contributed to the participation and involvement of host agencies, as they were including in each project stage from the very beginning. In particular, the local ownership of the municipality of Raska and PUC is strong in regard to the construction of the Wastewater Treatment Plan. In addition, stakeholder interviews point strong

206 Annual Report on Implementation: IPA Serbia, No 3, page 50
ownership by beneficiaries of twining contract “Support to policy planning in water management sector”. This was also a case with some beneficiaries of centralised contract (e.g., “Preparation of Second Energy Efficiency Plan and Development of Energy Indicators”.

In regard to ownership, document review provides limited data, however, some evidence of lack of ownership is evident in the field of waste management. The challenges of the project “Regional landfill „Srem – Mačva“ - municipal solid waste primary selection” were related to financial issues and lack of determination of PUC to adopt procedures for measuring of all collected waste. In particular, the established system for picking up recyclables has only been considered as costs for PUC. It was stated that “price for depositing of waste is high for local PUCs and the PUCs’ managements are coming up with the creative solution on how to control the waste without depositing it at the regional landfill, for example collecting of bio-waste and depositing of it on one location on the border of the city.”

This statement is in line with the finding that only 19.7% of the generated municipal solid waste ended up in regional landfills in 2018.

5.1.5 Extent to which completed projects report that design-stage planning, and analysis were accurate and helpful for implementation

Interviews with all stakeholders provide strong confirmation that the quality of design phase needs to be improved. For example, the Employer’s requirement for constructions of the wastewater treatment plan did not reflect the real situation on the ground, as during the feasibility study relevant parameters of wastewater were not accurately assessed. Stakeholders also confirmed that the real needs often did not fit with the situation explained in the ToR.

In the design-stage planning and analysis, final report of the project “Preparation of the Second Energy Efficiency Action Plan and Development of Energy Indicators” stated that “Paragraph 1.4 of the ToRs: “current state of affairs in the relevant sector” describes in great details the status of energy sector.”

However, final report of this project also pointed out that “the time schedule of the EU administration and this one of the Serbian government were a little bit different and when the project was finally ready to be able to work on the 2nd NEEAP as indicated in the ToRs, this 2nd NEEAP was already written and approved by the Chamber of Deputies. This question has been solved by simply moving the working days devoted to the preparation of 2nd NEEAP to the preparation of 3rd NEEAP.”

JC 5.2 Monitoring, evaluation and oversight mechanisms provide real time feedback on results, and appropriate corrective action is decided and taken in good time

5.2.1 Extent to which decision-makers received accurate, timely and relevant information on policy and national strategy implementation, and made appropriate decisions based on monitoring and evaluation information

Document review provides limited information regarding this indicator, as well as conducted stakeholder interviews.

5.2.2. Extent to which decision-makers received accurate, timely and relevant information on sectoral strategy implementation, and made appropriate decisions based on monitoring information

There is some evidence that decision-makers have accurate, timely and relevant information on sector interventions that have been funded under IPA. The sector fiche “Support to improvement of Energy Efficiency”, under IPA 2012, noticed that one of the lessons learned from previous sector projects is “that proper monitoring and evaluation of the implementation of strategic documents is of key importance for their further successful improvement and implementation.”

Document review shoes that this sector cooperation has been strengthen since 2012 by the work of the Sector Working Group.

208 Final report, SEEP, page 7
209 Final report, SEEP, page 8
Groups which was confirmed by the stakeholder interviews. Inter-institutional cooperation has been ensured through the work of the Sector Working Groups (SWG for Environment and Climate Change and SWG for Energy), which discuss IPA programming, as well as the preparation and implementation of relevant sector policies and strategies. The Annual Report on the implementation of IPA II assistance (2018) states that “The Task Forces are established per each SWG in order to support the SWG Secretariat in its operational work. They are composed of the representatives of lead national institution, lead donor and MEI. The lead national (sector) institution is the ministry responsible for coordinating the activities of all relevant institutions related to preparation and implementation of sector policies. This institution has the main responsibility of leading the relevant institutions in the process of policy making, implementation, monitoring and reporting within each sector.”

5.2.3 Extent to which decision-makers received accurate, timely and relevant information on intervention/project level implementation, and made appropriate decisions based on monitoring information

At the project level, monitoring was ensured by setting up a Project Steering Committee and by conducting periodically reporting. Yet absorption of learning could be improved. Monthly progress reports have been prepared for the contracts of construction of the Wastewater Treatment Plant which were discussed on the monthly Project Steering Committee meetings. Monitoring visits were also used as a tool for receiving accurate and relevant information on the progress during the project implementation. For instance, monitoring visits were regularly conducted for the project “Regional landfill „Srem – Mačva “ - municipal solid waste primary selection”. Moreover, an unplanned monitoring visit was organized on request of the municipality (Mayor) to discuss project status and damage caused by floods in Sremska Mitrovica. It was pointed out that there was an urgent need to pump water from the regional landfill, which can be cover by the contingency reserve. This is an example of timely decision-making.

Yet, the results of the field assessments also pointed towards difficulties with absorbing learning from project level monitoring and evaluation results. Conclusion and recommendations of midterm evaluations were sometimes not really taken on board. This hampered effectiveness of these efforts and limited their impact with regard to improving project implementation and later performance.

At the sector level, Annual Report on Implementation IPA Serbia confirmed that “on-the-spot checks” by visiting relevant institutions in order to identify the risk areas in the program/project implementation. This was also confirmed by representatives of IPA units in the Ministry of Environment and the Ministry of Agriculture, Forestry and Water Management which stated that IPA units are deeply involved in monitoring of decentralised contracts through report review, on-the-spot check and participation in the Steering Committee Meetings.

2.6. EQ 6 Modalities and instruments

EQ 6 To what extent has the use of different instruments and modalities contributed to achieving programme results?

JC 6.1 The individual modalities and implementing partners selected are appropriate given the objectives pursued and the country context

6.1.1 Use of modalities by value, number of interventions, and sector

6.1.2 Extent to which the selected modalities for sample projects are contributing to the sample projects having achieved/achieving their planned results

Document review and stakeholder interviews indicates that the number of planned interventions under IPA II, in the environment and climate change area, has been depending on the performance of the previous interventions under IPA I. The environment and climate change sector was supported under IPA Country Action Plan for 2012 and 2013. In particular, support was provided for NATURA 2000, GHG emissions, implementation of Environmental Approximation Strategy, development of waste

211 Annual Report on the implementation of IPA II assistance (2018), page 19.
management, development of water infrastructure (WWTP), regional waste management centre, and reconstructed electrostatic precipitators at TPP. IPA – interim evaluation and meta-evaluation of IPA assistance indicated that there were a few efficiency issues that came from design deficiencies and lack of necessary co-financing for infrastructure projects by municipalities.\textsuperscript{212} In line with this evaluation finding, the Annual Report on the implementation of IPA II assistance (2018) highlighted that investment in this area was not considered under IPA Country Annual Plan for 2014 “due to difficulties in implementation of infrastructure projects in the previous period, which are still remaining to be solved.”\textsuperscript{213} Besides, it was pointed out that “the further support to Sector will depend on how the problems in ongoing bottleneck projects are to be solved by the beneficiaries due to co-financing issues.”\textsuperscript{214} This problematic “bottleneck” projects, that refers to wastewater treatment plant (WWTP) and water supply project under IPA I, were part of policy dialogue and discusses on the “bottleneck meetings” of the Working Group on Environment that serve as important places to deal with this issue.

Under IPA Country Action Program for 2014, interventions related to the preparation of the strategic documents in the area of waste management were funded by Unallocated Envelopes. In the IPA Country Action Program 2016, interventions related to the identification of NATURA 2000 sites and establishment of a management system for those sites has been supported through the European Integration Facility (EIF). Within the same IPA Country Action Programme, the preparation of River Basin Management Plans for three Water Districts (Danube, Sava and Morava) was planned under Twinning Facility. Then, the waste and wastewaters infrastructure were supported under IPA Country Action Programme 2017, and wastewaters infrastructure continued to be supported under IPA Country Action Programme 2018.

In the energy sector, IPA Country Action Programmes for 2012 and 2013 supported the energy strategic planning (e.g., energy system modelling and energy projections, Second Energy Efficiency Action Plan), the updating of Cadastre for small hydro potential, the gas market opening (procurement of equipment), security of supply (the construction of regional gas pipeline), and the development of industrial wastewater treatment (WWTP). \textit{IPA II has planned support to the energy sector through all years, as individual sector action (2014, 2017) or through EIF.} Under IPA Country Action Programme 2014, the energy sector has received technical assistance related to compliance with the Energy Third Package, development of energy infrastructure for the cleaner energy production (NOx Emission Reduction). Then, support to the energy sector was planned under EIF IPA Country Action Programmes for 2015 and 2016 that was related to the implementation of EU requirements in energy policy and EU Acquis (e.g., optimal management of mandatory oil stocks, the capacity of national institutions).

Future, IPA Country Action Programme 2017 has supported the energy sector in “the construction of bidirectional gas interconnector between Serbia and Bulgaria, a major energy infrastructure project aimed at increasing security of energy supply”\textsuperscript{215}. IPA 2018 programming has planned support to the energy sector in the area of renewable energy source (fuel switch in District Heating Companies) and energy efficiency (public buildings in the City of Belgrade). Support under the European Integration Facility refers to the energy market, distribution system and data collection and analysis.\textsuperscript{216}

The evaluation found that the key stakeholders learned from the “bottleneck” infrastructural projects. Conducted interview confirmed that “bottleneck” projects showed the need for having the end user agreement, high quality of technical documentation and good implementation unit in local self-governance. For the first decentralized wastewater treatment plant contract, the end-user agreement was introduced by CFCU and signed with the city of Raska. The interviews confirmed that cooperation among CFCU and the city of Raska went much better due to clear roles and obligations of all parties of the agreement. Based on this experience, CFCU introduced this type of agreement for all infrastructural projects.

\textbf{JC 6.2 The combination/portfolio of different modalities were used appropriately and complemented each other in order to achieve strategic goals}

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{212} IPA – interim evaluation and meta-evaluation of IPA assistance Country Report Serbia, page 34.
\item \textsuperscript{213} Ibid, page 34.
\item \textsuperscript{214} Ibid, page 34.
\item \textsuperscript{215} Sector fiche EU support to the energy sector, under IPA Country Action Programme 2017, page 1.
\item \textsuperscript{216} Annual Report on the implementation of IPA II assistance (2018), page 39.
\end{itemize}
\end{footnotesize}
6.2.1. Extent to which the choice of modality, and their mix, contributed to achievement of strategic results

Documentation review does not provide information relevant for this indicator. Stakeholder interviews confirm that twinning contract was a good choice of modality for development of the River Basin Management Plan. As experts are part of the member state administration, a twinning contract was a proper modality for harmonising the process of preparation of this plan, that is required by the Water Framework Directives, and water management among the member states.

2.7. EQ 7 Coordination, complementarity, and coherence

EQ 7. To what extent are the various components of the European Union's cooperation with Serbia complementary with each other, in alignment with Government policies and harmonised with support from other donors?

JC 7.1 The multi-beneficiary, national programmes and other EU programmes were well coordinated and mutually supportive in achieving strategic goals

7.1.1 Extent to which the planning processes for multi-beneficiary, national programmes, and other EU programmes share analyses, planning information, and take account of each other’s goals and resource allocations

As mentioned previously, donor coordination in planning processes was ensured by the operation of the Sectoral Working Groups (SWGs). SWGs were established "initially to prepare the Needs Assessment Document (NAD) for international assistance in 2011-2013, as the basis for identifying priorities for the annual IPA I programme and bilateral donor projects, but also for carrying out regular consultations regarding programming and monitoring of the assistance, thus ensuring coordination between activities financed by different donors in the same area"217. "IPA – interim - evaluation and meta-evaluation of IPA assistance" (2013) found that "Donor co-ordination is stronger during the planning stages where the national authorities through the SEIO are taking a greater role in donor co-ordination". However, "given the long programming preparation phase and uncertainty of funding until approval of the annual programme, beneficiaries typically seek assistance from a range of donors and there appears to be no clear division of responsibilities among donors in different sectors. The introduction of the sector wide approach and the increasing involvement of the national authorities in programme management has the potential to improve donor co-ordination." These findings were confirmed during the field phase of this evaluation.

7.1.2 Extent to which the outcomes of multi-beneficiary, national programmes and other EU programmes were/are complementary

Document review and stakeholder interviews provides some evidence of complementarity among EU programs and other international organizations and donors, particularly in preparation of the Negotiation Position for Chapter 27. The interview with the Ministry of Environment and document review confirm that support provided by SIDA project "Environment Accession Project 3 (ENVAP 3, 2016-2020)" assisted Serbian government its negotiation process and effort to comply with the Chapter 27. In synergy with this, EU funded project "Further Implementation of Environmental Approximation Strategy" (2016-2018) assisted the government of Serbia to prepare the supporting documents of the Negotiation Position for Chapter 27 such as the Action Plan for Administrative Capacities Development, 8 Directive Specific Implementation Plans and the Multiannual Investment and Financing Plan. In line with this, SIDA's programme “Environmental Civil Society Support Programme for Serbia (Connect)" was conducted in the period 2015-2018 with aim to "empower civil society organisations (CSOs) to participate

in environmental policy development and decision making actively, effectively and in a gender-sensitive manner; to play an active role in Serbia’s EU accession process; and to monitor and evaluate environmental project implementation at local, regional and national level.\textsuperscript{218} As a result, the national authorities managed to build Negotiation position for Chapter 27, that was adopted by the Government at the beginning of 2020.

\textbf{JC 7.2 EU cooperation supports government policies and strategies, and complements support of other donors, including IFIs and Member States}

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\hline
\textbf{7.2.1. Extent to which EU national programmes align with government stated priorities, strategies and policies} \\
\hline
Document review confirms that the EU national programmes to a large extent aligned with government stated priorities, strategies, and policies. This was elaborated under question 1. \\
\hline
\textbf{7.2.2 Extent to which EU national programmes align with programming and planning of other donors and IFIs} \\
\hline
Review of sector and project fiches shows that activities and plans of other donor were taken into consideration. As an example of it, the Sector fiche Support to the Energy sector (IPA 2014) stated that “Investments for energy efficiency/RES have not been included into the Action Document 2014 for several reasons; biomass and district heating projects were approved and financed by major bilateral donor with soft loans and technical assistance scheme; some of them have been delayed and demonstrated insufficient implementation capacity at local level. Once the results from already on-going projects are analysed and demand is articulated and the mechanism for the budgetary support developed, i.e., support to the EE fund defined, targeted investments in energy efficiency/RES may be included in subsequent Action Documents.”\textsuperscript{219}
\hline
\end{tabular}
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\textbf{There is evidence of blending funds from the EU and other donors.} This is the case of the Western Balkans Investment Framework (WBIF), where grants are funded from the IPA and 20 bilateral donors.\textsuperscript{220} Some other projects were also financed from IPA EU funds and other donors. For instance, The National Disaster Risk Management Program for Serbia has been funded by the support of the EU, UN, Swiss State Secretariat for Economic Affairs, Swiss Agency for Development and Cooperation, Austrian Government, the Global Facility for Disaster Reduction and Recovery, and the World Bank.\textsuperscript{221} In the IPA 2018 national programme, two interventions were planned using blended financing approaches, Technical assistance to the Secretariat for Investment in the City of Belgrade in management of energy efficiency (with EBRD) and Renewable energy sources (RES) in District Heating Systems (with KfW).

\textbf{8. How does the approach of the EU in Serbia differ from that of other actors, and to what extent does this help or hinder the effectiveness of its assistance?}

Documentation review does not provide information. However, stakeholder interviews confirmed that the IPA approach to planning and management of environmental infrastructural projects can learn from the methodologies applied by other donors. In particular, stakeholders point that the IPA assistance can learn from the KfW experience in preparation and design phase of wastewater project, where it is required measurement of the hydrologic year include wastewater, analysis of the PUC, and of the local tariff. In addition, PIUs are supported by consultant in planning, tendering and construction supervision phase, as well as with technical assistance for PIUs administrative and commercial performance, which is not the case with IPA funded projects. It was also noticed that JASPERS (Joint Assistance to Support Projects

\textsuperscript{218} http://serbia.rec.org/project-detail-eng.php?id=77
\textsuperscript{220} https://www.wbif.eu/about/about-wbif
\textsuperscript{221} https://www.worldbank.org/en/events/2015/03/06/launch-serbia-national-disaster-risk-management-program
in European Regions) approach to infrastructural project preparation is better than IPA, as it is focused on financial and technical aspects.

3. Contribution Analysis

The results of the desk report and the contribution analysis identified various contributions of the EU-Serbia cooperation in the Environment Climate Action and Energy sector. In this regard there were clear achievements with regard to organisational level capacity improvements and governance performance improvements. Although organisational level capacity improvements have been more clearly noticed and tangible.

In the terms of agency level capacity improvements, the assessment clearly identified improvement regarding:

- **Improved People Capacities**
  - Improved technical capacity of people/government bodies to better prepare polices, plan for and manage project implementation and operate infrastructure.

- **Improved Processes**
  - Project preparation methodology (the Single Project Pipeline) was adopted and improved although this was not the direct impact of the sampled projects. Nevertheless, this is very useful to increase effectiveness of EU financed interventions and the projects made this more visible.

- **Improved technology and infrastructure**
  - Improved environmental infrastructure as the wastewater treatment plant was built and a part of the wastewater network was constructed in the city of Raska. The facility is currently functional but to some extent oversized and issues exist with the quality and quantity of sewage water. It is expected that the plant will be taken over by the Public Utility Company during the second half of 2020.

Regarding agency level performance improvements, the following outcome level improvements were identified:

- Adoption and implementation of sectoral regulations such as adoption of the fuel quality regulation and implementation of the already adopted water law through development of river/water management plan.

- Improved sectoral planning and monitoring in various areas such as planning and monitoring of energy savings with Energy Indicators and National Energy Efficiency Action Plan.

Governance level Performance Improvements on the other hand involved improved implementation of sectorial legislation. Development of energy indicators and national energy efficiency action plan contributes to implementation of directives and legislation such as the Law on Energy Efficiency was adopted in July 2018. The results of the contribution analysis are further specified in the following table.
### Intervention Selection

<table>
<thead>
<tr>
<th>Contributing FACTORS</th>
<th>TYPE</th>
<th>EVIDENCE</th>
<th>SIGNIF.</th>
<th>scale</th>
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<tbody>
<tr>
<td><strong>A. Selection of Projects has Become More Accession Oriented</strong></td>
<td>Internal contributing</td>
<td>Interviews with staff from the Ministries and governmental bodies (e.g., Republic Water Directorate) confirmed that interventions were accession driven. For instance, the development of the first River Basin Management Plan was required by the Water Framework Directives, while the third National Energy Efficiency Plan was needed to meet the requirements of the acquis of energy efficiency.</td>
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<tr>
<td><strong>B. Selection of Project was based on administrative readiness of project instead of other factors such as final impact potential.</strong></td>
<td>Internal inhibiting</td>
<td>Interviews related to the construction of the wastewater treatment plant confirmed that the project was selected based on the readiness of documentations, not based on the economic return on investment or real priority (e.g., environmental challenges of big agglomerations). “Water Supply, Wastewater Collection and Treatment Construction Project for the City of Raška” (IPA 2013) was the first on the list of infrastructural projects for financing as it had the prepared technical documentation (by the support of EU funded project - EU Progress).</td>
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<tr>
<td><strong>C. Poor Political commitment to issues such as Environment, Climate Change and or addressing issues such as State Aid in sensitive sectors negatively hampered intervention selection.</strong></td>
<td>External inhibiting</td>
<td>Some stakeholders of selected projects reported that environment and energy efficiency did not come to enjoy the higher priority in Serbia over the period 2012-2018. There has been no political will to increase funding, as a small amount of fund has been allocated to energy efficiency (one budget line around 1.2 million euros per year, which is a very little compared to the real need of this sector)224. Besides, the Green Fund was not operational until the end of 2018. It was also mentioned that there is a lack of human resources in the area of energy efficiency, after the closing of the energy efficiency agency in 2012 that produced the loss of the staff in this field.</td>
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The EC’s Serbia reports stated that funding of 1.2 million euros of 2016 was “seriously insufficient to meet demands” (EC (2019) Serbia 2019 Report).

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222 Four types are considered: contributing internal factor, preventing internal factor, contributing external factor, preventing external factor.

223 Significance scale is from 1 (low) to 4 (high)

224 The EC’s Serbia reports stated that funding of 1.2 million euros of 2016 was “seriously insufficient to meet demands” (EC (2019) Serbia 2019 Report).
<p>| E. Poor Analysis of capacity and needs during design stage | Internal inhibiting | already developed prior to start of the project and so the scope of the project had to change to develop the third plan. Similarly, the scope of the “Support to Policy Planning in the Water Management Sector” underwent significant changes as the twinning project Fiche was developed 1.5 years prior to start of the contract. Interviews with all stakeholders provide strong confirmation that the quality of design phase needs to be improved. For example, the Employer’s requirement for constructions of the wastewater treatment plan did not reflect the real needs, as during the feasibility study relevant parameters of wastewater were not accurately assessed. Stakeholders also confirmed that the real needs did not fit with the situation explained in the ToR. In particular, the Twinning project fiche has foreseen develop of some part of the River Basin Management Plan, but there has been a need for the development of the full plan. This was overcome as the consultants made changes in the initial phase of the contract implementation in line with the beneficiary needs. |
| F. Poor Technical capacity/knowledge of involved stakeholders including implementing agency etc | Internal inhibiting (pitfall) | Lack of technical knowledge and experience affected projects quality. This involved also aspects such as preparation of project ToRs and tendering (e.g., first decentralized wastewater treatment plant contract). In case of the Raska Water treatment plant the technical requirements regarding critical measurements of water quality and quantity were not accurately assessed. In case of the Raska WTP this resulted in construction of an oversized plant that also faces water quality issues. Besides, the municipality of Raska tendered part of design of the sewage network work (10% of all design work). During the implementation of that contract, some part of the documentation, that was tendered by the municipality, needed redesign that affected the pace of contract implementation. |
| G. Adequate identification and inclusion of relevant stakeholders | Internal contributing | High inclusiveness of project design and implementation processes contributed to effectiveness of projects. The project selection committees involved members from various stakeholder organization which contributed to cooperation during project implementation. The Public Water Management Companies Serbia Vode and Vode Vojvodine were as final beneficiaries of improved river basin management |</p>
<table>
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<tr>
<th>H. Participation and Leadership of host agency</th>
<th>Internal contributing</th>
<th>Decentralized management contributed to the participation and involvement of host agencies. The responsible stakeholders were included in each project stage from the very beginning. Interviews with key beneficiaries, including the ministries, confirmed that they were consulted in the conception and design phase of projects, that helped them to express their needs and better address the issues that appear during implementation of projects.</th>
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<tbody>
<tr>
<td>I. Capacity building was not done on a structural and/or strategic manner</td>
<td>Internal inhibiting</td>
<td>Interviews with consultants and EUD confirmed that the capacity building activities were not planned based on the strategic midterm documents. The capacity-building support would be much more effective if there was a programme perspective to the capacity building instead of a project-based approach.</td>
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<td>J. Low Focus on Sustainability of Efforts</td>
<td>Internal inhibiting</td>
<td>There is no study done which shows the cost of the wastewater services in the city of Raska (utility tariff). However, main stakeholders (municipality of Raska and Ministry of Environment Protection) are aware of the needs for sustainability plan of wastewater treatment service. Interviews confirmed that under IPA 2017 has been developed project which aims to help PUCs to operate sustainably water and wastewater infrastructure.</td>
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<tr>
<td>K. Poor Analysis of Risks and Mitigation Measures</td>
<td>Internal inhibiting</td>
<td>Interview with contractors, CFCU and EUD pointed out that there were weak risk assessment and lack of mitigation measures in the design phase of the wastewater treatment plant. Different factors such as migration of inhabitants and pollution were not considered properly which cause the issue with the needed quantity and</td>
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practices included in the implementation of the twinning contract from the beginning. However, the inclusion of CSOs varies among projects. On the one hand, interviews showed that the Ministry of Energy did not to fully use benefits of public consultations during the preparation of the report “Climate Change Aspects of Energy Sector Development” related to Kyoto Protocol (in 2012). On the other hand, interviews showed that public and stakeholder participation has been taken into account from the beginning of the preparation of the River Basin Management Plan for Serbia for the period 2021-2027, which is in line with the EU Water Framework Directives (in 2019).
quality of sewage water for operations of the wastewater treatment plant.

L. Drivers of Change Identified and utilized in Design
Internal contributing
There are examples of a well-identified driver of change in the design phase. For instance, new ways of working (e.g., digital modelling) and communicating (communication strategy) in policy planning in the water management sector.

**Delivery**

M. Bad Timing in terms of Policy Cycle
External inhibiting
Some of the project could have been more effective if the timing of the project was more harmonized with the general reform agenda in the country. If the process of the Sustainable Development in The Energy Sector project was better linked with the internal national processes of updating the national strategy development, then the project could have had more impact. The project developed various analysis (e.g., Legal Report on the Development and Establishment of the Fuel Quality Monitoring System in the Republic of Serbia, Assessment of the Capacities of Bodies Performing Monitoring of Fuels and GHG Emissions and of the Laboratories for Testing Fuel), yet the output was produces in a time period where no concrete policy, legislative documents were being prepared and where the analysis could flow into. The project was in other words not in line with the policy cycle and there were no concrete windows for input by the project.

N. Controversy around area of intervention/sector
External inhibiting
Interviews shows that political controversy and vested interest in certain Policy sectors can inhibit reform progress to some extent. Topics such as State Aid in the energy sector make policy formation and implementation in these areas difficult. In these cases, more emphasis on awareness raising through efforts such as cost, and benefit analysis of alternative policy options can be helpful.

O. Large technical capacity gaps along with employment ban, low salaries and high turnover
External inhibiting
Almost all of the projects were faced with challenges as a result of understaffing at various responsible government bodies and also the uncompetitive salary levels in public sector compared to private counterparts. The high level of understaffing and the consequent gaps with regard to HR (including high turnover) was often contributed to the employment ban in Serbia. In the framework of one of the projects there three project managers were changed at the level of CFCU. Nevertheless, high turnover levels were
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<tr>
<td>P. Poor coordination and cooperation with other agencies</td>
<td>Internal inhibiting</td>
<td>Some of the projects realized hindrance due to lack of effective cooperation among various stakeholders. This involved relations between line ministries, implementation and supervising organizations and third-party organizations such as electricity supply company. Regarding the later, in the framework of construction of the Raska water treatment plant the Employer was obligated to bring electricity on the field. However, the conditions were changed for 4 times and there was significant delay due to this issue.</td>
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<td>Q. Low efficiency of delivery of some actors</td>
<td>Internal inhibiting</td>
<td>Delays and operational inefficiencies exist regarding the CFCUs operations that was confirmed but different stakeholders. This relates to both bureaucratic procedures in terms of decision making and more administrative issues such as approval of reports etc. which is sometimes also due to lack of experience. Other underling factors for such inefficiencies involved low experience levels at the CFCU with contract management particularly in the initial stages of decentralized management which later gradually improved. Also, capacity gaps existed at the municipality level which hampered project implementation although there was strong ownership from the latter. Implementing organization (contractor) also had low capacity regarding implementing infrastructural projects accordance to the FIDIC rules. Possible recommendations could be a) decentralization of the contracting authority per sector. and b) building the capacity of the employer to improve its requirements during the tendering process both including during preparations of ToRs and tendering processes.</td>
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<td>R. Good communication and coordination relationship with host agency</td>
<td>Internal Contributing</td>
<td>There was a good communication among various actors involved in implementation of the selected projects. The projects often had members of all-important stakeholders involved in the project steering committees which met regularly.</td>
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<tr>
<td>S. Strong right activities/ Internal Contributing</td>
<td>Involved stakeholders are creative in addressing project implementation issues. Due to inhibiting factors such as large time gaps between project design and implementation, the context of the projects changed, and various other issues emerged. Almost all of the shortlisted projects underwent a change of design. The design of the projects was changed in the inception phase of the projects to reflect on the changed context. The involved stakeholders were creative in finding suitable solutions to these issues. For the first decentralized wastewater treatment plant contract, the end-user agreement was introduced and signed with the city of Raska. The interviews confirmed that cooperation among CFCU and the city of Raska went much better due to clear roles and obligations of all parties of the agreement. Based on this experience, CFCU introduced this type of agreement for all infrastructural projects.</td>
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4. Concluding Remarks

Over the period 2012-2018, the EU support tackled the major challenges that Serbia faced on its path towards EU accessions through supporting priorities that were identified in the national, as well as EU strategic documents. These challenges are related to alignment with the environment, climate and energy acquis, adequate treatment of waste and wastewater; nature protection, air quality, the security of supply in electricity and gas sector, use of renewable energy resources and energy efficiency. Nevertheless, field data and sectoral allocations show that environment and energy efficiency did not come to enjoy higher national priority over the period 2012-2018.

Since 2014, EU funds were allocated by taking into account projects from the Single Project Pipeline, which enabled financing strategic, relevant and mature projects, adopted by the government. EU financial allocations were responsive to the changing context and needs, in particular, the Serbian priorities in the post-flood period and launching of the energy connectivity initiatives. However, the document review and field data which pointed that projects suffered from the large time gap between preparation and implementation of projects which in some cases reduced relevance of interventions.

The monitoring of IPA support and sector approach assessment were evolving over the evaluation period. Evaluation findings and lessons learned from previous IPA support were taken into consideration during programming of the EU support during the period 2012-2018.

The contribution of the EU support to Serbia was visible in the high level of alignment of Serbian legislation with the EU acquis, especially in the area of horizontal legislation, waste management, water and air quality, industrial pollution, chemicals and civil protection, as well as progress in transposing the so-called Third Energy Package (e.g., energy market opening).

Besides, the EU support contributed to a large extent to the improvement of the strategic framework, which was linked with the change of legislation and the requirements of alignment with EU energy and environmental acquis. For instance, the policy framework has been improved by EU support in the area of climate change, waste management, water management, energy efficiency, oil stocks, renewable energy, etc.

Although the EU significantly supported the capacity building of various sectoral institutions, document review indicates that there was an issue of administrative capacities of sectoral institutions to implement the national legal and strategic framework. In particular, there has been a lack of capacity in the area of environmental inspections, water management (particularly at the local level), natural protection (NATURA 2000), industrial pollution and noise. The improvement in the capacity was visible in the case of the Serbian Environmental Protection Agency’s (SEPA), which has been supported by twinning projects.

In the area of energy, the improvement was evident in the capacities of the central stockholding body (maintaining oil stocks) and of the Serbian Energy Agency, supported by the EU funds. Serbia made some progress in regard to the liberalisation of the energy and gas market, over the evaluation period. Progress was also visible in the unbundling of the EPS’ distribution and the electricity transmission system. This issue of administrative capacities was part of EU and Serbia policy dialogue.

Results of the field analysis showed that an important aspect hampering effectiveness of capacity building efforts was that capacity building was not done on a structural and/or strategic manner, as the capacity building activities were not planned based on the strategic midterm documents.

CSOs have been involved in the implementing, programming and monitoring of IPA through the support of various donors. However, public participation and consultation in the environmental decision-making process were not significantly improved, particularly at the local level. Nevertheless, the field analysis pointed that the high inclusiveness of key stakeholders in project design and implementation processes contributed to effectiveness of projects.
Over the period 2012-2018, EU support contributes to the development of environmental and energy infrastructure, especially in the field of air quality, wastewater and waste management. There is no explicit evidence on the overall effectiveness of environment and energy infrastructure projects, funded under IPA II since the majority of the projects are on-going or not yet contracted. Document review shows that waste and water infrastructural projects funded under IPA I faced several issues, such as a low level of utilisation of constructed waste infrastructure, delays in constructions or financial issues. These problematic “bottleneck” projects were part of policy dialogue and of the “bottleneck meetings” of the working group on environment, which resulted in better overcoming these issues. Besides, IPA did not contribute to the development of the gas infrastructure, due to the lack of project maturity and political willingness for the project implementation. Furthermore, the evaluation results made it evident that financial problems may undermine the achievement of the outcomes of the environmental infrastructure projects.

EU cooperation to Serbia has not significantly contributed to the improvement of Serbian level of preparation to apply the environmental and energy acquis over the evaluation period. In the environmental area, the progress was made in 2016 when it was assessed an improvement from an early stage to some level of preparation to apply acquis. There were no changes in the level of preparation to apply the energy acquis during the last four years (level- moderately prepared).

**Efficiency of assistance** has been affected by the large time gap between planning (design) and implementation of projects. The delays in start of the project implementation sometimes happened due to poor analysis of capacity and needs during planning stage, but there are many other causes for delays. Evaluation found that the key stakeholders demonstrate mixed levels of ownership. Interviews with key beneficiaries confirm that decentralized management contributed to the participation and involvement of host agencies, as they were including in each project stage from the very beginning.

The results of the contribution analysis identified various contributions of the EU-Serbia cooperation in the Environment Climate Action and Energy sector, particularly with regard to agency level capacity improvements, where the assessment clearly identified improvement with regard to: improved people capacities (e.g. technical capacity of people/government bodies to better prepare polices, plan for and manage project implementation and operate infrastructure), improved processes (e.g. project preparation methodology (the Single Project Pipeline), as well as improved technology and infrastructure (e.g. improved environmental infrastructure as the wastewater treatment plant was built and a part of the wastewater network was constructed in the city of Raska).

<table>
<thead>
<tr>
<th>Emerging hypotheses from the desk review</th>
<th>Field phase</th>
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<tbody>
<tr>
<td>The EU assistance to the environment, climate action and energy sector has contributed to the progress of legislative and strategic framework, which was driven by the Serbian EU’ association process and the requirement to transpose EU acquis.</td>
<td>This hypothesis was confirmed during the field phase. Interviewed stakeholders agree that EU assistance has contributed to development of strategic framework in line with the EU acquis.</td>
</tr>
<tr>
<td>The introduction of the Single Project Pipeline contributes to better preparation and identification of priority infrastructural project in the environment, climate action and energy sector.</td>
<td>This hypothesis was confirmed during the field phase. Interviewed stakeholders point put that before the Single Project Pipeline selection was done based on the readiness of a project for funding/approval, rather than on priority.</td>
</tr>
<tr>
<td>The outputs of the EU assistance various among subsectors. In some cases, the outputs and outcomes of this support were affected by inadequate sequencing between contracts.</td>
<td>This hypothesis was confirmed during the field phase. Interviewed stakeholders point put that there was a time gap among linked contracts for construction of WWTP in the city of Raska.</td>
</tr>
<tr>
<td>The effectiveness of the EU support was not strongly reflected in the overall Serbia progress</td>
<td>This hypothesis was confirmed during the field phase. Interviewed stakeholders confirmed that the environment and energy compliance was not high government priority</td>
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toward the implementation of the environmental and energy acquis. as it is visible by the amount of allocated funding for this area (e.g., Green Fund).

- The impact of the EU assistance in a waste infrastructure is affected by the financial problems at the local level, as co-financing obligations were a bottleneck for infrastructure projects. This hypothesis was confirmed during the field phase. Interviewed stakeholders confirmed that this is an important issue. However, it was not case for the construction of WWTP in the city of Raska, as co-financing was ensured by the Ministry of Finance.

4.1. Areas for recommendations

- The government of Serbia should consider exploring the possibility of establishing a new institution to manage environmental infrastructural projects / to decentralization of the contracting authority per sector or per environmental infrastructural projects from CFCU.
- EU and the Contracting Authority should ensure better preparation of the environmental infrastructural projects, taking into account experience of other donors.
- EU should support building the capacity of the Employer to improve its requirements during the tendering process both including during preparations of ToRs and tendering processes, and also supervision of contracts.
- The government of Serbia and other beneficiaries should identify, and EU should assist long term perspective of interventions in order to move from projects that respond to ad hoc, and often short term needs to project and programmes that support strategic needs.
- The government of Serbia should enable fully functioning of the environmental financing mechanism (Green Fund) and ensure that environmental fees are used for environmental purposes only.
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Sector 4 Transport Sector

1. Introduction

This document is structured as described below. The report is drafted in accordance with the United Nations (UN) of the 2030 Agenda for Sustainable Development setting 17 universal Sustainable Development Goals (SDGs) with objectives across economic, social and environmental dimensions of sustainable development. Under the 2030 Agenda, transport is considered as a cross-cutting issue important to raise the economy and improve competitiveness faster, but also to generate employment through public works.

Chapter 1 - the first, descriptive chapter of this document provides summary background information of the EU and Serbian national scope, key changes over the period and the framework of international assistance and is elaborated for the purposes this Strategic, country-level evaluation of the European Union's cooperation with Serbia over the period 2012-2018. Without dismissing other challenges, i.e., congestion, energy efficiency, air quality, and competition, defined under EU transport policy, this report is largely focused upon the quality and stage of development of transport infrastructure and to some extent on institutional capacity, including steps to market liberalisation, where EC assistance was targeted during the evaluation period 2012-2018.

Chapter 2 (Transport sector scope) is drafted to present in brief the EU and Serbian transport sector state of play, as well as to summarise the key changes during the period 2012-2018 within the context of policy dialog, relevant legislation, institutional set-up and transport infrastructure development. Some important key issues are analysed focusing on important themes, including rail speed, transport network maintenance and traffic safety. Last, but not least this chapter analyses the progress that has been made in the transport sector in the Republic of Serbia (a brief analysis within the scope of this Country Strategic Evaluation).

Chapter 3 (international assistance) presents in summary the needs for investment in the transport sector, as defined by the Government. The Chapter also provides information about investments in the transport sector during the period covered by the evaluation, as well as information about key donors/IFIs/ and other contributor programmes.

Chapter 4 presents an overview of EU interventions in the transport sector.

In Chapter 5 each Evaluation Question (EQ) is addressed, to the extent possible from an analysis of both strategic/policy and sector-relevant documentation. Findings are structured according to the evaluation questions as presented in the evaluation’s Terms of Reference and further elaborated during the Inception phase. Where documentation is insufficient to address a particular indicator a note is included, and focus will be given during the field phase to ascertain feedback/data on indicators that are not able to be addressed with the documentation.

Chapter 6 presents some initial conclusions for further development during subsequent phases of the evaluation.

Chapter 7 provides tentative recommendations.

Analysis was hampered by a lack of general reporting related on the 2015 transport strategy and also by a lack of reports on the progress of its implementation. The last available document
presenting information on the progress of the process of accession in this area was elaborated by SEIO in 2011. To facilitate future evaluations (as well as ongoing assistance in understanding sectoral developments) we recommend that this updating practice be resumed.

1.1. Transport Sector Background

Within the framework of the evaluation, this sector analysis addresses those projects funded within DAC Code 210 – Transport and storage, including initiatives related to national transport policy, transport goals, related information within EU accession processes. While further analysis will be provided later in this report, the sector’s contribution framework can be summarised as follows:

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<tr>
<td>5.</td>
<td>DAC Code - 210</td>
<td>Transport &amp; Storage</td>
<td>30</td>
<td>90,782,1109</td>
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Table 1 - Sector contributions per DAC 3 Code

1.2. Scope of the Transport sector (state of the play)

EU Transport policy scope

European Union (EU) transport legislation states that ‘EU transport policy aims to ensure the smooth, efficient, safe, and free movement of people and goods throughout the EU by means of integrated networks using all modes of transport (road, rail, water and air). … Governed by Title VI (Articles 90 to 100) of the Treaty on the Functioning of the EU, transport is one of the EU’s most strategic common policies.’

During the period 2012-2018, EU Transport policy was largely based on the 2011 White Paper, comprising 40 initiatives designed to generate growth, jobs, reduce dependence on imported oil, and cut the sector’s carbon emissions by 60% by 2050. Without ignoring other wide-ranging key sub-sectors of EU transport policy (climate change, passenger rights, clean fuels, and cutting customs-related red tape at ports), this report is focused mainly on transport infrastructure.

The Pan-European transport corridors (TEN-T), as a specific form of implementation of EU policy on infrastructure development, were defined in 1994, and further specified in 1997 when the 10 TEN-T multimodal corridors were complemented by segments of these corridors in the territory of countries situated in South-East of Europe (SEE). These included Serbia’s sections of Corridor X and Corridor VII (Danube River), as well as of the Corridor branches Xa and Xb.

Since 2011 EU transport priority was addressed to European action on the components of the TEN-T network with the highest European added value (cross-border missing links, intermodal connecting points and key bottlenecks) and appropriate connections with neighbouring countries. Within a transport cluster context, EU development strategy was further strengthened with the Roadmap to a single European transport area.\(^4\) The Roadmap - Towards a competitive and resource-efficient transport system states ‘Transport is fundamental to our economy and society. It enables people to enjoy the freedom to travel, moves goods across the continent and creates growth and jobs. At the same time, it must be sustainable given increasing resource and environmental constraints.’\(^5\) The Roadmap is complemented by initiatives, such as:

- **Horizon 2020 programme**\(^6\) (focusing research and innovation on smart, green and integrated transport);
- **Connecting Europe Facility**\(^7\) which provides finance for 10 transnational transport infrastructure projects;
- **Roadmap to a low-carbon economy**\(^8\) by 2020 in which transport is a key sector to reach that goal and
- Various energy efficiency measures\(^9\) to reduce Europe’s use of primary energy by 20 % by 2020.

The **South-East Europe Transport Observatory**\(^10\) (SEETO) and the Treaty Establishing the Transport Community in the South East Europe\(^11\) even more stressed the extension of EU transport and infrastructure policy to immediate neighbours aiming to deliver closer market integration.

**Scope of the Serbian Transport sector – (EU context)**

Serbia’s strategic location at the crossroads of European Traffic Corridors offers great opportunities in developing road, river, air and freight transport. Pan-European Corridor X\(^12\) runs between Salzburg in Austria and Thessaloniki in Greece with both road and railway infrastructure passing through large portions of Serbia. In addition, Europe’s second longest river, the Danube River, also referred to as Pan-European Transport Corridor VII connects the nations.

**Regional cooperation (SEETO)**

Since 2004 Serbia is actively participating in SEETO, targeting cooperation with its neighbouring countries with the intention of defining joint projects with regional interest and exchange information on current infrastructure projects and priority projects for the future. The intensification of regional cooperation improved the absorption of investments in infrastructure projects of


\(^5\) Ibid. page 1.


\(^10\) SEETO is the regional transport organisation, which aims to promote cooperation for the development of the main and ancillary infrastructure on the multimodal SEETO Comprehensive and Core Network and to promote and enhance local capacity for the implementation of investment programs, management and data collection and analysis on the Network. It was established in 2004 by the Memorandum of Understanding (MoU) on the Development of the South East Core Regional Transport. [https://www.seetojoint.org](https://www.seetojoint.org)

\(^11\) 2017. Based on SEETO, the Transport Community is an international organisation composed of the EU and the six Western Balkans Parties (Republic of Albania, Bosnia and Herzegovina, Kosovo*, Republic of North Macedonia, Montenegro and Republic of Serbia). Its key objective is to extend the EU transport market rules, principles and policies to the WB Parties through a legally binding framework.

\(^12\) also referred to as Corridor 10
regional significance along of the SEETO comprehensive network in the TEN-T Core Network, which will increase national network standards in order to comply with EU standards.

By signing the SEETO follow-up, the Agreement on the Establishment of the Transport Community between the countries of the Western Balkans\(^{13}\) in Brussels, the process of Serbian transport sector integration was raised to a significantly higher level (after a long-lasting procedure which started in 2008). In signing the Agreement, the Government of Serbia supported an initiative for creating a fully integrated transport network in Western Balkan countries, as well as between the region and the EU (a fully harmonised transport policy, legislation and standards). In addition, Serbia undertook an obligation to generate favourable conditions to support the transport sector of the Western Balkans in the more efficient provision of a net positive impact on GDP growth and job creation.

The core traffic flows of rail, road and inland waterway transport are recorded within the main European corridors crossing Serbia (the Pan-European Corridors X and VII and Route 4 of the Core Regional Transport Network\(^{14}\)). These are considered the backbone of the Serbian transport network. Specific traffic data on distribution of traffic flows per sections were introduced in the General Master Plan for Transport in Serbia in 2009.

The maps below provide an overview of the SEETO network in Serbian territory.

![Maps of SEETO network in Serbian territory](image)

**Figure 1 SEETO Road projects (including Belgrade by-pass) SEETO Rail and IWW network**

### 1.3. National Transport Policy, Institutional framework and assets

The enforcement of laws and regulations is organised at two levels. The policy level is the combination of laws and regulations (the governing body) that guarantee the transport system functions in accordance with national objectives, which are ‘aligned’ with EU/ international standards as necessary. The executive level refers to the public entities (regulatory bodies) officially assigned to ensure that laws and regulations are correctly implemented and that all stakeholders fully commit to the legal and regulatory framework and apply it correctly. In the Republic of Serbia,

\(^{13}\) With Serbia, Albania, Kosovo, Former Yugoslav Republic of Macedonia, Montenegro / and the EU in Trieste on July 12, 2017, and subsequent signing of Bosnia and Herzegovina on September 18, 2017

\(^{14}\) In 2004 a Memorandum of Understanding (MoU) WB countries and the EC was signed for the development of a regional core transport network, to become part of the trans-European transport networks upon accession.
the Ministry of Construction, Transport and Infrastructure (MoCTI) is the transport policy maker while regulatory authorities ensure full compliance by operators and users of the transport system.

In the field of transport, Chapter 14 (Transport Policy) and Chapter 21 (Trans-European Networks) of the EU Acquis have been opened for negotiation. Under the Negotiation Chapters the strategic position of the Republic of Serbia in the road transport sector has been defined as follows: ‘to improve the quality, safety and efficiency of road transport and, at the same time, to reduce the harmful effects of road transport on the environment.’

**National policy framework**

With respect to EU transport policy, the Republic of Serbia’s Sector-specific strategy in the area of transport, namely the **Strategy of Railway, Road, Inland Waterway, Air and Intermodal Transport Development in the Republic of Serbia, 2008-2015** has been adopted, defining General goals as follows:

Transport network of the Republic of Serbia is integrated into Trans-European transport network (TEN-T); (ii) Efficient usage of comparative advantages of each mode of transport; (iii) Upgrading of service quality of transport system; (iv) Increase of traffic safety and security of transport system; (v) Strengthening of the transport market and its gradual deregulation and (vi) Decrease of negative impact of transport on the environment, in accordance with principles of sustainable development. This **Strategy** addresses challenges for development of sustainable transport policies, among other the need of improvement of the fleet (green and safer vehicles) for international road transport of goods, in order to achieve a higher level of road safety and environmental protection.

The **General Master Plan for Transport 2009-2027 (GMPT)** adopted in 2009 as a comprehensive plan of future investments in transport infrastructure. GMPT provides overall picture of transport infrastructure in Serbia and rolling out infrastructure projects necessary for implementation in the period 2009 – 2027. It rolls out priority projects for transport infrastructure development to 2027 and encompasses road, railway, air, inland waterway and intermodal transport, and has been synchronised with the country’s development programme.

The **National Programme for Public Railway Infrastructure** and the **Waterway Transport Development Strategy** provide the strategic basis for transport infrastructure development in Serbia. Due to the complexity of the railway subsector caused by high investment and maintenance costs, Serbian Railways initiated the preparation of the Detailed Investment plan in railway infrastructure for the period 2012-2021. The **Strategy for Railway Institutional and Infrastructure Development in Serbia 2012-2021** and Action Plan (Railway Master Plan for years 2012-2021) has been prepared but are yet to be adopted.

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17 Aiming to increase the effectiveness of all transport modes and the transport system as a whole by better organisation of transport operations based on economical, safe and environment protecting aspects and by application of goal-oriented planning and managing of transport flows. Complementary ITS development policies for deployment in various transport modes has been adopted for the whole territory of the Republic of Serbia.


In 2011-2016 Ministry of Interior (MoI) Development Strategy identified road safety as one of its key priorities, making this an integral part of the MoI mission. Following the main messages of the MoI Development Strategy, the Traffic Police Development Strategy 2012-2017 was developed.\textsuperscript{20} The National Road Safety Strategy\textsuperscript{21} and action plan for the period 2015-2020 were prepared and have been adopted by the Government’s Coordination Body for Road Safety.\textsuperscript{22} The Intermodal Transport Development Plan until 2020 is still valid and relevant\textsuperscript{23} to EU transport policy and SDGs.

A new Transport strategy for the period 2020-2025 is under preparation but not completed at the time of writing. As stated in the report Serbia and Agenda 2030\textsuperscript{24} ‘a new Transport Strategy until 2025 is under preparation and will cover all modes of transport.’

**Institutional set-up**

In general, the institutional environment is determined by the legal and administrative framework within which individuals, firms, and governments interact to generate wealth. The quality of institutions has a strong influence on the economic growth. It is a key for investment decisions and plays a key role in the ways in which the nation distributes the benefits and bears the costs of development strategies and policies.

MoCTI is responsible, among other matters, for spatial planning, municipal infrastructure and public utilities. It oversees urban and spatial planning, construction permitting and communal infrastructure, which may be related to preparation of EIAs, if required.

In accordance with requirements of EU accession, the competencies of this Ministry also include internal and international transport and technical standards for vehicles and outdoor equipment. MoCTI\textsuperscript{25} responsibilities cover transport policies and systems for railway, road, water and air transport. The ministry takes the lead in project implementation regarding construction of transport infrastructure; internal and international transport and intermodal transport. It is further responsible for traffic safety and traffic development strategy, property relations; inspection control; development and organisation of the traffic system plans. The Ministry of Transport oversees the implementation of the Law and the work of public enterprises (holders of public authorisations) in the transport sector. MoCTI is in charge of creation of conditions for access and realisation of projects from the scope of the ministry financed from the funds of the EU pre-accession funds, donations and other forms of development assistance. The management of construction within Corridor X is under the competency of the LLC Corridor X established for this reason.\textsuperscript{26}


\textsuperscript{22} https://www.mcsi.gov.rs/en/coordinating-body-road-traffic-safety


\textsuperscript{26} https://www.worldhighways.com/categories/auctions-equipment-supply-servicing-finance/features/serbias-pan-european-corridor-x-is-in-the-slow-lane/
Roads

The Public Enterprise Roads of Serbia\textsuperscript{27} is responsible for regular, continuous and adequate maintenance and preservation, exploitation, construction, and reconstruction of roads (with a total estimated value of 4.5 billion Euro), organisation and control of toll collection and development and management of state roads category I and II. Sources of funding for road construction and reconstruction, maintenance and preservation include fees collected against use of state roads – toll, financial loans, budget of the Republic of Serbia and other sources as stipulated in the Law of Public Roads. Roads of Serbia management quality standards are aligned with ISO 9001:2008 (quality management system for work) and OHSAS 18001:2008 (occupational health and safety management system).

Within Roads of Serbia, the Department for Strategic Planning, Studies and Development\textsuperscript{28} keeps track of all new Directives, technical regulations, standards and laws directly related to the process of producing technical documents, as well as all ongoing initiatives connected with the process of harmonization of technical regulations, standards and joining the EU. The Department actively monitors all changes related to: (i) road administration, presentation of possible development of the organisation, work principles and administrative procedures; (ii) road financing, presentation of alternative approaches for road financing; and (iii) strategic analyses and long-term planning for the preservation and development of the road network. The Department supports the implementation of projects financed by IFIs and European Funds.

Road safety

Authorities responsible for road safety improvement are primarily the National Assembly, which regulates the normative and legislative environment, and the Government, through the activities of MoCTI and of the MoI. Specifically, the MoCTI carries out activities aimed at development, organisation and securing the transport system, drafting development strategies and plans, while the MoI is in charge of protection of human lives, the personal and property safety of citizens, as well as road traffic regulation and control. Within the MoI, the Traffic Police Directorate and local police administrations have been designated as authorities which directly regulate traffic.\textsuperscript{29} Roads of Serbia contributes to traffic safety in cooperation with other national and local actors. In order to monitor the road traffic safety system, the Road Traffic Safety Agency (RTSA) began operating in 2010, acting as a preventer of consequences incurred during the operation of road traffic.

