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ANNEX III

to the Commission Implementing Decision on the financing of the annual action plan in favour of the Republic of Serbia for 2024

Action Document for EU for Good Governance

ANNUAL ACTION PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and annual and multiannual action plans and measures in the sense of Article 9 of IPA III Regulation and Article 23 of NDICI - Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

Title	EU for Good Governance Annual action plan in favour of Serbia for 2024
OPSYS	OPSYS business reference: ACT-62415
ABAC	ABAC Commitment level 1 number: JAD.1398284
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)
Economic and Investment Plan (EIP)	Yes Rule of law, governance and Public administration reform 100%
EIP Flagship	Yes Priorities: “Rule of law, governance and Public administration reform”
Team Europe	No
Beneficiary(y)/(ies) of the action	The action shall be carried out in the Republic of Serbia
Programming document	IPA III Programming Framework
PRIORITY AREAS AND SECTOR INFORMATION	
Window and thematic priority	Window 2: Good governance, acquis alignment, good neighbourly relations and strategic communication Thematic Priority 1: Good governance (86 %) Thematic Priority 2: Administrative capacity and acquis alignment (14 %)
Sustainable Development Goals (SDGs)	Main SDG: SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

DAC code(s)	15110 – Public sector policy and administrative management			
Main Delivery Channel	12001 - Central Government			
Targets	<input type="checkbox"/> Climate <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity			
Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Internal markers and Tags	Policy objectives	Not targeted	Significant objective
EIP		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EIP Flagship		YES <input checked="" type="checkbox"/>		NO <input type="checkbox"/>
Tags:		YES		NO
Transport		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Energy		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environment and climate resilience		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Digital		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Economic development (incl. private sector, trade and macroeconomic support)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Human Development (incl. human capital and youth)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Health resilience	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Migration and mobility	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Agriculture, food security and rural development	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Rule of law, governance and Public Administration reform	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Digitalisation	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Tags	YES	NO
	digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	digital governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Tags	YES	NO
	digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION			
Amounts concerned	Budget line: 15.020101.01 Total estimated cost: EUR 21 000 000 Total amount of EU budget contribution EUR 20 870 000 This action (Output 1.2) is co-financed in joint co-financing by: - CoE for an amount of EUR 130 000		
MANAGEMENT AND IMPLEMENTATION			
Implementation modalities (management mode)	Direct management through: -Procurement - Grants		

and delivery methods)	Indirect management with the entities selected in accordance with the criteria set out in section 4.4.4
Final Date for conclusion of Financing Agreement	At the latest by 31 December 2025
Final date for concluding contribution / delegation agreements, procurement and grant contracts	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation
Indicative operational implementation period	72 months following the conclusion of the Financing Agreement
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement

1.2. Summary of the Action

The European Union (EU) places significant effort on good governance by setting the administrative standards parts of the *acquis*, by transferring best practice through EU financial instruments and promoting management practices of its own institutions. The concept of good administration has been progressively defined by EU countries and is included in the EU Charter of Fundamental Rights (Article 41 - Right to good administration).

In 2020 governments worldwide have found themselves under strain while managing the fallout and consequences of the COVID-19 pandemic and the ability of public administrations to react to the many societal challenges, open for dialogue with the public, able to introduce new policy solutions and deliver better services became even more important.

This Action is designed to support Serbia in pursuing good governance practices across public administration at central, regional and local levels that directly impact the quality of sector policies, public services, and ultimately competitiveness and growth, as iterated in the Programming Framework, Window 2, Thematic Priority 1 and Thematic Priority 2. The size, structure and scope of public institutions is unique to each country, and their architecture and organisation is a national competence. At the same time, good governance is recognisably in the interests of the EU as a whole, as well as individual Member States, to achieve maximum value from limited public funds.¹ Without effective public administrations, the EU's *acquis* cannot be effectively implemented, the internal European market cannot be completed, and the Europe's Green Agenda cannot be realistically achieved². This includes capacity to design and implement high quality gender responsive strategies and programmes; to pursue evidence-based policymaking, enable citizens' participation and access to high quality services, and to recruit and train staff to implement public policy.

The Overall objective of the Action is to promote good governance and increase the compliance with Union's values and their alignment with the Union's rules, standards and practices in the relevant fields because the quality of a country's public administration and governance is a key factor in its economic performance and wellbeing of its citizens. Its aim is to promote effective, accountable, inclusive and responsive institutions at all levels of government.

The Action's Specific objective 1 is focused on interventions modernizing public administrations at all levels of government, as well as enhancing their capacities to advance and respond to demands of EU integration processes. In this Action, it implies further development and enforcement of EU models for integrated territorial development on national and local level, as well as improving HRM strategic and legal framework and capacities of LSG for HRM and competences of employees to perform main LSG functions. The Specific objective 2 is targeting administrative capacities to align and implement the legislation and policies with EU, and to take obligations of EU membership with focus on institutional framework for EU Cohesion Policy.

The Action will contribute to implementation of the SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. More specifically, it is contributing to Target 16.6 Develop effective, accountable and transparent institutions at all levels.

1.3 Beneficiaries of the Action

The action shall be carried out in the Republic of Serbia.

¹ Quality of Public Administration A Toolbox for Practitioners 2017 edition ; European Commission

² Quality of Public Administration A Toolbox for Practitioners 2017 edition ; European Commission

2. RATIONALE

2.1. Context

The Action is in line with Serbia's pursuit of good governance practices across public administration at central, regional and local level that directly impact the quality of sector policies, public services, and ultimately competitiveness and growth.

The Action is linked with EC's concept that beneficiaries of IPA assistance will need to find an appropriate balance between central, regional and local government that best supports implementation of reforms and the delivery of **services to citizens**³. In that respect, the Action is primarily linked with priorities identified in the **EC Programming Framework** and Serbia's **Strategic Response** under **Window 2, Thematic priorities 1 and 2**. The interventions are strongly interlinked with both Thematic priorities and are jointly contributing to the specific objectives of both priorities.

Outcome 1 is focused on the **Thematic priority 1** supporting the creation of a more transparent, predictable, well-functioning and accountable local government administration able to deliver quality services. The interventions will address identified institutional, legislative, and administrative weaknesses in areas related to human resource management at local government level. Equally, investments in introduction of EU models for territorial development will inevitably modernise Serbian administration at local level, that will be able to play a key role in providing public services as well as in building citizens' trust in public institutions.

Interventions related to Outcome 2 are focused on the **Thematic priority 2**, and Serbia's need to bring its policies and legislation in line with the EU policies and the *acquis*, to build administrative capacity to implement sector policies and to take on the obligations of membership. IPA III Programming Framework repeatedly references EU structural and cohesion policies as relevant targets that should guide IPA investment. The proposed action will make a critical contribution in strengthening the respective institutions to prepare the required documents and procedures as well as elevate the necessary capacities to implement and absorb funds from Structural and Cohesion funds.

The Action is complementary to the **EU Charter of Fundamental Rights** (Article 41 - Right to good administration) by strengthening reliability, predictability, accountability, and transparency, as well as technical and managerial competence, organisational capacity, financial sustainability and citizen participation. In addition, the Action's interventions will support Serbia's efforts to build strong public administration capable of implementing the obligations arising from the EU accession process as part of the EU enlargement criteria.

The Action is linked to priorities related to the good governance identified in the **Strategy for the Western Balkans**⁴ in terms of striking an appropriate balance between central, regional and local government, and the need to strengthen the economy. The Action is tackling the need identified in the Strategy on enhancing the system and capacities at all governmental levels to ensure a gradual and seamless transition from pre-accession status to that of Member State and allowing the necessary absorption capacity to be developed.

The Action is complementary to the **Green Agenda** principles that require public administrations to lead the transition to climate neutrality. The green transition and climate adaptation require responses specific to regional and local conditions and needs. The Action will contribute to building capacities of Serbian administration at national and local level to implement Serbia's commitments to Green Deal targets for the benefit of its citizens and economy.

The Action's outcomes are contributing to resolving the issues identified in the **Serbia 2022 Report** and progress towards meeting the **Chapter 22** criteria. The Report states that "Local administrative capacity remains weak and significant disparities between municipalities persist". In addition, "Investment increased

³ European Commission's Implementing Decision adopting the Instrument for Pre-accession Assistance (IPA III) Programming Framework for the period 2021-2027,

⁴ "A credible enlargement perspective for and enhanced EU engagement with the Western Balkans", European Commission, Strasbourg, 6.2.2018 COM(2018) 65 final

but remains insufficient, after years of underinvestment, to address infrastructure gaps”. The Report states that “Serbia is moderately prepared on regional policy and coordination of structural instruments”.

By introducing EU models for territorial development, the proposed Action (Output 1 Outcome 1) will help local administration to provide quality public services to citizens and businesses, to apply principles of good governance in its work and to improve the quality of life of citizens.

Output 2 Outcome 1 will address the challenges identified in the Report by working with LSGs through Municipal Support Packages and other forms of support such as trainings, manuals, advisory assistance, networking, etc. Direct support has proven as an extremely useful tool in introducing modern HRM standards but also in harmonising best practice among LSGs and reducing disparities between them. The Action will focus on developing and improvement of main HRM processes such as: organisation of workplaces, HR planning, employment, performance appraisal and professional development of local employees, which will be fully integrated with the new system of competencies as well as improvement of LSG employees’ competences to perform key LSG functions in order to improve quality and efficiency of services provided to citizens.