Railways

In 1991, EU directives set out the foundation and guidelines for the restructuring of the railway system and railway companies (Directive 91/440 / EEC on the development of railways in the future).\textsuperscript{30} As a follow-up, the restructuring process of Serbian Railways was launched in 1991 although this was not completed at that time. In August 2015 Serbian Railways continued its existence as four ‘joint stock’ companies:

- Serbian Railways JSC.
- Infrastructure Railways of Serbia JSC - a public railway infrastructure asset management company that manages the entire public railway network in Serbia with a property value of some EUR 2 billion and over 6 thousand employees.

\textsuperscript{27} \url{http://www.putevi-srbije.rs}
\textsuperscript{28} \url{https://www.putevi-srbije.rs/index.php/en/organisation/sector-for-strategy-designing-and-development/department-for-strategic-planning-studies-and-development}
\textsuperscript{30} \url{https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM%3A24057}
• Serbian Cargo JSC – the national rail cargo company.
• Serbia Train JSC – the national rail passenger transport company.\(^{31}\)

**Waterways**

The Directorate for Inland Waterways, Plovput, integrated within the Ministry in charge of transport, is responsible for the development and maintenance of inland waterways in the Republic of Serbia (river Danube, Sava and Tisza), but has a budget of less than EUR 2 million per year.

**Aviation**

In the context of this document, the main stakeholders in the Serbian Aviation sub-sector are the MoCTI, the Civil Aviation Directorate (CAD)\(^ {32}\) on the regulator side and Serbia and Montenegro Air Traffic Services SMATSA llc (SMATSA) as a joint air navigation service provider for Serbia and Montenegro. EU civil aviation regulations are monitored by the CAD to ensure harmonisation with Serbian law - including regulating air traffic as in EU countries. Serbia is a European Common Aviation Area (ECAA) Member State.\(^ {33}\)

According to the Aviation Law Review ‘Air Serbia recorded almost the same number of passengers in 2017 (2.62 million) as in 2016 but registered a net profit of €15.7 million – an increase of €14.8 million compared with 2016. This is partly owing to reducing operating costs and increasing cargo transport. …’ \(^ {34}\)

**Transport Infrastructure/ Assets**

The Western Balkans part of TEN-T structured around Pan-European corridors network is divided into two categories: Core (of European importance) and Comprehensive (of regional importance). Serbia has a quite dense network (both core and comprehensive) in SEETO multimodal network. Aiming to facilitate the connectivity with other parts of Serbia and neighbouring countries, Corridor X comprises both railway and roads and is one of the most important projects currently being implemented nationwide. It is crucial for Serbia’s competitiveness and allows connection with the heart of Europe, Greece and furthermore to Asia.\(^ {35}\)

**Roads**

At the end of 2011 Serbia road density was at the level of 49.5 km per 100 sq.km.\(^ {36}\) EU statistics\(^ {37}\) show that in 2018 there were 43,000 km of road in Serbia, which had, after Montenegro, the second most extensive road network in the enlargement country cluster.\(^ {38}\) However, the overall road density of 6.2 km per 1,000 inhabitants, considerably lags behind the EU28 average (12.1 km).\(^ {39}\)

Serbia’s road network is well-developed, and the nation has a good connectivity with its northern neighbours. Serbia’s road network is used by over 60 million passengers and over 33 million tonnes of cargo per year.\(^ {40}\) Aiming to improve the lacking connections with southern neighbours, a number

\(^{31}\) [http://serbianrailways.com/general-information/](http://serbianrailways.com/general-information/)
\(^{36}\) [https://knomega.com/atlas/Serbia/Road-density](https://knomega.com/atlas/Serbia/Road-density)
\(^{38}\) The EU-28 road network was estimated to be around 4.8 million km in length in 2016
of projects are currently in place. The most important E-roads in Serbia are E-65, E-70, E-75, and E-80. For the most part, these are a part of Corridor X.

The total road network in Serbia consists of 610 km of motorways, 3,532 km of main or national roads, 10,743 km of secondary or regional roads and 29,346 km of other roads. On May 20 2019, the Government of Serbia announced that the country had completed the construction of the entire motorway of European transport Corridor X on its territory. The motorway project was concluded with the opening of the 26.3 km-long section in the Grdelicka Klisura canyon, which includes two tunnels and 36 bridges.

Corridor X connects Salzburg in Austria to the Greek port of Thessaloniki, passing through Slovenia, Croatia, Serbia and Macedonia. In Serbia, the project includes the construction of the Belgrade bypass motorway, as well as two separate sections, linking Nis to Levosoje, near the border with Macedonia, to the South, and to the border with Bulgaria to the east.

The total length of roads belonging to Corridor X running in the territory of the Republic of Serbia is 792km.

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43 https://seenews.com/news/serbia-completes-construction-of-its-part-of-corridor-x-motorway-654730 The construction of the motorways of Corridor X in Serbia financed by the European Investment Bank (EIB) was initially scheduled for completion at the end of 2017, but the complexity of works in the canyon of Grdelicka Klisura delayed the project.
The Belgrade–Bar motorway is a motorway to be built in Serbia and Montenegro, connecting Belgrade and Montenegro's main seaport of Bar. Italy, Montenegro and Serbia are lobbying to list the route with Pan-European corridors, and it is frequently referred to as a part of the proposed Corridor XI, or 4B – an envisioned ferry/motorway corridor linking Bari, Bar, Belgrade and Bucharest. From the Serbian side, the road's construction started in 2012 on the 40.3 km. section Ljig—Preševac on the northern part of the route, which was put into service in 2016.

**Railways**

According to Eurostat statistics, ‘Serbia had the highest rail network density among the enlargement countries in relation to its number of inhabitants, 0.53 km per 1,000 inhabitants in 2017, which was clearly above the EU-28 average. Indeed, Serbia was the only enlargement country to report a rail network density in relation to its number of inhabitants that was higher than in the EU-28.’

The data available in the Infrastructure of Serbian Railways JSC (Network statement) 2019 shows that the Serbian railway system consists of 3,735 km of rails of which 295 km is double track (7.9% of the network). Some 1,279 km of track, (33.6% of the network) is electrified. Serbia has rail links with all adjacent countries, except Albania. Railroads are categorised as “main lines”, "regional lines", "local lines" or "manipulative lines."

The main route of Corridor X in Serbia has a total length of 803 km and is the shortest line from Europe to Greece, Turkey, and the Middle East. However, only a small part of this Corridor X is a two-track railway, electrical equipment is technologically obsolete, and the Niš – Dimitrograd line is not electrified. The commercial speed in 2012 is about 50 km per hour. The goal for the railway Corridor X improvements is to allow average speeds reaching 120-200km/h by 2020.

Led by the vision to transform Serbia into the region's transport hub, in 2014 the Government of Serbia made the modernisation of railways a priority. According to the EC transport policy, the deadline for reconstruction of regional rail routes is 2050.

Neither the Network statement nor National statistics divide the network into ‘Core’ and ‘comprehensive’ networks. However, the Book of Projects (2018) notes that the Serbian SEETO network consists of 1414 km core and 1788 km comprehensive railway tracks.

**Waterways and ports**

Two international rivers, one interstate river, and a canal system account for the majority of available waterways. The most important waterway is the Danube River, considered a transport corridor of key importance in Europe. The Brussels Research Group stated, ‘As a Pan-European corridor VIII, it helps Serbian ports achieve a total turnover nearly nine million tons per year.’

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45. The Network Statement, since 2018 annually issued by the JSC is a document that contains all information in accordance with the Law on Railways of the Republic of Serbia (‘Official Gazette of the RS’ No. 41/18), and the Rules on Content and Form of Network Statement (‘Official Gazette of the RS’ No. 97/2013). [http://infrazs.rs/izjavaMreza/NETWORK%20STATEMENT%202019.pdf](http://infrazs.rs/izjavaMreza/NETWORK%20STATEMENT%202019.pdf)
46. Currently the speed is 40-50 km/h
Located at the intersection of the rail/road corridor X and Rhine Danube corridor, the Port of Belgrade is of international importance. Novi Sad Port is located in the vicinity of the rail/road TEN-T corridor X. Road connections between the port area and the corridor is 3km and rail connecting track only 300m long.\(^\text{50}\)

Although water transport is an economic, secure and ecological mode of transportation, it only contributes some 5% of overall transport of Serbia.\(^\text{51}\) During the period 2012-2018, investments in this area are missing.\(^\text{52}\) Nonetheless, under the Danube Strategy interventions Serbia has taken measures in the positive direction. Serbia is currently actively pursuing new markets, is modernising its fleet, investing in human resources, and working to ensure adequate infrastructure.\(^\text{53}\)

### Airports

Serbia has two international airports that are growing steadily and increasingly improving their infrastructure - Nikola Tesla Airport in Belgrade and Constantine The Great Airport in Niš.

The trend of passenger growth and good business results for Belgrade Airport continued, with the total number of passengers reaching 4.98 million in 2017 and 5.27 million in 2018,\(^\text{54}\) while Niš had 351,582 passengers in 2017.\(^\text{55}\) In January 2018, 25-year operating concession was awarded to Belgrade Airport when the French company Vinci, Europe’s largest construction and concession company, was chosen as the concessionaire partner, having offered to pay €501 million. Upon giving Airport Belgrade in concession, the constant investments in the airport will be additionally increased.\(^\text{56}\)

### Intermodal transport/hubs

Intermodal transport strongly relies on a well-developed system of intermodal terminals representing storage and transshipment spots between the different modes of transport. There are three partly-developed intermodal terminals in Serbia: the Railway Integral Transport Belgrade (RIT, having a capacity of 10,000 TEU\(^\text{57}\) a year) near the central railway station in Belgrade; at the port of Belgrade (capacity of 12,000 TEU a year), and at the port of Pančevo (capacity of 5,000 TEU a year). These employ mostly multifunctional equipment and universal devices that enable trans-shipment of containers and some Pack transport units.\(^\text{58}\)

The Network Statement 2019 points out that at the end of 2018 ‘on the public railway network of (RIT) IŽS there is only one intermodal transport terminal located within the Belgrade Marshalling Yard, until the reconstruction of station Belgrade Marshalling Yard and the construction of terminal ŽIT within station tracks.’\(^\text{59}\)

\(^\text{50}\) Source: [http://www.interreg-danube.eu/uploads/media/approved_project_public/0001/27/73f53f59745d05389b91577ed0a17ed0f17a6b07.pdf](http://www.interreg-danube.eu/uploads/media/approved_project_public/0001/27/73f53f59745d05389b91577ed0a17ed0f17a6b07.pdf)

\(^\text{51}\) The EU average is 15%. The Netherlands is at the forefront at over 40%.

\(^\text{52}\) The Danube inland waterway transport and its role in Serbia’s economic development. 4. 105-114. 10.15826/recon.2018.4.3.015. [https://www.researchgate.net/publication/332904187_The_Danube_inland_waterway_transport_and_its_role_in_Serbia’s_economic_development](https://www.researchgate.net/publication/332904187_The_Danube_inland_waterway_transport_and_its_role_in_Serbia’s_economic_development)


\(^\text{57}\) TEU is Twenty-foot equivalent unit, a measure used for capacity in container transportation


\(^\text{59}\) [http://infrazs.rs/izjavaMrezaNETWORK%20STATEMENT%202019.pdf](http://infrazs.rs/izjavaMrezaNETWORK%20STATEMENT%202019.pdf)
Intelligent transportation systems (ITS)

ITS has been implemented on some parts of Corridor X, namely in four tunnels on the Belgrade bypass. Equipment will be installed also on E-80 (Niš - Bulgarian border) and E-75 (Niš - Macedonian border), which are currently under construction. All sections under construction are designed in accordance with ITS requirements and installation is underway.

1.4. Key changes over the period 2012-2018 (EU Serbia)

1.4.1. Progress assessed under the EC Progress reports

Aiming to compare issues faced during the 2012-2018, among other information sources, the evaluation team has drawn on EU annual progress reports, Chapter 14 (Transport Policy) and Chapter 21 (Trans-European Networks). Findings are summarised below.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislative framework</td>
<td>Chapter 14:</td>
<td>Chapter 14:</td>
</tr>
<tr>
<td></td>
<td>There has been little progress in rail transport. Some progress can be reported in the area of road transport. Further alignment with recent road safety and dangerous goods acquis is still necessary. Some progress was made in the area of inland waterway transport. Good progress can be reported in the area of air transport. All 22 regulations implementing the Law on Air Transport have been published.</td>
<td>• Serbia has a good level of preparation towards aligning its transport legislation with the EU acquis. As regards the general transport acquis, key strategic documents for the transport sector are in place.</td>
</tr>
<tr>
<td>Public infrastructure</td>
<td>Chapter 21:</td>
<td>Chapter 21:</td>
</tr>
<tr>
<td></td>
<td>• Government investments have been constrained by a difficult budgetary situation and declined to 3.5% of GDP. • Serbia continues to need significant investments to improve and upgrade its physical infrastructure. • Works on major transport corridors (such as pan-European Corridor X) progressed, albeit slowly. Investments outside the main corridors are lagging behind. • The network statement has not been published (rail).</td>
<td>• Reflecting the new investment cycle, construction, which reached its lowest point in 2013, in 2018 has recovered to above 4% of GDP. • On road infrastructure, works to finalise the upgrading of the Orient East-Med corridor (corridor X, route 4 as well as part of route 7) continued, albeit with setbacks. Serbia hopes to complete the construction of the eastern section of the motorway of European transport Corridor X (linking the city of Nis to the border with Bulgaria) by November 2019. • In view of the deadlines for completing the core and comprehensive networks in the EU – 2030 and 2050 respectively – Serbia should harmonise its plans and prioritise investments in infrastructure accordingly. • The users-pay principle is fully applied when it comes to maintaining existing infrastructure and implementing new infrastructure investment plans. Transparency, assessment and</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Government policy</th>
<th>Chapter 14:</th>
<th>Chapter 14:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serbia is moderately advanced in its alignment with the acquis in the area of transport policy</td>
<td>Serbia is moderately prepared, and good progress has been made in transport policy alignment in its accession negotiations.</td>
<td></td>
</tr>
<tr>
<td>Some progress can be reported in the area of transport policy, particularly in road, inland waterways and air transport;</td>
<td>Critical areas with notable improvements include social legislation for commercial road transport, opening of the rail market, and transport accident investigation. Areas that still need improvements include; adopting legislation to increase road safety, and additional reforms of railways.</td>
<td></td>
</tr>
<tr>
<td>Little progress in Rail transport and combined transport.</td>
<td>However, there is a need to revise the overall transport sector strategy to be in line with EU guidelines for TEN-T.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Government capacity</th>
<th>Chapter 14:</th>
<th>Chapter 14:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The state-controlled monopolistic structures remain in a number of sectors (incl. transport, infrastructure) and the state continued to subsidise heavily the transport sector, which received almost a fifth of all aid.'</td>
<td>In 2018, Serbia achieved a high level of alignment with the acquis on public services obligations in the field of rail transport (^{62}) while this has yet to be realised for road transport.</td>
<td></td>
</tr>
<tr>
<td>Attention needs to be paid to fair market access;</td>
<td>Still ‘The institutional framework supporting new investment is weak.</td>
<td></td>
</tr>
<tr>
<td>There has been little progress in rail transport. The further transformation of Serbian railways JSC into a holding with four different daughter companies is ongoing.</td>
<td>Soft measures, like improving traffic management, maintenance and safety in all transport modes ... could potentially improve the performance of the transport sectors.</td>
<td></td>
</tr>
<tr>
<td>The railway regulatory body and independent accident investigation body have not been set up.</td>
<td>Transparency, assessment and prioritisation of investment needs are still weak.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public procurement rules are not always fully complied with, nor are they always fully compatible with EU standards, particularly in big infrastructure projects financed or implemented by non-EU companies.</td>
<td></td>
</tr>
</tbody>
</table>

\(^{62}\) Per the restructuring detailed above.

Table 2 Progress assessed under the EC Progress reports
1.4.2. Regulatory framework (legislation and institutional set-up)

Legislation and standards

As of the end of 2018, both Chapter 14 and Chapter 21 were open for negotiation. The Serbia 2019 Report shows that the general transport acquis and key strategic documents for the transport sector are in place (with exception of the Overall Transport strategy, which is still in draft).

In more details, positive changes in Legislation relevant for transport infrastructure, among other are:

The purpose of the adopted in 2011 Law on Public-Private Partnership (PPP) and Concessions is to create a favourable framework for promoting and facilitating the implementation of privately financed concession/PPP projects enhancing transparency, fairness, efficiency, and long-term sustainability in the development of the infrastructure and public services' projects in the Republic of Serbia.

Recent amendments to the Serbian Planning and Construction Law to become compliant with EU legislation have made the procedures for acquiring building permits much faster and more efficient.

The Expropriation Law adopted (2009) setting rules and procedures for land acquisition when the public interest is concerned. As a result, it is expected that major infrastructure construction bottlenecks will be overcome. Law of Public interest (2015) defines the public interest for expropriation of real estate.

At the end of 2016, the National Assembly of the Republic of Serbia adopted the Law on Airport Management, which creates the conditions to provide funds for the development, granting airports in concession (airports commercialisation). The law defines airport management as an activity of general interest.

The Government of the Republic of Serbia adopted three proposals of laws regulating the field of rail transport and securing a further development of the railways (in EU scale), opening the rail services market and enhancing railway safety. Laws regulated railway infrastructure management, provision of railway transport services, safety in railway transport and on the interoperability of the railway system.

Institutional reform

In 2014, the Ministry of Infrastructure and Energy was merged (partly) with the Ministry of Construction and Urbanism and become a Ministry of Construction, Transport and Infrastructure. Ministry of Energy was established separately.

The same year (2014), the Serbian government established the Coordination Body for Road Safety with Deputy Prime Minister and Minister of Construction, Transport and Infrastructure as its President. The main task of the Coordination Body is to initiate and monitor safety measures and road safety-related activities, to coordinate activities contributing to reduction of the number of accidents and fatalities.

65 http://koridorisrbije.rs/en/expropriation
accidents and their consequences, and to improve traffic safety and to propose National Strategy for Road Safety and the National Plan for Traffic Safety.

Reform in Serbian Railways: Aiming to make the railway sub-sector in Serbia profitable, economically responsible, efficient and competitive in the long run, under the conditions of liberalised railway transport market, in 2015 the restructuring of ‘Serbian Railways’ JSC become a fact. Effects of State Railways institutional reforms are summarised as follows: (i) Restructuring of the public enterprises working in the transport sector and introduction of result oriented management; (ii) Contractual relationship between IM and GoS (Multi Annual Infrastructure Contract), (iii) Introduction of railway infrastructure maintenance on the basis of the track condition analyses; (iv) Market opening; (v) Simplification of the border crossing procedures aiming at reduction of travelling time; and (vi) Implementation of the measures, which would improve the intermodal features of Serbian transport system.

1.4.3. Modernisation of Transport Infrastructure

Information on the work carried out and completed during this period can be gathered by comparing the physical assets (per transport mode) within the transport sector before the cut-off date of the current evaluation to the end of 2018.

Table 3: Serbia’s transport infrastructure

<table>
<thead>
<tr>
<th>Transport mode</th>
<th>Milestone 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.4.4. Road network</td>
<td>1.4.5. 40,485 km&lt;sup&gt;69&lt;/sup&gt;</td>
</tr>
<tr>
<td>1.4.6. Railway tracks (effective)</td>
<td>1.4.7. 3809 km&lt;sup&gt;70&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>1.4.8. Safety and speed improved; electrified- 1 278.4, Corridor X – 872 km; Major projects ongoing, value EUR 1.5 billion)&lt;sup&gt;71&lt;/sup&gt;;</td>
</tr>
<tr>
<td>1.4.9. Inland waterways</td>
<td>1.4.10. 1,680 km total; 587 km (primarily on the Danube and Sava Rivers); Total navigable 959 km&lt;sup&gt;72&lt;/sup&gt;</td>
</tr>
<tr>
<td>1.4.11. International airports</td>
<td>1.4.12. 2; Belgrade airport attracted 5.64 million passengers (2018). Since 2017: Belgrade airport is under concession</td>
</tr>
<tr>
<td>1.4.13. International Danube ports</td>
<td>1.4.14. 2 – Belgrade and Novi Sad</td>
</tr>
<tr>
<td>1.4.15. Intermodal terminals</td>
<td>1.4.16. 3 partly developed with total capacity 27 000 TEU</td>
</tr>
<tr>
<td></td>
<td>1.4.17. New Intermodal Terminal in Batajnica IPA 2015 Tender awarded November 2019.&lt;sup&gt;73&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<sup>69</sup> Serbia – Infrastructure article (2018) <a>https://www.export.gov/article?id=Serbia-Infrastructure</a>


<sup>71</sup> Serbia – Infrastructure article (2018) <a>https://www.export.gov/article?id=Serbia-Infrastructure</a>


<sup>73</sup> http://www.cfcu.gov.rs/dokumenti/sr/405_747664_can.pdf
1.5. **Key issues faced (2012-2018) - analysis**

For Serbia as a landlocked country, road, rail, air and inland waterway transport infrastructure and regional connections are extremely important. In this respect, availability and technical conditions of transport infrastructure are in high importance for economic and sustainable development point of view.

**i. Rail speed along the Corridors (technical conditions)**

Almost 55% of the Serbian railway network was built in the 19th century, and with technical parameters allowing a maximum speed of less than 60 km/h. Lack of continuous investment in the 2000-2010 decade in the rail transport infrastructure targeting asset management and development has resulted in outdated technology and infrastructure capacity and quality below EU standards. Currently throughout 66% of the network there are still significant speed limitations (among other, because of unsafe cross sections), while only 4% of it allows speeds higher than 100 km/h. For example, only a small part of Corridor X is a two-track railway, the electrical equipment is technologically obsolete, and the Niš – Dimitrovgrad line is not even electrified. The current commercial speed is about 50 km per hour.

The need for large investments to upgrade the railroad network to the standards required by modern rail infrastructure is well-acknowledged by the Government. In the last few years, as summarised in the previous chapter, Serbia has paid serious attention to and invested significant sums (mostly with international loans) in improving the situation. However, the question remains as to how much can Serbia can afford in the rehabilitation of the entire network.

**ii. Road conditions**

Besides inadequate funding for the National Road Network, asset preservation management and contracting practices remain inefficient and in need of modernisation. With some exceptions, competitive tendering of maintenance works is not used. In addition, the national road database and condition surveys managed by Roads of Serbia are not used for maintenance planning.\(^{74}\)

At the end of 2018, the quality of the road network in Serbia was still insufficient for the economic goals it has set for the future. The poor quality of roads lead to high vehicle operating costs and inadequate road safety (and reduces Serbia’s overall trade competitiveness). While the investments needed still face a gap, institutional arrangements for road asset management also contribute to the unsatisfactory outcomes in the sector. Even more, despite several infrastructural projects being supported by IFIs, the Roads of Serbia budget, in general, has been insufficient to meet annual needs for proper maintenance.

During the evaluation period, the biggest bottlenecks\(^ {75}\) are mainly the non-compliant road sections in unsatisfactory pavement condition and/or existence of rail level crossings, e.g. (i) Beograd – Bar (Serbia, Montenegro; 421 km); (ii) Road section Grdelica – Preševo (Serbia, 95 km); (iii) Road section Doljevac – Prokuplje - Kuršumlija – Merdare (Serbia, 84 km).

Despite developments in recent years (performance-based asset management contracts implemented), the statistical data collected by the World Economic Forum\(^ {76}\) in the last eight years

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\(^{74}\) Source WB report http://documents.worldbank.org/curated/en/777131468307520545/pdf/722870PAD0P127010Box374377B00OUO090.pdf


show that in terms of road quality Serbia and Bosnia and Herzegovina are the worst in the Western Balkan region.

iii. Road safety

The Traffic Safety Statistical report 2017\textsuperscript{77}, prepared by the Road Traffic Safety Agency and based on data on road accidents and their consequences, is available within the Integrated Database on Road Traffic Safety Characteristics in the Republic of Serbia\textsuperscript{78} and demonstrates a high traffic safety public risk\textsuperscript{79} due to the technical conditions of transport infrastructure.

Although relevant policy defined under the strategic documents, programmes, action plans and accident database are in place, more proactive actions could be implemented in relation to road infrastructure conditions. One ongoing step is the Road Rehabilitation and Safety Project (RRSP) supported by the World Bank, EIB and EBRD.\textsuperscript{80} The project aims at implementation of the National State Road Network Rehabilitation Programme 2014-2022.

1.6. Progress made in the transport sector (analysis)

An analysis of statistical data shows that after a period of expansion the growth in inland freight and passenger traffic halted in 2008, due to the global financial crisis which resulted in economic recession and falling domestic and international demand. During the recession period, road transport was the only mode demonstrating stable performance for freight traffic. Rail freight in 2007-2009 dropped by 31%; inland waterway transport decreased in 2006-2009 by 47%; while air transport performance dropped from 7.5 million tkm in 2004 to 2.7 million tkm in 2009, which represents a 64% reduction.\textsuperscript{81}

![Graph showing international inland freight transport in Serbia 2005-2015 in millions of tonnes]\textsuperscript{82}

\textsuperscript{78} Data from the Integrated Database on Road Safety Traffic Characteristics are publicly available through the WEB GIS application, at http://bazabs.abs.gov.rs/
\textsuperscript{79} public risk represents the likelihood of inhabitants dying in traffic, per one million inhabitants
\textsuperscript{82} University of Belgrade (Inland freight transport in Serbia: Trends and challenges survey http://logic.sf.bg.ac.rs/wp-content/uploads/Papers/LOGIC2017ID-13.pdf)
Transport sector performance recovery started in 2011/2012 with the renewal of economic growth with road freight traffic a dominant mode of transport. Rail transport was still low although it has had a slow, but constant growth. The Brussels Research Group analysis found that by the end of 2018 the transport sector was one of the fastest developing branches of the economy in Serbia. The sector accounts for nearly 15 percent of GDP and is a crucial sector in the economic competitiveness of Serbia. Within the sector, over 6,500 companies employ approximately 124,000 people, which accounts for 11.21% of national employment. Further, the analysis stated that the preferred mode of transport in Serbia is road freight that continues to increase rapidly. Railways, once the leader, is losing traffic. The water transport share remains low, but stable. This trend will continue until the massive infrastructure renewal plans (currently underway) further facilitate their use. As a result of significant investments, currently ongoing, and institutional reform related to opening the rail market, railways are expected to gain market share in the coming years.

According to the Serbian Statistical Office ‘The volume of transported goods in 2018, relative to the previous year, increased by 10.7%, with a simultaneous operations volume growth of 12.3%, expressed in km. A larger quantity of goods in 2018, relative to 2017, was carried in road transport, amounting to 29.0.’ The most prominent challenge to the transport sector’s development is the quality of the infrastructure which is increasingly being addressed.

86 A tonne-kilometre, abbreviated as tkm, is a unit of measure of freight transport which represents the transport of one tonne of goods (including packaging and tare weights of intermodal transport units) by a given transport mode (road, rail, air, sea, inland waterways, pipeline etc.) over a distance of one kilometre.
<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>LPI Rank</th>
<th>LPI Score</th>
<th>Customs Rank</th>
<th>Customs Infrastructur Rank</th>
<th>Infrastructur Rank</th>
<th>International shipments Rank</th>
<th>International shipments Rank</th>
<th>Logistics competence Rank</th>
<th>Logistics competence Rank</th>
<th>Tracking &amp; tracing Rank</th>
<th>Tracking &amp; tracing Rank</th>
<th>Timeliness Rank</th>
<th>Timeliness Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>2018</td>
<td>1</td>
<td>4.2</td>
<td>1</td>
<td>4.09</td>
<td>1</td>
<td>4.37</td>
<td>4</td>
<td>3.86</td>
<td>1</td>
<td>4.31</td>
<td>2</td>
<td>4.24</td>
<td>3</td>
</tr>
<tr>
<td>Sweden</td>
<td>2018</td>
<td>2</td>
<td>4.05</td>
<td>2</td>
<td>4.05</td>
<td>3</td>
<td>4.24</td>
<td>2</td>
<td>3.92</td>
<td>10</td>
<td>3.98</td>
<td>17</td>
<td>3.88</td>
<td>7</td>
</tr>
<tr>
<td>Belgium</td>
<td>2018</td>
<td>3</td>
<td>4.04</td>
<td>14</td>
<td>3.66</td>
<td>14</td>
<td>3.98</td>
<td>1</td>
<td>3.99</td>
<td>2</td>
<td>4.13</td>
<td>9</td>
<td>4.05</td>
<td>1</td>
</tr>
<tr>
<td>Austria</td>
<td>2018</td>
<td>4</td>
<td>4.03</td>
<td>12</td>
<td>3.71</td>
<td>5</td>
<td>4.18</td>
<td>3</td>
<td>3.88</td>
<td>6</td>
<td>4.08</td>
<td>7</td>
<td>4.09</td>
<td>12</td>
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</tr>
<tr>
<td>Kuwait</td>
<td>2018</td>
<td>63</td>
<td>2.86</td>
<td>56</td>
<td>2.73</td>
<td>45</td>
<td>3.02</td>
<td>98</td>
<td>2.63</td>
<td>67</td>
<td>2.8</td>
<td>96</td>
<td>2.66</td>
<td>59</td>
</tr>
<tr>
<td>Iran, Islamic Rep.</td>
<td>2018</td>
<td>64</td>
<td>2.85</td>
<td>71</td>
<td>2.62</td>
<td>63</td>
<td>2.77</td>
<td>79</td>
<td>2.76</td>
<td>62</td>
<td>2.84</td>
<td>85</td>
<td>2.77</td>
<td>60</td>
</tr>
<tr>
<td>Serbia</td>
<td>2018</td>
<td>65</td>
<td>2.84</td>
<td>78</td>
<td>2.6</td>
<td>74</td>
<td>2.6</td>
<td>57</td>
<td>2.97</td>
<td>80</td>
<td>2.7</td>
<td>76</td>
<td>2.79</td>
<td>62</td>
</tr>
</tbody>
</table>

Table 4: comparisons between the Serbian Transport sector and a number of global leaders and other countries ranked similarly with Serbia.
The Global Competitiveness Index (GCI), published annually by the World Economic Forum,\(^87\) assists in enhancing the understanding of the key factors determining economic growth and to explaining why some countries are more successful than others in raising income levels and opportunities for their population; hence it offers policymakers and business leaders an important tool in the formulation of improved economic policies and institutional reforms. To describe the complex notion of competitiveness, the GCI offers a comparative analysis of 12 major features of a competitive economy, from institutions to innovation\(^88\), in over 140 countries. The GCI is a comprehensive tool that measures the microeconomic and macroeconomic foundations of national competitiveness also used by the EC DG Mobility and Transport to rate the performance of EU Member states.\(^89\)

According to the Global Competitiveness Report (2011-2012), in 2012 Serbia ranked 95\(^{th}\) out of 142 nations,\(^90\) implying a need for improvement across the competitiveness areas covered by the report. Some indications of improvement are visible with Serbia ranking 65 (of 140) according to

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\(^87\) [https://www.weforum.org/reports/how-to-end-a-decade-of-lost-productivity-growth](https://www.weforum.org/reports/how-to-end-a-decade-of-lost-productivity-growth)

\(^88\) Institutions, infrastructure, macro-economic stability, health, primary and higher education institutions, goods market efficiency, labour market efficiency, financial market sophistication, technological readiness, market size, business sophistication, and innovation


\(^90\) The selection of presented countries was based on comparable size to Serbia (medium-sized European countries); proximity and/or facing similar issues in economic transition (Western Balkans); and status in relation to EU membership, as ‘new’ member state (2004 or 2007 enlargement), candidate country or potential candidate country.
the Global Competitiveness Index. Some particular detail in relation to transport infrastructure is valuable here.

For the purpose to define the key changes of the transport sector over the period 2012-2018, the evaluation focused on a second pillar (Infrastructure) used in 2018 report.

As an important factor determining the location of economic activities and sectors that can be developed, an extensive and efficient infrastructure is extremely influential for ensuring the effective functioning of the economy. Well-developed infrastructure reduces the effect of distance between regions, integrating the national market and connecting it at low cost to markets in other countries and regions.

1.7. International/ donor interventions

1.7.1. Serbia - needs for international assistance stated

In 2009 the General Transport Master Plan (GTMP) provided an analysis of planned transport infrastructure needs and financing.

<table>
<thead>
<tr>
<th>Year</th>
<th>Road</th>
<th>Rail</th>
<th>Inland waterway</th>
<th>Air</th>
<th>Total</th>
<th>Total financed through state budget</th>
<th>Total financed by loans (IFI's, private, IPA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>343.75</td>
<td>18.375</td>
<td>5.25</td>
<td>2.625</td>
<td>370</td>
<td>75</td>
<td>295</td>
</tr>
<tr>
<td>2013</td>
<td>343.75</td>
<td>18.375</td>
<td>5.25</td>
<td>2.625</td>
<td>370</td>
<td>75</td>
<td>295</td>
</tr>
</tbody>
</table>

Table 5 - Transport infrastructure financing per the GTMP

The needs of the transport sector were indicatively presented in the Development Strategy of Railroad, Road, Air and Intermodal Transport in the Republic of Serbia, 2008-2015, the GTMP and the strategic document Needs of the Republic of Serbia for International Assistance (NAD). Two NAD documents have been prepared, respectively for the periods 2011-2013 and 2014-2017 (this second includes projections through 2020). The NAD 2011-2013 was prepared by MEI in cooperation with the relevant national authorities and following a wide consultation process with development partners and civil society and reflects the most urgent issues and addressed priorities for plugging gaps in relation to the requirements of the mentioned strategy and planning documents. The document defines the following mid-term goals (i) Increase the effectiveness of all transport modes and the transport system as a whole; (ii) Increase the capacity and quality of transport infrastructure and services within the Pan-European Transport; and (iii) Strengthen and gradually liberalise transport market. In 2013 the Government of Serbia adopted a methodology for selection and prioritisation of infrastructure projects which resulted in the Single Project Pipeline (SPP):

‘... methodology for Selection and Prioritisation of Infrastructure Projects (hereinafter the Methodology). The Methodology has been developed by the Serbian European Integration Office (SEIO) and adopted by the Government in 2013, and has been tested during 2013-2014 with the cooperation of the responsible sector Ministries for the following sectors: Environment (water/wastewater treatment and solid waste management); Transport; Energy and Business Development (industrial zones, business parks, incubators). The Methodology allows the identification of strategically significant projects and their prioritisation into sequenced project pipeline - Single Project Pipeline (SPP) for investments.94

After the Council of the European Union approved opening negotiations on Serbia’s accession in January 2014, the forecast dramatically changed. As a part of the Government’s economic and reform programme in full compliance with the EU transport connectivity agenda and Serbia’s path to achieving full EU membership, during the three years’ period 2014-2016, infrastructure projects of total value of around six billion euro (average 2 billion annually) have been initiated, accelerated or completed.95 Supported by WBIF,96 Serbia has succeeded in developing the Single Project Pipeline (SPP). In September 2018 the transport Single Project Pipeline contained a total of 27 strategic priority projects whose funding is planned by 2027 short-listed projects at a total cost estimated 4.292 billion Euro. The shortlist applies the Government of Serbia’s priority for railways and incorporates 11 railway infrastructure projects, 5 road project, one combined road/ rail project, five inland waterway projects, two air traffic infrastructure projects and one intermodal project.97 In 2015, the Ministry stated ‘Costs calculation and rating of individual projects within specific transport modes estimated a total cost of €15 billion public investment required for transport infrastructure development in 2010-2027.’ 98

1.7.2. Investments during the evaluation period

The Donor-Funded Assistance to Serbia report (2017)99 stated, ‘Year 2011 was characterised by a stable political situation and a wide consensus resulting in significant steps and commitments towards EU integration. This resulted in the highest recorded level of development aid disbursed to Serbia. In the following years 2012, 2013 and 2014 aid levels have shown a declining trend.’ This was caused by frequent bottlenecks in relation to Serbia’s absorption capacity of large donor funds.100

The Book of Projects101 provides an overview of investments in transport defined and financed in accordance with the established priorities:

95 https://www.mgsi.gov.rs/en/projects
96 https://wbif.eu/sectors/transport
97 https://www.mgsi.gov.rs/en/projects
98 https://www.mgsi.gov.rs/sites/default/files/PROJECT%20202015.pdf
100 European Court of Auditors, Special Report: EU Pre-accession Assistance to Serbia
The table above indicates that during the period 2004-2016 the Government has strongly prioritised roads. The situation in investment in transport infrastructure development began slowly to change when the Government approved the SPP. The line Ministry stated that applying the strategic approach, ‘In the period up to the year 2020 the Republic of Serbia is planning to additionally invest close to 6,0 billion EUR into transport infrastructure projects with the ratio 3 : 1 in favour of investments to railway projects.' At the end of 2018, Serbia has a good number of huge infrastructure projects underway. Serbia hopes that when the projects are completed, the country will be a primary transport and logistics hub, and better connected with the rest of the region.

**Railways**

In 2019, Serbian Railways - Infrastructure stated in a press release[^103] that reconstruction and maintenance works on 402 km of national and regional railways in Serbia had been launched in early 2019 and included a total value of works estimated at 960 million EUR. Adding the 516 km of railways reconstructed in the four years 2015-2018, a total of 1.5 billion EUR have been invested in the modernization and reconstruction of the railway network in Serbia. The company modernised 27 tunnels, with 4 tunnels on Donja Borina – Zvornik and Kraljevo – Raska line being completed. Four other tunnels between Bor and Majdanpek and 15 tunnels on the Šargan Eight (Serbia’s narrow-gauge heritage railway) are being reconstructed.[^104] In addition, in the past two years, Serbian Railways - Infrastructure reconstructed and modernized 40 railway stations and installed


[^104]: [Serbia prepares new rail modernisation projects Railway Pro communication platform](https://www.railwaypro.com/wp/s/serbia-prepares-new-rail-modernisation-projects/)
automatic systems at 17 level crossings. Total funds intended for railways are 4.5 billion EUR with
loans from EIB, EBRD, Russia and China. The WBIF and national financing also contribute.

Roads

In 2012, the implementation of the Action Plan for the construction of Road Corridor X advanced
on the stage of procurement (several sections on the E80 (Nis-Dimitrovgrad), E75 (Nis-Macedonia
border) and the Belgrade bypass. When comparing the latest data to 2011/2012, there is a visible
growth in road transport infrastructure investment in Serbia, with the key motivation of improving
regional connectivity. Among others, the following large projects are mentioned:

- Corridor X, E-75 South branch, Nis – FYR Macedonia border project launched in 2011
  (investment value 610 million Euro105) being supported by International Bank for
  Reconstruction and Development, (WB), EIB, Hellenic plan for Economic Reconstruction of the
  Balkans (HiPERB), IPA 2010 and WBIF. Total length of this route is 74.22 km.
- Corridor X - EAST Е-80 (traffic direction: Nis – Republic of Bulgaria border) project launched in
  2011, length of 86.9 km, budget approximately 346 million Euro om loans from EIB, EBRD and
  WB
- Route Е-763: Belgrade - Pozega - Boljare (border with Montenegro), Length: 258,6 km. funding:
  World Bank loan – Construction of Corridor X project.
- Belgrade By-pass project, 22,34 km, financed under EBRD and EIB, loans, Budget of The
  Republic of Serbia, project cost 115 million Euro.

Since 2013, the Road Rehabilitation and Safety Project implemented by the World Bank106 (total
budget cost is US$ 393.01 million, committed US$ 100) is ongoing on 1,100 km (54 sections) of
the state road network, as well as the construction projects on the sections of Corridor 10 and
Corridor 11. The development objective of the Road Rehabilitation and Safety Project for Serbia is
to improve the condition and safety of the national road network for road users by supporting the
Serbia in the implementation of the first phase of its National Road Network Rehabilitation Program
(NRNP). There are three components to the project: The first component is road rehabilitation
and safety investments, this component will finance periodic maintenance and rehabilitation works,
partial pavement widening, works concerning traffic signalization. The second component is
institutional strengthening (support to road safety inspections and the implementation of soft
measures). Third component aimed at strengthening road rehabilitation and planning processes
(road condition survey, an update of the national road database, institutionalizing the development
of multi-year maintenance plans). In addition, the asset management is supported via development
of a strategic plan for Performance-Based Maintenance Contract (PBMC).

Waterways

After years when the waterway transport in Serbia suffered from insignificant investments, there is
now a project financed partly from the Connecting Europe Facility (CEF) funds. Under this first
mono-beneficiary project “Upgrade of the Iron Gate I navigational lock107 CEF will grant 40% (EUR
11.4 million) for the rehabilitation of the river lock Iron Gate 1, while the remaining 60% is being
provided from the EIB (total project costs are estimated to be €28.5 million). The grant agreement
was signed in late 2017. Aiming to assist compliance of Serbian navigation with standard EU
requirements for inland waterway transport, the project has been identified as a crucial priority for
the extension of the EU's core transport network to the neighbouring countries, as well as for

105 Data extracted from the Project book 2014
eliminating cross-border bottlenecks and fostering transport connections between Serbia and Romania.

Meantime, along the Danube River, relatively small grants and/or investments were provided for River Information Service (RIS) implementation.\textsuperscript{108}

**Airports**

The state of infrastructure and equipment at Serbia’s key airports, Nikola Tesla in Belgrade and Constantine the Great in Nis was inadequate at the beginning of 2014. The founding of the Air Serbia company in late 2013 strengthened the need of modernisation. In 2017 Belgrade airport exceeded its maximum project capacity and after a transparent procedure a concession was issued with a French partner. The concessionaire agreed to pay 501 million Euro in advance, to make investment of 732 million Euro, and to pay a concession annually for a 25-year period (amounting to approximately 250 million Euro).\textsuperscript{109}

Nis airport development accelerated in 2014 with the supply of equipment. Ownership was returned to the state and the Republic of Serbia invested 9.8 million Euro in Nis airport in operational work and capital investments from 2014-2018 and an additional 1.5 million Euro was invested in September 2018 for capital investments alone.

Figure 4: Belgrade Airport passenger numbers

Following the tension between Serbia and Kosovo in 2009, passenger numbers at Belgrade Nikola Tesla Airport dropped more than 10% - since then the airport has seen uninterrupted growth for a decade.\textsuperscript{110} In 2017, Belgrade Nikola Tesla Airport exceeded its maximum potential of the 5 million-

\textsuperscript{108} http://www.plovput.rs/river-information-services
passenger mark by handling 5.34 million travellers, up 3.2% versus the 4.93 million that it processed in 2016. Aimed to support the airport extension, a concession was signed with an appropriate business plan.

**Who are the key contributors and/or investors?**

In the field of transport, the main MIPD (2011-2013) goal is to promote the integration of Serbia into the European transport network (with focus on rail and road transport and inland waterways) and to promote sustainable economic growth. Among the specific objectives are the national administration capacity development strengthening to adopt and implement the EU *acquis*, in particular with regard to the restructuring and market opening of the rail transport sector.

Officially launched in December 2009, the Western Balkans Investment Framework (WBIF)\(^{111}\) is a financial initiative that pools grant resources in order to leverage loans for the financing of priority infrastructure and socio-economic development in the Western Balkans. To maximise the impact of EU/EC-funded facilities IPA sources were/are blended with grant contributions from the Council of Europe Development Bank (CEB), the EBRD, the EIB, World Bank and KfW\(^{112}\) loans (and grants), as well with bilateral donor contributions.

Starting in 2010 with an allocation of some resources to conducting relevant research and analysis, WBIF contributed to identifying and underpinning investment decisions, and until the end of 2011 WBIF allocated to Serbia €31.8 million. The process was further strengthened and at the end of 2018 the total investments to Serbia under WBIF are €4.9 billion. With respect to loans to the Transport sector Serbia signed financial agreements for more than 60% out of €2.2 billion total amount, an average of 110 million per project.\(^{113}\) The largest individual cumulative pledges to date have been made by Norway, Sweden, Austria, Germany, United Kingdom, and Italy. The WBIF has helped prepare and implement essential infrastructure developments to Transport sector. Transport routes by road and rail have been designed for expansion and/or improvement. Urban transport assignments in Belgrade are currently ongoing with a view to increasing public transport capacities and reducing its carbon footprint. Expected results from WBIF ongoing transport project, among other are 90 km of new high-speed roads and 220 km of railway lines rehabilitated.\(^{114}\)

**The WBIF in Serbia\(^{115}\)**

The WBIF has supported 34 projects with an estimated value of EUR 4.9 billion in Serbia. The country has benefited from 54 grants for technical assistance and investment works with an overall value of EUR 191.4 million, of which EUR 167.4 million comes from the EU and EUR 24 comes from other donors. The WBIF financed institutions have extended a further EUR 2.3 billion in loans signed on 20 projects.

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\(^{111}\) [https://wbif.eu](https://wbif.eu)

\(^{112}\) German state-owned development bank - [https://www.kfw.de/KfW-Group/](https://www.kfw.de/KfW-Group/)


\(^{114}\) [https://wbif.eu/beneficiaries/serbia](https://wbif.eu/beneficiaries/serbia)

\(^{115}\) [https://wbif.eu/storage/app/media/Document%20PDFs/Serbia%20and%20the%20WBIF.pdf](https://wbif.eu/storage/app/media/Document%20PDFs/Serbia%20and%20the%20WBIF.pdf)
By the end of 2018, bilateral donor contributions reached €85 million, including €5.2 million transferred from the EBRD Western Balkan Fund at the inception of the WBIF. During the period 2012-2018, the top donors to the Transport and storage cluster in Serbia are: EU (including bilateral and multilateral partners), EBRD, EIB, World Bank, Russian Federation and China. The EU invested in Serbia’s transport infrastructure (Sloboda, Žeželj and Gazela bridges, roads and border crossings). IPA II 2014-2020 is focusing to continue the support for further harmonisation of sector legislation and standards with transport acquis; better infrastructure and regional connectivity; increased intermodal transport and better navigation conditions in inland waterways.

Analysing the reasons for road asset management unsatisfactory performance, the Government of Serbia requested assistance from the EU and the World Bank in mainstreaming Performance Based Maintenance Contracts (PBMC) in Serbia. This resulted in the previously mentioned World Bank-supported Road Rehabilitation and Safety Project linking disbursements for road rehabilitation to progress in the implementation of PBMC in line with MoCTI plans.

The World Bank also contributes to addressing this issue through the programme for Enhancing Infrastructure Efficiency and Sustainability. The sectoral split of this multi-sectoral operation is 60% Transport and 40% Energy. The transport program is envisaged as a common platform for implementation and support for two relatively unrelated sectors’ programs: (i) Roads Maintenance Program and (ii) Program for Reconstruction and Improvement of State-Owned Public Facilities. Environmentally significant aspects of the Program include maintenance management and road network resilience. Transport component will effectively improve road safety and introduce a novel performance-based contract management system that will result in cost savings for the road maintenance works.

[Figure 5: The WBIF in Serbia]

China is very active (mostly in the form of loans) in infrastructure investments to Eastern and Southern Europe with a view to connecting the region to China’s *One Belt One Road* initiative.\(^{117}\) The Legal briefing: Serbia infrastructure paper stated, ‘In 2016, Serbia and China established a comprehensive strategic partnership and signed a total of 22 agreements on cooperation pertaining to the sectors of construction, infrastructure, telecommunications, trade, defence, and media.’\(^{118}\) As a result, 2.6 billion Euro loans was negotiated for intervention in transport and energy. In terms of transport project implementation, Serbia became China’s a key collaborate in the region. For example, the Sino-Serbian Friendship Bridge across the Danube in Belgrade is a project completed in 2014 (of $260 million). In 2016, Serbia and Beijing signed an agreement for the construction of a Belgrade-Budapest high-speed railway. Meantime Sections of the European motorway XI are also financed.

Among the largest projects along the Railway Corridor X is the reconstruction and modernisation (reconstruction of the existing railway and construction of the new track to provide a double-track railway) of Belgrade – Budapest Railway (188 km), financed by the Russian Federation (loan), and reconstruction of the remaining part of the railway line performed based on several agreements between the Republic of Serbia, Hungary and China.\(^{119}\)


1.8. Overview of EU interventions in the transport sector

1.8.1. Relevant dialogue and platforms

During the period 2012-2018/2019, the policy environment and dialogue was dynamic, which was reflected in the transport sector.

- After the Council of the European Union’s recommendation of 28 February 2012, Serbia received full candidate status on 1 March.
- On 28 June 2013, the European Council endorsed the Council of Ministers conclusions and recommendations to open accession negotiations with Serbia.
- In November 2013 Serbian authorities have adopted the methodology, which defines both eligibility and selection criteria for investment projects (to serve for the Investment Project Pipeline development).
- In December 2013 the Council of the European Union approved opening negotiations on Serbia’s accession in January 2014.
- In 2014 the Connectivity agenda was launched aiming to improve the links within the Western Balkans and with the EU from the start. In the context of the WB6 an indicative extension of the Trans-European Transport network (TEN-T) including core network, core network corridors and pre-identified priority projects for infrastructure investment has been defined. Extending the TEN-T core network corridors to the Western Balkans ensures closer integration with the EU as well as the basis for leveraging investment in infrastructure, such as EU support through the Western Balkans Investment Framework (WBIF) and the Connecting Europe Facility (CEF).
- The Indicative Strategy Paper (ISP revised) launched, therefore closely mirrors NAD regarding the priorities for EU assistance during seven years’ period (2014-2020).
- Following EC request, since 2014 Serbia has adopted a single investment project pipeline, which includes the most strategic priority investment projects in the environment, transport, energy and competitiveness sectors for the coming years.
- Serbia continued to participate in the work of the South-East Europe Transport Observatory (SEETO).
- The Sustainable Development Goals (SDGs) of the Agenda 2030 formally came into effect on 1 January 2016.
- In 2017, Serbia and the UN launched the Development Partnership Framework for the period 2016 to 2020 aiming at implementation of the Agenda 2030 and Sustainable Development Goals (SDGs).
- The signing of the Transport Community Treaty in 2017 provided for a binding legal framework for the transposition of the EU acquis related to transport, independently from the status of accession negotiations.

120 The Connecting Europe Facility (CEF) for Transport is the funding instrument to realise European transport infrastructure policy. It aims at supporting investments in building new transport infrastructure in Europe or rehabilitating and upgrading the existing one. https://ec.europa.eu/inea/en/connecting-europe-facility
121 https://ec.europa.eu/transport/themes/international/enlargement/westernbalkans_en
123 https://www.seetoint.org
124 The European Commission is committed to sustainable development and implements the goals of the Agenda 2030 through the operationalisation of policies, funds and management instruments, with a strong focus on monitoring progress on the ground. https://rsjp.gov.rs/EN/wp-content/uploads/2018/07/Agenda_2030_i_Srbija_-_Report_ENGLISH_2802.pdf
Serbia also participates in the EU Strategy for the Danube Region (EUSDR)\textsuperscript{127} and the EU Strategy for the Adriatic and Ionian Region (EUSAIR),\textsuperscript{128} which are macro-regional strategies to enhance cooperation, socioeconomic development and territorial cohesion among the Member States and non-EU countries in the respective regions.

Serbia is a signatory to the European Common Aviation Area (ECAA)\textsuperscript{129} agreement between the European Union and its Member States and the Western Balkans. Cooperation with the European Commission, primarily with the Directorate-General for Mobility and Transport (DG MOVE)\textsuperscript{130} and the EU Delegation to Serbia, in order to monitor the implementation of the Multilateral ECAA Agreement is ongoing;

The European Commission adopted a strategy for ‘A credible enlargement perspective for and enhanced EU engagement with the Western Balkans,’\textsuperscript{131}

On 14 June 2018 the European Commission published its legislative proposal for a regulation establishing IPA III 2021-2027,\textsuperscript{132}

At the end of 2018, both Chapter 14 (Transport policy) and Chapter 21 (TEN-T) were opened for negotiation.

As important evidence for Serbia’s commitment to bilateral relations with other enlargement countries and neighbouring EU Member States, as well as an award for the country’s active participation in regional cooperation, an agreement on the headquarters of Transport Community Treaty Permanent Secretariat to be located in Belgrade was signed on 31.01.2019.\textsuperscript{133}

1.8.2. EU support to Serbia framework: Strategic document

The Indicative strategy paper (ISP) 2014-2020 and ISP 2014-2020 (revised) set ‘the objective of EU assistance is to further align the Serbian transport legislation with the acquis and to improve implementation and enforcement capacity, to enhance regional cooperation and transport infrastructure planning in line with the South East Europe Transport Observatory (SEETO) network development plan and to promote sustainable and low-carbon transport as well as to contribute to the rail reform process’.

The revised Indicative Strategy Paper (ISP) 2014-2020 stated ‘Over the period 2007-13 nearly EUR 150 million of IPA funds were committed for the transport sector (incl. within MIPD 2011-2013 framework, mainly for harmonisation of legislation with the acquis, implementation of the ECAA agreement, construction and supervisory works (in connection to IFI loans) on Corridor X and on development of river information services and river training and dredging on Corridor VII. Serbia also benefited from WBIF funding and IFI loans from EIB (around EUR 905 million), EBRD (around EUR 430 million) and the World Bank (around EUR 388 million). From bilateral donors especially the Hellenic Plan, the Czech Republic and China have provided support in this sector.’\textsuperscript{134}

Total disbursements under IPA component I (transport) during the period 2007-2013 amounted to 104.8 million EUR. The EU has increased support for capacity building activities including

\textsuperscript{128} https://www.adriatic-ionian.eu
\textsuperscript{129} https://ec.europa.eu/transport/modes/air/international Aviation/external Aviation_policy/neighbourhood_en
\textsuperscript{130} https://ec.europa.eu/transport/home_en
\textsuperscript{133} TCT replaces SEETO, applying in the field of road, rail, inland waterway and maritime transport and aims also at developing the transport network between the EU and the six Western Balkan Parties.
harmonization process through projects such as Implementation of the European Common Aviation Area Agreement in air transport and twinning with regard to the Acquis Communautaire.

Additional IPA funds were committed targeting Cross-Border Cooperation (CBC)\textsuperscript{135} and the Project Preparation Facilities (PPF).\textsuperscript{136}

Substantial funds were allocated to:

- Improvement of the navigation conditions on the Danube (working on 6 out of 24 critical sections of Danube river);
- To the railway track condition analysis;
- The development of technical documentation for intermodal terminal establishment;
- Preparation of documentation for railway infrastructure modernization;
- Support to project management and supervision of construction works on the road corridors, including the construction of Žeželj Bridge on the Danube River in Novi Sad, co-financed by the national funds;
- Assistance to Serbian Railways JSC in restructuring of selected fields (IPA 2008);
- Technical assistance to the Railway Directorate (EBRD, 2011) and the PIU within JSC Railways of Serbia (EBRD/WBIF, 2011).

Assistance is provided through twinning, technical assistance, supplies of equipment and investments. Funding includes blending of IFI loans and IPA II grants, foreseen under WBIF framework, which receive IPA II funding from the IPA II multi-country programme.


\textsuperscript{136} http://www.mei.gov.rs/eng/funds/mei-projects/project-preparation-facilities-ppfs/
EU Activities (selection)
Projects identified under SEETO Strategic Work (implementation of the RW Addendum of the MoU, harmonisation of transport related border crossing procedures and improvement of road safety (IPA);
Enhancement of road, railway and intermodal infrastructure (IPA)
Orient/East - Med Corridor: Serbia – Bulgaria C Xc Rail Interconnection (Connectivity project, preparation phase)
Construction of Corridor X (E-75 & E-80) Motorway – Serbia (WBIF)
Support and assistance to the Sava Commission and the countries cooperating under the FASRB (HR, BA, RS, SI as well as ME)
Accelerate Serbia's preparations for the absorption of the EU funds by supporting the development of a PPP in the environment, transport, energy and regional competitiveness sectors (IPA)

**Figure 6: transport logic model**

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Outputs</th>
<th>Outcomes</th>
<th>Specific Impacts</th>
<th>Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Timeframe:</strong> 2012-2018</td>
<td>Support for alignment of the Serbian transport legislation and the acquis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Budget:</strong> EUR 90,782,109</td>
<td>Support for strengthening Serbian administrative capacity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financing modalities:</strong> Twinning, TA, calls for proposals, Service contracts, supplies of equipment and investments. Grants and Blending of IFI loans and IPA II grants / multi- country programme (through WBIF). Connecting Europe Facility (CEF) actions.</td>
<td>Improvements in the SEETO comprehensive network, especially on Corridors X, Xb, XI, Route 4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Technical inputs:</strong> Financial support</td>
<td>Support on Corridor VII provided for implementation of the hydro-technical works and dredging of the riverbeds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SEETO network improved</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Corridor VII improved in line with the Danube Commission standards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Enhanced regional cooperation and transport infrastructure planning (&amp; construction) in line with SEETO network development plan;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Intermodal transport and connectivity of transport modes improved</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investment project ready for implementation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rail reform process implemented in line with the EU Railway packages</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rail reform in line with EU railway legislation.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Expanded, improved and safer transport networks, which attract new investments to the poorer regions, improve the quality of regional life, promote trade and contribute to the improvement of relations with neighbouring countries (GTMP 2009-2027 Objective)
1.9. Actions

IPA funds available for transport (based on CRIS database) during the period 2012-2018 were 90.78 million Euro, or 11.35 million Euro annually (contract plan). Of these, 5.19 million Euro annually (average) has been paid. In addition, a grant of 17 million Euros on average annually is available under the WBIF. An initial analysis of the data provided for centralized management of funds in the transport cluster in 2012-2018 shows the following:

The transport sector falls under one single DAC 3 code, 210. The majority of the contracted IPA funds have been allocated under sub-sector 21010 ‘transport policy and administrative management’. Road and rail transport come second and third in importance, while water and air transport are the least funded areas.

The breakdown of all centralised/decentralised contracts is as follows:

<table>
<thead>
<tr>
<th>DAC code</th>
<th>Description</th>
<th>No. contracts</th>
<th>Total contract value (EUR)</th>
<th>Total paid (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>21010</td>
<td>Transport policy and administrative management</td>
<td>3</td>
<td>62,535,750</td>
<td>9,886,410</td>
</tr>
<tr>
<td>21020</td>
<td>Road transport</td>
<td>9</td>
<td>13,531,914</td>
<td>11,959,188</td>
</tr>
<tr>
<td>21030</td>
<td>Rail transport</td>
<td>12</td>
<td>11,314,634</td>
<td>11,084,386</td>
</tr>
<tr>
<td>21040</td>
<td>Water transport</td>
<td>5</td>
<td>3,242,573</td>
<td>3,242,573</td>
</tr>
<tr>
<td>21050</td>
<td>Air transport</td>
<td>1</td>
<td>157,238</td>
<td>157,238</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30</td>
<td>90,782,110</td>
<td>36,329,795</td>
</tr>
</tbody>
</table>

Table 7 - Breakdown of contracts by DAC 5 code

In terms of contracting modality, the breakdown is as follows:

<table>
<thead>
<tr>
<th>No. contracts</th>
<th>Total contract value (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>23. Supplies</td>
<td>24. 3 25. 2,634,774</td>
</tr>
<tr>
<td>26. Works</td>
<td>27. 3 28. 4,500,828</td>
</tr>
</tbody>
</table>
Centralised/direct management

Initial analysis of the data provided for centralised management of funds in the transport sector (2011-2018) shows the following information on the 28 funded projects:

- 2 x DAC 21010 – Transport policy and administrative management
- 9 x DAC 21020 – Road transport
- 11 x DAC 21030 – Rail transport
- 5 x DAC 21040 – Water transport
- 1 x DAC 21050 – Air transport
- Contract 381294 (DAC 21020) in 2015/2016 involved purchase of vehicles for an emergency situation is outside the scope of this evaluation.
- Thirteen contracts are over EUR 0.5 million.

Decentralised/indirect management (Govt of Serbia)

Contracts/ disbursements in this section are a component of the line above National Funds (ELARG). Seven contracts in the sector are listed in the data from the Government of Serbia, totalling a contract value of EUR 13.9 million. Four of these contracts relate to river transport and navigability, while one is connected to overall management of the sector, one to road safety and one to transport infrastructure (intermodal terminal). These are shown below.

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>40.</td>
<td>48-00-19/2015-28</td>
<td>41.</td>
<td>Twinning</td>
<td>42.</td>
<td>Strengthening the Administrative and Performance Capacity of the Ministry of Transport and Transport Institutions</td>
<td>43.</td>
<td>Closed</td>
<td>44.</td>
<td>1,750,000</td>
</tr>
<tr>
<td>45.</td>
<td>48-00-00006/2016-28</td>
<td>46.</td>
<td>Supply</td>
<td>47.</td>
<td>Supply and installation of equipment for navigation monitoring system on the Danube River</td>
<td>48.</td>
<td>Open</td>
<td>49.</td>
<td>973,273</td>
</tr>
<tr>
<td>50.</td>
<td>48-00-000208/2014-28</td>
<td>51.</td>
<td>Supply</td>
<td>52.</td>
<td>Supply of Road Weather Information System (RWIS), equipment, software and training</td>
<td>53.</td>
<td>Open</td>
<td>54.</td>
<td>329,100</td>
</tr>
</tbody>
</table>

Of the total funds for the sector, EUR 60.76 million is a transfer to the Government of Serbia for funding through indirect management (Annual Action Programme Serbia IPA 2015 - Objective 2 - Indirect management). Of this, EUR 8.4 million had been transferred to the Government of Serbia as of mid-2019.
1.9.1. Project selection for desk review

There are four main areas of intervention by the EU with IPA funds in Serbia’s transport sector. These are:

- Contributions to the construction of the Corridor X transport route.
- Support for the construction/reconstruction of the Žeželj road and rail bridge in Novi Sad.
- Support for the improved navigability of the Danube river (Corridor VII).
- Support for comprehensive railway reform.

The inception report proposed four ‘interventions’ for a more detailed review at this desk-top stage and during field research. The use of intervention was made to package a number of related contracts into a single coherent analysis and discussion. The four interventions selected were:

- Žeželj bridge
- Railway transport reform
- Transport policy
- Corridor X

Ten contracts were selected for in-depth research, with a total value of EUR 22.2 million. These provide a broad range of representation for the sector:

- 9 centralised, 1 decentralised management (all aspects of transport policy).
- 5 closed, 4 ongoing
- 1 twinning (this is the decentralised project on transport policy), 1 works contract, 8 services
- Five projects were contracted in the period before and including 2014, and five after 2014.

The following table shows the extent to which the proposed sample covers the totality of contracts in the sector during the evaluation period.
<table>
<thead>
<tr>
<th>Centralised/decentralised</th>
<th>No. contracts</th>
<th>Total contract value</th>
<th>No. proposed sample contracts</th>
<th>Total contract value of proposed sample (EUR)</th>
<th>% coverage by proposed sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised</td>
<td>28</td>
<td>30,018,237</td>
<td>9</td>
<td>20,481,753</td>
<td>68%</td>
</tr>
<tr>
<td>Decentralised</td>
<td>1</td>
<td>13,883,528</td>
<td>1</td>
<td>1,750,000</td>
<td>13%</td>
</tr>
</tbody>
</table>

Table 10 - Details of the sample of projects to be further analysed

A brief resume of each of the selected interventions

The Žeželj Bridge in Novi Sad

The Construction of the (rail/road) Žeželj Bridge across the Danube River in Novi Sad was one of the priority projects in the Master Plan for IWW Transport in Serbia (2006). The Bridge is located on the route of the International Railway Line Belgrade – Novi Sad – Subotica (Budapest) in the metropolitan area of the city of Novi Sad. The new Žeželj Bridge (within the European Rhine-Danube Corridor) was reconstructed at the same location using the foundation of the bombed bridge. The project was launched in April 2012 and the bridge was re-opened on 1 September 2018 - the Project’s total budget was 60,000,000 EUR.

Because of extended construction period three (instead of initially planned one) contracts focusing on ‘Supervision of the Design & Build Reconstruction Works of Žeželj Bridge in Novi Sad’ programmed under IPA 2008 were signed (IPA contracts signed in 2011, 2014 and 2014) with a total value planned 3,463,195 Euro. Two of these contracts (2011 and 2014) are closed, while the third one is still ongoing. Under these contracts supervision of the reconstruction of the Žeželj railroad bridge was undertaken.

An important component of this intervention was the construction of access road to Žeželj Bridge, with a total investment value of 4.1 million Euros funded from IPA funds. IPA 2017 – 226,585 EUR for Supervision of Works for Construction of Žeželj Bridge Access Roads was also secured. The access road works commenced in April 2017.

It is noted that extensive documentation for this intervention was not available during the desk phase of the evaluation. Some limited documentation was available and is referenced in the table below.

Rail transport reform

The second transport implementation to be analysed as part of the evaluation is related to rail transport reform.

One component of this intervention was the project Technical assistance to the Ministry of Construction, Transport and Infrastructure (MoCTI) and the State-owned railway companies in Serbia — comprehensive railway reform. The project was under the IPA 2014 Annual programme with a contract amount of Euro 1,661,000. The purpose of the project was to provide all necessary support to beneficiaries in developing operational reform plans and assist with the implementation of the reform of business processes and labour restructuring.

The second component was the project Modernization of Railways - Project Documentation for the railway line Novi Sad - Subotica - Hungarian Border, with a contract value of Eur 4,765,184. The purpose

138 The late payment contract and the ELARG contract have been excluded. The ELARG contract is represented by the following row in the table.

of this project is the completion, modernisation and sustainable development of the Serbian railway transport system within the Pan-European Corridors X, in order to meet the required EU capacity levels and quality standards relevant to the TEN-T network (in terms of track length and layouts, signalling and telecommunication systems), and to enhance and reinforce the Serbian capacities in the context of the EU pre-accession process and the management of the IPA funds.

Transport policy

The first Transport related project that was contracted within the Decentralized management system is the Transport Policy Twinning project ‘Strengthening of administrative capacity of the transport sector in the Ministry of Construction, Transport and Infrastructure and the competent authorities.’ The value of this two-year project was EUR 1.75 million funded through the EU’s IPA 2013 programme and co-funded by the Republic of Serbia. The project was launched in 2015 and a closing conference was held in April 2017. The goal of the project was to improve the administrative capacity of the MoTCI and other relevant transport institutions in Serbia to carry out the tasks arising from the harmonisation of national legislation with EU transport acquis. The improvement of qualifications and competencies of employees was supported through more than 100 training processes, seminars and workshops as well as eight study visits to France, Finland and Lithuania.

Corridor X

Three projects comprise the Corridor X ‘intervention’ for the purposes of this evaluation. The purpose of these projects was to ensure efficient and effective supervision of roads, tunnels, bridges and interchanges of motorway construction of the selected Corridor X sections in line with FIDIC rules. The contracts included:

- Supervision of Construction Works of Corridor X, E80 Motorway - Section from Ciflik to Pirot East. The project has a total value of EUR 2,299,440 and is ongoing.
- Supervision of Construction Works of Corridor X, E75 Motorway - Roads, bridges and interchanges from Grdelica to Vladičin Han. The project had a total value of EUR 2,363,159 and is finished.
- Supervision of Construction Works of Corridor X, E75 Motorway - Predejane and Manajle Tunnels. The project had a total value of EUR 2,442,040 and is finished.

2. Response to Evaluation Question/Judgement Criteria

The findings are structured under the Evaluation questions (EQs) and Judgment criteria (JC) developed during the Inception phase and approved by beneficiaries within the Inception report format.

2.1. EQ 1 Relevance

EQ 1. To what extent has the European Union’s cooperation with Serbia addressed the variety of challenges/needs faced by Serbia on its path towards EU accession and within its own reform processes?

1.1.1 Extent to which analyses of context, capacities and needs which inform IPA programming reflect the actual situation in the country


As a general rule, EU project documentation provides significant contextualisation of funded initiatives, with project design frameworks addressing background, justifications, links to strategic EU and national policy frameworks and in many instances a discussion of earlier related assistance and the related assistance of other donors.

The project fiche for the Access Roads to the Žeželj Bridge is a standard example of project documentation having a focus on contextualisation for an initiative in a way that reflects the actual situation in the country.

The selected intervention on the Modernisation of railways implies a response to the ‘actual situation in the country’ as it addresses the ‘Completion, modernization and sustainable development of the Serbian railway transport system within the Pan-European Corridors X, in order to meet the required EU capacity levels and quality standards relevant to the TEN-T network (in terms of track length and layouts, signalling and telecommunication systems), and to enhance and reinforce the Serbian capacities in the context of the EU pre-accession process and the management of the IPA funds.’ Project documentation also notes its contribution to Serbia’s economic growth through better connections to Europe. The other selected project in the railways reform intervention (the Comprehensive Railway Reform project) directly reflects institutional contexts, the needs of ‘beneficiaries’ and the actual situation in the country. This is particularly notable in project documentation defining context and purpose. According to this document, the Government of Serbia is ‘seeking commercial efficiency in the railway sector, and has already implemented significant transformation of its rail sector towards full separation of the Infrastructure Management and Railway Undertaking activities (passenger and freight), in accordance with the requirements set out in EU legislation, namely Directive 34/2012/EU of the European Parliament and of the Council of 21.11.2012 ‘Establishing a single European railway area (recast).’

The Terms of Reference for the project supervising construction of Corridor X notes Serbia’s ‘central geopolitical location in the Balkans; pivotal to this position is the regional and European transport network, in which Serbia plays an important role in transit traffic.’

1.1.2 Extent to which there is coherence between EU strategy and programming and nationally identified priorities and plans

The link between EU transport legislation and Serbian priorities is well-established and provides a clear context for transport development and policy. That EU transport policy focuses on ‘efficient, safe, and free movement of people and goods … by means of integrated networks using all modes of transport’ indicates this correlation. Further, Government of Serbia policy aligns with initiatives of the EU related to the Pan-European transport corridors (TEN-T), including Serbia’s own sections of Corridor X and Corridor VII (Danube River), as well as of the Corridor branches Xa and Xb.

The Roadmap to a single European transport area is specifically and directly relevant to Serbian priorities and policy, as are the related initiatives such as the Horizon 2020 programme, the Connecting Europe Facility which provides finance for 10 transnational transport infrastructure projects, the Roadmap to a low-carbon economy, the South-East Europe Transport Observatory (SEETO) and the Treaty Establishing the Transport Community in the South East Europe.

Serbia adopted a general transport strategy in 2008 which defined the main goals of national transport policy in accordance with the transport policy of the EU: connectivity of the transport infrastructure with the TEN-T, efficient use of the benefits of each mode of transport (rail, road, inland waterway, aviation,
intermodal); improvement of the services offered by the transport system, traffic safety and security, upgrade the transport regulations and decrease the negative impact of transport to the environment.

In compliance with all national sectoral documents, the GTMP (2009-2027), under the scenario minimum (Serbia as candidate country), described and prioritised projects (ongoing and future), including new construction, rehabilitation, upgrading and maintenance of the main corridors, regional and local roads and railways, inland waterways, airports, and intermodal terminals.

In this context ‘The Žeželj Bridge in Novi Sad will again enable navigation along the Novi Sad reach of the Danube and restore full road and rail traffic across the Danube in Novi Sad as part of the Belgrade-Subotica-Budapest segment of Corridor Xb of the TEN-T network. The completion of the Žeželj Bridge will have both cultural and transport impacts. In cultural terms an iconic landmark will be rebuilt in Novi Sad restoring part of the modern heritage in the provincial capital of Vojvodina. The greatest impact will be in terms of transport infrastructure, relieving rail and road congestion in Novi Sad. On the Danube, a significant bottleneck will be removed and transit/ travel times for both passengers and freight will be improved. The improved transport routes are expected to have a wider positive impact on the economic development in the region, stretching north across the border into Hungary and south into central Serbia.’

The project fiche for the Žeželj Bridge access roads also addresses the way in which this work fits within wider priorities and plans. Specifically, the fiche states the project ‘will improve the flow of road traffic over the bridge and around the access roads and will relieve pressure at this bottleneck. It will also increase traffic capacity along both the road and railway Corridor X, and improve navigability along Corridor VII, the Danube.’ Further, and more directly relevant to this indicator, the project fiche describes the links between the project and the MIPD, the GTMP and notes the importance of Corridor X and the TEN-T network to Serbia’s priorities and plans.

The work on Corridor X is also clearly defined to contribute to Serbian and EU transport priorities. The stated purpose of the supervision contract in Pirot was ‘To contribute to the enhancement of traffic flows on Corridor X and to improve environmental and safety conditions of the Serbian road transport network in line with EU standards by a professional supervision of construction works on the E-80 motorway in accordance with national and professional standards carried out successfully.’ This was directly in line with the purpose of the related contract in southern Serbia – ‘to contribute to the enhancement of traffic flows on European Corridor X and to improve environmental and safety conditions of the Serbian road transport network in line with EU standards.’

The Terms of Reference for the Corridor X project near Pirot notes that the ‘Serbian National Infrastructure Council (SNIC) has prepared a plan for infrastructure construction over the 2008-2012 period which calls for some EUR 1.58 billion for the completion of the missing links on the road Corridor X,’ clearly linking national and EU priorities and programming. Further, this document comments specifically and directly on the relationship between Serbian government strategy in the project’s context, noting Serbia strategic objectives of:

- ‘Integrate the transport network in Serbia into the Trans-European network;
- Ensure the efficient use of each mode to reflect its comparative advantages;
- Upgrade the service quality of the transport system;
- Increase traffic safety and security;
- Strengthen the transport market and its gradual deregulation;
- Decrease the environmental impact of the transport sector in accordance with the principles of sustainable development; and
- Establish stable financing for the transport sector.’
There is a clear linking visible here of strategy, priorities and programming, a linking which is also visible in the project framework for the related Corridor X project in Southern Serbia and also with the context and objectives of the analysed project focused on related tunnel construction in Grdelica gorge.

The Comprehensive Railway Reform project documentation notes ‘The goal of the rail reform is to improve operational and financial performance of the Serbian rail sector. The intention of the reform is for the goal to be achieved by creating sustainable market-oriented railway companies whose role and functions, relationships with the Government of Serbia, and mutual relationships between them, are fully compliant with the EU Directives for the railway sector and relevant Serbian legislation.’ Moreover, this project’s design documents link national priorities and plans with the project itself. As with EU project design generally, contextualisation within this project’s design is extensive and well-formulated in terms of the current situation (and particularly the rail reform agenda), key stakeholder analysis, related programmes (Government of Serbia, EU and other donor), national and international policy and strategy frameworks. This design correlation begins with the project’s Terms of Reference.

This is also visible in the logical framework matrix for the project which ties together the project’s purpose, activities, anticipated results and assumptions into a logical context – the assumptions in particular point to an anticipated continuation of Government of Serbia focus on the railway reform process and that this process will remain within the framework of already determined railway reform processes.

Finally, the Transport Policy Twinning project is directly relevant to these discussions as its overall objective is to contribute to the creation of a competitive transport system of Serbia by improving the administrative capacity of national institutions dealing with transport issues and its integration into the European system and its purpose is defined as development of the capacities of the Ministry of Transport and transport institutions and to adopt and to implement the relevant EU acquis in the area of transport. The project also made direct contributions to alignment of Serbian transport legislation to the EU transport acquis.

Indicator 1.1.3 - extent to which EU strategy and programming incorporate analysis of capacity needs and constraints (overall and in focus sectors), and take account of lessons learned from previous periods

Both the MIPD 2007-2013\(^{141}\) and ISP 2014-2020,\(^{142}\) set the priorities for EU financial assistance for respective period to support Serbia on its path to EU accession. Documents transparently translate the political priorities, set out in the enlargement policy framework, into key areas where financial assistance would be most useful to meet the accession criteria. IPA is the main financial instrument to provide EU support to Serbia in implementing reforms with a view to EU membership (in case of transport implementation and adoption of the Union acquis and strengthening regional integration and territorial cooperation are underlined).

In the project fiche for the Transport Policy project, it was noted that ‘A more strategic approach when it comes to programming of assistance in the transport sector should be applied. Programming of assistance in the transport sector should be performed based on the reform steps which need to be taken mostly in the railway field, transport development in the regional context which is very much affecting

\(^{141}\) [http://europa.rs/eu-assistance-to-serbia/ipa/?lang=en](http://europa.rs/eu-assistance-to-serbia/ipa/?lang=en)

transport in Serbia and leading towards fulfilment of the Acquis provisions in the transport sector.”

The Comprehensive Railway Reform project was designed and implemented to respond to ‘capacity needs’, specifically capacity needs in the context of the rail sub-sector. This is visible in the stated project purpose: “The main purpose of this contract is to provide all the necessary support to the beneficiaries with developing operational reform plans and assist with the implementation of the reform of business processes and labour restructuring.”

Clearly, the focus of the Transport Policy Twinning project was the development of the capacities of the MoCTI and transport institutions, directly in relation to the EU transport acquis. Project documentation details a range of roles and functions for these ‘transport institutions’ including the Directorate for Railways, the Road Traffic Safety Agency, as well as the MoCTI.

There is no specific example from analysed project documentation of programming ‘taking into account lessons learned from previous periods.’

Indicator 1.1.4 - extent to which EU allocations of financial assistance reflect the stated priorities, considering both government allocations and other international assistance

The development of the transport infrastructure in Serbia is a direct reflection of EU focus on large EU axis routes (TEN-T and SEETO) that are considered important for movement of goods and citizens.

The GTMP 2009-2027 estimates the needs for investments, considering Serbia’s EU candidate country scenario, amounting at 17 billion Euro, or average 850 million annually during the 20-year period. The NIPAC and NIPAC Technical Secretariat, with the support from eight Sectorial Working Groups (SWGs), have prepared the Needs Assessment Document (NAD) for international assistance in 2011-13, as the basis for identifying annual IPA I programme and bilateral donor projects. Neither this first NAD, nor NAD 2014-2020 give information about the necessary amount of investments in the transport sector. The document which provides detailed financial information is the Single Project Pipeline (SPP) 2016 which estimates a total cost of 15 billion Euro public investment required for transport infrastructure development. The last version of this document is dated the end of 2018 with a stated value of 4.292 billion Euro investments need for implementation of a short list of 27 selected projects.

The field phase will require a specific focus on this area (financial assistance and its relationship to transport priorities) – documentation analysed to date does indicate need (the GTMP and MoCTI Project Book being specific examples) but given the size of stated need it will be necessary to gather more extensive evidence as to the relationship between financing and priorities. Given the links between EU and Serbian priorities, and certain aspects of visible assistance, appropriate linkages are anticipated but require further evidence.

Certainly the Žeželj Bridge project is responsive to stated road infrastructure priorities. According to the Government of Serbia, the Žeželj Bridge project is ‘of great strategic significance, since the construction of the Žeželj bridge enables:

144 March 2017. Technical Assistance to Ministry of Construction, Transport and Infrastructure (MoCTI) and the State-owned railway companies in Serbia – Comprehensive Railway Reform. Inception report.
Connection of the left and right bank of Danube River A wider water supply on Danube River waterway in Novi Sad (Corridor VII) Realization of the project of modernization and reconstruction of the Hungarian-Serbian railway on the territory of the Republic of Serbia.\textsuperscript{148} This is also true of assistance provided in the construction/supervision of Corridor X. There is a clear linkage between EU and Government of Serbia priority and need in these two interventions. As noted above, the Terms of Reference for Corridor X supervision notes that the ‘Serbian National Infrastructure Council (SNIC) has prepared a plan for infrastructure construction over the 2008-2012 period which calls for some EUR 1.58 billion for the completion of the missing links on the road Corridor X,’\textsuperscript{149} clearly reflecting priorities.

The Transport Policy Twinning project was more related to legislation, policy and organisational structure than infrastructure but can be said to address stated priorities. The Comprehensive Railway Reform project provided direct assistance to State rail companies in the implementation of their restructuring. Government authorities have established both legislation and policy/practice that update and improve administrative practice.\textsuperscript{150}

The project which provided technical documentation for the modernisation of the Novi Sad-Subotica-Hungarian border railway line intended to assist with the ‘completion, modernisation and sustainable development of the Serbian railway transport system within the Pan-European Corridors X, in order to meet required EU capacity levels and quality standards relevant to the TEN-T network.’\textsuperscript{151}

**Indicator 1.1.5 - extent to which EU strategy and programming offer appropriate sequencing of support, based on capacity analyses and lessons learned**

The Serbia 2019 Report stated that Serbia has a good level of preparation related to the EU’s common rules for ‘technical and safety standards, security, social standards, State aid and market liberalisation in road transport, railways, inland waterways, combined transport, aviation and maritime transport.’\textsuperscript{152} To be prepared for EU accession, Serbia still needs to pay a special attention to the transport legislation, regulations to become fully in line with EU acquis and implementation of international standards.

Documentation that has been analysed does not provide significant comment on this indicator and further enquiry will be required during the field phase. Projects selected for analysis, and reports from these projects, do not as a rule directly refer to sequencing of support. There is referencing to similar and earlier projects, but not specifically a reference to sequencing.

**JC 1.2 the EU’s cooperation with Serbia responded to new and arising issues and needs encountered over the evaluation period**

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\textsuperscript{149} Supervision of Construction Works of Corridor X, E80 Motorway - Section from Ciflik to Pirot East. Annex II: Terms of Reference, page 1.


\textsuperscript{151} Modernisation of railways – project documentation. Notification of environmental impact assessment in a transboundary context according to ESPPOO convention, page 2. Louis Berger.

Documentation analysed for the evaluation does not provide significant inputs to analysis of this judgement criteria and the approaches/ methods/ outputs of EU cooperation in responding to changing context etc. Further enquiry will be required during subsequent phases of the evaluation.

Indicator 1.2.2 - extent to which financial allocations were amended and actions taken to respond to changing context and needs

Analysed documentation does not provide significant evidence related to this indicator. It will be necessary in the field phase to look in more detail in this area.

It is though worth noting that with the construction of the Žeželj Bridge across the Danube River in Novi Sad and to the Reconstruction of Niš – Brestovac railway line, initial funding and financial forecast scheduled under IPA I were extended to IPA II, implying amendments that respond to changing needs.

2.2. EQ 2 Effectiveness

EQ 2 What have been the effects of the European Union’s cooperation strategy with Serbia over the evaluation period (e.g. on capacity building)?

Documentation analysed for the evaluation demonstrates a high level of correlation between government policy/ legislation and the requirements of EU accession. There is also a high level of correlation between Government of Serbia policy and strategy and the design of provided assistance. However, project reporting does not include the actual changes which have taken place as a result of EU assistance – this is an area of enquiry for the field phase.

In the context of the sectoral Theory of Change, contribution at the output level is visible in alignment of Serbian legislation and the EU’s transport acquis, in direct contributions to strengthening Serbia’s administrative capacity (although results need confirmation), in improvements in Corridor X, with intermodal transport facilitation and in railway sub-sector reforms. There are also visible contributions at the outcome level, particularly in relation to transport corridors and railway reform, and indicated strengthening in legislative and institutional frameworks. Subject to confirmation from field enquiry, and a deeper understanding of actual programme results, there are also indications of contribution at the level of impact.

JC 2.1 Government policy and implementation of policy in selected sectors are more in line with the requirements of EU accession as a result of contributions from EU cooperation

Indicator 2.1.1 - extent to which the role and capacities of democratic and judicial institutions in relation to each sector have changed over the evaluation period

Serbia has gradually moved to a sector approach since 2011. Further steps with a focus on strengthening of administrative capacities in the Ministry as the main institution responsible for transport policy with regard to the EU acquis related standards (also respecting gender equality) are respectively made.

The summary of the evaluation of International Assistance per NAD (2011-2013), per transport sector (per DAC criteria) stated that the relevance is high, effectiveness is medium, however all - efficiency, impact and sustainability is low. (Source: NAD 2014 – 2017 with projection to 2020).
The EU, together with other donors and lenders, contributed to the reform of Serbian Railways, establishing a framework for the railway sub-sector in Serbia to be more profitable, economically responsible, efficient and competitive in the long run, under the conditions of a liberalised railway transport market. The Twinning contract *Strengthening the Administrative and Performance Capacity of the Ministry of Transport and Transport Institutions* carries on with this reform. Reforms in the sector are well-supported through the IPA 2014 Annual Action programme which started in 2017 and is still ongoing (budget 1.67 million Euro). EU support is mainly focused to EU transport corridors (new construction and reconstruction).

Since 2012, the Government has made significant progress in aligning its legislative and regulatory framework with the EU Acquis and is committed to continue the effort for achieving full alignment of the legal and regulatory framework for the transport sector, in line with the efforts of the Government of the Republic of Serbia to become the new Member State of the European Union. In brief, in EC 2019 report European commission gave Serbia a good grade for alignment with regulations in the road, air, railroad, and water transport. Report stressed that ‘Reforms in the railroad domain were rated extremely positive’.

At the end of 2018, both Chapter 14 and Chapter 21 were open for negotiation.

At the end of 2018, Serbia’s transport policies were increasingly in line with EU Transport policy. The Serbia 2018 Report for Serbia noted that 'Serbia is moderately prepared/ has a good level of preparation in this area.' Further, the Report notes:

- Serbia’s legislation is fully aligned with the *acquis* on summertime arrangements.
- Legislation on road freight and passenger traffic is aligned with EU Law although EU passenger rights legislation requires implementation in all modes of transport.
- Legislation on the transport of dangerous goods is in place.
- Transport licences legislation is harmonised with the *acquis*.
- Serbia has adopted new road safety legislation.
- Efforts on clean and energy-efficient road transport vehicles and intelligent transport systems require further work.
- Railway safety legislation is in place.
- Maritime transport legislation is well aligned with the *acquis* but lacks implementation.
- Inland waterway transport is well aligned, and related systems are operational and highly interoperable with EU systems.
- There is good alignment with the *acquis* in aviation legislation, as well as with the ECAA, the SES and with working arrangements with the European Aviation Safety Agency.

Railway sub-sector legislation has been reformed during the evaluation period. The 5th Interim Report of the Comprehensive Railway Reform project summarises this change:

> As the central part of its measures related to the railway infrastructure Government introduced the new way of governance through establishment of contractual relations, including contract governing relations concerning the management of the public railway infrastructure between the Government and


The Law on Railways represents one of the fundamental legal acts in the rail sector defining management of public railway infrastructure, railway transport and other areas of importance. The new Law on Railways entered into force in June 2018, which will require adaptation to the new provisions and harmonization of the mentioned contracts with the new Law. The Law on Railways also imposed revision of the Methodology for the track access charges and corresponding model for the track access charges. Also, the Network statement would have to be adjusted accordingly.\textsuperscript{156}

The Transport Policy Twinning project made direct contributions to alignment of Serbian transport legislation to the EU transport acquis, specifically in relation to amendments to the Law on Road Safety, amendments to the Law on Railways, amendments to the Law on Accident Investigation in Aviation, Railways and Waterborne Transport and amendments to the Law on Railway Safety and Interoperability. It also provided inputs on a range of Bylaws.\textsuperscript{157}

\textbf{Indicator 2.1.4 - extent to which EU cooperation has contributed to these changes in the legislative framework}

See above in relation to contributions of the Transport Policy Twinning project.

\textbf{Indicator 2.1.5 - extent to which public infrastructure relevant to each sector has changed over the evaluation period}

Certainly the Žeželj Bridge project is responsive to stated road infrastructure priorities. According to the Government of Serbia, the Žeželj Bridge project is ‘of great strategic significance, since the construction of the Žeželj bridge enables: Connection of the left and right bank of Danube River. A wider water supply on Danube River waterway in Novi Sad (Corridor VII). Realisation of the project of modernization and reconstruction of the Hungarian-Serbian railway on the territory of the Republic of Serbia.’\textsuperscript{158} The work on Corridor X is also clearly responsive to EU and Serbian priorities and demonstrate change in public infrastructure in line with these priorities. All projects associated with the analysed intervention ‘contribute to the enhancement of traffic flows on Corridor X’ and to the improvement of environmental and safety conditions in line with EU standards’.\textsuperscript{159} \textsuperscript{160} The Comprehensive Railway Reform project is contributing significantly to the restructuring of the railways in Serbia. Following the restructuring of railway entities into 4 new public companies, the project is assisting these entities to implement a new, strongly commercial orientation in future directions.\textsuperscript{161} \textsuperscript{162}

\textsuperscript{156} August 2019. Technical Assistance to Ministry of Construction, Transport and Infrastructure (MoCTI) and the State-owned railway companies in Serbia – Comprehensive Railway Reform. Interim Report No 5 Draft, page 6.


\textsuperscript{158} https://www.mgsi.gov.rs/en/infrastrukturna-gradilista/construction-zezelj-bridge-and-dismantling-temporary-bridge-md-88

\textsuperscript{159} 15 July 2013. Supervision of Construction Works of Corridor X, E80 Motorway - Section from Ciflik to Pirot East. Ad Hoc Report - 1st Steering Committee Meeting.

\textsuperscript{160} Supervision of Construction Works of Corridor X - E75 Motorway Roads, Bridges and Interchanges from Grdelica to Vladičin Han, Republic of Serbia. Draft Final Progress Report.

\textsuperscript{161} March 2017. Technical Assistance to Ministry of Construction, Transport and Infrastructure (MoCTI) and the State-owned railway companies in Serbia – Comprehensive Railway Reform. Inception report.

\textsuperscript{162} January 2016. Technical Assistance to Ministry of Construction, Transport and Infrastructure (MoCTI) and the State-owned railway companies in Serbia – Comprehensive Railway Reform. Annex II: Terms of Reference.
Indicator 2.1.6 - extent to which EU cooperation has contributed to these changes in public infrastructure

As is indicated above, it is visible in the design and results of the selected projects that EU cooperation is making a clear contribution to road and rail transport systems and infrastructure. These contributions address Serbian and EU corridor priorities, and tie in well with other funds that contribute other aspects of these developments.

Indicator 2.1.7 - extent to which government policy in each sector has changed over the evaluation period

Two of the projects selected for deeper analysis do not contribute at this level. The other two, the Comprehensive Railway Reform project and the Transport Policy Twinning project both were intended to impact directly on Government legislation and/ policy. The Comprehensive Railway Reform project made significant contributions to the structure and operation of railway public companies.\textsuperscript{163} The Transport Policy Twinning project contributed to legislative reform in the transport sector.\textsuperscript{164}

Indicator 2.1.8 - extent to which EU cooperation has contributed to these changes in government policy

As is indicated above, it is visible in the design and results of the selected projects that EU cooperation is making a contribution to transport policy. Having said this, the extent of this contribution is not clear from documentation and requires further enquiry.

JC 2.2 State institutions relevant to each of the sectors have been strengthened with contributions from EU cooperation

Indicator 2.2.1 - extent to which capacities of relevant sectoral institutions have changed over the evaluation period

There are indications in documents reviewed from selected projects that because of the EU support (via Twinning and technical assistance projects in particular) the structure and capacity of the state administration is improved. However, at the same time these reports do not provide significant (in some cases any) detail on what is changed/ improved. Further enquiry will be necessary during the field phase – this is an area where focus will be required in the field.

An exception to this is reporting on the Comprehensive Railway Reform project, which provides strong indications that the project is directly supporting the structural reform of Serbia’s railway infrastructure and the structuring of the four new railway public companies. This reform comes in the form of organisational structures, management strategies and plans, labour restructuring, human resource strategies and plans, capacity development planning, performance management approaches, etc.\textsuperscript{165}

The Comprehensive Railway Reform project was designed and implemented to respond to ‘capacity needs’, specifically capacity needs in the context of the rail sub-sector. This is visible in the stated project purpose: ‘The main purpose of this contract is to provide all the necessary support to the beneficiaries

\textsuperscript{163} August 2019. Technical Assistance to Ministry of Construction, Transport and Infrastructure (MoCTI) and the State-owned railway companies in Serbia – Comprehensive Railway Reform. Interim Report No 5 Draft.


\textsuperscript{165} May 2018. Technical Assistance to Ministry of Construction, Transport and Infrastructure (MoCTI) and the State-owned railway companies in Serbia – Comprehensive Railway Reform. 5th Quarterly Report.
with developing operational reform plans and assist with the implementation of the reform of business processes and labour restructuring.\textsuperscript{166}

The Transport Policy Twinning project reports that Recommendations on improvement of present organisation of the Ministry of Transport and selected transport institutions were drafted and delivered to MoCTI.\textsuperscript{167} There is however no indication in reporting as to what happened with the recommendations once they were delivered so it is not possible at this stage to know if any change happened.

| Indicator 2.2.2 - extent to which EU cooperation contributed to the changes in capacities of relevant sectoral institutions |

The Comprehensive Railway Reform project is a specific EU cooperation contribution that was designed and implemented to respond to ‘capacity needs’, specifically capacity needs in the context of the rail sub-sector. This is visible in the stated project purpose: ‘The main purpose of this contract is to provide all the necessary support to the beneficiaries with developing operational reform plans and assist with the implementation of the reform of business processes and labour restructuring.’\textsuperscript{168} It is also visible, as discussed above, in the structural reforms being pursued through the project.

As noted above in relation to the Transport Policy Twinning project, while institutional capacity appears to have been strengthened by the intervention this is not able to be confirmed from available documentation.

The documents that have been analysed, including documentation from the sample projects and strategic/policy documents, do not provide a strong indication that targeted institutions are being provided with, or are gaining a greater awareness of, the EU’s general principles. There is a focus in documentation on EU frameworks such as the EU \textit{acquis}, and a related focus on alignment with these frameworks, but provided documentation does not then provide any discussion of the \textit{strengthening the awareness of key targeted institutions of general principles}. Documentation is much more related to structure and process.

\subsection*{2.3. EQ 3 Awareness of EU Principles}

\textbf{EQ 3 To what extent has the EU’s cooperation strategy raised, over time, Serbia’s awareness of the general principles the EU stands for and/or the EU’s positive contributions?}

\textbf{JC 3.1 EU cooperation has contributed to strengthening the awareness of key targeted institutions of the general principles which the EU stands for}

| Indicator 3.1.1 - extent to which key government institutions in each sector are acting upon EU policy advice and guidance, and reported changes over the evaluation period |

Two of the projects selected for deeper analysis do not contribute at this level. The other two, Comprehensive Railway Reform and Transport Policy, have clear and direct links between EU policy and structural/policy change in Serbian institutions. As indicated above, both of these projects are contributing to structural change in line with EU frameworks. Change is visible at a more general level according to the Serbia 2019 Report, which notes alignment of strategic documents, a ‘good level of preparation’ and

\textsuperscript{166} March 2017. Technical Assistance to Ministry of Construction, Transport and Infrastructure (MoCTI) and the State-owned railway companies in Serbia – Comprehensive Railway Reform. Inception report.


\textsuperscript{168} March 2017. Technical Assistance to Ministry of Construction, Transport and Infrastructure (MoCTI) and the State-owned railway companies in Serbia – Comprehensive Railway Reform. Inception report.
'good progress, particularly in the field of rail reform',\textsuperscript{169} but as is commented generally in this report, more detail on actual structural change, as well as any ‘strengthened awareness of targeted institutions of the EU’s general principles’ will require further analysis during the field phase. Generally speaking, documentation does not address this indicator.

Indicator 3.1.2 - extent to which key government institutions value EU technical and other guidance and support

As analysed documentation does not provide evidence related to this indicator it will be necessary in the field phase to look in more detail in this area.

JC 3.2 EU cooperation has contributed to the general public’s awareness of the principles the EU stands for and the EU's positive contributions

Indicator 3.2.1 - extent to which the general public in Serbia is aware of the EU’s principles

As analysed documentation does not provide evidence related to this indicator it will be necessary in the field phase to look in more detail in this area.

Indicator 3.2.2 - extent to which the general public in Serbia is aware of the EU's contributions to institutions, public services, public infrastructure, civil society and private sector

As analysed documentation does not provide evidence related to this indicator it will be necessary in the field phase to look in more detail in this area.

Indicator 3.2.3 - extent to which Serbian media are reporting positively on the values and role played by the EU in the country, and changes over the evaluation period

As analysed documentation does not provide evidence related to this indicator it will be necessary in the field phase to look in more detail in this area.

Indicator 3.2.4 - Extent to which sample projects generated positive stories and messages

The general public in Serbia is aware of the EU's principles, in case of some major projects, i.e. construction of Žeželj Bridge in Novi Sad, people out of professional cycle are aware that ‘EU did this’, however for most EU funded projects only experts involved are familiar with EU contribution. (Own assessment, to be confirm during the Field phase).

It is important to be marked that in the ‘blending facility’ implementation modality, projects are publicly recognised as ‘bank projects’ and EU support visibility is almost lost (nevertheless the EU support recognition tables). Although, at professional level, it is well known that the national legislation and standards are in a process of improvement in alignment with the connectivity with the ones in the EU, which will facilitate the accession of the country to the European family expectedly in 2025.

Certainly the Žeželj Bridge project is responsive to stated road infrastructure priorities. According to the Government of Serbia, the Žeželj Bridge project is ‘of great strategic significance, since the construction of the Žeželj bridge enables: Connection of the left and right bank of Danube River. A wider water supply on Danube River waterway in Novi Sad (Corridor VII) Realization of the project of modernization and reconstruction of the Hungarian-Serbian railway on the territory of the Republic of Serbia.’\textsuperscript{170}

It can be assumed that the works on Corridor X generated positive messages and stories, and such can be found in a media search on the internet, but provided documentation on the analysed Corridor X projects does not discuss this area.

2.4. **EQ 4 Impact**

**EQ 4 To what extent have the effects described in Q2 contributed to Serbia’s political and economic reform and preparation for membership?**

Question 2 asks What have been the effects of the European Union’s cooperation strategy with Serbia over the evaluation period (e.g. on capacity building)? The investments in the transport sector are directly responsive to EU and Serbian road infrastructure priorities as defined in Pan-European Corridor and TEN-T frameworks and Serbian strategies. Of prime importance in this is connectedness, and the contribution facilitation of connections to improvements in the market economy and competitiveness. While this is often visible most clearly in actual transport infrastructure, to which the EU and other donors/IFIs are contributing, structural change in the form of institutional organisation, legislation and policy are as important and are areas of focus in EU contributions to the sector. Each of these are intended to directly contribute to Serbia’s political and economic reforms and its preparation for EU membership in meeting the Copenhagen criteria.

**JC 4.1 the key sectoral changes for which the EU has made a contribution have helped Serbia to move closer to meeting the Copenhagen criteria**

**Indicator 4.1.1 - extent to which the sectoral changes achieved, with the contribution of EU cooperation, have moved Serbia closer to meeting the political criteria for EU accession**

Railway sub-sector institutional reform is a very positive indicator for country progress towards meeting the economic criteria (the existence of a functioning market economy). Changes in the sector and enterprise structure will lead to proper functioning of the goods and services market.\(^{171}\) \(^{172}\)

**Indicator 4.1.2 - extent to which the sectoral changes achieved, with the contribution of EU cooperation, have moved Serbia closer to meeting the economic criteria for EU accession**

All the Corridor X projects are responsive to stated road infrastructure priorities. As noted earlier, the Žeželj Bridge enables among other things realisation of the modernisation of the Hungarian-Serbian railway\(^ {173}\), contributing as with all work on Corridor X to directly meeting the economic criteria, including assisting in coping with competition and market forces. This is also true of all road works in the southern parts of Serbia which connect Serbia (and Europe) with Bulgaria and Macedonia, and ultimately to Greece and Turkey.

**Indicator 4.1.3 - extent to which the sectoral changes achieved have achieved legislative alignment with the EU acquis**

The projects selected for analysis in the Transport sector did not directly contribute to legislative change. Of the analysed projects, the Comprehensive Railway Reform project and the Transport Policy Twinning project but have links to sectoral change that reflects legislative and policy change and assists in implementation of these changes.

**JC 4.2 state capacities and other reforms which have been enhanced with support from the EU contribute to supporting Serbia’s ability to take on the obligations of EU membership**

**Indicator 4.2.1 - extent to which the sectoral changes achieved, with the contribution of EU cooperation, have strengthened Serbia’s administrative and institutional capacity to effectively implement the acquis and take on the obligations of membership**

\(^{171}\) March 2017. Technical Assistance to Ministry of Construction, Transport and Infrastructure (MoCTI) and the State-owned railway companies in Serbia – Comprehensive Railway Reform. Inception report.

\(^{172}\) August 2019. Technical Assistance to Ministry of Construction, Transport and Infrastructure (MoCTI) and the State-owned railway companies in Serbia – Comprehensive Railway Reform. Interim Report No 5 Draft.

Two of the projects selected for deeper analysis do not contribute at this level. The other two, the Comprehensive Railway Reform project and the Transport Policy Twinning project are both directly relevant in this area. Comments provided at indicator 2.2.2 are also relevant here:

- Comprehensive Railway Reform project – the project is a specific EU cooperation contribution that was designed and implemented to respond to ‘capacity needs’, specifically capacity needs in the context of the rail sub-sector. This is visible in the stated project purpose: ‘The main purpose of this contract is to provide all the necessary support to the beneficiaries with developing operational reform plans and assist with the implementation of the reform of business processes and labour restructuring.’ It is also visible, as discussed above, in the structural reforms being pursued through the project.
- Transport Policy Twinning project – while institutional capacity appears to have been strengthened by the intervention this is not able to be confirmed from available documentation.

**Indicator 4.2.2 - extent to which the sectoral changes achieved, with the contribution of EU cooperation, have strengthened Serbia's reconciliation, good neighbourly relations and regional cooperation**

As analysed documentation does not provide evidence related to neighbourly relations and regional cooperation it will be necessary in the field phase to look in more detail in this area.

### 2.5. EQ 5 Efficiency

**EQ 5 What factors have contributed to or hindered the efficient implementation of EU financial assistance, with specific consideration given to planning, monitoring, and management structures and processes, oversight and reporting?**

As analysed documentation does not provide evidence related to this judgement criteria and related indicators it will be necessary during the field phase to extract all relevant data that is available.

**JC 5.1 the processes of planning and implementation of EU assistance deliver appropriate responses to correctly identified and diagnosed issues**

**Indicator 5.1.1 - extent to which planning of EU cooperation is completed on time**

As analysed documentation does not provide evidence related to this indicator it will be necessary in the field phase to look in more detail in this area. This is not surprising as relevant processes are not likely to be available in the analysed documentation.

**Indicator 5.1.2 - extent to which appropriate stakeholders were involved meaningfully in the planning process**

The Indicative strategy paper for Serbia (ISP 2014-2020) was developed (based on NAD) in close cooperation with all relevant stakeholders during the second half of 2013 - Serbian European Integration Office (SEIO), Sector working group for transport (SWG), CSOs (via a consultation process organised by SEIO), bilateral and other donors. IFIs were also consulted.

All project documentation provides indications of the engagement of Government of Serbia and target institution representatives at an appropriate level, including in many cases the design processes. In any case, projects are negotiated between Government and EU representatives and evolve from Government planning processes.

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174 March 2017. Technical Assistance to Ministry of Construction, Transport and Infrastructure (MoCTI) and the State-owned railway companies in Serbia – Comprehensive Railway Reform. Inception report.

Indicator 5.1.3 - extent to which the scale of resources deployed has been appropriate to needs and scope of interventions

As analysed documentation does not provide evidence related to this indicator it will be necessary in the field phase to look in more detail in this area.

Indicator 5.1.4 - extent to which those responsible for execution and implementation feel and take ownership of the implementation plans

Documentation that has been analysed does not provide significant comment on this indicator and further enquiry will be required during the field phase. Projects selected for analysis, and reports from these projects, do not generally refer to ‘those responsible for execution/implementation and their ‘ownership’ of implementation plans.

Indicator 5.1.5 - extent to which completed projects report that design-stage planning, and analysis were accurate and helpful for implementation

As analysed documentation does not provide evidence related to this indicator it will be necessary in the field phase to look in more detail in this area – i.e. there is no data from reporting of completed projects. However, as is noted in discussion on a number of indicators above, project designs provide significant and detailed discussion of national and EU strategy and policy frameworks, national contexts, details on related projects (EU and other donor) and in many cases the policy/legislative context in which the project will operate.