Output 1 of Outcome 2 will “ensure preparation of relevant planning and programming documents which will be financed from EU Cohesion Policy Funds as well as preparation of relevant rules and procedures for Cohesion Policy Programmes and capacity building for institutions in the management and control system and for future beneficiaries and partners.

Implementation of this Action will support the implementation of the **Action Plan for Chapter 22⁵** and activities for establishment of the system for EU Cohesion Policy management. The Action Plan sets out clear measures until 2025 in the six 6 interrelated sections - legal framework, institutional framework, administrative capacity, programming, monitoring and evaluation, financial management and control.

The Action is linked with the structural reforms planned in the **Economic Reform Programme 2022-2024 (ERP)** in terms of public administration efficiency, SME development, creation of jobs and provision of local business and social infrastructure. In that respect, the Action will enable and strengthen different mechanisms for coordination and the capacities of local administrations to provide services for citizens and businesses, support SME development and jobs creation in the sectors with comparative advantage, as well as invest in local infrastructure in the targeted regions.

The Action is linked to the **Public Administration Reform (PAR) Strategy 2021–2030**, with its action plan 2021-2025. The new strategy consists of six pillars covering the areas of the EU Principles on Public Administration. It includes, for the first time, a pillar dedicated to local self-government reforms. The specific objective of the pillar is “to build a modern, professional and efficient local self-government that is capable of providing quality public services to citizens and the economy, to apply the principles of good governance in its work and to improve the quality of life of citizens and contribute to the balanced development of the Republic of Serbia”.

The Action is implementing the national **Local-Self Government Reform Programme 2021-2025** aiming to build a modern, professional, efficient and responsible local government able to provide quality public services, improve life of citizens and contribute to the balanced development of the Republic of Serbia in line with the IPA III priority on improving governance at the sub-national levels. The **Programme** is determining a comprehensive reform of local self-government. This strategic act recognises strengthening of the HRM function as one of the most important steps in capacity building of LSG units. The objectives and measures are directed towards implementation of system of remunerations, competency based HRM system in local administrations, comprehensive HR database for state and local servants, as well as building and maintaining a sustainable professional development system.

The Action is linked to the **Sustainable and Integrated Development Strategy of the Republic of Serbia (to 2030)** predicated upon a number of key principles. These are: the importance of EU models for sustainable urban development (SUD) in achieving lasting change and the key factors including the management of urban

⁵ http://www.mei.gov.rs/upload/documents/pristupni_pregovori/akcioni_planovi/action_plan_22.pdf

settlement development; social well-being; the quality of the environment and the governance of urban development.

The Action will also take into consideration other related sectoral strategies related to thematic priorities 1 and 2 under Window 2 (described above):

- Public Finance Management Reform Programme 2021-2025 with the Action Plan for its Implementation 2021-2025
- E-government development programme for the period from 2020-2022 with the Action plan
- Public Policy Management and Regulatory Reform Programme 2021-2025
- Programme of Public Procurement Development 2019-2023
- Programme of Official Statistics for 2021-2025.

2.2. Problem Analysis

Short problem analysis

AREA OF SUPPORT #1: *Territorial development*

The impact of a well-designed territorial development policies is hampered or restricted where the capacity to implement them is limited. This challenge is most often associated with lagging areas of the country where weak administrative capacities is correlated with socio- economic development problems.

There are substantial discrepancies in the levels of socio-economic development across Serbia matching the discrepancy between the capacity of administrations at local level. The differences stem from different levels of development of administrative and institutional structures, social and transport infrastructure and access to services, labour productivity, the efficiency of economic operators and business environment.

The level of good governance at national, regional and local level make an important difference for the efficiency in the delivery of territorial development policies and, consequently, for economic development. The impact of a well-designed territorial development policies is hampered or restricted where the capacity to implement them is limited. This challenge is most often associated with lagging areas of the country where weak administrative capacities is correlated with socio- economic development problems.

In the less developed regions of Serbia, poor strategic and inclusive planning has been identified as one of the most important capacity deficits for public investment. Lack of systems and tools with a focus on management, monitoring and reporting capacities is equally present. Significant bottlenecks exist in areas of administration capacity such as definition of roles and responsibilities, dialogue and cooperation between authorities at different levels and communication with the public and citizens, adequate strategic analysis, assessment and planning capability, the professionalism of project generation, transparency in resource allocation, competence in project management and dealing with technical issues.

In this context, specific issues on the local arise with coordinating reforms and investments funded through different financing sources. Additionality of the funding is often not achieved and one-time investments in parts of the project/programme/priority are usual, thus preventing realisation of results and benefits for the citizens. These issues are often related to projects financed by the EU and development assistance due to a lack of single platform to streamline assistance to LSGs provided through different IPA instruments, Member States, bilateral donors, loans or the central government.

In terms of socio development differences, Serbia's urban centres offer better job opportunities for better qualified people but do not fully play their catalytic role as engines of regional growth.

Disparities between regions are even more obvious. Belgrade Region contributes to the gross domestic product (GDP) with 40.4%. Vojvodina contributes with 26.5%. Šumadija and Western Serbia Region makes 19.2%, while South and East Serbia make 13.8%⁶ of the GDP. Those two regions cover half of the population but contribute only one third in the total GDP. SMEs sector is dominant in all regions in terms of enterprise

⁶ from Statistical Office of the Republic of Serbia Ibid, Page 10

structure, with significant differences in the development of the SME sector between individual regions. Belgrade region with the smallest share in total number of SMEs (32.7%) dominates in terms of the employment (33.1%), turnover (44.0%) and GVA (44.0%) in relation to the SME from the region of Vojvodina, the region of Šumadija and Western Serbia and the Region of South and East Serbia.

Between 2011-2017 all regions except Belgrade showed depopulation trends - Vojvodina (3%), Šumadija and Western Serbia (4.5%) and the South and Eastern Serbia (5.7%). Official statistics show that emigration is the most common amongst 25 and 34 years old with higher education diploma.⁷ At the same time, a significant influx of young and working age internal migrant population was registered in the Belgrade and Vojvodina Regions.

The average unemployment rate of population aged 15 and over was 9.5% - 8.5% men and 10.8% women. The highest unemployment rate of 12% was recorded in South and Eastern Serbia Region. Moreover, the unemployment rates within the underdeveloped regions also differ. In 2019, for example, the unemployment rate in Pčinja District of the South and Eastern Serbia Region was 20.8% and in the neighbouring Jablanica District was 9.1%. Likewise, in Šumadija and Western Serbia Region in 2019, Raška District registered a 19% unemployment rate compared to 6.4% in Kolubara District.

Poverty remains more frequent in non-urban than in urban areas and is particularly frequent in the region of Southern and Eastern Serbia. There are significant regional and social disparities regarding education levels.⁸ According to the 2011 Population Census⁹, in urban areas, about 23% of the people have completed higher education and about 23% – primary education or below. Around 41% of the population in Šumadija and Western Serbia have completed only primary education or below compared to Belgrade region, where the share is 19%.

When it comes to communal, social and transport infrastructure, Šumadija and Western Serbia and South and Eastern Serbia regions have lower connectivity ratio compared to Serbia average and particularly compared to Belgrade and Vojvodina. The same applies to, for example, organised waste collection coverage with the lowest in the municipalities of South Serbia (20-25%), while in Belgrade this percentage is 80 - 90%.

Reducing disparities in territorial development requires integrated efforts that require good governance (similar to efforts implemented under EU mechanisms for territorial development), through the creation of spill over effects from the developed centres to the less developed ones, and the creation of development potential in the lagging behind regions. These include investments in modernisation of administration through capacity building of local self-governments to prepare and implement territorial development policies, along with support to SMEs in the targeted regions, and investments in infrastructure and improved access to services.

AREA OF SUPPORT #2: *Human Resource Management (HRM)*

The European Union has been providing substantial support for the HRM at the local level. The foundations of a modern HRM function were established with application of the new legal framework.

In 2021, amendments to the Law on Employees in Autonomous Provinces and Local Self-governments introduced the system of competencies for local government employees. In 2022, a new Decree defining behavioural and functional competencies was adopted. Introduction of the competency's framework forms the core of HRM reforms at the local level, as identified in the PAR strategy. However, its integration in the local administrations is far more demanding than at the central level (civil servants) due to larger number of LSG employees (compared to civil servants), geographical decentralisation and the lack of central unit for HR management (like Government's HR Management Service). Consequently, the plan for the implementation and integration of competencies framework is delivered in phases with four-year implementation period that will include all HRM functions. In the 2021/22 period, first steps in establishment of competency framework

⁷ Južnevesti.com Serbian Academy of Sciences and Arts [Drastic changes needed to repopulate Southern Serbia](#) (25 March 2019)

⁸ Socijalnouključivanje.org.rs <http://sociojlnouključivanje.gov.rs/wp-content/uploads/2016/03/Union-ESRP-2016-English.pdf>

⁹ SORS, 2011 Population Census

were implemented successfully. More than 90% of LSGs developed and adopted new systematisation acts based on competencies by the September 2022. Further support will be necessary for establishing and functioning of competency framework in recruitment process, appraisal of employees and HR planning, professional development, etc. In next years, main task of all LSGs in Serbia will be, not only to implement system of competences within HRM function, but to make this system operational, sustainable and efficient to support development of necessary competences of all local employees which should result in improved quality of services to citizens.