JC 5.2 monitoring, evaluation and oversight mechanisms provide real time feedback on results, and appropriate corrective action is decided and taken in good time

Indicator 5.2.1 - extent to which decision-makers received accurate, timely and relevant information on policy and national strategy implementation, and made appropriate decisions based on monitoring and evaluation information

Documentation that has been analysed does not provide significant comment on this indicator and further enquiry will be required during the field phase. Projects selected for analysis, and reports from these projects, do not generally refer to decision-makers in this context nor do they address timeliness and accuracy of information in a way to inform this indicator.

Indicator 5.2.2 - extent to which decision-makers received accurate, timely and relevant information on sectoral strategy implementation, and made appropriate decisions based on monitoring information

Documentation that has been analysed does not provide significant comment on this indicator and further enquiry will be required during the field phase. Projects selected for analysis, and reports from these projects, do not generally refer to decision-makers in this context nor do they address timeliness and accuracy of information in a way to inform this indicator.

Indicator 5.2.3 - extent to which decision-makers received accurate, timely and relevant information on intervention/project level implementation, and made appropriate decisions based on monitoring information

Documentation that has been analysed does not provide significant comment on this indicator and further enquiry will be required during the field phase. No transport strategy implementation report was available for analysis; reports from projects selected for analysis do not generally refer to decision-makers in this context nor do they address timeliness and accuracy of information in a way to inform this indicator.

2.6. **EQ 6 Modalities and instruments**

EQ 6. To what extent has the use of different instruments and modalities contributed to achieving programme results?
Documentation that has been analysed does not provide significant comment on how the use of different modalities and instruments have contributed to achievement of results - further enquiry will be required during the field phase. Of particular interest will be discussions about and commentary on the decentralised management component – how it works, its effectiveness and its efficiency. Another area of interest/ enquiry is the conversion of inputs into results – as is noted above, it is clear that interventions have a priority focus on capacity, on structural change and on legislative reform, but reporting does not provide significant insight into actual change in these areas.

**JC 6.1 the individual modalities and implementing partners selected are appropriate given the objectives pursued and the country context**

**Indicator 6.1.1 - use of modalities by value, number of interventions, and sector**

Contributions in the sector comprise a wide range of modalities and instruments which are detailed above, in the Overview of EU interventions in the sector. A summary of these contributions is as follows:

<table>
<thead>
<tr>
<th>NATURE</th>
<th>No of Contracts</th>
<th>Planned Contributions</th>
<th>Percentage of Sector Planned Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action Grants</td>
<td>1</td>
<td>198,556</td>
<td>0.71%</td>
</tr>
<tr>
<td>National funds (LLARG)</td>
<td>1</td>
<td>60,760,000</td>
<td>66.92%</td>
</tr>
<tr>
<td>Late payment interests</td>
<td>1</td>
<td>3,873</td>
<td>0.00%</td>
</tr>
<tr>
<td>Services</td>
<td>21</td>
<td>22,684,678</td>
<td>24.99%</td>
</tr>
<tr>
<td>Supplies</td>
<td>8</td>
<td>2,684,773</td>
<td>2.90%</td>
</tr>
<tr>
<td>Works</td>
<td>3</td>
<td>4,500,628</td>
<td>4.96%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
<td><strong>90,782,309</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Indicator 6.1.2 - extent to which the selected modalities for sample projects are contributing to the sample projects having achieved/achieving their planned results**

Documentation that has been analysed does not provide significant comment on this indicator and further enquiry will be required during the field phase.

**JC 6.2 the combination/portfolio of different modalities were used appropriately and complemented each other in order to achieve strategic goals**

**Indicator 6.2.1 - extent to which the choice of modality, and their mix, contributed to achievement of strategic results**

This indicator will require specific enquiry during the field phase as there is not data available in available documentation. The key aspect of modalities in this sector is the national fund component which is managed in a decentralised way. There is insufficient data at this point of the evaluation to make any analysis of the decentralised modality, an area which will require further study in the field phase.

**Indicator 6.2.2 - extent to which political processes, such as policy dialogue, contribute to achieving sectoral and strategic goals**

Documentation that has been analysed does not provide significant comment on this indicator and further enquiry will be required during the field phase.

**2.7. EQ 7 Coordination, complementarity and coherence**

**EQ 7 To what extent are the various components of the European Union’s cooperation with Serbia complementary with each other, in alignment with Government policies and harmonised with support from other donors?**
Analysed documentation provides some comment on coordination and complementarity with international organisations and other donors but is largely silent on complementarity within the EU’s contributions apparatus. There is clear alignment with Government policy and strategy, as discussed in the Relevance section above, and there is also a clear priority within the wider donor community on maintaining a focus on EU accession processes and coherence with EU priorities and approaches. There is some discussion at the strategic level, such as the NAD, but documents of this type provide no indication of coordination as a regular or ongoing process.

**JC 7.1 the multi-beneficiary, national programmes and other EU programmes were well coordinated and mutually supportive in achieving strategic goals**

| Indicator 7.1.1 - extent to which the planning processes for multi-beneficiary, national programmes, and other EU programmes share analyses, planning information, and take account of each other’s goals and resource allocations |

As above, documentation that has been analysed does not provide significant comment on this judgement criteria and further enquiry will be required during the field phase.

| Indicator 7.1.2 - extent to which the outcomes of multi-beneficiary, national programmes and other EU programmes were/are complementary |

Aiming to strengthen inter-institutional cooperation, a Sector Working Group (SWG) for the transport sector was established. Among others, the SWG is responsible to ensure efficient coordination of activities related to programming and monitoring of EU funds, to propose relevant corrective measures in case of need.

Note: Information how SWG work is not available on the stage of Desk report (January 20202019). IPA Transport Sector Annual report(s) need to be consulted.

**JC 7.2 EU cooperation supports government policies and strategies, and complements support of other donors, including IFIs and Member States**

| Indicator 7.2.1 - extent to which EU national programmes align with government stated priorities, strategies and policies |

There is a not-surprising complementarity in the full range of international assistance in the transport sector in Serbia, and how this links with Serbia’s own efforts. The projects being looked at in detail in the evaluation, when discussing the Corridor X and rail reform components, focus on design and supervision, rather than on the actual construction processes. But this does not mean they are outside of the framework of the overall infrastructure development processes. The World Bank has provided financing for the two relevant sections of Corridor X, together with the EIB and EBRD, and with contributions from the Hellenic Plan for the Economic Reconstruction of the Balkans.176 IPA funds, together with EIB and EBRD financing are also contributing to the completion of the Belgrade bypass, a component of Corridor X in Serbia, and EIB funds are contributing to Corridor X developments in the south of Serbia.177

| Indicator 7.2.2 - extent to which EU national programmes align with programming and planning of other donors and IFIs |

Among other, NAD 2014-2020 aims to enhance donors’ coordination to implement the national sector priorities, focusing on systematic reforms needed to meet the accession criteria.

WBIF aimed at construction of EU corridors which pass throughout Serbian territory. WBIF and IPA assistance well complimented each other.

177 Ibid.
EU efforts to improve the road safety to Serbia are backed up by the Government of Serbia Road Rehabilitation Programme (supported under the World Bank Enhancing Infrastructure Efficiency and Sustainability Program).

EU cooperation definitely supports government policies and strategies, and well complements support of other donors, including IFIs and Member States.
2.8. Concluding remarks

Tentative conclusions

In the context of the sectoral Theory of Change, contribution at the output level is visible in alignment of Serbian legislation and the EU's transport acquis, in direct contributions to strengthening Serbia's administrative capacity (although results need confirmation), in improvements in Corridor X, with intermodal transport facilitation and in railway sub-sector reforms. There are also visible contributions at the outcome level, particularly in relation to transport corridors and railway reform, and indicated strengthening in legislative and institutional frameworks. Subject to confirmation from field enquiry, and a deeper understanding of actual programme results, there are also indications of contribution at the level of impact.

Investments in the transport sector are directly responsive to EU and Serbian road infrastructure priorities as defined in Pan-European Corridor and TEN-T frameworks and Serbian strategies. Of prime importance in this is connectedness, and the contribution facilitation of connections to improvements in the market economy and competitiveness. While this is often visible most clearly in actual transport infrastructure, to which the EU and other donors/IFIs are contributing, structural change in the form of institutional organisation, legislation and policy are as important and are areas of focus in EU contributions to the sector. Each of these are intended to directly contribute to Serbia’s political and economic reforms and its preparation for EU membership in meeting the Copenhagen criteria.

There is a high level of correlation between institutional/beneficiary context and needs and the EU’s pre-accession assistance in the transport sector. This is visible in Serbia's legislation, policy and strategic and action planning and the existing links in these documents and the EU’s priorities in the sector, notably the Pan-European Corridors and TEN-T frameworks and how these link with developments in Serbia’s transport infrastructure. Both Chapters 14 and 21 are open for negotiation, and indication of correlation of priority and direction. There is a clear priority within the wider donor community on maintaining a focus on EU accession processes and coherence with EU priorities and approaches.

There is a focus in documentation on EU frameworks such as the EU acquis, and a related focus on alignment with these frameworks, but there is no related indication in documentation that targeted institutions are being provided with, or are gaining a greater awareness of, the EU’s general principles. Documentation is much more related to structure and process.

During the period under evaluation (2012-2018) EU financial assistance to Serbia under IPA I and IPA II contributed to the implementation of the institutional reforms as a prerequisite for Serbia’s progress in its EU accession process. However, project reporting does not always include significant detail on the actual changes (actual institutional reform) which have taken place as a result of EU assistance.

In the Transport sector, required infrastructure investments are too significant to be covered by IPA alone – participation of IFIs, and coordination between the EU, other donors and the Government of Serbia is critical. It is also visible in the sector but for the purposes of this evaluation somewhat limited – a greater understanding of processes and results in this area will be of value to further analysis.

Additional information/validation needed from field phase

The effectiveness of the variety of modalities of assistance is not clear from documentation. While there are indications of usefulness of the type and spread of modality, the available data is limited and insufficient for a strong conclusion. Of particular need for further data and analysis is the decentralised management component – how it works, its effectiveness and its efficiency. Another area of interest/enquiry is the conversion of inputs into results – as is noted above, it is clear that interventions have a
priority focus on capacity, on structural change and on legislative reform, but reporting does not provide significant insight into actual change in these areas.

2.9. Areas for recommendations

Need to develop the capacity of the national administration to adopt and implement EU acquis in particular, with regard to the restructuring and market opening of the rail transport sector to be further considered under EU programmes.

Development of the intelligent transport systems (ITS) and enhancing maintenance of transport infrastructure capacity are areas where EU support may become more visible.

The road safety needs efforts to be further strengthened, possibly under IPA.

A positive approach used under WB project includes using a country’s own institutions (administered by the Public Enterprise ‘Roads of Serbia’ (PERS)), funding a mix of toll revenues and budgetary allocations and processes, and linking disbursement of funds directly to the achievement of specific programme results. EU may decide to follow the approach that helps build capacity within the country, enhances effectiveness and efficiency.
ANNEX 8

Agriculture, Competitiveness and Regional Development, sector 5
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Sector 5: Agriculture, Competitiveness and Regional Development

1. Introduction

This document is a part of the Country Level Evaluation Serbia Report, which presents the findings of the Strategic, country-level evaluation of the European Union's cooperation with Serbia over the period 2012-2018, as required by the Terms of Reference (ToR). This section of the evaluation studies EUs cooperation with Serbia towards enhanced Competitiveness, Innovation, Agriculture and Rural Development.

For the EU in Serbia, there is continuity in the programming documents from 2011 through to 2020 as these documents broadly followed the Competitiveness, Innovation, Agriculture and Rural Development sector. For the purposes of this evaluation, the definition of the sector as provided in the Revised Indicative Strategy paper 2014-2020 is used to structure the sector approach.

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<tbody>
<tr>
<td>5) Competitiveness and Innovation, agriculture and rural development</td>
<td>6) Competitiveness and Innovation, agriculture and rural development</td>
<td>4) Private Sector Development</td>
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<tr>
<td></td>
<td>8) Agriculture and Rural Development</td>
<td>7) Agriculture and Rural Development</td>
</tr>
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</table>

The analysis in the section will assess the European Union's cooperation against the evaluation criteria from the European Commission's Better Regulation Guidelines and the OECD DAC criteria relevance, effectiveness, impact, coordination, complementarity and coherence, efficiency and EU added value. The scope of the sector in terms of programmatic interventions is defined by DAC codes as follows:

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<tr>
<th>Sector</th>
<th>DAC 3</th>
<th>DAC 5</th>
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<tbody>
<tr>
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<td>250</td>
<td>43040</td>
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<td>43050</td>
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<td></td>
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<td>43073</td>
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</table>

The document is further structured as follows:

**Chapters 2** (sector scope) presents a brief background and state of play on the agriculture and rural development and competitiveness and innovation sectors. This descriptive section of the report describes the key existent issues, needs and changes in the sector, institutional framework
and key actors, sectorial strategies and policies and important actions of the government of Serbia during the evaluation period and key changes that occurred in the sector over the period 2012-2018.

Chapter 3 (international interventions) presents in summary the active international funding and donor organisations and development partners in the assessed sectors including EU Member States, bilateral and multilateral development partners and their respective approach to the sector in terms of strategic objectives activities and contributions.

Chapter 4 (EU's intervention) provides an overview of the EU's involvement in the assessed sectors. This will include EU's theory of change/intervention logic with regard to agricultural and rural development, overview of the relevant agreements between EU and Serbia, relevant dialogue and platforms, all types of interventions including programmatic and funding mechanisms, respective progress and trends.

Chapter 5 responds to the Evaluation Questions and Judgement Criteria set to analyse sectorial cooperation. The findings are structured around the Evaluation Questions (EQs) as presented in the ToR and further specified during the Inception phase. The structure of the Chapter also reflects the Evaluation Matrix (Judgment criteria and Indicators) and the findings are clustered under the Evaluation criteria relevance, effectiveness, impact, efficiency, coordination, complementary and coherence of EU assistance.

Chapter 6 presents the initial conclusions from the desk study and under the Chapter 7 is an area of tentative recommendations.
1.1. Sector Background

Agriculture and Rural Development

Rural regions in Serbia cover about 85% of Serbia’s territory, with the 55% of the population living in rural areas\(^1\). Agriculture has historically been a major sector of Serbia’s economy and an engine for development of rural areas. Although the share of agriculture in Serbia’s economy has declined, nevertheless agriculture’s contribution to Serbia’s GDP remains high. In 2018, agriculture accounted for 6.3 percent of GDP and was the third largest sector of the economy in terms of added value.

![Graph of GVA of Crop and Animal Production, Hunting and related service activities, Current prices, million euro Source: SORS](image1)

This high participation of the sector in Serbia’s GDP has mostly resulted from Serbia’s fertile land and natural conditions for agricultural production, as well as the continued importance of the rural economy to Serbia’s population and delays in structural reforms in other sectors of the economy.\(^2\)

![Graph of GVA of Crop and Animal Production, Hunting and related service activities, % of total Source: SORS](image2)

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2 U.S. Department of Commerce’s International Trade Administration, 2019
The reduction of the sectoral added value was also reflected in current dollar terms. Since 2013, the total value added of Serbia’s agricultural production declined, reaching 2.6 bln in 2017. In 2018 however, agricultural production experienced a recovery of 21 percent compared to 2017, reaching $3.2 bln.

![Figure 3](image-url) *Source: WB Open Data*

The agricultural output is dominated by crop production and in the previous decade characterized by oscillatory trend caused by large variations in crop yields. The main cultivated produce are corn, sugar beet and wheat. The production of wheat and barley have increased by 70 and 63 percent respectively since 2010 and the production of maize although experienced larger fluctuations has not increased from the 2010 production levels.

Agricultural production in Serbia was strongly influenced by the weather conditions, especially droughts. As a result, the evaluation period was characterized by substantial annual fluctuation of agricultural production, particularly corn. Yields of key crops therefore vary considerably annually and in 2018 were lower than the pre-evaluation period.

![Figure 4](image-url) *Source: SORS STAT Data Base*
Total volumes of crop production remained unchained. In 2018, the total production of crops in accordance with the Serbia's National Statistical Office was 19.98 million tons which is a slight decrease compared to the total production in 2010 (20.38 million tons). Yields are close to regional averages and significantly below the EU27.

Livestock production on the other hand is steadily recovering. After a sharp fall in the 2012-2013 period, total livestock production has experienced continued growth during the evaluation period, and exceeded its 2010 levels, reaching 575 thousand tons (+7.3%) in 2018.

As presented in Table 1, compared to 2010, in exception to beef which experienced a fall in production, the production of other key livestock increased during the evaluation period. Pork accounted for the largest share of livestock production in tonnes, equalling to about 53 percent of total livestock production in 2018 followed by poultry. During the evaluation period, poultry production climbed to the second place in terms of annual production and equalled to 18.4 percent of the total livestock production.
Although livestock production in terms of meat increased, the livestock balance of Serbia was negative during the previous decade. In 2012 Serbia had 23.9 million Livestock Units (LSU) which this number reduced to 21.6 mln in 2018. This was primarily due to high increase of slaughter numbers of pork and poultry which increased faster than the breeding numbers did. In case of pork which accounts for about 50 percent of livestock production in thousand tons of meat, compared to 2010 breeding fell by 10 percent while slaughter numbers remained unchanged. With regard to poultry although the breeding numbers increased by 12.1 percent, nevertheless this was much slower compared to the growth in slaughter which grow by about 28 percent. This could point towards market distortions which caused animal husbandry to be less profitable and or riskier, causing farmers to increase slaughter disproportionally.

About 77.5 percent of farms had some livestock. According to the 2012 Census data, the average number of LSU per holding was 4.1 and per hectare of utilized agricultural area suggested a predominance of small herds. For almost a third of the households livestock breeding was on a subsistence level as they had less than 1 LSU. The regional differences in the average number of LSU per farm follow the pattern of land size – as the smallest farms are in Southern and Eastern Serbia Region (2.9 LSU per farm), while it is highest in Vojvodina Region (6.2 LSU per farm). Larger, commercially oriented households are in Vojvodina, where 10% of total numbers of farms with livestock are above 10 LSU per farm.

### Agricultural Exports

Following the manufacturing sector, agriculture is the second most important export sector of Serbia. The large importance of the sector for Serbian foreign trade is also reflected in the fact that the agriculture is the only sector in the Serbian economy, which produces a positive trade balance.

Compared to 2010, during the evaluation period the share of agricultural exports in the total exports of Serbia fell by about 6 percent. Consequently, in 2018, export of agriculture and food products accounted for about 17 percent of all Serbian exports and enjoyed a surplus of 1.35 billion USD, which is $109 million less than in 2017.
The main export destinations of Serbian agriculture and food products were EU countries which accounted for about 45.7% of total export in 2018, followed by the CEFTA countries (about 32% of exports), and other markets (22.3% of total export). Yet, the share of Serbian agricultural exports to the EU and CEFTA countries reduced during the evaluation period. This was due to the fact that the share of exports to non EU and CEFTA countries increased faster. In 2010, more than 91 percent of Serbian agricultural exports were destined to CEFTA and EU countries while the share of CEFTA in total agricultural exports reduced to 77.7 percent in 2018.

Between 2010 and 2018, the composition of Serbia’s top 10 export products changed to include less agricultural products. The composition of the export basket moved away from agricultural products towards more value added, predominantly manufacturing products. Corn, which used to
be the second most exported product from Serbia, in 2018, was the ninth out of the ten most exported goods followed by Raspberries at the tenth position.

<table>
<thead>
<tr>
<th>2010</th>
<th>2018</th>
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<tr>
<td><strong>Product</strong></td>
<td><strong>Value</strong></td>
</tr>
<tr>
<td>1. 6732100 - Flat-rolled products</td>
<td>6732100 - Ignition wiring sets and</td>
</tr>
<tr>
<td>of iron or non-alloy steel, hot-</td>
<td>06537.5</td>
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<tr>
<td>rolled, not clad, width&gt;=600mm, in</td>
<td></td>
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<tr>
<td>coils</td>
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<tr>
<td>2. 0449000 - Maize(not including</td>
<td>6251000 - Tyres, pneumatic, new, of</td>
</tr>
<tr>
<td>sweet corn), unmilled, other</td>
<td>12013.2</td>
</tr>
<tr>
<td>3. 3510000 - Electric current</td>
<td>37785.5</td>
</tr>
<tr>
<td>4. 0612910 - Beet or cane sugar,</td>
<td>84312.3</td>
</tr>
<tr>
<td>solid form, refined</td>
<td></td>
</tr>
<tr>
<td>5. 6251000 - Tyres, pneumatic, new</td>
<td>79917.7</td>
</tr>
<tr>
<td>of a kind used on motor cars</td>
<td></td>
</tr>
<tr>
<td>6. 6742100 - Flat-rolled products</td>
<td>74171.3</td>
</tr>
<tr>
<td>of iron or non-alloy steel, coated</td>
<td></td>
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<tr>
<td>with tin, of a width of 600mm or</td>
<td></td>
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<tr>
<td>more</td>
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<tr>
<td>7. 0583220 - Raspberries, frozen</td>
<td>65578.2</td>
</tr>
<tr>
<td>without sugar</td>
<td></td>
</tr>
<tr>
<td>8. 6825100 - Plates, sheets strip</td>
<td>49573.1</td>
</tr>
<tr>
<td>of thickness exceeding 0,15mm</td>
<td></td>
</tr>
<tr>
<td>copper</td>
<td></td>
</tr>
<tr>
<td>9. 9999900 - Unclassified goods</td>
<td>40423.2</td>
</tr>
<tr>
<td>10. 5429300 - Medicaments, n.e.s.,</td>
<td>0583220 - Raspberries, frozen,</td>
</tr>
<tr>
<td>pu27484.4</td>
<td>up for retail sale</td>
</tr>
</tbody>
</table>

Table 2 Export Products ranking, (exports value USD thousand) Source: SORS
Farm Structure and Employment

Serbia’s farm structure is complex, ranging from small subsistence agricultural households and small semi-subsistence farms to large family farms, as well as privatized large enterprises with a mixed ownership structure. At the primary level, farms are highly fragmented, with a large part of the farm holdings being (semi-) subsistence. About 60% of farm holdings do not have surplus production to sell or sell on the market only infrequently. By contrast in the northern part of the country there are large farms which are well equipped and whose production is organized on the principles of modern management.

Agriculture generates the largest share of the total employment in the country. The economic shift away from agriculture was reflected in the structure of employment. Employment in agricultural sector - both in terms of the number of people employed and in the share of agriculture in total employment - declined during the previous years, in 2018, the agricultural sector employed 2,83 million individuals, which is about 16 percent of the total employed people in Serbia.

![Figure 9 Percentage of Employed in the Agriculture Sector](source: SORS)

Nevertheless, the total number of annual work units (AWU) in 2012 was 646,283, i.e. 1.02 per holding. Moreover, about 80 percent of the employed in agriculture are employed in farms that have a subsistence level and have less than EUR 2,000 of standard output (SO). Conversely, in northern region (Vojvodina), more than 75% of the farm labour force is employed on farms that yield more than EUR 250,000 annual SO. The average age of the farm holder is 59 years, with 35 percent of farmers over 65 years of age and 65 percent over 55 years of age. Only 4.6 percent of farm holders are under 35 years of age with 10.5 percent being 35-45 years old.

Only 12 percent of farm holdings are involved in on-farm income diversification. Characteristics of these farms are: 65% are run by farm managers aged over 55 year old, predominantly located in the southern part of country (over 85%), have SO of less than EUR 4,000 and in terms of specialization are the farms with livestock or mixed production systems (crops and vegetables, mixed livestock, mainly for dairying). These numbers indicate that the main share of agricultural businesses are small or medium family farms, looking for complementary incomes and coping mechanism in agriculture.

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3 (AWU) – corresponds to the work performed by one person working on an agricultural holding on a full-time basis for one year

4 Bogdanov N., Babović M. (2014) Radna snaga i aktivnosti poljoprivrednih gazdinstava – Popis poljoprivrede u Srbiji 2012; Republički zavod za statistiku Republike Srbije; (The labour force and activities of family farms - Agricultural Census in Serbia in 2012)
A large part of the agricultural sector is not integrated in the agro-food supply chain, either by contracting or by (any other means of) sustainable commercial relationships. Home consumption and direct sales of food (the informal economy) is highly significant and small scale operators have to comply with the requirements of an increasingly demanding retail chain. These requirements are driven by the coinciding forces of increasing consumer awareness and public policies aiming at establishing the legal framework for food safety and quality standards. Also larger enterprises have difficulties in adapting to EU requirements, given the limited number of licenses for export to the EU within the meat and dairy sectors.⁵

### Strategic and Administrative Framework

The Ministry of Agriculture, Forestry and Water Management (MAFW) is responsible for the government’s strategy in the field of international and domestic agricultural trade, food processing, rural development, environment, forestry, and water management. Agricultural policy in Serbia during the evaluation period was based on several documents governing the operationalization of agricultural and rural development support. These involved:

- **The Agricultural and Rural Development Strategy for 2014-2024 (ARDS)** adopted in 2014. The ARDS defines the direction of Serbian agricultural and rural development during the 2014-2024 period, considering the EU integration process. The strategy defined the following development goals:
  - Increasing production stability and producers’ income;
  - Increasing competitiveness and adjustments to the requirements of the domestic and international markets;
  - Ensuring the sustainable management of natural resources and environment,
  - Improving quality of life in rural areas and poverty alleviation, and Enhancing public policy management and improving institutional framework for agricultural and rural development.
  - Efficient public policy management and institutional framework improvement for agricultural and rural areas development.

  The strategy, a requisite for receiving EU funding, sets guidelines for adjusting Serbia’s agriculture to meet EU and WTO requirements and the reforms needed in the sector. According to the strategy the subsidies for agriculture and rural development will be gradually aligned to the Common Agricultural Policy of the EU. The ARDS includes reforms that aim to improve Serbia’s business environment and competitiveness, raise living conditions, and introduce greater stability for farmers in rural areas. In addition to the ARDS, the Serbian government prepared National Development Programs, including National Agriculture Programme 2017-2020, National Rural Development Program 2018-2020, with more specific measures for implementing the ARDS.

- **The Strategy for Balanced Regional Development**, adopted by the government in January 2007, was also important because it was the first document that attempted to tackle the issues specific to the development of the regions. The Strategy broadly encompassed the development priorities and interventions aimed at building overall development capacity, reducing disparities and building the potential of poorer parts of the country to compete. It also sets out a coherent unified policy and legal framework for regional development as well as a strategy for building the institutional framework.

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• **Stabilization and Association Agreement (SAA):** specifies that agriculture and the agro-industrial sector cooperation between the parties shall be developed in all priority areas related to the Community acquis in the field of agriculture, as well as veterinary and phytosanitary domains. Cooperation shall notably aim at modernizing and restructuring the agriculture and agro-industrial sector, in particular to reach community sanitary requirements, to improve water management and rural development as well as to develop the forestry sector in Serbia and at supporting the gradual approximation of Serbian legislation and practices to the Community rules and standards.

• In line with the SAA, since 2001, as part of the EU integration process, Serbia has been adopting new legislation in the area of agriculture and food, mostly in accordance with the Acquis Communautaire of the European Union. During this period Serbia has adopted more than 34 new laws and over 120 sub-laws that enable implementing of the new laws adopted since 2009 relating to agriculture and food. This also includes the:
  
  o **Law on Agricultural and Rural Development:** This Law provides the framework for regulating rural development in Serbia. It governs goals of the agricultural policy, types of incentives, registry of agricultural households, record keeping in agriculture, and integrated agriculture information system. The Law defines main documents that need to be adopted in order to ensure transparency and predictability of the agrarian policy: the ARDS, the National Agricultural Program and the National Rural Development Program.
  
  o **Law on Incentives in Agriculture and Rural Development:** This Law provides for the complete classification and definition of types of incentives for agriculture and rural development on the territory of the Republic of Serbia, their use and scope, technical and administrative limits and obligations, registration and data collection requirements, as well as the conditions for exercising the right to obtain incentives in the agriculture and rural development sector. The Law is divided into 8 Chapters and 55 articles, including all offences and related penalties.

**Issues in the Agricultural Sector**

During the last decade Serbian agriculture experienced stagnation in terms of growth, yet a significant increase of export volumes. The growth of agricultural export was however much smaller compared to the growth of non-agricultural exports. The cattle headcount fell, while livestock production quantities and output of crops varied in terms. This paradox indicates existence of structural imbalances and constrains within value chain, as well as a lot of room for further developments. Both the sector output and export growth was fuelled by a selected group of commodities - cereals, industrial crops and fruit and vegetable which indicates that huge and diverse agricultural resources are not used to the best possible extent.

• **Trade liberalisation**, as a step towards EU accession, and new trade agreements with non EU countries, contributed to changing Serbia’s international trade patterns. These changes exposed the agricultural sector to high competition, raising the question of its ability to compete on domestic and international market. Export competitiveness of agriculture sector is dropping compared to other industries, although agriculture still generates a positive trade balance. Still, while the competitiveness of some agricultural commodities is still high, it is not the case with the food industry - the structure of exports is dominated by primary agricultural products. Therefore, a major challenge for the farming and processing sector is to meet the growing number of EU requirements and standards all along the food.

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supply chain. Failure to meet such requirements may result in continued deceeding exports and increasing import penetration.

- **Land Fragmentation.** The prevalence of small-scale farms is a key obstacle for more dynamic growth. While Voivodina has experienced more dynamic structural changes and has favourable farm structure (higher proportion of larger farms), southern parts of Serbia are constrained with less favourable land, unfavourable farm structure and underutilized agricultural resources. Such wide regional differences in farm size and type of farming operations are not properly addressed by agricultural policy. Also many farming households are also not recorded in the cadaster. Farmers’ resistance to organize further restricts opportunities for quality, quantity and consistency. There is also a considerable quantity of underutilized land, a potential opportunity for increasing production.

- **Access to Finance:** Access to credit, particularly for small farmers, was restricted by high collateral requirements, high interest rates and low liquidity.

- **Production and Demographics:** According to the 2012 census, rural population is decreasing at a rate of -4.2% annually; over the previous decade, the number of agricultural households fell by over 30%.

- **Technology, Production and Yield:** Obsolete technology and dated production practices results in yields of most crops low productivity due to outdated technologies. The productivity levels are well below EU member states. Weather conditions continue to have a strong influence on the sector performance. Less than 3% of agricultural land is equipped with irrigation and hail protection.

Chapter 11 – Agriculture and rural development is one of the difficult chapters, since the regulations governing this area account to almost one third of all EU regulations. In this regards, important issues that were identified during the initial screening included the issue of subsidies to farmers, which at the EU level are mainly implemented at the regional level, are structurally complicated as they identify various categories of recipients, as well as different conditions under which the assistance is given. Also the issue of environmental standards in agricultural production was stressed as this is a strict condition for receiving subsidies.

### 1.2. Competitiveness

After a period of solid economic growth and poverty reduction between 2001 and 2008 the economic growth was brought to a halt by the global economic and financial crisis. Since the crisis, progress on economic growth, poverty reduction, employment, and shared prosperity stalled as the average annual real GDP growth dropped to around zero and the economy got into a recession in the beginning of the evaluation period.

As reported by the World Economic Forum in the Europe 2020 Competitiveness Report 2012 Serbia scored lower than its neighbours, including the Member States of Bulgaria and Romania, in all areas captured by the index. Severe rigidities existed in the labour market (characterized by a mismatch between productivity and pay, weak labour-employer relations and a high youth unemployment rate of over 50% in 2012) as well as in the environmental sustainability pillar. Moreover, Comprehensive reforms were required to improve the enterprise environment, digital

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Bogdanov N., Babović M. (2014) Radna snaga i aktivnosti poljoprivrednih gazdinstava – Popis poljoprivrede u Srbiji 2012; Republički zavod za statistiku Republike Srbije; (The labour force and activities of family farms - Agricultural Census in Serbia in 2012)
agenda and education and training as a basis for smarter growth. The situation did not change much in 2014 as the same issues were during the 2014 edition of the assessment.8

The competitiveness of Serbia’s economy was essentially stagnant, placing 95th out of 144 economies; and in the area of innovation, it ranked 124th of 144, per the World Economic Forum’s Global Competitiveness Report 2012-2013. A host of constraints and challenges were identified in this regard which generally were grouped into the following areas: ineffective support structure of institutions and policies (Inefficient government bureaucracy and Corruption); lack of access to finance; fiscal policy and tax, infrastructural gaps, lack of organized scale, affecting quantity, quality and consistency; gaps in workforce skills, technical expertise and innovation in production and management; grey market activities; and weak networks, linkages and cooperation of both MSMEs and institutions. 9

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<tr>
<td>Innovation 2.79</td>
<td>Inefficient government bureaucracy 13.1</td>
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<tr>
<td>Enterprise Environment 3.12</td>
<td>Corruption 12.5</td>
</tr>
<tr>
<td>Environmental sustainability 3.49</td>
<td>Access to financing 11.1</td>
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<tr>
<td>Labour Market and Employment 3.53</td>
<td>Foreign currency regulations 8.5</td>
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<td>Tax rates 7.5</td>
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<td>Government instability/coups 6.4</td>
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<td>Digital agenda 4.10</td>
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<td></td>
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<td>Poor work ethic in national labour force 4.4</td>
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<td>Restrictive labour regulations 3.1</td>
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<tr>
<td></td>
<td>Inadequately educated workforce 2.9</td>
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<tr>
<td></td>
<td>Insufficient capacity to innovate 1.6</td>
</tr>
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<td></td>
<td>Poor public health 0.5</td>
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</table>

Table 3 Binding Constraints to Competitiveness

Serbia’s exports were dominated by raw products and semi-finished goods, which have relatively low market value and are at the low end of the global value chains (GVC). In 2010, only 3% of Serbia’s total manufacturing export was in high-technology products; this being much lower than the EU 27 average of 16% which was a result if Serbian enterprises lacked sufficient ability to produce higher value-added products and adjust to market changes.10

Significant gaps existed in the business environment. Serbia Ranked 86th in the WB Doing Business 2012 Report. Traditional business support services had considerable gaps regarding institutional framework for SME policy, regulatory reform and administrative simplification, company registration, entrepreneurial learning and business start-up process and access to finance. And business support organisations had limited capacity. 11 Only a few international consulting

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companies operated in Serbia in 2012 and there were significant gaps regarding business incubation services particularly in terms of promoting innovation.

As also specified by the Global Competitiveness Report 2012, Serbia’s governance and regulatory institutions ranked below the average for transition economies. There was widespread perception of corruption. Serbia had limited capacities in almost all aspects of innovation. The country ranked 127th of 144 on the availability of latest technologies, while the low capacity of Serbian companies to absorb technologies placed the country on the 142nd place (out of 144).

Only 14% of R&D was undertaken in the business sector even and a total of 55% of R&D was carried out in higher education institutions, which made higher education institutions the largest R&D performers in Serbia. The business sector played a more limited role in innovation in Serbia compared to the EU where it is the main R&D driver and accounts for more than 60% of R&D performed. Serbia consequently needs to stimulate further creation and growth of innovative enterprises based on knowledge through private sector start-ups or spin-offs by providing financing for market-oriented innovative technologies, products and services with high commercialisation potential. 12

Access to finance was among the most eminent problems in performing business activity in Serbia. Majority of SMEs suffered from a poor access to available, accessible and diverse finance. SME financing primarily involved financing though informal sources and cost of financing was very high due to high interest rates. Also alternative channels of financing such as venture capital, equity finance were also undeveloped in Serbia. Serbia also ranked 92d out of the 183 economies in the Transparency International Corruption Perception Index 2012 which was among the lowest in south-eastern Europe.

**Progress**

After a period of solid economic growth and poverty reduction between 2001 and 2008 the economic growth was brought to a halt by the global economic and financial crisis. Since the crisis, progress on economic growth, poverty reduction, employment, and shared prosperity stalled as the average annual real GDP growth dropped to around zero and the economy got into a recession in the beginning of the evaluation period. But since the global financial crisis the annual growth averaged only 1.2 percent. 13 As a result, the Serbian economy is still smaller than in 1990.

Nevertheless, Serbia made progress towards establishing a functioning market economy. Serbia had to make significant efforts in restructuring its economy so as to cope in the medium-term with the competitive pressures and market forces within the Union. Serbia continued to improve its business environment and make efforts to develop a competitive private sector.

The competitiveness of Serbia’s economy was essentially stagnant per the World Economic Forum’s Global Competitiveness Report 2012-2013. Also as reported by the World Economic Forum in the Europe 2020 Competitiveness Report 2012 due to a host of constraints and challenges Serbia scored lower than its neighbours in all areas captured by the index. 14

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12 Establishing a Competence Technology Centre in Serbia, OECD 2013
13 Compound annual growth rate, 2009–18
However, the competitiveness score of Serbia, did improve during the evaluation period. According to the World Bank after a fall in 2013, the competitiveness of Serbia improved considerably reaching 4.14 in 2018. The overall increase in competitiveness in Serbia is around 10 % percent over the 2010-2018 period. Serbia considerably improved its score on the First Pillar "Institutions" of the basic requirements which was previously one of the most problematic areas identified by the 2012 report. Other areas that improved were corruption, government stability and inflation. Tax was nevertheless one of the areas identified as one of the most problematic factors for doing business.

As shown in Table 4 below, the improvement regarding competitiveness in Serbia is comparable with improvements in Bosnia and Herzegovina (9.7%), more than the improvement in Montenegro of which the score did not improve at all, and Macedonia (7.1%). Nevertheless, it is much less than improvements in Albania (12.4%).

**Overall Competitiveness of Serbia and Neighbours**

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<tbody>
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<td>Serbia</td>
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<td>3.84</td>
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<td>3.87</td>
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<td>Bosnia and Herzegovina</td>
<td>3.55</td>
<td>3.56</td>
<td>3.53</td>
<td>3.70</td>
<td>3.83</td>
<td>3.93</td>
<td>4.02</td>
<td>3.71</td>
<td>3.80</td>
<td>3.87</td>
<td></td>
</tr>
<tr>
<td>Montenegro</td>
<td>3.91</td>
<td>4.11</td>
<td>4.16</td>
<td>4.36</td>
<td>4.27</td>
<td>4.14</td>
<td>4.20</td>
<td>4.23</td>
<td>4.20</td>
<td>4.05</td>
<td>4.15</td>
</tr>
<tr>
<td>Macedonia, FYR</td>
<td>3.73</td>
<td>3.87</td>
<td>3.95</td>
<td>4.02</td>
<td>4.05</td>
<td>4.04</td>
<td>4.14</td>
<td>4.26</td>
<td>4.28</td>
<td>4.23</td>
<td></td>
</tr>
</tbody>
</table>

In terms of competitiveness, comparatively, Serbia scores better than Bosnia and Herzegovina but lower than other countries in the western Balkan region. Only in case of market size Serbia scores...
significantly higher than other countries, with the remaining pillars similar or lower than neighbouring countries and performs relatively poorly in terms of pillar one institutions and financial market development as presented in Figure 34.

Figure 11 Relative Competitiveness by Pillar 2018 SOURCE: https://tcdata360.worldbank.org

Trade Competitiveness

In terms of trade competitiveness, the composition of Serbia Export basket experienced considerable change away from agriculture. Manufacturing was the main engine behind growth of exports. The structure of Serbian exports shifted with the expansion of the automotive sector, led by the operations of FIAT and its suppliers and the growth of demand for electric motors, generators, and generating sets. The sophistication of the export basket has been gradually rising with the growth of medium-skill and technology-intensive manufacturing.

Compared to 2012, exports of machinery and transport equipment more than doubled and became the largest export segment of the country. Consequently, Serbia’s exports were no longer dominated by raw products and semi-finished goods and were replaced by products which have a relatively higher market value and are placed higher in the global value chain.
Moreover, the share of medium and high-technology products increased during the reporting period. In 2017, 45% of Serbia’s total manufacturing export was in medium and high-technology products; which was a slight increase compared to 2012 where medium and high technology products made-up about 41 percent of the exports. As illustrated in Figure 35 the share of the higher technology products has increased considerably and recovered since the conflicts.

For the last six years, exports have gone up by about 11 percent annually, bringing the share of exports of goods and services to about 50 percent of GDP. Since this is far below the 80 percent
enjoyed by other small transition economies, exports are yet to become an engine of economic growth for Serbia.\textsuperscript{15}

![Figure 14 Exports of Serbia to the World and the EU, (million Euros) SOURCE: ITC Calculations Based on UN COMTRADE statistics](image)

Trade competitiveness of a country relative to a specific market can be estimated using Revealed Comparatives Advantage (RCA) as described in Appendix 1. This method has been used to estimate the number of Serbia’s global export products Product (3-digit SITC level) that have a comparative advantage in the global market as shown in Table 42:

**Number of Serbia’s products with RCA**

<table>
<thead>
<tr>
<th>Year</th>
<th>Agricultural</th>
<th>Non-agricultural</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>31</td>
<td>61</td>
<td>92</td>
</tr>
<tr>
<td>2011</td>
<td>30</td>
<td>62</td>
<td>92</td>
</tr>
<tr>
<td>2012</td>
<td>14</td>
<td>83</td>
<td>97</td>
</tr>
<tr>
<td>2013</td>
<td>32</td>
<td>57</td>
<td>89</td>
</tr>
<tr>
<td>2014</td>
<td>31</td>
<td>57</td>
<td>88</td>
</tr>
<tr>
<td>2015</td>
<td>33</td>
<td>57</td>
<td>90</td>
</tr>
<tr>
<td>2016</td>
<td>30</td>
<td>55</td>
<td>85</td>
</tr>
<tr>
<td>2017</td>
<td>32</td>
<td>66</td>
<td>98</td>
</tr>
<tr>
<td>2018</td>
<td>32</td>
<td>64</td>
<td>96</td>
</tr>
</tbody>
</table>

**Table 5 Number of Serbia’s products with RCA SOURCE: UNCTADSTAT**

This shows that despite the support to Serbia’s competitiveness since 2012, the number of products with a comparative advantage in the global market has not increased as in 2012, 97 products had a comparative advantage on the global market. In 2018, there were again 97 products that had a revealed comparatives advantage on the global market.

A similar situation occurred in the relative competitiveness of Serbia’s non-agricultural exports where the number of competitive products(groups) did not experience a significant change. As presented in the Figure 38, there were however shifts in the relative competitiveness of some of the products. In this regard, some machinery and transport equipment products become more

\textsuperscript{15} World Bank, Serbia’s Growth Challenge, 2019. Available here
competitive than they were and some of the most competitive products such as maize and wheat products become less competitive in 2018. This change is shown with the move of the dots towards the centre of the plot.

![RCA plot of Serbia for 2012 and 2018](source)

**Figure 15 RCA plot of Serbia for 2012 and 2018**

**SOURCE:** UNCTADSTAT

**Foreign Direct Investment**

Attracting FDI in tradable sectors is crucial for external sustainability and improving competitiveness. The low level of public and private investment was one of the main bottlenecks to competitiveness in the Serbian economy. Government support to foreign direct investment went up, while support to domestic companies remains low. During the evaluation period, FDI inflow into the Serbia and reached pre-crisis levels. FDI also became much more diversified than in the past. These investments not only contributed to expanding the production base but also fully covered the current account deficit. The price to attract FDI through various tax breaks and other incentives offered to foreign investors is however not clear as there is no comprehensive and efficient state aid control. It is nevertheless estimated that foreign companies receive several times more subsidies than those available for domestic SMEs.
Access to Finance

Generally, access to finance improved significantly during the evaluation period. This was also attested by Serbia’s progress in various international rankings, albeit at a slower pace than in previous years. As part of the macroeconomic stabilisation efforts, the government and the central bank addressed some of the main weaknesses in the banking sector and helped reduce the number of nonperforming loans. Nevertheless, several challenges remain in place, such as: (i) high cost and collateral requirements for innovative, young and potential growth companies, (ii) underinvestment in areas such as innovation financing, infrastructure financing, and environmental projects, and (iii) inadequate support for long-term finance, guarantee instruments and equity financing. SMEs often continue to use own resources as the primary source to finance innovation and or expansion.\(^{16}\)

<table>
<thead>
<tr>
<th>Unit</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outstanding business loans, SMEs</strong></td>
<td>Euro,</td>
<td>4201.</td>
<td>4320.</td>
<td>4352.</td>
<td>4061.</td>
<td>4779.</td>
<td>5340.</td>
<td>5555.</td>
</tr>
<tr>
<td></td>
<td>Millions</td>
<td>72</td>
<td>49</td>
<td>48</td>
<td>21</td>
<td>21</td>
<td>44</td>
<td>37</td>
</tr>
<tr>
<td><strong>New business lending, SMEs</strong></td>
<td>Euro,</td>
<td>3189.</td>
<td>3322.</td>
<td>2770.</td>
<td>2301.</td>
<td>2716.</td>
<td>3332.</td>
<td>4040.</td>
</tr>
<tr>
<td></td>
<td>Millions</td>
<td>94</td>
<td>56</td>
<td>99</td>
<td>93</td>
<td>98</td>
<td>01</td>
<td>55</td>
</tr>
<tr>
<td><strong>Share of new SME lending (% of total new lending)</strong></td>
<td>%</td>
<td>..</td>
<td>37.49</td>
<td>30.64</td>
<td>32.45</td>
<td>40.16</td>
<td>39.38</td>
<td>39.89</td>
</tr>
<tr>
<td><strong>Short-term loans, SMEs</strong></td>
<td>Euro,</td>
<td>1435.</td>
<td>1308.</td>
<td>1256.</td>
<td>1386.</td>
<td>1405.</td>
<td>1347.</td>
<td>1382.</td>
</tr>
<tr>
<td></td>
<td>Millions</td>
<td>56</td>
<td>26</td>
<td>61</td>
<td>21</td>
<td>14</td>
<td>82</td>
<td>36</td>
</tr>
</tbody>
</table>

Table 6 Statistics on Access to Finance
Source: Financing SMEs and Entrepreneurs: An OECD Scoreboard

<table>
<thead>
<tr>
<th>Long-term loans, SMEs</th>
<th>2766.</th>
<th>3012.</th>
<th>3095.</th>
<th>2675</th>
<th>3374.</th>
<th>3992.</th>
<th>4173.</th>
<th>4357.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro, Millions</td>
<td>16</td>
<td>23</td>
<td>87</td>
<td>07</td>
<td>63</td>
<td>01</td>
<td>16</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Government guaranteed loans, SMEs</th>
<th>522.7</th>
<th>390.2</th>
<th>568.9</th>
<th>341.6</th>
<th>750.0</th>
<th>126.3</th>
<th>13.09</th>
<th>13.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro, Millions</td>
<td>1</td>
<td>8</td>
<td>4</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-performing loans, SMEs (% of all SME loans)</th>
<th>21</th>
<th>22.64</th>
<th>26.15</th>
<th>28.05</th>
<th>27.08</th>
<th>26.69</th>
<th>20.15</th>
<th>9.9</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Interest rate, SMEs</th>
<th>10.06</th>
<th>9.72</th>
<th>8.15</th>
<th>8.03</th>
<th>7.25</th>
<th>6.31</th>
<th>5.72</th>
<th>4.73</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Interest rate, large firms</th>
<th>7.36</th>
<th>7.88</th>
<th>6.6</th>
<th>6.34</th>
<th>5.18</th>
<th>3.87</th>
<th>3.15</th>
<th>2.77</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Interest rate spread (% points)</th>
<th>2.7</th>
<th>1.85</th>
<th>1.55</th>
<th>1.7</th>
<th>2.07</th>
<th>2.44</th>
<th>2.58</th>
<th>1.95</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Collateral, SMEs (% of SMEs needing collateral to obtain bank lending)</th>
<th>44.51</th>
<th>45.59</th>
<th>53</th>
<th>55.06</th>
<th>53.13</th>
<th>53.79</th>
<th>42</th>
<th>55.3</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Utilisation rate (SME loans used/ authorised)</th>
<th>67.76</th>
<th>83.83</th>
<th>86.11</th>
<th>87.92</th>
<th>86.47</th>
<th>87.86</th>
<th>88.06</th>
<th>90.58</th>
</tr>
</thead>
</table>

Business Support Services
Looking at Business Support Services (BSS) for SMEs, Serbia made clear progress during the evaluation period. The importance of BSS was recognised by the Serbian government and included specific steps to boost BSS provision through both public institutions and private providers in their relevant its framework. Unlike many of the economies in the region, Serbia conducted noteworthy stakeholder or training needs analyses to adapt its BSS provision to SMEs’ requirements. SMEs in Serbia have access to BSSs provided by public institutions. The provision of BSSs through private sector providers was also supported by the Serbian government which offer co-financing mechanisms characterised by well-defined structures and clear eligibility criteria.

Private enterprises improved their performance during the evaluation period. The turnover of private companies during the 2010-2018 period increased by about 53 percent. Although the performance of SMEs improved nevertheless, there was no significant differences in terms of the performance of SMEs or larger enterprises.
Research and Development

Although the country has a relatively good scientific base, nevertheless the level of investment in research is just over 0.9% of GDP. Although reasonable when compared with other countries in the Balkans, nevertheless this was considerably lower than the average in the EU which was about 2.07% in 2017. Serbian R&D spending was initially concentrated in the public sector, yet the structure of sectoral contribution to the national R&D resources changed during the evaluation period. From having the lowest share in 2010, the business sector in terms of R&D resources grow to have the largest share of R&D resources in 2018, equalling to 0.36 percent of the GDP.

The growth of the private sector R&D funds was not connected with increased public spending and cooperation between the public and private sectors with regard to innovation. As illustrated in figure 18 total R&D assets in Serbia increased disproportionately compared to R&D spending from Serbia’s national budget.
Digitalisation

Great efforts have been made towards digitalisation and the adoption of e-commerce. Serbia adopted policies and legal framework towards developing the digital society and is in the initial stages of policy implementation. The country adopted a Multi-annual Action Plan which includes digital integration as its component. It stresses the importance of implementing far-reaching interventions and actions such as future-proof digitalisation strategies, an updated regulatory environment, improved broadband infrastructure, and strategies for access and digital literacy in order to open up the digital economy more widely and to integrate the economies into the pan-European digital market (MAP, 2017).

Serbia aligned its legal frameworks for consumer protection in e-commerce with the EU framework. It also made significant progress in setting up appropriate broadband policies and infrastructure. Serbia implemented its dedicated broadband strategy that aligned with its digital strategy. Serbia created the ministerial Council for Innovative Entrepreneurship & IT to co-ordinate the implementation of the digital agenda strategy, which combines the Electronic Communications and Information Society strategies with the new IT Industry Development strategy. The council was responsible for developing a two-year action plan for 2017-18 to implement the IT industry strategy.

Serbia took positive steps to adopt and implement a cybersecurity policy, while the development of e-business and e-commerce progressed slowly. It also advanced on regulatory reforms and broadband development and aligning its regulatory frameworks with the EU acquis. Serbia also advanced in term e-services and incorporated e-health and integrated healthcare information system (IHIS) development as priority objectives in its digital strategy. The Serbian e-business programme in support of businesses looking to adopt e-business practices is considered as an example of regional good practice.

Investments were brought in to develop broadband. According to data from the International Telecommunication Union (ITU), annual investments in fixed broadband services grow (ITU, 2017). Although Serbia should further accelerate the planning and implementation of rural broadband development. According to the Networked Readiness Index of the World Economic Forum in the 2012-2016 period Serbia improved its rank on the NRI by 10 places.
Restructuring of Public Enterprises
Although Serbia did progress in the area of public ownership practices, nevertheless this practices still are not well developed, and further reforms in this regard lead to significant efficiency gains for the Serbian Economy. Serbia established a relatively comprehensive approach to state ownership practices and implemented specific reform in the area of public enterprises (PEs). There was progress with further regulating the sector with the passage of the law on Public Enterprises. This law establishes criteria for board qualifications and the independence of certain board members. However, it only applies to a segment of the SOE sector charged with operating in the public interest.

In the period of 2001-2015, the Serbian government privatized 3,047 PEs. Although, sometime later, 646 of these privatizations were cancelled, alleging that investors did not meet contractual obligations related to employment and investment.

Ownership practices and corporate governance of PEs can still be improved. In many cases, closing these companies would mean leaving whole regions of Serbia destitute, since these PEs are drivers of local economies. The government therefore made attempts for restructuring the ownership and governance of SOEs in the region according to internationally accepted good practices. It established a category of SOEs (“public enterprises”) that are slated for continued state ownership. They are subject to specific legislation which, when properly implemented, will strengthen their ownership.

Strategic and Administrative Framework
Due to the multi-faceted nature of the sector, the strategic framework for competitiveness in Serbia is complex. The relevant strategies cover the full breadth of the sector and include aspects of SME development, R&D and innovation, ICT development, foreign direct investment, intellectual property rights, state aid, business environment and services. Relevant sectoral development strategies and other strategic development documents and policies included:

- The National Programme for Integration with the European Union (NPI)
- Strategy Entrepreneurship and Competitiveness Development 2015 – 2020,
- Strategy for Scientific and Technological Development of the Republic of Serbia for the period 2010-2015 and 2016-2020
- Strategy for Education Development in Serbia 2020,
- Strategy for Agriculture and Rural Development 2014 – 2026,
- Strategy for Information Society Development in the Republic of Serbia until 2020,
- Strategy on Development of Intellectual Property for the period 2011 – 2015,
- The National Strategy for Tourism Development until 2015
- The Strategy of Market Surveillance (2010-2014)
- Intellectual property strategy For the period 2018 – 2022
- Strategy for South East Europe 2020 (SEE 2020),
- Western Balkans Research and Innovation Strategy (WISE),
- Strategy for the Danube Region,
- Lisbon Strategy,
- Horizon 2020

The existing Industrial Strategy, with certain improvements, can be considered as the overarching strategy for the competitiveness sector in Serbia. It covers a broad remit including energy, environment and human resources & social development. The strategy refers specifically to manufacturing and competition, corporate governance, R&D, innovation and ICT. The starting point
is the country’s overall economic goals - stimulating export-led production in high value industries to create new jobs and tackle endemic and long-term employment. The Strategy sets the overall direction for the whole sector, whilst the four sub-sector strategies which cover ‘entrepreneurship and competitiveness’, ‘R&D and innovation’, ‘ICT’ and ‘market regulation’ can be regarded as vertical pillars underpinning this broad strategy.

Based on the overall strategic framework, the following mid-term priorities were identified by the Serbian Government with regard to competitiveness:

- **Increase competitiveness and exports of enterprises**
  Support to Serbian SMEs to strengthen their ability to compete in domestic and international markets, and have a more significant impact on the economy, particularly in generating the export revenues which can finance the Republic of Serbia’s consumption and growth. Improving the business environment in which SMEs function, and implement support mechanisms that would improve the situation of SMEs throughout their life cycle and help them to access new markets. Furthermore, strengthening the preconditions for greater number of innovative products, by increasing investment in research and development and bringing together the academic community and the business sector to be able to cooperate and increase the competitiveness of the Serbian economy.

- **Ensure effective competitiveness and market operations**
  Development of an institutional framework which not only develops and adopts laws and regulations which meet EU and other international obligations, but is also able to effectively implement and enforce this legal base, including protection of intellectual property, removal of restrictive practices and control of state aid. Moreover, providing businesses with access to the mechanisms to achieve technical standards which customers have the right to expect, in both domestic and export markets, to inform users of these rights and opportunities, and to ensure that the interests of the consumer remain paramount, particularly in the areas of safety and quality, and are fully protected.

- **Reduce disparities and promote balanced development**
  Reduce regional disparities and enable the full participation of all citizens in Serbia’s economy and ensure social cohesion. Assisting Serbia’s main agents at the regional level – accredited regional development agencies, cities, towns and municipalities to unlock the potential of local economies, by supporting entrepreneurship, business growth and investment.

Beside sector strategies, there are multi-sector strategies, namely: the Fiscal Strategy for 2014 with projections for 2015 and 2016, the National Spatial Plan and the National Plan for the Adoption of the acquis (2013-2016).

### Innovation

Regarding innovation, according to OECD, Serbia had one of the most advanced innovation policies among the countries in the region. The scientific and technological development (STD) strategy defined the innovation policy of Serbia during 2010-2015. The strategy was coordinated by the Innovation System and technology transfer unit with the Ministry of Education and Science. The activities proposed in the Action sit alongside national funding and other international assistance to support mainstream public spending on policy reforms and economic development.

### SME Development
Serbia’s SME policy framework is quite advanced – a comprehensive SME strategy is in place and its implementation is going to plan. Serbia’s institutional framework in the area of SME development was solid, with a comprehensive SME development strategy (Strategy to Support Development of SMEs, Entrepreneurship and Competitiveness 2015-2020) and an operational SME agency in place. Serbia’s SME development strategy is in line with the EU Small Business Act (SBA) principles and defines six pillars covering the business environment, access to finance, human capital, competitiveness and innovation, export promotion and women’s entrepreneurship. This strategy was built on the previous 2008-2013 SME Strategy. Implementation of the SME development strategy was co-coordinated by the SME Council. The Ministry of Economy reports quarterly to the SME Council. As an advisory body, the council became operational in November 2017.

The Serbian Ministry of Economy (MoE) is in charge of SME policy making and implementation, which it carried out in co-operation with various agencies, mainly the Serbian Development Agency (SDA). SDA is a government organization dedicated to facilitating and implementing direct investments, promoting and increasing exports, improving the competitiveness of Serbian economy, as well as reputation, and economic and regional development of the Republic of Serbia. SDA was established and started to operate in January 2016, by taking over the duties of the Serbian Development Agency National Agency for Regional Development (NARD) which was dismissed in December 2015 as well as Serbia Investment and Export Promotion Agency (SIEPA). SDA aims to serve as a one-stop-shop for both domestic and international companies.

The Chamber of Commerce (CoC) also contributes to SME development through initiatives such as innovation fairs and Competition for Best Technology Innovation and measures to enhance participation by SMEs in consultations by establishing the Council for SMEs. This council is comprised of both members and non-members of the Chamber of Commerce, thus enhancing its outreach and ensuring full SME participation in discussions on business-related legislation.

**Competition**

Regarding competition policies, the provisions of the SAA require the Balkan countries to enforce competition rules and to gradually align its legislation with EU legislation. The agreement affects the gradual approximation of Balkan countries legislation with Acquis and the effective implementation, as well as the provision of monitoring and transparency mechanisms compatible with EU rules. The National Competition Authority cooperates with the responsible Ministries to align Competition Policies with those of the European Union. The collaboration concentrates on the approximation of Legislation, meeting the obligations arising from the SAA, providing technical assistance and EU projects.
1.3. International/donor Interventions in Sector

The government of Serbia demonstrated a proactive approach to donor coordination by developing multi-annual planning documents for development assistance. This documents served as key instruments for the Serbian Government to define the strategic directions of Serbia’s development and support the activities planned through the National Programme for the Adoption of the Acquis. The two main strategic planning documents for donor coordination during the evaluation period were the:

- Needs of the Republic of Serbia for International Assistance 2011-2013
- National Priorities for International Assistance (Nad) 2014-2017

These inter-sectoral programming documents defined the approach of the Government to multi-annual programming of international development assistance, donor coordination and cooperation mechanisms, as well as prioritised measures within relevant sectors. The measures proposed for funding under the NADs were selected to complement national and international interventions from the State Budget to the other EU programmes, and bilateral and multilateral assistance.

The Ministry of European Integration is the main institution responsible for the coordination of international development assistance. Serbia has been praised for effective donor coordination. On 26 June 2017, the National Assembly of the Republic of Serbia adopted the Law on Amendments to the Law on Ministries, establishing the Ministry of European Integration. The Ministry started operating on the date when this law entered into force, on 27 June 2017, when the European Integration Office of the Government of the Republic of Serbia ceased to exist.

With the aim of efficient and coordinated international assistance programming and monitoring process, in particular IPA, ten sector working groups have been established, comprising representatives of relevant national institutions, Sector for Planning, Programming, Monitoring and Reporting on EU Funds and Development Assistance and donors.

The Donor community in the Republic of Serbia consists of over 30 bilateral donors, multilateral organisations and international financial institutions. Since 2000, the development partners have been providing essential financial support to the Republic of Serbia in implementation of structural reforms on the path of EU integration, poverty reduction and efficient achievement of Millennium Development Goals.

Development aid to the competitiveness and agriculture sector in accordance with the OECD DAC data has fallen significantly during the evaluation period. Since 2011, support to the production sector (which includes agriculture and fishery) and rural development fell by more than 98 and 93 percent respectively, reaching just over 11 and 0.2 million Euros in 2017.

Banking and the financial sector consequently became a larger recipient of ODA as the support to this subsector slightly increased during the evaluation period. In 2017 the Serbian banking and the financial sector received 202.8 mln euros of development assistance.

The EU was the largest source of development assistance to competitiveness and Innovation, Agriculture and Rural development. With a disbursement of about 1.88 billion Euros, the EU was responsible for about 81% of all assistance during 2011-2017, followed by bilateral assistance of individual member states.

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18 Government of the Republic of Serbia Ministry of European Integration, (ISDACON)
19 Production Sectors Grouping includes Agriculture, Forestry, Fishing, Industry, Mining, Construction, Trade Policies and Regulations and Tourism
In terms of support to the banking and Services sector, Germany was by far the largest provider of bilateral support. The support of Germany to the sector in 2017 reached USD 108.2 million.

In terms of disbursed ODA to Business and Financial services the EU was again the largest provider of assistance followed by EU member states (Germany predominantly). Other multilateral donors were only responsible for less than 10 percent of the assistance delivered to the sector during 2011-2017.

During the evaluation period, in terms of support to the production sectors, the most significant multilateral donors in the sector, according to the amount of released funds were the United States, Italy and Switzerland which respectively were responsible for 27, 21 and 18 percent of the total bilateral support to this sector.
The provided bilateral assistance provided by Italy was predominantly disbursed in 2011 while the assistance of the United States, Switzerland and Denmark were delivered more systematically throughout the evaluation period.
During the evaluation period, international development assistance in the area of agricultural and rural development were primarily directed towards:

- the prevention and improvement of the system for protection of animal health and food safety,
- support to business in agriculture and increased efficiency and competitiveness and business environment in the sector, including setting up an accounting information system on farms, efficient land management, crop protection, and support provided in the field of fruit growing
- establishment of database of agricultural households,
- harmonisation with the European Standards of the laboratories within the complex of the Directorate for National Reference Laboratories of the Republic of Serbia, support to the fruit growing sector, sustainable tourism in the function of rural development.
- building institutional capacities for implementation of the policy of rural development in accordance with the EU standards, as well as for undertaking roles and tasks within the decentralised management of EU funds.
- the timely implementation of projects is still largely dependent on long-lasting procedures and other local, institutional and legal obstacles. In 2011 the largest part of the development assistance was implemented through technical cooperation and the twinning instrument.
- Support to fruit growing, as well as through credit lines for agricultural producers and processors

On the other hand, development assistance in the area of competitiveness was primarily directed towards enhanced credit funds contributing to the improvement of business performances of small and medium-sized enterprises and entrepreneurs through the field of banking and financial services and the field of industry and small and medium enterprises. \(^{20}\)

\(^{20}\) Report on International Assistance to the Republic of Serbia in 2011-2013
1.4. **Overview of EU interventions in sector**

The Government of Serbia remained committed to full membership in the EU as its strategic goal. Regular political and economic dialogue on open issues from the Stabilisation and Association Agreement between the European Communities and their member states, on the one hand, and the Republic of Serbia, on the other, as well as the adoption of general and sectoral national development strategies were aimed at Serbia’s fulfilment of economic requirements for membership laid down in the acquis communautaire.

By signing the SAA, Serbia committed itself to a gradual harmonization of legislation with the acquis of the European Communities, as well as to its consistent application. The SAA offers Balkan countries opportunities and incentives to strengthen good governance and the rule of law and promote economic growth and employment. It ensures the gradual development of a free trade zone with the EU, can help attract foreign and domestic investment, and improve the business environment.

Sectoral cooperation between Serbia and the EU consequently expanded to encompasses all the chapters from the acquis communautaire including Chapter 11: Agriculture and rural development and Chapter 20 “Enterprise and industrial policy” of the EU acquis have been opened for Serbia, which is the most relevant chapter for SMEs in the assessed economies. This chapter aims to strengthen competitiveness, facilitate structural change and encourage a business-friendly environment. Implementing the ten SBA principles is one of the requirements of this chapter.

The European Union prioritized increased competitiveness, innovation (private sector development), agriculture and rural development in its strategic planning documents that covered the evaluation period including the Multi-annual Indicative Planning Document (MIPD) 2011-2013, the Indicative Strategy Paper 2014-2020 and the Revised Indicative Strategy Paper 2014-2020. To realize these objectives, the EU set out to provide support towards:

- Strengthening the intellectual property rights;
- Strengthening the regulatory and policy framework in line with EU acquis (e.g. state aid, consumer protection, agriculture and rural development);
- Simplification of regulatory framework and business environment reform;
- Implementation of digital projects (e.g. introduction of e-permits);
- Investing in broadband infrastructure;
- Restructuring of public enterprises;
- Investing in R&D;
- Support to SMEs through grants and TA;
- Implementation of the Small Business Act;
- Strengthening the institutional framework for the agriculture and rural development policy, including preparations for IPARD programme.

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

- Gradually align the Serbian agriculture policy with the EU acquis, including the establishment of the structures and systems necessary for implementation of the CAP;
• Improve competitiveness of the Serbian agricultural sector through modernisation of agri-food establishments to meet the EU environmental, food safety and other standards;
• Balance territorial development in rural areas, including diversification of economic activities and investments in rural infrastructure;
• Improve Food safety in line with the EU standards;
• Implement controls of veterinary and phytosanitary services in line with the EU requirements; and
• Improve animal health through eradication of and/or better control of diseases.

EU Support in the agricultural sector was directed towards implementation of the sector strategy, legislative reforms and structural adjustments necessary for Serbia to assume the obligations of the EU membership. This included measures that aimed to enable growth and development in agricultural production and processing and ensuring a competitive, sustainable and efficient agricultural sector. Support was provided for establishment of the structures and systems necessary for the implementation of the CAP.

Figure 24 Intervention Logic of EU cooperation with Serbia in the field of Competitiveness, Agricultural and Rural development.

As indicated in Chapter 3, the EU was by far the biggest donor to Serbia with regard to agricultural and rural development and competitiveness. The financial assistance to the sector was primarily provided through EU’s Instrument for Pre-Accession (IPA) which aims to help Serbia to prepare for assuming and effectively implementing obligations of its future membership in the EU.
About 68.2 million Euros worth of development assistance was planned for the period of 2011-2018, of which 93.6 percent 63.9 million euros was actually disbursed through 76 contracts. The lion’s share of support provided by the EU in this sector was directed towards Rural Development followed by Agriculture. These sectors received 24.2 and 19.1 mln of support respectively. The third largest sector in terms of resource allocation was industrial development.

As illustrated, strengthening sectoral policy framework and administrative capacity has been the main target of EU financed interventions in the sector. Sectorial support under instruct was mainly related to SME development.

<table>
<thead>
<tr>
<th>DAC 5 digit Category</th>
<th>Disbursed Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial policy and administrative management</td>
<td>110,758</td>
</tr>
<tr>
<td>Business Policy and Administration</td>
<td>3,174,561</td>
</tr>
<tr>
<td>Agricultural policy and administrative management</td>
<td>8,148,032</td>
</tr>
<tr>
<td>Agricultural water resources</td>
<td>172,090</td>
</tr>
<tr>
<td>Livestock</td>
<td>142,149</td>
</tr>
<tr>
<td>Agrarian reform</td>
<td>67,675</td>
</tr>
<tr>
<td>Agricultural alternative development</td>
<td>365,923</td>
</tr>
<tr>
<td>Agricultural education/training</td>
<td>340,656</td>
</tr>
<tr>
<td>Agricultural research</td>
<td>200,382</td>
</tr>
<tr>
<td>Plant and post-harvest protection and pest control</td>
<td>2,476,966</td>
</tr>
<tr>
<td>Livestock /veterinary services</td>
<td>6,813,508</td>
</tr>
<tr>
<td>Forestry development</td>
<td>261,869</td>
</tr>
</tbody>
</table>
The Transition Assistance and Institution Building includes measures for institutional capacity-building and related investments, with the goal of fulfilling political, economic and other EU accession criteria and the responsibilities involved in EU membership. Under IPA Component I Assistance came in the form of technical assistance, twinning projects, procurement of equipment (supply), works and grants. In terms of funding, funding was provided in the form of grants to support projects and organisations, public contracts, and sector support. The largest share of the funds was disbursed through financing agreements.

In the period 2012-2018, Competitiveness and Innovation, Agriculture and Rural Development Sector comprises a portfolio of 76 interventions. Out of this number, 65 interventions are closed, 8 (eight) are still ongoing and 3 (three) were cancelled. As illustrated in figures 48 the number of
contracts and disbursed funding in the agriculture, rural development and competitiveness sector decreased during the evaluation period. This was in both the number and value of contracts in the sector.

The number of contracts signed during the evaluation period fell from 17 in 2011 to 5 in 2018. In terms of annually disbursed IPA assistance the assistance provided fell from 4.5 million euros in 2011 to 1.99 million euros in 2018.

In terms of twinning, a large share of the twinning projects implemented during the evaluation period were in areas relevant to agriculture and rural development and competitiveness sectors. In total 53 twinning projects were initiated throughout this period of which 17 projects or 32 percent were implemented in areas relevant to these sectors.
## 1.4.1. Selected Sample

<table>
<thead>
<tr>
<th>#</th>
<th>Year</th>
<th>Contract number</th>
<th>Status</th>
<th>Contract title</th>
<th>Nature</th>
<th>Implementati on date</th>
<th>Contracting party</th>
<th>Planned amount</th>
<th>Paid amount</th>
<th>DAC 3 code</th>
<th>DAC 5 code</th>
<th>code description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2011</td>
<td>280352</td>
<td>Closed</td>
<td>Support to SocioEconomic Development Agreement of the Serbia Danube Region</td>
<td>Financial</td>
<td>7/1/2012</td>
<td>AUSTRIAN DEVELOPMENT AGENCY GMBH</td>
<td>16,899,308</td>
<td>16,899,308</td>
<td>430</td>
<td>Other Multisector</td>
<td>43040</td>
</tr>
<tr>
<td>2</td>
<td>2011</td>
<td>276018</td>
<td>Closed</td>
<td>Supply of Equipment for the National Reference Laboratories Directorate in food chain LOT 1</td>
<td>Supplies</td>
<td>6/4/2012</td>
<td>GLOBE CORPORATION BV</td>
<td>430,388</td>
<td>430,388</td>
<td>311</td>
<td>Agriculture</td>
<td>31110</td>
</tr>
<tr>
<td>3</td>
<td>2012</td>
<td>287610</td>
<td>Closed</td>
<td>Building Capacity in the Action areas of Food Safety Grants and Animal Welfare (Twining)</td>
<td>Action Grants</td>
<td>3/19/2012</td>
<td>VALSTYBINE MAISTO IR VETERINARIJOSTA RNYBA</td>
<td>1,879,669</td>
<td>1,879,669</td>
<td>311</td>
<td>Agriculture</td>
<td>31195</td>
</tr>
<tr>
<td>4</td>
<td>2013</td>
<td>335592</td>
<td>Closed</td>
<td>Enforcement of Intellectual Property Rights</td>
<td>Action Grants</td>
<td>2/3/2014</td>
<td>KONGERIGET DANMARK</td>
<td>1,267,475</td>
<td>1,267,475</td>
<td>331</td>
<td>Trade Policies &amp; Regulations</td>
<td>33110</td>
</tr>
<tr>
<td>6</td>
<td>2014</td>
<td>354899</td>
<td>Ongoing</td>
<td>Serbia Innovation Technology Project Research, Financial and Agreement Transfer</td>
<td>Research, Financial and Agreement Transfer</td>
<td>12/23/2014</td>
<td>INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT</td>
<td>2,500,000</td>
<td>2,250,000</td>
<td>250</td>
<td>Business Other Services</td>
<td>25010</td>
</tr>
</tbody>
</table>
2. Response to Evaluation Question/Judgement Criteria

2.1. EQ 1 Relevance

EQ 1. To what extent has the European Union’s cooperation with Serbia addressed the variety of challenges/needs faced by Serbia on its path towards EU accession and within its own reform processes?

JC 1.1 EU pre-accession assistance programming - including the type, quantity and quality of inputs provided and type of activities planned - was appropriate to the specific political and institutional contexts and needs of the beneficiary.

EU support was highly relevant, to the context in Serbia in terms of state of the agricultural sector, the status quo in rural areas of the country and the state of competitiveness in the Serbian economy. EU’s pre-accession assistance was closely aligned with the strategic priorities set by the Serbian government and appropriately focused on strengthening institutional capacities and response strategies.

On both strategic and programming level, EU assistance programming in the area of competitiveness and agricultural development was based on through analysis of the situation in the country in each sector and reflected the needs and constraints faced by the country. Many of these priorities set were are also the main concerns of the national strategic documents and programmes. EU Accession Strategy and the Strategy for Agriculture and Rural Development 2014-2024 identified the need for development and diversification of the rural economy. Also the ERP contains a realistic analysis of the key obstacles to competitiveness, growth, employment and social development.21 Interventions in Competitiveness and agriculture sector are addressing issues emphasized as priorities through various national and EU strategic and planning documents.22

There was policy dialogue that contributed to strategy and programing of both Serbia and the EU. In this regard, Serbia participated in Economic and Financial Dialogue with the EU and was committed to implementation of jointly agreed policy guidance. The dialogue also involved the private sector as the Serbian government increasingly recognised the value of maintaining an open dialogue with the business community and made improvements in this area. Serbia established the National Social and Economic Council of Serbia which functions as an effective public-private dialogue platform that attracts high-level attention and meets on a regular basis, both to inform the private sector of planned policies and to collect investors’ feedback on proposed reforms or existing challenges. This dialogue contributed to alignment and the extent to which EU strategy and programming incorporates the needs and constraints and reflects the actual situation in the country. A clear example of this in terms of competitiveness and business environment was that EU continued to provide programmes that enhanced access of SMEs to finance which was a clear need. 23 EU programmes and interventions in the PSD/Competitiveness sector are

21 April 2018, Serbia ERP 2017-2019 Assessment - European Commission
22 Sector Monitoring Committee (SMC) reports, 04 smc competitiveness reporting
reasonably in line with the needs of the countries, whether expressed formally in strategies or indicated less formally by other sources.\(^\text{24}\)

Compliance with EU legislation in both agriculture and competitiveness sectors was prioritized by the government. Supported by the EU with national policy development Serbia embarked on systemic and structural reforms in both the agrarian sector and competitiveness support. Some national development strategies and programs such as the Economic Reform Programmes were evaluated by the EU in support Serbia’s accession policy and recommendation were provided.

Weaker point in terms of relevance related to implementation of legislation. For a long time the focus of reaccessions support was placed on the harmonisation and alignment of relevant legislation with the EU legislation but not sufficiently on its enforcement and implementation.\(^\text{25}\) In this sense, there was no significant attention given to the low and weak capacities of companies who are also a relevant part of the enforcement issues specifically in relation to corporate and competition compliance if the anticompetitive behaviour and practices on the market are to be substantially changed.

Although the need for increased focus on implementation of legislation was recognised nevertheless the number of export products with a relative competitive advantage did not increase during the evaluation period. It is therefore necessary to improve a weak Serbian export offer through the increased competitiveness of products and services as well as supporting start-ups with export and growth potential based on high quality goods and services.

**JC 1.2 the EU’s cooperation with Serbia responded to new and arising issues and needs encountered over the evaluation period**

The progress regarding the initiated reforms and support assistance in this regard and changing context was monitored closely and reflected upon in yearly progress reports which discussed challenges and proposed remedial measures. Possible changes in the context and continued relevance of interventions foreseen through IPA against envisaged National (Action) Programmes and EU strategic and planning documents were also monitored and reflected upon through Sector Monitoring Committee (SMC) reports.

The IPA assistance took into account contextual issues and adapted in response to new and arising issues. IPA assistance in Serbia was initially not aimed to be long term development mechanism, but more as starting tool that will enable beneficiaries – institutions and farmers – to continue in right direction. Late start and slow process of reforms together with overall situation in the country, further weakened by global economic crisis, showed that longer assistance will be required in order to reach full harmonization with EU standards and requirements in agriculture sector.\(^\text{26}\)

According to the External Evaluation of the IPA II, the focus of the IPA II programming reflected the recent shift of the enlargement strategy towards the three fundamental pillars (i.e. rule of law, economic governance and competitiveness and public administration reform), in terms of priorities and modalities of intervention and planning of reforms.

Strengthening the rule of law, including the fight against corruption and organised crime, and good governance, including public administration reform and competitiveness (including agriculture and rural development) are identified by the IPA II Regulation as key challenges in most of the beneficiaries. The IPA II approach as requested by the 2015 Enlargement Strategy (I-121 and I-122). Also reflected the focus on the fundamentals – the rule of law, economic governance and competitiveness and public administration reform.


\(^\text{25}\) Support to the Competitiveness sector in Serbia Annual Action Programme for Serbia (2014)

Nevertheless, even though competitiveness was one of the three fundamental pillars, the allocation of resources to the sector decreased. This based on the evidence of the desk review could not be linked to changes in the context. Moreover, the allocations to various subsectors varied between the years which also could not be really linked to changes in the context. Consequently, there was no evidence that the change of financial allocations was amended in response of changing context and needs.

2.2. EQ 2 Effectiveness

EQ 2. What have been the effects of the European Union's cooperation strategy with Serbia over the evaluation period (e.g. on capacity building)?

JC 2.1 Government policy and implementation of policy in selected sectors are more in line with the requirements of EU accession as a result of contributions from EU cooperation

In terms of agriculture, Serbia has launched a process of structural and systemic agrarian reforms (Strategy for Agriculture and Rural Development for the period 2014-2024). Compliance with EU legislation in this area has been initiated with the help of IPA assistance. During the evaluation period Serbia progressed in harmonizing its own agriculture policy with EU policy. Serbia has an abundance of sectoral strategies. The EU has encouraged the development of these strategies, and financed a goodly part of their production costs. During the evaluation period Serbia started implementing the agricultural and rural development policy with the realization of the Strategy of Agriculture and Rural Development of the Republic of Serbia for the period from 2014 to 2024, including two national programs for agriculture and rural development.

In the past period, there has significant EU assistance to support Serbia on its path towards alignment with CAP standards and joining a community of European community. Yet as Serbia seeks to modernize its agriculture sector and to align with the EU acquis, the effectiveness of public spending and service delivery becomes more critical policy issues. National program resources, which accounted for 82 percent of sector expenditure on average during 2011-2017, are mostly allocated to subsidies and direct transfers in the form of area-based and headage payments. These are found to negatively affect sector productivity and efficiency because they support farmers in what they currently produce, thereby freezing the production patterns and the dual farm structure in Serbia.

Investments in rural development, including the provision of agricultural infrastructure, Research & Development (R&D), advisory services, are however still low. Current sector policy therefore does not provide a conducive enabling environment for small and medium-size farms to increase their size; invest, modernize or change their production systems to benefit from expanding markets; or develop a competitive agri-food sector and vibrant rural economy.

Legislation in the area of agricultural products and foodstuffs and in the wine sector is being aligned with the acquis, which will facilitate further policy development in these fields. In the area of the common market organisation, umbrella legislation has been prepared aligning towards the acquis across agricultural markets. Legislation providing further alignment with the acquis in the wine sector was adopted.

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29 Ministry of Agriculture, Forestry and Water Economy 2014
Yet, there is in general a slow pace of adoption, by relevant authorities, of primary and secondary legislation, institutional and administrative provisions as conditions for technical and financial sustainability of the institutions, tools and services created by EU projects. The role and capacities of Agricultural, Competitiveness and Regional Development institutions improved over the evaluation period. The legislative and administrative environment needs to improve further to facilitate further policy development.

In order for EU agricultural standards to be truly accepted and practically implemented, there will be a need for a change in domestic legislation, the consistent application of adopted laws (which is currently not the case in Serbia), and most importantly - education and change of awareness of all those directly or indirectly involved in agricultural production. Legislation in the area of agricultural products and foodstuffs needs to be further aligned to facilitate policy development in this field. Legislation pertaining to quality wine products also needs to be fully aligned with the acquis.

**Competitiveness**

In terms of competitiveness the EU framework, guiding entrepreneurship support and promotion, has been taken into account in developing the Serbian SME strategy. The strategy ensures the alignment of SME development policy with relevant Chapters of the Acquis.

Serbia actively promotes private investment as a key engine of economic development. FDI inflows have increased substantially over the past two decades, as investment climate reforms have contributed to making the region an increasingly attractive destination for foreign businesses. Serbia has one of the most sound investment policy frameworks and coherent institutional frameworks for investment promotion and facilitation in the western Balkans with a slightly stronger investment policy than investment promotion and facilitation mechanisms. This reflects the results of successful reforms to open their economies and improve the regulatory framework for investment.

Serbia modernised its investment policy framework by adopting new investment and investment-related laws, including on arbitration and intellectual property (IP) rights. Although Intellectual property rights laws are in place in Serbia, nevertheless enforcement is a challenge. Serbia has sound intellectual property rights laws and regulations which are in line with international practice. The country is a member of the Intellectual Property Organization and has adhered to the main international treaties and conventions on IP rights, such as the Patent Co-operation Treaty, the Paris Convention, the Madrid Protocol and The Hague Agreement. Yet proper intellectual property rights enforcement remains a much greater challenge.

Serbia implemented reforms to facilitate investment. It introduced core protection standards in its regulatory framework for investment, with guarantees ensuring that investors' rights will be respected and that their property will be protected against unlawful expropriation. Serbia adopted unified investment laws covering both foreign and domestic investors, which offer all investors the same core protection provisions, regardless of their origin and nationality. With regard to investors, risks are mostly related to the unpredictability of the legal framework, inconsistent application of laws and, at times, modification of existing contracts with foreign companies by the authorities.

Serbia has developed a sound legal frameworks for investment overall, including for property protection. Improving the clarity and predictability of the legal framework for investment, especially for foreign investors, would greatly help further improve the overall investment climate.

Serbia has adopted SME development policies and programmes to maximise their absorptive capacities. The country has a comprehensive national SME development strategy in place, implemented by both RAS and the SME department within the Ministry of Economy.

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30 Evaluation on support to SME Competitiveness in Enlargement and Neighbourhood Countries
Trade policy

Serbia also is a leader in the region with relatively advanced trade policy implementation systems. Trade policy institutional frameworks are functioning well. The inter-institutional co-ordination of trade policy formulation is solid through official committees or working groups led by the ministry in charge of trade policy (either the trade or economy ministries). There are formal instruments for consultation with the private sector and civil society, and Serbia recently established a trade facilitation committee.

Serbia is relatively well integrated into the world trading system. In terms of removing technical barriers to trade, the institutional frameworks for standardisation and accreditation have been strengthened and the rules, procedures and operations of the standardisation and accreditation bodies are aligned overall with international and European Union (EU) practices. In terms of a network of free trade agreements integrating EU and regional trade, Serbia is in the process of bringing its legislation into line with the EU acquis through the application of the Stabilisation and Association Agreement (SAA). Although a larger share of the European Standards in this regard are adopted nevertheless there is still room for Serbia to improve its conformity assessment infrastructure.

Access to Finance

Serbia took steps to establish institutional and regulatory frameworks for access to finance. Policy reforms in Serbia improved access to finance for SMEs in recent years. An asset register and credit information system, and implemented legislation covering insolvency and timely payment was developed.

Serbia developed frameworks for timely payments and insolvency and also made progress in developing asset registers and credit information systems. Yet, while legal and regulatory frameworks have improved, enforcement remains difficult.

Although the proportion of NPLs has fallen in Serbia since 2012, they remain a major concern. In response, Serbia developed comprehensive action plans on NPLs to tackle the deficiencies in the credit market. Serbia worked to improve the venture capital and business angel network ecosystem, notably by drafting laws on investment funds and co-investment funds. EU support was effective in this regard as it allowed Serbia to implement SME financing support programmes.

JC 2.2 State institutions relevant to each of the sectors have been strengthened with contributions from EU cooperation

According to the World Bank Competitiveness indicators, the competitiveness of Serbia improved considerably reaching 4.14 in 2018. During the evaluation period, Serbia considerably recovered its score on the First Pillar “Institutions” of the basic requirements which was previously one of the most problematic areas identified by the 2012 report.

The capacity of public institutions in Serbia improved during the implementation period which is a precondition for enhanced competitiveness. Public institutions are consequently better able to ensure a basic level of security, enforcing property rights, and are characterized by transparency, efficiency, and checks and balances; and on the strength of corporate governance standards and prevailing business ethics. EU supported encouraged the development of sectoral strategies in line with the EU acquis.
This was also the case with the capacities of public institutions on the preparation, implementation and monitoring of IPA I-II which are key pre-requisites for ensuring that IPA beneficiaries will be able to fulfil their obligations stemming from EU membership upon accession. In this regards among the IPA countries collaboration in Serbia was one of the more developed.

EU accession support had a clear role in changes in agricultural, competitiveness and regional development institutions and legislative framework. It provided targeted support, depending on the realization of the development path and the status of accession.

In the agricultural sector, various important bodies such as the Farm Accountancy Data Network (FADN) were established and Serbia currently has a farm advisory system in place. On rural development, Serbia has taken a significant step forward in being entrusted by the European Commission with budget implementation tasks for two investment measures under the IPARD II Programme. As regards organic farming, Serbia established a competent authority for organic production, a system of accreditation of control bodies and a system of certification of organic production.

Efforts to streamline business establishment procedures have been noteworthy and several investment promotion agencies (IPAs) have been modernised or restructured to improve how they conduct their key functions have yet to make progress on enforcing contracts promptly and adequately, raising awareness of IP rights, further empowering IPAs, granting incentives more cautiously, and promoting linkages between foreign and domestic firms.

In the area of IP protection Serbia progressively introduced IP-specific legislation and has sound intellectual property rights laws and regulations which are in line with international practice. In 2015 Serbia amended its IP laws and regulations to further align them with EU standards and requirements and to better protect IP rights-holders. Serbia’s IP laws are well aligned with the EU acquis.31 Serbia also established enforcing institutions with specialised units that deal with IP issues in different parts of the administration (e.g. police, customs, market inspectorate, tax administration, medicines and medical devices inspectorate) including a national IPA with a mandate to promote and facilitate inward FDI. It has also established a permanent co-ordinating body to help improve enforcement records and since 2015 has brought IP cases under specialised courts.

JC 2.3 Civil society institutions and the enabling environment for civil society have been strengthened with contributions from EU cooperation

There was no evidence of increased capacity of civil society institutions active in the area of competitiveness, agricultural and rural development.

JC 2.4 Businesses and the business-enabling environment have been strengthened with contributions from EU cooperation

According to the World Bank Group’s doing business report, Serbia during the evaluation period stepped up the pace of reforms to improve the ease of doing business for domestic small and medium-sized enterprises. Although Serbia’s ease of doing business score improved during the evaluation Nevertheless in 2018, Serbia ranked 48th on the ease of doing business, which was a fall compared to the 43rd place in 2017. The main reasons behind the drop in the rankings are the faster pace of improvements in other economies’ business regulatory environment. Serbia consequently needs to step up its reform process.

![Figure 31 Doing Business Score of Serbia (0 = lowest performance to 100 = best performance) Source: WB Open Data](image)

As indicated in the background section, during the evaluation period Serbia made clear progress regarding (BSS) for SMEs. The importance of BSS was recognised by the Serbian government and included specific steps to boost BSS provision through both public institutions and private providers in their relevant framework. Unlike many of the economies in the region, Serbia conducted noteworthy stakeholder or training needs analyses to adapt its BSS provision to SMEs’ requirements. SMEs in Serbia have access to BSSs provided by public institutions. The provision of BSSs through private sector providers was also supported by the Serbian government which offer co-financing mechanisms characterised by well-defined structures and clear eligibility criteria.
Business sophistication scores in Serbia recovered and on individual sub indicators improved during the evaluation period. This concerned element measured by the indicator including the quality of a country’s overall business networks and the quality of individual firms’ operations and strategies. Individual firms’ capacity in terms of operations and strategies (branding, marketing, distribution, advanced production processes, and the production of unique and sophisticated products) advanced during this period. These causes spill over into the economy and lead to sophisticated and modern business processes across the country’s business sectors.

Improved operations of individual businesses was also reflected in the company turnover of Serbian businesses during the evaluation period. There was however now difference with regard to the share of SMEs and larger firms with regard to the generated turnover during the evaluation period.
2.3.  EQ 3 Awareness of EU Principles

3. To what extent has the EU’s cooperation strategy raised, over time, Serbia’s awareness of the general principles the EU stands for and/or the EU’s positive contributions?

JC 3.1 EU cooperation has contributed to strengthening the awareness of key targeted institutions of the general principles which the EU stands for

EU cooperation in terms of the implemented programmes included visibility components which set out to achieve increased awareness of targeted and intermediary institutions of the general principles which the EU stands for and the positive contribution of these for Serbia’s development. This were in general carried out as planned in exception to a few interventions such as the IPA 2013 European Progress Project where visibility activities were not in line with EU guidelines.32

As regards to improvement of capacities component, all necessary trainings were conducted alongside with awareness raising activities.33 This also included programme components dedicated to raising awareness that included info-sessions trainings, promotion campaigns such as he and other visibility activities.

The EUD cooperated with various authorities on various sectorial issues such as higher recognition of Serbian National Quality Infrastructure system through the start of the Serbian “Year of Product Safety” campaign including activities dedicated to raising public awareness regarding the importance of EU technical regulation.

Nevertheless, there were rarely cases of lack of awareness. An example of weak coordination of IPA project programming and implementation among SEIO, IPA Unit in MAFWM and the relevant project holder related to the case of Department for Veterinary Inspection which formulated a proposal to develop a central database for inspection support and designed the new project over a year ago, but was unaware that this had been included in the SF for IPA 2102. This suggests some improvement in communication between SEIO, IPA Unit and the department is required.

JC 3.2 EU cooperation has contributed to the general public’s awareness of the principles the EU stands for and the EU’s positive contributions

The benefits of the awareness building, improved know-how and strengthened capacity-building, through the substantial training and advisory work, are more difficult to measure. Although the impact of these on personnel and organisations are a necessary condition for the reforms and restructuring in the sector.

There were initially very low levels of awareness and understanding of EU funds and IPA assistance. This was evident in the population at large, based on the public opinion polls that have been carried out by SEIO for the past two years.34 There have been various initiatives and media events to improve the communication so as to build a better understanding amongst opinion formers, planners, politicians and wider civil society.35

The size and scope of the EU’s information and communications activities (further strengthened under IPA II) provide for another element of added value. Under IPA II, the EU deems the communication activities of the highest importance for obtaining public and political support for reforms geared towards meeting the conditions for EU membership and enhancing the credibility of the enlargement process in the beneficiaries. The EU’s information and communication activities in particular aim at providing

32 Sector Monitoring Committee Report 05.05.2019. Report N°: 01/19
33 Sector Monitoring Committee Report 04 Competitiveness, 30.04.2018. NIPAC Technical Secretariat/BCPME
35 ibid, page 13-14.
objective information on the enlargement process, raising public awareness of the EU, encouraging broad public debate about the EU integration process, and emphasising the EU’s status as the beneficiaries’ main economic partner.

In accordance with EU visibility guidelines individual projects are required to promote awareness and knowledge about the source of funding and the purposes of the project through various visibility measures such as leafleting, promotional material etc. This was done well, in exception of few projects. Success cases included the LEADER approach where Capacities and awareness within local communities to participate in the LEADER approach increased due to the strong capacity-building in group formation to form partnerships aided by the use of contracted local facilitators.

Representatives of NGOs, associations etc. were often involved in activities of projects whose cooperation has been subject of frequent awareness and information dissemination activities. In other cases, and more evident amongst twinning projects, there seemed to be more perfunctory attention to these matters. Which could indicate on the lower awareness of public institutions on significance of self-promotion, good publicity and the need to communicate project benefits. In any case, important opportunities were being lost in Serbia both to promote the presence and the facts of IPA assistance and the benefits of the assistance to the wider community.

Visibility under IPA II is considered to be improving compared with IPA (2007-2013). There are examples of innovative approaches. However, it is not possible to assess the extent to which visibility activities are translated into public awareness and understanding of EU funding, due to the very limited information available. There is acknowledgement that visibility needs to improve. This is reflected in Council conclusions of 15/12/2015 on improved strategic communication, and in the IPA 2015 & 2016 Information & Communication Programme. It is also evident that beneficiary governments need to communicate better what the EU accession and membership means.

In this regard nevertheless it is important to consider that Commission guidelines emphasise communication and visibility rather than public awareness and understanding (of EU-funded projects and programmes). Consequently, assessment of the effectiveness of communication and visibility is based on evidence that specified visibility activities have been carried out, rather than on evidence of what citizens actually know about EU-funded projects and programmes.

There appears to be very limited systematic research into public awareness and understanding of EU funding, and tools such as public surveys and opinion polls are apparently rarely used. The 2016 evaluation of IPA information and communication programmes is positive about the contribution of IPA (2007-2013) to ‘raising public awareness about the EU and its policies’ which ‘translates into a generally increasing public awareness of the EU.’ Nevertheless, elsewhere the evaluation is critical regarding the lack of systematic evidence on the outcome information and communication activities.

2.4. **EQ 4 Impact**

4. To what extent have the effects described in Q2 contributed to Serbia’s political and economic reform and preparation for EU membership?

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36 Technical Assistance for Evaluation Of Agriculture And Rural Development Sector Implemented And Financed By IPA Programme And Other Donors In The Republic Of Serbia. 2013 EUD in Serbia


38 The effectiveness and visibility of EU funding in the Western Balkan countries with a special focus on the cross-border cooperation, Policy Department for Budgetary Affairs Directorate General for Internal Policies of the Union PE 621.786 - August 2018

39 AETS (June 2016) Evaluation of IPA Information & Communication Programmes Evaluation Volume 1
JC 4.1 the key sectoral changes for which the EU has made a contribution have helped Serbia to move closer to meeting the Copenhagen criteria

As regards its ability to assume the obligations of membership, Serbia has continued to work towards aligning its legislation with the EU acquis across the board. In terms of competitiveness Serbia has reached a good level of preparation in some areas such as company law, intellectual property, science and research. Serbia also continued to make good progress in agriculture and in aligning with the EU transport acquis. 40

As regards the economic criteria, Serbia has made some progress and is moderately prepared in developing a functioning market economy. To meet the Copenhagen criteria Serbia prepared annual Economic Reform Programmes annually, which set out a medium-term macro-fiscal policy framework and a structural reform agenda aimed at ensuring competitiveness and inclusive growth. The ERPs functioned as bases for country-specific policy guidance jointly adopted by Serbia the EU.

Major structural reforms of public administration, the tax authority, and state-owned enterprises advanced slowly, prolonging long-standing inefficiencies. This was also the case with regard to legislative harmonization in the areas of agriculture and competitiveness where there is in general a slow pace of adoption, by relevant authorities, of primary and secondary legislation, institutional and administrative provisions as conditions for technical and financial sustainability of the institutions, tools and services created by EU projects.

JC 4.2 state capacities and other reforms which have been enhanced with support from the EU contribute to supporting Serbia’s ability to take on the obligations of EU membership

There were gains in the area of capacity of institutions and business support services including access to finance yet the private sector is underdeveloped and hampered by weaknesses in the rule of law and in the enforcement of fair competition. Serbia has made some progress and is moderately prepared to cope with competitive pressure and market forces within the Union. Major structural reforms of public administration, the tax authority, and state-owned enterprises (SOEs) remain incomplete.

Some progress was made to increase competitiveness. However, the level of investment activity is still below the economy’s needs. Despite some improvements, companies face a number of challenges, including an unpredictable business environment, a high level of para-fiscal charges, and difficult and costly access to finance. Although in 2018 Serbian exports of agricultural products enjoyed a surplus of 315 million euros, $74.7 million more than in 2017, nevertheless external imbalances rose.

The structure of the economy improved further and economic integration with the EU remained high. Investment increased but remains insufficient, after years of underinvestment, Although the cost of small and medium enterprises borrowing has declined recently, they still face a number of challenges, including a volatile business environment and unfair competition.

EU cooperation through the financial instruments of regional programmes contributed to strengthen Serbia’s reconciliation, good neighbourly relations and regional cooperation. Thanks to the scale of operations, these instruments managed to attract the necessary public and private capital to finance large investments, not only in infrastructure but also – many times through local banks or other regional/local players – in the private sector. Initiatives such as regional entrepreneurial learning, regional policy development, regional councils, joint policy development increased cooperation.

2.5. EQ 5 Efficiency

5. What factors have contributed to or hindered the efficient implementation of EU financial assistance, with specific consideration given to planning, monitoring, and management structures and processes, oversight and reporting?

JC 5.1 the processes of planning and implementation of EU assistance deliver appropriate responses to correctly identified and diagnosed issues

All contracts part of IPA 2013 National Programme were signed and started with implementation. The progress was described as satisfactory. Issues existed with regards to European PROGRES project – grant scheme for socio-economic development of municipalities.

Regarding IPA 2014 Action Document “Support to the Competitiveness Sector”, all contracts were signed yet there were delays comparing to the schedule envisaged in the Action Document. Although the contracts were never at risk of not being contracted and not achieving results afterwards. Delays in contracting were present of which the main issues were not presented in the documentation and could be contributed to many external and internal factors influencing the ability of the Contracting Authority to timely process contracts envisaged.

Analysed documentation did not provide further evidence related to this indicator and how the specified issues were addressed and responded to. It will be necessary in the field phase to look in more detail in this area.

JC 5.2 monitoring, evaluation and oversight mechanisms provide real time feedback on results, and appropriate corrective action is decided and taken in good time

In terms of appropriate involvement of stakeholders in the planning process. The IPA II was reported to have put more emphasis on an inclusive programming process, compared to its forerunner, demonstrated in particular by a stronger involvement of the civil society in the IPA II programming processes at country level.

This was also the case with regard to the selected sample projects of which the majority of the projects were reported to have been designed in a manner to engage and give maximum ownership of project activities and results to the stakeholders of the projects.

This included the Support to Socio Economic Development of the Serbia Danube Region where also infrastructural gap assessment of priority infrastructure projects and market analysis were conducted and shared with Serbian public stakeholders for comments and feedback. Following discussions with the relevant stakeholders of the Serbian government it became evident that since entering into force of the EU Strategy for the Danube and the on-going economic crisis that has also affected Serbia, a strategic document for the development of the entire Danube Serbia region was urgently needed.

This was also the case with the Building Capacity in the Areas of Food Safety and Animal Welfare project where the Ministry of Agriculture and Environment of the Republic of Serbia – Veterinary Directorate participated in the twinning fiche design which fully captures its priorities in the area of food and feed safety, and is designed under these two components.

The Enforcement of Intellectual Property Rights project did not report on the consultation process during the design stage yet efforts were put into securing that a common understanding was established about the objectives of the project, the expectations of each institution involved and the division of tasks and responsibilities.

Extent to which those responsible for execution and implementation feel and take ownership of the implementation plans

National authorities have, with EU support, increased their capacities for the effective programming of IPA II. Examples of participation and building ownership by national authorities and other stakeholders
include self-assessment by the national authorities using the sector approach assessment criteria, donor coordination meetings, involvement of CSOs at the national and local level (the level and extent of their engagement evidently varies from recipient to recipient) and in different stages of the process, and sector working groups composed of different stakeholders.

The EC as well as other donors and the national authorities have spent considerable efforts in the development of management and control structures for coordinating donors. These consist of forums at either sector or national level that are in principle led by the national authorities, usually in collaboration with the EC. IPA does not generally fund these structures but many were established with some support from earlier pre-accession funds.

Yet the analysis pointed out few constraints which remain to be addressed in order to improve effectiveness and efficiency of EU programmes in Serbia. In this regard, the analysis indicated that potential EU programme stakeholders and beneficiaries still lack systematic support in managing and implementing the EU programmes (some irregular capacity building support is provided by responsible ministries, but more on adhoc basis). In particular, NCPs, bodies responsible for implementation and management of EU programmes and potential applicants do not have the necessary knowledge related to either understanding the specific programme application or implementation requirements nor do they have the adequate knowledge for project preparation and management.41

The introduction of IMBC helped to foster greater ownership of assistance and to improve governance. However, its efficiency in IPA II countries was in generally assessed sub-optimal in many of the policy areas, with contracting of IPA actions much slower than would have been under centralised implementation (direct management). This was expectable as the DIS under IPA I generally experienced delays in implementation.

**Extent to which completed projects report that design-stage planning and analysis were accurate and helpful for implementation**

In general, the design stage planning and analysis seems to be accurate although there were also issues identified in this regard particularly in the agricultural sector. Despite significant amount of EU resources allocated to Serbia’s agriculture, available investment funds are underutilized because of the limited uptake of development grants by small and medium-size producers. Larger producers seem to be better able to use the resources made available. The EU Instrument for Pre-Accession and Assistance for Rural Development (IPARD) funds (including national co-financing) were allocated to Serbia for the programming period of 2014-2020. Although the scope of the two measures for which Serbia is accredited for is broad, the actual number of beneficiaries is limited. Most small and medium scale producers have not been able to take advantage of this support as many either lack the commercial scale required to meet the minimum eligibility requirements, are deterred by the complex application requirements and lengthy approval processes, or are constrained by the need to mobilize upfront private financing for productive investments in order to benefit from grant support.

**Extent to which decision-makers received accurate, timely and relevant information on policy and national strategy implementation, and made appropriate decisions based on monitoring and evaluation information**

**Extent to which decision-makers received accurate, timely and relevant information on sectoral strategy implementation, and made appropriate decisions based on monitoring information**

41 SERBIA. Support to participation to the EU Programmes Instrument for Pre-Accession Assistance (ipa ii) action summary. European Commision 2017
Serbia leads the region by having defined specific performance indicators in its annual mid-term strategy, the Economic Reform Programme (ERP), to monitor implementation progress. These indicators assess both outputs and outcomes, and are reported on, but could be more strategic in some cases. Yet, according to OECD assessments on Competitiveness and Private Sector Development, weak implementation and inadequate monitoring continue to hamper structural reforms in South East Europe including Serbia.

The legal framework for monitoring government annual work plans, budgets, the multi-annual action plan and the plan to adopt the EU acquis are in place. The legislative framework or procedures for monitoring and reporting on sectoral strategies are however not in place or weak.

The lack of co-ordination in policy design and weak implementation monitoring is a cross-cutting challenge that spread across the policy dimensions. The SEE economies generally have a comprehensive set of policy frameworks in place; however, policies often lack coherence and are hobbled by weak institutional co-ordination. Moreover, implementation is frequently affected by insufficient funding or limited institutional capacities, as well as an absence of robust monitoring and evaluation systems.

Greater inter-ministerial co-ordination is critical when designing policy frameworks that address a variety of policy areas. Frameworks should also build on international and OECD good practice. Moreover, policy frameworks could benefit from enhanced monitoring and impact assessment mechanisms to improve policy design and increase government accountability to businesses and citizens. In order to facilitate implementation, the SEE economies need to enhance the capacities and resources allocated to institutions in charge of implementation and enforcement, while ensuring that legal provisions are respected.

Serbia led the region with relatively advanced trade policy implementation systems yet trade policy formulation and evaluation is still considered a weaker area. Serbia is also the most advanced in developing SME financing indicators and is the only one of the six economies to participate in the OECD’s Scoreboard on SME Financing. Serbia is the only SEE economy participating in the Scoreboard thus far. The indicators form a comprehensive framework for policy makers and other stakeholders to evaluate the financing needs of SMEs and entrepreneurs and to design policy support programmes on the basis of prior analysis.

In terms of progress towards meeting accession criteria, Annual progress reports are being prepared for each of the IPA II beneficiaries in order to verify actual achievements towards accession. Also a toolbox of further monitoring and evaluation instruments is available in order to assess performance and results at various levels. In terms of development support there is firm evidence that the evaluation cycle was taken into account by the national authorities in the development of the 2014-2017 "National Priorities for International Assistance (NAD) 2014-2017 with projections until 2020".

Primary data collection in Serbia will allow analysis of the degree or extent to which monitoring results were used and channelled to fuel decision making in the area of agricultural and rural development and competitiveness.