HR planning at local level is mainly focused on fulfilling basic legal obligations and harmonising its activities with the local budget while the HR units are lacking in capacities to conduct comprehensive situation analysis and needs assessments, which should be the foundation of their actions. Out of 174 LSGs, in 2022 a 27 of LSG units, supported by HRM in LSG II Programme, prepared annual personnel plan in a timely manner, based on a comprehensive situation analysis and staffing needs, jobs systematization and the budget planned for the following year. Based on HRM in LSG II Programme reports the rest of the LSG units mostly adopt a personnel plan based solely on available data and budget alignment.

Regarding recruitment of the new staff, most LSG units are mainly using interviews for verification of professional qualifications and rarely use other tools but this process should be changed and improved, in accordance with competency framework.

Despite significant progress, professional training system in LSGs will also require continued support. Knowledge and skills for dealing with this complex subject in LSGs are seriously improved in past 3 years but still underdeveloped. Analysis for the 2021 showed significant increase in the professional development process in LSG. During 2020, 92 out of 174 LSGs, supported by the HRM in LSG II Programme, conducted training needs analysis and implemented whole planning process of professional training which was a great increase compared with 2019 (15 proposals) Although, the capacity has been built up to some extent, there is still a need for further improvement underlying competency based professional development. The upcoming planned normative activities in this shall prescribe the mandatory nature of professional development at local level, meaning the commitment for future planning of professional development and adequate financing resources for implementation of such activities.

AREA OF SUPPORT #3: *Preparations for Cohesion policy*

As iterated in the 2022 Annual Progress Report, Serbia has still to adopt a legal framework for cohesion policy. Work on the law on cohesion policy needs to accelerate. Serbia needs to apply a systematic approach to develop, co-finance and implement multiannual operational programmes. Decisions on the appointment of institutions and bodies that will implement the EU's Instrument for Pre- accession Assistance (IPA III) is in progress. Once appointed, their capacity will need to be developed with a view to their future role in cohesion policy. Weaknesses persist in the administrative capacity in key institutions managing EU funds. In addition, administrative capacity of many Serbian institutions is limited. In line with that, there is need for the adoption of a strategic approach to identifying their institution building and investment priorities and preparing well-designed and clearly articulated projects that will help them meet these needs. This is particularly the case where a project addresses problems that span the responsibilities of more than one institution.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action

AREA OF SUPPORT #1: *Territorial development*

At the national level, the key beneficiary will be the Ministry in charge of European Integration (MEI), in charge of implementation of the Action Plan for Fulfilment of the Conditions in the Area of EU Cohesion Policy - Chapter 22 - Regional Policy and Coordination of Structural Instruments. The Standing Conference of Towns and Municipalities (SCTM) has a key role as a competent, modern, recognized and reliable association representing local self-governments in Serbia and will be implementing part of the intervention.

A part of this action will be implemented in indirect management with UNOPS.

The municipalities will be the key stakeholders, either as direct beneficiaries or as one of stakeholders in other initiatives with local SMEs, civil society organisations (CSOs) and business support organisations (BSOs),

regional development agencies and already established Local Action Groups (LAGs), etc. The final beneficiaries are the inhabitants of the areas where the Action will be implemented.

The other key institutions are:

- Ministry in charge of Agriculture, Forestry and Water Management, and IPARD Programme, in terms of coordination and synergy of activities related to support of Local Action Groups (LAG) in actions focused on support of initiatives in rural areas.
- Ministry in charge of Construction, Transport and Infrastructure, as in charge for implementation of urban development policies
- Ministry in charge of Economy, Ministry of Public Administration and Local Self-Government, Ministry in charge of Public Investments, Ministry in charge of Environmental Protection, Ministry in charge of Youth and Tourism, Ministry in charge of Sport, Ministry in charge of Labour, Employment, Veteran and Social Policy.
- Development Agency of Serbia (RAS), which provides support of direct investments and export promotion, and leads in supporting the economic and regional development, and
- Regional Development Agencies.

AREA OF SUPPORT #2: *Human Resource Management (HRM)*

At the central government level, the main beneficiary is the Ministry of Public Administration and Local Self-government (MPALSG), as the driver of PAR in Serbia. Local self-governments units are end-recipient and will be directly supported through the intervention to upgrade their system and procedures to apply modern HRM principles. A part of this action may be implemented in indirect management with the Council of Europe. This implementation entails activities which will improve the HRM system at the local level based on European standards and good practice from other CoE member States. Enhancing the effectiveness and administrative capacities in LSG units will contribute to further professionalisation of civil servants in delivering high quality services to business and citizens. Improving the professional training system and the human resource management functions in line with European standards will help build more inclusive, effective and resilient institutional structures and quality public services at local level. The Standing Conference of Towns and Municipalities (SCTM) which will be conducting activities aimed to directly support LSGs, has the unique position as the interface between the national and local governments and is able to reach and motivate LSGs through its established communication mechanisms and tools.

- The other key institutions are: National academy for public administration as the central institution of the system of professional development in public administration of the Republic of Serbia.
- National Council for Professional Development of Local Employees established by the Government with an aim to ensure the principles of efficiency, fairness and integrity of the professional development system, and in order to provide expert opinions and recommendations for its implementation and improvement.
- HRM Service of Government of Serbia.
- Key sectoral ministries which develop Special continuous training programs for LSGs, including:
 - Ministry in charge of Public Administration and Local Self-Government
 - Ministry in charge of Construction, Transport and Infrastructure
 - Ministry in charge of Environmental Protection
 - Ministry in charge of Mining and energy
 - Ministry in charge of Tourism and Youth
 - Ministry in charge of Sport
 - Ministry in charge of Agriculture, Forestry and Water Management
 - Ministry in charge of Labour, veterans and Social care
 - Ministry in charge of Finance
 - Ministry in charge of Education
 - Ministry in charge of Culture
 - Ministry in charge of Emergency
 - Ministry on Demography and Family Care

AREA OF SUPPORT #3: *Preparations for Cohesion policy*

The main stakeholders of the Action are the Ministry of European Integration (MEI) as the main beneficiary, Ministry of Finance and Audit Authority Office for EU funds as the main project partners. Other stakeholders include but not limited to Ministry of Public Administration and Local Self Government, Human Resources Management Service, National Academy of Public Administration as institutions and bodies that will be responsible for certain tasks related to implementation of EU cohesion policy in Serbia, partners and potential beneficiaries at national and sub-national level.

2.3. Lessons Learned

In the last evaluation¹⁰, it was recognised that EU IPA programming sets out the goals but leaves the strategies up to the contractors and the government beneficiary. “In the case of Serbia, it was clear from the studied examples, that government did not have sufficient levels of resources, knowledge, or experience in managing to deliver planned reforms; the ‘how’ mechanisms. It is recommended that the EU ensures that interventions designed to build institutional capacities place the locus of control in managing reforms firmly with government institutions and agencies so that they lead their own reforms, and not with the EU and contractors. It is important that EU-supported capacity development interventions shift from trying to deliver reform and instead focus on building national authorities’ capacities for designing and managing reform itself”.

The Action is focused on the lessons learnt from the above evaluation and the past relevant projects and represents a mix of contribution agreement implementation modality, direct grants to national institutions and indirect management, aiming to ensure gradual and smooth shift towards full responsibility for reforms of national institutions.

The insight of the past projects¹¹ relevant for Output 1.1 Outcome 1 show that increased responsibilities and complexity at sub-national levels mean that these actors must have sufficient capacity to effectively design and deliver policies and projects. At the same time, economic growth can only be achieved with effective and modernised local public administration. Equally, the results of the past projects show that it is essential to take a holistic and comprehensive approach to understand clearly the bottlenecks hindering the effective and efficient functioning of local/regional development design and delivery systems, and ways to address them.

In that sense it is of the utmost importance to provide a proper coordination, on one side priorities defined by the local governments themselves and on the other financing sources. The Integrated territorial investments/Sustainable urban development /Community led local development (hereinafter: ITI/SUD/CLLD) strategies as essential part of the EU cohesion policy provide a solid basis not only for exploiting full competitive advantages of the selected territory, but also providing basis for coordinating implementation, including different financing sources. This approach is also compatible to Team Europe initiative since it involves coordination of funds provided by EU Commission, Member States and EU Development banks.

LSGs represent one of the main beneficiaries in every EU Member state and the cohesion funds are channelled through complex place-based mechanisms such as ITI, CLLD and Urban Development. In this sense it is essential to timely start the process of establishing the institutional setup, especially on the local level as well conduct testing through funds dedicated for this purpose.