### 2.6. EQ 6 Modalities and instruments

6. To what extent has the use of different instruments and modalities contributed to achieving programme results?
   JC 6.1 the individual modalities and implementing partners selected are appropriate given the objectives pursued and the country context
   JC 6.2 the combination/portfolio of different modalities were used appropriately and complemented each other in order to achieve strategic goals
On the project level, sector and thematic or programme evaluations do not often comment on the use of individual modalities in terms of effectiveness.

The overview of the various instruments and modalities used by IPA funds were illustrated in Chapter 4. There was no Budget Support in both agriculture and competitiveness sectors. Serbia serves as an example of a country in which the indirect mode is being gradually and conditionally introduced. Consequently, modalities of key interest are the funds under decentralised management, Services, Action Grants and Financing Agreements.

A part of IPA II funding is used for both the twinning and TAIEX initiatives, in which EU Member State (MS) are actively cooperating, providing administrative and legislative expertise that often can only be found in EU MS. Both the twinning and TAIEX initiatives under IPA II confirm the added value of bringing particular EU MS expertise into the IPA II beneficiaries to address specific beneficiary needs.

The fostering of long-term relations with a similar institution in an EU MS is an intangible benefit explicitly ascribed to twinning. The twinning process aims at establishing sustainable links between the MS and the beneficiary institutions. As described by the IPA II evaluation, while these links are not, in general, maintained beyond the life of the project, the use of institutions and individuals directly involved in implementing the policy that is being transferred is a significant added value that, generally, other donors cannot provide. TAIEX’s main advantage is to be flexible, tailor-made and rather quick.

As a novelty in pre-accession assistance, IPA II introduced sector budget support as a further option for implementing pre-accession support. In line with the provisions of the Enlargement Strategy, the use of budget support allowed more leverage for those policy reforms (in particular addressing “fundamentals”) that have been delayed or neglected by many IPA II beneficiaries in the past. Documental evidence suggests that budget support indeed is triggering more inclusive dialogue structures, creating also space for more informed policy dialogue between the stakeholders. Where budget support is being gradually established, there are first indications that the quality of policy dialogue is likely to increase compared to the time before the introduction of this instrument (e.g. in Serbia and Albania).

2.7. EQ 7 Coordination, complementarity and coherence

To what extent are the various components of the European Union's cooperation with Serbia complementary with each other, in alignment with Government policies and harmonised with support from other donors?

JC 7.1 the multi-beneficiary, national programmes and other EU programmes were well coordinated and mutually supportive in achieving strategic goals

A close alignment between EU Enlargement Strategy and IPA II support (both national and multi-beneficiary/ multi-country programmes), particularly in the area of institution building is evident from the desk review results.

Multi-beneficiary, national programmes and other EU programmes seem to be well coordinated. The Serbian government was proactive in terms of donor coordination and a National Authority - the Ministry of European Integration (MoEI) - that ensures all donor coordination was established and functioning which was effective in providing orientation to donors and guiding their activities. The MoEI, is the main institution responsible for the coordination of international development assistance. Multi-annual planning documents were developed to define the strategic directions of Serbia's development and support the activities planned through the National Programme for the Adoption of the Acquis. The measures proposed for funding under the NADs were selected to complement national and international interventions from the State Budget to the other EU programmes, and bilateral and multilateral assistance.

JC 7.2 EU cooperation supports government policies and strategies, and complements support of other donors, including IFIs and Member States
Evidence gathered from the document review points to continuous efforts from all interested sides to better coordinate their activities and programmes and to implement actions which are complementary and synergetic. In the case of the regional (multi-beneficiary) programmes and actions, the level of donor coordination is defined by their type: donors’ coordination and synergies/ complementarity of ad-hoc multi-beneficiary actions/ programmes with other depend on the same factors as those for the bilateral actions; on the contrary the complementarity and synergies of multi-beneficiary actions/ programmes which are defined and implemented within the framework of regional permanent structures like the WBIF, the trust funds, etc., is secured by the way these structures are functioning: donors coordination is built-in.

Contracting of the multi-beneficiary programmes has moved forward more quickly than contracting process in IPA beneficiaries. These programmes are centrally managed, so their contracting is quicker but also more resource intensive at HQ level. The EU’s political influence and leverage allows to engaging national authorities/ other donors with greater authority and legal certainty than individual EU MS. The novelties of IPA II contribute to the coherence and complementarity of the IPA II actions between the bilateral and the multi-beneficiary and CBC IPA II actions.

IPA II procedures foresee the coordination and the stimulation of synergies with other EFIs. Yet coordination of IPA II with the other donors and International Financial Institutions active in the IPA beneficiaries is also not without problems. Evidence indicates continuous efforts from all three key partners (EU, other donors, beneficiaries) to coordinate activities and to programme and implement actions in a way which further strengthens complementarity and synergies.

How does the approach of the EU in Serbia differ from that of other actors, and to what extent does this help or hinder the effectiveness of its assistance?

The EU is by far the biggest donor in Serbia and the region. Overall, EU support is consistently aligned with actions by other donors, including EU MS and non-EU donors, with the EU representing the most significant provider of funding.

For EU MS representatives and stakeholders at country level, the EU’s supranational nature is unique. Its political influence and leverage allows engagement with national authorities or other donors with greater authority and legal certainty than individual EU MS.

Providing acknowledged credibility to policy dialogues is another added value of the EU engagement. Its political influence and leverage, together with its financial capacity allows engagement with national authorities or other donors with greater authority and legal certainty than individual EU MS can do. The EU as the biggest donor is leading also the political and policy dialogues in most IPA II beneficiaries and most sector.

Different modalities that can be used is also important. EU can provide targeted capacity building in particular for EU accession which other donors cannot. These includes tools such as TAIX and twining which have proven useful in terms capacity building in agriculture, rural development and competitiveness sectors Serbia to better meet EU accession requirements as well as a driver for deep and comprehensive reforms. Both the twinning and TAIEX initiatives under IPA II confirm the added value of bringing particular EU MS expertise into the IPA II beneficiaries to address specific needs.

So far however budget support is being gradually established, and there are first indications that the quality of policy dialogue is likely to increase compared to the time before the introduction of this instrument. Budget support has been a catalyst for institutional changes in the sections that it was implemented. It also has enhanced political and policy dialogue between both the EC and beneficiaries, as well as within the beneficiary institutions involved in budget support. As the speed of legislative changes have been slow in Serbia budget support could be a choice of modality as BS is effective with regard to triggering and motivating legislative and administrative change.42
3. Concluding remarks

EU support was highly relevant, to the context in Serbia in terms of state of the agricultural sector, the status quo in rural areas of the country and the state of competitiveness in the Serbian economy. EU's pre-accession assistance was closely aligned with the strategic priorities set by the Serbian government and appropriately focused on strengthening institutional capacities and response strategies. The IPA assistance took to some degree into account contextual issues and adapted in response to new and arising issues. In this regard extension of the IPA assistance due to factors such as the late start and slow process of reforms together with overall situation in the country, which was further weakened by global economic crisis was beneficial. Longer assistance was considered as necessary to reach full harmonization with EU standards and requirements in agriculture sector. Nevertheless, allocation of resources to the sector decreased. This based on the evidence of the desk review could not be linked to changes in the context and needs. Weaker point in terms of relevance related to implementation of legislation. For a long time, the focus of reallocations support was placed on the harmonisation and alignment of relevant legislation with the EU legislation but not sufficiently on its enforcement and implementation.

Pre-accession assistance was beneficial for strengthening the institutional framework for the agriculture and rural development policy, including preparations for IPARD programme, nevertheless results of the desk review point that the competitiveness of the Serbian agricultural sector did not really improve during the evaluation period.

Serbia advanced with regard strengthening the regulatory and policy framework in line with EU acquis. Government policy and implementation of policy in selected sectors are more in line with the requirements of EU accession as a result of contributions from EU cooperation. Yet, there is in general a slow pace of adoption, by relevant authorities, of primary and secondary legislation, institutional and administrative provisions.

During the evaluation period, Serbia considerably recovered its score on the First Pillar "Institutions" of the basic requirements of the World Bank Competitiveness indicators which was previously one of the most problematic areas identified by the 2012 report. State institutions relevant to each of the sectors have been strengthened with contributions from EU cooperation.

The businesses and the business-enabling environment have been strengthened with contributions from EU cooperation. During the evaluation period Serbia stepped up the pace of reforms to improve the ease of doing business for domestic small and medium-sized enterprises. Yet, Serbia has been improving slower compared to other countries in the region as they developed the faster Serbia consequently needs to step up its reform process further.

In term of awareness, the results indicated that visibility under IPA II is considered to be improving compared with IPA (2007-2013). Although there were cases where awareness could clearly have been better. Nevertheless, it was difficult to assess the extent to which visibility activities were exactly translated into public awareness and understanding of EU funding, due to the limited information available.

The EU assistance helped Serbia to move closer to meeting the Copenhagen criteria. Serbia has continued to work towards aligning its legislation with the EU acquis across the board. In terms of competitiveness Serbia has a reached a good level of preparation in some areas such as company law, intellectual property, science and research. Serbia also continued to make good progress in agriculture and in aligning with the EU transport acquis. As regards the economic criteria, Serbia has made progress and is moderately prepared in developing a functioning market economy.
In terms of factors that contributed to or hindered the efficient implementation of EU financial assistance, national authorities have, with EU support, increased their capacities for the effective programming of IPA II. Introduction of IMBC helped to foster greater ownership of assistance and to improve governance. However, its efficiency in IPA II countries was generally assessed sub-optimal in many of the policy areas, with contracting of IPA actions much slower than would have been under centralised implementation (direct management).

The processes of planning and implementation of EU assistance delivered reasonable responses to correctly identified and diagnosed issues although there were issues that need to be considered. The IPA II emphasised on an inclusive programming process, compared to its forerunner, demonstrated in particular by more participatory IPA II programming processes at country level. Serbia leads the region by having defined specific performance indicators in its annual mid-term strategy, the Economic Reform Programme (ERP), to monitor implementation progress. The legal framework for monitoring government annual work plans, budgets, the multi-annual action plan and the plan to adopt the EU acquis are in place. The legislative framework or procedures for monitoring and reporting on sectoral strategies are however not in place or weak.

Monitoring, evaluation and oversight mechanisms provided feedback on results, although, policy frameworks could benefit from enhanced monitoring and impact assessment mechanisms to improve policy design and increase government accountability to businesses and citizens. Greater inter-ministerial co-ordination is critical when designing policy frameworks that address a variety of policy areas such as competitiveness. Frameworks should also build on international good practice.

The individual modalities and implementing partners selected are appropriate given the objectives pursued and the country context. So far however budget support is being gradually established, and there are first indications that the quality of policy dialogue is likely to increase compared to the time before the introduction of this instrument. As the speed of legislative changes has been slow in Serbia budget support could be a choice of modality as BS is effective with regard to triggering and motivating legislative and administrative change.

The various components of the European Union's cooperation with Serbia were complementary with each other, in alignment with Government policies and harmonised with support from other donors. A close alignment between EU Enlargement Strategy and IPA II support (both national and multi-beneficiary/multi-country programmes), particularly in the area of institution building is evident from the desk review results. The Serbian government was proactive in terms of donor coordination.

The EU is by far the biggest donor in Serbia and the region. The EU’s political influence and leverage allows to engaging national authorities/other donors with greater authority and legal certainty than individual EU MS. Providing acknowledged credibility to policy dialogues is another added value of the EU engagement. Flexibility of EU in terms of Different modalities that can be used also enhanced the effectiveness of EU assistance.

Emerging hypotheses

- Competitiveness improved due to administrative improvement and due to enhanced production capacities, particularly in the agricultural sector. The EU should support enhanced production capacities in order to prepare Serbia better for the market economy.

- Legislative and administrative changes have been slow and so consideration of budget support could be beneficial as budget support has shown to be successful across other sectors in Serbia where this modality has been introduced.

- Although livestock production as the tonnes of meat increased, the livestock balance of Serbia was negative during the previous decade. This was primarily due to high increase of slaughter...
numbers of pork and poultry which increased faster than the breeding numbers did. This may point towards a deeper market distortion.

- IP enforcement remained a challenge which, the lack of political will is expected to be an underlying factor in this regard.

Tentative conclusions

The general business environment and economic competitiveness of the Serbian economy improved during the evaluation period as Serbia progressed with regard to various elements in the business environment that contribute to economic performance and productivity. Although Serbia is a mediocre performer with regard to improving competitiveness. In terms of trade competitiveness, the composition of Serbia Export basket moved away from agriculture with manufacturing products as the main engine behind it. Yet, although the number of products with a comparative advantage in the global market did not increase since 2012. Increased competitiveness therefore is still not fully materialized in terms of improved production capacities.

The regulatory framework and business environment reform improved. During the evaluation period, international development including EU accession support targeted the business environment and competitiveness. In the area of competitiveness and business environment the EU continued to provide programmes that among successfully enhanced access of SMEs to finance which was a clear need. Yet although the cost of small and medium enterprises borrowing has declined recently, they still face a number of challenges, including a volatile business environment and unfair competition. Although Investment increased they remain insufficient, after years of underinvestment.

Serbia strongly advanced with regard to digitalization. It adopted policies and developed its administrative and legal framework towards developing the digital society and is in the initial stages of policy implementation. Serbia aligned its legal frameworks for consumer protection in e-commerce with the EU framework. The Serbian e-business programme in support of businesses looking to adopt e-business practices is considered as an example of regional good practice.

Intellectual property rights were strengthened considerably. Sectorial strategies were developed for strengthening IPR and new investment-related laws, including on arbitration and IP rights as Serbia modernised its investment policy framework. With EU assistance Serbia currently has sound intellectual property rights laws and regulations which are in line with international practice. Serbia adhered to the main international treaties, nevertheless, IP enforcement remained a challenge.

Overall science, technology and innovation (STI) outcomes remained modest. Investment in R&D is low, particularly in the business sector although this increased during the evaluation period. FDI rarely targeted knowledge-intensive sectors, due to skills gaps, fragmented labour markets and low levels of integration into global knowledge flows and value chains. There was insufficient financial support for R&D, weak and support for technology diffusion. Nevertheless, STI policy did gain prominence. Serbia established holistic STI strategies and a ministerial-level council to co-ordinate STI policy. The country set up science and technology parks (STPs), but has yet to develop activities to facilitate knowledge transfer and linkages between business and academia.

The performance of both SMEs and Larger enterprises improved during the evaluation period. In terms of BSS for SMEs, Serbia made clear progress during the evaluation period. The importance of BSS was recognised by the Serbian government and included specific steps to boost BSS provision through both public institutions and private providers in their relevant its framework. During the evaluation period, FDI inflow into the Serbia and reached pre-crisis levels. FDI also became much more diversified than in the past. These investments not only contributed to expanding the production base but also fully covered the current account deficit. Generally, access to finance improved significantly.

Additional information/validation needed from field phase

- The share of agriculture in Serbia’s economy declined during the evaluation period. In 2018, agriculture accounted for 6.3 percent of GDP and was the third largest sector of the economy in terms of added value. The agricultural output was characterized by oscillatory trend caused by large variations in crop yields and is dominated by raw materials, primarily crop production and in the previous decade. The production is strongly influenced by the weather conditions,
especially droughts and so is volatile. Yields are close to regional averages and significantly below the EU27. Additional information will be collected to shed more light on possible recommendation in terms of possible programmatic intervention that could promote improved production patterns and enhanced production capacity in the Serbian agricultural sector.

- Livestock production (except beef) steadily recovered and grow during the evaluation period and exceeded its 2010 levels which could offer further opportunities for growth. Yet the livestock balance was negative during the previous decade. Evidence from the desk review suggests that this was primarily due to high increase of slaughter numbers of pork and poultry which increased faster than the breeding numbers did. Such a paradox could point towards market distortions that caused animal husbandry to be less profitable and or riskier, causing farmers to increase slaughter disproportionately. This should further be explored during the field phase.

- According to the 2012 census, rural population is decreasing at a rate of -4.2% annually; over the previous decade, the number of agricultural households fell by over 30% and the population seems to be aging. Farms are highly fragmented, with a large part of the farm holdings being (semi-) subsistence. A reducing and aging population could result in reduction of working-age population in rural areas. This can reduce the ability of rural areas to fill in-demand occupations and cause declining productivity, higher labour costs, delayed business expansion and reduced international competitiveness. This matter will be further explored during the validation phase to identify all relevant aspects and subsequent policy programmatic implications of it for future cooperation.
3.1. Areas for recommendations

**Recommendation 1:** Pre-accession assistance was beneficial for strengthening the institutional framework and legal framework in Serbia. Weaker point in terms of relevance of EU accession assistance related to implementation of legislation. For a long time, the focus of reassessions support was placed on the harmonisation and alignment of relevant legislation with the EU legislation but not sufficiently on its enforcement and implementation. (GoS, EUD, DG NEAR)

**Recommendation 2:** Although Serbia made progress and is moderately prepared in developing a functioning market economy, yet results of the desk review point that Serbia's agricultural sector is still faced with large challenges in terms of competitiveness, raising the question of its ability to compete on domestic and international market. These challenges need to be taken further into account and addressed in order to better prepare Serbia for accession. (GoS, EUD, DG NEAR)

**Recommendation 3:** During the evaluation period stepped up the pace of reforms to improve the ease of doing business for domestic small and medium-sized enterprises. Yet Serbia has been improving slower compared to other countries in the region as they developed the faster Serbia consequently needs to step up its reform process further (GoS, EUD, DG NEAR).

**Recommendation 4:** In term of awareness, the results indicated IPA II placed more focus on visibility and it improved compared to IPA (2007-2013). Nevertheless, it was difficult to assess the extent to which visibility activities were exactly translated into public awareness and understanding of EU funding, due to the limited information available. More through assessments are needed to poll and monitor the actual impact of visibility activities in terms actual increase of awareness among beneficiaries and other stakeholders (GoS, EUD, DG NEAR).

**Recommendation 5:** Efficiency of IMBC in Serbia along with other IPA II countries was generally assessed sub-optimal in many of the policy areas, with contracting of IPA actions much slower than would have been under centralised implementation (direct management). Further capacity building to enhance their capacities of national authorities for the effective programming of IPA II is recommended (GoS, EUD, DG NEAR).

**Recommendation 6:** Monitoring, evaluation and oversight mechanisms could be strengthened to enhance feedback on results as policy frameworks could benefit from enhanced monitoring and impact assessment mechanisms to improve policy design and increase government accountability to businesses and citizens (GoS, EUD, DG NEAR).

**Recommendation 7:** Taking into account that speed of legislative changes in Serbia in general have been slow consideration of BS as modality is recommended. Taking into account the effectiveness of BS for triggering and motivating legislative and administrative change and the positive initial indications from introduction of BS in Serbia that the quality of policy dialogue is likely to increase, BS could be effective with regard to triggering and motivating further legislative and administrative change in the country (GoS, EUD, DG NEAR).
ANNEX 9

Education, Employment and Social Sector (sector 6)
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**Education, Employment and Social Sector**

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1. Introduction

1.1. Defining the sector

The scope of this sector desk review is primarily defined by the three key EU IPA strategic documents that cover the period under evaluation (2012-2018):

- MIPD 2011-2013 – Sector 3 Social Development

The overall objectives of EU assistance in this area were defined as follows:

**MIPD 2011-2013:** “The focus in this sector will be on social inclusion, employment and human resources development, human rights, the protection of minorities, anti-discrimination policies and early education. Particular attention will be given to the improvement of the conditions of vulnerable groups.”

**Indicative Strategy Paper 2014-2020** “The objective of EU assistance is to support the ongoing education and training reforms in order to improve the quality of educational provisions (at all levels) and its relevance to the labour market, to support the reforms of employment and social protection policies and to improve social inclusion of the most vulnerable groups. Support will also be provided for consumer and health protection in line with the EU acquis requirements.”

**Revised Indicative Strategy Paper 2014-2020** “The objective of EU assistance is to support the ongoing education and training reforms in order to improve the quality of educational provisions (at all levels) and its relevance to the labour market, to support the reforms of employment and social protection policies and to improve social inclusion of the most disadvantaged groups. It should be noted that the earlier the investment in education, the greater the impact is on growth and competitiveness. IPA II should therefore be geared towards interventions improving early childhood education and care and primary education. Support will also be provided for consumer and health protection in line with the EU acquis requirements. The EU will support in particular the education and employment reforms foreseen in the ERP exercise.”

The sector therefore covers: education and human resources development, particularly the contribution of human resources to the economy; employment and labour issues, including labour law, active employment measures to increase employment and decrease unemployment; and social issues, which covers social welfare provision, rights of minorities, particularly Roma, rights of disabled people, and issues related to refugees and displaced persons.

There is some overlap with the evaluation sector 2 on Rule of Law and Fundamental Rights. In this regard, this sector review will primarily be concerned with the practicalities of ensuring that rights of minorities and disabled people are respected, through education, employment, housing and social welfare. The sector 2 review will be more focused on the legal framework, judicial system and government’s ability to protect and monitor respect of fundamental rights. Inevitably there will be some overlap, but we aim to keep this to a minimum.

In relation to the Copenhagen Criteria, this sector is particularly relevant for:

- Political Criteria – rights of minorities, especially Roma;
1.2. Structure of the desk report

This desk report offers a systematic review of the available documentation, primarily to make a preliminary assessment against the evaluation questions. It also identifies gaps in the information required and makes tentative hypotheses for further investigation during the field phase.

Section 2.1 gives a brief assessment of the baseline situation (in 2012, or as close as possible) in Serbia with regard to the issues highlighted in the programming strategies. To keep the structure clear, the sequence of issues to be reviewed will be consistently as follows:

- Employment – general, but also including youth employment and women/gender issues in employment
- Education – general, and with a focus on education as preparation for the labour market
- Social issues – social welfare and social protection
- Roma – issues affecting this minority group, including education, employment, social welfare, housing and discrimination
- Disabled people - issues affecting this vulnerable group, including education, employment, social welfare, housing and discrimination
- Refugees and IDPs - issues affecting this vulnerable group, including education, employment, social welfare, housing and discrimination.

Section 2.2 then gives a brief overview of the progress and changes that have taken place in Serbia over the period under review.

Section 3 gives a brief overview of the donor contributions within the sector, and Section 4 details the financial and non-financial contributions from the EU over the period.

Section 5 is the key section that provides the documentary evidence in response to the evaluation questions. It is sub-divided according to the eight evaluation questions.

The primary evidence base for evaluation question 1 on relevance is the data available on the portfolio of EU assistance to Serbia over the evaluation period.

For evaluation questions 2 to 6, covering efficiency, impact and effectiveness, the primary evidence base is the selected sample of projects (see section xx for the sample projects).

Then for evaluation questions 7 and 8 examining coordination, coherence and complementarity, the evidence base is again the available data on the whole portfolio.
1.3. Sector Background

1.3.1. Baseline – situation in 2012

Employment

Unemployment in 2012 was at its peak for the last two decades\(^1\), nearly a quarter of the active population was without a job. The direct cause was the global financial crisis of 2008, which stopped Serbia’s recovery. But one of the key underlying causes was the inflexibility of the labour market and the poor match between workers’ skills and the needs of the economy. Three quarters of the unemployed had been out of work for more than a year, confirming the structural nature of unemployment\(^2\). Low participation in the workforce and high rates of informal employment exacerbated the problems.

<figure>
  <table>
    <tr>
      <td>Unemployment in Serbia 1991-2019, % of labour force, modelled ILO estimate</td>
    </tr>
    <tr>
      <td>Figure 1 Unemployment in Serbia 1991-2019, % of labour force, modelled ILO estimate</td>
    </tr>
  </table>
</figure>

Employment was also low, well below that in the EU, and falling. Despite this, employment in the public sector, including education and healthcare, continued to increase\(^3\). The decline of employment was more pronounced in the agricultural sector, with a smaller decline also in the industrial sector. Only the services sector saw a small increase in employment in the year to April 2012\(^4\).

Young people were particularly affected by the unemployment crisis at this time – nearly a quarter of young people were not in education, employment or training\(^5\). Marginalised groups, particularly Roma and Roma women, disabled people, were facing very high levels of unemployment as a symptom of underlying discrimination and racism\(^6\). Undeclared work was a major problem, with an estimated 17% of the workforce engaged in such employment.

\(^{1}\) World Bank, [https://data.worldbank.org/indicator](https://data.worldbank.org/indicator)
\(^{2}\) EU Progress Report 2012 p23
\(^{3}\) Ibid.
\(^{4}\) EU Progress Report 2012 p28
\(^{5}\) [https://data.worldbank.org/indicator](https://data.worldbank.org/indicator)
\(^{6}\) See, for example, Reference paper on antigypsyism as a specific form of racism [http://antigypsyism.eu](http://antigypsyism.eu) and
Finally, government active measures to support employment faced declining budgets (14% less than the previous year) and represented only 0.1% of GDP. They reached only 20% of the unemployed population\(^7\). The number of vulnerable persons registered with the National Employment Service was extremely low, meaning that vulnerable people were generally not encouraged or activated to be part of the labour force. Disabled people were further discouraged by the lack of physical access to buildings (for wheelchair users), as well as very low awareness of issues facing other disabled people such as deaf people and people with vision impairments.

![Employment in Serbia, as % of working age population, modelled ILO estimate](image1)

**Figure 2** Employment in Serbia, as % of working age population, Modelled ILO estimate

![% of young people not in education, employment or training (NEETs), EU and Serbia, male and female 2008-2018](image2)

**Figure 3** % of young people not in education, employment or training (NEETs), EU and Serbia, male and female 2008-2018

**Education**

Serbia’s education attainment is below average for OECD countries, and comparable with other south east European states. The 2012 Pisa tests put Serbia in 43\(^{rd}\), 46\(^{th}\) and 45\(^{th}\) place\(^8\)

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\(^7\) EU Progress Report 2012, p45  
\(^8\) out of 79 countries and economies participating
respectively in the maths, science and reading tests\(^9\). Education expenditure in 2011 was 4.4% of GDP\(^{10}\), although the education strategy set a target of increasing public expenditure on education to 6% of GDP by 2020.

Vocational education and training was considered to be poor, and not meeting the skills needs of the labour market. There was no national qualifications framework, and the curricula were outdated.

Children from Roma communities continued to face widespread discrimination and segregation in some schools. Some 170 Roma teaching assistants had been recruited through an EU-funded project to improve Rome inclusion in schools.

The education sector was one in which corruption was seen to be prevalent and for which there had been no serious efforts to reduce.

Pre-primary education enrolment, at 60%, was very low by comparison with EU rates (eg Slovenia at 90+%)\(^{11}\), and vulnerable children fared even worse. Only 18% of Roma children from marginalised settlements attended pre-school education, compared with their non-Roma neighbours (48%)\(^{12}\).

Access to education in minority languages was variable, and not in accordance with Serbia’s international obligations.

**Social Issues**

The 2012 EU Progress report said that “the legal framework for the protection of social and economic rights is in place. However, discrimination based on race, ethnicity, gender, age and sexual orientation is widespread” (p16). Children’s rights were a concern, with increasing numbers living in poverty and variable protections for vulnerable children such as street-involved children, children living in informal Roma settlements, disabled children and children without parental care. Violence in schools was growing (ibid).

Social services were under-developed but improving. Fewer disabled children were being placed in residential care, and there were increasingly available community services for disabled adults\(^{13}\). Social protection was facing a crisis; the state pension and health funds were in deficit, so obligations had to be paid from the current budget and were the largest single expenditure in the public budget\(^{14}\).

**Roma minority**

According to the 2011 census, there were 148,000 Roma people in Serbia, or approximately 2% of the population\(^{15}\). This is likely an under-estimate, and the Council of Europe official estimate in 2012 was put at 400,000 people\(^{16}\). Roma people, particularly those living in informal settlements, face underlying and pervasive discrimination, high rates of unemployment, poor housing and poor access to health care. Roma women were particularly discriminated against, and also faced high levels of domestic violence\(^{17}\).

\(^9\) [http://www.oecd.org/pisa/data/]
\(^10\) [World Bank indicators, UNESCO data](https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS?locations=RS)
\(^11\) [UNESCO](http://data.uis.unesco.org/), Gross enrolment ratio, pre-primary, both sexes (%)
\(^12\) [UNDP 2012, Roma Education in Comparative perspective, p33](https://www.eurasia.undp.org/content/ibec/en/home/library/roma/roma-education-in-comparative-perspective.html)
\(^13\) [EU Progress Report 2012 p15]
\(^14\) [EU Progress Report 2012 p46]
\(^16\) [Council of Europe 2012, Estimates on Roma Population in European countries, downloaded from](https://www.coe.int/en/web/roma-and-travellers/publications)
\(^17\) [EU Progress Report 2012, p18]
Around 20,000 Roma in Serbia had been displaced from Kosovo in 1999 and the early 2000s, and faced even greater hardship than the settled Roma communities in Serbia\textsuperscript{18}.

**Refugees and IDPs**

Officially, there were around 66,000 refugees and 210,000 internally displaced persons in Serbia\textsuperscript{19}. A large proportion of these had resolved their housing and economic issues but were holding onto refugee and IDP status in the hope of further benefits. However, IDPs from Kosovo were facing more challenging conditions. Some 2,000 mostly vulnerable IDPs were living in very basic conditions in the official collective centres\textsuperscript{20}, while a third of IDP households did not have indoor toilets – as an indicator of housing quality\textsuperscript{21}. Roma IDPs were living in the worst conditions, with a third living in buildings not intended for dwelling, such as abandoned factories and warehouses\textsuperscript{22}. Displaced people faced additional problems including access to employment, healthcare and personal documentation.

**Disabled people**

In 2012, the EU Progress Report was highlighting positive progress having been made in the protection of rights and the provision of services for disabled people. It said “the overall legislative framework is in place for the protection, inclusion and education of socially vulnerable persons and persons with disabilities…[however] Overall, social integration of persons with disabilities remains limited and… needs further improvement.”\textsuperscript{P15}

**Poverty**

Finally, a study by the Statistical Office of the Republic of Serbia and the World Bank highlighted the large regional disparities in poverty – and at-risk-of-poverty rates in the country based on data from the 2011 census. The map below shows clearly the poverty facing areas of south and south west Serbia being affected by the most extreme levels of poverty risk, while the cities of Belgrade and Novi Sad experiencing the lowest.

\textsuperscript{18} UNHCR 2016, Support for IDPs in Serbia: Consolidated Report and Programme Strategy, \url{http://www.unhcr.rs/media/docs/Support_for_IDPs_in_Serbia_ENG_S-02-IZMENE-01-11-2016.pdf}

\textsuperscript{19} EU Progress Report 2012 p18

\textsuperscript{20} UNHCR 2016 p81

\textsuperscript{21} UNHCR 2016 p72

\textsuperscript{22} Ibid. p73
1.4. Key events and issues arising during evaluation period

This section reviews briefly the main trends and policies that took place during the evaluation period, influencing the situation in Serbia with regard to employment, education and social issues. The EU opened negotiations with Serbia in January 2014, and screening was completed by March 2015. The following table shows the progress made during the evaluation period.

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Status as of May 2019</th>
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<tr>
<td>2 – Freedom of movement for workers</td>
<td>Moderately prepared</td>
</tr>
<tr>
<td></td>
<td>Unopened</td>
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<tr>
<td>19 – Social policy and employment</td>
<td>Moderately prepared</td>
</tr>
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<td></td>
<td>Unopened</td>
</tr>
<tr>
<td>23 – Judiciary and fundamental rights</td>
<td>Some level of preparation</td>
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<tr>
<td></td>
<td>Open</td>
</tr>
<tr>
<td>26 – Education and culture</td>
<td>Good level of preparation</td>
</tr>
<tr>
<td></td>
<td>Closed</td>
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</tbody>
</table>

Table 1 Main trends and policies during the evaluation period
Employment

The overall employment rate increased slowly but steadily since 2012, and unemployment steadily declined; unemployment nevertheless remained high at 13.5%, compared to the 6.8% EU average in 2018.

It proved particularly difficult to integrate the long-term unemployed into the labour market, as well as those facing discrimination, such as Roma, women and people with disabilities. The key measure of youth unemployment, young people not in education, employment or training (NEETs), declined from 22% in 2012 to 17% in 2018. The youth unemployment rate (15-24) decreased from 47.1% in 2014 to 29.7% in 2018.23

The EU Progress Report 2018 reported that “marginalised Roma have low employment rates and the situation is worsening since 2011. Informal employment continues to be high among the marginalised Roma population, and the informality gap is the highest in the region” (p30).

A 2014 revision to the labour law addressed some of the key restrictions that had depressed demand for labour.

Budget allocations for active labour market policies increased over the period but were still too low to cover the number of job-seekers. Only about a quarter of registered unemployed benefitted from a measure, and most measures were one-off activities such as job-search training and job fairs (EU Progress Report 2018 p78). Nevertheless, this is an increase from the 15% of unemployed that received active labour market measures in 201324.

The informal employment rate rose slightly from 19.3% in 201325 to 19.5% in 201826, suggesting that this problem was not being tackled effectively.

In 2016, Serbia prepared its first Employment and Social Reform Programme, which identified key challenges and set out a comprehensive set of social policies and policy reforms to address them. The first report on progress, due in 2017/2018 was published in February 2020.

The Government’s 2011-2020 National Employment Strategy was revised in 2016, although copies of this revised edition are hard to find27. A mid-term evaluation of this strategy was apparently conducted, but there are no copies to be found on the internet28.

By 2018 the structure of employment had slightly improved, with a decline in agricultural employment, with small increases in employment in industry and services, and the registered private sector.

Education

In 2012, Serbia had adopted a comprehensive education strategy. An action plan for the new education strategy was adopted in January 2015. Despite the 6% target set in the education strategy, overall expenditure on education as a proportion of GDP actually fell over the period to 3.9%, although showed a slight uptick in 2017.

---

23 Statistical Office of the Republic of Serbia, LFS; annual average
24 EU Progress Report 2013 p35
27 Still searching – will update this when revised version found, or explanation of non-publication
28 To follow up in the field phase
By 2018, the EU had opened and closed Chapter 26 on Education and Culture. Its level of preparation was considered good, and progress was noted in early education and with the National Qualifications Framework. Very good progress had also been made in establishing the Erasmus + agency (EU Progress Report 2019, p83).

Overall educational attainment did not improve. The 2018 Pisa scores and ranking fell slightly since the 2012 round of testing (Serbia did not participate in 2015)\(^\text{29}\).

Reforms in vocational education and training had also not lived up to expectations. In 2016, it was reported that more than 85% of all unemployed have a medium or high level of education, pointing to considerable gaps between acquired skills and labour market demand\(^\text{30}\). And even in 2019, there was concern that “the quality, equity and relevance of education and training does not fully meet labour market needs”\(^\text{31}\).

Similarly, inclusive education had not shown much improvement. Secondary legislation to strengthen support for children in need of additional support in education had been adopted. But the measures to reduce drop-out and segregation in schools had not been strengthened, and an action plan for inclusive education had not been adopted\(^\text{32}\).

Serbia introduced a year of compulsory pre-school education during the evaluation period. Despite this, enrolment rates in pre-school education remained low, at 62%\(^\text{33,34}\).

There was progress in the area of minorities’ education. The Ministry of Education started to implement the rulebook on general standards of achievement for Serbian as a second language. It


\(^{30}\) EU Progress Report 2016 p30

\(^{31}\) EU Progress Report 2019 p4

\(^{32}\) EU Progress Report 2019 p84

\(^{33}\) EU Progress Report 2019 p49

\(^{34}\) Data from UNESCO: enrolment in pre-primary education 2013: 58.4%, 2018: 62.3% [http://data.uis.unesco.org/OECDStat_Metadata/ShowMetadata.ashx?Dataset=EDULIT_DS&Coords=%5bEDULIT_IND%5d.%5bGER_02%5d&ShowOnWeb=true&Lang=en](http://data.uis.unesco.org/OECDStat_Metadata/ShowMetadata.ashx?Dataset=EDULIT_DS&Coords=%5bEDULIT_IND%5d.%5bGER_02%5d&ShowOnWeb=true&Lang=en)
also signed a memorandum of understanding with eight national minority councils on the publication of textbooks in minority languages. This has enabled the preparation and printing of high quality textbooks in minority languages\textsuperscript{35}. The signing of the MoUs removed the final obstacles to the closing of Chapter 26 by removing objections from neighbouring Member States. Education was still considered a high risk for corruption, particularly in higher education\textsuperscript{36}.

**Social Issues**

Social issues remained a concern. Efforts to improve local level social services had largely not succeeded in creating a sustainable and consistent level of provision. No progress in provision was reported between studies carried out in 2012 and 2015, and there was even a certain amount of backsliding in terms of quality and scale of provision\textsuperscript{37}.

There were serious concerns over child rights violations taking place in large-scale institutions for children, particularly those with disabilities, who also face challenges regarding access to education\textsuperscript{38}.

The Government of Serbia continued to publish its regular National Report on Social Inclusion and Poverty Reduction, the third edition covering 2014-2017\textsuperscript{39}. This provides a comprehensive analysis of the progress in legislation and performance of the government in tackling social exclusion and poverty.

**Roma**

A new Roma social inclusion strategy 2016-2025 was adopted in March 2016\textsuperscript{40}. It covered education, health, housing and employment but did not have a section dedicated to discrimination. Discrimination is only mentioned in the objective for the education sector, but not in relation to housing, employment, health and social security. There is still no accompanying action plan\textsuperscript{41}.

Roma people, particularly those living in informal settlements, continued to face extremely high levels of discrimination and social exclusion.

Some progress was made in education for Roma children. The rate of early school leavers fell to 6.2% in 2017, from 7.4% in 2015\textsuperscript{42}, and there was an increase in the number of Roma students benefitting from affirmative action. Serbia has the highest number of Roma children enrolled in primary school (84%), but pre-school education enrolment remains low. In 2017, only 17% of marginalised Roma children attended kindergartens. Drop-outs remain high, especially for Roma girls and only 14% of Roma youth complete secondary education, one of the lowest rates in the Western Balkans. The percentage of those completing tertiary education remains extremely low\textsuperscript{43}.

\textsuperscript{35} EU Progress Report 2018 p30  
\textsuperscript{36} EU Progress Report 2019 p84  
\textsuperscript{38} EU Progress Report 2018 p28  
\textsuperscript{40} http://socialnoukljucivanje.gov.rs/wp-content/uploads/2016/03/National-Strategy-for-Roma-Inclusion-2016-2025.docx  
\textsuperscript{41} This needs to be checked during the field phase. Action plan not available on web.  
\textsuperscript{42} EU Progress Report 2019 p83  
\textsuperscript{43} EU Progress Report 2018 p30
Refugees and IDPs

By 2018, Serbia had closed all collective centres bar one on the territory of Serbia (excluding Kosovo)*44. Some 68 people remained in the Bujanovac centre, most highly vulnerable and dependent.

Roma IDPs from Kosovo continued to live in extremely poor conditions in informal settlements, though no proper survey had been carried out since 201445. A government survey published in 201846 did not disaggregate analysis of Roma IDPs from the rest of the IDP population, limiting its accuracy and usefulness.

Serbia and the European Union and its Member States signed a readmission agreement in 2007, regulating the return of migrants from Serbia residing illegally in EU countries. Under this agreement, thousands of individuals have been returned to Serbia over the last decade. Most had been living in Germany, while much smaller numbers were removed from Switzerland, Sweden and Austria47. Around 75% of all returnees are from Roma communities. The peak of return in 2015 and 2016 was partially attributable to the migrant crisis (see below): there was an acceleration in the process for assessing asylum claims in Germany and other countries receiving large numbers of refugees from the middle east

![Roma and non-Roma returnees under readmission agreements to the Republic of Serbia (source: Commissariat for Refugees)](chart)

Figure 5 Roma and non-Roma returnees under readmission agreements to the Republic of Serbia

The situation of the displaced from the Yugoslav wars of the 1990s was overshadowed in 2015 by the huge influx and transit of migrants from the middle east in 2015 and 2016.

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44 The Serbian Commissariat for Refugees also recorded eight collective centres accommodating 300 people on the territory of Kosovo*
45 UNHCR 2016, Support for IDPs in Serbia: Consolidated Report and Programme Strategy
46 UNHCR 2015, Assessment of the Needs of Roma IDPs in Serbia – both research based on surveys conducted in 2014 and 2010
47 2018, Situation and Needs Analysis of IDPs in Serbia, Commissariat for Refugees and UNHCR
At its peak in October 2015, some 180,000 migrants passed through Serbia in a single month. By 2017, the flows had ceased, but Serbia was hosting an average of 4,000 ‘stranded’ migrants every month.

This crisis required considerable attention and resources from the state, led by the Ministry of Labour, Employment, Veterans and Social Affairs (MoLEVSA), and including a leading role from the Commissariat for Refugees (KIRS). Serbia, with donor support, invested in providing the migrants with reasonable accommodation facilities and transport until the borders were closed. Once the borders closed in early 2016, Serbia committed to providing up to 6,000 beds for stranded migrants.

Serbia was commended for its efforts to ensure that migrant children were included in the regular state school education system\textsuperscript{48}.

**Disabled People**

Little progress had taken place on the rights of persons with disabilities, and the situation continued to be very difficult, in particular as regards access to services, employment and education\textsuperscript{49}. Laws on the movement of persons with disabilities with guide dogs and on the use of sign language were adopted in 2016\textsuperscript{50}, removing some barriers to the employment of people with disability.

\textsuperscript{48} EU Progress Report 2018 p36
\textsuperscript{49} EU Progress Report 2018 p28
\textsuperscript{50} EU Progress Report 2016 p57
Children with disabilities in large institutions face particular difficulties in access to education\textsuperscript{51} and by 2018 there were ‘serious concerns’ over child rights violations taking place in large scale institutions for children with disabilities\textsuperscript{52}.

**Poverty**

There was a slight reduction in the percentage of the population at risk of poverty over the period covered by this evaluation. Eurostat data, presented below, show that while the proportion of the population at risk fell slightly, Serbia nevertheless had a greater proportion of the population at risk than in other enlargement countries, and significantly more than the population of the EU 27 countries (figure 64).

The Third National Report on Social Inclusion and Poverty Reduction in the Republic of Serbia: The Status of Social Exclusion and Poverty Trends in the Period 2014–2017 and Future Priorities notes some of the key risk factors: “Children (up to 18 years of age) are at a higher risk of poverty (30%) than other age groups, which is primarily attributable to the composition of the households in which they live. The at-risk-of-poverty rate is considerably higher in rural areas (34.1%). According to the at-risk-of-poverty criterion, people with lower education attainment are significantly more vulnerable. Individuals living in households with dependent children, specifically households with two adults and three or more dependent children and single-parent families, were at the highest risk of poverty. Moreover, the at-risk-of-poverty rate of people aged 18+ by the most frequent activity status held during the preceding year indicates that the unemployed fared worst, since almost one out of two unemployed people (48%) was at risk of poverty”\textsuperscript{(p22)}.

In terms of trends over the evaluation period, while the headline at risk of poverty figures were unchanged, there was an increase in the risk of poverty of children under 18. There was also a decline in the risk of poverty rates for those living in rural areas, and an increase in urban areas.\textsuperscript{53}

\textsuperscript{51} EU Progress Report 2016 p63
\textsuperscript{52} EU Progress Report 2018 p28
Figure 8 At Risk of Poverty Enlargement Countries 2013 and 2018

Note: Kosovo*, not available.
* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence.
(1) Estimates.
(2) 2018: provisional.
(3) 2015: not available.
(4) 2017 instead of 2018.
(5) 2015 instead of 2013. Based on consumption expenditure.
Source: Eurostat (national data code [XX, KG])

Figure 9 Serbia Employment (Eurostat)

1.5. International/donor interventions in sector

For the purposes of mapping international and donor interventions in the sector, the sector was defined by the following set of DAC purpose codes\textsuperscript{54}.

\begin{table}[h]
\centering
\begin{tabular}{|l|l|}
\hline
SECTOR 6 EDUCATION EMPLOYMENT AND SOCIAL POLICIES & \\
\hline
110 & Education \\
120 & Health \\
130 & Population Policies/Programmes and Reproductive Health \\
15190 & Facilitation of orderly, safe, regular and responsible migration and mobility \\
16010 & Social Protection \\
16020 & Employment creation \\
16030 & Housing policy and administrative management \\
16040 & Low-cost housing \\
16050 & Multisector aid for basic social services \\
16061 & Culture and recreation \\
16063 & Narcotics control \\
\hline
\end{tabular}
\end{table}

\textsuperscript{54} See www.oecd.org/development/financing-sustainable-development/development-finance-standards/purposecodessectorclassification.htm
The total donor disbursements over the period 2012-2017 are shown in the table below. Total values of less than USD 1 million have been excluded. As of the data analysis in September/October 2019, complete data for 2018 was not available so has not been included in order not to misrepresent the aid flows.

<table>
<thead>
<tr>
<th>DAC Purpose Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>16064</td>
<td>Social mitigation of HIV/AIDS</td>
</tr>
<tr>
<td>16070</td>
<td>Labour Rights</td>
</tr>
<tr>
<td>16080</td>
<td>Social Dialogue</td>
</tr>
<tr>
<td>43071</td>
<td>Food security policy and administrative management</td>
</tr>
<tr>
<td>43072</td>
<td>Household food security programmes</td>
</tr>
<tr>
<td>43081</td>
<td>Multisector education/training</td>
</tr>
<tr>
<td>43082</td>
<td>Research/scientific institutions</td>
</tr>
<tr>
<td>720</td>
<td>Emergency Response</td>
</tr>
<tr>
<td>740</td>
<td>Disaster Prevention and Preparedness</td>
</tr>
</tbody>
</table>

Donor disbursements to the HRD sector over the period 2012-2017 make up around 11% of total aid. Within the HRD sector, education received by far the largest donor contributions with 46% of the sector total. Emergency response is second, a third of which was received in 2016, in response to the migrant crisis. Other emergency funding was also received for major flooding in 2014.

The combination of social services, and other social sector interventions totalled about USD 185 million\(^{55}\). The relatively low amount for 15190 "Facilitation of orderly, safe, regular and responsible

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55 Totals for DAC purpose codes: 16040, 16030, 16061, 16050, 130, 16020, 16010
migration and mobility” reflects the fact that this DAC purpose code was introduced only in 2018 for flows from 2017 onwards. Prior to this, support for migration was allocated through various other codes, including through emergency response and in the governance sector. It is not possible, therefore, to get an accurate picture of disbursements for migration and refugees.

Figure 12 Total donor disbursement to education, employment and social policies

In absolute USD terms, donor funding in the sector has held steady over the period, averaging at USD 127 million per year. Since overall donor funding to Serbia has rose sharply in 2017, contributions to the education, employment and social sector show a decline as a proportion of total funding. The OECD DAC data excludes loans and credits from the World Bank, which, if included, would make the total significantly higher.

EU institutions are by far the largest donor in the sector, contributing 50% of the EUR 800 million reported disbursed between 2011 and 2017. EU Member States together are the second largest contributor, with 32%, meaning the EU and its Member States jointly provide 82% of all donor support in the education, employment and social policy sector.

1.5.1. Major donors, by sub-sectors

Education 110

EU institutions are the largest single donor in the sector. The Swiss contribution focused on inclusive education, particularly relating to the Roma minority. Germany supported the development of the vocational education and training sector, building on its own experience in dual education. It also supported career guidance and counselling in secondary schools. Availability of information on French and Austrian cooperation requires further research. These two countries do not report to IATI, nor is information readily available on their respective cooperation websites.

56 The designation ‘EU Institutions’ in the DAC OECD reporting system includes both European Commission and European Investment Bank funding.
The World Bank financed a credit of USD 50 million for the Inclusive Early Childhood Education and Care project, not included in the OECD reported donor data.

![OECD DAC reported education sector disbursements, USD millions, 2012-2017](image)

**Figure 13 OECD DAC reported education sector disbursements**

**Health 120, 121, 122, 123**

The EU is the largest single donor, with 81% of the USD 71 million total disbursements reported through the OECD DAC system. Japan is the second largest donor, with 5% of the total spend or USD 3.6 million over the evaluation period.

The World Bank (IBRD) financed a large USD 71 million credit in the health sector (Second Serbia Health Project (USD 40 million, and USD 31 million additional financing), not reported through the OECD DAC system.

**Social protection 16010**

Once again, Serbia is the largest single donor, with 78% of the USD 48 million contributed over the evaluation period (2012-2017). Other key donors included Germany (6%), Norway and Japan (4% apiece).

The World Bank was active in the sector in the form of the Delivery of Improved Local Services (DILS) project, a USD 46.4 million credit "to increase the capacity of institutional actors and beneficiaries in order to improve access to and the efficiency, equity and quality of local delivery of health, education and social protection services".

**Employment Creation 16020**

The EU is again the largest single donor in this area, with half of the reported USD 37 million. Germany is the second largest contributor, with 20% of the total, consistently spent over the evaluation period. The World Bank is the third largest, at 15% of the total, but its involvement in the sector ended in 2013, as reported through OECD DAC donor reporting. The World Bank, however, is also financing USD 100 million of a USD 400 million project on competitiveness and jobs\(^{57}\), with the balance being financed by Serbia.

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1.6. Overview of EU interventions in sector

1.6.1. Strategic goals

The sector has three overarching goal areas, as defined in the MIPD and Indicative Strategy Papers. These are for human resource development to contribute to enhanced competitiveness and growth, for education quality to improve and be more relevant to the labour market, and for improved social inclusion of the most disadvantaged.

The main areas of work described in the strategic documents are set out in the table below. The table shows the related objectives in both the MIPD 2011-2013 and in

<table>
<thead>
<tr>
<th>Theme</th>
<th>MIPD 2011-2013</th>
<th>Revised ISP 2014-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social policy</td>
<td>To align social policies in Serbia with EU standards;</td>
<td>Strengthened harmonisation of legislation with the acquis implemented and institutional framework and administrative capacity for implementation;</td>
</tr>
<tr>
<td></td>
<td>To support Serbia's efforts to adhere to the targets of Europe 2020 in employment, poverty and social exclusion;</td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>To improve enforcement of the education and employment policy, notably for the youth.</td>
<td>Enhanced competitiveness and inclusive growth through implementation of the employment and social reform programmes (ESRP), the Economic Reform Programme (ERP) and the annual policy guidance;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Active labour market policies better targeted and implemented;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reinforced Vocational Education and Training system to better match the needs of the Serbian labour market;</td>
</tr>
<tr>
<td>Social inclusion</td>
<td>To prevent social exclusion of vulnerable groups and minorities, notably the Roma;</td>
<td>Enhanced access to basic rights for individuals belonging to vulnerable population through improved strategic framework and implementation of rights-based policies;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enhanced social protection supporting labour market participation and employment enhanced;</td>
</tr>
<tr>
<td>Theme</td>
<td>MIPD 2011-2013</td>
<td>Revised ISP 2014-2020</td>
</tr>
<tr>
<td>---------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Refugees/IDPs</td>
<td>To improve conditions for migrants, refugees and IDPs and support the proper treatment of all prisoners in accordance with EU standards;</td>
<td>Increased social inclusion of the most disadvantaged groups, especially people with disabilities, women, children and Roma, following implementation of community-based solutions in education, health, housing and job creation, and improved child-care provision;</td>
</tr>
<tr>
<td>Social dialogue</td>
<td></td>
<td>Strengthened social dialogue;</td>
</tr>
<tr>
<td>Minorities</td>
<td>To support the work and capacities of the newly established national councils of national minorities;</td>
<td></td>
</tr>
<tr>
<td>Gender equality</td>
<td></td>
<td>Strengthened administrative capacities for gender equality and significant progress achieved in implementation of EU and national gender equality commitments through gender mainstreaming</td>
</tr>
</tbody>
</table>

From a brief analysis of the two sets of expected results, we can highlight the following:

- Both include alignment with EU legislation
- Both have common interest in education and employment, though the later RISP has greater emphasis on employment and links education and employment. It specifically mentions vocational education and training
- The earlier MIPD highlights refugees, IDPs and prisoners, but there is no mention in the RISP.
- Gender equality is introduced as an expected result in the later RISP
- Social dialogue is mentioned for the first time in the RISP

Further exploration of the theme of minorities and prisoners is needed to cross-reference with the sector on Rule of Law and Fundamental Rights to assess the extent to which these issues are addressed under that sector’s scope.