The establishment and development of HRM functions in local administrations was supported by the Programme “Human Resources Management in Local Self-Government” through its two phases, while Output 1.2 of the Outcome 1 should continue the efforts towards modernisation of local administration. The results of the previous phases aimed to introduce modern HRM tools in Serbian LSGs, and to enable establishing effective institutional and organisational framework for supporting the HRM system, including professional training of local employees, with quality training programmes based on staff needs and performance appraisal. Results stemming from the implementation of the Municipal Support Packages (hereinafter: MSP) clearly indicate that LSGs which obtained day-to-day support for the elaboration of documents and implementation of HRM tools, had far more success and achieved better results comparing to other LSGs that had only basic

¹⁰ Strategic, country-level evaluation of the European Union's cooperation with Serbia over the period 2012-2018; March 2021: evaluation was commissioned by the MFF, Programming and Evaluation Unit of the DG NEAR, European Commission

¹¹ EU PRO and EU PRO+

tools and trainings at their disposal. Therefore, this approach should be more intensive and extended on more LSGs in order to achieve better impact on raising capacities of LSGs. The content and form of MSPs should be improved and adopted to the new legal provisions and competency framework, but also to provide support in development of employee's competences in key areas of LSG's jurisdictions. The lesson that should be taken into consideration for future actions is that raising awareness of the local and national political leaders and their active role in the reforms process should be secured. One of the most important lessons is that the synergy and full participation of all stakeholders involved is necessary for the successful project implementation at the local level.

Output 2.1 of the Outcome 2 is the continuation of the activities implemented under the TA project "Development of System for Management of Cohesion Policy". The overall objective of the project is to prepare the Serbian public administration for the effective implementation of the EU Cohesion Policy in the Republic of Serbia. The purpose of the contract is to set up and enhance the capacities of all relevant stakeholders for timely and efficient preparation, implementation, monitoring and evaluation of programmes and projects supported by Structural Funds and the Cohesion Fund. One of the key conditions to be fulfilled to ensure smooth preparation for implementation of Cohesion Policy in Serbia was the timely nomination of institutions and bodies for implementation of Cohesion Policy and decision about number and scope of Cohesion Policy Programmes. However, the decisions have still not been taken, so the project's implementation period became too short to carry out certain activities, particularly under the programming component. So, one of the project's components was re-oriented towards preparation of Operational Programmes for IPA III and project duration was extended. It is predicted that preparation and management of Operational Programmes under the indirect management with the Republic of Serbia method of implementation shall contribute to improving the level of preparedness for Chapter 22 "Regional policy and coordination of structural instruments". Policy-wise, Operational Programmes can also provide a significant contribution to deliver the Economic and Investment Plan for the Western Balkans (EIP) and the Green Agenda, which both aim at reinvigorating the economies of the Western Balkans through investments and support to competitiveness and inclusive growth, sustainable connectivity, and the twin green and digital transition. In this context, Operational Programmes provide a multi-year fiscally framed plan for investments, with a predictable implementation of a pipeline of flagship projects in the medium term, which is mirroring the programming process by EU Member States under the EU Cohesion Policy.

3. DESCRIPTION OF THE ACTION

3.1. Intervention Logic

The Overall Objective (Impact) of this action is to promote good governance, increase the compliance with Union's values and their alignment with the Union's rules, standards and practices in the relevant areas.

The Specific(s) Objective(s) (Outcomes) of this action are:

1. Modernised public administrations at all levels of government
2. Strengthened administrative capacities to align and implement the legislation and policies with EU, and to take on the obligations of EU membership

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

Output 1.1 contributing to Outcome 1 (or Specific Objective 1):

Further developed and enforced EU models for integrated territorial development on national and local level.

Output 1.2 contributing to Outcome 1 (or Specific Objective 1):

Improved HRM strategic and legal framework and strengthened capacities of LSGs for Human Resource Management and Development and competences of employees' to perform main LSG's functions.

Output 2.1 contributing to Outcome 2 (or Specific Objective 2):

Institutional and capacity framework for EU Cohesion Policy further strengthened and planning and programming documents prepared.

IF EU models for integrated territorial development on national and local level as well as in cross-border context is further developed and enforced, *AND* the local self- governments and national structures are committed to creating the efficient model *THEN* public administration at all levels of government will be modernised *BECAUSE* the establishment and implementation of territorial instruments can help in developing innovative policy governance approaches and building administrative capacity at different levels and among various actors for the benefit of both country's cohesion and advancing towards EU membership.

IF HRM strategic and legal framework is improved and capacities of LSGs for Human Resource Management and Development and competences of employees' to implement main LSG's functions are strengthened *AND* there is a systemic approach to public administration reform, *THEN* public administration at all levels of government will be modernised *BECAUSE* the capacity of a government to deliver policies and quality services for its citizens depends on the professionalism and integrity of its public administration.

IF institutional and capacity framework for EU Cohesion Policy is further strengthened *AND* there is steady political support towards efficient CF policy management system, *THEN* administrative capacities to align and implement the legislation and policies with EU, and to take on the obligations of EU membership will be strengthened *BECAUSE* the Action's tangible outputs will represent a further step in the path towards EU accession, thus contributing to fulfilling the closing benchmarks for particular Negotiation Clusters.

IF the public administration at all levels of government is modernised and administrative capacities to align and implement the legislation and policies with EU, and to take on the obligations of EU membership are strengthened *AND* there is a continuous political and technical cooperation between the Government and the European Commission on Serbia's path to membership, *THEN* the action will contribute to promoting good governance, increasing the compliance with Union's values and their alignment with the Union's rules, standards and practices in the relevant areas. This is *BECAUSE* the quality of a country's public administration and governance is a key factor in its economic performance and the wellbeing of its citizens.

3.2. Indicative Activities

The Action will be implemented through the following main activities:

OUTCOME 1

Output 1.1

The Action under Output 1.1 envisages the activities:

- 1.1.1 Further development of EU models for integrated territorial development on national and local level including cross-border integrated territorial development concept by conducting analysis, case studies
- 1.1.2 Capacity building for introduction of ITI/SUD/CLLD in Serbia, building on the success of ongoing EU PRO + interventions
- 1.1.3 Further improvements in municipal/inter-municipal planning by helping municipalities to continue developing ITI/SUD strategies and strengthening governance and their capacities for local policy planning and programming
- 1.1.4 Grants for municipalities and or Regional Development Agencies for implementation of already adopted ITI/SUD strategies
- 1.1.5 Technical assistance for management system of territorial development in Serbia at central and local, and cross-border level.

Output 1.2

The proposed activities under this output include:

- 1.2.1 Technical support to central government institutions to develop and improve the strategic and legal framework, models and procedures for the implementation of competency based HRM in local administration.

- 1.2.2 Technical support to MPALSG for monitoring, analysis, reporting and evaluation of HRM and HRD policies and practices at the local level- to support evidence-based, inclusive policy-making at central level based on European standards and good practice
- 1.2.3 Technical support (Municipal support packages to 80 LSGs) and advisory assistance, guidelines and trainings to all LSG's for improvement of HRM/HRD system based on competency framework
- 1.2.4 Raising capacities and effectiveness of LSG in implementation of the HRM functions, in line with the system of competences and improvement of the competences of LSG's employees through direct support to LSGs (50 Municipal Support Packages) to improve the employees' competencies to perform main LSG's functions.
- 1.2.5 Improving standardisation and quality control of system for professional development by introducing new tools such as improved methodology for planning and budgeting of training programmes in LSGs
- 1.2.6 Providing direct support to LSGs to develop and implement training programmes as part of LSG's professional development cycle.
- 1.2.7 Support to ministries in developing and implementing programmes for local government employees in the area of delegated responsibilities.

OUTCOME 2

Output 2.1

The interventions include continuation of activities implemented under the TA project "Development of System for Management of Cohesion Policy". The activities will include:

- 2.1.1 Enhancing the institutional framework for 2 cohesion policy goals, including establishment of the electronic system for collecting, recording and storing the data
- 2.1.2 Preparation of relevant planning and programming documents for the first cohesion policy goal as well as drafting schemes and calls for proposals to support smooth implementation of the Programmes
- 2.1.3 Preparation of relevant programming documents for second cohesion policy goal – ETC programmes where Serbia will act as MA
- 2.1.4 Capacity building for institutions in the management and control system (including Intermediate Bodies that will be in charge for operational implementation of Programmes) and for future beneficiaries and partners will be implemented at a national and sub-national level for 2 Cohesion Policy goals.

The activities will be implemented in cooperation with UN Women project planned under AD Rule of Law, to ensure inclusion of gender equality, antidiscrimination, and disability principles in the programming documents.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

The need for improvement of capacities of LSG in the field of environment is recognized not only among citizens and stakeholders, but also through SCTM Index of Environmental protection (average capacity of LSGs in Serbia is 48%). Having in mind the importance of the topic the action will contribute to creation of conditions for its improvement through strengthening the capacities and competences of LSG's employees. The Action envisages improvement of HRM strategic and legal framework and capacities of LSGs for Human Resource Management and Development which will result in improvement of competences of employees' to implement main LSG's functions, including the ones related to the environment and climate action.

As indicated in Serbia's updated NDC, public policy documents prescribed by the Law on Climate Change will more closely define measures and activities that will contribute to co-benefits in the context of climate change mitigation in the key sectors such as energy, resources, water resources, coastal resources, human settlements and urban planning, agriculture and forestry. Similarly, as per the draft Integrated National Climate

and energy plan (INCEP), the Climate Change Adaptation Programme measures and activities will be defined to cope with consequences of climate change at local level. This will guide the support to the development and implementation of the Integrated Territorial Development (ITD), Community Led Local Development (CLLD) and Sustainable Urban Development (SUD) thus fostering environmental sustainability and resilience in all places. It will also incite more effective mainstreaming of climate action and the Green Agenda objectives into local policy documents. Complementary to that is the initiative of the Ministry of Finance to introduce marking "green expenditures" in the budgets and prioritizing "green" capital investments. Consequently, "green expenses" i.e. green policies will become visible thus enabling an adequate reporting on the budgetary spending related to the achievement of "green goals". Monitoring and reporting on the implementation of the measures will be ensured by Reports on the INCEP implementation and adjustment that are in accordance to a new rule that transposes the updated EU Regulation 1999/2018, enacted by the Energy Community Ministerial Council in November 2021. According to it, submission of the integrated national energy and climate progress report is due by 15 March 2025 and every 2 years thereafter.

A particular measure in the INCEP related to foreseen interventions is the *Promotion of smart and carbon neutral cities* through the establishment of a holistic approach considering the planning and implementation of policy measures in all end-use sectors but specifically in the building, transport and network sectors.

Integrated territorial action establishes a multi-sectoral approach, and environment related considerations are among priority themes. Therefore, ITD/SUD/CLLD policies that will be developed and implemented will significantly address environment and climate change. The element of environmental sustainability and impact to climate change will be among main criteria when deciding on funds allocation. Some interventions will have a direct positive impact on the environment depending on the selection. For example, projects such as renovation of schools and kindergartens, will enhance energy efficiency while improved water supply will reduce water (and energy) losses.

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G0. This implies that proposed Action has been screened against the markers, but it is identified that Action objectives (outcomes) and results (outputs) are not specifically designed to target gender equality. Nevertheless, gender equality remains very important aspect of the intervention to be tackled with proposed activities.

Although the Action is not recognising specific gender related intervention, it complies with the requirements of the Law on Gender Equality¹² and priorities defined by the Gender Equality Strategy 2021-2030.

Building capacities of the local self-government will include aspects that will contribute to an adequate institutional framework for gender mainstreaming at local and regional level as per the recommendations of the Committee of Ministers on gender mainstreaming in public policies¹³, gender equality standards and mechanisms¹⁴, as well as for creating gender-responsive public policies and budgets defined by the European Charter of Local Self-Government¹⁵. Also, the participation of women in policy making will be particularly stressed in supporting CLLD, ITI and SUD, thus being in line with the Additional Protocol on the right to participate in the affairs of a local authority¹⁶ and the European Charter for Equality of Women and Men in Local Life¹⁷.

Whenever relevant, the particular needs of women and girls will be assessed through gender disaggregated statistics and indicators and addressed accordingly by gender responsible budgets in line with the requirements

¹² Official Gazette RS, No. 52/2021

¹³ <https://wcd.coe.int/ViewDoc.jsp?id=816579&Site=COE>

¹⁴ <https://wcd.coe.int/ViewDoc.jsp?id=1215219&Site=CM>

¹⁵ Official Gazette RS – International Agreements, No. 70/07.

¹⁶ <https://rm.coe.int/the-congress-booklet-european-charter-of-localself-government-serbian/168098bc1b>

¹⁷ <https://wcd.coe.int/ViewDoc.jsp?id=816579&Site=COE>

of the EU gender equality strategy 2020-2025. Additionally, in line with the ongoing practice developed by MEI in partnership with UN Women, gender perspective will be promoted in interventions financed through IPA III and thereby better serve the needs of citizens, both women and men and other marginalised groups in accordance with the Leave No One Behind Approach. Whenever relevant, the particular needs of women and girls will be addressed, having in mind objectives and priorities defined in national legal and strategic framework, SDGs and EU GAP III, through gender responsible interventions and budgets in line with the requirements of the national gender equality legislation.

The interventions financed through this Action will promote non-discriminatory practices and procedures, disallow any form of gender-based violence, unlawful discrimination including race, colour, religion, national origin, political affiliation, sex, age, marital status, or disability. They will foster the empowerment of girls and women, equal participation and leadership. Finally, the action will also build on the needs for addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation

Consequently, gender perspective will be promoted in interventions financed through IPA III and thereby better serve the needs of citizens, both women and men.

Democracy

The Action is focusing on principles of good governance that is one of the pillars of democracy. Local self-governments are certainly important element of democratic system and their capability to apply principles of good governance including the principle of transparency, inclusiveness and participation, effectiveness, efficiency and accountability is of essential importance. This Action will contribute to democratic principles, since it will ensure strengthening of overall framework for human resource management and human resource development in LSG units through incorporation of competence framework in their processes, which will further result in improved capacities to adequately conduct their functions and to efficiently respond to the requirements for further improvement and modernization of their processes. Besides, establishment of modern HRM system based on competency framework within Serbian LSGs, will secure more transparent, independent and professional procedures of recruitment, appraisal, remuneration, etc.

Good governance index, the instrument introduced by SCTM few years ago, envisages measurement of LSG units from the angle of good governance principles. Strengthened capacities will certainly significantly contribute to this objective. The Action will contribute to the responsible conduct of public affairs and management of public resources in Serbian administration, thus fostering tenets of democratic values.

The action will provide assistance to LSG units in drafting ITI/SUD/CLLD strategies which represents an inclusive process of setting priorities through consultations with all stakeholders at the local and national level in accordance with good governance principles.

3.4. Risks and Assumptions

4. Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
1-external environment	Changes in the municipal management structures or regrouping of local political forces may jeopardise action implementation	Medium	Medium	Planning and implementation of the activities will adjust to the situation so as to minimise impact on delivery, scope and budget, while the interventions will be focussed on the priorities identified by diverse stakeholders, regardless of their political affiliation. Depending on the stage of implementation, this time could also be used for assessment, planning, or monitoring/evaluation

				activities. Furthermore, the communication will be directed to widely publicise the intervention.
1-external environment	Negotiations within Negotiation Clusters linked with the reform process and requirements of the CH 22 is delayed.	Medium	Medium	Continuous improvement of capacities of Serbian administration for enforcement of EU requirements.
2-planning, processes and systems	Complexity of the process for application of Integrated Territorial Development instruments may lead to delays in finalisation of the planning process as well as the quality of the process and may jeopardize implementation timeframe	Medium	Medium	Ensuring proper understanding of the ISTD mechanisms is a prerequisite for successful implementation of the Programme. Significant resources will be invested into building capacities to respond to the implementation needs. Implementation and funds delivery in accordance with Team Europe Approach.
3-people and the organisation	Low capacities of stakeholders to prepare and implement high quality grant scheme projects may decrease effectiveness, and impede fulfilment of the objectives	Medium	High	Integrated territorial development approach requires a complex application process, relies on inter-municipal cooperation and is embedded in the existence of solid development strategies. The interventions will have a strong technical support element. It will closely engage with the beneficiaries throughout the implementation. Field presence will be ensured to enable efficient and effective support. In addition, intensive communication and raising awareness about the ITI approach, its objectives and methodology will be conducted to ensure wide understanding among the key parties and beneficiaries. Furthermore, continuous monitoring will be provided as well as on-the-job support to the grantees to ensure understanding of contractual obligations and implementation of projects with the available budget, in the agreed timeframe and to the scope.

3-to people and the organisation	Relevant ministries and other beneficiaries are lacking capacities to further develop the Actions into the project documentation required for contracting and implementation	Medium	Medium	MEI and EUD should always take into consideration workload analyses of all significant implementing institutions. Continuous support by the MEI in development of the capacity of all institutions to prepare good quality documentation is a mitigating factor for this risk. Beneficiary ministries should be involved at an early stage, to plan sufficient resources for relevant authorities in a sustainable manner. Sufficient staffing is necessary not only to implement projects, but also to ensure sustainability.
3-to people and the organisation	Insufficient capacities of LSGs to implement the awarded grants	Medium	Medium	The LSGs should demonstrate their capacities to implement the grants successfully. The capacities will also refer to the level of development of the LSGs, their administrative and organisational capacities.
3-to people and the organisation	Lack of interest of LSG's to improve HRM system	Low	High	MPALSG and SCTM should attract LSGs to take part in implementation of activities. The activities of the project should be designed and represented in the way that LSGs see the benefits of the action. In previous two phases of the Program, the interest of LSGs, especially for implementation of MSP, was very high.

External Assumptions

Assumptions at the level of the Specific Objective(s)

SO1 and SO2

Continuous political and technical cooperation between Government and European Commission on Serbia's path to membership

Assumptions at the level of the Outputs

Output 1.1

Local self- governments and national structures committed to building an effective model for EU type ISTD

Output 1.2

Systemic approach to public administration reform is ensured.

Output 2.1

Steady political support towards efficient CF policy management system

3.5 Indicative Logical Framework Matrix

Results	Results chain: Main expected results	Indicators	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To promote good governance, increase the compliance with Union's values and their alignment with the Union's rules, standards and practices in the relevant areas	Technical readiness of the Republic of Serbia in terms of fulfilment of criteria for membership to the EU.	No (2023)	Yes (2030)	European Commission Annual report 18 IGC conclusions	
Outcome 1	1. Modernised public administrations at all levels of government	Public Administration Reform	moderately prepared (2022)	well advanced (2027)	European Commission Annual report ¹⁹	Continuous political and technical cooperation between Government and European Commission on Serbia's path to membership
Outcome 2	2. Strengthened administrative capacities to align and implement the legislation and policies with EU, and to take on the obligations of EU membership	State of play in Chapter 22 ²⁰	moderately prepared (2022)	well advanced (2027)	European Commission Annual Report	
Output 1 related to Outcome 1	1.1. Further developed and enforced EU models for integrated territorial development on national and local level	Number of local self-governments implementing the EU models for integrated territorial development including CBC context and mainstreaming disabilities, gender, unemployment and greening.	0 (2022)	30 out of 174 (2027)	Final report	Local self- governments and national structures committed to building an effective model for EU type ITD

¹⁸ Data to be collected from annual reports; IPA III Programming Framework

¹⁹ Data to be collected from annual reports; IPA III Programming Framework

²⁰ The Country Annual Progress report uses the following assessment scales to describe the state of play: early stage, some level of preparation, moderately prepared, good level of preparation and well advanced.