The logic model aims to present a summary of the combined MIPD and RISP logic in a single graphic. The model is for ease of reference, and is not definitive.
Figure 14: Logic Model: Education, Employment and Social Sector

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Outputs</th>
<th>Specific Impacts</th>
<th>Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Timeframe:</strong> 2012-2018</td>
<td>Strengthened harmonisation of legislation with the acquis implemented and institutional framework and administrative capacity for implementation</td>
<td>Implementation of the employment and social reform programmes (ESRP), the Economic Reform Programme (ERP) and the annual policy guidance</td>
<td>Enhanced competitiveness and inclusive growth</td>
</tr>
<tr>
<td><strong>Budget:</strong> IPA II EUR 46.4m IPA I EUR 79.8m</td>
<td>Reinforced Vocational Education and Training system</td>
<td>VET system better matches the needs of the Serbian labour market</td>
<td>Improved quality of educational provisions (at all levels) and its relevance to the labour market</td>
</tr>
<tr>
<td><strong>Financing modalities:</strong> Direct grants Sector Budget Support</td>
<td>Active labour market policies better targeted and implemented</td>
<td>Enhanced access to basic rights for individuals belonging to vulnerable population</td>
<td>Serbia is closer to EU accession</td>
</tr>
<tr>
<td><strong>Technical inputs:</strong> Technical assistance Policy dialogue</td>
<td>Improved strategic framework and implementation of rights-based policies affecting vulnerable population</td>
<td>Consumer and health protection in line with the acquis</td>
<td>Improved social inclusion of the most disadvantaged groups</td>
</tr>
<tr>
<td></td>
<td>Strengthened social dialogue</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Enhanced social protection supporting labour market participation and employment</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Community-based solutions in education, health, housing, and job creation and child care provision</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strengthened administrative capacities for gender equality</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Selected EU Activities
- Sector Reform Contract for Education Reform in Serbia – strengthening links with employment and social inclusion (2016)
- Youth Employability and Active Inclusion (2014)
- Social Development sector support (2013)
- Support to social development (2012)
- Co-financing Serbia’s participation in Erasmus+, EaSI and Health programmes
- Regional Housing Programme
1.6.2. Indicators

The MIPD 2011-2013 had a complex set of poorly defined indicators, most of which were hard or impossible to assess with any consistency. The Revised ISP, by contrast, suggested only one indicator: Employment rate 20 to 64 years, total % (Eurostat), sex disaggregated. Neither approach is particularly satisfactory. The RISP indicator has the advantage of being measurable and has a defined source. It can act as a proxy for overall economic development and inclusion of the population in the labour market. It can also be a helpful proxy for gender inclusion. However, it cannot tell us anything about the situation of minorities or vulnerable people. Without age disaggregation, it is limited in that it cannot tell us about the links between education and the labour market; the primary impact of education reforms would be on recent school leavers and those completing tertiary education.

1.6.3. Annual Programmes

Based on the strategic planning documents, the EU in Serbia prepared the following fiches (IPA I) and annual action programmes (IPA II) relevant to the sector:

<table>
<thead>
<tr>
<th>IPA I</th>
<th>Description</th>
<th>CRIS code</th>
<th>DAC Purpose code</th>
<th>Total Cost</th>
<th>EU Contribution</th>
<th>Management mode</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Social development sector</td>
<td>2013/023-621</td>
<td>16020</td>
<td>26,500,000</td>
<td>23,605,000</td>
<td>Decentralised</td>
</tr>
<tr>
<td>2012</td>
<td>Support to social development</td>
<td>2012/022-972</td>
<td>16020</td>
<td>28,200,000</td>
<td>24,100,000</td>
<td>Centralised. Measure 5: OSCE by joint management with European Commission</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IPA II</th>
<th>Action programme title</th>
<th>Action title</th>
<th>Action ID</th>
<th>DAC Sector</th>
<th>Total cost</th>
<th>EU contribution</th>
<th>method of implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>Annual Action Programme for Serbia for the year 2016</td>
<td>Sector Reform Contract for Education Reform in Serbia – strengthening links with employment and social inclusion</td>
<td>IPA 2016/039-806/9/Serbia/ SRC for Education reform</td>
<td>11110</td>
<td>27,400,000</td>
<td>27,400,000</td>
<td>Direct Management</td>
</tr>
<tr>
<td>2014</td>
<td>Annual Action Programme</td>
<td>Towards Lifelong Learning</td>
<td>2014/032-799.08/Serbia/Towards Lifelong Learning</td>
<td>11230, 11240</td>
<td>5,750,000</td>
<td>5,750,000</td>
<td>Indirect management</td>
</tr>
</tbody>
</table>
Based on the two strategic programming documents (MIPD 2011-2013 and the Revised Indicative Strategy Paper 2014-2020), the EU has so far allocated EUR 1.2 billion of IPA national assistance to Serbia. Of this, some 10% has been allocated to the education, employment and social sector. The annual breakdown of allocations through the national programmes (IPA I) and the Country Action Programmes (IPA II) are summarised in the table below. Annual allocations to the sector have declined steadily since 2011. A new approach to programming under IPA II in which not all sectors were given allocations every year, meant that in 2015 and 2017 there were no allocations to the sector at all. The rationale for this will be explored during the field phase.

### 1.6.4. Allocations

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Year</th>
<th>Allocation to:</th>
<th>Social development (IPA I)</th>
<th>Total annual allocation</th>
<th>% social sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPA I</td>
<td>2011</td>
<td>32,100,000</td>
<td>178,550,000</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>IPA I</td>
<td>2012</td>
<td>24,100,000</td>
<td>171,600,995</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>IPA I</td>
<td>2013</td>
<td>23,605,000</td>
<td>178,783,533</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>IPA II</td>
<td>2014</td>
<td>19,040,000</td>
<td>177,090,000</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>IPA II</td>
<td>2015</td>
<td>0</td>
<td>196,600,000</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>IPA II</td>
<td>2016</td>
<td>27,400,000</td>
<td>166,400,000</td>
<td>16%</td>
<td></td>
</tr>
</tbody>
</table>
**Contracting**

The trend for contracting IPA funding over the last eight years has been towards fewer and larger contracts, particularly noticeable for the IPA 2016 allocation. The following chart shows this trend. However, there is probably limited use in looking at annual trends; instead the important trends are through the lifecycle of the IPA instrument itself – for IPA I from 2008 to 2013, and for IPA II from 2014 to 2020. What is clear is that in 2016 there were few, large contracts in the sector – most notably the sector budget support contract for education. Nevertheless, the overall trend is a decrease in actual contracted funding for the sector since IPA 2011/2012.

![Trends in contracting social sector national funds](image)

*Figure 15 Trends in contracting social sector national funds*

In terms of actual contracted actions at country level, the following is the breakdown of contracts by DAC purpose code.

![Employment, education social sector contracted IPA 2011 to IPA 2016 as of 2019 (EUR)](image)

*Figure 16 Employment, education, social sector contracted IPA 2011 to IPA 2016*
1.6.5. Disbursement rates

The analysis of the amounts allocated compared to contracted shows some unexpected variations. The aim of the analysis is to illustrate the extent to which the programming is ultimately translated into expenditure, and as such it is a key part of the overall analysis.

The table below shows that contracted amounts under IPA 2011 and IPA 2012 were rather higher than allocated, while there were also contracted amounts for IPA 2015 for which there was no allocation to the sector. More work will be needed to both verify the underlying data and to develop some explanations for this observed pattern.

<table>
<thead>
<tr>
<th>Allocation</th>
<th>Allocated to ed/ empl/ social sector (EUR)</th>
<th>Total contracted (EUR)</th>
<th>% allocated vs contracted</th>
<th>Total paid</th>
<th>% Paid vs contracted</th>
<th>% paid vs allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPA 2011</td>
<td>32,100,000</td>
<td>61,441,120</td>
<td>191%</td>
<td>59,851,055</td>
<td>97%</td>
<td>186%</td>
</tr>
<tr>
<td>IPA 2012</td>
<td>24,100,000</td>
<td>43,277,101</td>
<td>180%</td>
<td>40,833,912</td>
<td>94%</td>
<td>169%</td>
</tr>
<tr>
<td>IPA 2013</td>
<td>23,605,000</td>
<td>7,459,133</td>
<td>32%</td>
<td>7,059,346</td>
<td>95%</td>
<td>30%</td>
</tr>
<tr>
<td>IPA 2014</td>
<td>19,040,000</td>
<td>11,094,152</td>
<td>58%</td>
<td>7,512,693</td>
<td>68%</td>
<td>39%</td>
</tr>
<tr>
<td>IPA 2015</td>
<td>0</td>
<td>11,195,209</td>
<td>n/a</td>
<td>6,350,364</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>IPA 2016</td>
<td>27,400,000</td>
<td>31,618,150</td>
<td>115%</td>
<td>10,404,780</td>
<td>33%</td>
<td>38%</td>
</tr>
<tr>
<td>IPA 2017</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>126,245,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Modalities

The following table breaks down the modality – actually ‘nature’ of the contracts issued in this sector. Action grants – competitive, relatively small grants – are the largest single modality, and account for more than 60% of all contracts. The education sector budget support programme is notable as the only budget support contract in the sector.

<table>
<thead>
<tr>
<th>Sector 6 Education Employment and Social Policies – Contract modalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracting ‘Nature’</td>
</tr>
<tr>
<td>--------------------------</td>
</tr>
<tr>
<td>Action Grants</td>
</tr>
</tbody>
</table>
### Sector 6 Education Employment and Social Policies – Contract modalities

<table>
<thead>
<tr>
<th>Contracting ‘Nature’</th>
<th>No. contracts</th>
<th>Average planned (EUR)</th>
<th>Total contracted plan value (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Services</strong></td>
<td>34</td>
<td>970,280</td>
<td>32,989,516</td>
</tr>
<tr>
<td><strong>Functioning Grants (operating)</strong></td>
<td>3</td>
<td>9,696,164</td>
<td>29,088,492</td>
</tr>
<tr>
<td><strong>Supplies</strong></td>
<td>33</td>
<td>796,281</td>
<td>26,277,265</td>
</tr>
<tr>
<td><strong>Pro forma registration (Program Estimates, Budget Support)</strong></td>
<td>1</td>
<td>24,000,000</td>
<td>24,000,000</td>
</tr>
<tr>
<td><strong>Financing Agreement</strong></td>
<td>7</td>
<td>3,417,393</td>
<td>23,921,752</td>
</tr>
<tr>
<td><strong>Works</strong></td>
<td>7</td>
<td>920,628</td>
<td>6,444,396</td>
</tr>
<tr>
<td><strong>Recommitment</strong></td>
<td>1</td>
<td>1,590,065</td>
<td>1,590,065</td>
</tr>
<tr>
<td><strong>Late payment interests</strong></td>
<td>1</td>
<td>485</td>
<td>485</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>237</td>
<td>913,458</td>
<td>216,489,629</td>
</tr>
</tbody>
</table>

As part of this contracting modalities, there were also four twinning projects relevant to the sector.

<table>
<thead>
<tr>
<th>Twinning project</th>
<th>IPA programming year</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation of Serbian Labour Market Institutions for European Employment Strategy</td>
<td>IPA 2011</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Promoting Social Dialogue</td>
<td>IPA 2012</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Improving tobacco control in the Republic of Serbia</td>
<td>IPA 2013</td>
<td>250,000</td>
</tr>
<tr>
<td>Support and improvement of occupational safety and health and labour in the Republic of Serbia</td>
<td>IPA 2014</td>
<td>1,500,000</td>
</tr>
</tbody>
</table>
Grant schemes

The sector also had (at least) five centrally/directly managed grant schemes (data needs to be verified):

<table>
<thead>
<tr>
<th>Description</th>
<th>No. contracts</th>
<th>Total contract value (EUR)</th>
<th>Average contract value (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serbia National Programme 2011/ Support to the implementation of strategies for IDPs, refugees and returnees (IPA 2011)</td>
<td>4</td>
<td>3,586,351</td>
<td>896,588</td>
</tr>
<tr>
<td>National Annual Programme 2008 for Serbia/Developing Community-based Services for Children with Disabilities and their Families 08SER01/10/31 (IPA 2008)</td>
<td>7</td>
<td>1,872,978</td>
<td>267,568</td>
</tr>
<tr>
<td>National Programme for Serbia 2009/Supporting access to rights, employment and livelihood enhancement of refugees and IDPs in Serbia (IPA 2009)</td>
<td>4</td>
<td>374,325</td>
<td>93,581</td>
</tr>
<tr>
<td>Serbia National Programme 2011/Support for de-institutionalisation and social inclusion of persons with mental disability and mental illness (IPA 2011)</td>
<td>19</td>
<td>2,369,179</td>
<td>124,694</td>
</tr>
<tr>
<td>Serbia National Programme IPA 2013 (Decentralised part)/ Support to health, communal and social services in Serbian municipalities hosting migrants and refugees (IPA 2013)</td>
<td>1</td>
<td>3,997,865</td>
<td>3,997,865</td>
</tr>
</tbody>
</table>

And three indirect/decentralised grant schemes, with 65 contracts awarded in total:
- Development of Effective Community Services in the Area of Education and Social Welfare at the Local Level (30 contracts, total value EUR 6 million)
- Durable housing solutions and physical infrastructure improvements in Roma settlements (11 contracts, EUR 9.2 million)
- Youth employment (24 contracts, EUR 4.1 million)

1.6.6. EU Level Programmes

Serbia participates in relevant EU level programmes. The following list is tentative and will be updated with additional information to be collected from interviewees during the field phase.

<table>
<thead>
<tr>
<th>Programme name</th>
<th>No. applications</th>
<th>No. won</th>
<th>EUR received</th>
</tr>
</thead>
<tbody>
<tr>
<td>EaSI – EURES</td>
<td>n/a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EaSI and Microfinance and social</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>
Dialogue

Available information on dialogue is scarce in the documents available, although there are references to dialogue in some reports:

- Policy dialogue in education – referenced in the first interim report p17 for the Evaluation and Monitoring contract for the Education Sector Budget support contract, 2019

More information is needed to identify the relevant dialogues, and any agreements and outcomes that may have influenced programming. For the field phase.

Actions

The sector has seen a number of interventions across a wide range of areas, but which can be grouped in the following thematic areas:

- Pre-school and inclusive education
- Secondary vocational education and training
- Support for higher education
- Support for IDPs and refugees – from earlier conflicts and from 2015 migration crisis
- Support for National Employment Service
- Social protection and social welfare, including low cost/social housing.

Issues facing refugees/IDPs and the Roma population cut across several sub-sectors, including housing, employment and social protection.

1.6.7. Sample interventions

The following table summarises the interventions selected as sample for the evaluation.

There are basically three interventions, although covering 9 major contracts and 11 small grants. The total value of the sample is approximately 16% of total contracted funds under centralised management, and 26% of funds under decentralised management.

<table>
<thead>
<tr>
<th>#</th>
<th>Intervention description</th>
<th>Contract year</th>
<th>Contract number</th>
<th>Status</th>
<th>Centralised/decentralised</th>
<th>Contract title</th>
<th>Nature</th>
<th>Planned amount (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Education budget support</td>
<td>2017</td>
<td>393654</td>
<td>Ongoing</td>
<td>centralised</td>
<td>Sector Reform Contract for Education Reform in Serbia – strengthening links with employment and social inclusion</td>
<td>Budget support</td>
<td>24,000,000</td>
</tr>
<tr>
<td>2</td>
<td>Education budget support</td>
<td>2018</td>
<td>401002</td>
<td>Ongoing</td>
<td>Centralised</td>
<td>Sector Reform Contract for Education Reform in Serbia - Complementary assistance: Evaluation and monitoring</td>
<td>Services</td>
<td>667,150</td>
</tr>
</tbody>
</table>

58 Data from DG EMPLOY, situation as of 2019
https://ec.europa.eu/social/main.jsp?langId=en&catId=1081&furtherNews=yes&newsId=9415
| 2 | Roma housing | 2014 | 48-00-00206/2014-28 | Open | Decentralised | Technical Assistance for Improvement of Living and Housing Conditions among the Roma Population Presently Residing in Informal Settlements | Services | 1,370,200 |
| 2 | Roma housing | 2017 | 48-00-00047/2017-28 | Open | Decentralised | Technical Assistance for Improvement of Living and Housing Conditions among the Roma Population Presently Residing in Informal Settlements | Services | 2,705,170 |
| 3 | Employment | 2014 | 342598 | Ongoing | Centralised | Increasing the effectiveness of employment policies toward disadvantaged groups | Action grants | 6,493,007 |
| 3 | Employment | 2012 | 290936 | Closed | Centralised | 11 SER/01/12/11 Preparation of Serbian Labour market Institutions for European Employment Strategy | Action Grants (Twinning) | 1,799,853 |
| 3 | Employment | 2012 | 298506 | Closed | Centralised | Further integration of forecasting, monitoring and evaluation in the design and implementation of active labour market policies and adjustment of National Classification of Occupations to ISCO 08 standards | Services | 1,252,540 |
| 3 | Employment | 2015 | 356232 | Ongoing | Centralised | Technical assistance to support direct grant management in the field of employment policy | Services | 1,207,250 |
2. Response to Evaluation Question/Judgement Criteria

2.1. EQ 1 Relevance

EQ 1 To what extent has the European Union's cooperation with Serbia addressed the variety of challenges/needs faced by Serbia on its path towards EU accession and within its own reform processes?

JC 1.1 EU pre-accession assistance programming - including the type, quantity and quality of inputs provided and type of activities planned - was appropriate to the specific political and institutional contexts and needs of the beneficiary

1.1.1 extent to which analyses of context, capacities and needs which inform IPA programming reflect the actual situation in the country

Country analyses in programming documents is clear and concise. Issues identified reflect many of those facing the country. The range of issues the country faces is obviously wider than those addressed by the EU programming, but programming is clearly focused by the requirements of EU accession. Issues such as healthcare, which are not core to the acquis, are not assessed in detail.

1.1.2 extent to which there is coherence between EU strategy and programming and nationally identified priorities and plans

There is broad alignment between the IPA programming documents, and the priorities identified in the Government of Serbia’s key donor coordination instrument, the ‘National Priorities for International Assistance (‘NAD’), (two editions, 2011-2013 and 2014-2017 with projections to 2020). The sector is defined as ‘human resources and social development’, and highlights four priorities:

- Priority 1 - Strengthening the establishment of an efficient, stable and sustainable growth trend in employment
- Priority 2 - Building a knowledge-based society through enhancement of formal and non-formal education
- Priority 3 - Increasing the effectiveness and equity of social welfare
- Priority 4 - Improving the health status of the population by strengthening the accessibility, availability, affordability, and efficiency of healthcare services.

Key proposed measures align closely with EU support in most areas, except for healthcare, which is not an EU priority. In employment and education there is close alignment between EU support and the stated needs.

Subsequent Serbian key strategic documents, the Economic Reform Programme (ERP) and the Employment and Social Reform Programme (ESRP) were first produced in 2015 and 2016 respectively. They are both referenced in later programme documents and EU Progress Reports. These national documents provide careful and evidence-based analysis of the issues, and clear recommendations.

The IPA 2016 Education Sector Budget Support programme is based on the Government of Serbia’s 2010-2020 Strategy for Education Development, and the accompanying 2015 Action Plan for implementing the strategy, providing the basis for close alignment and ownership by the Serbian authorities. However, the declining national budget contributions to education (see Section 2.2), in
contrast to the commitments of the government’s strategy, indicate that budget commitments are not following the stated strategic objectives.

1.1.3 extent to which EU strategy and programming incorporate analysis of capacity needs and constraints (overall and in focus sectors), and take account of lessons learned from previous periods

Key lessons learned from the 2013 HRD Sector Evaluation were as follows:

- Investment in HRD, compared to other sectors, should be long-term
- Commitment of beneficiary institutions for reforms, ownership of results and leadership is key to success of any ODA support.
- Cost-effectiveness and impact cannot be assessed with sufficient level of accuracy in case evaluability of projects is not established from their design phase and if reporting against set indicators is not done properly.
- Sustainable impact is enabled when assistance is integrating various angles of reform and addresses the needs of the most vulnerable in a comprehensive manner.
- Investment in measures to enhance employability and improve living standards through income generating activities needs to be carefully designed in order to achieve its goals (2013 HRD Sector Evaluation 2007-2011, p73)

This evaluation was commissioned by the EU Delegation but included consideration of all donors’ contributions to the sector.

The Indicative Strategy Papers (2014 and revised 2018 edition) do not explicitly reference lessons learned from the HRD evaluation. However, the employment/education sector Annual Action Programme (2014/032-799.08/Serbia/Towards Lifelong Learning) does make an explicit reference to selected lessons learned – notably national ownership. Other lessons learned were not specifically referenced.

A crude analysis of CRIS data shows that there was no appreciable increase in project duration following the 2014 programming year, rather the opposite. The average length of contracts in the HRD sector signed in 2012 was 3.7 years, while the average length of contracts signed in 2018 was 3.4 years. For contracts in all sectors, the 2012 contract average duration was also 3.7 years, which increased slightly to 3.9. This suggests that the lesson learned, that interventions in the HRD sector should be longer than in other sectors, was not applied. Nevertheless, this analysis is somewhat crude, and is based on contracts rather than interventions. If the results are significant, further exploration of this should be carried out during the field phase.

Figure 17: Average contract duration in Serbia, HRD sector vs all sectors, 2011-2018
The design of the Education Sector Budget Support programme (IPA 2016) partially responded to lessons learned. At 3 years in length, it was not appreciably longer in duration than other interventions. However, it clearly moved the ownership of the reform process to the Ministry of Education. As a more system-wide intervention, it addressed concerns about sustainability, and incorporated elements to tackle the needs of language minorities and Roma children. The sector reform contract explicitly noted lessons learned and claimed that in comparison to previous interventions, “[t]he Sector reform contract will provide greater ownership and accountability while strengthening the capacities and coordination of national stakeholders. Also it will link together different policies and cross-cutting issues in the sector, making a coherent effort in implementing the reforms.” (Sector Reform Contract, p12).

1.1.4 extent to which EU allocations of financial assistance reflect the stated priorities, considering both government allocations and other international assistance

EU Institutions (including EIB) contributed 50% of all disbursed donor financial assistance to the sector (see section 3), and EU Member States contributed another 32% of assistance, making the EU by far the largest contributor of external assistance to the sector.

In relation to national budgets, donor contributions (and consequently, EU contributions) are small. In education, for example, national expenditure was around EUR 1.4 billion in 2016 alone, while total education donor contributions were EUR 44.4 million, or 3% of total education spend. Well placed interlocutors, however, claimed that most government education expenditure is tied up in obligations such as teachers’ salaries and running costs of schools, while investment funds are scarce. The significance of donor funding is to provide additionality to national budgets and the possibility to invest in development activities. In the absence of publicly available government budget and actual expenditure information, this claim, while plausible, cannot be verified with data.

Regarding EU contributions in relation to EU priorities, programming data show that social sector funding is declining. Under IPA I, social development funding was 14.2% of the total IPA I national allocation for Serbia 2007-2013. Under IPA II, the ‘education, employment and social policies’ sector allocation was just 8% of the total allocation, according to the Revised Indicative Strategy Paper. Allowing for differences in sectoral definition, this still shows a significant decline in funding.

The trend suggests that this sector is of diminishing priority and significance compared to other sectors for IPA funding. Whether this is appropriate relative to the needs or not is a judgement for

1.1.5 extent to which EU strategy and programming offer appropriate sequencing of support, based on capacity analyses and lessons learned

The 2013 HRD Sector Evaluation concludes that “There has been a good sequencing of ODA in supporting reforms and structural changes, with funds spent in a generally cost-effective manner, allowing cross-fertilisation and attracting additional funding for the continuation of reforms.” This was particularly noted in the area of social welfare reforms (ibid p45). Nevertheless, the same report notes that “many IPA projects are designed to test innovative approaches and kick-off reforms in the belief that the national counterpart institution will buy-in and embed its good practices within one single project cycle” (ibid p47), which is an argument for a longer term perspective.

The education sector budget reform contract makes an explicit link to the lessons learned in previous evaluations, and aims to provide “greater ownership and accountability”, as noted above. The Sector Reform Contract however, notes some capacity constraints within the Government of Serbia, notably at the sector policy level. It notes that “the [action plan for implementation of the education strategy] is not properly costed. For this reason, as part of the policy dialogue in the context of the elaboration of this sector reform contract, the Ministry of education has started the elaboration of the costing of the AP.” There were in addition shortcomings in public financial management identified in the SIGMA 2015 and PEFA 2015 analyses. The sector reform contract, however, is confident that “The PFM Reform Programme is a relevant response to the pressing reform needs of the PFM sector…and addresses the key weaknesses within the system”.

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The design of the Education SBS aimed to address capacity constraints with a complementary support contract aimed specifically at supporting capacity development of the main education institutions.

**JC 1.2** the EU’s cooperation with Serbia responded to new and arising issues and needs encountered over the evaluation period

In the HRD sector, there were two notable emergencies which required a rapid EU response. The first was the major flooding in Serbia and the wider region in 2014. The second was the migrant crisis of 2015-2016. The EU responded with substantial funds for both. Both these interventions, however, are outside the scope of this evaluation, and are dealt with elsewhere.

In terms of the key trends within the sector which required response, at the stage of the document review we can identify:

- The lack of improvement in the capacities of state institutions hampered the ability to implement reforms (eg 2016 EU Progress Report p11);
- The decreasing expenditures on education as a proportion of GDP reduced the scope of the state to implement reforms in this area (see section 2.2);
- There was a 13% decline in local expenditures on health and social work activities between 2014 and 2015, and an overall 6% reduction in annual expenditures on 2016 compared to the 2011 value. This also decreased the local level abilities to provide basic services and invest in reforms.
- There was a decline in the funding available for active labour market measures, similarly decreasing the extent to which services could be provided, and potentially impacting reforms in this area.

The design of IPA support in the sector explicitly acknowledges capacity constraints. However, the monitoring systems in place were not able to report systematically on changes in the capacities to state institutions as a result of IPA-supported interventions.

Decreasing government education expenditure was partially addressed by the Education SBS, and interlocutors confirmed that EU support enabled the Government to dedicate resources to reform efforts. There is no evidence, however, for an increase in Government budget commitments to support the sustainability and continued development of reforms planned and achieved.

Other trends and events may also emerge during the field phase.

<table>
<thead>
<tr>
<th>1.2.1</th>
<th>extent to which EU cooperation with Serbia appropriately monitored the changing context, identified challenges and proposed remedial measures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The EU in Serbia provides careful monitoring of evolving trends, and these are clearly and methodically reported through the annual EU Progress Reports.</td>
</tr>
<tr>
<td></td>
<td>Many of the key challenges arising are political in nature – such as the declining budget allocations noted above – and do not necessarily have programmatic solutions.</td>
</tr>
<tr>
<td></td>
<td>In the Education sector, one of the main reasons for poor resourcing of the sector is the inefficient funding structure, in which funding is allocated on the basis of schools and teachers, not on the basis of the number of pupils. Reforms have been developed to move to per capita funding, but implementation has not so far been realised (ibid p66). Despite the EU’s large contribution to the education sector, it has not been able to support these necessary reforms. The failure of Serbia to implement these reforms has arguably constrained its ability to finance long term improvements in the education system. The design and implementation of the education SBS did not take these underlying structural issues into account, with potential consequences for the impact and sustainability of the reforms supported by the SBS.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1.2.2</th>
<th>extent to which financial allocations were amended and actions taken to respond to changing context and needs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This is a question for the whole portfolio of assistance, rather than for analysis at a single sector. It will be addressed in the portfolio analysis.</td>
</tr>
</tbody>
</table>
2.2. EQ 2 Effectiveness

EQ 2 What have been the effects of the European Union’s cooperation strategy with Serbia over the evaluation period (e.g. on capacity building)?

JC 2.1 Government policy and implementation of policy in selected sectors are more in line with the requirements of EU accession as a result of contributions from EU cooperation.

The following reports evidence, where available, against the specific indicators for this judgement criterion.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.1 extent to which the role and capacities of democratic and judicial institutions in relation to each sector have changed over the evaluation period.</td>
<td></td>
</tr>
<tr>
<td>2.1.2 extent to which EU cooperation has contributed to these changes in democratic and judicial institutions</td>
<td></td>
</tr>
</tbody>
</table>

The interventions sampled did not aim to change democratic and judicial institutions.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.3 extent to which the legislative framework relevant to each sector has changed over the evaluation period</td>
<td></td>
</tr>
<tr>
<td>2.1.4 extent to which EU cooperation has contributed to these changes in the legislative framework</td>
<td></td>
</tr>
</tbody>
</table>

Employment: The employment interventions sampled did not aim to change the legislative framework.

Education: Key legislation was adopted with the likely contribution of the Education SBS. This includes the Law on the National Qualifications Framework for Serbia (NQFS), and a new Law on Textbooks.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.5 extent to which public infrastructure relevant to each sector has changed over the evaluation period</td>
<td></td>
</tr>
<tr>
<td>2.1.6 extent to which EU cooperation has contributed to these changes in public infrastructure</td>
<td></td>
</tr>
</tbody>
</table>

Employment: projects contributed equipment (computers) for local offices of the national employment service, and other essential equipment.

Education: Budget support contract has no components explicitly for infrastructure. Other EU IPA support does provide individual support for schools’ and universities infrastructure and equipment.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.7 extent to which government policy in each sector has changed over the evaluation period</td>
<td></td>
</tr>
</tbody>
</table>

The government produced for the first time an Employment and Social Reform Programme (ESRP) in May 2016. This is a key document setting out a current analysis, objectives and intended actions for reform. It is modelled on the Europe 2020 strategy for member states.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.8 extent to which EU cooperation has contributed to these changes in government policy</td>
<td></td>
</tr>
</tbody>
</table>

There is a clear link between EU cooperation and the production of the ESRP. The ESRP was produced as an explicit part of the accession process.

Since no monitoring reports have been produced so far, there is a question for further investigation about the extent to which the ESRP has actually influenced formal government policy in the form of laws, budget allocations, etc.

Education: the primary purpose of the education budget support programme is the implementation of policy. The sector budget contract did not provide explicit support for policy making in the Ministry of Education, Science and Technological Development (MoESTD). There was no clear evidence that the sector budget support programme was able to develop policy making capacities during implementation.

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However, it was clear that the SBS was able to support the more refined definition and translation of policy into practice in four key areas.

Component 1 of the SBS developed teachers’ capabilities to use outcome based learning methods, a key aim of government policy. Component 2 aimed to improve minorities’ education in their own languages. The support for this reform likely strengthened government resolve to follow through on this policy. Component 3 solidified support for inclusion of Roma minority students in secondary schools, again strengthening government commitment to Roma inclusion methods. And finally, component 4 relating to the National Qualifications Framework directly contributed to the establishment of a National Qualifications Agency, and the continuing support to the development of the NQF and relevant qualifications.

**Employment:** The sample employment programmes had the explicit objective to “improve the effectiveness of employment policy in Serbia towards disadvantaged groups.” The sampled employment programme aimed to strengthen the government’s capacities in managing an active employment policy but did not explicitly aim to influence policy itself. There are no reported changes to government policy in the project reports.

**JC 2.2 State institutions relevant to each of the sectors have been strengthened with contributions from EU cooperation**

| 2.2.1 | extent to which capacities of relevant sectoral institutions have changed over the evaluation period |
| 2.2.2 | extent to which EU cooperation contributed to the changes in capacities of relevant sectoral institutions |

Overall, assessing capacity change achieved over the evaluation period from available documentation is difficult because documentation rarely reports on capacity change, but instead outputs or deliverables are assumed to be indicators of changed capacity.

In the sample projects for the employment sector, planning and reporting documents define the desired outcomes in terms of inputs or deliverables, rather than capacity changes. It is not possible from the available documentation to assess any capacity change, but only to assume that there were capacity changes resulting from delivered outputs, such as trainings or guidelines.

**Indicative examples**

<table>
<thead>
<tr>
<th>Project</th>
<th>Example objective</th>
<th>Example indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twinning: Preparation of Serbian Labour Market Institutions for European Employment Strategy, IPA 2011</td>
<td>Strengthened capacity of NES and MoERD Department for Employment officials and staff in European Employment Strategy</td>
<td>Conducted learning needs analysis for Department for Employment and NES staff by month 6 of project implementation</td>
</tr>
</tbody>
</table>

**Employment:** the technical assistance (TA) component of the sampled employment programmes aimed to strengthen capacities:

- to increase capacity of National Employment Service (NES) in administering EU funded projects;
- to increase capacity of the Ministry of Labour, Employment, Veterans and Social Affairs (MoLEVSA) to implement activities under IPA funded projects;
- to strengthen the capacity of NES, LECs and LSGs to develop ALMPs in favour of disadvantaged groups.
In all reports produced by both the Government of Serbia and the TA provider, there were no capacity assessments, neither baseline nor end of project. Therefore, despite the clear objectives, there is no available documentary evidence of capacity change. Reports focused on activities undertaken and equipment purchased and made assumptions that these would lead to capacity change but without an evidence base. We can make an assumption at this stage that the National Employment Service and the Ministry of Labour, Employment, Veterans and Social Policy (MoLESP) have improved their capacities to manage grants according to EU rules, but this needs to be verified either during the field phase or from additional documentation.

The other key point to note is that the technical assistance and twinning aim to deliver procedures, recommendations, trainings, etc; they do not aim to increase the partner institutions’ abilities to prepare procedures, policy recommendations, and deliver training themselves. Based on this, we can hypothesise that the capacity building approach as currently conceived creates dependence, rather than enables partners to be independent, and to manage their development trajectories independently.

**Education:** The sector budget support programme was explicitly designed to have a capacity building technical assistance component to complement the budget support component, and the monitoring component. The complementary support capacity building project was contracted only during 2019, and began work in late 2019. By the end of the SBS in December 2019, the complementary support project had not passed its inception phase. There was therefore a critical disconnect between the main Education SBS and the envisaged capacity building complementary support project.

**JC 2.3 Civil society institutions and the enabling environment for civil society have been strengthened with contributions from EU cooperation**

2.3.1 extent to which civil society, academia, unions, media and other non-governmental, non-business institutions, and their operating environment have changed over the evaluation period

2.3.2 extent to which EU cooperation contributed to the changes in capacities of civil society institutions and the enabling environment

**Employment:** Employment services were contracted to independent providers of services such as training for unemployed. These independent providers could have been both companies and non-profits such as NGOs. However, there were no explicit planned actions to increase capacities of independent providers, nor any mechanisms to monitor or assess the capacities of independent providers.

**Education:** There was little evidence of the deliberate and systematic involvement of social partners in the preparation and implementation of the Education SBS. While social partners were consulted for the development of the Education reform strategy of 2012, there was no evidence of involvement of social partners in the development of the 2015 action plan. Civil society organisations and teachers unions were not involved in either the High Level Dialogue for the education sector, nor in the strategic working group meetings for the SBS. “Coordination mechanism for monitoring and reporting on reform activities although foreseen in the AP was not established. Several attempts were made to involve social partners and external stakeholders in these processes, but they were short lived and on ad hoc bases.”

Social partners have been involved in aspects of Vocational Education and Training (VET), and the development of vocational qualifications. Envisaged involvement of social partners in four education councils was threatened by a new Law on the Foundations of the Education System (LFES): “responsibilities of the national councils in pre-university education have been reduced to counselling, proposing and advising while decision-making competencies were shifted to the remits of the line ministry. Such changes are display of centralization process that could undermine participation of social partners in the development of education system.”

Overall, there was no systematic and consistent approach to the involvement of social partners in key EU supported actions and dialogue. There were opportunities for involving key social partners, such as teachers’ unions and CSOs in the high level political dialogue, and COSs in the independent monitoring of education reforms, but this did not take place.

**JC 2.4 Businesses and the business enabling environment have been strengthened with contributions from EU cooperation**

2.4.1 extent to which private sector businesses and their operating environment have changed over the evaluation period
2.4.2 extent to which EU cooperation contributed to changes in the private sector and its operating environment

Employment: see response for JC 2.3 – both companies and civil society organisations could have been involved as providers of employment services.

Education: The key engagement of businesses in education reform is as a consequence of the adoption of the dual education model, and the involvement of firms in vocational education and training. While this is planned, in the absence of recent progress reports, there is not sufficient documentary evidence available to respond to this JC/indicator. This will be further elaborated if additional reports are made available, and during the field phase.

There is weak evidence available for strengthening of the workforce skills. Eighteen percent of surveyed employers cited “inadequately educated workforce” as their biggest obstacle in the 2019 Enterprise Survey for Serbia. This is the second highest perceived obstacle after “practices of the informal sector”, at 19.7%. Trend data, however, is not available, and so it is not possible to assess whether the situation is improving from this indicator.

2.3. EQ 3 Awareness of EU Principles

EQ 3 To what extent has the EU’s cooperation strategy raised, over time, Serbia’s awareness of the general principles the EU stands for and/or the EU’s positive contributions?

JC 3.1 EU cooperation has contributed to strengthening the awareness of key targeted institutions of the general principles which the EU stands for

3.1.1 extent to which key government institutions in each sector are acting upon EU policy advice and guidance, and reported changes over the evaluation period

Employment policy in Serbia is influenced by EU policies and strategies. Evidence of this includes the adoption of the ESRP and the Economic Reform Programmes.

Education. There are three key areas in which Serbia’s education policy has been influenced by the EU. The first is in vocational education and training. The European Training Foundation (ETF) has been involved with Serbia since the early 2000s, and has influenced the development of more practical vocational education as well as models of ‘dual’ education. Germany and Switzerland have also been key drivers of policy in this area.

The second area is in education of language minorities. The EU accession process highlighted the poor provision of education in the languages of national minorities in conformity with the Hague Recommendations regarding the Education Rights of National Minorities. Neighbouring ‘kin states’, already EU Member States, pushed for greater compliance with these recommendations as a condition for acceptance of Chapter 26, Education and Culture. This Chapter was provisionally closed in 2017, before the start of the SBS, but it was clear that the combination of EU accession requirements and Member States’ actions contributed to Serbia putting additional measures in place to improve respect of the rights of minorities in education. The measures in the SBS in relation to minority rights nevertheless remain critical in the negotiations for Chapter 23, Judiciary and Fundamental Rights.

Finally, the third area of EU influence in education is in the development of a National Qualifications Framework. The possibilities of mutual recognition, and the benefits of a structured approach to qualifications have been presented and discussed over many years in Serbia. The Education SBS finally brought a law on a National Qualifications Framework for Serbia, and established institutions which would manage the implementation of the framework across the education system.

3.1.2 extent to which key government institutions value EU technical and other guidance and support

Interview findings on this indicator were mixed. In the specific case of the Education SBS, capacity building technical assistance was needed, though contracted three years late. The delay of this TA therefore detracted from its relevance and utility. The monitoring TA accompanying the SBS was respected and highly valued by both EUD and Government interviewees. Changes in personnel were
experienced, but there are no systemic findings from the sample that could lead to clear conclusions about why and when EU technical support is valued.

**JC 3.2 EU cooperation has contributed to the general public’s awareness of the principles the EU stands for and the EU’s positive contributions**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2.1 extent to which the general public in Serbia is aware of the EU’s principles</td>
<td>There is not sufficient documentary evidence to provide a response to this indicator at the sector level.</td>
</tr>
<tr>
<td>3.2.2 extent to which the general public in Serbia is aware of the EU’s contributions to institutions, public services, public infrastructure, civil society and private sector</td>
<td>There is not sufficient documentary evidence to provide a response to this indicator at the sector level.</td>
</tr>
<tr>
<td>3.2.3 Extent to which Serbian media are reporting positively on the values and role played by the EU in the country, and changes over the evaluation period</td>
<td>Available media analysis is not at sector level.</td>
</tr>
<tr>
<td>3.2.4 Extent to which sample projects generated positive stories and messages</td>
<td><strong>Employment:</strong> the available documentation does not report on media stories and messages related to the projects.</td>
</tr>
<tr>
<td></td>
<td><strong>Education:</strong> there are no media reports included in the available sector budget support documentation.</td>
</tr>
</tbody>
</table>

**2.4. EQ 4 Impact**

**EQ 4 To what extent have the effects described in Q2 contributed to Serbia’s political and economic reform and preparation for EU membership?**

**JC 4.1 the key sectoral changes for which the EU has made a contribution have helped Serbia to move closer to meeting the Copenhagen criteria**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1.1 extent to which the sectoral changes achieved, with the contribution of EU cooperation, have moved Serbia closer to meeting the political criteria for EU accession</td>
<td><strong>Employment:</strong> A slight increase in allocations for active labour market measures, and improvement in regulations controlling working conditions were noted in 2019, which have contributed to fulfilling the conditions for Chapter 19.</td>
</tr>
<tr>
<td></td>
<td><strong>Education:</strong> Chapter 19, Education and Culture, was provisionally closed in 2017, before the start of the Education SBS programme (see response to JC 3.1). There was a contribution from the overall EU cooperation with Serbia for achieving this, rather than a specific contribution from the Education SBS itself.</td>
</tr>
</tbody>
</table>

The requirements of Chapter 23 are closely linked to the political requirements for EU membership. Recent EU progress reports include consideration of progress under Chapter 23 as part of the ‘Fundamentals First’ agenda and link it to assessment against the political criteria.

The 2019 Progress Report highlighted concerns about the rights of minorities including Roma access to education, and the treatment of disabled children (“there are concerns over violations of the rights of children with disabilities, who also face challenges regarding access to inclusive education” (EU Progress Report 2019 p28). Regarding minorities, progress has been made in the area of minorities’ education. “A new law on textbooks, simplifying the procedure for import and approval of textbooks in national minority languages, was adopted in April 2018. The process of preparing and printing textbooks for national minorities continued and has produced positive results. Another five textbooks were provided in the Albanian language but more work is needed to complete this task. The process of preparing textbooks for secondary schools has not yet started” (EU Progress Report 2019 p29).

Progress was also made in tackling discrimination in the education system: “A rulebook on the conduct of educational institutions in cases of suspected or established discriminatory behaviour and defamation was adopted in August 2018” (EU Progress Report 2019 p27).
On the 9-point scale of preparation for accession, Serbia rates as having ‘some level of preparedness’ for Chapter 23, which is the same as the rating in 2012.

The Education Sector Budget Support programme had two key objectives focusing on language minorities education and education of Roma children. EU financial assistance in this area has contributed to the progress noted in the progress reports. However, since the overall picture for Chapter 23 has not changed since 2012, the contribution of support in education, while necessary, was not sufficient to change the overall assessment in the Rule of Law and Fundamental Rights Chapter.

### 4.1.2 extent to which the sectoral changes achieved, with the contribution of EU cooperation, have moved Serbia closer to meeting the economic criteria for EU accession

**Employment:** Unemployment in Serbia is steadily declining, though still double the EU average. From the available documentation and data, it is not possible to identify a contribution of EU assistance in the employment sector to this overall decline. Other potential factors include the higher rates of investment and employment, population decline, particularly caused by emigration, and long term unemployed exiting the labour market altogether. High rates of informal employment also reduce the unemployment rate.

The Economic Reform Programme (ERP) process provides a solid basis for policy dialogue, and for monitoring the progress of Serbia’s planned reforms. The latest available assessment report (for the ERP 2019-2021) cites ‘very low’ Government spending on unemployment services as a key impediment to increasing employment. Any achieved reform or capacity development in the employment services achieved by EU assistance is undermined by the weak budgetary commitment to provide adequate coverage of services.

**Education:** progress was made in the area of the links between education and the economy, with the aim of ensuring that the education system produces appropriate skills for the workplace. The legal framework for the National Qualifications Framework (NQF) was adopted (EU Progress Report 2018 p47), and “the introduction of the national dual education model is increasing in scope and aims to improve the relevance of vocational education” (EU Progress Report 2019 p49). The 2018 Progress Report also notes that “Some progress was achieved in the development of vocational education and training (VET) curriculum to better meet the needs of the labour market” p78.

EU support has been provided to the reforms in Vocational Education and Training since at least 2003, but progress appears to be very slow overall. The field phase will explore in more detail the level of effectiveness in the VET system required to meet the economic criteria, and the reasons why the VET system remains relatively poorly assessed.

### 4.1.3 extent to which the sectoral changes achieved, with the contribution of EU cooperation, have achieved legislative alignment with the EU acquis

**Employment:** In 2012, Serbia was considered to have ‘some level of preparation’ for meeting the requirements of Chapter 19, Social Policy and Employment. By 2015 it was considered ‘moderately prepared’, and Serbia was still at this level in 2019.

**Education:** the overall EU support for education reform was expected to contribute to Chapters 19 (social policy and employment), 23 (judiciary and fundamental rights), 25 (science and research) and 26 (culture and education).

Although Chapter 19 has yet to be opened, the level of preparation has moved forward steadily, from ‘some level of preparation’ in 2012, to ‘moderately prepared’ in 2018.

Chapter 23 is open, and in the process of negotiation, though as noted above, the level of preparation has not advanced since 2012.

Both chapters 25 and 26 were rapidly opened and provisionally closed. Chapter 26 was closed in February 2017; it is unlikely therefore that the Education sector budget support programme had any contribution to this success, because it started implementation only in 2017.

The Education Sector Budget Support programme is likely to have contributed partially to progress in Chapter 23. The SBS achieved improvements in the education of minorities by providing appropriate textbooks and making arrangements for teacher training in minority languages. Scholarships for secondary school age Roma children also provided a contribution to likely improvements. However, while
necessary, these are not in themselves sufficient to make an appreciable contribution for Serbia to meet requirements for Chapter 23.

**JC 4.2** state capacities and other reforms which have been enhanced with support from the EU contribute to supporting Serbia’s ability to take on the obligations of EU membership

| 4.2.1 extent to which the sectoral changes achieved, with the contribution of EU cooperation, have strengthened Serbia’s administrative and institutional capacity to effectively implement the acquis and take on the obligations of membership. |

**Employment:** Progress reports highlighted areas where further work was needed in the VET and employment systems (eg in quality assurance for the VET system), but do not identify where progress has been made in terms of state capacities. There was no documentary evidence of capacity change in the employment institutions targeted by the sample intervention. This means that the field phase will attempt to make an assessment of capacity change, if at all possible. The continuing low levels of funding for active employment measures suggest that budgetary capacity remains low.

It is not clear whether the Ministry of Labour, Employment, Veterans and Social Policy (MoLESP) has improved its policy capacities and abilities to negotiate for meeting the Chapter 19 requirements. This is another question for the field phase.

**Education:** The Education SBS was able to increase Education sector capacities in a limited range. Institutions were established for the National Qualifications Framework, and arrangements were put in place for education of language minorities. Interlocutors observed that the high level policy dialogue was particularly useful for improving dialogue between Ministries that would otherwise not be talking to each other on issues of education reform. However, interlocutors did not observe any lasting improvements to the policy-making capacities of the Ministry of Education as a result of the SBS. They reported that the Ministry had not improved its capacities to monitor and report on strategic reforms, a key competence required for management of reforms.

One area where an improvement in organisational capacity was especially noted was in the Institute for Improvement of Education (ZUOV). This institute was responsible for the large-scale development and delivery of teacher training under component 1 of the SBS. Interlocutors reported that the institute had become more confident and capable as a result of the perceived success of the training programme and was likely more able to take on large scale change management processes in the future.

| 4.2.2 extent to which the sectoral changes achieved, with the contribution of EU cooperation, have strengthened Serbia’s reconciliation, good neighbourly relations and regional cooperation |

**Employment:** there is no documentary or desk-based evidence that changes in the sector have contributed to Serbia’s reconciliation and good neighbourly relations.

**Education:** Serbia’s commitment to meeting the requirements for education in minority languages removed one of the obstacles to closing of Chapter 26. Neighbouring ‘kin’ states had been concerned about the rights of children in Serbia who spoke their national languages as a mother tongue (e.g. Hungarians, Romanians and Croatians). Serbia’s commitment to reform in minority education removed their objections, and the Chapter was closed.

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### 2.5. EQ 5 Efficiency

**EQ 5** What factors have contributed to or hindered the efficient implementation of EU financial assistance, with specific consideration given to planning, monitoring, and management structures and processes, oversight and reporting?

**JC 5.1** the processes of planning and implementation of EU assistance deliver appropriate responses to correctly identified and diagnosed issues

| 5.1.1 extent to which planning of EU cooperation is completed on time |

**Employment:** The employment intervention was programmed as part of IPA 2012 allocation; the implementation of the TA component of the intervention was delayed by nearly 1 year. The TA contract implementation began on 23rd March 2015, while the Direct Grant contract with the Government
of Serbia was signed on 22 April 2014. The National Employment Service delayed the start of implementation until the commencement of the TA mission. Both components of the intervention were eventually extended and completed at the same time, one year after the planned completion date, at the end of 2017. Total duration, from planning to completion for a 3-year intervention was 6 years.

**Education:** The Education sector budget support contract was signed and began implementation in 2017, and completed as scheduled at the end of 2019. The monitoring and evaluation technical assistance component began in 2018, while the envisaged capacity building component was contracted in 2019. The capacity building component has completely missed the timeframe of the SBS itself, which will have major consequences for its planned relevance.

5.1.2 extent to which appropriate stakeholders were involved meaningfully in the planning process

**Employment:** there is no evidence in the planning documentation that there was consultation regarding the sample employment projects beyond the Government and EU delegation.

**Education:** The Education SBS was developed with little consultation with a range of stakeholders. Even key stakeholders in the Ministry of Education itself said that the priorities for the SBS, although based on the overall Education Reform Strategy, ‘came from Brussels’, and did not meet the Ministry’s own priorities at the time, which was to develop a system for final exams for secondary education (‘Matura’). There is no available documentary evidence of wider consultation with civil society or academia.

The detailed development of the SBS was undertaken in close consultation between the Ministry of Education and the EU Delegation/DG NEAR. Those involved in the development on both sides, however, said that their lack of knowledge of the mechanisms of Sector Budget Support hampered the planning and development. The absence of the technical support component at the time of the SBS development (it had not yet been contracted), was a hindering factor.

A concern was raised during the field phase regarding the new Education Development Strategy, which was under preparation during 2019 and 2020 and led by the Ministry of Education, Science and Technological Development. The strategy development is being supported by the SBS capacity building complementary assistance project, yet it was reportedly not involving relevant stakeholders from outside the formal state institutions. The SBS monitoring report also concluded with a warning that, “The new education strategy development process has to be characterized by: strengthening of evidence-base decision-making; involvement of all relevant stakeholders, not only key institutions responsible for the development, monitoring and improvement of Serbia’s national education system, but also other competent bodies and social partners”

5.1.3 Extent to which the scale of resources deployed has been appropriate to needs and scope of interventions

**Employment:** the TA component of the intervention (CRIS contract no. 356-232) was budgeted at EUR 1.2 million, while the direct grant component to the National Employment Service (CRIS contract no. 342598) was planned at EUR 6.49 million and EUR 6.18 million was actually paid. This has to be seen in the context of a World Bank/IBRD loan of USD 100 million for a USD 394 million project “Competitiveness and Jobs”, signed in 2015. Although only a part of the overall project, the project has a target for the number of unemployed transitioning to jobs annually. The baseline value at end 2014 was 232,280, and the value as of end 2018 had increased to 261,720. The target value for this indicator was set for end 2020, at 280,000. The scale of the expertise and the funding dwarfs that of the EU support. The modality for implementation is through a PIU embedded in the Government, plus expert World Bank advisors, rather than an active TA modality providing lower level training and day-to-day support.

Additional data needed, such as trends in government expenditure on active and passive labour market measures, and consequently the implied proportion of EU and WB assistance in relation to this expenditure, was not available.

**Education:** The Sector budget support contract was budgeted at EUR 27.4 million, of which EUR 24 million is for budget support and 3.4 million for complementary support. Government annual expenditure on education is estimated at EUR 1.6 billion, so the budget support programme represents less than 2% of the annual budget – or 0.3% of the annual budget over the 6 years of implementation. While this
amount is small in relation to the overall education budget, interviews suggested that some 96% of the education budget is spent on teachers’ salaries. Interviewees noted that any additional finance for the Ministry to invest in reform is significant, because of the limited investment budgets available.