Output 2 related to Outcome 1	1.2 Improved HRM strategic and legal framework and strengthened capacities of LSGs for Human Resource Management and Development and competences of employees' to perform main LSG's functions	Number of new policies/ novelties in the area of HRM and Professional Development. ²¹	2 (2022)	10 (by 2027)	Expert reports; NAPA, CPD/MPLSG reports; HRMIS database	Systemic approach to public administration reform is ensured
		Average capacity of LSG to implement HRM system.	70% (2022) ²²	+ 20% (by 2028) ²³	SCTM data/reports on performance measurement index in HRM area	
		Average capacity of LSG to implement professional development system	49,7% (2022) ²⁴	+20 % (by 2028) ²⁵	SCTM data/reports on performance measurement index in HRD area	
Output 1 related to	2.1 Institutional and capacity framework for EU Cohesion Policy further strengthened and	Organisational Development Strategies, national rules and procedures for Cohesion Policy	No (2023)	Yes (by 2027)	Final Report	Steady political support towards efficient CF

²¹ Planned novelties include: amendments to the relevant Law, adoption of new bylaws, planning document on innovative policies and tools.

²² Baseline value is based on HRM Index measurement which did not cover introduction of competence framework. In the first months of project implementation revision of HRM index and baseline measurement will be implemented which will represent new baseline for the Programme.

²³ Target value represents increase in percentages of the baseline value

²⁴ Baseline value is based on HRM Index measurement which did not cover introduction of competence framework. In the first months of project implementation revision of HRM index and baseline measurement will be implemented which will represent new baseline for the Programme.

²⁵ Target value represents increase in percentages of the baseline value

Outcome 2	planning and programming documents prepared.	Programmes prepared as well as System and procedures for MA and NA for Cohesion Policy goal 2 prepared and being implemented.				policy management system
		Draft Partnership Agreement and draft of the Programmes for Cohesion Policy Funds (ERDF, ESF+, CF and JTF) (first cohesion policy goal) and Serbia's Interreg programming(second cohesion policy goal) prepared	No (2023)	Yes (by 2028)	Final Report	
		Capacity Building Programmes updated and training materials prepared for both Cohesion Policy goals	No (2023)	Yes (by 2026)	Final Report	

4 IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the Republic of Serbia.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of conclusion of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3. Implementation of the Budget Support Component

N/A

4.4. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.

4.4.1. Direct Management (Grants)

4.4.1.1. Grants

(a) Purpose of the grant(s)

The grants will contribute achieving part of Output 1.1 Outcome 1 and **part of Output 1.2 Outcome 1.**

(b) Type of applicants targeted

N/A

[(c) Justification of a direct grant

1. Part of Output 1.1 Outcome 1

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the **Standing Conference of Towns and Municipalities (SCTM)** for the implementation of **the part of Output 1.1 Outcome 1.**

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because part of the action has specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power, on condition that the activities concerned do not fall within the scope of a call for proposals - pursuant to Art.195 f) of the Financial Regulation.

SCTM is the sole national association representing all local self-governments (LSGs) in Serbia with core functions of: advocacy, capacity building and service delivery to its members, international cooperation in the field of local self-government, and provision of platform for the exchange and distribution of information. SCTM has already developed a sound management system, including setting up programs, grant scheme

programs management, evaluation of applications, monitoring of projects selected for financing, project management, information, publicity and visibility. SCTM is well established as an important partner of national institutions, maintaining a continuous policy dialogue between the central and local levels of government. It has been a vigorous promoter of democracy, good governance and sustainable development in relation to local governance and closer ties between Serbia and EU. It has proven to be a competent partner to the government in developing legislation relevant to LSGs and a proven successful implementer of different interventions and development projects including grant scheme programmes. Among others, it has implemented 6 subsequent Exchange programmes supporting LSGs to prepare and implement development plans in a transparent and consultative process, develop multi-annual capital budgeting and incorporate Public Internal Financial Control (PIFC) in their systems and promoted inter-municipal cooperation through series of various thematic grant schemes. The LSGs receiving support were selected on competitive bases and this experience makes SCTM the most suitable beneficiary of this direct grant.

Grant to the SCTM is related to the implementation of the Output 1.1 Activity 1.1.4 which will more particularly include:

- Capacity building of LSGs for the elaboration of project proposals based on ITI/SUD strategies, to ensure a higher quality of applications for the Grant Scheme; Development of the application package and launching of the Call for Proposals; Assessment of submitted applications, selection and contracting; Support to implementation and monitoring of grants to ensure comprehensive support to grantees in the course of implementation and monitoring of awarded projects. Frequent support regarding procedural and technical aspects of project management will be integral part of project implementation;

- Evaluation of achieved results within the Grant Scheme and production of Best practice Manual with recommendations for the potential subsequent interventions.

The direct grant will dedicate at least 80% of the financial resources to these sub grants selected via calls for proposals.

2. Part of Output 1.2 Outcome 1

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the **Standing Conference of Towns and Municipalities (SCTM)** for the implementation of **the part of Output 1.2 Outcome 1**.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because a part of the action has specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power, on condition that the activities concerned do not fall within the scope of a call for proposals - pursuant to Art.195 f) of the Financial Regulation.

As the sole national association representing all local self-governments (LSGs) in Serbia, the Standing Conference of Towns and Municipalities (SCTM) works towards the development, promotion, and protection of the LSG in Serbia, in accordance with the principles of the European Charter of Local Self-Government, realisation of common interests of all municipalities and towns, and improvement of their capacities. SCTM has four core functions: advocacy, capacity building and service delivery to its members, international cooperation in the field of local self-government, and provision of platform for the exchange and distribution of information. Apart from being the only representative national association of LSGs, strongly supported and respected by its members, SCTM is well established as an important partner of various national institutions and a proven successful implementer of different interventions and development projects. SCTM participates in the creation and monitoring of HRM policies in cooperation with national authorities, taking into consideration the LSGs' needs, interests and circumstances. SCTM's reputation and accountability in local HRM processes, as well as its competences in policy coordination and the ability to directly approach all LSGs, provide an important assurance of the quality of implementation of the activities and for achieving the expected results of the intervention. An important aspect of sustainability is incorporated into the chosen implementing modality for the present intervention - namely for selecting SCTM as the implementing partner to be awarded the direct grant, based on its capacities, experience and relevance both in the policy context and

for its outreach towards central and local levels of governance in Serbia. SCTM's reputation and accountability guarantee the successful implementation of the activities and achievement of the expected results. In previous years, SCTM demonstrated the ability to manage various programmes and projects and associated risks. SCTM successfully implemented a number of large projects (including multiannual and multimillion EU-funded Exchange 1, 2, 3, 4, 5 and 6, SDC-funded Institutional Support to SCTM 1,2 and 3, and numerous programmes and projects funded by SIDA, GIZ and other bilateral donors), which significantly strengthened its institutional and management capacities.

Finally, SCTM plays an important role in maintaining a continuous policy dialogue between the central and local levels, thus increasing the success of interventions. Over time, close cooperation has been established between SCTM and central government in developing legislation and policies relevant for LSGs. Such SCTM mandate is not tied to the duration of Action, but the Action as such increases significantly the quality, dynamics, and scale of reforms on the ground, by multiplying the effects of what the SCTM would otherwise, on a smaller scale, achieve on its own through direct work with LSGs. In almost all occasions, when institution has specific objective(s) and tasks defined and certain level of knowledge achieved, the Grant is more efficient than Service Contract, both in financial and time availability aspect. It is very important that the SCTM has an overview and control over all work processes.

Grant to the SCTM is related to the implementation of Output 1.2 Activities 1.2.3, 1.2.4, and 1.2.6 which should complement to strategic and legal requirements already established as well as those which will be developed/improved through other activities within Output 1.2. and will more particularly include:

- Development and implementation of Municipal Support Packages (MSP) in 80 LSGs (50 LSGs which were covered with MSP in previous phases of Programme + 30 new LSGs) for improvement of HRM and HRD function based on strategic and legal requirements and introduction of competency framework at the local level. The HRM support will include development of action plans for strengthening of LSGs' capacities based on competencies; analysis of capacities of HRM units and improved organisational models of HRM units based on standard job descriptions and competencies; support to HRM units in strategic planning of LSGs HR needs; support to HRM employees in process of development of Act on systematization based on competencies; Design and development of main HRM processes within LSGs, etc. Second pillar of MSP will be support to HRD function i.e. for management of annual professional development cycle (conducting of TNA, development of Special Professional Development Programmes (SPDP), development of annual training plans, implementation and evaluation of SPDP), all according to the competency based HRM.
- Capacity building for implementation of HRM and HRD system based on competences through "on demand" and advisory assistance, manuals, training and networking for all LSGs; Development and implementation of Municipal Support Packages in 50 LSGs (for capacity development of LSG's and local employee's competencies to perform main LSG's functions. Set of measures for enhancing local employee's competencies and consequently performance of LSGs in selected priority areas of LSGs competences/functions will be developed and implemented as hands-on approach, while using various tools such as: mentoring, coaching, model of acts, trainings, workshops, assessment tools, etc.