The limited publicly available information on government expenditures at the level of individual ministries means that it was not possible to confirm how much of the budget support commitments actually ended up with the Ministry of Education. A senior interviewee who was involved in the early planning stages expressed concern that not all the budget support money would be transferred from the Ministry of Finance to the Ministry of Education. Greater Government transparency is needed to provide a more evidence-based assessment of the appropriateness of the scale of resources deployed.

5.1.4 extent to which those responsible for execution and implementation feel and take ownership of the implementation plans

**Employment:** no project/sector level evidence in documentation. For field phase research.

**Education:** It was clear from interviewees that the Ministry of Education and its partner institutions took responsibility for the preparation and implementation of the SBS. The scale of the assistance was a factor in ensuring that there was ownership at the Minister level. The scale of assistance contributed to the Ministry involving all relevant departments in the planning and implementation, as well as drawing in specialist institutions such as the Institute for the Improvement of Education. Interlocutors reported that this was quite unlike the ‘normal’ project approach, in which only the department in the Ministry responsible for EU projects was involved. Consequently, there was a high degree of ownership throughout the Ministry.

Alongside the scale, the high-level policy dialogue created a forum in which the Minister was personally accountable, in front of his peers from other Ministries, for the achievements of the SBS. This level of accountability and scrutiny was not experienced in other (non-SBS) EU-financed interventions.

5.1.5 extent to which completed projects report that design-stage planning and analysis were accurate and helpful for implementation

**Employment:** ROM for project C-342598 explains that changes were needed to the project design, but with no further details. Final reports do not provide explanations for why these changes were needed, so there is no evidence whether this reflects on the accuracy and helpfulness of the planning and analysis at design stage.

The employment intervention selected as the project sample was programmed in the IPA 2012 Sector Fiche for Social Development (CRIS decision number 2012/022-967). It is notable that the objectives and targets set in the fiche for the employment component focused on achievements at the end of a time-limited project, and not at overall continuous service delivery improvements. For example, the first target for objective 1 in the fiche was: “At least 3,500 unemployed people serviced by established job clubs, by the end of the execution period”. There were no objectives or targets that related to the expected level of continuous service provision beyond the anticipated project period. This contrasts with, for example, indicators set for the World Bank credit, Competitiveness and Jobs, which sets indicators in terms of improvement of continuous service delivery: “NES registered unemployment cases transitioning into formal job (annual)”.  

**Education:** The two complementary support projects for the SBS had diverging experiences against this indicator. The contract for monitoring SBS proceeded more or less in line with the developed ToR. The contract for providing capacity building support, however, had to engage in a fundamental re-design. The start of the contract at the end of the SBS implementation meant that the original ToR was not relevant. However, there was reluctance on both the side of the EUD and the Ministry of Education to make any fundamental changes. The negotiations during the inception phase resulted in changes to the contents of the project, but interlocutors were sceptical that the project would be able to achieve any lasting change.

**JC 5.2 monitoring, evaluation and oversight mechanisms provide real time feedback on results, and appropriate corrective action is decided and taken in good time**
5.2.1 extent to which decision-makers received accurate, timely and relevant information on policy and national strategy implementation, and made appropriate decisions based on monitoring and evaluation information

Whole sector: There was a strategic evaluation of the Human Resources Development Sector carried covering the period 2007-2011, and published in 2013. This evaluation was commissioned by the EU Delegation and appears to have informed later programming efforts, particularly the Education sector budget support programme (initially planned as an HRD SBS). An indication of a link is implied by the correlation between the evaluation recommendations and the design of the Education SBS. This link, however, needs to be confirmed with additional sources, particularly by interviews of EUD and Ministry of Education personnel.

The Employment and Social Reform Programme (2016) was expected to be the key driving policy document shaping reforms in the human resources development sector. So far, the government has not produced reports on implementation, meaning that comprehensive data on progress of reforms is not available.

It is not clear from the currently available documentation the extent to which the relevant strategies (MIPD 2011-2013 and Indicative Strategy Paper 2014-2020) were being monitored against the strategic objectives, whether indicators were being updated annually, and what kinds of discussion were taking place to assess progress and make decisions on direction. This is for exploration during the field phase.

5.2.2 extent to which decision-makers received accurate, timely and relevant information on sectoral strategy implementation, and made appropriate decisions based on monitoring information

Employment: Out of 33 projects/contracts in the evaluation CRIS database coded under 16020 employment creation, two ROM reports were carried out between 2015-2019.

At the project level, there were no mid-term or final project evaluations carried out on the selected sample projects. The project 356232 TA to support DG management in the field of Employment Policy carried out evaluations of specific active labour market measures introduced as part of the project, but not of the project as a whole.

Education: Prior to the Education Sector Budget Support Programme, there were no credible monitoring mechanisms in place to assess the progress of the Education Reform Strategy or action plan. As the latest (December 2019) report from the contractor noted, “Although the [Action Plan] for the implementation of existing Strategy envisages establishment of monitoring and reporting mechanisms, no such mechanisms were established prior to the policy dialogue under the SRC in Education.” Further, the report says, “In the Ministry there is no specific department, unite [sic] tasked with education development and providing support in coordination, monitoring and reporting on ongoing education activities.”

The Education Sector Budget Support contract directly enabled the establishment of a political level dialogue platform for coordinating and monitoring sector level reform, as well as a Strategic Working Group which coordinated implementation of the SBS itself. “Establishing Strategic Working Group under SRC Policy dialogue is a step-in [sic] right direction that can become standing platform for coordination and cooperation.” “The policy dialogue under the SRC has promoted a sector-wide approach and a broad consensus and support for the education reform, contributed to development of monitoring and evaluation culture, and self-assessment of the relevant institutions.”

Interviewees confirmed that the dialogue mechanisms were highly beneficial. However, they were sceptical that the strategic level of dialogue would continue after the end of the SBS, despite its usefulness. At the time of the field interviews in April 2020, no further meetings of the Strategic Working Group had been held.

The mechanisms established under the Education SBS were therefore able to provide appropriate and useful monitoring information, and action was taken on the basis of the dialogue. However, it did not provide a durable and sustainable framework for continuing monitoring of education reforms.

5.2.3 extent to which decision-makers received accurate, timely and relevant information on intervention/project level implementation, and made appropriate decisions based on monitoring information
Employment: No explicit sub-sector (i.e. employment-related) mechanisms have been identified at this desk phase. Project monitoring mostly provides information on activities and deliverables, but not on outcomes and impact. ROM monitoring (e.g. C-342598 Increasing the effectiveness of employment policies toward disadvantaged groups) provided latest data on results – mostly deliverables – achieved at the project level.

The project-level focus for design of targets and indicators is a potential constraint on achieving sustainability. As an example, "Result 3: Employment caravan service established and operational; Outputs: 3,000 people from rural areas are registered with NES; 90 staff members that will manage employment caravans trained". These are results to be achieved within the project timeframe, but do not say anything about the level of continuous service delivery that will be expected from the National Employment Service once the project is completed.

Education: The education budget support programme has a dedicated complementary measure for monitoring and evaluation. This contract is managed by a contractor which began work in November 2018. The monitoring reports produced by this contractor were thorough, objective and detailed, providing an excellent source for monitoring the progress of the SBS.

In combination with the external contractor, a Strategic Working Group was established by the Ministry of Education, Science and Technological Development in early 2018. This group met at least three times during the implementation of the SBS. Those involved in the working group appreciated the opportunity to review achievements and discuss next steps. The minutes provide a detailed record of the challenges and the responses of the Ministry to SBS implementation.

2.6. EQ 6 Modalities and instruments

EQ 6 To what extent has the use of different instruments and modalities contributed to achieving programme results?

JC 6.1 the individual modalities and implementing partners selected are appropriate given the objectives pursued and the country context

<table>
<thead>
<tr>
<th>6.1.1</th>
<th>use of modalities by value, number of interventions, and sector</th>
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<tbody>
<tr>
<td></td>
<td>Detailed breakdown of sector modalities is set out in section 4.</td>
</tr>
<tr>
<td>6.1.2</td>
<td>extent to which the selected modalities for sample projects are contributing to the sample projects having achieved/achieving their planned results</td>
</tr>
</tbody>
</table>

Employment: the sample employment projects had the following modalities, all under centralised management by the EU Delegation:

- 1 twinning (grant award) with France
- 1 grant award to the National Employment Service
- 2 service contracts with private companies for technical assistance

There is no information in the available reports which explicitly discusses the modalities of the financial assistance, and the extent to which the modality contributes to the overall objectives of EU assistance. The 2013 HRD Sector Evaluation did not explicitly address modalities but highlighted a concern that projects were too small and fragmented, and implementation frameworks too rigid (p8). At the time of that evaluation there had been no sector budget support interventions to assess. The projects considered by this evaluation are somewhat larger than earlier interventions – particularly the EUR 6 million grant to the National Employment Service – but again have relatively short time-frames and a project focus on deliverables rather than sustainable service performance improvements.

Education: the education budget support programme is the first sector budget support modality in the sector. As a modality, it follows logically from the recommendations of the 2013 HRD sector evaluation, which urged stakeholders to take a more coherent and sector-wide approach: "Give priority to supporting policies and measures which have a clearly defined cross-sector objective and estimated effect, addressing the various areas of the HRD sector on the basis of an sector-wide, integrated approach".
The evaluation also recommended measures to increase ownership of reform assistance by Government ministries. Sector budget support is regarded as a mechanism both to ensure greater sectoral coherence of assistance and government ownership.

The sector budget support contract includes a commitment by both sides to policy dialogue. However, the sector support contract does not clearly identify responsibility for organising and hosting dialogue, nor for setting the agenda (although the Ministry of Education is clearly defined as responsible for preparing minutes (SBS contract p19). Further research is needed to clarify the arrangements for dialogue, and whether this takes place in the context of the enlargement negotiations, or separately in the context of the budget support programme.

Interviews with stakeholders confirmed that there was widespread support for the Sector Budget Support modality. Interlocutors reported significantly greater levels of ownership and engagement by the national authorities, effective cross-ministerial cooperation, commitment to deliver results, and, in the end, mostly successful delivery of outputs according to the agreed indicators. The contribution analysis (see section XX) identified some of the key factors related to the modality that contributed to, and constrained, successful delivery of sustainable outcomes.

Critical contribution factors included:

- The size and scope of the contract, which mobilised senior level ministry engagement, and created cross-departmental cooperation within the Ministry;
- The clear ownership of delivery with the national authorities, particularly the Ministry of Education, which led the planning and implementation process;
- The intra-governmental financial arrangements, which created an implicit accountability mechanism between the Ministry of Finance and the Ministry of Education. The latter was obliged to deliver to agreed targets in order for the Ministry of Finance to receive the budget support revenues for its targets.
- High level policy dialogue arrangements, which provided open and clear discussion of the pace of reforms. This strengthened the intra-government accountability noted in the previous point.
- Independent, impartial and credible monitoring, which provided well-evidenced and unambiguous analysis of progress.
- None of these factors alone constitutes a ‘critical success factor’. Rather, the combination of these factors worked together to create the momentum required to deliver against agreed targets.

Nevertheless, there were some key constraining factors, as follows:

- The 3-year timeframe was too short to create genuine reform in the sector at the classroom level. This was a result of the Government’s approach to budgeting, which is limited to 3-year indicative planning.
- In significant elements, the delivery targets were set in terms of outputs rather than improved educational performance. As a result, many teachers were trained, but there was no noticeable impact in the classroom. The short time frame constrains the ability to set outcome targets, as well as the practical difficulties in setting satisfactory outcome indicators.
- The primary planning focus on delivering to the agreed targets, rather than focusing on how to achieve the intended change. This meant a focus on delivering large scale training to teachers, while ignoring the arrangements needed to translate this new knowledge into changed practice in the classroom.
- The capacity building complementary assistance project was contracted too late to be of practical use during the implementation of the SBS.

In conclusion, the SBS modality provided significant benefits over the more fragmented project and TA approaches. The positive contribution factors are hard to replicate with other modalities, suggesting that the SBS modality is beneficial. The constraints identified are not fundamental to the modality, but are areas that improved planning, design and contracting processes can address.

JC 6.2 the combination/portfolio of different modalities were used appropriately and complemented each other in order to achieve strategic goals
6.2.1 Extent to which the choice of modality, and their mix, contributed to achievement of strategic results

The HRD evaluation of 2013 highlights some key issues relating to use of modalities, and particularly in relation to the sequencing of assistance. Overall, the HRD sector had had many small projects testing new approaches, but with little or no follow up to institutionalise successful approaches or lessons learned. The evaluation also argued that the modality was not important, but the people who worked on the project determined its success: “Each type of assistance is efficient and effective as long as the most appropriate implementing agency and best experts are selected. The interviews with all stakeholders have strongly confirmed that any ODA support, be it in the form of technical assistance, twinning or alike is as good as the people who lead and work in them.” (2013 HRD Evaluation p75).

In education, specifically, the choice of the SBS modality is considered by interlocutors to be a highly significant contribution to the designed outputs, and a somewhat significant to the achievement of strategic results. The constraints noted in the response to indicator 6.1.2 prevented the full achievement of the intended strategic results. But as noted, this is due to factors within the control of implementation, and can be addressed with improved planning and design. The modality itself has significant potential to contribute to achievement of strategic goals.

6.2.2 extent to which political processes, such as policy dialogue, contribute to achieving sectoral and strategic goals

Employment: The key instrument to shape dialogue in the area of employment is the Economic Reform Programme. Based on the available ERP documentation, the process stimulates the development of structural reform policies in the area of employment, to which the Government is committed. However, the analysis of progress reported highlights the critical lack of government resources allocated to employment programmes, despite significant contributions from both EU and the World Bank. The dialogue process clearly offers both policy solutions and assesses progress related to employment policy, but there is no evidence to link the dialogue process with commitment to or implementation of reforms by the Government.

Education: Dialogue on preparations for the sector budget support contract are reported to have resulted in greater attention to minority education and inclusion of Roma children in the education system, though interviews suggest that this was tokenistic commitment rather than a genuine interest in the welfare of minority and Roma children.

High level dialogue at ministerial level during the implementation process created a forum for cross-government dialogue, which solidified the intra-government accountability mechanisms identified under indicator 6.1.2 above. This clearly contributed to delivering to the targets of the SBS (rather than strategic goals). Strategic goals related to vocational education and the National Qualifications Framework were realised partially as a result of the high level dialogue, while other factors constrained achievements under component 1 of the SBS, relating to reforms in teaching practice. The high level policy dialogue can be seen as a necessary factor in achieving sectoral goals, but not alone sufficient.

2.7. EQ 7 Coordination, complementarity and coherence

EQ 7 To what extent are the various components of the European Union’s cooperation with Serbia complementary with each other, in alignment with Government policies and harmonised with support from other donors?

JC 7.1 the multi-beneficiary, national programmes and other EU programmes were well coordinated and mutually supportive in achieving strategic goals

7.1.1 extent to which the planning processes for multi-beneficiary, national programmes, and other EU programmes share analyses, planning information, and take account of each other’s goals and resource allocations
This evaluation did not take into account the planning processes for multi-beneficiary programmes, which are out of scope. In this sector, there were no identified issues with multi-beneficiary programmes overlapping or conflicting with national programmes.

The development of the Indicative Strategy Paper provided a more strategic and coherent longer term framework for planning EU IPA assistance than the previous MIPDs. It enabled EU assistance to be more strategic, and delivered in more coherent units. The provision of Sector Budget Support is a clear outcome of this more strategic approach.

**Employment:** National programmes in employment clearly follow from each other and have a natural progression. However, the poor progress of reforms in the sector has seen EU assistance repeat itself, rather than building on achievements of earlier reforms.

**Education:** The EU in Serbia has invested in Education over a long period, stretching back at least as far as 2003 and CARDS-funded support for reform in vocational education and training. There is clear sequencing and development of support, as well as consistent investment in efforts to improve minority education and Roma inclusion in education. The focus of the Education SBS was clearly linked to EU priorities, and built on earlier project aims.

**Roma Housing:** EU support for Roma inclusion has been strategic and built on long term frameworks such as the Roma Decade (2005-2015), and the Serbian Government’s Strategies for Roma inclusion. The biannual Roma Seminar, initiated during the Roma Decade, provided a mechanism for high level dialogue and prioritisation of support, and following up on the Government’s achievements in this field. This is a critical reference point for programming for EU assistance in Roma inclusion, for both directly and indirectly managed assistance.

### JC 7.2 EU cooperation supports government policies and strategies, and complements support of other donors, including IFIs and Member States

**7.1.2 extent to which the outcomes of multi-beneficiary, national programmes and other EU programmes were/are complementary**

Multi-beneficiary programming outside scope, so no evidence collected.

**7.2.1 extent to which EU national programmes align with government stated priorities, strategies and policies**

There is strong alignment between EU national programmes in employment and education and the Government’s stated priorities in the so-called ‘NAD’ documents (“National Priorities for International Assistance”). These documents are produced by the Ministry for European Integration (formerly the Serbia-EU Integration Office, or SEIO), with the support of the EU and the Project Preparation Facility (an EU/IPA-funded project). The NAD document is the formal statement of the Serbian government for international assistance, and this guides IPA programming. It is not necessarily the statement of the Government regarding its own programmes and priorities.

The NAD document clearly identifies relevant EU priorities, and these are a reference point for setting Serbia’s priorities (eg NAD 2014-2017 p185).

Sector Working Groups (SWGs) were established in 2010 by the Serbia EU Integration Office (SEIO). The sector working group relevant to human resources sector is led by the ministry responsible for employment (currently the Ministry for Labour, Employment, Veterans and Social Affairs, MoLEVSA), and includes representatives from Serbian and international institutions. Notes from the meetings are thin, and not publicly available after 2014.

| Government of Serbia Priorities for international Assistance – Human Resources Development Sector |
|---|---|
| Human Resources Development | Human Resources and Social Development |
Raise **employment** in the formal economy by more flexible and inclusive labour markets through improvement of employment, labour policies and social dialogue in line with EU standards. Strengthening the establishment of an efficient, stable and sustainable growth trend in **employment**

Improve the quality of and access to the **education** system to enable the full and equal participation of every citizen in the economic, political and social life in the context of a knowledge-based society. Building a knowledge-based society through enhancement of formal and non-formal **education**

**Reduce poverty and social exclusion** in Serbia by addressing the needs of disadvantaged groups in a multidimensional way based on a stronger coordination of existing policies and services and the development of community-based solutions. Increasing the effectiveness and equity of **social welfare**

Improve the quality and accessibility of **health care** to promote the health and well-being of all citizens, emphasising preventive care while strengthening the operational capacity of the health care system in line with EU standards. Improving the **health** status of the population by strengthening the accessibility, availability, affordability and efficiency of healthcare services

The last published NAD document was from 2014; a revised NAD has been planned for some time now, but so far has not been published. Research during the field phase will provide updated information on the status of the sector approach, government and international donor commitment to the approach, and findings on its effectiveness and impact.

Specific mechanisms such as the Roma Seminars, Economic Reform Programme and the dialogue in the framework of the Education Sector Budget Support programme provided highly effective forums for joint identification of priorities and programming. Despite these mechanisms, there are some areas for disagreement about whether EU assistance coincides with Government priorities. In education, for example, the clear priority for the Government was the introduction of a 'matura' exam system for the end of secondary education. While this was partially supported by EU assistance, it did not form part of the Education SBS. Nevertheless, it is clear in this case that Government priorities in education did not align with the priorities for meeting the requirements of EU membership.

**7.2.2 extent to which EU national programmes align with programming and planning of other donors and IFIs**

As noted above, the Government of Serbia had established a strong system of donor and IFI coordination through a sector approach. International donors took leading roles in the coordination of assistance by sector (the Government of Switzerland, for example, chaired the working group on the human resources development sector from the side of the international donors).

“The Delegation also organizes regular and periodic Member State meetings with the purpose of updating Member States on the state of play of IPA II assistance, in both programming and implementation.” EAMR 2018 p9.

The following reviews evidence for the specific sub-sectors.

**Employment:** There are no mentions in the project level reporting or available steering committee minutes of other interventions such as Swiss and World Bank. There are clear links with World Bank interventions such as the Competitiveness and Jobs credit,<sup>60</sup> if not direct overlaps in the area of Active Labour Market Measures. The World Bank Competitiveness and Jobs project document highlights complementarities with EU IPA support in areas such as competitiveness but does not reference EU IPA support in the area of employment, despite direct overlap in terms of time period and content.<sup>61</sup> The implication – though this is not firm evidence – is that some sectors of the Serbian government are better

<sup>60</sup> World Bank 2015
<sup>61</sup> World Bank 2015
at understanding and organising coordination than others, with the MoLEVSA and the National Employment Service not being active.

In education, the EU assistance, government priorities and donor support from Germany and Switzerland clearly align and complement each other in the approach to vocational education and the national qualifications framework.

A revised NAD has been planned since 2018 but as of mid-2020 has not yet been completed.

**How does the approach of the EU in Serbia differ from that of other actors, and to what extent does this help or hinder the effectiveness of its assistance?**

For assessment at the portfolio level.

### 3. Contribution Analysis

The following contribution analysis is developed from a qualitative analysis of the field interview findings specifically linked to the Education Sector Budget Support. It provides evidence and insight into the key contributing and constraining factors which led to observed outcomes. This analysis focuses on two observed outcomes of the Education SBS, one planned, and one unplanned.

1. **The change observed** (Outcome): Schools in Serbia have trained teachers who are aware of the requirements for learning outcome based curricula. Up to half of the teachers workforce was trained in a 2+1 day training workshop, and this may have improved their knowledge of outcome based learning and teaching. This is linked to specific objective a) of the sector reform contract “to improve the quality of the teaching and learning processes in order to increase students' skills and competences”, although there was no reported evidence that the objective itself had been achieved. The contribution analysis looks at what led to both the achievement of the observed change (teachers trained), and constrained the achievement of the intended objective (quality of teaching).

<table>
<thead>
<tr>
<th>Contributing FACTORS</th>
<th>TYPE</th>
<th>EVIDENCE</th>
<th>SIGNIFICANCE SCALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Min Ed as a whole was more heavily involved in the planning of the SBS. Higher awareness. Role of Minister</td>
<td>Internal contributing factor (mechanism)</td>
<td>Interview statements. Compared with EU projects, SBS planning involved more departments from across the Ministry. Minister himself more aware and involved in the design.</td>
<td>4</td>
</tr>
<tr>
<td>B. Min Ed and institutes had clear responsibilities assigned to individuals for achieving outputs</td>
<td>Internal contributing factor (mechanism)</td>
<td>Interview statements described how the seriousness of the SBS meant that several MoESTD departments had to be involved, and were given clearly defined tasks to deliver.</td>
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</tr>
<tr>
<td>C. A lot of planning time was spent on defining the indicators, without looking at how the results would be achieved</td>
<td>Internal preventing factor (pitfall)</td>
<td>Interview statements. Focus became the numbers of teachers trained, and how to deliver to large numbers of teachers. The quality of training was consequently lower (reduced number of contact days, use of inexperienced trainers, little consultation/ involvement of outside experts,</td>
<td>4</td>
</tr>
</tbody>
</table>

62 Significance scale is from 1 (low) to 4 (high)
<table>
<thead>
<tr>
<th>D. Evaluation of training focused on teachers' satisfaction with training, not with testing their new skills/application in practice</th>
<th>Zavod not involved in design of SBS. There was no capacity assessment of the Ministry or Zavod for managing change of this scale.</th>
<th>Interview statements. Only one evaluation instrument was used by the Zavod, immediate post-training questionnaire. No monitoring of classroom performance. Link to late contracting of Monitoring Complementary Assistance and also limitations to capacity of Zavod/Min Ed.</th>
<th>3</th>
</tr>
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<tbody>
<tr>
<td>E. Involvement of Minister and HoD levels in design and implementation through policy dialogue structures</td>
<td>Internal contributing factor (mechanism)</td>
<td>Interview statements. Structure of monitoring and steering needed for ‘huge programme’ coordinated by Minister himself. Other ministers involved (Min Fin).</td>
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</tr>
<tr>
<td>F. Focus on delivering the indicator (in no. people trained) distracted from the real aim of changing teaching in schools</td>
<td>Internal preventing factor (pitfall)</td>
<td>Interview statements. Monitoring reports. Training of teachers component neglected to plan for how teachers would implement new skills in school. No school level support provided, and consequently no actual change in teaching approach in schools. In may come in time, but there is currently not sufficient focus on going from training teachers to change in the classroom.</td>
<td>3</td>
</tr>
<tr>
<td>G. Government budget perspective is 3 years, which constrains planning and supporting SBS for longer periods</td>
<td>External preventing factor (road-block)</td>
<td>Interview statements. SBS instrument is designed for larger, longer term institutional change, typically 4+ years. Cannot apply SBS for 4+ years if the Government budget perspective is only 3 years. The 3 year SBS meant that change could be designed for what is achievable and measurable within 3 years. Objectives and indicators focus more on outputs than outcomes, increasing Min Ed focus on delivering outputs, reducing focus on real change.</td>
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</table>

**Contribution Claim:** Based on the analysis of contributing factors, we conclude that the SBS contributed to an improvement in the awareness and knowledge of teachers in relation to outcome based learning, but did not contribute to the achievement of the main goal, which was to introduce outcome based learning in schools. The main mechanisms through which the project acted were:

- the rapid development and rollout of large-scale training for a majority of teachers in service
- responsibilities were clearly identified and shared between the Ministry of Education and the Institute for Improvement of Education
- there was strong high level political support for the actions, which in part derives in turn from the scale and nature of SBS as a mechanism.

The main constraints which led to the intervention being unable to achieve the main goals, notably change in the classroom were:

- a timeframe for the action that is too short for realistic change,
- and a change management plan, that was not realistic for achieving the goals – in other words, training alone was not sufficient to be able to change practice in schools.
2. The change observed (Outcome): an unplanned change observed was the increase in the readiness and competence of the Institute for Improvement of Education to contribute to large scale change processes. There was a weaker corresponding observation with regard to the Ministry of Education, Science and Technological Development.

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<tr>
<th>Contributing FACTORS</th>
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<th>SIGNIF.</th>
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<tr>
<td></td>
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<td>Signs/facts</td>
<td>Scale</td>
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<tr>
<td>A. successful meeting of target indicators delivery of training gave confidence to the IIE</td>
<td>Internal contributing factor (mechanism)</td>
<td>Interview statements. IIE was described as 'coming out of hibernation'. Interview with the IIE suggested levels of self-reflection and learning from experience that would be helpful in developing change processes again.</td>
<td>3</td>
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<tr>
<td>B. the capacity development complementary support project did not start until end 2019, at the end of the SBS period</td>
<td>Internal preventing factor (pitfall)</td>
<td>Project documents. Interview statements from EUD and contractor for complementary support. The claim is that the complementary support project, which was intended to build capacities of the Ministry primarily, was not able to do so during the period of the SBS. Ministry capacities eg to report on progress did not improve during the period of the SBS.</td>
<td>4</td>
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<td>C. Scale and challenge of the SBS forced MoE to mobilise wide range of departments and establish coordinating structures.</td>
<td>Internal contributing factor (mechanism)</td>
<td>Interview statements. MoE was observed to have taken SBS much more seriously than typical EU project, and required more departments to take ownership and manage work. Scale of the work is one factor, but also the high levels of political commitment required greater mobilization.</td>
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<td>D. Clarity of indicators which served as targets meant that there was a clear message about what needed to be achieved</td>
<td>Internal contributing factor (mechanism)</td>
<td>Interview statements. MoE was observed to be working towards the targets set, which were clearly defined in output terms (no. teachers trained, etc). This provided very clear targets for the MoE staff and IIE to work towards, with little ambiguity about what had to be done.</td>
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<tr>
<td>E. Focus of indicators on outputs rather than outcomes meant work directed towards delivery of outputs rather than achievement of reform</td>
<td>Internal preventing factor (pitfall)</td>
<td>Interview statements. Focus on deliverables compromises deeper thinking about how to achieve reform and real change. MoE did not have the ability to monitor change, to assess the extent to which the intended reforms were taking place, and so focus only on those things that were being monitored by the external monitoring contractor – i.e. the indicators.</td>
<td>3</td>
</tr>
<tr>
<td>F. No part of the main SBS contract was given to internal</td>
<td>Internal preventing factor (pitfall)</td>
<td>Project documentation and interview statements. The design of the SBS focused on delivery of the</td>
<td>2</td>
</tr>
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</table>
Capacity development – relying instead on the external contractor to do this targets/indicators. There was no initial capacity assessment to identify the Ministry’s ability to manage institutional change, nor were any resources allocated to the Government’s own development to manage such change.

Contribution Claim: Based on the analysis of contributing factors, we conclude that:

- the experience of managing a large scale change such as that supported by the SBS encourages greater confidence in management abilities and learning where the change is perceived to be successful

- the delays in the contracting of the capacity building complementary support contractor and the absence of internal (to the SBS contract) capacity building elements potentially limited the extent to which change management capacities were built.

4. Concluding remarks

This section is divided into two parts. The first part provides a summary conclusion in reference to the outputs and outcome levels of the logic model. The second part offers some key lessons learned against the main DAC evaluation criteria.

4.1. Tentative Conclusions in relation to the logic model

The following provide an assessment against the output and outcome level of the logic model for this sector based on the available information.

Output level

Output: “Strengthened harmonisation of legislation with the acquis implemented and institutional framework and administrative capacity for implementation”

There has been progress in the legislative framework for the acquis in the area of labour legislation and education and culture. Chapters 25 and 26 have been closed. Serbia is making some progress for Chapter 19, while Chapters 23 and 24 remain areas where more there is limited progress.

While there were many projects supporting administrative capacity for implementation, the slow overall progress suggests that project deliverables are not always contributing to improved administrative capacities.

Output: Reinforced Vocational Education and Training system

There was progress in strengthening the vocational education and training system over the evaluation period. New curricula were introduced and training methods improved. The creation of the institutions
for National Qualifications Framework is a key step. Quality assurance and monitoring remains an area for further work.

Output: Active labour market policies better targeted and implemented

There was considerable investment in introducing new active labour market measures; however, the level of state expenditure on regular delivery of such measures remained low and not adequate to serve the numbers of people unemployed.

Output: Improved strategic framework and implementation of rights-based policies affecting vulnerable population

The education framework was improved as regards rights of minorities to education in their mother tongues. Roma minorities benefitted from some support to ensure they complete primary and secondary education. Legal protections for rights of disabled people improved, but concerns remain in terms of the realisation of rights, particularly disabled people in residential institutions. Widespread discrimination against Roma and other minorities remains and has not been tackled by the state institutions responsible.

Output: Strengthened social dialogue

Social dialogue remains weak.

Output: Enhanced social protection supporting labour market participation and employment

Efforts to improve social protection have been slow. A new strategy is under preparation, but social protection at the end of 2018 was not adequate to meet the needs. Roma people have particular difficulty in accessing entitlements to social protection.

Output: Community-based solutions in education, health, housing, and job creation and child care provision

There was no progress in the provision of local care services. The financing arrangements for local social and community services are not transparent, and do not allow for multi-year planning and service continuity.

Output: Strengthened administrative capacities for gender equality

The employment and pay gaps between men and women remain wide. The government had not yet followed up on the

Outcome level

Outcome: Implementation of the employment and social reform programmes (ESRP), the Economic Reform Programme (ERP) and the annual policy guidance

Policy efforts such as the preparation of the Economic and Social Reform Programme highlight progress in terms of coherent policy making, including evidence-based policy making. The absence so far of reporting against the ESRP suggests that there is some way to go in terms of translating the policy-making process into delivering on policy intentions, as well as monitoring and reporting.

Outcome: VET system better matches the needs of the Serbian labour market

There is evidence that the education system has steadily incorporated improvements to the Vocational Education and Training system. The data is currently lacking in terms of linking these improvements to the perceptions of employers, and the current slow decrease in unemployment. More information is needed in order to make a more confident judgement of the contribution of VET improvements to the overall labour market improvements.
Outcome: Enhanced access to basic rights for individuals belonging to vulnerable population

Evidence is available that the situation particularly in the education sector is improving; minorities’ access to rights to education in their mother tongues, as well as decreased drop-out of Roma children point to improvements. There is a clear documentary evidence which points to a contribution from the planning stage of the education sector budget support programme and subsequent actions to improve inclusive education.

The evidence for the situation in employment is not so obvious. There remains widespread discrimination in employment, which particularly affects the Roma population. The decline in quality and sustainability of social services is also a concern. There is not sufficient evidence to suggest that contributions from the EU, including IPA financing and policy dialogue, have led to improvements vulnerable populations’ access to rights in these areas.

Outcome: Consumer and health protection in line with the acquis

This area was not the subject of the selected interventions – no data reviewed.

Outcome: Increased social inclusion of the most disadvantaged groups, especially people with disabilities, women, children and Roma

Despite all the actions financed, the available indicators do not show any conclusive trend towards improvement. The legal position has improved for people with disabilities. Poverty increased from 2013 to 2015, then declined to its 2013 value in 2018. The Unicef MICS 6 survey will be published in 2020 and should provide valuable data on the relevant trends.

4.2. Lessons learned

Relevance

Ostensibly, EU cooperation in the sector of employment, education and social policies is relevant to Serbia’s accession ambitions. There are clear links between the assistance provided, and the requirements under the political criteria (human and minority rights), economic criteria (workforce), and chapters 2 (Freedom of movement for workers), 19 (Social policy and employment), 23 (Judiciary and fundamental rights), and 26 (Education and culture).

However, the focus of programming is primarily mechanical, based on ‘what’ needs to be in place. This approach to programming takes a linear analysis, and looks at what is not in place – legislation, institutions, infrastructure, etc – and designs projects and programmes to put these things in place. The analysis for programming does not pay sufficient attention to why these things are not already in place. Why is government funding for unemployment services so low, when there are EUR 8 million from the EU, and USD 100 million from the World Bank? Why are Roma still the poorest and most marginalised, despite the Roma decade and fifteen years of targeted funding and strategies? Why do teachers still deliver teacher-centred education that destroys the soul and will to learn of young children? There are no simple answers to these questions, but collectively they lie in answers linked to the complexities of government and politics. Political will is cited as a frequent reason for the failure of EU projects to achieve planned impact. Lack of government resourcing also. Poor government capacities is another. All three of these are eminently predictable problems that EU projects will face, but nevertheless, they are simplistic responses and do not have readily available solutions.

The research for the evaluation of this sector has revealed some critical lessons in the places where success was found – especially in the Education SBS – and these can inform the relevance of future programming.

The accountability mechanisms established by the Education SBS, in which the Ministry of Education was motivated to deliver on the SBS targets because of the scrutiny from Ministry of Finance. This was reported as an unusual situation, and highlights the lack of systemic incentive mechanisms that the Ministry otherwise faces. In Serbia, during the evaluation period there has been no effective scrutiny from Parliament, nor from audit or evaluation bodies overseeing Government effectiveness.
The reported improvement of organisational capacity of the Institute for Improvement of Education (ZUOV), resulting from successful implementation of a challenging project highlights the importance of learning by doing, of taking responsibility for a change project (not leaving it up to a contractor), achieving some results, and taking the credit. Impressively, ZUOV was also able to be reflective, and critiquing its own successes and identifying things it could do better.

The high level dialogue provided the forum which created scrutiny and understanding of education reforms across ministries, while the measurement mechanisms established by the Education SBS provided real, impartial and objective feedback on progress, which in turn informed the dialogue and underpinned the incentive mechanisms for achieving agreed targets.

These lessons regarding intervention design can be summarised as follows:

- Identify and ensure that clearly defined and realistic incentive mechanisms are in place for Government to ensure that goals are met
- Organisational capacity is not built by training alone; there are many ways of building organisational capacity, and these need to be clearly designed in from the beginning. Action learning – or learning by doing – is a critical part of this.
- High level dialogue creates better understanding of the policies to be put in place, and supports the accountability mechanisms
- Clearly defined targets, goals and benchmarks need to be supported by viable and practical mechanisms for measurement and reporting.

These point to some wider conclusions about EU cooperation and support for meeting the Copenhagen criteria. These are factors systemic to government, that, if in place, would enhance performance and

- There have to be systemic accountability mechanisms in place for Government; ideally this is Parliament, but in circumstances in which Parliament is unable to perform this function, other mechanisms must be put in place.
- Government must have the mechanisms in place to support capacity development, in the form of civil service development programmes and similar, which underpin the learning and development of both individual civil servants as well as at the organisational or institutional level.
- Capability for designing and delivering appropriate monitoring mechanisms – both for goals as well as intermediate benchmarks – needs to be in place within government.
- High level and evidence-based policy discussion is essential for supporting Minister-level leadership of effective reform.

Effectiveness and Impact

The Sector Budget Support mechanism has proven to be an effective means of providing EU financial assistance. As noted in the section above, the structure of SBS puts key elements in place that are otherwise missing in smaller project-level interventions.

Nevertheless, there are some areas in which the implementation of SBS could be strengthened in order to improve achievement of outcomes and impact.

- Objectives, and especially targets defined as conditions for release of funding, need to be more outcome oriented, and more linked to the real aims of the reform (in this case, eg observed and verifiable changes in classroom practice rather than training of teachers).
- The timeframe of the SBS in Education was too short. Longer term timeframes allow for more credible setting of outcome level goals.
- There needs to be a greater attention to the ‘how’ of implementation. Setting targets can only be realistic and meaningful if there is a credible change management plan to achieve the targets. In the absence of such a plan, implementation is haphazard and can distract resources and attention away from the real goal towards meeting only defined targets. (In this case, training teachers rather than supporting whole schools to implement reformed approaches to teaching).
- Contracting of complementary support needs to be timely, and, given inevitable contracting delays, may be advised to start before the SBS is agreed.

Efficiency

The assessment of the efficiency of EU cooperation in this sector, as exemplified by the sample interventions, has led to the following lessons learned.
The systemic evaluations of IPA I assistance in 2012 and 2013 led to some clear conclusions and lessons learned, which were to some extent incorporated into the programming of IPA II.

There were no significant improvements in the duration of interventions, nor in a reduction in the time between design and contracting, which impacted both relevance and effectiveness of project level interventions.

The use of Sector Budget Support modality is linked to a clear increase in ownership by the Government of Serbia in implementation of the action.

Monitoring and evaluation of IPA II support in the sector has not been sufficiently strategic or directed at improving design and implementation of EU cooperation.

The lack of Government budget transparency severely hampers credibility of reforms and assessments of added value of EU assistance. The significance of the scale and focus of EU assistance in relation to Government priorities cannot be assessed without more detailed information on government expenditure at the programme level, year on year.

Design stage consultation with stakeholders, particularly social partners, could be strengthened and may lead to more credible change management plans.

**Coordination, complementarity and coherence**

The duration of the EU’s engagement in Serbia, and the longer term planning framework under the ISP, have created more coherence in the EU’s support in the sector. Coordination with other donors and international actors varies according to donor and activity. The level of coordination may also be driven by the level of enthusiasm of the national institution to bring international partners together.

Social partners, and civil society organisations in particular, are not sufficiently involved in planning and development of interventions.

Dialogue mechanisms, such as the Roma Seminars, provide a forum for coordination and accountability which can drive forward reforms.
ANNEX 10

Sources: List of documents consulted; List of institutions and persons met; People interviewed
## 1.1. List of documents used

<table>
<thead>
<tr>
<th>ID</th>
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<th>Year</th>
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<td>1</td>
<td>DG NEAR/Evaluations/2008</td>
<td>Ad-hoc evaluation of the CARDS regional programmes in the Western Balkans</td>
<td>2008</td>
<td>Evaluation report</td>
<td>Justice and home affairs, private sector development, infrastructure development, institution building</td>
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<td>2011</td>
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<td>IPA</td>
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<td>Interim Evaluation of Cross-Border Programmes between Candidate/ Potential Candidate Countries (Intra-Western Balkan Borders) under the Cross-Border Cooperation Component of IPA</td>
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<td>17</td>
<td>DG NEAR/Evaluations/2014</td>
<td>The political economy of donor intervention in Western Balkans and Turkey: mapping and potential for stronger synergies</td>
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### 1.2. List of interviewees

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#### Democracy and Governance

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<td>President; Former DPM and MPALSG Minister</td>
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<td>Support for further Improvement of Public Procurement system in Serbia</td>
</tr>
<tr>
<td>Anti-corruption Agency</td>
<td>Assistant director for international cooperation</td>
</tr>
<tr>
<td>ECORYS</td>
<td>PAR Visibility and Communication project, Team leader</td>
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**Rule of Law**

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Position</th>
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<tr>
<td></td>
<td>Project Team Leader, Support to Supreme Court of Cassation</td>
</tr>
<tr>
<td>Organization</td>
<td>Role Description</td>
</tr>
<tr>
<td>------------------------------------</td>
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</tr>
<tr>
<td>World Bank</td>
<td>Project Team Leader; Project: Rightsizing and Restructuring of Public Administration in the Republic of Serbia</td>
</tr>
<tr>
<td>EUD</td>
<td>Programme Manager</td>
</tr>
<tr>
<td>GIZ</td>
<td>Project Team Leader, Support to the High Judicial Council Project</td>
</tr>
<tr>
<td>Former UND and OSCE</td>
<td>Director of the Judicial Academy</td>
</tr>
<tr>
<td>Deputy Director</td>
<td>Deputy Director of Judicial Academy</td>
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<tr>
<td>OSCE</td>
<td>Legal officer, Rule of Law and Human Rights Department</td>
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<tr>
<td>USAID Contractor</td>
<td>Dep COP for a USAID project</td>
</tr>
<tr>
<td>USAID Contractor</td>
<td>Component Leader, USAID Rule of Law (ROL) Project</td>
</tr>
<tr>
<td>Sida</td>
<td>Programme Officer</td>
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<tr>
<td></td>
<td>the Supreme Court advisor, in charge for international cooperation and projects</td>
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<tr>
<td>Judges Associations of Serbia</td>
<td>Judge, Pres of Judges Association</td>
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<tr>
<td>MoJ</td>
<td>Head of Chapter 23 Negotiating Group, Assistant Minister for European Integrations and International Projects</td>
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<tr>
<td>State Prosecutorial Council</td>
<td>Deputy Public Prosecutor</td>
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<tr>
<td>Olof Palme Centre</td>
<td>Programme Manager</td>
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<tr>
<td>Swiss Development</td>
<td>National Programme Officer for Governance</td>
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<tr>
<td>MoJ</td>
<td>Assistant Minister</td>
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<td>Republic Public Prosecutor Office</td>
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<tr>
<td>USAID</td>
<td>Project Management Specialist</td>
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<tr>
<td>Deputy Head of CoE</td>
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<td>CoE</td>
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<td>Organisation</td>
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<tr>
<td>Judges Associations of Serbia</td>
<td>Judge</td>
</tr>
<tr>
<td>World Bank</td>
<td>WB co-author of the JSFR</td>
</tr>
<tr>
<td>World Bank</td>
<td>Senior Judicial Reform Consultant – Advisor for the Functional Review of Prosecution Services</td>
</tr>
<tr>
<td>Dutch Embassy, very active on CH 23 reform</td>
<td></td>
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<tr>
<td>World Bank</td>
<td>Judicial Sector Reform Advisor, GOV-ECA-PSI</td>
</tr>
<tr>
<td>the High Judicial Council</td>
<td>Deputy President, Judge</td>
</tr>
<tr>
<td>the High Judicial Council</td>
<td>Secretary General of the HJC Office</td>
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<tr>
<td>Judges Associations of Serbia</td>
<td>President</td>
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**Environment**

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Position</th>
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<tbody>
<tr>
<td>Department of Water Management and Soil Protection, Bavarian State Ministry of the Environmental and Consumer Protection</td>
<td>Project Leader, Twining project “Support to policy planning in water management sector”</td>
</tr>
<tr>
<td>Division Water Resource Management, WFD</td>
<td>Resident Twinning Adviser, Twining project “Support to policy planning in water management sector”</td>
</tr>
<tr>
<td>Ministry of Agriculture, Forestry and Water Management – Republic Water Directorate</td>
<td>Acting Director of Republic Water Directorate, PL counterpart</td>
</tr>
<tr>
<td>Ministry of Agriculture, Forestry and Water Management – Republic Water Directorate</td>
<td></td>
</tr>
<tr>
<td>Assistant Minister for IPA</td>
<td></td>
</tr>
<tr>
<td>Public Water Management Company Srbijavode</td>
<td>Member of the Project Steering Committee</td>
</tr>
<tr>
<td>Public Water Management Company Vode Vojvodine</td>
<td>Member of the Project Steering Committee</td>
</tr>
<tr>
<td>Public Water Management Company Vode Vojvodine</td>
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<td>Public Water Management Company Vode Vojvodine</td>
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<tr>
<td>Ministry of Finance, CFCU</td>
<td>Member of the Project Steering Committee</td>
</tr>
<tr>
<td>Organization/Position</td>
<td>Role or Position</td>
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<tr>
<td>-------------------------------------------------------------------------------------</td>
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<tr>
<td>IPA Unit, Ministry of agriculture</td>
<td>IPA Project Manager,</td>
</tr>
<tr>
<td>EUD</td>
<td>Project manager</td>
</tr>
<tr>
<td>GP &quot;Morava in&quot;, as a member of the Consortium GIS Aqua-Morava</td>
<td>Managing director, Construction of the Waste Water Treatment Plant for the City of Raska</td>
</tr>
<tr>
<td>GP &quot;Morava in&quot;, as a member of the Consortium GIS Aqua-Morava</td>
<td></td>
</tr>
<tr>
<td>City of Raska</td>
<td>Assistant Mayor for Local Economic Development at Raska Municipality</td>
</tr>
<tr>
<td>Ministry of Environment</td>
<td>Head of Sector for water and wastewater management</td>
</tr>
<tr>
<td>Ministry of Finance, CFCU</td>
<td></td>
</tr>
<tr>
<td>EPTISA SEE D.O.O</td>
<td></td>
</tr>
<tr>
<td>EPTISA SEE D.O.O</td>
<td>Team Leader</td>
</tr>
<tr>
<td>Riko D.O.O</td>
<td></td>
</tr>
<tr>
<td>IPA units of Ministry of environment protection</td>
<td></td>
</tr>
<tr>
<td>EUD</td>
<td>Task manager</td>
</tr>
<tr>
<td>EUD</td>
<td>Task manager</td>
</tr>
<tr>
<td>Consortium: DAI Europe Ltd., Austrian Energy Agency, Ipsos Strategic Marketing d.o.o. and Motiva Services Oy</td>
<td>Team Leader</td>
</tr>
<tr>
<td>Ministry of Energy</td>
<td>Head of Department for Strategic Planning Project Manager in Energy Sector</td>
</tr>
<tr>
<td>Ministry of Energy</td>
<td>Head of Department for Energy Efficiency</td>
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<tr>
<td>Ministry of Energy</td>
<td></td>
</tr>
<tr>
<td>Kommunalkredit Public Consulting KPC</td>
<td>Team Leader</td>
</tr>
<tr>
<td>Kommunalkredit Public Consulting</td>
<td></td>
</tr>
<tr>
<td>Project director, Member of the Project Steering Committee</td>
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Education
<table>
<thead>
<tr>
<th>Organisation</th>
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</thead>
<tbody>
<tr>
<td>Ministry of Education</td>
<td>Assistant Minister for European Integration</td>
</tr>
<tr>
<td>EUD</td>
<td>Person in charge of horizontal coordination issues, including sector budget support</td>
</tr>
<tr>
<td>DG NEAR</td>
<td>Contact point in Brussels for education sector budget support</td>
</tr>
<tr>
<td>ECORYS</td>
<td>Project Manager, Education SBS Assessment</td>
</tr>
<tr>
<td>EUD</td>
<td>Head of Operations, Section II</td>
</tr>
<tr>
<td>EUD</td>
<td>Project Manager, Education SBS Assessment/EUD</td>
</tr>
<tr>
<td>Ministry of Education</td>
<td>State Secretary, and Chair of Strategic working group, SBS</td>
</tr>
<tr>
<td>Ministry of Education</td>
<td>Former Minister of Education (to 2017)</td>
</tr>
<tr>
<td>Ministry of European Integration, officer</td>
<td>Officer</td>
</tr>
<tr>
<td>Ministry of European Integration, officer</td>
<td></td>
</tr>
<tr>
<td>ECORYS</td>
<td>member of assessment team</td>
</tr>
<tr>
<td>Complementary support contract IPA 16 Capacity Building</td>
<td>Team Leader</td>
</tr>
<tr>
<td>Complementary support contract IPA 16 Capacity Building</td>
<td>Project Director</td>
</tr>
<tr>
<td>Centre for educational policies Complementary support contract IPA 16 Capacity Building</td>
<td>Non key expert - strategy component</td>
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<tr>
<td>Complementary support contract IPA 16 Capacity Building</td>
<td>Key Expert 2</td>
</tr>
<tr>
<td>Institute for improvement of education</td>
<td>Director</td>
</tr>
<tr>
<td>Institute for improvement of education</td>
<td>Assistant Director</td>
</tr>
<tr>
<td>NQF Agency</td>
<td>Director</td>
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<tr>
<td>NQF Agency</td>
<td>Head of NQF Centre</td>
</tr>
<tr>
<td>UNICEF</td>
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<td>UNICEF</td>
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</tr>
<tr>
<td>Ministry of European Integration</td>
<td>Followed sector budget support in education</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>Ministry of Education</td>
<td>Head of programming in the EU projects department of the Ministry of education, science and technological development</td>
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**Programming and M&E**

<table>
<thead>
<tr>
<th>EUD</th>
<th>Head of Cooperation</th>
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<tbody>
<tr>
<td>EUD</td>
<td>M&amp;E Officer</td>
</tr>
<tr>
<td>EUD</td>
<td>Person in charge of horizontal coordination issues, including sector budget support</td>
</tr>
<tr>
<td>EUD</td>
<td>Head of Operations, Section II</td>
</tr>
<tr>
<td>Project Preparation Facility</td>
<td>Team Leader</td>
</tr>
<tr>
<td>Ministry of European Integration</td>
<td>Department for Planning, Programming, Monitoring and Reporting on EU Funds and Development Assistance</td>
</tr>
<tr>
<td>Ministry of European Integration</td>
<td>Department for Planning, Programming, Monitoring and Reporting on EU Funds and Development Assistance</td>
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ANNEX 11

List of indicators
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<tbody>
<tr>
<td>General government consolidated gross debt/GDP (%) (Eurostat)</td>
<td>40.8</td>
<td>44.7</td>
<td>54.6</td>
<td>57.5</td>
<td>67.5</td>
<td>71.2</td>
<td>68.8</td>
<td>58.7</td>
<td>54.3</td>
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<tr>
<td>GDP at market prices (million euro) (Eurostat)</td>
<td>31,545.80</td>
<td>35,431.7</td>
<td>33,679.30</td>
<td>36,427</td>
<td>35,468</td>
<td>35,715.50</td>
<td>36,723.0</td>
<td>39,183.30</td>
<td>42,855.50</td>
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<tr>
<td>Unemployment rate (%) (Eurostat)</td>
<td>19.9</td>
<td>23.6</td>
<td>24.6</td>
<td>22.9</td>
<td>19.9</td>
<td>18.2</td>
<td>15.9</td>
<td>14.1</td>
<td>13.3</td>
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<tr>
<td>GDP per capita at current prices (PPS €) (Eurostat)</td>
<td>9,700</td>
<td>10,200</td>
<td>10,300</td>
<td>10,500</td>
<td>10,500</td>
<td>10,700</td>
<td>11,100</td>
<td>11,400</td>
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<td>Inward FDI (million EUR)</td>
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<td>1009</td>
<td>1548</td>
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<td>2114</td>
<td>2127</td>
<td>2548.00</td>
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<td>Outward FDI (million EUR)</td>
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<td>256</td>
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<td>264</td>
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<tr>
<td>Net inward (million EUR)</td>
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<td>6.303</td>
<td>6.804</td>
<td>6.121</td>
<td>6.265</td>
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<td>1899</td>
<td>2418</td>
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