4.4.1.2. Twinning Grants

N/A

4.4.1.3. Grants (Participation to EU programmes)

N/A

4.4.2. Direct Management (Prize(s)) N/A

4.4.3. Direct Management (Procurement)

A part of this action, namely **Output 2.1 Outcome 2** will be implemented through procurement by the Delegation of the European Union (EU) to the Republic of Serbia.

4.4.4. Indirect Management with a pillar-assessed entity

A part of this action-part of **Output 1.1 Outcome 1** will be implemented in indirect management with UNOPS. This implementation entails technical assistance for management system of territorial development in Serbia at central and local, and cross-border level.

The envisaged entity has been selected using the following criteria: specific/unique expertise in relevant area, the operational capacity, established cooperation and network, and added value through synergy with current portfolio.

UNOPS is the operational arm of the United Nations, supporting partners in over 80 countries to provide sustainable development solutions and build better lives for people through almost 1,000 projects implemented annually.

Over the past 23 years of active presence in Serbia, UNOPS has implemented over 30 projects worth 246 million euros, which included the successful implementation of 1,600 sub-projects related to institutional capacity building, development of economic, social, and environmental infrastructure, supporting entrepreneurship, and small businesses, as well as civil society organisations.

Local development was a particular focus for UNOPS which served as a reliable partner of the Government of Serbia, the European Union, and other donors in implementing projects contributing to socio-economic development with tangible results. Approximately 655,000 inhabitants in underdeveloped regions have directly benefited from improved services and infrastructure while UNOPS facilitated investments worth 180 million euros, resulting in the creation of over 1,650 jobs and enhanced capacities at the local level.

Through the ongoing EU for Local Development Programme - EU PRO Plus, 40 million Euros worth EU funded action, UNOPS contributes to the introduction of the Integrated and Sustainable Territorial Development approach and establishing an institutional framework in line with the requirements set by Chapter 22. This Programme, while piloting an integrated development approach in line with the EU territorial mechanisms, includes the capacity building that so far benefited 1,400 representatives of national institutions, local self-governments (LSGs), and regional development agencies; development of 12 territorial strategies, covering 31 LSGs and 1.6 million people, and conduct of major grants scheme to support territorial strategies implementation.

UNOPS capability is also made of strong partnerships: with the Ministry of European Integration and other ministries, the Development Agency of Serbia, the Standing Conference of Towns and Municipalities, regional development agencies, and other entities. With over a decade-long work at the local level, and presence in the field through offices in Niš, Novi Pazar, and Vranje, UNOPS developed a strong professional network and partnership with LSGs, being in a unique position to provide quality technical support and implement local and regional projects. Additionally, UNOPS works with civil society and business development organisations, and the private sector, enabling cross-sectoral cooperation and the contribution of all actors to the development of local communities.

UNOPS knowledge of Serbia's context and successful experience is also complemented by organisational capacity. UNOPS has a positive pillar assessment as of 2015 in the internal control system (1), the accounting system (2), an independent external audit (3), rules and procedures for providing financing from the EU funds through grants (4), and procurement (5). The UNOPS Office in Serbia has 82 full-time employees and 108 consultants, including 17 international and national experts for integrated territorial development.

The above note confirms that UNOPS, in addition to its pilot work on integrated territorial development and partnerships, has the strong organisational capacity, highly relevant experience, and specific expertise needed for this assignment, which puts this organisation in a unique position to implement this Project.

A part of this action - part of **Output 1.2 Outcome 1** will be implemented in indirect management with the Council of Europe. The **Council of Europe** has been carrying out co-operation programmes since the late 1980s, often in partnership with the European Union, as one of its “pillar assessed” organisations. The co-operation programmes have played an important part in ensuring that European standards are reached and applied in the areas of Council of Europe action. The advantages of Council of Europe involvement in implementation of the Output 1.2 include: the commitment and the values that the organisation represents as well as the experience in strategic triangle of standard-setting, monitoring the commitments in implementing the standards and implementing corresponding co-operation programmes. In terms of standard setting in the area of public administration reform and human resource management at sub-national level, the Council of Europe provides a distinctive and unique platform that includes its: European Charter of Local Self-Government, Congress of Local and Regional Authorities, European Committee on Democracy and Governance, Centre of Expertise for Good Governance. In addition to this, the Council of Europe has very rich experience in implementing similar projects in the area of good governance in over 20 of its member states. This implementation entails activities which will improve the HRM system at the local level and contribute to further professionalisation of civil servants in delivering high quality services to business and citizens through enhancement of the effectiveness and administrative capacities in LSG units by improving the professional training system and improving the human resource management functions.

The envisaged entity has been selected using the following criteria:

a) financial and operational capacity.

b) technical capacity, such as experience in the preparation and implementation of joint capacity building and similar projects, particularly in supporting the national authorities and local self-governments in modernising the human resource management and professional development of public servants at the local level; extensive experience in managing large and complex programmes or projects related to the results, extensive experience in the implementation of similar projects, documented capacity to mobilise relevant networks in the EU Member States, Serbia and the region, etc. Criteria related to the quality of the Concept Note, including relevance; consistency with the objectives, results, and activities of the Action, expected impact; sustainability and cost-effectiveness.

c) relevance, effectiveness, feasibility, sustainability and cost-effectiveness of the action

In case any of the envisaged entities mentioned above would need to be replaced, the Commission’s services may select another replacement entity using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

4.4.5. Indirect Management with an IPA III beneficiary

N/A

4.4.6. Contribution to <name of the relevant Regional Investment Platform>

4.4.7. N/AEFSD+ operations covered by budgetary guarantees

N/A.

4.4.8. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances

N/A

4.4.9. Other actions or expenditure

N/A

4.5. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Indicative third-party contribution, in currency identified
Methods of implementation – cf. section 4.4		
Outcome 1: Modernised public administrations at all levels of government, composed of:	18 870 000	N.A.
Output 1.1: Further developed and enforced EU models for integrated territorial development on national and local level, composed of:	15 000 000	N.A.
Indirect management with UNOPS – cf. section 4.4.4	3 000 000	N.A.
Direct grant award to SCTM c.f. section 4.4.1	12 000 000	N.A.
Output 1.2: Improved HRM strategic and legal framework and strengthened capacities of LSGs for Human Resource Management and Development and competences of employees' to perform main LSG's functions, composed of:	3 870 000	130 000
Indirect management with Council of Europe cf. section 4.4.4	1 170 000	130 000
Direct grant award to SCTM c.f. section 4.4.1	2 700 000	N.A.
Outcome 2: Strengthened administrative capacities to align and implement the legislation and policies with EU, and to take on the obligations of EU membership, composed of:	2 000 000	N.A.
Output 2.1: Institutional and capacity framework for EU Cohesion Policy further strengthened, composed of:	2 000 000	N.A.
Procurement (direct management) – cf. section 4.4.3	2 000 000	N.A.
Grants – total envelope under section 4.4.1	14 700 000	N.A.

Procurement – total envelope under section 4.4.3	2 000 000	N.A.
Evaluation – cf. section 5.2 Audit – cf. section 5.3	will be covered by another Decision	N.A.
Strategic Communication and Public Diplomacy – cf. section 6	will be covered by another Decision	N.A.
Contingencies	N.A.	N.A.
Totals	20 870 000	130 000

4.7. Organisational Set-up and Responsibilities

Output 1.1 Outcome 1 - the final beneficiary is the Ministry of European of Integration, as the institution in charge for establishment of the system for management of EU cohesion policy funds, while end recipients are local self-government units. The Action Steering Committee (PSC) will be established during the inception period, with the Ministry for European Integration providing the chairperson and the overall coordination. Members of the PSC will include representative of the donor - the EU Delegation to Serbia, Standing Conference of Towns and Municipalities, UNOPS and representatives of relevant national ministries.

Representatives of the Development Agency of Serbia (DAS) and other relevant organisations may be invited to participate in the work of the PSC as observers.

The PSC should provide guidance and direction to the Action, monitor progress and performance, provide a forum for discussions about risk and issues, suggest possible modifications of the Action design, review the Action's reports, and facilitate communication with the key stakeholders. PSC will be in charge of endorsing the annual work plan (which may be contained in other relevant documents), calls for proposals and results of calls for proposals in the form of the ranking list. The PSC composition and competencies will be confirmed during the inception period.

Output 1.2 Outcome 1- the final beneficiary is the Ministry of Public Administration and Local Self Government (MPALSG), while end recipients are local self-government units. The Council of Europe (CoE) as an EU pillar-assessed organisation will be one of the implementing parties of the Programme and will provide the co-funding to the Programme. The SCTM will be the implementing partner through the Direct Grant Agreement that will be signed with the DEU.

A Steering Committee responsible for steering and monitoring the process of implementation of all contracts and activities envisaged under the proposed intervention will be established. Having in mind that the activities within both contracts will be complementary and connected, joint Steering committee will be the best solution. The activities implemented by the CoE will be focused on support to MPALSG, NAPA and other government bodies to create politics, rules, and procedures which, most of them, should be implemented within local administration. The role of other project implemented by the SCTM will be to support LSG's to implement policies and procedures designed by the central bodies. Besides, all important activities will be close communicated and confirmed between two projects and all partners and stakeholders, in order to get best effects and impact.

Members of the SC will include, but will not be limited to, representatives of the MPALSG (chair/co-chair the SC), SCTM, NAPA, and Ministry for European Integration. The EU Delegation will act as observer to the SC reserving the right to object to SC decisions with strong justification. Other relevant public administration bodies and partners, such as the Government's Human Resources Management Service, the Commissioner for the Protection of Equality and CPD will be included as observers. Furthermore, local government stakeholders and civil society organisations may also be invited to the Steering Committee meetings as observers, as and when required. The Steering Committee meets at least twice a year and on ad hoc bases, when necessary. The Programme Management Unit from the Council of Europe Office in Serbia (PMU) will serve as Secretariat to the Steering Committee. In special cases the Steering Committee can make decisions based on the electronic communication, facilitated by the PMU. Besides, the SCTM Project team and the CoE

project team will have periodical joint meetings, to coordinate and discuss all issues within area of intervention. These complementary interventions are designed on the basis of a twin-track approach that will promote evidence-based, inclusive policymaking at central level, while supporting a results-oriented capacity development programme that promotes sustainable local ownership and improved institutional structures based on modern human resource management practice and competency-based career development. Project activities of the CoE and the SCTM are designed to support the common needs of all stakeholders: supporting central authorities in development of legislation and policies in line with the European norms and standards; developing the institutional and personal capacity of local self-government units.

Output 2.1 Outcome 2 - the final beneficiary is the Ministry of European Integration.

The beneficiary is the Ministry of European Integration, as the institution in charge for establishment of the system for management of EU cohesion policy funds.

The Project Steering Committee (PSC) will be established for the control and supervision of the project. The establishment of the PSC will be initiated by the main beneficiary during the inception period. A representative from the main beneficiary will also chair the PSC meetings.

The membership in the PSC will be agreed upon at the beginning of the project and is likely to be composed of the representatives of the ministry in charge of European integration, Ministry of Finance, Audit Authority Office of EU Funds, and the Contractor. At its first session, the PSC will decide on the inclusion of other members and observers e.g. representatives of other public authorities, related projects, etc.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

4.8. Pre-conditions

N/A

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the logframe matrix.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring:

- The European Commission (EC) will monitor the Action using Result Oriented Monitoring (ROM), which includes site visits, data collection, and analysis. During these visits, independent consultants retained by the EC will meet with Action Beneficiaries and the NIPAC TS to discuss the implementation of the intervention. Beneficiaries would assist ROM consultants, upon request from the NIPAC TS, including the provision of data and documentation, participation in interviews and meetings, and commentary on monitoring reports. This shall provide an impartial assessment of the ongoing or post-action performance of the Action, as required.

- The NIPAC, with the assistance of the NIPAC TS, is responsible for the overall coordination of IPA III assistance in the Republic of Serbia, including the supervision of IPA III programme implementation, as well as the establishment, coordination, and participation of stakeholders in monitoring committees (MCs). Beneficiaries of the Action will report their progress to Steering Committees and Sector Monitoring Committees (SMCs), while the NIPAC TS will manage data collection and analysis for monitoring the Action's implementation, including the collection of information from Beneficiaries reports for monitoring committees.
- In accordance with the respective committees' rules of procedure, the EC will attend monitoring committee meetings and co-chair IPA MC. Through these activities, the EC will be kept informed of the entire IPA III progress and will participate in high-level monitoring discussions, thereby endorsing crucial decisions resulting from monitoring. Upon request, the EC will provide the NIPAC TS with information regarding the implementation of interventions managed under direct management. This information will be used for reporting to SMCs, the IPA MC, and for preparing the Annual Report on the implementation of financial assistance. Through the SMC reports and Annual IPA Report on Implementation of Financial Assistance, the EC will also monitor the implementation of the Action.

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the action as follows: the logframe indicators were developed on the basis of available data that is regularly monitored.

5.2. Evaluation

Having regard to the importance of the action, a mid-term or final and/or ex-post evaluation may be carried out for this Action or its components via independent consultants contracted by the Commission.

Mid-term evaluation may be carried out for learning purposes, in particular with respect that it contains numerous components pertaining to the accession process and in terms of assessing effectiveness, sustainability, and impact. It will also serve as a basis for revising implementation strategies and activities, if necessary, and for planning potential future activities in the sectors in Serbia under IPA III.

In case a final or ex-post evaluation is envisaged, it will be carried out for accountability and learning purposes at various levels (including for policy revision).

If the Commission decide to carry out evaluations, the Commission shall form a Reference Group (RG) composed by representatives from the main stakeholders at both EU and national (representatives from the government, from civil society organisations (private sector, NGOs, etc.), etc.) levels. If deemed necessary, other donors will be invited to join. The Commission shall inform the implementing partner at least 6 months in advance of the dates envisaged for the evaluation exercise and missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [Communicating and raising EU visibility: Guidance for external actions](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

7. SUSTAINABILITY

The key to ensuring the sustainability of the Action lies in maintaining a stringent focus on the areas addressed, which are incorporated into Serbia's sector policies, plans, and programs. The outputs of the Action are linked to national strategies and policies, demonstrating the government's commitment to addressing the problems tackled by this Action. The Beneficiaries of the Action will prioritize sustainability when approving the final outputs of the contracts financed under this Action and will ensure that the results are preserved beyond the implementation period. The Beneficiaries will confirm their dedication to respecting the objectives and utilizing the results for the intended purpose, ensuring that the results persist after the implementation period has concluded. They will make use of the tangible and intangible outputs from the contracts for the purposes specified in the contracts and will assess the results using the relevant indicators. Moreover, the Beneficiaries will ensure adherence to sustainability conditions, starting from the provisional acceptance of assets, whereby the use of tangible and intangible assets procured under IPA III programs will be granted permanently. The NIPAC and the Commission will jointly monitor the sustainability of IPA III assistance through Sectoral Monitoring Committees and within the IPA Monitoring Committee.

The achieved result in the of territorial development will set the strategic direction in tackling the issue of achieving coherent sub national support service scheme aiming at modernising local administrations, creating jobs, business activation, attracting knowledge and boosting economic development. Besides, SCTM will greatly contribute to sustainability of the Action through further developing its own capacities and expertise for future support to territorial development activities and implementation of development projects. The sustainability will be additionally enforced through dissemination of lessons learned and "know how" among LSGs which were not directly involved in Programme, through SCTM Networks, manuals and trainings.

Direct support to Serbian LSGs will use a hands-on approach where the changes introduced by the action will immediately become a part of local internal processes and will enable sustainable change, while the grant schemes will take the implementation process of organisational changes even further to the level of practical application of transferred knowledge. Sustainability of changes at the local level will be ensured by the action's approach to development and implementation of reform actions.

Training activities designed will aim at capacity building of representatives of LSGs and national institutions, thus insuring transposition of know-how to a day-to-day work. In addition, support of SCTM will greatly contribute to sustainability through developing its own capacities and expertise for future support to HRM in LSGs.

The capacities developed through this project will be used in the future period for further alignment as part of the accession, as crucial resource for the EU integration.

Progress will be measured by monitoring output, result, outcome and impact indicators contained in the relevant strategies and action plans. Furthermore, the authorities will be required to ensure the necessary resources for the maintenance of results achieved, and local level infrastructure and public services supported. Public awareness and communication campaigns as well as engagement with non-state actors will contribute to upscaling the public participation and information on sector reform objectives and results.

Appendix 1: IDENTIFICATION OF THE PRIMARY INTERVENTION LEVEL FOR REPORTING IN OPSYS

A Primary intervention²⁶ (project/programme) is a coherent set of results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

- ✓ Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);
- ✓ Articulating Actions and/or Contracts according to an expected common chain of results and therefore allowing them to ensure a more efficient and aggregated monitoring and reporting of performance;
- ✓ Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

The present Action identifies as

Group of contracts level (i.e: i) series of programme estimates, ii) cases in which an Action Document foresees many foreseen individual legal commitments (for instance four contracts and one of them being a Technical Assistance) and two of them, a technical assistance contract and a contribution agreement, aim at the same objectives and complement each other, iii) follow up contracts that share the same log frame of the original contract)		
<input type="checkbox"/>	Group of contracts	<p>Contract 1: Direct Grant to Standing Conference of Towns and Municipalities</p> <p>Contract 2: Contribution agreement with UNOPS</p> <p>Contract 3: Contribution agreement with Council of Europe</p> <p>Contract 4: Direct Grant to Standing Conference of Towns and Municipalities</p> <p>Contract 5: Service contract</p>

²⁶ For the purpose of consistency between terms in OPSYS, DG INTPA, DG NEAR and FPI have harmonised 5 key terms, including ‘Action’ and ‘Intervention’ where an ‘Action’ is the content (or part of the content) of a Commission financing Decision and ‘Intervention’ is a coherent set of activities and results which constitutes an effective level for the operational follow-up by the EC of its operations on the ground. See more on the [concept of intervention \[to access the link an EU Login is needed\]](#).